

EFSE provides a EUR 7 million subordinated loan to Patria Bank to support MSMEs in Romania

The European Fund for Southeast Europe (EFSE), an impact investment fund focusing on fostering economic prosperity in Southeast Europe and the Eastern Neighbourhood Region, has granted a EUR 7 million Basel III-compliant Tier 2 Capital subordinated loan to Patria Bank. The loan is part of the EFSE crisis response package for financing micro, small and medium enterprises (MSMEs) in critical agri-related industries affected by the Russia-Ukraine war. The loan will support the bank to provide long term financing to MSMEs and contribute to increase local production and food security as well as business resilience and inclusiveness.

Patria Bank has a strong focus on serving MSMEs and agribusinesses. This loan investment will contribute to strengthening the bank's capitalization, while increasing its capacities to help MSMEs sustain their operations and employment by providing liquidity to withstand the economic spillover effects of the on-going Russia-Ukraine war. This will not only boost the availability of long-term financing that meets the needs of MSMEs across the country including those engaged in agri-related industries but will also enable EFSE to pursue its mission of expanding access to finance for underserved clients in the region as a means to foster resilience, prosperity and growth.

EFSE Board Chairperson Klaus Müller said: "We are excited to embark on this new partnership with Patria Bank as they have a keen focus on supporting MSMEs engaged in critical agri-related industries that have been exposed to the many economic, social and security challenges triggered by the Russia-Ukraine war. We strongly believe this new Basel-III compliant Tier 2 instrument will strengthen and optimize the overall capital structure of the bank – promoting resilient growth within the bank and contributing to wider food security in the region."

Patria Bank Chairman Horia Manda stated: „We are glad to announce this new project with EFSE, a strategic partner for Patria Bank Group, with whom we share a common goal: to support MSMEs and agribusiness to further develop their businesses and overcome the challenges generated by the current economic environment. At Patria Group we believe that entrepreneurship is the engine of economic growth and the strong partnership with EFSE allows us to support MSMEs and put Romania on the map of areas with maximum development and investment potential.”

The facility contributes towards the achievement of several of the United Nations Sustainable Development Goals, including SDG 2 (Zero Hunger), SDG 8 (Economic Growth) and SDG 9 (Industry Innovation and Infrastructure). The investment is expected to enable the provision of more than 90 loans to MSMEs and support over 900 jobs.

An impact investment fund established in 2005, the European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the Eastern Neighbourhood Region by investing in the success of micro and small enterprises as well as improved living conditions for private households. As access to financial services is key to developing this segment, EFSE focuses on helping local financial sectors strengthen their ability to provide responsible financing for this target group. Alongside its investment activities through local partners, EFSE multiplies its impact through the EFSE Development Facility, which provides technical assistance, training, and other nonfinancial support to entrepreneurs and institutions.

EFSE was initiated by KfW Development Bank with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission. As the first public-private partnership of its kind, EFSE draws its capital from donor agencies, international financial institutions, and private

institutional investors.

Finance in Motion GmbH, Germany, serves as EFSE's advisor and Hauck & Aufhäuser Fund Services S.A., Luxembourg, acts as manager.

Patria Bank is a Romanian bank dedicated to increasing the degree of banking in Romania and supporting entrepreneurs and local businesses. Listed on the Bucharest Stock Exchange, Patria Bank has a national physical presence and offers basic banking products and services 100% online to all Romanians, wherever they are. The majority shareholder of Patria Bank Group is the Emerging Europe Accession Fund (EEAF), a private equity fund whose main investors are the EBRD (European Bank for Reconstruction and Development), the EIF (European Investment Fund, part of the European Bank Group for Investments), DEG (Development Bank, part of the KfW banking group) and BSTDB (Development Bank of the Black Sea Region). Together with Patria Bank S.A., the Patria Group also includes: Patria Credit IFN, an institution with expertise and experience in microfinance, European funds and financial products dedicated to the Agro segment and Patria Asset Management, a company specialized in investment management.