

EFSE signs EUR 18.5 million senior loan with Bank of Georgia to boost MSE finance

Frankfurt and Tbilisi, 26 June 2014 - The European Fund for Southeast Europe (EFSE) and Bank of Georgia are to expand their relationship with a EUR 18.5 million senior loan dedicated to strengthening the micro and small enterprise (MSE) sector in Georgia.

Bank of Georgia, the country's largest bank with a well-established brand, has been an EFSE partner lending institution since 2010. The new loan will enable Bank of Georgia to finance over 3,000 additional loans to MSEs in Georgia, and thus support the country's economic growth.



“With more than 20 per cent of its business loan portfolio dedicated to micro, small and medium enterprises, and one of the largest branch networks in the country for reaching small entrepreneurs, Bank of Georgia is a significant player in the country's microfinance segment, and thus an excellent partner for the EFSE,” says Monika Beck, Chairperson of the Board of the EFSE. “We are pleased to further expand our already excellent partnership and to work together with Bank of Georgia in achieving the EFSE's goal of fostering economic development and prosperity in its target regions.”

“I am delighted to join forces with EFSE to facilitate access to credit for micro and small enterprises, one the most important contributors to economic growth and job creation in Georgia. Besides increasing our competitive position in the micro and small enterprise sector, this senior loan also reinforces our commitment to supporting small businesses in the country”, commented Irakli Gilauri, CEO of Bank of Georgia.

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 Bank of Georgia

Bank of Georgia is the leading Georgian bank in terms of total assets (with a 34.1% market share), total loans (with a 31.7% market share) and client deposits (with a 30.2% market share) as of 31 March 2014 – all data based on standalone financial information filed by banks in Georgia with the National Bank of Georgia. The Bank offers a broad range of corporate banking, retail banking, wealth management, brokerage, and insurance and healthcare services. As of 31 March 2014, the Bank served approximately 1.3 million client accounts through one of the largest distribution networks in Georgia, which includes 203 branches, 497 ATMs (the country’s largest ATM network), 1,423 Express pay (self-service) terminals as well as a full-service remote banking platform and a modern call centre.



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