

Press Release

For immediate release

EFSE and MF Banka in Bosnia and Herzegovina sign EUR 5.0 million MSE loan agreement

Tbilisi and Banja Luka, 31 May 2012 – The European Fund for Southeast Europe (EFSE) – initiated by the KfW Entwicklungsbank (The German Development Bank) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission – has provided MF Banka in Bosnia and Herzegovina with a EUR 5.0 million credit facility for on-lending to local micro and small enterprises (MSEs). It will enable MF Banka to diversify its funding base, expand its lending capacity, and provide longer-term loans to its growing MSE customer base in Bosnia and Herzegovina's entity of Republika Srpska, whilst upholding Responsible Finance principles. The loan agreement was signed today during a ceremony at the EFSE's 6th Annual Meeting in Tbilisi, where more than 300 international experts and local delegates from 30 countries were gathered.

The credit facility also represents a major milestone for Microcredit Company Mikrofin (MCC Mikrofin), MF Banka's parent and one of Bosnia and Herzegovina's largest microfinance institutions. Both institutions, MCC Mikrofin and MF Banka, will serve distinct market segments and through smart synergies and forms of cooperation will be able to grow and move with their clients and offer well tailored financial services to micro and small enterprises..

"We are very happy to support MF Banka and Mikrofin in their development for the benefit of micro and small businesses and their diverse needs. The synergetic development of Mikrofin and MF Banka is proof of the responsible and innovative spirit of the microfinance industry in Bosnia and Herzegovina and representing a good path we support towards the objective of inclusive financial services for micro and small enterprises and households. The EFSE will continue to support the institutional transformation and up-scaling of microfinance institutions as we believe this will enhance financial inclusion, responsible finance as well as balanced competitiveness for the benefit of MSEs," said Monika Beck, Chairperson of the EFSE Board of Directors.

"The EFSE loan contributes to the continuous fulfilment of the MF Banka's strategic mission in Bosnia and Herzegovina: supporting local entrepreneurs and the overall development of the country's economy. In the current environment entrepreneurs need access to longer term loans even more than before, in order to develop further their businesses, helping the domestic economy stabilise in the face of increasing uncertainty caused by the unfolding Euro debt crisis", stated Aleksandar Kremenović, Chairman of the Supervisory Board of MF Banka.

This latest EFSE loan builds on the Fund's continuing support for MSEs and private households in the form of home improvement loans in Bosnia and Herzegovina. Since its start of operations in December 2005 and until 31 March 2012, the Fund has already extended a total of EUR 251.6 million to 17 partner lending institutions in the

country, including commercial banks, microcredit organisations and specialised MSE banks. Overall, across its target region, the EFSE has committed more than EUR 1.0 billion to 74 financial institutions for on-lending to MSEs and private households, facilitating in the process approximately 300,000 MSE and home improvement loans totalling EUR 1.9 billion as of 31 March 2012.

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia, Turkey and Ukraine. The EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing for micro and small enterprises (MSEs) as well as for private households in the form of home improvement loans. The funding the EFSE provides is channelled to these loan customers through local partner lending institutions (PLIs). In addition to funding, the EFSE provides PLIs with technical assistance, consulting and training services to build operational capacities and professional management. Initiated by KfW Entwicklungsbank (The German Development Bank) in 2005, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance. The capital is provided by the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Commission (EC), the Government of Albania, Small and Medium Business Credit Support CJSC (SMBCS), a subsidiary of the Central Bank of Armenia, the Development Bank of Austria (Oesterreichische Entwicklungsbank - OeEB), the Swiss Agency for Development and Cooperation, the Danish International Development Agency (Danida), KfW Entwicklungsbank, the IFC, the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development, the European Investment Bank, and Sal. Oppenheim and Deutsche Bank. Oppenheim Asset Management Services S.à r.l, Luxembourg, and Finance in Motion GmbH, Germany, are, respectively, the EFSE's Fund Manager and Fund Advisor.

For more information about EFSE, please visit: <http://www.efse.lu>

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