

TERMS OF COMMERCIAL LENDING

Edition 25

Effective date: June 28, 2019

A *Loans to corporate clients*

A.1 Loans to large enterprises

A.1.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

A.1.2 Secured by property and equipment, guarantees and warranties, other securities

A.1.3 Secured by cash flows, finished goods, raw materials or mixed collateral

A.2 Loans to small and medium enterprises (SMEs)

A.2.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

A.2.2 Secured by property and equipment, guarantees and warranties, other securities

A.2.3 Secured by cash flows, finished goods, raw materials or mixed collateral

A.5 Loans to women in business¹

A.5.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

A.5.2 Secured by property and equipment, guarantees and warranties, other securities

A.5.3 Secured by cash flows, finished goods, raw materials or mixed collateral

B Line of credit

B.1 Line of credit to large enterprises

B.1.1 Revolving line of credit

B.1.1.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

B.1.1.2 Secured by property and equipment, guarantees and warranties, other securities

B.1.1.3 Secured by cash flows, finished goods, raw materials or mixed collateral

B.1.2 Non-revolving line of credit

B.1.2.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

B.1.2.2 Secured by property and equipment, guarantees and warranties, other securities

B.1.2.3 Secured by cash flows, finished goods, raw materials or mixed collateral

B.2 Line of credit to SMEs

B.2.1 Revolving line of credit

B.2.1.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

B.2.1.2 Secured by property and equipment, guarantees and warranties, other securities

B.2.1.3 Secured by cash flows, finished goods, raw materials or mixed collateral

B.2.2 Non-revolving line of credit

B.2.2.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

¹ Financing is provided to Armenia-based entities managed and/or owned by women.

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B.2.2.2 Secured by property and equipment, guarantees and warranties, other securities

B.2.2.3 Secured by cash flows, finished goods, raw materials or mixed collateral

B.3. Line of credit to SMEs +

B.3.1 Revolving line of credit

B.3.1.1 Secured by real estate

B.3.2 Non-revolving line of credit

B.3.2.1 Secured by real estate

B.4. Line of credit to women in business¹

B.4.1 Revolving line of credit

B.4.1.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

B.4.1.2 Secured by property and equipment, guarantees and warranties, other securities

B.4.1.3 Secured by cash flows, finished goods, raw materials or mixed collateral

B.4.2 Non-revolving line of credit

B.4.2.1 Secured by cash collateral, Short-term treasury bonds, standard gold bars

B.4.2.2 Secured by property and equipment, guarantees and warranties, other securities

B.4.2.3 Secured by cash flows, finished goods, raw materials or mixed collateral

C. Overdraft to corporate clients

C.1 Overdraft to large enterprises


C.1.1 Secured by cash flows

C.1.2 Other security

C.2 Overdraft to SMEs

C.2.1 Secured by cash flows

C.2.2 Other security

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1. LOANS (A.1, A.2, A.5)

#	Terms	Loans to large enterprises (A.1)	Loans to SMEs (A.2) Loans to Women in Business (A.5)	Loans to agro-processing industry for procurement of agricultural raw materials (under RA government program)	Loans for purchase of bovine cattle under the 2019-2024 livestock breeding development program in Armenia (under RA government program)	If financed under GAF “Energy Efficiency for SMEs” program ²
1	Principal amount	> AMD or other currency equivalent of USD 1,500,000	Loans to SMEs (A.2): < AMD or other currency equivalent of USD 1,500,000 Loans to Women in Business (A.5): up to AMD 500,000,000	Up to AMD 1,500,000,000	Up to AMD 300,000,000	Up to AMD 500,000,000
2	Term	Up to 8 years	Loans to SMEs (A.2), Women in Business (A.5): up to 5 years	Up to 1 year	Up to 5 years	Up to 5 years
	Term of short-term loans (for import or export purposes)	Up to 6 months		N/A	N/A	N/A
3	Grace period for payment of loan	A.1, A.2, A.5: up to 1 year		2 – 3 months	Up to 12 months	Up to 1 year
4	Annual interest rate*	For loans in AMD		12% (with possibility of 9% subsidy)	Max 12% (with possibility of 10%-12% subsidy)	12%
		From 12%	SME loans (A.2): from 12% Women in Business (A.5): from 14%			
		For loans in USD				
		From 9%	SME loans (A.2): from 9%			
		For loans in EUR				
From 8%	SME loans (A.2): from 8%					

² The cost of purchase of energy-efficient equipment and facilities, infrastructure construction and other projects using renewable energy sources should comprise at least 70% of loan proceeds. The remaining 30% can be invested into other fixed assets of the borrower.

