

“ABB – AUTO” INFORMATION BULLETIN

Terms and fee schedule applicable for loans provided to individuals for the acquisition of transport facilities
 (on the account of Bank resources)

		Loans for the acquisition of USED and NEW transport facility (TF) at car showrooms			
		Group 1	Group 2	Group 3	Group 4
		European, American, Japanese and South Korean TFs	Russian-made TFs	TFs manufactured in other countries	Importation of TFs from abroad
1.	T&Cs of the loan				
1.1	Currency	Armenian dram (AMD)			
1.2	Nominal annual interest rate	15%	15%	15%	17%
		If the borrower is a cardholder of “ARMBUSINESSBANK” CJSC and at the same time receives salary with a payment card of “ARMBUSINESSBANK” CJSC for at least 3 months, the interest rate is reduced by 1%-age point			
1.3	Effective annual interest rate	17.8-21.7%	18.4-24 %	20.8-21.7%	20.3-23.5%
1.4	Prepayment for the purchase of TF	<ul style="list-style-type: none"> For TFs purchased at motor showrooms – min. 20% of the cost of the vehicle For TFs with the date of issue up to 7 years - min. 30% of the cost of the vehicle 	<ul style="list-style-type: none"> For TFs purchased at motor showrooms – min. 30% of the cost of the vehicle For TFs with the date of issue up to 5 years - min. 50% of the cost of the vehicle 	At least 50% of the cost of the car	Freezing an amount on the bank account equal to at least 35% of invoiced price for the vehicle (amount for customs clearance)
1.5	Maximum loan/collateral value based on the market value, and in the case of vehicles purchased from a car showroom, the price indicated on the invoice	<ul style="list-style-type: none"> For TFs purchased at motor showrooms – 80% For TFs with the date of issue up to 7 years - 70% 	<ul style="list-style-type: none"> For TFs purchased at motor showrooms – 70% For TFs with the date of issue up to 5 years - 50% 	50%	Not applicable since the vehicle may be the subject of a pledge after importation. The loan amount may not exceed the invoiced price for the vehicle and the previously approved limit
1.6	Period	Until expiration of 120 months from manufacture date of purchased TF	Until expiration of 84 months from manufacture date of purchased TF	36 months	As per the T&Cs of Group 1, 2, 3
1.7	Manner of repayment	At customer’s option: <ul style="list-style-type: none"> Annuity payments, Uniform monthly repayment of principal and monthly payment of accrued interests 			
1.8	Minimum loan amount	AMD 500,000			AMD 2,500,000

1.9	Maximum loan amount	AMD 20,000,000			AMD 15,000,000
1.10	Manner of lending	One-time cashless provision of loan			One-time cashless transfer of loan amount to the selling company according to the invoice Costs associated with the transfer of the amount for the vehicle purchase shall be borne by customer
1.11	Early repayment of loan	Permissible, no fines or penalties are applied			
2.	Bank fees				
2.1	One-time fee for the application review	AMD 5,000			
2.2	One-time fee for loan maintenance (chargeable upon provision)	3% of loan contract amount			
2.3	Monthly fee for loan servicing	0% of loan contract amount			
2.4	Opening/maintenance of bank accounts (one-time)	As per Bank tariffs			
3.	Security				
3.1	Collateral	Acquired transport facility			* The warranty of 2 persons and pledging of TF within 15 days after importation and registration
3.2	TF release date	7 years	5 years	3 years	As per the T&Cs of Group 1, 2, 3
3.3	Requirements to the collateral	<ul style="list-style-type: none"> • Passenger vehicles with up to 8 passenger seats are accepted • Vehicles used as taxis, fixed-run minibuses are not accepted • A vehicle purchased in the local market cannot be pledged if the ownership of the car arose within 3 months prior to the submission of loan application 			
4.	Assessment and insurance of the collateral				
4.1	Assessment of collateral value	<ul style="list-style-type: none"> • Assessment of the collateral should be carried out by an independent evaluating company cooperating with the Bank • Assessment of the collateral is not required in case of purchasing a new vehicle within the framework of a cooperation agreement 			Not applicable
4.2	Insurance	Casco insurance of pledged property must be carried out on a yearly basis by companies, which cooperate with the Bank. The insurance amount is calculated on the balance of the Loan amount			Within 15 days after importation
		The Borrower must ensure the continuity of insurance for the duration of loan agreement. In case of default by the Borrower of this requirement, 2% shall be added additionally on the annual nominal interest rate of the loan.			
	IMPORTANT NOTE: THE FINANCIAL ORGANIZATION MAY CHANGE THE NOMINAL INTEREST RATE OF THIS LOAN				
5.	Requirements to Borrower / Co-borrower / Guarantor				
5.1	Borrower	A resident natural person aged 21-63 who is registered in RA or NKR			

