

“ID Bank” CJSC CREDITING RULES FOR  
LEGAL ENTITIES AND INDIVIDUAL ENTREPRENEURS

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## 1. DEFINITIONS

- 1.1. **«Bank or Creditor»** - "ID Bank" CJSC (in these Rules and the Agreement, the term "Creditor" may also be used),
- 1.2. **"Borrower"** - an individual entrepreneur (hereinafter also referred to as an individual/private entrepreneur/PE) or a legal entity that has concluded an Agreement with the Bank or has expressed an intention to conclude one, to whom the Loan will be provided or has been provided, as well as a co-borrower who exercises the same rights arising from the Agreement and bears obligations with the Borrower or has expressed an intention to exercise,
- 1.3. **"Guarantor"** - an individual or legal entity that has concluded a Guarantee Agreement with the Bank or has expressed an intention to conclude one to secure the Borrower's obligations,
- 1.4. **"Loan"** - a loan and/or credit line and/or overdraft defined in accordance with the terms of the information bulletin published by the Bank,
- 1.5. **"Offer"** - An application for a Loan submitted by the Borrower to conclude an Agreement, which, upon acceptance by the Bank, creates a contractual legal relationship between the Bank and the person submitting the Offer, and in the case of a Guarantor, an application for the Guarantor to provide a guarantee, which, upon acceptance by the Bank, creates a guarantee legal relationship.
- 1.6. **"Acceptance"** - A confirmation provided by the Bank regarding the acceptance (Acceptance) of the Offer submitted by the Borrower and/or the Guarantor for the purpose of concluding an Agreement,
- 1.7. **"Agreement"**:
  - a) a loan agreement concluded between the Bank and the Borrower in compliance with these Rules, which is concluded by drawing up a single document or the Offer and Acceptance together,
  - b) a mixed loan and guarantee agreement concluded between the Bank, the Borrower and the Guarantor, the Offer of the Borrower and the Guarantor and the Acceptance of the Bank together.
- 1.8. **"Guarantee Agreement"** - an agreement concluded between the Guarantor and the Bank by drawing up a single document,
- 1.9. **"Parties"** - the parties to the Agreement: the Bank and the Borrower together, and in the presence of a Guarantor, also the Guarantor,
- 1.10. **"Bank Account"** - an account opened by the Bank in the name of the Borrower,
- 1.11. **"Information Bulletin"** - the terms and conditions of the Loan, including any amendments thereto, approved and published by the Bank. The Information Bulletin of the relevant loan type is an integral part of the Loan Agreement provided within its framework,
- 1.12. **"Rules"** – these "ID Bank" CJSC rules for crediting to legal entities and individual/private entrepreneurs.

## 2. GENERAL TERMS AND CONDITIONS FOR CREDITING

### 2.1. Procedure for concluding the Agreement, in case of submitting the Offer and receiving the Bank's Acceptance:

- 2.1.1. The Borrower submits the Offer to the Bank for the purpose of obtaining a Loan. The Bank sends the Acceptance (including the attached and inseparable Appendixes) to the e-mail address provided by the Borrower, and upon receipt of the Acceptance, the Offer shall be deemed duly accepted and the Agreement - concluded.
- 2.1.2. If the terms of the Loan Acceptance provided by the Bank differ from the terms of the loan presented in the Offer, then it is a new offer (which includes the Offer presented by the Borrower in the part that does not contradict this Acceptance), which is considered accepted by the Borrower, and the Loan Agreement under the new terms - concluded in case the Borrower uses the Loan amount or a part of it transferred to his/her account on the day of receiving the Acceptance, or does not notify the Bank of his refusal to accept the Acceptance by letter to the e-mail address specified in the Acceptance by the end of the Banking Day of receiving the Acceptance. Moreover, the Borrower expresses his will in the above manner, guided by Part 3 of Article 294 of the Civil Code of the Republic of Armenia. Otherwise, the Agreement is considered unconcluded. The Agreement concluded in accordance with the procedure specified in this clause includes the Offer submitted by the Borrower, the Bank's Acceptance, Rules and the Information Bulletin of the relevant loan type, also other documents if envisaged in the Information Bulletin or Rules. Acceptance in the manner specified in this clause applies unless otherwise specified in the Loan Offer, in which case the procedure specified in the Offer applies
- 2.2. The Loan is considered provided from the moment of transfer to the Borrower's Bank Account, and in case of provision of the credit line and overdraft through a payment card - from the moment of activation of the payment card.
- 2.3. Under the Agreement, the Bank provides the Borrower with a Loan, and the Borrower undertakes to repay the Loan and pay interest thereon under the terms and conditions specified in the Agreement, to pay other payments specified in the Information Bulletin and to fulfill other obligations arising from the Agreement being concluded.
- 2.4. The calculation (accumulation) of interest for the used part of the Loan is conducted on a daily basis, starting from the date of granting the Loan, the interest on the Loan is calculated on the actual balance of the Loan, and the established interest rate may be changed in accordance with the procedure established by the Rules or the Agreement. Moreover, in the event of an overdue debt, the calculation of interest continues until the Loan repayment deadline, and after the Loan repayment deadline, interest is calculated on the actual balance of the Loan in accordance with the interest rate established by Article 411 of the Civil Code of the Republic of Armenia.
- 2.5. The calculation of the actual interest rate set for the use of the Loan includes the expenses incurred by the Borrower for the purpose of crediting. A sample of the said calculation is published on the Bank's website [www.idbank.am](http://www.idbank.am). By agreeing to the Rules, the Borrower confirms that he has familiarized himself with them, and they are fully acceptable to him (this clause is applicable to the Loan provided to micro-commercial organizations and individual entrepreneurs in the amount of up to AMD 5,000,000 or its equivalent in foreign currency, as defined by the RA Law "On State Support for Small and Medium entrepreneurship").

