

ABB – SME BUSINESS

Loans issued under SMEs Development National Centre Fund Armenia “Issuance of loan guarantees to SMEs” program

1		Terms & Conditions
1.1	Currency	Armenian dram (AMD)
1.2	Nominal annual interest rate	15%
1.3	Loan/collateral value	Maximum amount of loan commitment– total of 40% of appraised liquid value and amount of guarantee
1.4	Period	1-60 months
1.5	Manner of repayment	Monthly payment of interests; Repayment of the principal – subject to the peculiarities of business;
1.6	Amount	AMD 1,000,000-25,000,000
1.7	Fine, penalty for early repayment	N/A
1.8	Coverage area	Armenia
1.9	Additional term	<p>The Fund determines the following priority for providing the guarantees:</p> <ul style="list-style-type: none"> ✓ Borrowers operating in the sphere of production, services and trade* , ✓ Borrowers substituting imported goods, borrowers-exporters or borrowers having the potential or purpose of exporting, ✓ Borrowers implementing and/or applying innovations and new technologies; <p>* Not more than up to 30 percent of the loan amount will be directed to replenish working capital in the sphere of trade.</p>
2		Bank fees
2.1	Fee for application review	AMD 10,000
2.2	Fee for loan maintenance	1% of loan amount
2.3	Cashing out loan sums	As per Bank tariffs for cash out from the account
3		Security
3.1	Collateral	Funds on deposit and bank accounts, movable and immovable property, guarantees, warranties, collateralized securities, shares, stakes, stocks, and cash flows (legal claim on funds), pledge of right, mixed and other collateral acceptable by the Bank.
3.2	Additional term	<p>While pledging residential real property the Mortgagor provides justification of property rights, and if they were transferred to the Mortgagor under transaction of gift and the property was transferred during five years preceding the submission of a Loan application:</p> <p>1. Additional collateral (donor’s surety) is required; inter alia, the amount of</p>

		loan may not exceed 50% of appraised liquid value of collateral or 2. Additional collateral (third party surety) is required; inter alia, the amount of loan may not exceed 25% of appraised liquid value of collateral. * This sub-clause is not applicable if upon submission of a Loan application the donor is dead
3.3	Mandatory term	<ul style="list-style-type: none"> ✓ In case of legal entity-customers – mandatory pledge of 100% shares, stakes, stocks of the owner(s); ✓ In case of legal entity-customers – mandatory pledge of the surety by the owner(s), holding 10% and more percent of shares, stakes, stocks.
4	Assessment and insurance of collateral	
4.1	Assessment of collateral	Assessment of collateral acceptable for the Bank is carried out by independent appraisal companies that cooperate with the Bank
4.2	Insurance	In case of vehicle pledge – mandatory annual insurance
5	Requirements to borrower	
5.1	Borrower	Resident legal entities and private entrepreneurs
5.2	Borrower requirements	Total number of days outstanding on credit commitments during the past 12 months must not exceed 30 days (if the term of the Borrower’s activity is less than 1 year, then the number of days outstanding on credit commitments should not exceed 2 days for each month from the date of actual activity, on a cumulative basis);
5.3	Additional term	Financial indicators obtained after the analysis of the Borrower’s financial reports must meet the requirements of the Bank
6	Requirements to Guarantor	
6.1	Guarantor	A resident legal entity, private entrepreneur, natural person registered in Armenia or NKR
6.2	Requirements to Guarantor	<ul style="list-style-type: none"> • A legal person, private entrepreneur with not less than 6 months of uninterrupted activity, and natural person aged 21-63, • There should not be any overdue liabilities (including for issued guarantees), • Total number of days outstanding on credit commitments during the past 12 months must not exceed 30 days (if the term of the Borrower’s activity is less than 1 year, then the number of days outstanding on credit commitments should not exceed 2 days for each month from the date of actual activity, on a cumulative basis);
7	Additional terms	
7.1	Interest rate on overdue amount	Twofold amount of the settlement rate of the bank interest set by the Central Bank of RA
7.2	Penalty on overdue interest	0,13% per day