

Effective date: October 24, 2024
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Information Guide Consumer loan not secured by property

Consumer loans are used to cover consumer expenditures of an individual or a family

Loan type	Consumer loan not secured by property
Who may apply	Citizens and non-citizens of Armenia who are resident in Armenia and are aged 18-65
Loan purpose	Personal/family/consumer expenses
Currency	AMD
Manner of disbursement	Non-cash
Minimum and maximum loan limits if the loan application is reviewed outside the scoring system	Minimum amount: AMD 300,000 Maximum amount: AMD 10 million Maximum 8 fold
Minimum and maximum loan limits if the loan application is reviewed based on the scoring system	Minimum amount: AMD 100,000 Maximum amount: AMD 20 million
Loan term	60 months
Repayment method	Annuity (equal payments), Differentiated (non-equal payments), Mixed
Frequency of payments	Monthly
Loan cashing	Free
Annual interest rate	20%

Other terms related to the interest rate	If repayment schedule is differentiated or mixed, the applicable interest rate is increased by 0.5%. If the creditworthiness ratios deviate from the ratios approved by the internal regulations of the Bank, the applicable interest rate is increased by 0.25%. In case of other deviations, the interest rate may be increased by 0.25%.
Annual percentage rate (APR)	22.2-23.09%
Loan disbursement fee	0.5% of loan amount or AMD 20,000 (AMD 5,000 if the loan amount is within AMD 1 million), whichever is greater (not applicable in case of online loan applications)
Guarantee	Guarantors' documented income should comprise at least 50% of the borrower's income, and their credit history should meet the criteria set by the Bank.
Late payment fines and penalties	Fine in the amount of 0.13 % of overdue loan and interest for each day of delay. The interest rate specified in the loan agreement will continue to be applied to overdue loans.
Loan formalization venue	Bank

In case of applications for scoring-based loans or loans to workers of specific industries, other terms can be applied, in particular:

Annual interest rate: 15%-21%

APR: 16.06-23.13%

Loan disbursement fee: 1% of the loan amount (max AMD 10,000), applicable if the loan application is submitted at the Bank branches.

Loan service fees

Purpose	Fee
Modification of the condition subsequent for the loan	0.05% of the outstanding loan amount, minimum AMD 10,000
Change of the overdraft/line of credit account/card	AMD 30,000
Revision/modification of another loan term not specified in this document	0.1% of the outstanding loan amount, minimum AMD 10,000
Change of the loan repayment date	AMD 10,000

The fee is charged if the modification is requested by the client. Where there are several applicable fees for the same modification, the highest fee is charged and only once. Fees are not applicable in case of loans secured by cash, bonds and metal accounts. If the modification implies adding new collateral or involving a new guarantor, no fee is charged.

Required documents

Required documents filed together with the loan application	• Loan application • ID (original)
Documents required after initial approval	• Proof of employment and/or other income • Other documents as the bank's specialist may request

When applying online, only ID and PPSN/social card are required.

Information for the Guarantor

If the Borrower fails to meet his/her loan obligations in a proper manner, the guarantor will take on responsibility of the debt and will have to repay the outstanding loan.

The guarantor is entitled to receive reimbursement from the borrower for the repaid debt, i.e. the guarantor may request the borrower to reimburse the amount paid to the lender, the interest and other expenses incurred as a result of taking responsibility instead of the borrower.

The lender must warn the guarantor in advance about pending loan repayment, i.e., if the borrower fails to meet his/her obligations in due manner, the guarantor is required to repay the outstanding debt within the period defined in the guarantee agreement after getting the respective notice from the lender.

The guarantor's name may appear in the BAD BORROWER LIST, i.e., if the borrower doesn't repay his/her obligations, the guarantor's name may be reported to the Credit Bureau, where the credit history is originated. This may affect the guarantor's future loan applications.

Statements, references

We will provide to you the statements of your credit accounts through communication channels and at frequency agreed between you and us and/or in accordance with the Armenian laws and regulations. The statements are provided by post, email, Internet-Bank/MyAmeria or in person at any branch of the Bank.