- 2.6. The repayment of the principal and interest of the Loan is conducted in accordance with the procedure established by the Information Bulletin, unless otherwise provided by the Agreement.
- 2.7. If the Loan repayment date specified in the Loan repayment schedule, which is an integral part of the Agreement, is a Saturday or Sunday, then the repayment shall be made accordingly on the first working day of the week following those days, and if the repayment date is a non-working day specified by the RA legislation, with the exception of the days specified in this clause, then the repayment shall be made on the following working day.
- 2.8. If the procedure for making payments (part thereof) arising from the Agreement, including, but not limited to, the Loan amount, interest, and other payments, is determined by the repayment schedule, then it is an integral part of the Agreement, which is sent to the Borrower's e-mail address.
- 2.9. The principle of 365 calendar days per year shall be taken as the basis for calculating the maturity and interest of the Loan provided to the Borrower.
- 2.10. When fulfilling obligations to the Creditor, repayments are accepted in the following order: a) expenses incurred by the Bank for the return of the amount, expenses for collection<sup>1</sup>, b) interest penalty, c) penalty on the principal amount of the loan, d) interest, e) service and commission fees (if any) and f) loan amount. The Creditor has the right to unilaterally change the order of repayments specified in this clause at any time. Moreover, in the event of overdue obligations as a result of non-fulfillment or improper fulfillment of obligations, in case of overdue liabilities, repayments of overdue liabilities are accepted first, then, in the manner provided for in this clause, respect of obligations stipulated in the schedule.
- 2.11. The Creditor's claim at the time of actual satisfaction includes the penalty and losses, expenses incurred by the Bank, expenses for collection, service fees and commissions, interest, and the principal amount of the Loan.
- 2.12. In each case of insufficient funds for the Borrower, the Bank shall establish the sequence of satisfaction of the claims, and in each case this sequence may be different and may not correspond to the sequence established by the legislation of the Republic of Armenia.
- 2.13. The Parties hereby acknowledge and accept that the Loan interest rate has been set taking into account the Borrower's creditworthiness and responsibility for the proper fulfillment of obligations, and hereby agree that the Bank shall have the right to increase the annual interest rate of the Loan by 1 (one) percentage point each time the Borrower for the 1st, 2nd and 3rd time fails to make loan repayments within the period specified in the Agreement for 10 (ten) or more days in a row following the deadline specified in the Loan Repayment Schedule, provided that the amount of overdue liability (the unpaid loan amount and/or the interest amount or their total) exceeds AMD 10,000 (ten thousand).

In the event that the Borrower has subjectively classified loan liabilities in the Bank and/or other banks and/or credit organizations, the Bank has the right to unilaterally increase the annual interest rate of the Loan and set it up to twice the bank reference interest rate set by the Central Bank of the Republic of Armenia. The Creditor shall notify the Borrower of the change made to this clause within 7 days after the change.

After increasing the interest rate in accordance with the procedure specified in this clause, the Bank has the right to unilaterally reduce the interest rate based on the Borrower's application,

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<sup>1</sup> Moreover, the aforementioned expenses are subject to confiscation by the Bank regardless of the fact that the Borrower or any third party voluntarily fulfils the main obligation after the expense is incurred.

if the Loan has been repaid without any delays for 6 (six) consecutive months after the interest rate increase.

- 2.14. The Creditor/Bank may unilaterally change the loan interest rate, commission fees, service fees and the conditions stipulated by the Rules by notifying the Borrower and the Guarantor thereof 7 (seven) business days in advance in the manner selected under the Agreement. Moreover, in case of a change in the interest rate calculated using the IBRR component, the fixed interest rates included in the interest rate calculation shall be changed accordingly, for example, if the Loan interest rate is set in the Agreement as IBRR plus 3 percent, then if the interest rate increases by 2 percentage points, it will be changed and set as IBRR plus 5 (3%+2%). This clause does not regulate the procedure for changing IBRR.
- 2.15. The IBRR interest rate is a variable value that enters into force 30 calendar days after its publication on the Bank's official website ([www.idbank.am](http://www.idbank.am)).
- The reference interest rate of "ID Bank" CJSC (IBRR), the calculation methodology, as well as the frequency of changes are published on the official website of the Creditor/Bank: (<http://www.idbank.am/retail/IDBank-reference-rate-ibrr/>)
- 2.16. In the event of a unilateral change by the Bank of the payments specified in the Loan and interest repayment schedule (a part thereof), the Bank shall notify the Borrower in writing (by sending an e-mail, if provided for in the Agreement), attaching the amended Loan repayment schedule, and the Borrower shall unconditionally undertake to make the relevant payments in accordance with the amended repayment schedule. The amended repayment schedule shall be an integral part of the Agreement from the moment of its sending to the Borrower.
- 2.17. By concluding the Agreement, the Borrower gives his unconditional consent to the fact that the Creditor has the right to, in case of non-fulfillment or improper fulfillment of the obligations set forth in the Rules and the Agreement, without additional notice, charge the Borrower's accounts with an amount corresponding to the amount of the debt. In this case, the Bank charges the account without notice at the end of the banking day for making payments under the Loan repayment schedule provided for in the Agreement. Moreover, the amount of the obligations is charged without notice from the Borrower's account in the currency in which the Loan was provided, and in case of absence or insufficiency of funds in it, from other currency accounts at the Bank's choice, in which case the currency conversion is conducted at the relevant exchange rate in effect at the Bank at that time.
- 2.18. The actual annual interest rate and total cost are calculated as of the date of signing the Agreement, are indicative and may change during the term of the Agreement due to the repayment of the amounts used and interest by the Borrower during the grace period, as well as changes in the elements included in its calculation.
- 2.19. The **Bank's request for early fulfillment** of obligations or a change in the interest rate does not deprive the Bank of the right to apply any liability measures provided for by the Agreement and/or the Rules to the Borrower for the relevant violation.

### 3. RIGHTS AND OBLIGATIONS OF THE PARTIES

#### 3.1. *The Borrower shall have the right to:*

- 3.1.1. repay the Loan early, fulfilling all monetary obligations to the Bank specified in the Agreement during its validity, in addition, the Bank has the right to demand from the Borrower a lump-sum

penalty in the amount specified in this Agreement (the penalty is not applicable in the case of Loans of agricultural purpose up to AMD 5,000,000 or its equivalent in foreign currency and loans provided to micro-commercial organizations and individual entrepreneurs as defined in the RA Law "On State Support for Small and Medium entrepreneurship").

