

EFSE issues USD 10 million loan to Megabank in Ukraine

Loan supports Megabank's expansion into agricultural lending

Frankfurt and Kharkiv, 23 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 – issued a USD 10 million senior loan to Ukrainian Megabank (PJSC) to bolster its agricultural lending business.

Since 2008, Kharkiv-based Megabank has continuously expanded its agricultural lending activities, which now account for 20% of its credit portfolio. Megabank and EFSE began working together in 2009, when the banking crisis hit in Ukraine. The new loan enables Megabank to leverage its lending know-how, strengthen its market position, and provide more long-term loans to Ukrainian farmers.

“Megabank’s strong commitment to the agricultural sector is impressive, not only because they develop dedicated products, but also because they provide specialised, high-level lending expertise to clients in this important market”, says Monika Beck, Chairperson of the Board of EFSE. “Megabank is proving an ideal fit with the EFSE, and we look forward to continuing our mutually beneficial partnership.”

Elena Zhukova, Chairwoman of the Management Board of Megabank, emphasises that agriculture is the top-priority sector according to the Bank’s strategy. “Over many years of working closely with agricultural clients, we have accumulated comprehensive knowledge about the sector, and we understand how important financial support is to sustain further growth and development in this area. That is why we are confident that funding from our international partner will be met by strong demand and on-lent very quickly,” says Elena Zhukova.

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) in urban and rural areas – but also for private households in the form of home improvement loans – is channelled through local partner lending institutions. EFSE Development Facility is supporting the investment

activities, as it provides support to the partner lending institutions in form of technical assistance, consulting and training services.

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 Megabank

Megabank, PJSC has been operating in the banking sector since 1990. The regional network of Megabank numbers 181 branches in 22 regions of Ukraine.

The Bank's assets total USD 633 million, with a loan and investment portfolio amounting to USD 529 million. The Bank's capital is USD 89 million. Megabank offers a full range of classical banking services to a client base of 505,000 customers, including 136,000 recipients of pensions and other social benefits.

Today, Megabank is a partner of Western Union and other international payment systems such as MoneyGram, UniStream, Migom, Anelik and Allure. Megabank, a pioneer in implementing NSMEP (National System of Mass Electronic Payments), also participates in the MasterCard and Visa International payment systems with 388,000 cards issued.

Megabank stands out in the banking sector with its Integrated Clearing Center (ICC), a unique feature designed for settling utility and housing maintenance payments, which is implemented in 9 regions of Ukraine. Over 2 million of Ukrainian households (12% of all payers in Ukraine) currently use Megabank's ICC system.



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