

ABB - AGRO

Provision of Loans Under the Interest Rate Subsidy Program for Loans to Purchase Agricultural Raw Materials

| 1 | Terms & Conditions | |
|-----|------------------------------|---|
| 1.1 | Currency | Armenian drams (AMD) |
| 1.2 | Nominal annual interest rate | <p>13%, 9% of which is subsidized by the government</p> <p>(Economic entities receiving social assistance approved by the RA Government decision No 1444-N dated December 18, 2014/ and engaged in the procurement and processing of agri-products in the same area shall receive Government subsidy in the amount of 12%)</p> |
| 1.3 | Loan/collateral value | <ul style="list-style-type: none"> • Up to 100% of funds available on deposit and bank accounts; moreover, for funds in the same currency - up to 100%, for funds in different currencies - up to 95%, • In case of immovable property - up to 70%, • In case of movable property - up to 50%, • In case of inventory - up to 30%, but the share of given type of collateral in the structure of offered collateral must not exceed 30%, • In case of cash flows – not to exceed 50% of average monthly net credit turnover on bank accounts over the last 12 months. The share of given type of collateral in the structure of offered collateral must not exceed 80%, <p>The average monthly net credit turnover is calculated for the recent 12 months, and for the recent 6 months in case of being a Bank Customer for less than 12 months.</p> <p>In case of insufficient level of collateral for loans to purchase agricultural raw materials, the Government of the Republic of Armenia provides a budget guarantee of up to 50% until December 30, 2022 but not to exceed the value of products exported in 2021.</p> |
| 1.4 | Term | <p>1-18 months</p> <p>(in case of loans for procurement of grapes granted to each borrower engaged in processing industry - 1-36 months)</p> |
| 1.5 | Grace period | up to 6 months |

| | (to the principal amount) | (in case of loans for procurement of grapes granted to each borrower engaged in processing industry – up to 12 months) |
|------|--------------------------------------|---|
| 1.6 | Manner of repayment | Monthly payment of interests; Repayment of loan amount – subject to the specifics of business |
| 1.7 | Amount | <p style="text-align: center;">AMD 1,000,000 minimum, moreover</p> <ul style="list-style-type: none"> • Every year, up to AMD 4 bln may be provided for purchase of grapes to each borrower engaged in processing • The balance of the principal amount of loans for procurement of fruits and vegetables granted to each borrower engaged in processing industry cannot exceed AMD 3 bln • The balance of the principal amount of loans for procurement of fruits, vegetables and grapes, provided to each borrower engaged in refrigeration and export industry, cannot exceed AMD 3 bln • The balance of the principal amount of loans for procurement of milk provided to each borrower engaged in processing industry cannot exceed AMD 1 bln • Loans for purchase of livestock provided to each borrower engaged in slaughtering are calculated at a rate of not more than AMD 2 mln per 15 square meters of a slaughter-house area and not more than AMD 5 mln for a mobile slaughter-house • The balance of principal amount of loans for purchase of chinchilla provided to each borrower engaged in export of chinchilla pelts cannot exceed AMD 50 mln |
| 1.8 | Fines, penalties for early repayment | N/A |
| 1.9 | Coverage area | Armenia |
| 1.10 | Purpose of financing | <ul style="list-style-type: none"> • Procurement of fruits and vegetables and glass jars, lids, aseptic bags and containers used in the production of canned fruit and vegetables • Procurement of grapes • Procurement of milk • Purchase of livestock by slaughterhouses • Purchase of chinchilla <p>In addition to loans provided for procurement (purchase) of fruits and vegetables, until December 30, 2022 each borrower engaged in processing industry may be provided with additional loan for purchase of glass jars, lids, aseptic bags, etc., necessary for canning of food.</p> |
| 1.11 | Additional term | The amount of loan to be granted should not exceed the purchase price of raw materials specified in the contracts concluded between the borrower and farming enterprises and/or legal entities, including cooperatives and/or |

| | | |
|----------|---|--|
| | | <p>individual entrepreneurs engaged in collection of milk, and in case of calculation at the minimum purchase price of the raw material - 120% of expected purchase price of raw material; moreover, the calculation of loan amount does not include the cost specified in a raw material procurement contract concluded between a borrower and a party collecting crops from land plots owned or used by the borrower or cultivated by the founders or shareholders of borrowers and their family members (parents, spouses, children) or collecting milk from livestock or pelts of farm animals or chinchilla or wild fruits, berries and vegetables.</p> <p>The Buyer must purchase exclusively the milk of cattle bred (kept) by the seller, this being verified by a livestock farming certificate issued by a local government authority.</p> |
| 2 | Bank fees | |
| 2.1 | Fee for application review | AMD 0 |
| 2.2 | Fee for loan maintenance | AMD 0 |
| 2.3 | Fee for cashing out loan sums | AMD 0 |
| 3 | Security | |
| 3.1 | Collateral | Funds on deposit and bank accounts, movable and immovable property, fixed assets, guarantees and suretyship, collateralized securities, shares, stakes, stocks, cash flows (right of claim on funds), pledge of right, mixed collateral, budget guarantee and other collateral acceptable by the Bank. |
| 3.2 | Additional term | <p>While pledging residential real property the Mortgagor provides root of title, if transferred to the Mortgagor under deed of gift and provided that the property was transferred during the five years preceding the submission of a Loan application:</p> <p>1. Additional collateral (donor’s surety) is required; inter alia, the amount of loan may not exceed 50% of appraised liquid value of collateral, or</p> <p>2. Additional collateral (third party surety) is required; inter alia, the amount of loan may not exceed 25% of appraised liquid value of collateral.</p> <p>* This sub-clause is not applicable if the donor is dead by the time of submission of a Loan application.</p> |
| 3.3 | Mandatory term | <p>✓ In case of legal entity-customers – mandatory pledge of 100% of shares, stakes, stocks of the owner(s);</p> <p>✓ In case of legal entity-customers – mandatory pledge of surety by the owner(s), holding 10% and more of shares, stakes, stocks.</p> |
| 4 | Assessment and insurance of collateral | |
| 4.1 | Assessment of | Assessment of immovable and movable property and PPE is carried out by |

| | | |
|----------|----------------------------------|--|
| | collateral | independent appraisers that cooperate with the Bank. Assessment of securities, other property and rights acceptable by the Bank is carried out by independent appraisal companies that cooperate with the Bank, as deemed necessary. |
| 4.2 | Insurance | As requested |
| 5 | Requirements to borrower | |
| 5.1 | Borrower | Legal entities, private entrepreneurs |
| 5.2 | Requirements to the borrower | Total number of days outstanding on credit commitments during the past 12 months shall not exceed 36 days (if the duration of Borrower’s activity is less than 1 year, 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); |
| 5.3 | Additional term | Financial indicators obtained after analysis of the Borrower’s financial reports must meet the Bank requirements |
| 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 a 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 36 days (if the duration of the Borrower’s activity 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 | 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 |