

## INFORMATION GUIDE TO SME RETAIL LENDING

Terms and conditions specified in the Guide may be outdated. For more details, please contact

**Ameriabank CJSC**

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**THE BANK IS SUPERVISED BY THE CENTRAL BANK OF ARMENIA.**

**Ameriabank CJSC offers loan products to the businesses served as retail clients, under the conditions specified below. More detailed information is presented in a separate table.**

### 1. Automatically approved SME loan/overdraft (not secured by assets)

<b>Loan type</b>	Automatically approved SME loan/overdraft		
<b>Purpose</b>	Business expansion; financing of current operations and other investments; transfer of outstanding business loans with other banks and credit organizations to Ameriabank CJSC		
<b>Clients</b>	Legal entities and individual entrepreneurs (IE) with at least 6-month business history		
<b>Sectoral restrictions</b>	According to the <a href="#">Exclusion List</a>		
<b>Creditworthiness assessment</b>	In case of scoring-based automatically approved business loans/overdrafts: according to the approved score card		
	In case of loans analyzed by the loan officer: according to the approved criteria		
<b>Currency</b>	AMD	USD	EUR
<b>Minimum and maximum lending limit<sup>1</sup></b>	AMD 1 million - 10 million or its equivalent in foreign currency (in case of scoring-based automatically approved business loans/overdrafts: according to the approved score card)		
	AMD 3 million - 15 million or its equivalent in foreign currency (in case of loans analyzed by the loan officer: according to the approved criteria)		
<b>Term (months)</b>	<b>12</b>		
<b>Annual interest rate (fixed) on loans</b>	14.5% (APR: 17.8%)	11.5% (APR: 14.3%)	10.0% (APR: 12.6%)
<b>Annual interest rate (fixed) on overdrafts</b>	15.5% (APR: 17.9%)	12.5% (APR: 14.5%)	11% (APR: 12.8%)
<b>Term (months)</b>	<b>36</b>		

<b>Annual interest rate (fixed) on loans</b>	15.5% (APR: 17.5%)	12.5% (APR: 14.0%)	11.0% (APR: 14.0%)
<b>Annual interest rate (fixed) on overdrafts</b>	16.5% (APR: 18.3%)	13.5% (APR: 14.8%)	12% (APR: 14.8%)
<b>Term (months)</b>	<b>60</b>		
<b>Annual interest rate (fixed) on loans</b>	16.5% (APR: 18.3%)	13.5% (APR: 14.9%)	12.0% (APR: 13.2%)
<b>Annual interest rate (fixed) on overdrafts</b>	17.5% (APR: 19.3%)	14.5% (APR: 15.8%)	13% (APR: 14.1%)
<b>Fixed annual interest rate on the score-based automatically approved SME loans</b>	13-19% (APR: 13.8-21.3%)	10-16% (APR: 10.5-17.8%)	8.5-14.5% (APR: 8.8-16%)
<b>Fixed annual interest rate on the score-based automatically approved SME overdraft</b>	14-20% (APR: 14.9-22.4%)	11-17% (APR: 11.6-18.9%)	9.5-15.5% (APR: 9.9-17.1%)
<b>Annual interest rate on non-utilized amounts</b>	N/a		
<b>Loan disbursement fee</b>	1% of the loan amount N/a in case of online application for score-based automatically approved SME loans/overdrafts		
<b>Loan cashing</b>	For business loans: not applicable in case of AMD withdrawals from the borrower's account; 0.5 % of the amount withdrawn in case of foreign currency withdrawals For business overdrafts: according to effective tariffs of the Bank		
<b>Repayment</b>	SME loans: annuity (equal loan installments consisting of a portion of loan and a portion of interest; payable on monthly basis) SME overdraft: repayment of principal at maturity		
<b>Security</b>	1. Pledge of cash flows through the account 2. Personal guarantee of the business founder and beneficial owner 3. In case of SME loans/overdrafts analyzed by the loan officer, a guarantee by another individual and/or entity is required. Furthermore, the source of the guarantor's income should not depend on the financed business, and there should be no material delays in the guarantor's credit history (no more than overdue 30 days within the recent 2 years but max 10 consecutive days)		
<b>Loan service fees<sup>2</sup></b>	<b>Modification of the loan terms</b>	AMD 25,000	
	<b>Change of the loan repayment date</b>	AMD 10,000	
<b>Early repayment penalty</b>	N/a		
<b>Late payment fines and penalties</b>	The interest rate specified in the loan agreement will continue to be applied to overdue loans. Fine in the amount of 0.13 % of overdue loan/interest for each day of delay		

## Other terms

Overdrafts may be also issued on business cards in accordance with the Bank's effective tariffs. This does not include the annual service fee which is not charged in case of score-based automatically approved SME overdrafts.

