

Press Release

For immediate release

EFSE and Inecobank sign loan agreement of USD 10 million to support micro and small enterprises in Armenia

Luxembourg and Yerevan, 21 May 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 opened a USD 10 million credit facility for Inecobank (the Bank) in Armenia. The Bank will utilise the funding to enhance access to longer-tenor loans for micro and small enterprises (MSEs). This in response to the prevalent lack of long-term loans that are a prerequisite for investment financing.

In addition to strengthening the Bank's capacity to provide sustainable long-term financing to MSEs, resulting in over 1,500 new loans, the credit facility also supports the Bank in its plans to further expand lending operations in the micro, small and medium enterprise (MSME) segment. Inecobank provides a universal range of banking services and aims to become one of the top banks serving the MSME segment in Armenia.

"We are proud to welcome Inecobank as our new partner lending institution in Armenia. This opens new opportunities to further strengthen our support of Armenian micro and small enterprises through yet another a well-established financial institution that operates in line with the EFSE's Responsible Finance practices. At the EFSE, we are pleased to support Inecobank's strategy to expand its MSME loan portfolio to meet the growing demand for longer-term financing from smaller businesses, thereby contributing to the overall growth of the Armenian economy," said Monika Beck, Chairperson of the Board of Directors of the EFSE.

"We are happy to establish a new partnership with such an honourable organisation as The European Fund for Southeast Europe. The newly established relations manifest an opportunity for Inecobank to continue providing more loans for micro, small and medium enterprises. It is crucial for the Bank to expand its loan portfolio in order to meet the demands of the smaller businesses, and to do everything in its power to assist micro and small enterprises and enhance their sustainability. We believe that this cooperation is only the first step of an enduring and productive partnership," said Avetis Baloyan, Chief Executive Officer of Inecobank Armenia.

About the European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Georgia, Kosovo, Moldova, Montenegro, Romania, Serbia, Turkey and Ukraine. The EFSE focuses on assisting local financial sectors in strengthening their ability to ensure adequate and sustainable financing for micro and small enterprises (MSEs) as well as for private households in the form of home improvement loans. The funding the EFSE provides

is channelled to these loan customers through local partner lending institutions (PLIs). In addition to funding, the EFSE provides PLIs with technical assistance, consulting and training services to build operational capacities and professional management. Initiated by KfW Entwicklungsbank (The German Development Bank) in 2005, the EFSE is the first public-private partnership of its kind and the first privately managed fund in development finance. The capital is provided by 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, the Danish International Development Agency (Danida), KfW Entwicklungsbank, the IFC, the Netherlands Finance Company (FMO), the European Bank for Reconstruction and Development, the European Investment Bank, 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 Inecobank

Founded in 1996, Inecobank CJSC is a universal bank with the vision of contributing to Armenia's economic development and improving population welfare. Inecobank offers the full range of banking products and services to corporate clients, micro, small and medium-sized enterprises, as well as to individual clients. The Bank is among the top 10 banks in Armenia, with total assets of EUR 175 million as of the end of 2011 and an extensive network with 14 branches across the country. The Bank's shareholders include IFC and DEG and it partners with reputable international organisations such as EBRD and KfW. For more information about Inecobank Armenia, please visit us at <http://www.inecobank.am>

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