

Western NIS Enterprise Fund

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Press Release

Western NIS Enterprise Fund Attracts \$40 Million from OPIC to Ukraine

Kyiv, Ukraine – September 27, 2004 - Western NIS Enterprise Fund (WNISEF), the leading private equity fund in Ukraine and Moldova, is the sponsor for \$40 million in loan facilities from the U.S. Overseas Private Investment Corporation (OPIC). The facilities will allow WNISEF's two portfolio companies, International Mortgage Bank (IMB) and ProCredit Bank, to significantly expand their operations in Ukraine. WNISEF acted as a catalyst for attracting OPIC's funds to these companies.

The first loan worth \$30 million will fuel the growth of IMB, Ukraine's first specialized residential mortgage provider. WNISEF created IMB in response to the dynamic growth of Ukraine's middle class and strong demand for home ownership. Within the past two and a half years the total portfolio of residential mortgage loans in the Ukrainian banking system increased by 300%, with 2004 showing strong 29% year on year growth. Still, demand for mortgage loans by far outstrips the existing banking system's ability to supply the long-term debt demanded by the marketplace. IMB was designed to be a large part of the solution to this dilemma. Its mission is to be the country's leading mortgage provider, providing clients with superior customer service and products developed with international know-how and standardized to enable future securitization. The OPIC loan is symbolic of strong international financial institution support for IMB's business strategy, and will provide IMB with long-term capital for lending as the market develops.

Initially capitalized with \$7 million by WNISEF, IMB's registration with the National Bank of Ukraine (NBU) is underway. On September 6, 2004 the NBU Board gave its first stage approval for the establishment of IMB. While awaiting final registration, WNISEF launched a pilot mortgage-lending program, the International Mortgage Program. With over \$1.5 million loans approved in just nine months, the pilot program has successfully proven IMB's business concept. This OPIC loan will ensure continued rapid growth of IMB's strong mortgage portfolio.

An additional \$10 million will be lent by OPIC to ProCredit Bank, one of the leading banks in Ukraine that focuses on micro, small- and medium-sized enterprises. Since its inception in 2001, ProCredit Bank has disbursed over 56 thousand loans worth \$234 million, of which business loans make up \$207 million. Today ProCredit Bank is represented in 15 cities with 22 branches and four representative offices. By the end of 2004, the Bank plans to expand its network to 30 branches. ProCredit Bank will use OPIC's funds to further expand its micro- and small lending activities in its current and new branches located across the country.

Commenting on the loan facilities, President and CEO of WNISEF Natalie A. Jaresko said, "WNISEF is thrilled that International Mortgage Bank and ProCredit Bank were the first Ukrainian businesses to attract capital from OPIC since the resumption of its lending activities in Ukraine. This confirms OPIC's confidence in these institutions and in the Ukrainian banking sector. Furthermore, it is another concrete example of the unique value WNISEF brings to its portfolio companies, ensuring that they are market leaders in terms of access to capital, profitability, innovation, quality of products and services, maintaining international standards, and transparency."

WNISEF (www.wnisef.org) is the region's leading private equity fund that invests in small- and medium-sized enterprises in Ukraine and Moldova. WNISEF seeks to identify and invest in securities of private enterprises with outstanding growth potential and the ability to build competitive advantages in the marketplace. WNISEF provides its portfolio companies with capital and the necessary management tools to evolve from entrepreneurial ventures into professionally managed companies. Since inception, the cumulative investment commitment of WNISEF totals \$93.4 million to 28 companies in Ukraine and Moldova, employing over 18,000 people.

OPIC (www.opic.gov) is the U.S. private investment corporation established by the U.S. Government that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Over the agency's 32-year history, OPIC has supported \$150 billion worth of investments that have helped developing countries to generate more than 690,000 host-country jobs.

WNISEF and IMB were advised by Zenith Capital, an independent financial advisory firm represented by Roman Matkiwsky.

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