- 3.1.2. receive information from the Bank on the movement/repayment of the loan,
- 3.1.3. unilaterally terminate this Agreement without any reason within 7 (seven) business days following its conclusion (thinking time), returning the loan amount received in full and paying interest calculated in accordance with the annual actual interest rate provided for in this Agreement (applies to agricultural loans up to AMD 5,000,000 or its equivalent in foreign currency and loans provided to micro-commercial organizations and individual entrepreneurs as defined in the RA Law "On State Support for Small and Medium entrepreneurship").
- 3.1.4. receive the information specified in Parts 1 and 2 of Article 17 of the RA Law on Consumer Crediting in writing in the manner specified by the Borrower (applies to agricultural loans up to AMD 5,000,000 or its equivalent in foreign currency provided to micro-commercial organizations and individual entrepreneurs as defined in the RA Law "On State Support for Small and Medium entrepreneurship").

**3.2. *The Borrower shall be obliged to:***

- 3.2.1. repay the Loan and the interest accrued thereon, as well as other amounts payable to the Bank, within the terms specified in the Agreement without objection and without recalling it, to compensate for the court costs related to the debt collection, as well as penalties calculated for the failure or improper performance by the Borrower of the obligations provided for by this Agreement, and other expenses incurred by the Bank.
- 3.2.2. use the Loan exclusively for the purpose specified in the Loan Agreement.
- 3.2.3. direct the proceeds from its activities as a priority to the fulfillment of the obligations assumed under this Agreement.
- 3.2.4. complete and submit the accounting report form provided by the Bank regarding itself and/or its affiliated persons if the Borrower does not maintain accounting records or the existing records do not satisfy the Bank for assessing the Borrower's financial condition/position.
- 3.2.5. perform the obligations stipulated in Appendix "Additional Rights and Obligations" (if such is concluded),
- 3.2.6. with each financial report provided to the Bank, undertake to provide the Bank with a statement of financial performance/indicators, which will contain calculations proving the maintenance of financial performance by the Borrower and the guarantors. Moreover, each financial report/statement provided by the Borrower to the Bank must be prepared using the principles used to prepare the previous financial report. In the event that the principles for preparing financial reports have changed, the Borrower must inform the Bank thereof, indicating a detailed description of the changed principles for preparing financial reports and the period of application of these principles, also indicating the necessary information (in the necessary detail) that will help the Bank objectively analyze and assess the financial condition/position of the Borrower (guarantor).

- 3.2.7. provide the Bank with information about cases being examined in the proceedings of the courts of general jurisdiction of the Republic of Armenia or arbitration courts/tribunals, in which the Borrower acts as a respondent/debtor with a claim for the seizure of funds or an application for voluntary/compulsory bankruptcy, or about the occurrence of such events that may have a negative impact on the activities, status, solvency of the Borrower and worsen its financial position, both in the Republic of Armenia and abroad, as well as to inform about the measures taken by it to eliminate the consequences of the aforementioned events. The information specified in this sub-clause must be submitted to the Bank immediately from the moment the Borrower became aware of it or should have been aware of it.
- 3.2.8. immediately inform the Bank of any breach of its obligations from the moment the Borrower became aware of it or should have been aware of it
- 3.2.9. provide the Bank/new creditor (Assignor) with all relevant necessary information and documents (in the case of an individual entrepreneur borrower, this clause shall apply to the extent applicable to an individual entrepreneur) in the event that the Bank or the new creditor (Assignor) becomes obliged to verify the Borrower's data as a result of a change in applicable legislation or a change in the organizational and legal form of the Borrower or in the ratio of voting shares (shares) or as a result of the Bank's assignment of any or all claims arising from the Agreement.
- 3.2.10. inform the pledgers and guarantors thereof in the event of changes in the credit obligations assumed under the Agreement (interest rate, schedule, etc.).
- 3.2.11. obtain and maintain in a timely manner all corporate decisions, permits, approvals, and agreements that are necessary in accordance with applicable law to timely and properly fulfill its obligations under the Agreement, as well as to ensure the ability to use the Agreement as evidence in court.
- 3.2.12. ensure compliance with the requirements of environmental protection legislation.
- 3.2.13. promptly notify the Bank of:
- 3.2.13.1. administrative proceedings initiated against it by a state body exercising environmental supervision, also providing the Bank with copies of all documents related to the administrative proceedings.
- 3.2.13.2. all circumstances that may reasonably be considered grounds for the state body exercising environmental supervision to initiate administrative proceedings against it.
- 3.2.14. fulfill all its tax obligations and pay all mandatory payments in a timely manner and in accordance with the established procedure, except for those tax obligations that are disputed by the Borrower.
- 3.2.15. in the event of other monetary obligations, fulfill the obligations to the Bank in the same order as the rest, except for cases where the law provides for a different sequence of satisfaction of obligations.
- 3.2.16. for the purpose of conducting inspections/monitoring by the Bank's representatives, allow unhindered access to its service, production, storage and other premises, support, assist in their work, provide all necessary documents, tax and accounting reports (paper and electronic),



organize meetings with management bodies, etc. Moreover, the terms and frequency of inspections are determined by the Bank unilaterally and without coordinating them with the Borrower.

3.2.17. without the Bank's prior written consent, not conduct such transactions (one or more interconnected) (including not to issue consents for unnotified collection from its accounts), as a result of which 10 percent or more of its assets are burdened. For the purposes of this clause, interconnected transactions are considered to be two or more transactions with the same subject within a three-month period, which are concluded with the same counterparty or a person affiliated with this counterparty. For the purposes of this clause, related/affiliated parties are defined in accordance with Part 1 of Article 8 of the RA Law "On Banks and Banking". The prior written consent provided for in this clause is required every time when the asset load/burden exceeds 20, 30, 40, 50, 60, 70, 80, 90 and 100 percent, respectively.

