

## “ABB Salary” and “ABB Salary +”

### INFORMATION BULLETIN

#### Terms and fee schedule for providing loans and credit lines to individuals based on net salary and equivalent payments

1	Main Terms & Conditions of the Loan/ Credit Line	
1.1	Place of loan execution	Branches of the Bank /Head Office
1.2	Client target group	Individuals having regular income/ certifying documents/proof of employment /, excerpt, contracts, agreements and corresponding to any of the segments specified in para 5.2 <sup>1</sup>
1.3	Currency	AMD
1.4	Type of the loan	<ul style="list-style-type: none"> <li style="width: 45%;"> <ul style="list-style-type: none"> <li>● Loan</li> <li>● Partially revolving credit line</li> </ul> </li> <li style="width: 45%;"> <ul style="list-style-type: none"> <li>● Revolving credit line</li> </ul> </li> </ul>
1.5	Nominal annual interest rate <sup>2</sup>	<ul style="list-style-type: none"> <li style="width: 45%;"> <ul style="list-style-type: none"> <li>● Segment A- 14.5%</li> <li>● Segment B -15%</li> <li>● Segment C- 15.5%</li> <li>● Segment D- 16%</li> <li>● Segment E 16.5%</li> </ul> </li> <li style="width: 45%; text-align: center;">19.5%</li> </ul>
1.6	Effective annual interest rate	15.7-23.1%
1.7	Type of interest rate	Fixed
1.8	Term	<ul style="list-style-type: none"> <li style="width: 45%;"> <ul style="list-style-type: none"> <li>● Loan- 6-60 months</li> <li>● Partially revolving credit line - 6-36 months</li> </ul> </li> <li style="width: 45%; text-align: center;">6-36 months</li> </ul>
1.9	Manner of calculating interest amounts	<ul style="list-style-type: none"> <li>● In case of loans the interest rate is applied to the reducing balance of the loan on a daily basis</li> <li>● In case of credit lines, the interest rate is applied to the used amount of the credit line, for the unused part the interest rate is set at 0%</li> </ul>
1.10	Manner of repayment	<ul style="list-style-type: none"> <li style="width: 45%;"> <ul style="list-style-type: none"> <li>● In case of loans-Monthly uniform repayment of loan and accrued interests /annuity/ - Monthly uniform repayment of loan and monthly payment of accrued interests (spring-like)</li> <li>● In case of partially revolving credit lines - Monthly uniform reduction /repayment/ of the</li> </ul> </li> <li style="width: 45%;"> <ul style="list-style-type: none"> <li>● In case of revolving credit lines-monthly credit on the credit line account in the amount of at least 10% of used credit line and monthly repayment of accrued interests</li> </ul> </li> </ul>

<sup>1</sup> In case of a payroll program, the terms and conditions of loans and credit lines are established under the Cooperation Agreement signed with the Bank unless otherwise stipulated by the competent body of the Bank.

<sup>2</sup> - In case if the borrower receives his/her salary with the payment card of ARMBUSINESSBANK CJSC for 3 months continuously, while there is no payroll program with the organization, then the terms of the loan will be revised, in particular, the nominal interest rate specified in para 1.5 will be reduced by 0.5 percentage points. Revision of the above-stated condition is free of charge.

- If the Client has been receiving the salary with ARMBUSINESSBANK CJSC payment cards for a period of 3 months or more, while there is no payroll program with the organization, then the new loan is considered by 0.5 percentage points lower than the nominal interest rates specified in para 1.5 of this Information Bulletin.

