

Approved by Resolution N
233/01-02.12.2024 of
Executive Board of ARMECONOMBANK OJSC
Dated 02 December 2024
Chairman of the Executive Board
A. Arakelyan

*Enters into force 03 December 2024
Terms and conditions included in Bulletin may have
changed.
For details please apply to the Bank*



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**INFORMATION BULLTIN
OF DOCUMENTARY OPERATIONS**

YEREVAN 2024

Documentary Letter of Credits:

The letter of credit provides an opportunity to reduce the risks for both the importer and the exporter.

The Bank has signed a number of agreements with leading international financial institutions, such as European Bank for Reconstruction and Development, Asian Development Bank and etc. Taking part in Trade Finance programs of the latter the bank has been granted by an opportunity to execute transfers with the banks of the countries joining the program expanding thereby the scope of cooperation.

The importer submits a relevant invoice/agreement/, which is studied by the bank in advance comparing with the issue terms of the letters of credit (currency, term, country).

It should be noted that the Bank can issue letters of credit in USD, EUR and RUR, other foreign currency –per deal. There are no minimum and maximum amount limits. After the study of the letter of credit and a positive conclusion thereof, the Bank compiles a draft of the letter of credit to be issued and submits it to the Importer's approval. At the request of the importer, it can be submitted to the approval of Exporter or to the bank of the Exporter.

After prior agreement with all the parties, the Bank concludes an appropriate agreement with the Importer, freezes the the amount set by the letter of credit available on the relevant account and issues the letter of credit.

The Notifying Bank notifies the Exporter about the letter of credit issued in the Exporter's favor after receiving the letter of credit through SWIFT system. The Exporter, after the fulfillment of his/her obligations within the terms set forth by the letter of credit, submits the documents required by the letter of credit to the the Executing bank until the deadline specified in the letter of credit.

The latter verifies the compliance of the documents with the requirements of the letter of credit and should they coincide, the previously frozen amount is unfrozen and transferred to the Exporter. The documents are sent to the Bank through special postal services. The Bank verifies the documents in its turn and should there be no discrepancy, sends them to the Importer.

As an additional guarantee, the bank can also offer the approval of the letters of credit by the other leading banks.

Should there be no sufficient monetary funds; the Bank may observe the provision of an appropriate coverage.

Commissions to be charged when executing the transaction, including the commission fees of intermediary banks, are charged in AMD by the Bank calculated at the exchange rate set by the RA CB for the given day.

Based on various consequences, additional documents and information may be required.

The service is rendered in all the branches of the Bank, with the exception of ROSSIA-1, ARARATYAN, NAIRI MC branches.

You are eligible to communicate with the financial institution through the means of communication you prefer- via mail or electronically. The receipt of information electronically is the most convenient. It is available round-the-clock, free from the risk of loss of paper information and ensures confidentiality.

Notification on a letter of credit	0.2% min AMD 50 000
Issue of letters of credit	0.2% min AMD 50 000 per quarter
Approval of a letter of credit by other Bank issued by ARMECONOMBANK OJSC	contractual
Approval of letters of credit by ARMECONOMBANK OJSC issued by other banks	contractual
Transfer of letters of credit	0.2% min AMD 50 000
Amendments of terms of a letter of credit	AMD 55 000
Cancelation of a letter of credit	AMD 55 000
Acceptance and verification of documents on letters of credit without discrepancies	AMD 50 000
Acceptance and verification of documents with discrepancies on letters of credit	AMD 70 000
Payments within the letter of credit per the submission of documents	0.2% min AMD 20 000, max AMD 50 000

Provision of an international guarantee :

In case of a bank guarantee, the Bank acts as a guarantor for the fulfillment of the obligations of its customer and pays the Beneficiary the amount envisaged by the guarantee at the relevant request.

The Bank can issue various types of guarantees - guarantee of payment, fulfillment of obligations, advance payment return, tender and so on.

As an additional guarantee, the Bank can also offer approval of guarantees by other leading banks. The Bank has signed a number of agreements with leading international financial institutions, such as European Bank for Reconstruction and Development, Asian Development Bank and etc. Taking part in Trade Finance programs of the latter the bank has been granted by an opportunity to execute transfers with the banks of the countries joining in the program.

The customer submits the appropriate agreement to the Bank, which is being studied by the Bank in advance comparing it with the terms of the issue of the guarantee /currency, term, country/. It should be noted that the Bank can issue bank guarantees in USD, EUR and RUR, other currency –per transaction.

After coming to a positive conclusion, the Bank compiles the draft of the guarantee and submits it to the approval of the Customer; at the request of the latter the bank can submit it to the approval of the Beneficiary and the bank of beneficiary. After the prior agreement with all the parties, the bank concludes an appropriate agreement with the client. The client pledges the relevant funds equal to the amount of the guarantee; afterwards the bank guarantee is issued. The Notifying Bank, after receiving the bank guarantee through SWIFT system, notifies the Beneficiary about the guarantee issued in the Customer's favor.

Should the customer fail to fulfill his/her obligations, after receipt of the request, the Bank pays the Beneficiary the maximum of the amount specified in the guarantee and starts a compensation process with its customer in compliance with the agreement signed with the customer.

The Bank can also provide international guarantees through paper carrier, without the third party, on the formal sample of the Bank notifying the bank of the beneficiary about the content of the guarantee through SWIFT system.

Commissions to be charged when executing the transaction, including the commission fees of intermediary banks, are charged in AMD by the Bank calculated at the exchange rate set by the RA CB for the given day.

Based on various consequences, additional documents and information may be required.

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Having monetary coverage	0.3% min AMD 30 000, max AMD 400 000
Not having monetary coverage	Contractual
Guarantee notice	0.2% min AMD 50 000
Amendments, cancelation of guarantee terms	AMD 55 000
Payment against the guarantee per the request of the approving bank	0.5% min AMD 100 000
Bank guarantee notification to other banks provided with paper carrier through SWIFT system	0.3% min AMD 50 000, max AMD 100 000

Documentary collection

The collection provides the Exporter an opportunity to receive the price of the product from the Importer against the documents submitted to the Bank.

In case of collection the Bank acts as an intermediary. In case of payments or acceptance by the Importer in favor of the Exporter, the Bank provides the Importer with the required documents.

The Bank may also carry out the remittance of the documentary collection in case of which the Exporter submits the appropriate documents to the Bank, which accepts and sends thereof in favor of the Beneficiary.

The Bank may render services of documentary collection in any currency and there are no limits on the minimum and maximum amount. Commissions to be charged when executing the transaction, including the commission fees of intermediary banks, are charged in AMD by the Bank calculated at the exchange rate set by the RA CB for the given day.

Based on various consequences, additional documents and information may be required.

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a/ Provision of documents against the payment or accept	0.2% min AMD 25 000, max AMD 60 000
b/ Accepting and sending documentary collection	0.2% min AMD 25 000 , max AMD 150 000
Amendments of the terms of the collection order, including cancelation	AMD 15 000
Payment of collection	0.2% min AMD 11000, max AMD 50 000

Commission fees and postal expenses of correspondent banks are additionally charged.

Should the amount of guarantee exceed AMD 5 000 000 (or equivalent foreign currency) – example of the calculation of the commission fee to be charged (in the example the guarantee is provided for 101 days)

$AMD\ 25\ 000 * 12/365 * 101 = AMD\ 83\ 013,6$