3.2.18. during the term of the Agreement, not make any changes to the legal address, permanent (actual) address of activity, banking requisites, organizational and legal form, constituent documents, powers of managers/management bodies (or replacement of managers) without notifying the Bank in writing no later than 10 (ten) days after the occurrence of the specified events.

### **3.3. *The Bank shall have the right to:***

3.3.1. refuse to provide the Loan to the Borrower, as well as to unilaterally review the essential terms of the provided Loan under the Agreement (amount, repayment period, annual interest rate, Loan currency, etc.) or demand partial or full early repayment of the Loan (moreover, in the event of a request for full early repayment of the Loan, the entire loan amount is considered overdue), or terminate the Borrower's right to use the unused portion of the credit line or overdraft if:

3.3.1.1. the requirements of the Agreement have been violated or not fulfilled by the Borrower,

3.3.1.2. the Loan has been used by the Borrower for an unintended purpose,

3.3.1.3. the documents submitted by the Borrower that have legal significance and serve as the basis for the provision and monitoring of the Loan has been found unreliable, false (altered, edited, untrue), and the assurances and guarantees provided by the Borrower under the Agreement were incorrect, unreliable or misleading,

3.3.1.4. there are circumstances or documents that actually substantiate the insolvency (bankruptcy) of the Borrower, including (but not limited to):

- a. there are grounds for balance sheet insolvency according to the RA Law "On Bankruptcy",
- b. there is a situation of actual insolvency according to the RA Law "On Bankruptcy",
- c. the Borrower applied for bankruptcy in accordance with the RA Law "On Bankruptcy",
- d. if the Borrower is a bank or a credit organization and there are grounds for insolvency provided by the RA Law "On bankruptcy of banks, credit organizations, investment companies, investment fund managers and insurance companies".

3.3.1.5. the Borrower has overdue obligations towards the bank, other banks, credit or other organizations, or the state budget or any third parties,

3.3.1.6. the Borrower's bank accounts have been blocked or arrested,



- 3.3.1.7. the means of ensuring the performance of the Borrower's obligations under the Agreement have been lost or damaged or devalued in any other way, their storage conditions have deteriorated, or the ownership rights to them have ceased in accordance with the law, and they have not been restored or replaced by adequate security measures within 10 (ten) days from the moment the Bank submits a claim,
- 3.3.1.8. other conditions stipulated in the Agreement for ensuring the performance of the agreement have been violated,
- 3.3.1.9. the guarantee Agreements, guarantees or insurance certificates (policies), being the security for the Agreement, have for any reason lost their validity, including those that have been declared invalid, or which, according to the Bank, can no longer be considered as a full means of security of the Agreement (of the guarantor, warranty issuer or bankruptcy of the insurance company, non-fulfillment of cash obligations by the latter to other creditors, etc.),
- 3.3.1.10. claims have been filed against the Borrower, the amount of which is more than 25 % (twenty-five) of the balance sheet value of the Borrower's total assets (for an individual entrepreneur borrower, more than 25 % (twenty-five) of the total amount of loans provided on the basis of this agreement),
- 3.3.1.11. compulsory confiscation actions have been conducted against the Borrower's property or any type of restrictions (seizures, arrests) have been applied,
- 3.3.1.12. the Borrower has reduced the size of its authorized capital, has ceased its activities, or has significantly changed the nature of the activities when signing the Agreement (in the case of individual entrepreneur borrowers, this clause shall apply to the extent applicable to an individual entrepreneur),
- 3.3.1.13. the Borrower's operations have been hindered by the loss of ownership of any property owned by it,
- 3.3.1.14. any license, patent or other permission granted to the Borrower (hereinafter referred to as "License") has lost its validity or the activity carried out on the basis of the License has been limited in any way, or the License granted to the Borrower has undergone such changes that it does not enable the Borrower to continue its activities under the same conditions and volumes,
- 3.3.1.15. a tense political situation has been created in the Republic of Armenia, the Republic of Armenia has entered into a declared or undeclared war, large-scale military operations; rebellions or other political disturbances have occurred, except if these events do not have a significant impact on the Borrower's proper performance of its obligations under the Agreement,
- 3.3.1.16. a decision on reorganization, liquidation or insolvency has been made by the relevant body of the Borrower's management, or such events have occurred which, according to the current legislation, may cause such consequences,
- 3.3.1.17. as a result of changes made to the composition of the Borrower's participants (shareholders, members), in their shareholding ratio, any Agreements concluded with third parties or other circumstances, other persons than those who had decision-making rights at the time of signing the Agreement, receive decision-making rights in the Borrower's management bodies,
- 3.3.1.18. the Bank has reliable information that indicates the possible occurrence of such events that may significantly worsen the Borrower's financial situation or make it impossible for the Borrower to fulfil its obligations under the Agreement,