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		<p>For short-term loans in USD and EUR (for import or export purposes)</p> <p>From 8%</p> <p>The interest rate for loans in other currencies is determined by the Management Board.</p> <p>In case of cash collateral: % of deposit (time or demand) + 4%, if the loan and the deposit are in the same currency % of deposit (time or demand) + 5%, if the loan and the deposit are in different currencies</p>			
5	<p>Loan disbursement fee (chargeable lump-sum at the time of disbursement of loan). The bank can define a deferred payment schedule in which case, if the borrower repays the loan early, disbursement fee outstanding at that time shall be payable in full together with the loan or in accordance with schedule defined by the bank.</p>	<p>Up to 1 year loans: 0-0.5% of contractual loan amount 1-2 year loans: 0-0.7% of contractual loan amount Over 2 year loans: 0-1.5% of contractual loan amount Loans secured by cash collateral: 0%</p>	N/A	N/A	Up to 1.5%
6	Late payment fee**	Penalty in the amount of 0.13% of overdue loan and interest for each day beyond terms			

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7	Loan repayment	As per schedule or at the end of term (monthly, quarterly, semi-annually or otherwise as per loan agreement)	
8	Early repayment**	Early repayment fee in the amount of up to 6-month interest on repaid sums where envisaged under loan agreement. Not applicable to Armenian government-subsidized loans under agriculture and cattle breeding development programs.	
9	Loan security	A.1.1, A.2.1, A.5.1 – cash, Short-term treasury bonds, standard gold bars, bonds issued by Ameriabank	
		A.1.2, A.2.2, A.5.2 – property and equipment, guarantees and warranties, other securities	
		A.1.3, A.2.3, A.5.3 – cash flows, working assets or mixed collateral	
		A.1.2, A.1.3, A.2.2, A.2.3, B.1.1.2, B.1.1.3, B.1.2.2, B.1.2.3, B.2.1.2, B.2.1.3, B.2.2.2, B.2.2.3, C.1.2, C.2.2 – the bank may request personal guarantees by the business founders/beneficial owners as additional security.	
10	LTV ratio***	A.1.1, A.2.1 – max 100%, if the currency of loan is the same as that of collateral or, if different, it is included in SDR basket, and max 95%, if the currency of loan is different from that of collateral, except for currencies included in SDR basket	
		<p>a) Up to 80% of appraised value of collateral (in case of real estate) for loans with up to 84-month term; 90% if the debt service coverage ratio of the borrower is 1.5 or higher; up to 70% if the loan term exceeds 84 months (not applicable to energy loans); up to 100% for A.5 loans</p> <p>b) Up to 50 % of appraised value of collateral in case of movable property; 60% if the debt service coverage ratio of the borrower is 1.5 or higher and the loan term does not exceed 84 months</p> <p>c) Up to 30 % of appraised value of collateral in case of inventories (finished goods, raw materials, etc.). Note that the share of this kind of collateral cannot exceed 40% of total pledge.</p> <p>d) Max 50% of average monthly turnover on bank accounts for the most recent period from 6 (min) to 12 (max) months, in case of cash flows</p> <p>e) In case of shares:</p> <ul style="list-style-type: none"> - Up to 80% of appraised value of collateral in case of running business - Up to 60% of appraised value of collateral in case of business not yet running 	
11	Pledge insurance	Annual insurance to the extent of outstanding loan	

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12	Application handling period	<p>A.1.1, A.2.1, A.5.1 – up to 5 business days upon receipt of the complete set of documents A.1.2, A.2.2, A.5.2 – up to 10 business days upon receipt of the complete set of documents A.1.3, A.2.3, A.5.3 – up to 15 business days upon receipt of the complete set of documents Depending on the case, these terms may be extended for an additional period of not more than 10 business days.</p>			
13	Approval validity period (period during which the decision on approval of loan is effective)	<p>A.1, A.2, A.5: 30 days, unless otherwise specified by the decision of the bank's authorized body</p>			
14	Re-approval of loan	<p>Upon expiry of approval validity period, but not later than 60 days after the initial approval date</p>			
15	Manner of provision of loan proceeds	<p>Wire transfer to bank account</p>			
16	Loan restructuring application fee****	<p>AMD 500,000</p>			
17	Other				<p>60% of the energy audit fee defined under the program is payable by client.</p>


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*Max annual interest cannot exceed 24%. The interest rate defined under loan agreement continues to apply to overdue loans.

