

**Terms of Government Support Program for Finance Lease
for Purchase of Agri-Food Equipment**

Edition 3


Effective date: October 07, 2019

#	Terms of Government Support Program for Finance Lease for Purchase of Agri-Food Equipment* within the scope of the Government Support Program for Agri-Food Machinery Finance Lease (the “Program”) in Armenia approved by the decree of the Republic of Armenia Government # 893-L as of July 19, 2018	
1.	Advance payment	20% of the cost of leased item** Advance payment to Value of leased item: 20/100%
2.	Currency	AMD
3.	Financing limit	Minimum lease amount: AMD 5 million The aggregate value of equipment purchased by the same lessee under the Program should not exceed AMD 450 million.*** The aggregate value of equipment purchased by the same lessee under the Program should not exceed AMD 450 million.***
4.	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. Max 11%, including 7% subsidized, for other lease finance under the government program, not covered by the Second Action.
5.	Accrual of interest	Interest accrues on outstanding amount of finance
6.	Provision fee	0.5-1% of lease amount or AMD 500,000, whichever is less
7.	Lease term	1-8 years
8.	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.
9.	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.
10.	Repayments	Even monthly payments of principal as per schedule
11.	Grace period	The grace period for principal amount of finance does not exceed 3 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 to 6 months a year.
12.	Security	<ul style="list-style-type: none"> • Guaranty provided by the lessee’s director/founder/other person • Pledge of property/right upon request
13.	Insurance of leased item	Required, to be obtained by the Bank on an annual basis against loss and damage
14.	Other terms	As per the Government decree # 893-L as of July 19, 2018 on approval of the Government Support Program for Agri-Food Machinery Finance Lease in Armenia, and Government decree # 356-L as of March 26, 2020 on approval of the Second Action for Mitigation of the Economic Impact of Coronavirus

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

**The cost of leased item includes purchase price, costs of import of the leased item into the Republic of Armenia (transportation, including related costs, customs clearance, VAT, etc.).

***Where any structure is an integral part of machinery or equipment purchased via finance lease, such structure can be considered a leased item.

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****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.