

**Loans issued under Support Fund of Village and Agriculture of Artsakh
 “Partial subsidy of loan interest rates provided to agricultural sector of Artsakh” program**

1	T&C	
1.1	Borrower revenues	Both primary and secondary revenues are acceptable
1.2	Currency	Armenian dram (AMD)
1.3	Annual nominal interest rate	AMD -15%, out of which 7.5-10.5% is subsidized by Support Fund of Village and Agriculture of Artsakh
1.4	Annual effective interest rate	4.7% – 8.9%
1.5	Maximum loan/collateral value	<ul style="list-style-type: none"> • Up to 100% of funds available on deposit and bank accounts, • In case of immovable property - up to 70%, • In case of inventory holdings - up to 30%, but the share of the given type of collateral in the structure of offered collateral must not exceed 30%, • In case of pledging the right to lease agricultural land - 60% of the cost of the right to lease • In case of movable property - up to 50%, • In case of cash flows – not more than 50% of average monthly net credit turnover on bank accounts for the last 12 months. The share of given type of collateral in the structure of offered collateral shall not exceed 80%. <p>Average monthly net credit turnover is calculated for the last 12 months, and for the last 6 months - if such party is Customer of the Bank for less than 12 months</p>
1.6	Period	<ul style="list-style-type: none"> • For the acquisition of fixed assets – 12-60 months, provided that circulating assets should not exceed 30% of loan amount • For the replenishment of circulating assets - 12-24 months
1.8	Manner of repayment of loan and interests	Uniform monthly repayment of loan amount or annuity payment, and monthly payment of charged interests
1.9	Grace period for the repayment of loan amount	1-12 months, In case of planting orchards and vineyards - 1-36 months
1.9	Amount	<p>For grain processing: AMD 1,000,000 - AMD 7,000,000</p> <p>For financing of other branches of agriculture: AMD 1,000,000 – AMD 15, 000,000</p> <p>For creating centers for the purveyance and processing of agricultural products: AMD 1,000,000 - AMD 5,000,000</p>
1.10	Manner of lending	One-time, phased, cashless provision of cash
1.11	Early repayment of loan	Permissible, no fines and penalties are applicable

1.12	Coverage zone	Republic of Artsakh
2	Bank Fees	
2.1	One-time fee for application review	AMD 10,000
2.2	One-time fee for loan maintenance	0,5% of contract amount, min AMD 15,000
2.3	Fee for cashing out credit funds	As per Bank tariffs for cash out
3	Security	
3.1	Collateral	Funds on deposit and bank accounts, movable and immovable property, fixed assets, guarantees and sureties, collateralized securities, shares, stakes, stocks, cash flows (legal claim on funds), working capital, pledge of right, mixed and other collateral acceptable to the Bank
3.2	Additional term	While pledging residential real property the Mortgagor provides proof of property rights, and if they were transferred to the Mortgagor under transaction of gift during five years preceding the submission of a Loan application: 1. Additional collateral (donor's surety) is required; in addition, the amount of loan may not exceed 50% of appraised liquid value of the collateral or 2. Additional collateral (third party surety) is required; in addition, 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.
4	Assessment and insurance of collateral	
4.1	Assessment of collateral	Assessment of immovable and movable property, PP&E and fixed assets is carried out by independent partner appraisers of the Bank Assessment of securities, other property and rights acceptable by the Bank is carried out by independent partner appraisers of the Bank, as required
4.2	Insurance	As requested
5	Requirements to borrower	
5.1	Borrower	Natural person resident of Armenia or Artsakh aged at least 18 (private farmers)
5.2	Requirements to credit history	Total number of days outstanding on credit commitments during the past 12 months must not exceed 36 days (if the term of the Borrower's business is less than 1 year, then the number of days outstanding on credit commitments should not exceed 3 days for each month from the date of actual activity, on a cumulative basis)
6	Requirements to Guarantor	
6.1	Guarantor	A resident legal entity, private entrepreneur, natural person registered in Armenia or Artsakh