**If enforced, annual rate and/or total sum of fines and penalties shall be regulated by applicable limits defined under the legislation of Armenia.

***If the main security is a guarantee accompanied by pledge as additional security, LTV calculation is not required. This being the case, the character of security (main or additional) is defined in loan conclusion and approved by the appropriate authorized body of the bank.

****The loan restructuring application fee is payable by client in case the application filed by the client at their own initiative is approved. In other cases of loan term review the fee is charged based on decision of the appropriate authorized body of the bank.

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2. LINES OF CREDIT (B.1, B.2, B.3, B.4)

#	Terms	Lines of credit to large enterprises (B.1)	Lines of credit to SMEs (B.2) Lines of credit to Women in Business (B.4)
1	Credit limit	> AMD or other currency equivalent of USD 1,500,000	Lines of credit to SMEs (B.2): < AMD or other currency equivalent of USD 1,500,000 Lines of credit to Women in Business (B.4): AMD 150,000,000 – 500,000,000
2	Term	Up to 3 years	
3	Term for lines of credit intended to finance property, plant and equipment	Up to 5 years	
4	Limit reduction	As per schedule or at the end of term	
5	Annual interest rate on utilized amount*	For lines of credit in AMD	
		From 12%	Lines of credit to SMEs (B.2): from 12% Lines of credit to Women in Business (B.4): from 14%
		For lines of credit in USD	
		From 9%	Lines of credit to SMEs (B.2): from 9%
		For lines of credit in EUR	
		From 8%	Lines of credit to SMEs (B.2): from 8%
		LCs: from 4% if without confirmation, from 6% if with confirmation by other banks	
		In case of discounting under LCs	
		From 9%	
		The interest rate for lines of credit in other currencies is determined by the Management Board.	
In case of cash collateral: % of deposit (time or demand) + 4%, if the line of credit and the deposit are in the same currency % of deposit (time or demand) + 5%, if the line of credit and the deposit are in different currencies			
6	Annual interest rate on non-utilized amount (commitment fee)*	Up to 2%	


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7	Loan disbursement fee (chargeable lump-sum at the time of disbursement of loan). The bank can define a deferred payment schedule in which case, if the borrower repays the loan early, disbursement fee outstanding at that time shall be payable in full together with the loan or in accordance with schedule defined by the bank.	Up to 1 year lines of credit: 0-0.5% of credit limit 1-2 year lines of credit: 0-0.7% of credit limit Over 2 year lines of credit: 0-1.5% of credit limit Lines of credit secured by cash collateral: 0%
8	Late payment fee**	Penalty in the amount of 0.13% of overdue loan and interest for each day beyond terms
9	Line of credit repayment	As per schedule or at the end of term (monthly, quarterly, semi-annually or otherwise as per loan agreement)
10	Early repayment**	Early repayment fee in the amount of up to 6-month interest on repaid sums where envisaged under loan agreement
11	Line of credit security	<p>B.1.1.1, B.1.2.1, B.2.1.1, B.2.2.1, B.4.1.1, B.4.2.1 – cash, short-term treasury bonds, standard gold bars, bonds issued by Ameriabank</p> <p>B.1.1.2, B.1.2.1, B.2.1.2, B.2.2.2, B.4.1.2, B.4.2.2 – property and equipment, guarantees, warranties and other securities</p> <p>B.1.1.3, B.1.2.3, B.2.1.3, B.2.2.3, B.4.1.3, B.4.2.3 – cash flows, current assets or mixed collateral</p> <p>B.3.1.1, B.3.2.1 – real estate³</p>
12	LTV ratio***	<p>B.1.1.1, B.1.2.1, B.2.1.1, B.2.2.1 – 100%, if the currency of loan is the same as that of collateral or, if different, it is included in SDR basket, and 95%, if the currency of loan is different from that of collateral, except for currencies included in SDR basket</p> <p>a) Up to 80% of appraised value of collateral (in case of real estate) for loans with up to 84-month term; 90% if the debt service coverage ratio of the borrower is 1.5 or higher; up to 70% if the loan term exceeds 84 months (not applicable to energy loans); up to 100% for B.4 loans</p> <p>b) Up to 50% of appraised value of collateral in case of movable property; 60% if the debt service coverage ratio of the borrower is 1.5 or higher and the loan term does not exceed 84 months</p> <p>c) Up to 30% of appraised value of collateral in case of inventories (finished goods, raw materials, etc.). Note that the share of this kind of collateral cannot exceed 40% of total pledge.</p>

³ Property should be located in Yerevan.

