



EFSE boosts Mikrofin group's rural and MSE lending activities with credit lines totalling EUR 7 million

EUR 4 million to Mikrofin for rural loans; EUR 3 million to MF Banka for MSE loans

Sarajevo, 06 June 2013 - The European Fund for Southeast Europe (EFSE) – initiated by KfW Development Bank (KfW) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission – reaffirms its support of Mikrofin and MF Banka with fresh senior loans totalling EUR 7 million. Of this amount, EUR 4 million will go to parent MCC Mikrofin for lending activities directed at rural households as well as micro enterprises primarily engaged in agriculture. EUR 3 million will be provided to MF Banka to support its core activity of lending to micro and small enterprises (MSEs).

MCC Mikrofin, Bosnia and Herzegovina's largest microfinance institution, acquired MF Banka in July 2010. The Group's aim is to maximise synergies between a microcredit organisation (Mikrofin) and a bank specialised in lending to MSEs (MF Banka) to provide quality access to financial services, including payment transfers and deposits, to a broad range of clients.

"We have been working with MCC Mikrofin for more than a decade, as the relationship began with the EFSE's predecessor, the European Fund for Bosnia and Herzegovina. This makes us especially proud to be part of the success story of this microfinance institution", says EFSE Chairperson Monika Beck. "We are pleased to support MF Banka and MCC Mikrofin's strategy to efficiently combine and leverage their respective core competencies, and achieve significant synergies in the process, e.g. through joint branches."

"After coming a long way from our origins in 1997, we are convinced that we cannot rest on our laurels, but need to continuously improve our products to give our clientele the best services available. We are on the track, and the ongoing trust from the EFSE only confirms this", adds Aleksandar Kremenovic, Chairman of the Board of MF Banka and MCC Mikrofin.

MF Banka will also receive targeted capacity building support from the EFSE Development facility to strengthen the bank's MSE lending operations.

About EFSE

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, former Yugoslav Republic of Macedonia, Kosovo, Georgia, Moldova, Montenegro, Romania, Serbia, Ukraine and Turkey. As access to finance is a key success factor in developing the micro, small and medium enterprise segments, the EFSE



focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing. The funding the EFSE provides as long-term finance primarily for micro and small enterprises (MSEs) – but also for private households in the form of home improvement loans – is channelled to these loan customers through local partner lending institutions. Supporting the EFSE’s investment activities is the EFSE Development Facility, which provides partner lending institutions with technical assistance, consulting and training services to build operational capacities and professional management.

Initiated by KfW Development Bank (KfW) on 15 December 2005 from four multi-donor programs under its management, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance to leverage private funding for MSE finance in the target region. Capital is provided by donor agencies, international financial institutions and private institutional investors, including 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 (SDC), the Danish International Development Agency (Danida), KfW as Lead Investor, the International Finance Corporation (IFC), the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), 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 the European Fund for Southeast Europe, please visit: <http://www.efse.lu/>

About MCC Mikrofin

Formally established twelve years ago, Mikrofin always was and still is one of the most important players in the microfinance market in Bosnia and Herzegovina. The current market share of Mikrofin, in terms of gross loan portfolio, is around 27%. In spite of the difficulties that Mikrofin and the microfinance sector as a whole have faced over the past two years, Mikrofin successfully continues to serve low-income entrepreneurs. As at 30 April 2013, Mikrofin is Bosnia and Herzegovina’s largest microfinance institution by key indicators: total assets of around BAM 170 million (EUR 86.9 million); a gross loan portfolio of BAM 138 million (EUR 70.5 million); 40.4 thousand clients; and 63 offices all over Bosnia and Herzegovina. Mikrofin’s long-term objective is to provide a full range of financial services to existing and prospective clients. Following this vision, Mikrofin has made significant investments over the past few years, including the establishment of new subsidiaries such as MF Banka and Mikrofin Insurance.

About MF Banka

MF Banka Banja Luka began operations under this name since July 2010 following the acquisition of former IEFK Bank by MCC Mikrofin Banja Luka. Working closely with the majority owner and another sister company, Mikrofin Insurance, MF Banka started expanding its network in major cities in Bosnia and Herzegovina in 2011, maintaining the trend throughout 2012 and 2013. Today, the MF Banka has 15 branches, compared to 2



in 2011, and counts 120 employees. For the past two years, the bank registered the strongest growth rates in Bosnia and Herzegovina's banking sector.

According to MF Banka's business model, target clients are small and medium enterprises (SMEs), micro businesses and individual entrepreneurs, which the Bank supports by providing tailor-made loans and all banking services, including payment services, payment cards, deposits, internet banking etc. MF Banka's development plan has the support of reputable foreign investors such as KfW Bankengruppe, the European Bank for Reconstruction and Development (EBRD), and EFSE Netherlands BV.

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