- 3.3.1.19. the Borrower takes measures to resolve (dispute) any Agreement concluded with the Bank, including by court order,
- 3.3.1.20. performance of any obligation imposed on the Borrower under this Agreement or Agreements concluded on its basis, as well as concluded for the purpose of ensuring the Agreement's execution, becomes impossible due to its illegitimacy,
- 3.3.1.21. this Agreement or Agreements concluded on its basis, as well as concluded for the purpose of ensuring the Agreement's execution is declared invalid or unsigned,
- 3.3.1.22. the Borrower's auditors have issued an opinion with reservation on any of the Borrower's financial statements,
- 3.3.1.23. insurance Agreement for the property mortgaged for the security of fulfillment of the obligations assumed by the Agreement, was not concluded, or the term of the mortgaged property insurance Agreement was not extended, or the beneficiary of the insurance Agreement was changed by the insurer (in case of a mortgaged property insurance claim).
- 3.3.1.24. the Bank's unconditional rights to verify the intended use of the Loan provided for under the Agreement were obstructed by the Borrower. Moreover, in the terms of the Agreement, any prohibition, violation, omission by the Borrower of the use of the rights reserved to the Bank, non-provision of information or provision of unreliable information, etc., is considered an obstacle.
- 3.3.1.25. an application is filed for declaring the Borrower or its founder bankrupt (compulsory or voluntary),
- 3.3.1.26. the Borrower or its founder are involved as a suspect or accused in any criminal case or in case of criminal prosecution against the latter,
- 3.3.1.27. the Borrower fails to fulfill and/or timely fulfill tax obligations
- 3.3.1.28. the demand for confiscation of an amount exceeding AMD 1 million against the Borrower or its founder is satisfied,
- 3.3.1.29. a court verdict regarding the imprisonment of the Borrower's founder is in place, in case of finding him guilty under the criminal or civil code in court, as a result of which the demand will exceed AMD 1 million, or there will be a decision of imprisonment,
- 3.3.1.30. transactions with money laundering typologies are conducted, or the Borrower appears on money laundering lists,
- 3.3.1.31. there are 30 or more days overdue on liabilities with the Bank during the last year,
- 3.3.1.32. there is classification in another financial organization,
- 3.3.1.33. a loss by the Borrower in the previous period in the income tax and/or audit report is recorded,
- 3.3.1.34. the Borrower's equity compared to the previous reporting period is decreased, according to the income tax and/or audit report,
- 3.3.1.35. the activity of the Borrower legal entity /individual entrepreneur/ is terminated/temporarily suspended/ according to the Agency for State Register of Legal Entities of the RA MoJ,
- 3.3.1.36. the activity of the Borrower legal entity /individual entrepreneur/ is terminated/temporarily suspended/ according to the RA SRC,
- 3.3.2. unilaterally change the material terms of the Loan, including but not limited to the Loan interest rate and currency, or require early partial or full repayment of an existing obligation or terminate the Borrower's right to use the unused part of the credit line or overdraft in the following cases:

- 3.3.2.1.fluctuation of the US dollar exchange rate published by the Central Bank of the Republic of Armenia by more than 5 (five) percent compared to the moment of signing this Agreement,
- 3.3.2.2.fluctuation of the Russian ruble exchange rate published by the Central Bank of the Republic of Armenia by more than 10 (ten) percent compared to the moment of signing this Agreement,
- 3.3.2.3.revocation of the license of any commercial bank of the Republic of Armenia by the Central Bank of the Republic of Armenia,
- 3.3.2.4.increase of the published unemployment rate of the Republic of Armenia by more than 10 (ten) percent,
- 3.3.2.5.change of the mandatory reserve ratio and/or Lombard REPO interest rate of funds attracted in foreign currency set by the Central Bank of the Republic of Armenia
- 3.3.2.6.a decrease in the RA GDP,
- 3.3.2.7.decrease of the published indicator of money transfers made to the Republic of Armenia from abroad by more than 10 (ten) percent,
- 3.3.2.8.declaration of war or military operations in the Republic of Armenia or neighboring countries/territories,
- 3.3.2.9.declaration of a state of emergency by the Government of the Republic of Armenia,
- 3.3.2.10. calling early parliamentary elections in the Republic of Armenia
- 3.3.2.11. fluctuation of the published base interest rate used as the basis for the floating interest rate published by the Bank by more than 2 (two) percentage points within one year, /applies in case of floating interest rate/
- 3.3.2.12. increase in the published prices of oil (BRENT) and gold in the international market by more than 20 (twenty) percent compared to the moment of signing this Agreement in case of fluctuation,
- 3.3.2.13. increase of the bank interest reference rate set by the Central Bank of RA by 1 (one) percentage point,
- 3.3.2.14. depreciation of the loan currency by 5 (five) percentage points,
- 3.3.2.15. cessation of income serving as the basis for calculating income (assessment of the Borrower's creditworthiness) for providing the loan,
- 3.3.2.16. increase in credit resources attracted by the Bank (including those refinanced by other lenders) by 0.5 (zero point five) percentage points or termination of refinancing,
- 3.3.2.17. increase in the three-month LIBOR or EURIBOR interest rate in the interbank market of credit resources by 1 (one) percentage point (if the loan is in foreign currency).

Notice: the change in the amount of the bank interest reference rate set by the Central Bank of the Republic of Armenia, the mandatory reserve norm for funds involved in foreign currency, the interest rate of the pawnbroker REPO, as well as the change in the currency of the loan can be found on the website [www.cba.am](http://www.cba.am), and the interest rate in the interbank market of credit resources (LIBOR or EURIBOR) ) to the change on [www.global-rates.com](http://www.global-rates.com) and [www.euribor-rates.eu](http://www.euribor-rates.eu) respectively.

Moreover, the Bank shall notify the Borrower of any change in the interest rate or currency of the Loan specified in this clause at least 15 (fifteen) calendar days prior to the date of change in the essential terms.

- 3.3.2.18. In the event of a change in the ratio of the Loan to the Collateral as a result of changes in the market (including currency), in particular, if the values of the Loan and

Collateral become equal or the Loan amount exceeds the value of the Collateral (the Loan value also includes the interest calculated on it), at any time and without additional notice, collect an amount corresponding to the amount of the debt from the collateral funds (margin call) (applies in the case of collateral funds).

3.3.3. The Bank has the right to take the following actions at any time in case of violation of the obligations set forth in the Agreement and the Rules, as well as in case of an emergence of any of the circumstances specified in paragraphs 3.3.1. and 3.3.2 of the Rules:

Inform the Borrower by written notice about the repayment of the Loan, and declare the funds provided to the Borrower under the Agreement and not repaid by him as overdue (expired) and subject to immediate payment (refund), after which they become such, the interest accrued on them (including penalties and fines) shall be calculated in the manner prescribed for overdue loans.

Moreover, once the Borrower's monetary obligations to the Bank arise, the Borrower reserves the right to the Bank to write off the amounts payable to the Bank, i.e. the amounts for its obligations, the terms of which have expired, from all the bank accounts with the Bank and other banks, without a written instruction from the Borrower. The Borrower instructs, and the Bank undertakes, to convert (buy/sell foreign currency) the specified currencies into the currency corresponding to the Loan, in the event of the availability of funds in the relevant accounts of the Borrower with the Bank that differ from the Loan currency.

