

Student loans provided under “Housing for youth” RCO CJSC  
 “Student lending” program

<b>1. Loan T&amp;C</b>	
	<p>Purpose of loan</p> <p>Payment of tuition for bachelor (uninterrupted and integrated educational program), master and clinical residency students of state accredited universities and non-state universities accredited by specialties</p>
1.1	<p>Revenues of the borrower/guarantor</p> <p>Primary income (mandatory) – 100%                      Secondary income (not mandatory) – at least 80%</p>
1.2	<p>Currency</p> <p>Armenian dram (AMD)</p>
1.3	<p>Nominal annual interest rate</p> <p>9%, of which 2-3% are subsidized by RA Government                      The provisions of this clause do not apply to student loans of students who have graduated as of May 01, 2020</p>
1.4	<p>Effective annual interest rate</p> <p style="text-align: center;">9,4 %</p>
1.5	<p>Period</p> <p>Syllabus plus 6 years, but not more than 10 years (syllabus is education at bachelors, master’s and internship degrees)</p>
1.6	<p>Manner of repayment</p> <p>Monthly annuity payments; moreover, only interests are paid during the studies (maximum 5 years), while after graduation uniform repayments of the principal and interests are made</p>
1.7	<p>Maximum loan amount</p> <p>4,000,000 drams for the whole period of studies to be made in 4 tranches maximum (one tranche for each academic year); moreover, the amount for each tranche may not exceed 800,000 drams or the tuition fee for 1 academic year</p>
1.8	<p>Manner of lending</p> <p>Lump-sum provision of loan, by cashless transfer to the appropriate account of the educational institution</p>
1.9	<p>Early repayment of loan</p> <p>Permissible, no fines or penalties are applicable</p>
<b>2. Bank fees</b>	
2.1	<p>One-time fee for application review</p> <p>AMD 0</p>
2.2	<p>One-time fee for loan maintenance</p> <p>AMD 0</p>
<b>3. Security</b>	
3.1	<p>Security on Loan</p> <p>Surety of the student’s parent or guardian or surety of a third party</p>
<b>4. Requirements for borrower/guarantor</b>	
4.1	<p>Borrower</p> <p>Resident natural person</p>
4.2	<p>Guarantor</p> <p>A guarantor, whose loan commitments (loans, sureties) at the time of the decision may be classified as overdue and/or non- performing, but not more than in the class of doubtful risk</p>
4.3	<p>Credit history requirements for the borrower</p> <p>By the time of loan approval there should not be any overdue or non-performing credit commitments (loans, sureties)</p>
4.4	<p>Other requirements for the borrower</p> <p>In case the education is interrupted the loan shall be deemed non-qualified (the years of compulsory service in the military forces of the Republic of Armenia are not considered as interruption in the studies)</p> <p>Borrowers cannot be the students whose previous loan issued under</p>

		<p>this program was recognized by "Housing to the Young" RCO CJSC as not-qualified</p> <p>Any loan that does not meet the requirements of the RA legislation on combating money laundering and terrorist financing is not deemed as a qualified consumer loan</p>
<b>5.</b>	<b>Additional terms</b>	
5.1	Basis for rejecting an application	<ul style="list-style-type: none"> <li>• Customer has failed to provide requested documents</li> <li>• The inquiry to "ACRA" credit bureau has reported on a negative credit history of Customer</li> <li>• According to credit rating, the customer is not deemed to be creditworthy</li> <li>• Information, which came into possession in the course of lending, arouses prejudice with regard to the information provided by the Client</li> </ul>
5.2	<i>Failure by borrower to fulfill his/her liabilities</i>	<ul style="list-style-type: none"> <li>• <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 pastdue;</i></li> <li>• <i>In case of fulfilling overdue obligations, the repayments are made in the following order:</i> <ol style="list-style-type: none"> <li>1) <i>Fines/penalties</i></li> <li>2) <i>Interest amounts</i></li> <li>3) <i>Principal</i></li> </ol> </li> <li>• <i>For failure to repay the loan 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 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></li> </ul> <p><b>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.</b></p> <p><b>NOTE: BAD CREDIT HISTORY MAY SERVE AS AN IMPEDIMENT TO THE BORROWER IN THE FUTURE FOR ACCESS TO OTHER CREDITS</b></p>

**Additional information**

Manner of calculating interest amounts	The interest rate is charged on the reducing balance of loan	
Other expenses of Customer	Non-applicable	
Term of loan application review	1 business day	
Place of loan execution	At all branches of the Bank	
<b>Documents requested for loan processing</b>		
Documents requested for loan processing	Documents requested from	Documents requested from

	customer	guarantor
Passport or ID card	✓	✓
Social card or social service registration number, if not any, a statement from the relevant authority	✓	✓
Statement of employment printed on the official letterhead of the employer, which shall specify current position, monthly salary, primary length of service in that organization	✓	✓
Proof of income for family members (where necessary)	✓	-
Proof of secondary income (if any)	✓	✓
A certificate from student's university/institute on the faculty, course and tuition fees (residual amount for the given academic year), bank account of higher educational institute, year and month of completion of the studies (in case of excellent performances, there must be a mark of excellent performance of the student for a specific academic year)	✓	-
A copy of the student's passport	✓	-
Invoice issued by the educational institution	✓	-
A copy of the employment contract or excerpt from the order (as required)	✓	✓
Excerpt from the account on repaid and current loans/lines of credit, in case of past-due commitments	✓	✓
Other documents as may be 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.*

### Formula for Effective Annual Interest Rate Calculation

The actual 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 loan to be disbursed,

n - number of the regular repayment on loan,

N - number of the last repayment on loan,

$K_n$  - amount of the n-th regular repayment on loan,

$D_n$  - 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 providing that the rest of equation data are known from loan agreement or otherwise.

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

### Example of calculating the effective annual interest rate

- Loan amount – 1 800 000 drams
- Loan period – 60 months
- Annual interest rate - 9% (2% of which are subsidized)
- Manner of repayment of loan and interest amounts – annuity payments

**The effective annual interest rate is 9.4%**

Based on the amount, term of the loan, frequency of repayments and manner of repayments - the effective annual interest rate may vary from the above example.

**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.**

#### **Bank details**

"ARMBUSINESSBANK" Closed Joint Stock Company

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Website: [www.armbusinessbank.am](http://www.armbusinessbank.am); E-mail: [info@armbusinessbank.am](mailto:info@armbusinessbank.am)

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".