

### **ABB – SME BUSINESS**

**Loans, credit lines issued within the framework of German-Armenian Fund “Access to finances for SMEs” loan program (World Bank)**

1	Terms & Conditions	Loan	Credit line
1.1	Currency	Armenian dram (AMD), US dollar (USD)	
1.2	Nominal annual interest rate	12-23 months – beginning from 10.5% 24-60 months – beginning from 11.5%	
1.3	Interest rate applicable to unused amount of credit line	-	0-2%
1.4	Loan/collateral value	<ul style="list-style-type: none"> <li>• 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%,</li> <li>• In case of immovable property - up to 70%,</li> <li>• In case of movable property - up to 50%,</li> <li>• 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%,</li> <li>• 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%.</li> </ul> <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>	
1.5	Purpose of financing	The loan/credit line is provided for the implementation of investment projects, as well as for the acquisition of working capital required for investment. Meanwhile, the amount used for the acquisition of working capital should not exceed 30% of the total amount of loan/credit line	
1.6	Additional term	In case of new vehicles acquisition and pledge for entrepreneurial business: <ul style="list-style-type: none"> <li>✓ Amount of loan – maximum 70% of the value of new purchased vehicle,</li> <li>✓ With mandatory insurance, on an annual basis - to the balance of loan amount,</li> <li>✓ Repayment of loan – monthly even payments;</li> </ul>	
1.7	Period	12-60 months	
1.8	Manner of repayment	Monthly payment of interests; Repayment of the principal – subject to the peculiarities of business;	
1.9	Amount	Minimum 2,000,000 drams or the equivalent in foreign currency Maximum 160,000,000 drams or the equivalent in foreign currency	
1.10	Fine, penalty for early repayment	N/A	

1.11	Coverage area	Armenia
<b>2</b>	<b>Bank fees</b>	
2.1	Fee for application review	AMD 10,000
2.2	Fee for loan maintenance	0,5% of contract amount
2.3	Cashing out loan sums	As per Bank tariffs for cash out from the account
<b>3</b>	<b>Security</b>	
3.1	Collateral	Funds on deposit and bank accounts, movable and immovable property, guarantees, warranties, collateralized securities, shares, stakes, stocks, and cash flows (legal claim on funds), pledge of right, mixed and other collateral acceptable by the Bank.
3.2	Additional term	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: 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. * This sub-clause is not applicable if upon submission of a Loan application the donor is dead
3.3	Mandatory term	✓ In case of legal entity-customers – mandatory pledge of 100% shares, stakes, stocks of the owner(s); ✓ In case of legal entity-customers – mandatory pledge of the surety by the owner(s), holding 10% and more percent of shares, stakes, stocks.
<b>4</b>	<b>Assessment and insurance of collateral</b>	
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
<b>5</b>	<b>Requirements to borrower</b>	
5.1	Borrower	RA resident legal entities and private entrepreneurs
5.2	Borrower requirements	a) At least 6 months’ business experience; b) Total number of days outstanding on credit commitments during the past 12 months must not exceed 30 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 2 days for each month from the date of actual activity, on a cumulative basis);

5.3	Additional term	Financial indicators obtained after the analysis of the Borrower’s financial reports must meet the requirements of the Bank
<b>6</b>	<b>Requirements to Guarantor</b>	
6.1	Guarantor	A resident legal entity, private entrepreneur, natural person registered in Armenia or NKR
6.2	Requirements to Guarantor	<ul style="list-style-type: none"> <li>• A legal person, private entrepreneur with not less than 6 months of uninterrupted activity, and natural person aged 21-63,</li> <li>• There should not be any overdue liabilities (including for issued guarantees),</li> <li>• Total number of days outstanding on credit commitments during the past 12 months must not exceed 30 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 2 days for each month from the date of actual activity, on a cumulative basis);</li> </ul>
<b>7</b>	<b>Additional terms</b>	
7.1	Interest rate on overdue amount	Twofold amount of the settlement rate of the bank interest set by the Central Bank of RA
7.2	Penalty on overdue interest	0,13% per day

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