3.3.4. **Demand** from the Borrower provision of information and documents confirming the purposeful/intended/targeted use of the Loans, his financial and economic situation, the security of the Loan and other circumstances stipulated by the Agreement, at intervals acceptable to the Bank.

3.3.5. **Monitor** all accounts and other financial resources of the Borrower during the term of the Agreement.

3.3.6. In case of violation of any provision of the Agreement or these Rules by the Borrower, failure to fulfill or partial fulfillment of obligations by the Borrower within the terms stipulated by the Agreement, **take all necessary actions** stipulated by the legislation of the Republic of Armenia and the Agreement (seizure of accounts, realization of collateral, termination of further crediting, submission of a demand for early repayment of the entire Loan amount, etc. without prior notice) to ensure the fulfillment of the Borrower's obligations.

3.3.7. In case of failure to fulfill or partial fulfillment of obligations by the Borrower on time, **provide** the court with information on the Borrower's accounts in accordance with the procedure prescribed by law, based on the need to protect its rights and legitimate interests.

3.3.8. IN CASE OF FAILURE TO FULFILL OR PARTIAL FULFILLMENT OF OBLIGATIONS BY THE BORROWER WITHIN THE TIME PERIODS SET FORTH IN THE AGREEMENT OR THE OBLIGATION TERMS **UNDER THE SCHEDULE, PROVIDE** THE CREDIT BUREAU WITH SUCH INFORMATION ABOUT THE BORROWER WITHIN 3 (THREE) WORKING DAYS.

3.3.9. Transfer (assign) the right (claim) belonging to him under the Agreement to another person without the consent of the Borrower. The Borrower hereby confirms that in the case of crediting under these rules/terms, the Creditor's person has no significance for him.

### 3.4. During the term of the Agreement, the Bank shall be obliged to:

3.4.1. Implement the Loan formalities in accordance with the terms of the Agreement, keep records of the Loan movement, repayments, and interest payments in a timely and prescribed manner, and provide the Borrower with the necessary information upon request.

3.4.2. Maintain the confidentiality of this Agreement in accordance with the procedure established by the legislation of the Republic of Armenia.

3.4.3. Not less than every 30 days, submit to the Borrower the mandatory information envisaged by the RA Law "On Consumer Crediting" and other legal acts, hereinafter referred to as "Mandatory Information", in the manner preferred by the Borrower (applies to loans provided to micro-commercial organizations and individual entrepreneurs in the amount of up to AMD 5,000,000 or equivalent in foreign currency, as defined in the RA Law "On State Support for Small and Medium entrepreneurship").

#### 4. GUARANTEES AND ASSURANCES

##### 4.1. Signing the Agreement, the Borrower declares and guarantees that:

- it has the unconditional right and full powers to own, use, dispose of its property, assets and income and to conduct activities in his/her current status, as well as to conduct activities in accordance with applicable legislation,
- has full legal capacity, has the right to conclude the Agreement, as well as to perform other obligations stipulated by the Agreement; and all corporate decisions, permits, approvals, agreements, licenses, privileges, state registration certificates, notarial certifications necessary for concluding the Agreement have been adopted by the Borrower, the specified documents have been signed by the governing bodies of the Borrower and other officials (participants, shareholders, chairman and members of the board, head of the executive body, members or other authorized persons) having the authority thereto and correspond to reality,
- the Agreement is legal, valid and binding for the Borrower, as well as in accordance with the terms of the Agreement and the current legislation of the Republic of Armenia, the Borrower may be compelled to fulfill the obligations assumed under the Agreement in a mandatory manner,
- the Agreement is drawn up in such a way that it is possible to perform its execution in a mandatory manner stipulated by the legislation of the Republic of Armenia,
- the Borrower conducts his activities in accordance with any applicable legislation, without any legislative violations, if there are violations, they cannot, in the opinion of the Creditor/Bank, cause adverse consequences. The Borrower fulfills his tax obligations and submits reports in accordance with the procedure and within the deadlines prescribed by law.
- the obligations assumed and subject to execution by the Borrower under the Agreement do not cause:
  - a) violation of any provision of the Borrower's founding documents and internal legal acts,
  - b) violation of any rights granted by the Borrower to third parties, or
  - c) violation of any judicial or administrative act,
  - d) violation of the provisions of the current legislation of the Republic of Armenia,
- there is no judicial, arbitration or administrative decision(s) made to confiscate funds or other property from the Borrower, the price or value of which exceeds 25% of the balance sheet value of the Borrower's total assets, and which may have negative consequences for the performance of the Borrower's obligations under the Agreement,

- the conclusion of the Agreement by the Borrower does not cause the Borrower to breach any of his/her other obligations, as well as there are no other circumstances or obligations that imply a breach of any of his/her obligations and which prevent or are reasonably believed to prevent the Borrower from fulfilling the Agreement execution,
- no notarial certifications or state or non-state registrations are required for the conclusion of the Agreement, except for:
  - a. notarial certification of real estate pledge agreements concluded to secure the execution of the Agreement and state registration of the pledge rights arising from these agreements with the state registration body for property rights,
  - b. state registration of the rights arising from pledge agreements concluded to secure the execution of the Agreement on movable property (including company shares) with the state registration agency (or relevant body),
  - c. registration with the relevant account operator of the right to pledge securities concluded to secure the performance of the Agreement.
- the financial statements for the last reporting period submitted by the Borrower to the Creditor/Bank:
  - a. are prepared in accordance with the legislation of the Republic of Armenia,
  - b. in all material respects reflect the actual financial position of the Borrower as of the date of issue, except if otherwise provided in the financial statement.
- since the date of preparation of the financial statement referred to in this section, no events have occurred that have significantly changed the financial position of the Borrower,
- no third party application has been received by any court to declare the Borrower bankrupt (insolvent) and/or to initiate bankruptcy proceedings against the Borrower, no decision has been made by the Borrower on voluntary bankruptcy (insolvent), no decision has been made by a competent court to declare the Borrower bankrupt (insolvent) or on financial rehabilitation, no temporary administrator or manager has been appointed in bankruptcy proceedings against the Borrower and there are no other similar actions and measures,
- the reports, accounting and other documents and information provided by the Borrower to the Bank are reliable, complete and correct, and the Borrower has not concealed any circumstances that, if disclosed, could have a negative impact on the Bank's decision to provide a loan to the Borrower in accordance with the terms of the Agreement. Moreover, after the provision of the information specified in this section, no circumstances have arisen that have significantly changed the information submitted to the Bank and the actual state of the Borrower's financial condition, as well as the Borrower has not incurred any liabilities, the disclosure of which would make the information submitted to the Bank unreliable or not objectively reflect the Borrower's financial condition,
- the Bank has the right of priority satisfaction with respect to the pledge provided to ensure the performance of the Agreement; and no third party has the right of priority confiscation with respect to such pledge,