		credit line limit and monthly payment of interests	
1.11	Minimum amount of loan	AMD 200.000	
1.12	Maximum amount	As per clause 5.4 of these T&Cs, but not to exceed AMD 10.000.000	
1.13	Mandatory requirements for provision of a loan/credit line	It is necessary to submit a proof of salary or other equivalent payments/ employer's statement and/or 6 months bank account statement, agreements, contracts and other documents as required) <sup>3</sup>	
1.14	Manner of lending	<ul style="list-style-type: none"> <li>• The loan is provided through cashless transfer to the bank account or debit card account opened by the Client in "ARMBUSINESSBANK" CJSC</li> <li>• The credit line is provided through a cashless transfer to the account of the Client's payment card issued by "ARMBUSINESSBANK" CJSC</li> </ul>	
1.15	Early repayment	No penalties for early repayment are defined	
1.16	Period for review of loan application	1 business day	
1.17	Maximum period of validity of the decision on loan approval	15 calendar days from the date a favorable decision on granting the loan was made	
1.18	The timeframe for provision of the loan to the Borrower	Within 1 business day after the loan agreement is signed	
<b>2</b>	<b>Bank Fees</b>		
2.1	Fee for application review	N/A	
2.2	One-time fee for loan/ credit line provision	0.4% from initial amount of credit	
2.3	One-time fee for loan /credit line maintenance	N/A	
2.4	Cashing out loan funds	N/A	
2.5	Cashing out credit line funds	As per existing service tariffs of the Bank set for the given type of payment or salary card	
2.6	Penalties for failure by the Borrower to fulfill his/her liabilities	<ul style="list-style-type: none"> <li>• For failure to repay interests when due, the Bank shall charge a penalty for each day of default equal to 0,13% of past-due amount,</li> <li>• In case of failure to repay the loan when due as prescribed by the loan/credit line contract, the calculation of interests under the contract shall be suspended and effective from that day until the actual repayment of the arrears, interests shall be accrued on the overdue amount equal to the twofold of the settlement rate of the bank interest set by the Central Bank of RA.</li> <li>• In case of fulfilling overdue obligations, the repayments are made in the following order: <ol style="list-style-type: none"> <li>1) Fines/penalties,</li> <li>2) Interest amounts,</li> <li>3) Principal</li> </ol> </li> </ul>	

<sup>3</sup> In case a payroll program is available

- credit of one month salary on ARMBUSINESSBANK CJSC plastic card shall be sufficient

		NOTE: IN CASE OF NON-FULFILLMENT OR IMPROPER FULFILLMENT OF OBLIGATIONS BY THE BORROWER, THE CREDITOR SHALL AFTER 3 BUSINESS DAYS SEND THESE DATA TO THE CREDIT BUREAU WHERE CREDIT HISTORY IS FORMED. ONCE A YEAR THE BORROWER IS ENTITLED TO GET HIS/HER CREDIT HISTORY FROM THE CREDIT BUREAU FOR FREE. BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT FOR A BORROWER FOR ACCESS TO OTHER LOANS IN THE FUTURE
2.7	Provision of excerpts/statement on loan account	As per existing tariffs of the Bank
2.8	Review of loan terms	0.2% of loan balance; Minimum AMD 5000
2.9	Other costs of Client	N/A
<b>3</b>	<b>Security</b>	
3.1	Security	The right to income and/or the pledge of right of claim on funds arising from the Card account/ in cases specified also a guarantee /
<b>4</b>	<b>Main Requirements to the Borrower/ Guarantor</b>	
4.1	Borrower's/guarantor's revenues	Salary and/or equivalent payments
4.2	Status	<ul style="list-style-type: none"> <li>Individuals registered in RA and Artsakh, having a permanent and/or actual residence address indicated in the identity documents</li> <li>The borrower should be employed at the last place of work for at least 3/three/months,</li> </ul>
4.3	Age	Shall not be less than 18 years of age upon submission of the loan application and older than 63 by the maturity of loan
4.4	Requirements to Borrower's /Guarantors credit history	The total number of overdue days for all loans /credit lines (repaid and current) during the past 12 months must not exceed 36 calendar days. Moreover, consecutive overdue days within a month shall not exceed 6 calendar days Guarantor's/ borrower's current guarantee class - standard
4.5	Guarantor	<ul style="list-style-type: none"> <li>A resident natural person aged 18-63,</li> <li>Residence of Armenia or Artsakh</li> <li>A person, <b>not a member</b> of Borrower's family (father, mother, sister, brother, spouse, child) having joint and several liability with the Borrower, who undertakes to bear the responsibility for full or partial fulfillment of obligations by the Borrower, and the obligation of which arises when the Borrower fails to fulfill the liabilities in full or fulfills them partially.</li> <li>At the time of the decision to grant a credit/credit line, the total amount of current sureties of the Guarantor in all banks and credit organizations provided for the liabilities of other parties, and of contracts of new sureties issued in accordance with these conditions, should not exceed AMD 10,000,000, (in case of loans, the amounts of liabilities included in the calculation are involved in the amount of the loan balance, and in case of a credit line/overdraft –in the maximum of the contract and the balance /limit amount) while the number of contracts of sureties cannot be more than 3 (moreover, sureties issued for the liabilities of the same person within "ABB-SALARY" and "ABB-SALARY+" credit products at ARMBUSINESSBANK CJSC, regardless of the number of contracts, are considered as one surety).</li> </ul>
<b>5</b>	<b>Additional Terms</b>	