- 1 On a case-by-case basis, loans may be issued in the amount below the specified minimum limit for such a term specified in these terms where the application of the respective interest rate will not result in the breach of the maximum annual percentage rate stipulated by law.
- 2 The fee is charged if the modification is requested by the client. Where there are several applicable fees for the same modification, the highest fee is charged and only once. Fees are not applicable in case of loans secured by cash, bonds and metal accounts. If the modification implies adding new collateral or involving a new guarantor, no fee is charged.

### ATTENTION!

**NOMINAL INTEREST RATES MAY BE MODIFIED BY THE FINANCIAL INSTITUTION.**

- 1 There may be deviations from the benchmark indicator based on the financed business's specifics, if the business is profitable but no own resources are required due to the nature of the business.  
  
No creditworthiness ratios are calculated and no business analysis and proof of income are required for loans secured by cash and metal accounts in gold.
- 2 Geodetic measurement is required for any land other than fenced plots or grounds attached to house, if:
  - The requested loan amount exceeds AMD 50 million, and
  - Share of credit limit to be secured by such land plot exceeds 30% of total available credit limit. For the purposes of this document total available credit limit means the sum of all loan proceeds made available to client by decision of the bank's authorized body within acceptable LTV ratio and subject to disbursement at the given moment.
- 3 The fee is charged if the modification is requested by the client. Where there are several applicable fees for the same modification, the highest fee is charged and only once. Fees are not applicable in case of loans secured by cash, bonds and metal accounts. If the modification implies adding new collateral or involving a new guarantor, no fee is charged.

## 2 List of Minimum Documents and Information Required for Lending

Required documents filed together with the loan application
Loan application
Passports (original) (for private entrepreneurs)
TIN certificate, state registration certificate (for corporate applicants, information on the executive body is required)
Charter (for corporate applicants)
Copies of the passports and social security cards of the shareholders and CEO/President (for corporate applicants)
Documents required after initial approval
Copies of the state registration certificates and the inserts of the Borrower and legal entities and private entrepreneurs affiliated with the Borrower
Financial statements for the latest reporting period, certified by the tax authority
For the recent reporting year (for those filing the balance sheet and the statement of comprehensive income); for the recent reporting quarter (for fixed and/or simplified tax payers)
Copy of the certificate of title or the document certifying the right to lease the premises used as place of business
Sale/supply agreements, orders, invoices, other documents supporting the normal process of sales

Licenses, certificates and other documents required for business operation (copies)
Documents certifying title to the assets (real estate and/or movable property) to be pledged
Geodetic measurement report of land plot to be pledged
Tax clearance certificate
Initial report on appraisal of real estate/vehicle
<b>Documents required after loan approval</b>
Copies of bases of title to real estate (to be submitted upon request)
Passports of the owners of the property to be pledged (copy of the spouse death certificate)
Bases of title to real estate
Copy of the marriage (divorce, spouse death) certificate
Statement from the Committee of Real Estate Cadaster on encumbrance of real estate (unified statement)
Statement, issued by the Police, on encumbrance of vehicle
Pledged property appraisal report (final)
Real estate/vehicle insurance agreement (as required)
Approval of the authorized body of corporate applicant to execute loan and pledge-related transactions
Reference on registered shareholders/stockholders/founders, director and the latest amendments to the charter (for corporate applicants)
Environmental impact assessment report, technical safety report, examination reports, feasibility studies (whenever required), etc., required under the applicable Armenian laws and regulations and/or the bank's bylaws and regulations (if the company's activity is associated with high environmental risks)
Other documents as the bank's specialist may request

**Required documents (for automatically approved SME loans/overdrafts not secured by assets, automatically approved SME loans for purchase of solar panels and water heating systems, overdrafts via business cards based on POS/consumer finance/account turnover)**

<b>Required documents filed together with the loan application</b>
ID of the shareholders and CEO of the legal entity/Individual entrepreneur
TIN
Charter (for corporate applicants)
<b>Documents required after initial approval</b>
ID of the shareholders
Tax clearance certificate (n/a in case of score-based automatically approved loans/overdrafts)
<b>Documents required after loan approval</b>
Approval of the authorized body of corporate applicant to execute loan and pledge-related transactions
Purchase documents (required in case of automatically approved SME loans for purchase of solar panels and water heating systems)
Other documents as the bank's specialist may request

**Other documents and information may also be required depending on the case specifics**

### 3 Miscellaneous

#### Provision of loans

To get a loan you can visit any branch office of the Bank.