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, • No overdue liabilities (including for issued guarantees), • Total number of days outstanding on credit commitments during the past 12 months must not exceed 36 days (if the term of the Borrower’s business is less than 1 year, then the number of days outstanding on credit commitments should not exceed 3 days for each month from the date of actual activity, on a cumulative basis);
7	Additional terms	
7.1	Basis for rejecting an application	<ul style="list-style-type: none"> • Customer has failed to provide requested documents • The inquiry to the Credit Register of the CBA and /or "ACRA" credit bureau has reported on a negative credit history of Customer • According to credit rating, the customer is not creditworthy • Information, which came into possession in the course of lending, arouses prejudice with regard to the information provided by the Client • The necessity of receiving the loan is not justified
7.2	<i>Failure by borrower to fulfill his/her liabilities</i>	<ul style="list-style-type: none"> • <i>For failure to repay interests when due, the Bank shall charge a penalty from Borrower for each day of default equal to 0.13% of the amount past-due;</i> • <i>In case of fulfilling overdue obligations, the repayments are made in the following order:</i> <ol style="list-style-type: none"> 1) <i><u>Fines/penalties</u></i> 2) <i><u>Interest amounts</u></i> 3) <i><u>Principal</u></i> <p><i>For failure to repay the loan/credit line when due as prescribed by contract terms, the calculation of interests under the contract shall be suspended and effective from that day until the actual repayment of arrears, interests shall be accrued on overdue amount equal to the twofold of the settlement rate of the bank interest set by the Central Bank of RA</i></p> <p>The Bank is entitled to impose a forfeiture on the collateral or sell it out without applying to court</p> <p>Where a claim to mortgaged immovable property is not satisfied in full on the account of the amount received from property sale - the difference should be charged from Borrower’s other assets</p>

Additional information

Manner of calculating interest amounts	The interest rate is charged on the reducing balance of loan
Lending areas	<p>Cattle breeding</p> <ul style="list-style-type: none"> • Acquisition and breeding of large and small cattle • Pig farming • Fish breeding • Aviculture

	<ul style="list-style-type: none"> • Beekeeping <p>Plant cultivation</p> <ul style="list-style-type: none"> • Creation and repairing of greenhouses • Growing of cereals and other grain crops • Creation of orchards • Viticulture • Wine-making • Production of mushrooms <p>Creation of refrigerating industry Construction of irrigation systems Procurement or processing of agricultural products Establishment of centers for the procurement of agricultural products Acquisition of agricultural machinery (agricultural equipment must be manufactured not more than 5 years ago) Acquisition of agricultural tools</p>
<i>Other expenses of Customer</i>	<ul style="list-style-type: none"> ✓ <i>Costs associated with the assessment of collateral - AMD 12,000-35,000, subject to the size and purpose of the asset (as per tariffs of appraiser companies cooperating with the Bank);</i> ✓ <i>Notary's costs - AMD 13,000 – 20,000;</i> ✓ <i>Costs associated with cadastral registration - AMD 36,000 (other tariffs may be set subject to the size , purpose and location of the premises)</i>
Term of application review	15 business days
Place of loan execution	All branches in Artsakh
Documents requested for loan execution	
<ul style="list-style-type: none"> ✓ Passport ✓ Social card or social service registration mark, if not any, a statement from the relevant authority ✓ Proof of marital status (if any) ✓ Birth certificates of children (if any) ✓ Copies of passports, social cards of family members ✓ Statement from dwelling place about residing people ✓ Statement of income issued by primary employer (if any) ✓ Copy of employment record (“work book”) ✓ Copy of labor contract (if any) ✓ Contracts, receipts for the sale of products ✓ Investment program ✓ Business program (if required) ✓ Photos related to the developing business ✓ Ownership certificates of land used for agricultural purposes ✓ Statement on the absence of debt related to tax on land and irrigation water (if required) ✓ Passports of existing agricultural equipment, machinery and other movable property and/or other documents certifying title of ownership ✓ Statement from rural/urban municipality on circulating and fixed assets belonging to the customer by ownership right (land, buildings, livestock, gardens, etc./ 	

- ✓ Other proof of income
- ✓ Copies of credit and collateral agreements related to current loans and loans of the past year, statement of credit account
- ✓ Certificate of the registration of ownership rights
- ✓ Proof of acquisition of immovable property (contract, decision or other document), if necessary
- ✓ Uniform statement on pledged property issued by the regional office of State Cadastre Committee on restrictions and registered rights (the statement is issued upon favorable decision on loan)
- ✓ Assessment deed made by authority with appropriate license
- ✓ In case of pledging other assets - documents necessary for making the deal in the manner prescribed by law
- ✓ Copies of passports, social. cards and marriage certificates of owners (and of spouse, if any) of pledged asset
- ✓ Other documents upon request

INFORMATION FOR GUARANTORS

- If the Borrower fails to fulfill his/her obligations, you will have to pay instead of the borrower. Your credit history will be impaired and you will lose your property.
- You will be provided with copies of loan, guarantee contracts and repayment schedule.
- Communication will be maintained in the mode you have selected.
- You will be notified on a change in the terms of the contract 7 days prior to such changes.
- You will receive a reminder on current obligation 1 day prior to due date.
- In case of loan delinquency, you will be notified about it no later than the next day.

THE GUARANTOR IS ENTITLED TO:

- Request the lender to provide information on the amount of loan balance anytime,
- Receive from the Borrower the amount paid by you for the loan, as well as other losses incurred in lieu of the Borrower.

