



EFSE lends USD 10 million in local currency to FINCA Azerbaijan

5,000 additional rural borrowers to benefit from funding

Frankfurt and Baku, 20 March 2014 - The European Fund for Southeast Europe (EFSE) provided a loan in Azerbaijani New Manat (AZN) equivalent to USD 10 million to FINCA Azerbaijan on 19 December 2013. The loan, which is the EFSE's first AZN loan, will support FINCA's rural business by financing over 5,000 additional loans for agricultural and rural customers. Furthermore, this facility will contribute to reducing foreign currency risks for both end-borrowers and FINCA Azerbaijan.

A subsidiary of Washington-based FINCA International, FINCA Azerbaijan is the country's leading non-banking credit organisation with a clear focus on micro/rural clients and accounts for more than 30% of the market. FINCA is the EFSE's third partner lending institution (PLI) in Azerbaijan, bringing the total number of EFSE PLIs in the region to 71.

The EFSE loan will support FINCA Azerbaijan in providing its clients with sustainable financing, which is still scarce for local micro businesses. Thanks to FINCA's extensive branch network, the credit facility will particularly benefit micro entrepreneurs in rural and remote areas outside Azerbaijan's capital, Baku, in areas where the supply of banking services is still limited, enabling FINCA to meet the growing demand for long-term local currency financing to very small businesses.

"We are pleased to count FINCA as a new partner as they ideally support the EFSE in reaching out to rural households in the less well served areas of Azerbaijan," says Monika Beck, Chairperson of the Board of EFSE. "More than two-thirds of FINCA's portfolio is lent to micro and small entrepreneurs in rural and semi-urban areas, so we are pleased to be able to strengthen FINCA's long-term funding base".

"This large, long-term AZN financing is particularly significant for FINCA: in addition to its marked-based terms, it represents the start of a strategic partnership with EFSE," says Marco de Natale, Chief Financial Officer of FINCA Azerbaijan. "We look forward to cooperating with the EFSE on many initiatives in the field of sustainable MSME lending".



About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) was 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. It 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 FINCA

FINCA is a leading international microfinance organization that provides financial services to the world's lowest-income entrepreneurs, helping them create jobs, build assets and improve their standard of living. For three decades, FINCA has been committed to breaking the cycle of poverty by providing community-based credit and savings opportunities, as well as other financial services including insurance, money transfers and payment services. FINCA operates with a distinctive, integrated business model that leverages donations and



socially responsible investments, an approach that provides borrowers greater access to capital and promotes greater transparency, financial sustainability and higher standards of business practices. This has allowed FINCA to achieve balanced financial and social performance that is unmatched in the industry – while opening the path to socio-economic development for the lowest-income citizens of the world. FINCA currently reaches more than one million clients through its 22 FINCA subsidiaries in Africa, Eurasia, Latin America, and the Middle East and South Asia. FINCA manages its subsidiaries through FINCA Microfinance Holding Company LLC, which is majority-owned by FINCA and supported with investments from socially responsible international investment partners.

About FINCA Azerbaijan

FINCA Azerbaijan LLC is the leading microfinance institution operating in the country since 1998. After 16 years of activity, FINCA Azerbaijan, a non-bank credit organization operating under limited license from the National Bank of Azerbaijan, provides financial services to more than 150,000 active clients through its 65 branches covering the country. The gross loan portfolio of FINCA Azerbaijan is more than USD 200 million.

For more information about FINCA Azerbaijan, please visit: <http://www.fincaazerbaijan.com/>

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