



EFSE expands cooperation with ProCredit Bank Ukraine by providing funding in local currency for agriculture

Luxembourg, Kyiv, Amsterdam, 20 October 2017 - The European Fund for Southeast Europe (EFSE) is expanding partnership with ProCredit Bank Ukraine by providing a new local currency loan in the amount of USD 10 million equivalent in Ukrainian hryvnia (UAH). Notably, this is the first UAH-denominated facility in Ukraine, which was hedged with the Amsterdam-based Currency Exchange Fund (TCX), and thus a market-enabling transaction that opens the door for donors, investors and other external lenders to provide hedged funding in the much needed local currency in Ukraine.

The new facility will support ProCredit Bank Ukraine to increase its outreach and scale with small and medium enterprises (SMEs) in rural areas with a focus on farmers and agricultural businesses. This transaction continues the successful cooperation between EFSE and ProCredit Bank, which started in 2015 and has facilitated an investment of more than EUR 50 million equivalent in over 700 local currency loans to SMEs in Ukraine to date.

EFSE Board Chairman Christoph Tiskens said: "Our cooperation with ProCredit Bank has proven to be an efficient joint effort in supporting small and medium Ukrainian businesses and their sustainable growth in a responsible way. With this innovative transaction, we are proud to reinforce EFSE's commitment to foster local currency lending in Ukraine and specifically to agricultural businesses as part of the EFSE's mission to support economic development and prosperity in the regions it serves."

"Committed to support the development of small and medium-sized enterprises across the country, in 2016 alone, ProCredit Bank invested approximately EUR 100 million in loans to SMEs, increasing its loan portfolio by 50%. The bank will follow a similar dynamics in 2017, reflective of its high dedication to support SMEs as the most dynamic and mobile sector of the economy and help them increase competitiveness on both domestic and international markets. In the long run, such support will have a positive effect on the sustainable growth of Ukrainian economy as a whole," said Viktor Ponomarenko, Chairman of the Executive Board of ProCredit Bank.



A representative from TCX highlighted: “TCX strives to be at the forefront of financial market development efforts wherever needed. This is successfully achieved especially by enabling our shareholders to link the funding they provide to various developing and frontier economies to the local currency of the respective countries. We are thrilled to leverage on the successful cooperation we’ve had with EFSE in the past and pioneer such local currency funding in Ukraine. We are also very proud to be able to add hryvnia to the long list of currencies that are actively supported by TCX.”

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: www.efse.lu



About ProCredit Bank Ukraine

As a specialised bank for small and medium-sized enterprises, ProCredit Bank offers a wide range of banking services and an utmost quality of customer service and experience. ProCredit Bank is a member of the international ProCredit group. The bank's shareholders include reputable financial institutions such as ProCredit Holding (Germany) and the German Development Bank KfW (Germany). Fitch Ratings, a global rating agency, has assigned to ProCredit Bank the highest possible rating in Ukraine. Strong backing from the bank's shareholders, its membership of the international ProCredit group and supervision by the German Federal Financial Supervisory Authority (BaFin) are factors that guarantee ProCredit Bank's stability and reliability.

About TCX

The Currency Exchange Fund (TCX) is a special purpose fund that provides OTC derivatives to hedge the currency and interest rate mismatch that arises in cross-border investments between international investors and local borrowers in frontier and less liquid emerging markets. The goal is to promote long-term local currency financing, by contributing to a reduction in the market risks associated with currency mismatches.

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