5.1	Basis for rejecting an application	<ul style="list-style-type: none"> <li>Client has failed to provide requested documents for credit/credit line</li> <li>The Client does not meet the Bank's minimum conditions/requirements</li> <li>The total amount of balances/limits of current loans/credit lines in the name of the Client in all banks and credit organizations without property collateral, installments (factoring) and security of rights, as well as balances/limits of newly provided loans/credit lines under the same conditions, should not exceed 15-fold of the average monthly amount of the salary and equivalent payments received during the last 6 months</li> <li>As a result of the creditworthiness assessment, it was found out that the Client is not creditworthy</li> <li>The inquiry to RA Central Bank Credit Registry and/or "ACRA" Credit Bureau has reported on a negative credit history of Client,</li> <li>In the course of lending, information which came into possession about the Client put into question the data provided by the Client or the repayment of loan.</li> </ul>
5.2	Segmentation of employing organizations by sectors <sup>4</sup>	<a href="#">According to Annex: Segmentation</a>
5.3	Additional Terms	<p>If the Client wishes to get a loan/credit line for salary payments received from two or more organizations, and the lending conditions within the framework of the cooperation agreements signed with the organizations differ or the client meets the requirements of clause 5.2 but there is no cooperation agreement, then the loans/credit line interest rates are set at the maximum, and for the rest of terms and conditions - as per those set for the given interest rate.</p> <p>The borrower can be provided with one credit line and an unlimited number of loans, regardless of whether he has a salary card at ARMBUSINESSBANK CJSC or no. The total amount of loans and credit lines provided to the Borrower should not exceed the maximum amount specified in para 1.12 of these terms and conditions.</p>
5.4	Credit limits by segments The maximum limit of loan/credit line provided to citizens, residents of Artsakh is AMD 1,000,000.	
<b>Segment</b>	<b>Type of Loan</b>	
	Loan/ partially revolving credit line	Revolving credit line
A	10 –fold of the average income, but not more than AMD 10.000.000 With one guarantor, 15-fold of the average income, but not more than AMD 10.000.000	6 –fold of average income*
B	10-fold of the average income, but not more than AMD 8.000.000 With one guarantor, 15-fold of the average income, but not more than AMD 8.000.000	
C	10–fold of the average income, but not more than AMD 6.000.000 With one guarantor, 15-fold of the average income, but not more than AMD 6.000.000	
D	10–fold of the average income, but not more than AMD 5.000.000 With one guarantor, 15-fold of the average income but not more than AMD 5.000.000	

<sup>4</sup> Regardless of the legal and organizational form and subordination of employing agency, if the organization meets the requirements/conditions of more than one segment, then the conditions of the lowest segment are given preference during lending. According to Annex on Segmentation, the exceptions include D9 segment organizations, which meet both D9 segment requirement and any of A-C segments; as a result, the crediting conditions are set in accordance with the most favorable segment conditions.

E	10 –fold of the average income, but not more than AMD 3.000.000	3-fold of average income*
	With one guarantor- 15-fold of the average income, but not more than AMD 3.000.000	

\* Average monthly amount of net salary and equivalent payments received during the last 6\*\* months.  
 \*\* In case if the work experience during the past 6 months is less than 6 months but more than three months, the total amount of salary and equivalent payments received during the corresponding months is divided by 6 to calculate monthly average salary and equivalent payments.

**Note**

Where the term of receiving the salary with ARMBUSINESSBANK card is less than 6 months, the following values are taken as a basis for calculating the average monthly income: the ratio of the amount actually received with ARMBUSINESSBANK CJSC card in the respective months and the amount indicated in the statements or references of other banks for the rest of the months.