Conditions, terms and tariffs for provision of excerpts, their copies and other information - in accordance with the Bank tariffs for services.

WARNING

YOUR PROPERTY MAY BE CONFISCATED IN A MANNER PRESCRIBED BY LAW FOR FAILURE TO FULFILL OR IMPROPER FULFILLMENT OF OBLIGATIONS UNDER LOAN AGREEMENT.

ATTENTION

THE INTEREST AMOUNTS ON LOAN ARE CALCULATED BASED ON THE NOMINAL INTEREST RATE. THE EFFECTIVE ANNUAL INTEREST RATE ON LOANS MEASURES THE REAL COST OF CREDIT AFTER THE INTERESTS AND OTHER MANDATORY PAYMENTS ASSOCIATED WITH THE PROVISION AND SERVICING OF LOANS ARE MADE WITHIN THE SPECIFIED TIME AND AMOUNTS. THE PROCEDURE FOR CALCULATING THE ANNUAL EFFECTIVE PERCENTAGE RATE CAN BE FOUND [HERE](#).

Example for interest rate calculation

- Initial amount of loan– AMD 7,000,000
- Loan period - 60 months
- Annual Interest rate - 4.5% (15%, out of which 10.5% is subsidized)
- Manner of repayment of loan and interests – annuity payments

The repayment amount for the 1st month shall make AMD 130,501.1

The effective annual interest rate measures the real cost of credit after the interests and other payments are made within the specified time and amounts.

Formula for Effective Annual Interest Rate Calculation

(is applicable for loans up to AMD 2 000 000 or foreign currency equivalent)

The effective annual interest rate is calculated based on the following formula:

$$A = \sum_{n=1}^N \frac{K_n}{(1+i)^{\frac{D_n}{365}}}$$

where:

i – effective annual percentage rate (APR),

A - initial amount of loan to be disbursed,

n - number of the regular repayment on loan,

N - number of the last repayment on loan,

Kn- amount of the n-th regular repayment on loan,

Dn- time from the date of loan disbursement to the date of the n-th regular repayment on loan measured in terms of days

i - effective annual interest rate can be calculated providing that the rest of equation data are known from loan agreement or otherwise.

To calculate the actual annual interest rate please use Effective Annual Interest Rate Calculator, with reference http://www.armbusinessbank.am/am/page/Crediting_.

Example for calculating the effective annual interest rate

- Loan limit – AMD 2,000,000
- Loan period - 60 months
- Annual interest rate - 4.5% (out of which 10.5% is subsidized)
- Fee for loan application review – AMD 10,000
- One-time fee for loan servicing – AMD 15,000
- Fee for casing out of loan funds - 0,3%
- Repayment of loan and interests – by annuity

The effective annual interest rate is 5,26 %

Subject to the amount, term of the loan, frequency of repayments and changes in appraisal prices and prices of other miscellaneous services - the effective annual interest rate may vary from the above example.

THE BORROWER HAS THE RIGHT TO COMMUNICATE WITH THE FINANCIAL ORGANIZATION IN A FORM HE/SHE PREFERS MORE (BY POST OR ELECTRONIC COMMUNICATION). OBTAINING INFORMATION THROUGH ELECTRONIC COMMUNICATION IS MOST COMFORTABLE. IT IS AVAILABLE IN 24/7 MODE, IS FREE OF THE RISK OF LOSS OF PAPER DOCUMENTS AND ENSURES CONFIDENTIALITY.

Upon favorable decision regarding the application for a consumer loan, "ARMBUSINESSBANK" CJSC prior to signing loan agreement shall provide an individual sheet subject to the Central Bank of Armenia regulation 8/05 "On the rules of business conduct for financial institutions".

WHEN APPLYING TO THE BANK FOR A LOAN, AN INDIVIDUAL SHEET ON SIGNIFICANT TERMS OF A CONSUMER LOAN CONTAINING THE INDIVIDUAL T&Cs OF THE LOAN WILL BE PROVIDED TO YOU, YOUR GUARANTORS (IF ANY).

You can get acquainted with "Your financial directory" system by the following link: www.fininfo.am

"YOUR FINANCIAL DIRECTORY" IS AN ELECTRONIC SYSTEM, WHICH FACILITATES SEARCHING, COMPARING AND SELECTING THE MOST CONVENIENT OPTION OF SERVICES RENDERED TO INDIVIDUALS

Bank details:

"ARMBUSINESSBANK" Closed Joint Stock Company

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Website: www.armbusinessbank.am; E-mail: info@armbusinessbank.am

Certificate of registration N 0176, issued 10.12.1991, bank license N 40, issued 10.12.1991

List of services, which the Bank may render, is stipulated in accordance with Chapter 4 of RA Law "On Banks and Banking Activity".