5.2	Co-borrower	A resident natural person aged 21-63 registered in the Republic of Armenia or Nagorno-Karabakh Republic, whose obligation arises upon Borrower's failure to fulfill his/her obligations or partial fulfillment of his/her obligations. Maximum 2 co-borrowers are acceptable.
5.3	Guarantor	In case of TF imported from abroad - warranty of 2 individuals <ul style="list-style-type: none"> ✓ Guarantor 1: Armenian residence of and income as per clause 5.4 ✓ Guarantor 2: immovable property belonging to him/her by ownership - residential building, apartment, public premises, industrial premises
5.4	Revenues of the Borrower, Co-borrower and Guarantor	<ul style="list-style-type: none"> • Primary income (mandatory) ** – 100% • Secondary income (not mandatory) *** - maximum 60% <p>In case of a Guarantor, the income of the Guarantor must not be less than 130% of the monthly loan repayments (principal + interest).</p>
5.5	Credit history requirements for Borrower/Co-borrower and Guarantor	<ul style="list-style-type: none"> • By the time of loan approval there should not be any overdue or classified current credit commitments • Total number of days outstanding on all loans (repaid and current) during the past 12 months must not exceed 30 calendar days
6. Additional terms		
6.1	Basis for rejecting an application	<ul style="list-style-type: none"> • Customer / co-borrower / guarantor have failed to provide requested documents • The inquiry to "ACRA" credit bureau has reported on a negative credit history of Customer (as well as the co-borrower if applicable) • According to credit rating, the customer is not creditworthy • Information about customer/co-borrower, which came into possession in the course of lending arouses prejudice with regard to the information provided by the Client or the repayment of loan
6.2	<i>Failure to fulfill liabilities by the Borrower</i>	<ul style="list-style-type: none"> • <i>For failure to repay interests when due, the Bank shall charge a penalty from Borrower for each day of default equal to 0.13% of the amount past-due,</i> • <i>In case of fulfilling overdue obligations, the repayments are made in the following order:</i> <ol style="list-style-type: none"> 1) <i>Fines/penalties</i> 2) <i>Interest amounts</i> 3) <i>Principal</i> • <i>For failure to repay the credit/credit line when due as prescribed by contract terms, 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</i> <p><i>IN CASE OF NON-FULFILLMENT OR IMPROPER FULFILLMENT OF OBLIGATIONS BY THE BORROWER, THE CREDITOR SHALL WITHIN 7 BUSINESS DAYS SEND THESE DATA TO THE CREDIT BUREAU WHERE CREDIT HISTORY IS FORMED. ONCE A YEAR THE BORROWER IS ENTITLED TO GET ITS CREDIT HISTORY FOR FREE FROM THE CREDIT BUREAU.</i></p> <p><i>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT TO THE BORROWER IN THE FUTURE FOR ACCESS TO OTHER CREDITS</i></p> <p>The Bank may impose a forfeiture on the collateral or sell it out without applying to court</p> <p>Where a claim for pledged transport facility is not satisfied in full on the account of amount received from the sale - the difference should be charged from other assets of the borrower</p>
6.3	Manner of calculating interest amounts	The interest rate is charged on the reducing balance of loan

6.4	<i>Other expenses of Customer</i>	<ul style="list-style-type: none"> ✓ <i>Costs associated with the evaluation of collateral - AMD 7,000-12,000 (not required in case of providing a loan to purchase a new vehicle under the Agreement on cooperation and import vehicles from abroad)</i> ✓ <i>Costs associated with car registration and execution – AMD 24,000-28,000</i> ✓ <i>Certificate of restrictive measures imposed by traffic police – AMD 5,000</i> ✓ <i>Notarization costs (notarization is not required in case of purchasing a new vehicle) - AMD 13,000-20,000</i> ✓ <i>Costs associated with the lien registration – AMD 8,000</i> ✓ <i>Annual insurance premium - 2,5%-2,75% of the balance of the balance of loan amount (per annum)</i> 		
6.5	Term of application review	1 business day upon submission of all necessary documents		
6.6	Place of loan processing	Head Office and all branches of the Bank (except for Araratyan and Arshakuni branches)		
6.7	Importing countries acceptable to the Bank /Group 4/	<p>USA, Japan and Russian Federation</p> <p>At the same time, it is necessary that the imported car be purchased from a legal entity.</p> <p>Vehicles imported from Russia must be exclusively new (from a car dealership), the prepayment amount for which is applied in accordance with group 1,2,3</p>		
6.9	<p>** As primary income is accepted:</p> <ul style="list-style-type: none"> - Income justified by a statement of employment; moreover, the Borrower should be an employee of the organization for at least 3 months, - Pensions confirmed by a statement of competent authority, <p>*** As secondary income is accepted:</p> <ul style="list-style-type: none"> - Income from rent under lease agreement approved by public notary and registered by State Committee of Real Estate Cadastre, and in addition the lease agreement must be concluded no later than three months before the date loan application has been submitted (except in cases of the renewal of lease agreement) and must be concluded for at least 1 year; - Interests receivable under deposit agreement with the Bank, which must be concluded no later than three months before submission of loan application and must be concluded for at least 1 year; - Regular money transfers received over the last 12 months; - Income from paid services, dividends and other revenues, which can be justified by documents. 			
7.0	Documents requested for loan execution			
<i>Provisional documents</i>		Requested from Customer	Requested from Co-borrower	Requested from Guarantor
Identity document /passport or identity card/		✓	✓	✓
Social card or social service registration mark, if not any, a statement from the relevant authority		✓	✓	✓
Statement of employment and income, printed on the employer's official letterhead specifying current position, years of service in the given organization and monthly salary		✓	✓	✓
Copies of documents confirming the marital status /marriage certificate, marriage contract, divorce certificate, etc./ (if any)		✓	-	-
Proof of secondary income (if any) - borrower, guarantor, co-borrower		✓	✓	✓
In case of purchasing the vehicle from a car dealership –relevant statement from the car showroom		✓	-	-
In case the vehicle is imported from abroad – relevant invoice		✓		
Certificate of ownership on the vehicle (does not apply if the vehicle is imported from abroad)		✓	-	-
Certificate of temporary and permanent registration of the vehicle (does not apply if the vehicle is imported from abroad)		✓	-	-
Copies of passport, social service mark, and proof of marriage for the seller of the vehicle		✓	-	-

