

## EFSE strengthens partnership with MF Banka to support small businesses in BiH

EUR 3.5 million subordinated loan underscores the lender's ability to leverage its funding and increase its outreach to small businesses in Bosnia and Herzegovina

**Luxembourg and Banja Luka, Bosnia and Herzegovina, 24 October 2016** -- The European Fund for Southeast Europe (EFSE) today announced a EUR 3.5 million subordinated loan to MF Banka a.d. Banja Luka to support Bosnia and Herzegovina's micro and small enterprises.

MF Banka is part of Mikrofin Group, which has been partner of the EFSE since its inception. The EFSE has supported the bank from its early stages of development in both funding and technical assistance. So far MF Banka has on-lent EFSE funds to over 1,000 micro- and small enterprises in rural Bosnia and Herzegovina. It has an important market share in this segment and is serving more than 10,000 clients through a network of 19 branches.

EFSE Board Chairman Christoph Tiskens said: "The new subordinated loan will help MF Banka to grow its business and increase its outreach to Bosnia and Herzegovina's micro and small enterprises, one of the main business sectors we seek to bolster in the regions we serve."

Sandra Lonco, CEO of MF Banka, said: "Thanks to the EFSE's support, we have been able to offer our micro and small enterprise clients fast and flexible services tailored to the very specific needs of this growing segment. We are looking forward to further expanding our successful partnership with EFSE."

### **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 acts as the EFSE’s Fund Manager and Finance in Motion GmbH, Germany as Advisor.

For more information about the European Fund for Southeast Europe, please visit: <http://www.efse.lu/>

### **About MF Banka**

MF Banka Banja Luka began operations under this name in July 2010 after the acquisition of the former IEFK Bank by MCC Mikrofin Banja Luka. Working closely with the majority owner and a sister company, Mikrofin Insurance, MF Banka developed its network in the major cities of Bosnia and Herzegovina throughout 2011. Over the last six years, MF Banka has developed rapidly and is now a small-sized bank holding with a 1.2% market share in BiH. MF Banka’s development plan has received continuous support by reputable foreign investors, KfW, EBRD, IFC and EFSE. In addition, at beginning of 2016, the bank managed to attract KfW and FMO as new equity shareholders at 23.14%. The IFI equity participation was part of Mikrofin’s strategy to strengthen the ownership structure, in order to sustain growth going forward and further enhance the Bank’s corporate governance and business model.

MF Banka’s business model focuses on serving small and medium enterprises (SMEs), micro businesses and individual entrepreneurs with tailored credit products as well as general banking services, including payment services, payment cards, deposits, internet banking, etc.



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