



European Investment Fund and Patria Credit sign first agreement under Progress Microfinance in Romania to benefit micro-enterprises

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The European Investment Fund (EIF) and Patria Credit IFN today signed a EUR 8 million loan agreement aimed at supporting over 2,000 micro-enterprises in Romania.

This agreement will allow the Romanian Microfinance Institution Patria Credit to provide enhanced access to finance to micro-entrepreneurs and agricultural producers, in particular in rural areas and smaller cities in Romania, many of whom face difficulties in accessing credit from traditional banking sources.

This transaction benefits from the financing supported by the European Progress Microfinance Facility ("Progress Microfinance") established by the European Union, and is the largest loan under this facility so far. Progress Microfinance is funded by the European Commission and the European Investment Bank and managed by the EIF.

Commenting on the transaction, Chief Executive of the EIF, Richard Pelly said: "We are pleased to be signing our first loan agreement in Romania and largest in the EU so far, under Progress Microfinance.

I am convinced that this long-term funding will help to benefit micro-enterprises and contribute to the economic growth and social inclusion in Romania".

Chairman of Patria Credit, Horia Manda said: "We are honoured that Patria Credit is the first financial institution in Romania benefiting from Progress Microfinance. We see an increased support for financial services in Romania, through various EIF programmes; in particular Progress Microfinance will help us to offer flexible products including working capital & investment loans up to EUR 25,000 with up to 5 years maturity to micro and small companies and agricultural producers.

The EUR 8 million loan agreement brings the total funding contracted by Patria Credit from international financial institutions in the past 6 months to a total of

approximately EUR 25 million equivalent. The loan supports Patria Credit in achieving its strategic goal of growth through providing tailored financial services to the segments undergoing financial or geographical exclusion.”

This agreement will allow Patria Credit (the largest non-bank microfinance institution in Romania) to significantly scale up its micro lending activity and to deploy more resources to micro-businesses in Romania.

About the European Progress Microfinance Facility

The European Progress Microfinance Facility (EPMF) is a microfinance initiative established with EUR 200 million of funding from the European Commission and the European Investment Bank. EPMF aims to increase access to finance for micro-entrepreneurs, including the self-employed. It has a particular focus on, but is not restricted to, groups with limited access to the conventional credit market. Examples include female entrepreneurs, young entrepreneurs, entrepreneurs belonging to a minority group, entrepreneurs with a disability, sole traders etc. Loans of up to EUR 25,000 are made available through eligible intermediaries participating in the facility. The European Progress Microfinance Fund does not provide direct financing to micro-entrepreneurs or individuals.

About the EIF

EIF's central mission is to support Europe's small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture capital and guarantees instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. The EIF total net commitments to private equity funds amounted to over EUR 5.4bn at end 2010. With investments in over 300 funds, the EIF is a leading player in European venture due to the scale and the scope of its investments, especially in high-tech and early-stage segments. The EIF commitment in guarantees totaled over EUR 14.7bn in close to 160 operations at end 2010, positioning it as a major European SME guarantees actor and a leading micro-finance guarantor. EIF acts as management company on behalf of EU Microfinance Platform FCP-FIS - European Progress Microfinance Fund, the main vehicle through which the EPMF is implemented.

About Patria Credit

Patria Credit is a non-bank financial institution, controlled by the Romanian American Enterprise Fund and the Balkan Accession Fund, which provides lending to micro and small entrepreneurs and to agricultural producers. Patria Credit is operating since 1996 and is one of the most important financial intermediaries for micro-enterprises and low-income borrowers in Romania. As of the end of March 2011, the company was serving a number of over 11,000 customers through a network of 15 branches in large cities and 27 branches located in rural areas.

For further information, please contact David Yormesor, d.yormesor@eif.org, or visit EIF's website www.eif.org

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