

EFSE and ARARATBANK invest in local business growth in Armenia

Fund provides multi-currency loan equivalent to USD 10 million to support bank in expanding financing to micro and small enterprises

Luxembourg and Yerevan, 11 October 2019 – The European Fund for Southeast Europe (EFSE) has once again teamed up with long-time partner ARARATBANK to drive local business growth in Armenia. By providing a multi-currency senior loan equivalent to USD 10 million, the fund is supporting the bank in offering tailored financial products that meet the needs of micro and small enterprises, thereby strengthening the development of this important sector while securing and creating jobs in the country. This next chapter in the partners' ongoing collaboration was confirmed at an EFSE signing ceremony celebrating the Power of Local Currency Financing in Chişinău, Moldova, on 10 October.

ARARATBANK has been a key EFSE partner in Armenia since 2010. The bank's solid positioning, extensive branch network, and strategic focus on the small business market have enabled ARARATBANK and EFSE to generate more than EUR 58 million in financing for micro and small enterprises so far. The new investment will continue this momentum: Comprised of both a USD portion and a local currency facility, the loan will contribute to the bank's ability to flexibly cater to the specific financing needs of entrepreneurs, eliminating direct exposure to currency risk for these unhedged businesses.

EFSE Board Chairman Christoph Tiskens said: "Partners like ARARATBANK are essential to helping EFSE pursue its mission of expanding access to sustainable finance for local businesses. By facilitating loans in local currency, we are, together, investing in the stability and secure growth of small businesses, which are one of the main drivers of the country's economy."



"It is notable that in our nine years of cooperation, ARARATBANK has financed over 1,500 business projects in different sectors, creating added value for borrowers as well as for the Armenian economy," said Ashot Osipyan, Chairman of the Executive Board of ARARATBANK. "Signing this new contract in local currency will protect the beneficiaries from foreign exchange risks, which in turn will boost the profitability and competitiveness of these companies in the local market. I am glad about the signing

of this contract, which reaffirms the mutual trust and continued cooperation between our institutions.”

EFSE is ramping up its local currency lending activities in the European Eastern Neighbourhood Region thanks to a new capital layer in the fund’s structure designed to absorb exchange rate risk. This financing instrument was made possible by contributions from the European Union’s “EU4Business” initiative, as well as from the German Federal Ministry for Economic Cooperation and Development.

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 ARARATBANK

ARARATBANK OJSC is among the leaders of the Armenian banking system, providing state-of-the-art, superior and high-quality banking services to individuals and legal entities using cutting-edge technologies for banking system development and creating a unique business culture of bank-customer relations. With the best innovative banking technologies and best practices of corporate governance, the bank has 61 branches across the country. One of the most dynamically developing banks in the Armenian banking system and expanding its branch network and scope of its banking services, ARARATBANK actively participates in the real sector of Armenian economy, particularly in SME lending. ARARATBANK cooperates with 14 reputable international financial institutions.

For more information about ARARATBANK, please visit www.araratbank.am



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