

EFSE and ACBA Bank to channel USD 10 million in financing to Armenian entrepreneurs

Fund's first subordinated loan in Armenia leveraged to bolster thousands of local businesses and stabilise economy during pandemic

Luxembourg and Yerevan, 16 September 2020 – The European Fund for Southeast Europe (EFSE) has provided its first subordinated loan in Armenia to longstanding partner ACBA Bank. The USD 10 million investment aims to strengthen the bank's capital position, enabling it to facilitate much-needed financing to micro and small enterprises (MSEs), including small agricultural producers and farmers, which have been especially hard hit by the economic challenges presented by the COVID-19 crisis.

ACBA Bank is one of the leading financiers to MSEs in Armenia. The bank's commitment to serving this important segment of the country's economy has made it a strategic EFSE partner since 2013; together, the partners have already leveraged more than USD 83 million to boost financing for Armenian entrepreneurs. This new investment will significantly contribute to strengthening the bank's capitalisation, while increasing its capacities to help MSEs sustain their operations and employment by providing crucial liquidity to an estimated 2,000 entrepreneurs, thus stabilising a key economic pillar during the ongoing turbulence of the global pandemic.

EFSE Board Chairman Christoph Tiskens said: "We are proud to reaffirm our commitment with ACBA Bank by providing this investment as a subordinated loan – a first in the country. This will enable us to, together, unleash timely and decisive support to entrepreneurs and farmers in Armenia, bolstering the ability of these local businesses to withstand the current adverse circumstances, while increasing the capital and the resilience of the bank."

CFO of ACBA Bank, Styopa Zakinyan said: "We would like to highlight the importance of our ongoing collaboration with our long-term strategic partner, EFSE, during these difficult times of economic uncertainty. The subordinated loan is evidence of a deepening partnership between our institutions. This capital financing will provide us with further capacities for leveraged lending to local MSEs and farmers which will in turn contribute to the improvement of economic stability in the country."

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

ABOUT ACBA BANK

ACBA Bank is one of the leading banks in Armenia with the aim to undertake unique and innovative solutions to contribute to the sustainable development of society. Its primary strategic focus is to provide financial services to micro, small and medium enterprises (MSMEs) with a particular focus on rural areas. Bank's extensive network of 61 branches in all regions of Armenia allows it to reach out to clients country-wide. As of 1H2020, ACBA Bank reported total assets of USD 941 mln, gross loan portfolio of USD 655 mln and total capital of USD 142 mln.

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