

AGREEMENT ON FLOATING (VARIABLE COMPONENT) INTEREST RATE SETTING AND CALCULATION

This Agreement (hereinafter referred to as “the Agreement”) is entered into in Yerevan on ----- by and between:

Ameriabank Closed Joint Stock Company (incorporated under the resolution of the Central Bank of Armenia (CBA) Board dated September 8, 1992, registration number 50, certificate # 0154; address: 2 Vazgen Sargsyan Street, Yerevan), hereinafter referred to as the “Bank”, represented by _____, acting pursuant to _____, and

_____, hereinafter referred to as the “Client” or “Borrower”, represented by _____, acting pursuant to _____, both hereinafter referred to as “the Parties” or “the Party” as the case may require. The Agreement is an integral part of Loan Agreement # **XXXX** _____ executed on _____, _____.

1. SUBJECT OF THE AGREEMENT

- 1.1. The Parties hereby define the procedure for regular review and revision of the loan interest rate under the [details of the Loan Agreement] in response to corresponding changes in the market interest rates aiming to ensure that the interest rate set by the Parties at most conforms to the market interest rates at any time, subject to the procedure established hereby.
- 1.2. This Agreement is an integral part of the Loan Agreement # **XXX** _____ executed on _____ (hereinafter referred to as “the Principal Agreement”).
- 1.3. Hereby the Parties agree that the interest rate set by the Principal Agreement shall be considered floating and variable as stipulated under this Agreement.

2. FLOATING INTEREST RATE CONSTITUENTS

- 2.1. The floating interest rate defined by the Principal Agreement shall consist of the following parts (components):
 - 2.1.1. Variable component
 - 2.1.2. Fixed component
- 2.2. **Floating interest rate** is a nominal interest rate calculated in accordance with this Agreement using the following formula:

$$R_F = R_V + R_M$$

where

R_F – Floating interest rate
R_V – Variable component
R_M – Fixed component

- 2.3. The variable component of the floating interest rate shall be determined on the basis of the following market rates, depending on the loan currency:
- 2.3.1. **Floating interest rate for AMD-denominated loans:** the market rate underlying the variable component shall be the yield to maturity of Armenian 6-month Government (treasury) bills.
 - 2.3.2. **Floating interest rate for USD-denominated loans:** the market rate underlying the variable component shall be ICE LIBOR USD 6 Month.
 - 2.3.3. **Floating interest rate for EUR-denominated loans:** the market rate underlying the variable component shall be ICE LIBOR EUR 6 Month.
- 2.4. The margin (fixed component) shall be determined according to the terms of lending and shall be fixed in the loan agreement for each loan separately, on the basis of the respective loan decision adopted by the authorized body of the Bank.
- 2.5. For the purpose of this Agreement and the Principal Agreement, the variable component of the interest rate for the Client (Borrower) at the moment of the execution of the Principal Agreement shall be equal to [insert in figures and words] %, while the fixed component shall be equal to _____%. The variable rate as of the moment of executing the Principal Agreement and/or this Agreement may vary from the rate defined according to the criteria specified in clause 2.3 while the further changes of the Floating rate shall be made in accordance with the provisions of this Agreement.

3. POSTING, UPDATING AND COMMUNICATING INFORMATION ON VARIABLE COMPONENT

- 3.1. Information on the yield to maturity of Armenian 6-month Government (treasury) bills shall be retrieved from the relevant publications (yield curve) on the official website of the CBA at the following link:
<https://www.cba.am/am/SitePages/fmofinancialmarkets.aspx>
- 3.2. Information on ICE LIBOR USD 6 Month and ICE LIBOR EUR 6 Month interest rates shall be retrieved respectively from the following websites:
<http://research.stlouisfed.org/fred2/series/USD6MTD156N%20>
and
<http://research.stlouisfed.org/fred2/series/EUR6MTD156N>
- 3.3. Change of any link specified in above clauses 3.1 and 3.2 shall not affect this Agreement and/or its validity, except for the special cases provided for in clause 5.1 below.
- 3.4. The variable component shall be reviewed on the February 1 and August 1 each year. In particular:
- 3.4.1. On February 1, the variable component shall be equal to the average applicable interest rate effective for the period from July 1 through December 31 of the previous year.
 - 3.4.2. On August 1, the variable component shall be equal to the average applicable interest rate effective for the period from January 1 through June 30 of that year.
 - 3.4.3. The interest rate on nonbusiness days shall be deemed equal to the interest rate of the preceding business day.

- 3.5. Variable component shall be published on the Bank's official website twice a year, during first three business days of February and August. Furthermore, posting of the information on the change in the interest rate on the Bank's website shall be considered due notice to the Client (Borrower).

4. THE PROCEDURE OF REGULAR REVIEW AND REVISION OF THE FLOATING INTEREST RATE

- 4.1. The first revision of the floating interest rate in accordance with this Agreement shall take place on _____. Thereafter, the floating rate shall be revised regularly pursuant to clause 3.4 of the Agreement. The variable component as of the date of execution of the Principal Agreement shall be effective until the first revision date.
- 4.2. The variable rate, effective as of the date of revision, shall be deemed as the applicable variable rate for the time span between the given and next revisions. Loan interest payments shall be calculated and made at the revised interest rate.
- 4.3. The date of the interest rate revision shall be the first date of repayment following the variable rate change date (the first day of February and August).

5. EXCEPTIONAL CIRCUMSTANCES

- 5.1. Whenever it is impossible or extremely hard to fulfill the provisions of this Agreement, including but not limited to the calculations contemplated herein, the Bank shall have the right to cease (either temporally or permanently) the application of the floating rates at its sole discretion. Such decision of the Bank shall be mandatory for both Parties. Such exceptional circumstances include the following cases:
- 5.1.1. Material changes have taken place in the procedure of market interest rate calculation.
 - 5.1.2. Information on the interest rate specified in clauses 2.3.1, 2.3.2 or 2.3.3 is no longer posted for the corresponding currency.
 - 5.1.3. In the reasonable opinion of the Bank's authorized body the given interest rate no longer represents the actual market situation.
 - 5.1.4. Certain amendments to the Republic of Armenia laws and regulations prohibit or make it impossible to change the interest rate according to the provisions herein contained.
 - 5.1.5. There are other reasonable and exceptional reasons from a legal or economic perspective.
- 5.2. Whenever suspended, the effective floating interest rate effective for all variable rate loans at the moment of the relevant decision can be approved as a fixed interest rate, which shall remain in effect until full repayment of the loan.
- 5.3. The Bank may decide to reapply the floating interest rates once the circumstances specified in clause 5.1 (and/or its sub clauses) above are over. Such unilateral decision of the Bank shall be binding for both Parties.

6. FORCE MAJEURE

- 6.1. Neither Party shall be liable for any failure or default in performance of any obligation contemplated herein, if such failure or default is caused by conditions beyond its reasonable control which arise after the execution of this Agreement.

7. MISCELLANEOUS

- 7.1. This Agreement shall be binding upon and inure to the benefit of the legal successors of the Parties.
- 7.2. The Agreement is executed in Armenian and English in 2 (two) counterparts equal in legal effect. Each Party receives one original counterpart. In case of discrepancies the Armenian version shall prevail.
- 7.3. This Agreement shall enter into effect upon execution by both Parties and continue in full force and effect until proper fulfillment of their obligations by both Parties.

8. ADDRESSES AND SIGNATURES OF THE PARTIES

BANK
Ameriabank CJSC

CLIENT/BORROWER