<i>List of Documents Required for Loan/Credit line Processing</i>	Documents requested from customer	Documents requested from guarantor
ID document (passport or identification card)	✓	✓
Social card or social service number, if not available, a statement from the relevant authority (not required upon providing an ID card)	✓	✓
<ul style="list-style-type: none"> <li>Statement of a salary card account at least for the past 6 months</li> <li>where the term of receiving the salary with ARMBUSINESSBANK card is less than 6 months, then a statement of a salary card account maintained formerly at another bank must be submitted or</li> <li>in case the Client has not received his/her salary with a bank card over the last 6 months, then he/she must submit a statement of employment and a proof of income printed on the employer's official letterhead specifying current position, years of service with the given organization, including information on actual income received over the last 6 months</li> </ul>	✓	✓
Other documents as required	✓	✓

**INFORMATION FOR GUARANTORS:**

- Should the borrower fail to fulfill his/her obligations, then you will have to pay instead of the borrower, your credit history will be impaired and you will lose your property.
- You will be provided with the copies of loan, guarantee contracts and repayment schedule.
- Communication will be maintained in the mode you have selected.
- You will be notified of a change in the terms of the contract 7 days prior to such changes.
- You will receive a reminder on current obligation 1 day prior to due date.
- In case of loan delinquency, you will be notified about it no later than on the next day.

**THE GUARANTOR IS ENTITLED TO:**

- Request the lender to provide information on the amount of loan balance anytime.
- Receive from the Borrower the amount paid by you for the loan, as well as other losses incurred in lieu of the Borrower.

Conditions, terms and tariffs for provision of excerpts, their copies and other information - in accordance with the Bank tariffs for services.

**WARNING**

Your property may be confiscated in a manner prescribed by law for failure to fulfill or improper fulfillment of obligations under loan agreement.

**Note**

**WHEN APPLYING TO THE BANK FOR A LOAN, AN INDIVIDUAL SHEET ON SIGNIFICANT TERMS OF A CONSUMER LOAN CONTAINING THE INDIVIDUAL T&Cs OF THE LOAN WILL BE PROVIDED TO YOU, YOUR GUARANTOR (S) (IF ANY).**

### Note

THE LOAN INTEREST RATE CANNOT EXCEED TWOFOLD OF THE SETTLEMENT RATE OF THE BANK INTEREST SET BY THE CENTRAL BANK OF ARMENIA.

### Note

THE INTEREST AMOUNTS ARE CALCULATED BASED ON THE NOMINAL INTEREST RATE. AND THE EFFECTIVE ANNUAL INTEREST RATE ON LOANS MEASURES THE REAL COST OF CREDIT AFTER THE INTERESTS ARE PAID AND OTHER PAYMENTS ARE MADE WITHIN THE SPECIFIED TIME AND AMOUNTS.

THE EFFECTIVE ANNUAL INTEREST RATE IS CALCULATED BASED ON THE FOLLOWING FORMULA:

$$A = \sum_{n=1}^N \frac{K_n}{\left(1 + i\right)^{\frac{D_n}{365}}}$$

### **Where:**

i - effective annual percentage rate (APR)

A - loan amount (initial amount of loan disbursed by the creditor to the consumer)

n - number of the regular repayment on loan,

N - number of the last repayment on loan,

Kn- amount of the n-th regular repayment on loan

Dn- time from the date of loan disbursement to the date of the n-th regular repayment on loan measured in terms of days,

i - effective annual interest rate can be calculated provided that the rest of equation data are known from loan agreement or otherwise.

### **Example of calculating the effective annual interest rate**

- Loan amount – AMD 1,000,000
- Term- 24 months
- Annual interest rate- 15%
- Manner of repayment– annuity payments

### **The effective annual interest rate is 16,1%**

Based on the amount, term of the loan, frequency of repayments and changes in the prices of other miscellaneous services - the effective annual interest rate may vary from the above example.

The Bank may unilaterally change the interest rate specified in the agreement upon 7 calendar days' prior notice to the Borrower for misuse of loans, as well as for failure to fulfill the obligations specified in the loan agreement

### **NOTE**

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**Note**

BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT FOR YOU IN GETTING LOANS IN THE FUTURE.

**Note**

THE BORROWER HAS THE RIGHT TO COMMUNICATE WITH THE FINANCIAL ORGANIZATION IN A FORM HE/SHE PREFERS (BY POST OR ELECTRONIC COMMUNICATION). OBTAINING INFORMATION THROUGH ELECTRONIC COMMUNICATION IS MOST CONVENIENT. IT IS AVAILABLE IN 24/7 MODE, IS FREE OF THE RISK OF LOSS OF PAPER DOCUMENTS AND ENSURES CONFIDENTIALITY

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**Note**

“YOUR FINANCIAL DIRECTORY” IS AN ELECTRONIC SYSTEM, WHICH FACILITATES SEARCHING, COMPARING AND SELECTING THE MOST CONVENIENT OPTION OF SERVICES RENDERED TO INDIVIDUALS.