

Loans under GAF “Support to RA Agricultural Sector” program

1	Terms & Conditions	Investment loans	Production chain loans
1.1	Potential borrowers	Private farmers	
1.2	Currency	Armenian drams (AMD)	
1.3	Nominal annual interest rate ¹	Starting from 10%	3-12 months - starting from 9% 13-60 months - starting from 10%
1.4	Effective annual interest rate	11, 96 %	
1.5	Maximum loan/collateral value	<ul style="list-style-type: none"> Up to 100% of funds available on deposit and bank accounts; in addition, in case of funds in the same currency - up to 100%, in case of funds 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 holdings - 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 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 must 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	In case of investment loans -24-60 months In case of production chain loans - 3-60 months	
1.7	Grace period	In case of investment loans - 3-24 months In case of production chain loans - subject to the traits of business	
1.8	Manner of repayment of loan and interests	Repayment of principal - subject to the traits of business; payment of accrued interests – monthly;	
1.9	Loan amount	Minimum AMD 1 mln; Maximum AMD 160 mln;	Minimum AMD 10 mln; Maximum AMD 250 mln;
1.10	Additional term	In case of investment loans the part of working capital financing should not exceed 30% of the total loan amount	
1.11	Areas of financing	<ul style="list-style-type: none"> Growing of grain crops (including perennials and annuals); Seed and plant propagation; Grain crops fertilization, grafting, etc. before harvest; Activities after harvest (tidying, sterilization, tillage, etc.); Livestock farming (cattle, sheep, pigs, chickens, etc.); Supporting actions relating to livestock farming (veterinary care, vaccinations, artificial insemination, shearing, etc.); Fish breeding and other aquatic culture; Meat storage and processing (from raw materials of local 	

¹ Maximum annual effective rate of interest for loans to individuals is 12.5%

		<ul style="list-style-type: none"> production); • Storage and processing of fish, crabs and shellfish (home-grown); • Storage and processing of fruits and vegetables (home-grown); • Production of vegetable, animal fat, oil (from raw materials of local production); • Production of dairy products, including cheese and ice cream (from raw materials of local production); • Production of grain and starchy food (from raw materials of local production); • Animal production (primarily home-grown); • Production of insecticides, pesticides, herbicides; • Production of fertilizers; • Sale and rent of agricultural machinery (i.e. tractors, combine-harvesters, etc.), and agricultural capital investments (i.e. irrigation system); • Sale of spare parts for agricultural machinery and agricultural capital investments; • Repairing of agricultural equipment and agricultural capital investments; • Construction of buildings and warehouses related to agriculture, including installed equipment. 												
1.12	Manner of lending	One-time, tranche, cash, cashless provision of loan												
1.13	Early repayment of loan	No fine is applicable												
2.	Bank fees													
2.1	One-time fee for application review	AMD 10,000												
2.2	One-time fee for loan maintenance	<table border="1"> <tr> <td>If the term is 24-36 months – 0,5%</td> <td rowspan="5">Not applicable if the term is 3-12 months</td> </tr> <tr> <td>If the term is 37-48 months -1,0%</td> </tr> <tr> <td>If the term is 49-60 months – 2,0%</td> </tr> <tr> <td></td> <td>If the term is 13-23 months – 0,5%</td> </tr> <tr> <td></td> <td>If the term is 24-35 months -1,0%</td> </tr> <tr> <td></td> <td>If the term is 36-47 months – 1,5%</td> </tr> <tr> <td></td> <td>If the term is 48-60 months -2,0%</td> </tr> </table>	If the term is 24-36 months – 0,5%	Not applicable if the term is 3-12 months	If the term is 37-48 months -1,0%	If the term is 49-60 months – 2,0%		If the term is 13-23 months – 0,5%		If the term is 24-35 months -1,0%		If the term is 36-47 months – 1,5%		If the term is 48-60 months -2,0%
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2.3	Fee for cashing out loan sums	As per Bank tariffs for cashing out funds from account												
3.	Security													
3.1	Collateral	Funds on deposit and bank accounts, movable and immovable property, PPE, guarantees, sureties, collateralized securities, shares, stakes, stocks, cash flows (legal claim on funds), circulating assets, 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> <ol style="list-style-type: none"> 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 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>* This sub-clause is not applicable if upon submission of a Loan application the donor is dead</p>												
4.	Assessment and insurance of collateral													