1. Provision of statements, information and copies of documents	Rates & Fees
1.1. Provision of up to 6 month-old account statements, copies of account statements or other documents kept in electronic form	Free
1.2. Provision of from 6 months to 1 year old account statement, copies of account statement or other document kept in electronic form ¹	AMD 3,000, VAT included per annual statement per account and each electronically stored document, VAT

¹ The fee is not charged for provision of home loan statements (i.e. loans for purchase/renovation/construction of residential real estate).

	included
1.3. Provision of more than 1 year-old account statements, copies of account statements or other documents kept in electronic form ¹	AMD 5,000, VAT included per annual statement per account and each electronically stored document, VAT included
1.4. Provision of more than 1 year-old account statement or other electronic document, by emailing to the customer without a stamp ¹	AMD 3,000, VAT included per annual statement per account and each electronically stored document, VAT included
1.5. Provision of references	
1.5.1. Provision of a reference on a Bank template, if ordered on the Bank premises ²	AMD 3,000, VAT included
1.5.2. Provision of a reference in a form different from a Bank template, if ordered on the Bank premises	AMD 5,000, VAT included
1.5.3. Provision of a reference on a Bank template, if ordered online by Internet/ Mobile Banking/on the Bank's website ³	AMD 1,000, VAT included
1.5.4. Provision of a reference in a form different from a Bank template, if ordered online by Internet/ Mobile Banking/on the Bank's website ⁴	AMD 3,000, VAT included
1.6. Delivery of account statement	
1.6.1. By electronic means	Free
1.6.2. By post within Armenia ⁵	Monthly AMD 1,000, VAT included
1.6.3. By post outside Armenia ⁶	As per postal service bills

Attention!

WHEN YOU APPLY FOR A LOAN, WE WILL PROVIDE YOU AN INDIVIDUAL LEAFLET DETAILING ALL ESSENTIAL TERMS OF YOUR CONSUMER LOAN.

Attention!

THE LOAN INTEREST RATE MAY NOT EXCEED THE DOUBLE OF THE BANK RATE DECLARED BY THE CENTRAL BANK OF ARMENIA.

Attention!

LOAN INTEREST IS CALCULATED AT THE NOMINAL INTEREST RATE. THE LATTER SHOWS THE ANNUAL INTEREST ACCRUED AS PERCENTAGE OF THE OUTSTANDING LOAN. THE LOAN INTEREST IS ACCRUED ON THE OUTSTANDING LOAN PRINCIPAL IN THE LOAN CURRENCY DAILY, BASED ON A 365-DAY CALENDAR YEAR.

ANNUAL PERCENTAGE RATE SHOWS THE COST OF LOAN IN CASE OF PROPER AND TIMELY PERFORMANCE OF ALL CONTRACTUAL OBLIGATIONS.

²The template contains information about turnover with respect to the service and the balance. The Bank has templates for account, card, savings account, deposit, securities (when the Bank acts as a custodian of the customer's securities) references.

³Requests for references should be submitted at least one banking day in advance.

⁴Requests for references should be submitted at least three banking days in advance.

⁵ The fee is charged for the month when the statement was received, until the last business day of the month following such month.

⁶The delivery is provided by regular mail.

The amount of interest is calculated based on the annual nominal rate and loan payment option.

The loan may be repaid in the following manner:

- In case of differentiated repayment scheme (equal portions of principal each month) the client repays equal portions of loan principal, but the amount of interest is different each month. This being the case, the amount of total monthly payment decreases each month.
- Annuity (equal payments). In this case the client makes equal payments (consisting of portion of the loan principal and some interest) each month throughout the loan term.
- Mixed (client may choose an individual repayment schedule based on seasonality of cash flows, provided that at least 20% of contractual loan amount is repaid each year; interest payable on monthly basis)

If you choose the 2nd method to repay the loan, the total amount of payable interest will be higher than in the 1st case.

The 2nd method, however, allows you planning your expenses, because you know the exact amount you're going to pay each month, and the amounts payable during the first months are overall smaller.

In case of differentiated repayment method, the amount of monthly loan payment is calculated according to the following formula:

$$R = p / t + p * r \% / 365 * d,$$

where

R – monthly repayment of the loan,

p – amount of loan principal,

t – loan term (in months),

r – annual interest rate of the loan,

d – number of days in a month.

In case of annuity, the amount of monthly payment is calculated according to the following formula:

$$R = P \times r / (1 - 1/(1+r)^n), \text{ where}$$

R – monthly repayment for the

loan P – loan principal

n – total number of payments during the whole term of loan (number of months)

r – monthly interest rate, which is equal to 1/12 of the annual interest rate under the loan agreement at the time of provision of the loan

The amount of monthly payments is rounded to one decimal place.

The outstanding loan is calculated according to the following formula:

$$P_t = R \times ((1 - 1/(1+r)^n) / r), \text{ where}$$

P_t – actual Loan outstanding by the end of the period R –

monthly repayment for the loan

t – number of repayments due before the end of the loan term (number of months)

r – monthly interest rate, which is equal to 1/12 of the annual interest rate under the loan agreement at the time of provision of the loan

APR is calculated by the following formula:

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

where

i – annual percentage rate (APR).

