

EFSE and ACBA Leasing sign EUR 2.5 million loan agreement

EFSE loan will strengthen the capacity of Armenia's top leasing company to provide financing to MSEs

Frankfurt and Yerevan, 28 November 2013 - The European Fund for Southeast Europe (EFSE) – initiated by KfW Development Bank (KfW) with the financial support of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Commission – has successfully launched a cooperation with ACBA Leasing Credit Organisation CJSC (ACBA Leasing), a new partner lending institution in Armenia, by providing a senior loan facility dedicated to MSE financing in the equivalent of EUR 2.5 million. The loan facility is aimed at supporting ACBA Leasing's strategy to facilitate access to credit for MSEs, including agricultural producers and individual farmers, especially in the country's rural areas.

ACBA Leasing is Armenia's leading leasing company with a very successful track record of providing comprehensive leasing solutions to its core target clients for business development purposes.

"The partnership with ACBA Leasing is the EFSE's first partnership in Armenia's leasing sector. Given leasing's increasingly important role as a viable alternative to bank financing, ACBA Leasing's business strategy fits in perfectly with the EFSE's mission to enhance financial inclusion and foster economic development throughout our target region", said Monika Beck, Chairperson of the Board of EFSE. "In view of ACBA Leasing's premier position in the sector, we are confident that our cooperation will have a significant impact in terms of expanding leasing opportunities for rural entrepreneurs in Armenia."

Arsen Bazikyan, Deputy General Manager of ACBA Leasing, added: "Taking into account the main aim of our leading leasing company, i.e. the development of the Armenian SME market through the modernisation of fixed assets, we hope – together with the EFSE - to provide current and future customers with a new possibility of financing". He also said that, "From the view of attracting new resources, the agreement with the EFSE also reinforces ACBA Leasing's strategy of remaining an independent institution with a diversified loan portfolio. To address the scope of requirements from potential customers, ACBA Leasing is looking to provide specialised leasing services, including purchasing, shipping, customs clearance and insurance of goods and equipment to be leased."

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, former Yugoslav Republic of Macedonia, Kosovo, Georgia, Moldova, Montenegro, Romania, Serbia, Ukraine and Turkey. 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 Development Bank (KfW) 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 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), 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 the European Fund for Southeast Europe, please visit: <http://www.efse.lu/>

About ACBA Leasing

ACBA Leasing Credit Organization CJSC is the first registered specialised leasing company in the Republic of Armenia. ACBA Leasing was founded on 30 March, 2003, jointly by one of the leading institutions of the Armenian banking sector, ACBA-CREDIT AGRICOLE BANK, and the French CREDIT AGRICOLE Group, acting via its subsidiary CREDIT AGRICOLE LEASING & FACTORING, considered the leader of the leasing and factoring

market in France. ACBA Leasing began operations on 25 April, 2003, when it obtained its N4 License from the Central Bank of the Republic of Armenia.

ACBA Leasing Credit Organization CJSC's activities aim to achieve the following:

- Enable micro, small and medium enterprise segments as well as private households to purchase equipment and means of production through medium-term financing
- Make leasing a mainstream instrument in the financial market of the Republic of Armenia
- Broaden the manufacturing base of Armenia's economy,
- Contribute to RA enterprises in renovating their main resources.

ACBA Leasing works not only with local but also with foreign suppliers, actively driving the development of the Armenian leasing market. The number of the cooperation agreements signed with supplier organisations is growing every year on the international side. Today, the company works with more than 120 supplier-organizations who in turn provide us with more customers. ACBA Leasing also has a broad reach thanks to its 260 credit officers operating from 44 branches of ACBA-CREDIT AGRICOLE BANK. In addition, ACBA Leasing is continuously enhancing its products and services, following through on a sustainable strategy aimed at broadening the current client base and making available our assortment of products to more strata of the public, and in this way fostering a balanced growth for our company.

According to the December 2012 report of Arm Info, ACBA Leasing's dynamic growth in terms of assets and equity as well as loan volume and income has earned it a place among the top 5 of the country's 32 credit organisations. Of the three leasing credit organisations operating in Armenia, ACBA Leasing ranks first with 96% of the market, followed by Agroleasing (3%) and Unileasing (1%). Pre-tax earnings as at October 2013 amounted to AMD 110 million, with aggregate profits totalling AMD 1.8 billion. Total equity remained constant at approximately AMD 3 billion with assets making up close to AMD 11 billion. The net leasing portfolio consisted of approximately AMD 8.4 billion. Plant and equipment leasing for industrial clients accounts for 33% of ACBA Leasing portfolio.

For more details about ACBA Leasing CJSC, please visit: <http://www.acbaleasing.am/>

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