

 Early Warning System

FMO-62821

Ardshinbank CJSC - NASIRA PORTFOLIO



## Quick Facts

<b>Countries</b>	Armenia
<b>Financial Institutions</b>	Netherlands Development Finance Company (FMO)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	A
<b>Voting Date</b>	2024-04-30
<b>Borrower</b>	Ardshinbank CJSC
<b>Sectors</b>	Finance, Industry and Trade
<b>Investment Type(s)</b>	Guarantee
<b>Investment Amount (USD)</b>	\$ 18.63 million
<b>Project Cost (USD)</b>	\$ 18.63 million



## Project Description

According to the FMO, the proposed transaction is a USD 20 mln NASIRA Risk Sharing Facility (RSF) with Ardshinbank. NASIRA is a financial program supported by the EU and the Dutch Government. Through its controlled risk environment, the NASIRA RSF will bolster Ardshinbank's endeavors to expand its MSME portfolio. The facility places particular emphasis on empowering Young and Women entrepreneurs by supporting their income generating business activities, thereby aligning with FMO's goal in Reducing Inequalities. The NASIRA transaction will support Ardshinbank in achieving its strategic goal of growing its MSME customer base.

### WHY DO WE FUND THIS INVESTMENT?

Armenia remains a lower middle-income country, as a vast part of its population (29%) lives below the poverty line. Despite the significant presence of MSMEs in the country, their contribution is only about 25% of the country's GDP and around 19% of employment, as the sector has limited access to credit. Due to this, MSMEs are fundamental to the overall socio-economic development of the country. FMO will be directly sharing the risk of the loan portfolio of MSMEs with Ardshinbank, while 50% of the limit will be geared towards Young and Women entrepreneurs, hence qualifying for a 50% RI Label.

As a result, the NASIRA RSF facility will incentivize Ardshinbank to finance the underserved and marginalized communities in Armenia, thus supporting the country's economic development. Lastly, the transaction is additional as there are hardly any alternative products available in the market which offer similar portfolio protection as NASIRA does.

### WHAT IS THE ENVIRONMENTAL AND SOCIAL CATEGORIZATION RATIONALE?

Ardshinbank is categorized as Financial Institutions (FI) A (high risk) in accordance with FMO's Sustainability Policy. The bank is classified as FI-A E&S risk category given their exposure to high E&S risk sectors (mining, metallurgy, construction, energy projects, etc.) in combination with a high concentration of corporate lending. The Bank's E&S risk profile is not expected to significantly change in the short-term. As a part of the transaction, Ardshinbank is required to apply the EDFI Exclusion List, Armenia's E&S laws and regulations, the IFC Performance Standards for applicable transactions, and to follow an agreed Environmental and Social Action Plan.



---

### **Early Warning System Project Analysis**

As stated by the FMO, Ardshinbank is categorized as Financial Institutions (FI) A (high risk) in accordance with FMO's Sustainability Policy. The bank is classified as FI-A E&S risk category given their exposure to high E&S risk sectors (mining, metallurgy, construction, energy projects, etc.) in combination with a high concentration of corporate lending.



---

## Investment Description

- Netherlands Development Finance Company (FMO)

## Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Ardshinbank CJSC](#) (Financial Intermediary)



## Private Actors Description

As stated by the FMO, Ardshinbank CJSC is a new relationship for FMO, and a leading bank in Armenia, ranking 1st in the sector when measured by assets (USD 3.89 bln, 18.5%) and 2nd by net loan portfolio (USD 1.44 bln, 12.7%). The bank offers a full range of banking services and retains a strong franchise in both Corporates (41% of Gross Loan Portfolio), Retail (48%) and Micro-, Small- and Medium-sized Enterprises (MSME) (11%) customers thanks to its extensive network of 62 branches spanning across the country. It is the only private entity in Armenia with assigned ratings from all three rating agencies: S&P (B+), Moody's (Ba3) and Fitch (BB-). The bank is privately owned by Mr. Karen Safaryan, who owns close to 99% of the shares of the bank.



---

## Contact Information

### Financial Intermediary - Ardshinbank CJSC:

Website: <https://www.ardshinbank.am/en/>

## ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: [disclosure@fmo.nl](mailto:disclosure@fmo.nl)

## ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: <https://www.fmo.nl/independent-complaints-mechanism>



---

**Bank Documents**

- [Disclosure translation in Russian](#)