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International financial institutions support Turkish entrepreneurs

€95 million credit line to support private business development

The European Bank for Reconstruction and Development (EBRD), DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, Oesterreichische Entwicklungsbank AG (OeEB), the Development Bank of Austria, the Netherlands Development Finance Company (FMO) and International Co-Operation and Development Fund (ICDF) Taipei China have joined together to support a programme of private business development in Turkey.

Together they are to provide funding of up to €95 million to DenizBank for on-lending to Turkish micro, small and medium-size enterprises (MSMEs). The credit-line will be used to offer loans worth up to €200,000.

The support coming from the international financial institutions will enable DenizBank to meet the increasing demand for private business development loans and to maintain the availability of credits to small companies, female entrepreneurs and farmers at a time when lending resources remain scarce.

According to the EBRD's Director for Turkey Michael Davey, the multi-lateral cooperation approach, which is shared by the new programme participants representing Europe's leading financial institutions, stands for a key component of their ongoing support to Turkey.

“Micro and small businesses represent a major part of the Turkish economy, accounting for a large proportion of the country's businesses and total employment. In the current tight credit markets, MSMEs in Turkey face limited access to finance, which constrains their growth. The funds provided to DenizBank will boost the flow of finance to entrepreneurs and will also have a positive impact on the Turkish banking sector, providing access to longer term financing,” he added.

DenizBank is the sixth largest private bank in Turkey and the leading private bank active in agricultural lending. To date the bank has over 450 branches in more than 70 out of 81 cities in Turkey.

In October 2009, DenizBank received a credit line in Turkish lira, an equivalent of €20 million, from the EBRD to finance its agricultural loan facilities.

In a statement about the MSME facility, DenizBank's CEO Hakan Ateş said: “As DenizBank, we have remarkable advantages for financing SMEs, which constitute the backbone of Turkish economy. We

are continuously in search of new resources in Turkey and abroad for SMEs. And now SMEs will be more than happy with our new credit facilities of up to 200 thousand Euros.”

Emphasizing on Turkey being in the centre of interest in foreign markets thanks to its strong economy, Ateş added that maintenance of sustainable economic growth will contribute, among others, to meeting financial needs of SMEs.

Andrea Hagmann, Member of the Executive Board of OeEB said: “By partnering with DenizBank, OeEB can increase the availability of funding for Turkish SMEs and farmers, thereby fostering investments, creation of jobs and economic growth. DenizBank’s outreach ensures that these funds are accessible even in remote regions of Turkey, where the access to financing in many cases remains underdeveloped. While the financial markets are recovering in some areas, the lending constraints especially for SMEs and farmers still persist. Together with the EBRD, DEG and FMO we will step in to overcome these constraints and create access to funding which is strongly needed to support economic recovery.”

Holger Rothenbusch, Head of Division Structured Finance at DEG said: “A decisive bottleneck in Turkey is access to financing for small agricultural companies, and even more so in the remote region of East Anatolia. By financing DenizBank, we will promote the growth of the SME segment in general and in the agricultural sector in particular. Moreover, we are happy to strengthen the cooperation with our partner financing institutions.”

Steven Duyverman, Manager Financial Institutions ECA at FMO, stated: “FMO is pleased to cooperate with its respected partners EBRD, DEG and OeEB and provide MSMEs in Turkey with the additional financing they need to build up and expand decent businesses through DenizBank as well-performing financial intermediary. The FMO funding by means of this club-deal will be fully applied to support the growth of the MSME business segment and, in addition, the agricultural sector, including private farmers, in underdeveloped regions in the Eastern part of Turkey”.

In Turkey the EBRD focuses on renewable and sustainable energy, small business in the regions, agribusiness, municipal, environment and other infrastructures and privatization. Since the beginning of its operations in Turkey in 2008, the EBRD has committed nearly €500 million in over 20 projects.

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*The **EBRD**, owned by 61 countries and two intergovernmental institutions, is supporting the development of market economies and democracies in countries from central Europe to central Asia. Find out more about the Bank’s operations at www.ebrd.com*

***DEG**, member of KfW Bankengruppe, finances investments of private companies in developing and transition countries. As one of Europe’s largest development finance institutions, it promotes private business structures to contribute to sustainable growth and improved living conditions. www.deginvest.de*

***OeEB**, the official Development Bank of Austria, acts on behalf of the Federal Government. It is specialised in promoting private-sector projects that require long-term financing and that have a sustainable impact on the regional economic development. www.oe-eb.at*

***FMO** is the entrepreneurial development bank of the Netherlands. FMO’s mission: to create flourishing enterprises, which can serve as engines of sustainable growth in their countries. www.fmo.nl*