4.1	Assessment of collateral	Assessment of immovable and movable property and PPE is carried out by independent evaluating companies that cooperate with the Bank. Assessment of securities, other property and rights acceptable by the Bank is carried out by independent evaluating companies that cooperate with the Bank, as requested.
4.2	Insurance	As requested
5.	Requirements to borrower	
5.1	Borrower	Resident natural person – a citizen of Armenia aged at least 18 (private farmers)
5.2	Credit history requirements	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 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);
6.	Requirements to Guarantor	
6.1	Guarantor	A resident legal person, 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 and natural person aged 21-63 with not less than 6 months of uninterrupted activity, • 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 term 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	Basis for rejecting an application	<ul style="list-style-type: none"> • Customer has failed to provide requested documents • The inquiry to "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 Customer • 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 pay interests when due, the Bank shall charge a penalty for each day of default equal to 0,13% of past-due amount;</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>Fines/penalties</i> 2) <i>Interest amounts</i> 3) <i>Principal</i> • <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 the arrears interests shall be accrued on the overdue amount equal to the twofold of the settlement rate of the bank interest set by the Central Bank of RA</i> <p><i>IN CASE OF NON-FULFILLMENT OR IMPROPER FULFILLMENT OF OBLIGATIONS BY THE BORROWER, THE CREDITOR SHALL WITHIN 7 BUSINESS DAYS SEND THESE DATA TO THE CREDIT BUREAU</i></p>

	<p><i>WHERE CREDIT HISTORY IS FORMED. ONCE A YEAR THE BORROWER IS ENTITLED TO GET ITS CREDIT HISTORY FOR FREE FROM THE CREDIT BUREAU.</i></p> <p><i>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT TO THE BORROWER IN THE FUTURE FOR ACCESS TO OTHER CREDITS</i></p> <p><i>The Bank may impose a forfeiture on the collateral or sell it out without applying to court</i></p> <p><i>Where a claim to mortgaged immovable property is not satisfied in full on the account of amount received from property sale - the difference should be charged from borrower's other assets</i></p>
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Additional information

Manner of calculating interest amounts	The interest rate is charged on the reducing balance of loan
<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 appraising companies, which cooperate 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> ✓ <i>Insurance of the collateral- as required</i>
Term of application review	15 business days
Place of loan execution	Head Office and all branches of the Bank
Coverage area	Armenia
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 for 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, statements 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 THE GUARANTORS:

Please be informed that:

- 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 the copies of loan, guarantee contracts and repayment schedule,
- Communication will be maintained in the mode you have selected,
- You will be notified of 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 no later than on the next day.

THE GUARANTOR MAY:

- Any time request the lender to provide information on the amount of loan balance;
- 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 the provision of excerpts, their copies and other information - in accordance with the Bank's tariffs for services.

WARNING

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

ATTENTION

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

Example of interest calculation

- Initial loan amount – AMD 5,000,000
- Loan period – 24 months

- Annual interest rate - 10%
- Manner of repayment of loan and interest – reducing mode

Amount of the repayment for the first month shall make AMD 246,689.50

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

Formula for Effective Annual Interest Rate Calculation

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

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 of calculating the effective annual interest rate

- Loan amount – AMD 2,000,000
- Loan period - 24 months
- Annual interest rate - 10%
- One-time fee for loan application review – AMD 10,000
- One-time fee for loan servicing – AMD 10,000
- Cashing out loan funds – AMD 6,000
- Repayment of loan amount and interests – uniform monthly repayment of loan amount and monthly payment of accrued interest

The effective annual interest rate is 11,96%

Given the amount, term of the loan, frequency of the repayments, as well as changes in the appraisal fees and costs of other miscellaneous services the effective annual percentage rate on loan 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 shall provide prior to credit arrangement an INDIVIDUAL SHEET subject to the Central Bank of Armenia Regulation 8/05.

WHEN APPLYING TO THE BANK FOR A LOAN, AN INDIVIDUAL SHEET ON SIGNIFICANT CONDITIONS OF A CONSUMER LOAN CONTAINING THE INDIVIDUAL T&Cs OF THE LOAN WILL BE PROVIDED TO YOU, YOUR WARRANTORS (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".