- no state mandatory payments or taxes are required for the conclusion of the Agreement, except for:
    - a. the state duty and registration fee for the state registration of secured rights to movable property (if any),
    - b. the state duty and registration fee for the state registration of the pledge right to real estate,
    - c. account operator fees for the registration of pledge of shares and other securities,
    - d. fees for notarial certification of collateral agreements.
  - the requirements of the RA legislation on procurement are not applicable to the Agreement,
  - the Borrower complies with the provisions of the RA legislation (including the regulatory legal acts of the Central Bank of the RA) for the reserve standards and norms imposed on financial organizations (applicable if the Borrower is a financial organization),
  - the Central Bank of the Republic of Armenia has not issued any unfavorable administrative acts against the Borrower for violation of reserve norms standards) (applicable if the Borrower is a financial organization).
- 4.2. The assurances and guarantees envisaged in these Rules are provided by the Borrower as of the date of the Agreement, except for cases when any specific assurance and guarantee is given as of a specific time and for a specific period. The Borrower acknowledges that the Bank concludes the Agreement based entirely on his/her assurances and guarantees made in this section, and the Borrower shall be fully responsible for the consequences of any failure to comply with the reality of any provision of this section (including partially or completely invalidating the Agreement).
- 4.3. During the entire term of the Agreement, the assurances and guarantees contained in this section must be correct, reliable and correspond to reality.
- 4.4. The Parties guarantee that the Agreement shall be valid and binding upon them and their successors, regardless of any circumstances, as well as any claim by third parties to declare the Agreement invalid. The Parties guarantee that they will not take any steps to declare the Agreement invalid and will insist in any court of law that the Agreement is entirely valid for them.

## 5. SECURING THE FULFILLMENT OF OBLIGATIONS WITH A GUARANTEE

- 5.1. In the event of securing the Loan with a Guarantee, the following conditions shall apply:
- 5.1.1. The Guarantor, by concluding the Agreement or the Guarantee Agreement, undertakes to bear joint liability to the Creditor with all property and funds belonging to him by right of ownership for the proper performance of the obligations assumed by the Borrower under the Agreement.
  - 5.1.2. If a natural person Guarantor does not declare in the Agreement that he is an affiliated person under the conditions specified in the Agreement, then the Guarantor undertakes to bear subsidiary liability to the Creditor with all property and funds belonging to him by right of ownership for the proper performance of the obligations assumed by the Borrower under the Agreement.



- 5.1.3. The Creditor's claim secured by the Guarantee at the time of actual satisfaction includes the principal amount of the loan, interest, service fees and commissions, penalties and damages, expenses related to debt collection.
- 5.1.4. The Guarantor bears liability to the Creditor to the same extent as the Borrower, including the principal amount of the Loan, interest, service fees and commissions, penalties and damages, expenses related to debt collection, etc.
- 5.1.5. The Guarantor shall be obliged to pay all unpaid amounts of the Borrower within 10 (ten) business days after receiving the Bank's payment demand/request in case of non-fulfillment of the Borrower's financial obligations under the Agreement. In case of non-fulfillment of the obligations specified in the Agreement, the Guarantor reserves the right to the Bank to collect all amounts payable to the Bank by the Borrower from the funds without objection and without prior notice. Moreover, the sum corresponding to the amount of the obligations shall be collected without notice from the Guarantor's account in the currency in which the Loan was provided, and in case of absence or insufficiency of funds in it, from other currency accounts at the Bank's choice, in which case the currency conversion shall be conducted at the relevant exchange rate in force at the Bank at that time.
- 5.1.6. By concluding the Agreement or the Guarantee Agreement, the Guarantor acknowledges and accepts that in the event of the Borrower's failure to fulfill or improper fulfillment of any obligation stipulated by the Agreement, as well as if the Loan is provided within the framework of any program financing, in the event of the refinancing organization not providing refinancing, changing the terms of refinancing or terminating refinancing or requesting the return of the Loan amount, using the Loan for purposes other than its intended purpose by the Borrower, as well as in other cases provided for by the legislation of the Republic of Armenia, the Agreement and the Rules, the Bank has the right to demand early repayment of the Loan or, without the prior consent of the Borrower, to revise the provisions and (or) terms of the Agreement, including the amount of interest accrued on the Loan balance, by accruing up to twice the bank interest rate set by the Central Bank of the Republic of Armenia on the Loan balance.
- 5.1.7. In the event that the rights and obligations of the Borrower are transferred to the heirs (successors) by general succession, the Agreement, in terms of the guarantee, is considered to be concluded to ensure the fulfillment of the obligations assumed by the Borrower's heirs (successors) under the Agreement (transferred to the successors).