The loan is disbursed via crediting to the account

Loans, lines of credit, overdrafts, purchase order finance, etc. can be provided for any reasonable term not shorter than 1 month.

#### Interest Calculation

Interest is calculated at nominal interest rate based on outstanding loan. The calculations are based on a 365-day year. Annual percentage rate (APR) shows the cost of loan in case of proper and timely performance of obligations under the agreement. The annual percentage rate is calculated on the basis of the underlying components, is indicative and can change during the Agreement term due to early repayment of loan by the borrower or change of the components included in its calculation.

APR is calculated by the following formula:

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

where

A – amount of loan (principal amount provided by the lender to the borrower)

n – sequence number of payment

N – sequence number of the last payment

Kn – amount of the n<sup>th</sup> payment

Dn – period between the day of provision of loan and the day of the n<sup>th</sup> payment, expressed in days

i – annual percentage rate, calculable if other input data are known from loan agreement or otherwise

#### Interest Calculation: Representative Example

Loan principal: AMD 7,000,000

Annual interest rate: 15%

Loan term: 60 months

**Daily interest will make: 7,000,000\*15/100/365=2,876.7**

Interest on credit lines/overdrafts is accrued on utilized amount on daily basis. Non-utilized amounts can also bear interest.

#### Change of nominal rate

**The Bank is entitled to review and change the interest rate and lump-sum disbursement fee during the term of loan agreement, based on interest rate fluctuations on funds borrowed and/or allocated by the Bank on the financial market and/or if there are real preconditions for changing the interest rate. In either case, we will give you notice 30 days in advance.**

#### Loans in foreign currency

##### **ATTENTION!**

##### **Exchange rate changes can affect the amount of loan payments.**

When calculating annual percentage rate it should be taken into account that payments of loans in foreign currencies are made using funds on accounts in that currency, or, where the funds are insufficient, other accounts in any other currency. Exchange is performed at the rate effective in the Bank at that moment, therefore the annual percentage rate can change depending on changes in the exchange rate of the given currency.

##### **ATTENTION!**

IF YOU FAIL TO PERFORM YOUR PAYMENT OBLIGATIONS WHEN DUE OR DO NOT PERFORM THEM PROPERLY, OVERDUE AMOUNTS SHALL BEAR FINES AND PENALTIES AS DEFINED BY AGREEMENT, AND THE INFORMATION ABOUT YOUR OVERDUE LIABILITIES WILL BE REPORTED TO CREDIT BUREAU WITHIN 3 BUSINESS DAYS. YOU HAVE THE RIGHT TO OBTAIN YOUR CREDIT HISTORY FROM THE CREDIT BUREAU ONCE A YEAR, AT NO COST.

**ATTENTION!**

Overdue liabilities are paid in the following succession:

- i. Fines and penalties
- ii. Interest
- iii. Principal

**ATTENTION!**

YOUR BAD CREDIT HISTORY MAY AFFECT YOUR FUTURE LOAN APPLICATIONS.

**ATTENTION!**

THE COLLATERAL MAY BE ENFORCED (FORECLOSED ON) IF THE BORROWER FAILS TO REPAY THE LOAN AND INTEREST WHEN DUE. SHOULD THE VALUE OF THE COLLATERAL BE INSUFFICIENT, THE BORROWER'S OBLIGATIONS WILL BE REPAYED AT THE EXPENSE OF OTHER PROPERTY OWNED BY THE BORROWER.

**Loan decision**

Loan decisions are made within 10 business days after the customer submits all required documents. The bank's decision is communicated to the client within one business day. The loan is issued to the borrower only after execution of security agreements specified in the agreement. In case of pledge of property, the loan will be disbursed to the borrower if the following conditions precedent have been met:

- (i) security agreements have been signed in accordance with the Armenian laws and regulations, such agreements prepared in form and substance satisfactory to the Bank,
- (ii) the collateral has been insured (upon the Bank's request) by an insurance company cooperating with the Bank,
- (iii) the borrower has fulfilled other conditions of loan issuance.

**What may help you to get your loan approved**

- Financial standing
- Banking/credit history
- Security
- Management quality
- Business environment
- Business and credit history, etc. of affiliates/subsidiaries

**Why your loan might be rejected**

- The information (documents and other data) is not trustworthy or is incomplete.
- The borrower's declared income is not sufficient to repay the obligations.
- The borrower has bad credit history, overdue and/or classified liabilities (including liabilities to third parties).

