

AGREEMENT ON FLOATING (VARIABLE) INTEREST RATE SETTING AND CALCULATION

This Agreement (hereinafter referred to as “the Agreement”) is entered into in Yerevan on ----- by and between:

Ameriabank Closed Joint Stock Company (incorporated under the resolution of the Central Bank of Armenia (CBA) Board dated September 8, 1992, registration number 50, certificate # 0154; address: 9 Grigor Lusavorich Street, Yerevan), hereinafter referred to as the “Bank”, represented by _____, acting pursuant to _____, and _____, hereinafter referred to as the “Client” or “Borrower”, represented by _____, acting pursuant to _____, both hereinafter referred to as “the Parties” or “the Party” as the case may require. The Agreement is an integral part of Loan Agreement # **XXXX** _____ executed on _____, _____.

1. SUBJECT OF THE AGREEMENT

- 1.1. The Parties hereby define the procedure for regular review and revision of the loan interest rate under the [details of the Loan Agreement] in response to corresponding changes in the market interest rates aiming to ensure that the interest rate set by the Parties at most conforms to the market interest rates at any time, subject to the procedure established hereby.
- 1.2. This Agreement is an integral part of the Loan Agreement # XXX _____ executed on _____ (hereinafter referred to as “the Principal Agreement”).
- 1.3. Hereby the Parties agree that the interest rate set by the Principal Agreement shall be considered floating and variable as stipulated under this Agreement.

2. FLOATING INTEREST RATE CONSTITUENTS

- 2.1. The floating interest rate defined by the Principal Agreement shall consist of the following parts (elements):
 - 2.1.1. Base rate (floating element)
 - 2.1.2. Margin (fixed element)
- 2.2. **Floating interest rate** is a nominal interest rate calculated in accordance with this Agreement using the following formula:

$$R_F = R_B + R_M$$

where

R_F – Floating interest rate

R_B – Base rate (floating element)
 R_M – Margin (fixed element)

- 2.3. The base rate (floating element within the floating interest rate) shall be determined on the basis of the following market rates, depending on the loan currency:
- 2.3.1. **Floating interest rate for AMD-denominated loans:** the market rate underlying the base rate shall be the yield to maturity of Armenian 6-month Government (treasury) bills.
 - 2.3.2. **Floating interest rate for USD-denominated loans:** the market rate underlying the base rate shall be BBA LIBOR USD 6 Month.
 - 2.3.3. **Floating interest rate for EUR-denominated loans:** the market rate underlying the base rate shall be BBA LIBOR EUR 6 Month.
- 2.4. The margin (fixed element) shall be determined according to the terms of lending and shall be fixed in the loan agreement for each loan separately, on the basis of the respective loan decision adopted by the authorized body of the Bank.
- 2.5. For the purpose of this Agreement and the Principal Agreement, the base rate (fixed element of the floating interest rate) for the Client (Borrower) at the moment of the execution of the Principal Agreement shall be equal to [insert in figures and words] %, while the margin shall be equal to _____%. The Base rate as of the moment of executing the Principal Agreement and/or this Agreement may vary from the rate defined according to the criteria specified in clause 2.3 while the further changes of the Floating rate shall be made in accordance with the provisions of this Agreement.

3. POSTING, UPDATING AND COMMUNICATING INFORMATION ON THE BASE RATE

- 3.1. Information on the yield to maturity of Armenian 6-month Government (treasury) bills shall be retrieved from the relevant publications (yield curve) on the official website of the CBA at the following link:
<https://www.cba.am/am/SitePages/fmofinancialmarkets.aspx>
- 3.2. Information on BBA LIBOR USD 6 Month and BBA LIBOR EUR 6 Month interest rates shall be retrieved respectively from the following websites:
<http://research.stlouisfed.org/fred2/series/USD6MTD156N%20>
and
<http://research.stlouisfed.org/fred2/series/EUR6MTD156N>
- 3.3. Change of any link specified in above clauses 3.1 and 3.2 shall not affect this Agreement and/or its validity, except for the special cases provided for in clause 5.1 below.
- 3.4. The base rate shall be reviewed on the February 1 and August 1 each year. In particular:
- 3.4.1. On February 1, the base rate shall be equal to the average applicable interest rate effective for the period from July 1 through December 31 of the previous year.
 - 3.4.2. On the August 1 the base rate shall be equal to the average applicable interest rate effective for the period from January 1 through June 30 of that year.