(upon acquisition in the secondary market)			
Appraisal deed for the Vehicle (except for loans for the purchase of new vehicles from a car dealership and vehicles imported from abroad)	✓	-	-
Documents requested following a favorable decision to issue a loan			
Agreement on the sale of vehicles (in case of loans provided for the purchase new vehicles from a car showroom)	✓	-	-
Statement of restrictions on vehicles issued by the competent authority (except cases of the acquisition of new vehicles from a car showroom)	✓	-	-
Advance payment receipt /down payment agreement approved by notary	✓	-	-
Certificate of licn registration (to be submitted after the execution, if the TF is imported from abroad)	✓	-	-
Insurance contracts (to be submitted after the execution if the TF is imported from abroad)	✓	-	-
Proof of TF sell-acceptance em (in case of purchaing a TF under Cooperation agreement)	✓	-	-
Other documents as requested	✓	✓	✓

INFORMATION FOR THE GUARANTORS:

Please be informed that:

- If the borrower fails to fulfill his/her obligations, 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 no later than on the next day.

THE GUARANTOR MAY:

- Any time request the lender to provide information on the amount of loan balance;
- 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 the provision of excerpts, their copies and other information - in accordance with the Bank's tariffs for services.

WARNING

YOUR PROPERTY MAY BE CONFISCATED IN THE ORDER PRESCRIBED BY LAW FOR FAILURE TO FULFILL OR IMPROPER FULFILLMENT OF OBLIGATIONS UNDER LOAN AGREEMENT.

ATTENTION

THE INTEREST AMOUNTS ARE CALCULATED BASED ON THE NOMINAL INTEREST RATE. 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 PROCEDURE FOR CALCULATING THE ANNUAL EFFECTIVE PERCENTAGE RATE CAN BE FOUND [HERE](#).

Formula for Effective Annual Interest Rate Calculation

The effective annual interest rate is calculated based on the following formula:

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

where:

i – effective annual percentage rate (APR),

A - initial amount of credit to be disbursed,

n - number of the regular repayment on credit,

N - number of the last repayment on credit,

K_n - amount of the n-th regular repayment on credit,

D_n - time from the date of credit disbursement to the date of the n-th regular repayment on credit measured in terms of days

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

To calculate the actual annual interest rate, please use Effective Annual Interest Rate Calculator, with reference <http://www.armbusinessbank.am/am/page/Crediting>.

Example of calculating the effective annual interest rate

In case of loans issued for the purchase of New transport facility at automobile showrooms under and beyond the framework of Cooperation agreements:

1. In case of loans issued for the purchase of New transport facility manufactured in Japan from automobile showrooms within the framework of Cooperation agreements:
 - Loan amount – AMD 10,000,000
 - Loan period - 60 months
 - Interest rate - 15%
 - One-time fee for application review – AMD 5,000
 - One-time fee for loan maintenance – 3% of loan contract amount
 - Monthly fee for loan maintenance – 0%
 - Vehicle insurance – 2,5%
 - Fee for lien registration - AMD 8,000
 - Fee for opening a bank account – AMD 1,500
 - Manner of repayment of loan and interests – uniform monthly repayment of loan and monthly payment of accrued interest

The effective annual interest rate is 19.1%.

Given the amount, term of the credit, frequency of the repayments, as well as changes in the appraisal fees and costs of other miscellaneous services the effective annual percentage rate on credit may vary from the above example.

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

Upon favorable decision regarding the application for a consumer loan, "ARMBUSINESSBANK" CJSC shall provide prior to credit arrangement an INDIVIDUAL SHEET subject to the Central Bank of Armenia Regulation 8/05 "Rules of business ethics of financial organizations".

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

You can get acquainted with “Your financial directory” system by the following link: www.fininfo.am.

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

Bank details:

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Certificate of registration N 0176, issued 10.12.1991, bank license N 40, issued 10.12.1991

List of services, which the Bank may render, is stipulated in accordance with Chapter 4 of RA Law "On Banks and Banking Activity".