

EFSE expands relationship with Şekerbank in Turkey through EUR 10 million loan

Loan will support Şekerbank's lending to MSMEs in rural areas

Frankfurt and Istanbul, 4 October 2013 - The European Fund for South Eastern 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 – has signed a EUR 10 million subordinated loan agreement with Şekerbank to bolster the bank's position in the Turkish micro, small and medium enterprise (MSME) lending market. The loan will strengthen the Bank's capital structure for further leveraging additional loans to MSEs from the Bank's own funds.

Şekerbank is one of the few Turkish banks to focus on MSMEs in rural areas, which makes the bank one of the EFSE's primary partners in this country. Since 1953 until today the bank has concentrated on rural areas of the country, providing innovative and creative services to its clients.

"With this subordinated debt facility we want to enhance the EFSE's outreach to the fund's ultimate target group of rural micro entrepreneurs in Turkey," says Monika Beck, Chairperson of the Board of EFSE. "With an excellent track record of building long-term relationships with its client base and the ability to offer tailor-made services, Şekerbank is perfectly aligned with the EFSE's own business philosophy."

"We are very pleased to see our cooperation with the EFSE expanding, and value the EFSE as a solid partner in our overall strategy of supporting small and medium enterprises. We look forward to continuing our close partnership with the EFSE as we move forward with our community banking mission to serve smaller communities throughout the country," says S. Zeki Önder, Executive Vice President of Şekerbank.

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, 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 Şekerbank

Şekerbank, founded in 1953 by the sugar beet growers cooperative, is one of the best-established banking brands in Turkey. With its nationwide branch network, Şekerbank has a strong penetration across the country. Throughout its 60 years of history, Şekerbank has been one of the leading banks serving the agricultural sector, SMEs and small businesses. In line with its strategy to position itself as the primary partner for local business through its 'community banking' approach, Şekerbank has developed strong ties with international financial institutions (IFIs) for long-term funding. As the first bank to enter the ISE Corporate Governance Index in Turkey, Şekerbank has 283 branches, 11 regional offices (3 in Istanbul, and 8 in Anatolia) and 1 overseas representation. The subsidiaries of Şekerbank include Şeker Yatırım, Şeker Factoring, Şeker Leasing, Şekerbank Kıbrıs Ltd. and Şeker Finans. For further information, please visit www.sekerbank.com.tr.

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