**Charges and fees payable in case of loans secured by property**

The real estate or movable property to be pledged should be appraised by an appraisal company cooperating with the bank. The company is selected by the client from the offered list. Appraisal fee is AMD 7,000-30,000 depending on the property. On a case-by-case basis, the fee for appraisal of major items of property may be negotiable.

Fees payable for loans secured by vehicles or real estate:

- Notary fee: AMD 11,000 lump-sum (in case of pledge of vehicles)
- Notary fee: AMD 12,500-13,000 lump-sum (in case of pledge of real estate)
- Notary fee: AMD 7,000 lump-sum (in case of pledge of plant and equipment)

- Fee for unified statement from the State Real Estate Cadaster on encumbrance of property: AMD 10,000
- Security interest filing fee: AMD 26,000
- Fee of the Police of the Republic of Armenia (for lien and pledge of movable property): AMD 2,000 lump sum
- The property is to be insured by a specialized organization which charges commissions and fees pursuant to its tariffs and rates which can change from time to time. Insurance premiums are within the following range:

Insurance premium	% of loan amount
Real estate	0.15-0.25
Equipment	0.2-0.35
Working assets	0.3-0.5
Vehicles	2.5

The bank requires insurance to cover at least the outstanding loan. Where the property is insured for its full value, it is the authority of the insurance company to decide whether to consider the market or liquidation value of the property.

#### List of Partner Insurance Companies

Insurance Company	Address	Phone:
Nairi Insurance ILLC	10 V. Sargsyan St., off. 110 (Piazza Grande Business Center), Yerevan	(+37460) 500060
ROSGOSSTRAKH-ARMENIA ICJSC	1 Northern Ave., Yerevan 1	(+37410) 591010
Ingo Armenia CJSC	51, 53 Hanrapetutyan St., area 47, 48, 50, Yerevan	(+37410) 592121
Reso ICJSC	62 Komitas Ave., area 93-93/1, Yerevan	(+37460) 275757

#### List of Partner Appraisal Companies

Appraisal Company	Address	Phone
Cost Consult LLC	1 Buzand St., Yerevan	+374 77 471925, +374 91 471925
Finlaw LLC	50 Nalbandyan St., apt. 3, Yerevan	(+374 10) 50 60 00 (+374 60) 74 74 00 (mob.) (+374 91) 91 11 55 (mob.) (+374 77) 78 05 10 (mob.)
VM-RP LLC	#3 Vardanants Blind Alley 8, Yerevan	(+374 10) 58 87 97
Believe LLC	9-14 Mashtots Ave., Yerevan	(+374 94) 22 11 11 (mob.)
Inex LLC	45/403 Orbeli Yeghbayrner St., Yerevan	(+374 77) 51 81 16 (mob.) (+374 55) 51 81 15 (mob.) (+374 41) 04 22 87 (mob.)
For Smart Consult LLC	30/3/128 Gyulbenkyan St., Yerevan	(+374 11) 27 76 67 (+374 91) 17 76 67 (mob.) (+374 41) 17 76 67 (mob.) (+374 98) 17 76 67 (mob.)

*This information is also available at Ameriabank CJSC's website [www.ameriabank.am](http://www.ameriabank.am) and may be requested via the channels specified below.*

Due to various reasons, we may ask you for more information and documents. Where required under the Republic of Armenia Law “On Combating Money Laundering and Terrorism Financing”, we may request you to provide additional information and documents to conduct “Know your customer” checks, as well as ask further questions during verbal communication. If it is not possible to identify the client in a proper manner or to maintain the accounts, we may restrict access to the service provided by the Bank. Furthermore, to find out whether you are a US taxpayer we may collect additional information in accordance with the agreement executed with the US under the Foreign Account Tax Compliance Act (FATCA).

Statements. We will provide to you the statements of your credit accounts through communication channels and at frequency agreed between you and us and/or in accordance with the Armenian laws and regulations. The statements are provided by post, email, Internet-Bank or in person at any branch of the Bank.

### **Communication with the Bank**

YOU HAVE THE RIGHT TO COMMUNICATE WITH A FINANCIAL INSTITUTION VIA THE CHANNEL YOU PREFER: BY REGULAR POST OR EMAIL. ELECTRONIC CHANNELS ARE THE MOST CONVENIENT WAY TO GET INFORMATION. THEY ARE AVAILABLE 24/7, FREE FROM THE RISK OF LOSS OF INFORMATION STORED ON PAPER AND MORE CONFIDENTIAL.