

AGREED SUPPLEMENTAL MINUTES OF NEGOTIATION
BETWEEN THE REPUBLIC OF ARMENIA AND THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT (the "Bank") REGARDING THE THIRD
DEVELOPMENT POLICY FINANCING

Negotiations for the Third Development Policy Financing (DPF-3) started on November 10, 2015 between delegations from the Bank ("Bank Delegation") and the Republic of Armenia ("Borrower Delegation") in Yerevan and Washington DC. via video conference; as reflected in the Minutes of Negotiation dated November 10, 2015 (attached as Attachment 8). Subsequently, negotiations continued virtually until November 13, 2015 and some modifications were introduced to the negotiation documents.

Therefore, these "Supplemental Minutes of Negotiation" are not a complete record of the negotiations, but are intended to supplement agreements reached at the November 10, 11, and 12 by incorporating further modifications, as follows:

Loan Financial Terms

Following the first date of negotiations, the Borrower submitted a new Loan Choices Worksheet indicating its preference for "Fixed Spread" (instead of Variable Spread) over reference Rate". Therefore, paragraph 13 of the original Minutes of Negotiation dated November 10, 2015 is replaced in its entirety by:

"13. Financing Terms. The proposed Loan for the Third Development Policy Financing (DPF-3) in the amount of US\$50 million will be an IBRD Flexible Loan (IFL) denominated in US Dollars with an interest rate based on a *fixed-spread* over the reference rate (6-month LIBOR) and commitment-linked level repayments with a final maturity of 25 years including a grace period of 14.5 years. The front-end fee is equal to 25 basis points and shall be financed out of the proceeds of the Loan. The Borrower selected all conversion options and elected to finance the premium on cap/collar from its own resources. The Borrower also selected the option to automatically fix the interest rate based on a fixed-spread over the reference rate to a fully fixed rate for each interest rate period. A commitment charge of one quarter of one percent (.25%) will be charged on the unwithdrawn loan amount. The commitment charge starts to accrue 60 days after the signature date of the Loan Agreement. The signed new Loan Choices Worksheet, dated November 11, 2015, is attached as Attachment 6 and the Amortization Schedule for the repayment of the Loan is attached as Attachment 7".

Fiduciary and Disbursement Arrangements:

Paragraph 7 of the original Minutes of Negotiation dated November 10, 2015 should replace the sentence "Within 30 days of the CBA account being credited, the Government will provide confirmation to the Bank that the amount of the Loan has been credited to the MoF's account at the CBA that is available to finance budgeted expenditures" with: "within 30 days of the date of receipt of the Loan amount, the Borrower will provide confirmation to the Bank that the amount

nk 



of the Loan has been credited to the MoF's account at the CBA that is available to finance budgeted expenditures."

Prior Actions

The Borrower's Delegation: a) confirmed to the Bank Delegation that all the amendments to the laws related to prior action # 11 were approved by the Armenian Parliament on November 12, 2015 and clarified the titles of said laws (as a result of which minor changes were introduced to the text of prior action # 11 in the Program Document and the Loan Agreement); and b) reiterated its commitment to provide all missing information on ratification/publication of laws related to prior actions # 6 and # 11 in the next days. In the meantime, the Bank is proceeding with internal clearance process with the understanding that the information will be incorporated as soon as it is available, in order to meet the Board date scheduled for December 9, 2015.

Letter of Development Policy

The Borrower's Delegation has submitted to the Bank the updated and signed Letter of Development Policy dated November 12, 2015 as agreed in the Minutes of Negotiation dated November 10, 2015.

Supplemental Letter

The standard supplemental letter regarding Financial and Economic data, applicable to all Bank operations according to Section 6.01 of the General Conditions is attached to these Supplemental Minutes of Negotiation as Attachment 5.

Confirmation and Acceptance of Documents: The Borrower Delegation and the Bank Delegation, by signing these minutes, confirm their acceptance of the documents that were revised following the corresponding confirmation/clarifications obtained in the last two days (including the revised Loan Agreement and revised Program Document, both dated November 12, 2015) as well as all the other documents attached to these Supplemental Minutes of Negotiation.

Signed in Yerevan, Armenia, and Washington DC, USA on November 13, 2015

For the Negotiating Team of the Bank

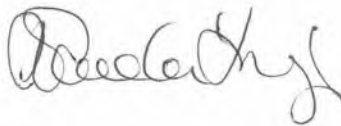


Gohar Gyulumyan

Senior Economist
Co-Task Team Leader of DPF-3

November 13, 2015

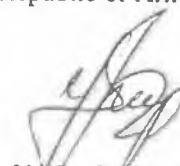
For the Negotiating Team of the
Republic of Armenia



Naoko C. Kojo

Senior Economist
Co-Task Team Leader of DPF-3

November 13
2015



Vache Gabrielyan

Vice Prime Minister,
Minister of International
Economic Integration and
Reforms,

Nov. 13, 2015

Annexes:

Annex 1: Delegations composition

Annex 2: Loan Agreement Draft dated November 12, 2015

Annex 3: Letter of Development Policy dated November 12, 2015

Annex 4: Policy and Results Matrix

Annex 5: Supplemental Letter

Annex 6: Loan Choice Worksheet dated November 11, 2015

Annex 7: Amortization Schedule

Annex 8: Minutes of Negotiation dated November 10, 2015.