

Press Release

For immediate release

EFSE and Byblos Bank Armenia sign loan agreement to support micro and small enterprises in Armenia

- *First loan under EFSE Armenia Local Currency Facility*

Luxembourg and Yerevan, 27 January 2012 – The European Fund for Southeast Europe (EFSE) – initiated by the KfW Entwicklungsbank (The German Development Bank) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission – has provided Byblos Bank Armenia CJSC with a credit facility in US dollar and local currency, the Armenian Dram, in the equivalent of EUR 3.9 million. The Bank will use the proceeds of the EFSE loan to increase the availability of financing to micro and small enterprises (MSEs) in Armenia. The Armenian Dram loan component is targeted at effectively addressing the potential currency exchange risks for the country's MSEs.

The local currency component is provided under the newly established Armenia Local Currency Facility, a separate investment window of the EFSE, to support and promote local currency lending to smaller businesses in Armenia. The Facility is funded by the Small and Medium Business Credit Support CJSC, a subsidiary of the Central Bank of Armenia, as its founding investor.

The EFSE loan will help Byblos Bank Armenia to diversify its funding base, expand its loan book in Armenian Dram and strengthen the Bank's capacity to provide long-term credits to MSEs.

"We welcome Byblos Bank Armenia as our new partner in Armenia and the opportunity to support the MSE sector, the most dynamic and important segment of the country's economic development, through yet another well-established Armenian financial institution", said Monika Beck, Chairperson of the Board of Directors of the EFSE. "The credit facility adds needed breadth and depth to a key area of the financial sector by expanding access to credit for micro and small businesses, which is instrumental in sustaining and creating employment in the Armenian economy."

"Byblos Bank Armenia takes its role in supporting Armenia's economic development very seriously. Financing small businesses is a strategic choice that we have made as we strongly believe in the contribution of these types of businesses in creating a solid and sustainable economy; manufacturing and services being our main focus. For this, we are building partnerships with local and international institutions that can help us in our endeavours towards MSEs. Therefore, we are very happy to announce our agreement with EFSE, and we are sure this will pave the way for a long-term cooperation, said Ararat Ghukasyan, Chief Executive Officer of Byblos Bank Armenia.

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe and the European Eastern Neighbourhood Region (ENR) of the European Union, including Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia, Turkey and Ukraine. As access to finance is a key success factor in developing the micro, small and medium enterprise segments, the EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing. The funding the EFSE provides as long-term finance primarily for micro and small enterprises (MSEs) – but also for private households in the form of home improvement loans – is channelled to these loan customers through local partner lending institutions. Supporting the EFSE's investment activities is the EFSE Development Facility, which provides partner lending institutions with technical assistance, consulting and training services to build operational capacities and professional management. Initiated by KfW Entwicklungsbank (The German Development Bank) on 15 December 2005 from four multi-donor programs under its management, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance to leverage private funding for MSE finance in the target region. Capital is provided by donor agencies, international financial institutions and private institutional investors, including the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Commission (EC), the Government of Albania, Small and Medium Business Credit Support CJSC (SMBCS), a subsidiary of the Central Bank of Armenia, the Development Bank of Austria (Oesterreichische Entwicklungsbank - OeEB), the Swiss Agency for Development and Cooperation (SDC), the Danish International Development Agency (Danida), KfW Entwicklungsbank as Lead Investor, the International Finance Corporation (IFC), the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and Sal. Oppenheim and Deutsche Bank. Oppenheim Asset Management Services S.à.r.l, Luxembourg, and Finance in Motion GmbH, Germany, are, respectively, the EFSE's Fund Manager and Fund Advisor.

For more information about EFSE, please visit: <http://www.efse.lu>

About Byblos Bank Armenia

Byblos Bank Armenia is an independent subsidiary of Byblos Bank, a universal bank headquartered in Lebanon. Operating in Armenia since 2007, Byblos Bank Armenia provides services and products in consumer, commercial, and correspondent banking, as well as in treasury and capital markets. It aims at fulfilling the financial needs of Armenian nationals and Armenian Diaspora present in the USA, Europe, Lebanon, Syria, and other parts of the world. The Bank capitalizes in achieving this goal on both the 60-year expertise and international network of Byblos Bank operating currently in 12 countries across Europe, the Middle East, and Africa: Lebanon, the United Kingdom, France, Belgium, Armenia, Cyprus, the United Arab Emirates, Syria, Iraq, Sudan, Nigeria, and the Democratic Republic of the Congo. In 2008, the European

Bank of Reconstruction and Development (EBRD) and OPEC Fund for International Development (OFID) participated in the chartered capital of Byblos Bank Armenia with the following shares: EBRD-25%, OFID-10%. Byblos Bank Armenia will open its fourth branch in the country in Jan 2012. Its expansion strategy includes the opening of new branches to get closer to its clients in as many regions as possible. For more information about Byblos Bank Armenia, visit: www.byblosbankarmenia.am

About Small and Medium Business Credit Support CJSC

Small and Medium Business Credit Support CJSC (SMBCS) was incorporated on 28 December in 2010 to support small and medium enterprise (SME) financing in Armenia in cooperation with foreign specialised financial institutions. The main purpose of SMBCS is to establish cooperations with international financial organisations specialised in SME lending, and to find ways of channelling funds from international markets to Armenian financial institutions. SMBCS is a wholly owned subsidiary of the Central Bank of the Republic of Armenia.

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