

**RETAIL SME LENDING TERMS**
**Edition 47**
**Effective date: September 24, 2021**
**5. Contract/Purchase Order Finance**

	Loan type	Contract/Purchase Order Finance		
	Purpose	Financing is purely transaction-driven and may be used for funding of specific orders under the contracts.		
	Clients	Legal entities or individual entrepreneurs having at least 1-year experience in the industry of financed contract/purchase order		
	Sectoral restrictions	According to the Exclusion List		
	Creditworthiness assessment <sup>1</sup>	According to the approved criteria		
Loan terms	Currency	AMD	USD	EUR
	Minimum and maximum loan limit	Up to 75% of PO, AMD 1,000,000 - 30,000,000		
	Term (months)	45-180 days or the term stipulated in the contract + max 15 days, whichever is less		
	Annual interest rate	16% (APR: 18.6-20.8%)	13% (APR: 15.1-17.2%)	11.5% (APR: 13.4-15.5%)
	Other terms related to the interest rate	<p>If the loan is secured by cash or bonds issued by Ameriabank, the interest rate is:</p> <ul style="list-style-type: none"> <li>- Applicable interest rate for cash/bond + 4%, but in any case not more than the rates specified above, if the loan and the collateral are in the same currency</li> <li>- Rates specified above, if the loan and the collateral are in different currencies</li> </ul> <p>Where insurance of the collateral is obtained by the bank at the with of the client, the rate of interest is increased pro rata the share of each type of the collateral in the total value of the collateral by:</p> <ul style="list-style-type: none"> <li>• 2.5% if the collateral is vehicle, or</li> <li>• 0.5% if the collateral is plant and equipment.</li> </ul> <p>Where the insurance of real estate is obtained by the client, the interest rate will be reduced by 0.05%, based on the share of each type of assets in the total collateral.</p> <p>If the LTV ratio differs from the ratio specified herein, the interest rate is increased by 0.25%.</p> <p>If the creditworthiness ratios differ from the ratios approved by the internal regulations of the Bank (DSCR), the applicable interest rate is increased by 0.25%.</p> <p>In case of other deviations, the applicable interest rate may be increased by 0.25%.</p>		
	Loan disbursement fee	0.5% of the loan amount		
	Terms of PO / contract finance	<p>1. Financing is backed with order-related invoices and the like. Financing is disbursement-based.</p> <p>2. Any payments for raw commodities etc., services &amp; inventories necessary for performance of order, as well as for honoring of salaries, tax liabilities and other order-related commitments shall be made in non-cash form.</p> <p>3. Insurance of goods (cargo) acquired for order execution</p>		
	Loan cashing	N/a		
	Loan modification application fee	AMD 500,000		
	Repayment	Any amount received under the executed contract shall be used for loan repayment.		
Security	Eligible security	<ol style="list-style-type: none"> <li>Working assets</li> <li>Account cash flows and account balance</li> <li>A/R and other rights deriving from the given contract</li> <li>A/R and other rights deriving from other contracts</li> <li>Guarantee of the owners</li> <li>Bank guarantee</li> <li>L/C issued in favor of the client upon the buyer's request</li> </ol> <p>For financing of over 75% of the contract price, pledge of assets is required. Financing may be secured by the real estate, vehicles, plant and equipment, satisfactory to the Bank, metal accounts in gold, cash, bonds issued by Ameriabank.</p>		
	LTV ratio for financing of 75% -100% of the PO (based on the liquidation value)	<p>The value of the loan security is included in the estimation of the LTV ratio in an amount not more than:</p> <ol style="list-style-type: none"> <li>Real estate: up to 100%. In case of business mortgage, the value of the collateral is calculated as 100% of the lower of the two: appraised liquidation value or purchase price of the property.</li> <li>Up to 50% if the loan is secured by vehicles</li> <li>40%, but not more than 30% of total collateral, if the loan is secured by property, plant and equipment (this does not apply to financing for purchase of solar panels and water heating systems in which case 100% of the project value is included irrespective of the share in the total collateral)</li> <li>80% if the loan is secured by metal accounts in gold with Ameriabank</li> <li>If the loan is secured by cash/bonds issued by Ameriabank: <ul style="list-style-type: none"> <li>-90% if currency of the collateral is the same as of the loan</li> <li>-70% if currencies of the collateral and the loan are different</li> </ul> </li> </ol>		
	Location of real estate to be pledged	Armenia/Artsakh		
	Age of vehicles to be pledged	Max 12 years for foreign brand vehicles other than vehicles made in Russia, China and Iran, in which case max age is 8 years		
	Property appraisal	Pledged assets to be appraised by an appraising partner of the bank.		
	Required additional security	Individual guarantees by founders and beneficial owners of businesses are a required condition. The Bank may request guarantees by other individuals and/or companies as additional security.		
	Additional security	The Bank may request pledge of assets if financing up to 75% of the contract price in which case LTV ratio is not defined.		

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Insurance of the collateral	Insurance of property	<p>The insurance of the pledged real estate is to be obtained only if it is or will be used for business purposes. The insurance of real estate, vehicles and plant and equipment is maintained throughout the loan term:</p> <ol style="list-style-type: none"> <li>If by the Client: at least for the amount of the outstanding principal/credit limit</li> <li>If obtained by the Bank: to the extent of the outstanding principal/credit limit.</li> </ol> <p>The following vehicles are not subject to insurance:</p> <ul style="list-style-type: none"> <li>Vehicles transporting hazardous materials (toxic substances, chemicals, radioactive and explosive materials)</li> <li>Vehicles to be used in races, test drives; vehicles which have three wheels, snow removers, motorcycles, special purpose vehicles</li> <li>Taxis and rental cars</li> </ul>
	Loan service fees <sup>3</sup>	
	Modification of the loan terms	AMD 25,000
	Substitution of pledged property (for real estate; including change of the property owner)	AMD 20,000
	Substitution of pledged property (for vehicles; including change of the owner of the pledged vehicles)	AMD 10,000
	Provision of pledge-related consents, permissions and references	AMD 10,000 (VAT included)
	Change of the loan repayment date	AMD 10,000
	Other fees payable by client	<ol style="list-style-type: none"> <li>Fee for the unified statement from the State Committee of the Real Estate Cadaster adjunct to the RA Government; fee for police reference on vehicles encumbrance</li> <li>Notary fee for registration of pledged real estate; fee for state registration of the bank's security interest under the real estate pledge agreement; Fee for the certificate of registration of the security interest in the vehicle</li> </ol>
	Early repayment	N/a
	Late payment fines and penalties	<p>The interest rate specified in the loan agreement shall continue to be applied to overdue loans. Fine in the amount of 0.13 % of overdue loan/interest for each day of delay</p>

<sup>1</sup> 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.

<sup>2</sup> Geodetic measurement is required for any land other than fenced plots or grounds attached to house, if:

- Client has applied for a loan above 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.

<sup>3</sup> 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.