

EFSE and Inecobank to increase sustainable financing for Armenian households

Senior loan equivalent to USD 5 million to be on-lent in Armenian dram for home purchase and improvement

Luxembourg and Yerevan, 17 December 2020 – The European Fund for Southeast Europe (EFSE) has provided the equivalent of USD 5 million in Armenian dram to partner Inecobank. The senior loan will be used to increase the bank’s offer of long-term, local currency home financing for lower-income households. With the investment, the partners aim to contribute to economic recovery and individual stability after a difficult period in the country.

Inecobank, a longstanding EFSE partner, is an important lender to clients who may otherwise struggle to access financing appropriate to their needs, such as lower-income individuals and small businesses. The new EFSE loan will further strengthen the bank’s capacities to offer sustainable housing finance and contribute to improved living standards. By providing this financing in local currency, the partners aim to empower borrowers to invest in their future without the risk of exchange rate fluctuations that could negatively impact their cash flows.



EFSE Board Chairperson Klaus Müller said: “Local currency lending is a key component of responsible finance, as it protects unhedged borrowers from exchange rate risk. As an impact investment fund focussed on generating positive social benefits in the long term, EFSE is keen to advance the practice of local currency financing in the European Eastern Neighbourhood Region. That is why we are pleased to be furthering our relationship with Inecobank to extend resources to individuals and families while they bridge a turbulent period of pandemic and military escalations.”

Inecobank CEO Aren Naltakyan said: “We greatly value EFSE’s trust. Mortgage lending is one of the important products in Inecobank’s retail lending. Thanks to our long-time partner EFSE we are enhancing our offer of local currency mortgage product, which allows our customers to follow their dreams without worrying about fluctuations in the foreign exchange market. Through this effective cooperation, we believe that many families will be closer to becoming home-owners.”

EFSE’s ability to provide funding to its partners in local currency was boosted by generous contributions from the European Commission as part of its EU4Business initiative as well as from the German Federal Ministry for Economic Cooperation and Development (BMZ).



About EFSE

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.

For more information on the European Fund for Southeast Europe, please visit: www.efse.lu

For more information on Finance in Motion, please visit: www.finance-in-motion.com

ABOUT INECOBANK CJSC

Inecobank CJSC is one of the leading banks in the South Caucasus region, focused on individual customers, small and middle market businesses and large corporations offering a full range of banking services including break through and innovative digital banking solutions. For over 24 years the bank has been providing unmatched convenience in Armenia serving more than 500,000 customers and over 250,000 online users. Inecobank developed and delivered industry-leading digital banking solutions with the purpose of introducing an entirely new culture of banking services.

Media contact EFSE

Nikki Eggers
Senior Officer, Marketing & Communications
Email: press@efse.lu
Phone: +49 (0)69 271 035-470

Media contact Inecobank

Mariam Movsisyan
PR Manager
Email: mariam.movsisyan@inecobank.am
Phone: +37410 510 576