


Terms of Finance Lease for Agricultural Machinery

Edition 1

Effective date: July 17, 2020

#	Terms of Finance Lease for Agricultural Machinery* within the scope of the Government Support Program for Agricultural Machinery Finance Lease (the “Program”) in Armenia approved by the protocol decree of the Republic of Armenia Government # 11-31 as of March 16, 2017	
1.	Eligible lessees	Legal entities or individual entrepreneurs
2.	Requirements to the leased item	Under the Program, lessees can acquire the following machinery through finance lease: <ul style="list-style-type: none"> ✓ Tractors of various makes ✓ Combine harvesters ✓ Balers ✓ Tractor-operated seed drills ✓ Tractor plows ✓ Tractor mowers ✓ Other agricultural machinery
3.	Advance payment	20% of the cost of leased item Advance payment to Value of leased item: 20/100%
4.	Currency	AMD
5.	Financing limit	Minimum lease amount: AMD 5 million The aggregate value of leased items purchased by the same lessee under the Program should not exceed AMD 200 million.
6.	Interest rate	Up to 14%, to be fully subsidized for financing provided before December 31, 2020, so that the lessee pays 0% interest, subject to their meeting the eligibility criteria defined under the Second Action for Mitigation of the Economic Impact of Coronavirus, approved by the decree of the Republic of Armenia Government # 356-L, as of March 26, 2020
7.	Accrual of interest	Interest accrues on outstanding amount of finance
8.	Provision fee	N/a
9.	Lease term	3-10 years
10.	Repayment of principal amount before due date	No fines or penalties for early repayment during the term of subsidy. If subsidy is rejected or terminated, the lessee will be required to pay a lump-sum fee of 0.5% of principal amount of finance, if the early repayment was made during the first 6 (six) months after provision of finance.
11.	Fine for non-payment or improper payment of principal and interest**	Fine in the amount of 0.13% of overdue principal and/or interest for each day beyond terms The amount of fines and/or penalties shall not be subsidized.
12.	Repayments	Even monthly payments of principal as per schedule
13.	Grace period	The grace period for principal amount of finance does not exceed 6 months following provision of finance. The obligation to pay non-subsidized interest arises at the time of provision of finance. Furthermore, upon the lessee’s request the Bank may allow payment deferral for the principal amount for up

	AMERIABANK CJSC	12CIB PL 72-10-12	Page 2/2
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		to 6 months a year.
14.	Security	<ul style="list-style-type: none"> • Guaranty provided by the lessee’s director/founder/other person • Pledge of property/right upon request
15.	Insurance of leased item	Required, to be obtained by the Bank on an annual basis against loss and damage
16.	Other terms	As per the Government decree # 11-31 as of March 16, 2017 on approval of the Government Support Program for Agricultural Machinery Finance Lease in Armenia, and the Government decree # 356-I, as of March 31, 2020

*These terms do not apply to finance lease issued under the RA Law “On Consumer Crediting”.

**Whenever applied, the maximum annual rate or aggregate amount of fines and/or penalties shall be within the limits defined under the laws and regulations of the Republic of Armenia.