## 6. LIABILITY

- 6.1. In case of partial or full repayment (repayment) of the Loan and interest amount by the Borrower or violation of the obligations arising from the Agreement, interest and/or penalties shall be calculated in the amount provided for in the Agreement and/or the Information bulletin until the overdue obligation is repaid.
- 6.2. The Borrower shall be liable for any unreliable or false or fabricated or distorted information provided to the Bank and shall pay a fine in the amount of 1 (one) percent of the Loan amount for each case.
- 6.3. Payment of the penalty (fine and penalty) and interest shall not exempt the Borrower from fulfilling its obligations, nor shall it in any way limit the Bank's right to demand early fulfillment of obligations.
- 6.4. The Borrower is responsible for failure to fulfill or improper fulfillment of the obligations assumed under the RA legislation and the Agreement, regardless of the absence of fault and (or) the impact of

force majeure, extraordinary and unavoidable circumstances. With the written consent of the Bank, the relevant terms specified in the Agreement may be extended for the period of force majeure. The Borrower may be exempted exclusively from the obligation to pay penalties and fines, but not from the fulfillment of the obligations assumed under the Agreement.

- 6.5. In case of failure to fulfill or improper fulfillment of the obligations assumed under the Agreement, the Borrower undertakes to compensate the Bank for all types of additional expenses incurred by the Bank.
- 6.6. The maximum annual amount of the penalty specified in the Agreement may not exceed four times the bank interest rate set by the Central Bank of the RA, unless otherwise provided by law. The total amount of all penalties specified in the Agreement may not exceed the principal amount of the debt at that moment.

## 7. COMMUNICATION

- 7.1. Any written notice or communication sent by the Parties under the Agreement shall be made in Armenian, and in the case of a non-resident Borrower, in another language by agreement of the Parties.
- 7.2. Any claim, notice or other communication required or envisaged by the Agreement, which does not imply the provision of information subject to mandatory submission under the legislation of the Republic of Armenia, shall be deemed to have been duly sent if it is signed by an authorized person and sealed (if any) and delivered to the addressee in person by courier (other third party), or by registered mail to the addresses specified by the Parties under the Agreement, or it is sent electronically to the last known email address of the Borrower or submitted through the Bank's online systems.
- 7.3. The Borrower shall be obliged to immediately notify the Bank in writing of any changes to its data and other changes relating to the Agreement. The risk of all legal consequences of failure to notify the Bank of any changes shall be borne by the Borrower.
- 7.4. By concluding the Agreement, the Borrower gives consent to recording telephone calls between the Borrower and the Bank for reasons of proper service provision and security. These recordings have probative value and are used as admissible and proper evidence in the event of disputes between them.
- 7.5. By concluding the Agreement, the Borrower gives consent to making video and audio recordings when being serviced on the Bank's premises. These recordings (video recordings) have probative value and are used as admissible and proper evidence in the event of disputes between them.

## 8. RESOLUTION OF DISPUTES

- 8.1. Disputes and disagreements arising from the Agreement shall be resolved through the civil court of first instance of the city of Yerevan.
- 8.2. The Parties, exercising their right provided for in Article 297 of the Civil Procedure Code of the Republic of Armenia, agree that the examination of all disputes arising from the Agreement (regardless of the amount) shall be conducted in a simplified procedure.
- 8.3. By signing the Agreement, the Borrower confirms that he is aware of the features of the simplified procedure, and that the agreement provided for in this chapter is in his interests.

- 8.4. This clause shall apply if the Parties have not reached an agreement to resolve disputes through arbitration.
- 8.5. Anything not provided for in the Agreement or these Rules shall be regulated by the legislation of the Republic of Armenia.
- 8.6. Claims arising from this Agreement may be submitted to the Financial System Mediator, who resolves the dispute between the Parties in accordance with the procedure established by the RA Law "On the Financial System Mediator". Moreover, if the amount of the property claim does not exceed AMD 250,000 (two hundred fifty thousand) or its equivalent in foreign currency, the decisions of the Financial System Mediator cannot be challenged by the Bank (this clause applies to Borrowers considered micro-enterprise entities in accordance with the Tax Code of the Republic of Armenia).

## 9. FINAL PROVISIONS

- 9.1. This Agreement enters into force upon signing and shall remain in force until the term specified in the Agreement, but shall not end until the obligations stipulated in this Agreement are duly fulfilled.
- 9.2. These Rules are an integral and inseparable part of the Agreement.
- 9.3. These Rules are published on the Bank's website and may be amended unilaterally by the Bank from time to time. The amended Rules shall enter into force upon publication, unless the Bank sets a later date for the amendments to enter into force.
- 9.4. Amendments and/or supplements to the Agreement may be made by mutual agreement of the Parties, except for cases provided for in the Agreement and/or the Rules.
- 9.5. The Parties acknowledge that they maintain the highest standards of business ethics within the framework of their activities. The Parties expect from each other high intolerance towards corruption throughout the legal relationship. The Borrower hereby confirms that he/she has familiarized him/herself with the Bank's anti-corruption policy, which is available at the following link: [https://idbank.am/information/helpfull-information/PO-1300-0200-02\\_ARM.pdf](https://idbank.am/information/helpfull-information/PO-1300-0200-02_ARM.pdf). The Borrower hereby confirms that the Bank's anti-corruption policy is fully acceptable to him/her. The Parties also confirm that they will adhere to the current anti-corruption legislation of the Republic of Armenia and the Bank's anti-corruption policy.
- 9.6. The Parties, their affiliates, employees, as well as intermediaries and representatives who are directly or indirectly involved in the performance of the Parties' obligations shall not accept, pay, offer to pay and authorize (permit) the payment/acceptance of any type of cash or any transfer of benefits (including intangible), directly or indirectly, to any person in order to influence actions or decisions, including by circumventing the procedure established by law or pursuing other illegal purposes.
- 9.7. The Agreement contains all the agreements and understandings between the Parties and fully corresponds to their will.
- 9.8. During the term of the Agreement, amendments to the legislation of the Republic of Armenia and the regulatory acts of the Central Bank of the Republic of Armenia that apply to the terms of the Agreement shall be binding on the Parties.
- 9.9. In the event of any conflict between these Rules and the Agreement, the Agreement shall prevail, unless otherwise agreed by the Parties in writing.
- 9.10. In the event of any conflict between these Rules and the Information Bulletin, the Information Bulletin shall prevail, unless otherwise agreed by the Parties in writing



"ID BANK" CJSC CREDITING RULES FOR LEGAL  
ENTITIES AND INDIVIDUAL ENTREPRENEURS

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