- 3.4.3. The interest rate on nonbusiness days shall be deemed equal to the interest rate of the preceding business day.
- 3.5. Base rate shall be published on the Bank's official website twice a year, during first three business days of February and August. Furthermore, posting of the information on the change in the interest rate on the Bank's website shall be considered due notice to the Client (Borrower).

4. THE PROCEDURE OF REGULAR REVIEW AND REVISION OF THE FLOATING INTEREST RATE

- 4.1. The first revision of the floating interest rate in accordance with this agreement shall be in three years after execution of the Principal Agreement. Thereafter, the floating rate may be revised regularly once in six months. Prior to the date of the first revision, the base rate shall be deemed equal to the base rate effective on the date of execution of the Principal Agreement.
- 4.2. The base rate, effective as of the date of revision, shall be deemed as the applicable rate for the time span between the given and next revisions. Loan interest payments shall be calculated and made at the revised interest rate.
- 4.3. The date of the interest rate revision shall fall upon the date of repayment following the last day when the base rate was changed (the first day of February and August).
- 4.4. The floating interest rate is **subject to change** whenever the change in the base rate exceeds 1%, which is calculated from the date of execution of the Principal Agreement till the date of the consecutive actual change. Whenever the change in the base rate exceeds 1%, the corresponding change shall not exceed the size of the specified difference. The Bank may, at its sole discretion, set a lower interest rate but in any case the change shall be greater than or equal to 0.5%. For example, if the effective base rate is 8.0%, and the recalculated interest rate is equal to 9.5%, the Bank shall revise the interest rate by 0.5%, 1.0% or 1.5%. Interest rates are subject to change by the Bank in case of both positive and negative deviations.
- 4.5. Change of the base rate is subject to the **Bank's discretion** if the change in the interest rate equals to or is less than 1%.
- 4.6. Rounding rules (accurate to 0.5 (zero point five) %) shall be applied when calculating the base rate (including the calculation of changes in the base rate specified in clauses 4.3 and 4.4 hereof), e.g. 8.23% shall be rounded to 8.0%, while 8.41% shall be rounded to 8.5%.
- 4.7. The modified rate shall apply to the outstanding loan at least one month after notification of the Borrower about such modification via any channel.
- 4.8. Hereby the Pasties acknowledge that in any case interest rate of the Loan shall not exceed [*insert*] and be less than [*insert*].

5. EXCEPTIONAL CIRCUMSTANCES

- 5.1. Whenever it is impossible or extremely hard to fulfill the provisions of this Agreement, including but not limited to the calculations contemplated herein, the Bank shall have the right to cease (either temporarily or permanently) the

application of the base rates at its sole discretion. Such decision of the Bank shall be mandatory for both Parties. Such exceptional circumstances include the following cases:

- 5.1.1. Material changes have taken place in the procedure of market interest rate calculation.
- 5.1.2. Information on the interest rate specified in clauses 2.3.1, 2.3.2 or 2.3.3 is no longer posted for the corresponding currency.
- 5.1.3. In the reasonable opinion of the Bank's authorized body the given interest rate no longer represents the actual market situation.
- 5.1.4. Certain amendments to the Republic of Armenia laws and regulations prohibit or make it impossible to change the interest rate according to the provisions herein contained.
- 5.1.5. There are other reasonable and exceptional reasons from a legal or economic perspective.

- 5.2. Whenever suspended, the effective floating interest rate effective for all variable rate loans at the moment of the relevant decision can be approved as a fixed interest rate, which shall remain in effect until full repayment of the loan.
- 5.3. The Bank may decide to reapply the floating interest rates once the circumstances specified in clause 5.1 (and/or its sub clauses) above are over. Such unilateral decision of the Bank shall be binding for both Parties.

6. FORCE MAJEURE

- 6.1. Neither Party shall be liable for any failure or default in performance of any obligation contemplated herein, if such failure or default is caused by conditions beyond its reasonable control which arise after the execution of this Agreement.

7. MISCELLANEOUS

- 7.1. This Agreement shall be binding upon and inure to the benefit of the legal successors of the Parties.
- 7.2. The Agreement is executed in Armenian and English in 2 (two) counterparts equal in legal effect. Each Party receives one original counterpart. In case of discrepancies the Armenian version shall prevail.
- 7.3. This Agreement shall enter into effect upon execution by both Parties and continue in full force and effect until proper fulfillment of their obligations by both Parties.

8. ADDRESSES AND SIGNATURES OF THE PARTIES

BANK
Ameriabank CJSC

CLIENT/BORROWER