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		d) Max 50% of average monthly turnover on bank accounts for the most recent period from 6 (min) to 12 (max) months, in case of cash flows	
13	Pledge insurance	To the extent of credit limit, on annual basis	
14	Application handling period	B.1.1.1, B.1.2.1, B.2.1.1, B.2.2.1, B.3.1.1, B.3.2.1, B.4.1.1, B.4.2.1 – up to 5 business days upon receipt of the complete set of documents	
		B.1.1.2, B.1.2.1, B.2.1.2, B.2.2.2, B.4.1.2, B.4.2.2 – up to 10 business days upon receipt of the complete set of documents	
		B.1.1.3, B.1.2.3, B.2.1.3, B.2.2.3, B.4.1.3, B.4.2.3 – up to 15 business days upon receipt of the complete set of documents	
		Depending on the case, these terms may be extended for an additional period of not more than 10 business days.	
15	Approval validity period (period during which the decision on line of credit approval is effective)	30 days, unless otherwise specified by the decision of the bank’s authorized body	
16	Re-approval of line of credit	Upon expiry of approval validity period, but not later than 60 days after the initial approval date	
17	Manner of provision of line of credit proceeds	Wire transfer to bank account	
18	Credit restructuring application fee****	AMD 500,000	
19	Other		B.3 – expenses related to real estate appraisal and notary verification shall be borne by the bank

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****The loan restructuring application fee is payable by client in case the application filed by the client at their own initiative is approved. In other cases of loan term review the fee is charged based on decision of the appropriate authorized body of the bank.


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3. OVERDRAFT (C.1, C.2)

#	Terms	Overdraft to large enterprises (C.1)	Overdraft to SMEs (C.2)
1	Amount	Max 50% of average monthly account turnover at least for the latest 6 months	
2	Term	Up to 12 months	
3	Repayment of utilized amounts	As per schedule (monthly, quarterly, semi-annually or otherwise as per loan agreement)	
4	Annual interest rate on utilized amount*	For overdrafts in AMD	
		From 13%	From 13%
		For overdrafts in USD	
		From 10%	From 10%
4	Annual interest rate on utilized amount*	For overdrafts in EUR	
		From 9%	From 9%
5	Loan disbursement fee (chargeable lump-sum at the time of disbursement of loan). The bank can define a deferred payment schedule in which case, if the borrower repays the loan early, disbursement fee outstanding at that time shall be payable in full together with the loan or in accordance with schedule defined by the bank.	0-0.5% of credit limit	
6	Late payment fee**	Penalty in the amount of 0.13% of overdue loan and interest for each day beyond terms	
7	Early repayment**	Early repayment fee in the amount of up to 6-month interest on repaid sums where envisaged under loan agreement	
8	Limit reduction	If there is no turnover on bank accounts for a month, the overdraft limit can be reviewed and reduced.	
9	Loan security	Cash flows, guarantees and warranties, in certain cases – other security	
10	LTV ratio***	Max 50% of average monthly turnover on bank accounts for the most recent period from 6 (min) to 12 (max) months	
11	Application handling period	Up to 10 business days upon receipt of the complete set of documents. Depending on the case, this term can be extended for an additional period of not more than 10 business days.	
12	Approval validity period (period during which the decision on overdraft approval is effective)	30 days, unless otherwise specified by the decision of the bank's authorized body	

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13	Overdraft re-approval term	Upon expiry of approval validity period, but not later than 60 days after the initial approval date
14	Manner of provision of overdraft proceeds	Wire transfer to bank account
15	Overdraft restructuring application fee****	AMD 500,000

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****The loan restructuring application fee is payable by client in case the application filed by the client at their own initiative is approved. In other cases of loan term review the fee is charged based on decision of the appropriate authorized body of the bank.