A – the amount of the credit (initial amount provided by the lender to the borrower)

n – sequence number of payment

N – sequence number of the last payment

Kn – amount of the nth payment

Dn – period between the day of provision of loan and the day of the nth payment, expressed in days

i – annual percentage rate, calculable if other input data are known from loan agreement or otherwise

APR Calculation Example

Loan product: consumer loan secured by property

Amount: AMD 15,000,000

Fixed interest rate: 17%

Term: 60 months

Repayment method: annuity (equal installments consisting of a portion of loan and some interest)

Lump sum disbursement fee: AMD 75,000

Insurance fee: 0.16% of the outstanding loan principal each year

Real estate appraisal fee: AMD 15,000

Fee for the unified statement on real estate encumbrance: AMD 10,300

Pledge agreement notarization fee: AMD 13,000

Security interest filing fee: AMD 26,000

Loan disbursement day: September 16, 2014

First payment day: October 11, 2014

Annual percentage rate (APR): 19.14 %

The annual percentage rate is calculated on the basis of the underlying components, is indicative and can change during the Agreement term due to early repayment of loan by the borrower or change of the components included in its calculation.

Interest calculation example

Initial loan principal: AMD 1,000,000

Annual interest rate: 20%

Term: 36 months

Daily interest will make: $1,000,000 \cdot 20 / 100 / 365 = 548$ AMD

The amount of monthly payments in case of annuity: AMD 37,163.6.

INFORMATION ON FACTORS AFFECTING CREDIT HISTORY AND CREDIT SCORE

Credit History is the information on the customer's financial obligations, which shows the customer's debt, payments, as well as other data related to the customer's obligations or their performance.

The credit score is the quantified measure of the customer's borrowing capacity and creditworthiness determined based on the study of the customer's credit history.

Based on the customer consent, Ameriabank CJSC (the "Bank") makes inquiries on the financial obligations of the customer, whether current or past, for the customer to undertake financial obligations to the Bank, act as a guarantor to secure third party obligations, to consider lending to the customer on the latter's initiative. The number of inquiries for the purposes specified in this clause may have an influence (including negative one) on the customer's credit score.

The Bank uses internally developed scoring methodology for lending to customers. The factors affecting the credit score include FICO score, loan service quality, availability of late payments in the credit history, duration of payment delays, debt burden, income, ratio of loan obligations to income.

More detailed information may be found at the following links:
www.abcfinance.am and www.acra.am.

To improve your credit history and/or credit score we recommend you to:

- *Fully repay any overdue obligations you may have had in the past,*
- *Make sure you don't have any late payments, even 1-day delays, in relation to your current obligations,*
- *Reduce the number of loans you have at a time repaying them either in whole or in part,*
- *Reduce the balance of your outstanding loans,*
- *Limit the number and amount of provided guarantees,*
- *Make sure that any overdue amounts guaranteed by you are fully repaid.*

Attention!

IF YOU FAIL TO PERFORM YOUR PAYMENT OBLIGATIONS WHEN DUE OR DO NOT PERFORM THEM PROPERLY, OVERDUE AMOUNTS SHALL BEAR FINES AND PENALTIES AS DEFINED BY AGREEMENT, AND THE INFORMATION ABOUT YOUR OVERDUE LIABILITIES WILL BE REPORTED TO CREDIT BUREAU WITHIN 3 BUSINESS DAYS. YOU HAVE THE RIGHT TO OBTAIN YOUR CREDIT HISTORY FROM THE CREDIT BUREAU ONCE A YEAR, AT NO COST.

When you repay your overdue debt, the payment will be made in the following order:

- Fines and penalties
- Interest
- Principal

YOUR BAD CREDIT HISTORY MAY AFFECT YOUR FUTURE LOAN APPLICATIONS.

Early repayment

In case of consumer loans, car loans, line of credit or overdraft the client has the right to repay the liabilities before the due date irrespective of whether or not such provision is included in the loan agreement.

Change of interest rates

The bank is entitled to change the interest rates depending on the volatility of interest rates on funds borrowed and/or allocated by the bank on financial market, and/or occurrence of preconditions for change of annual interest rate applied to the loan. The Bank shall inform the borrower of any change in the nominal interest rate made at the sole discretion of the Bank in advance, within the term specified in the agreement (at least 7 days in advance), via the channels specified in the agreement, which shall serve as a basis for applying the new terms from the date specified in the notice. If the borrower doesn't consent to the new interest rate, the borrower may terminate the respective agreement before the maturity date, repaying the obligations to the Bank under such agreement in full.

Consumers are allowed to cancel the credit agreement at their own discretion, for no particular reason, within 7 business days following its execution unless a longer period is stipulated therein (cooling-off period). In such cases, consumers are required to pay the interest accrued at the effective annual rate under the credit agreement. The consumer will not be required to pay any other reimbursement in relation to the cancellation of the credit agreement.

What may help you to get your loan approved

- Established business relationship between the Bank and the client
- Business reputation
- Other

Why your loan might be rejected

- The information (documents and other data) is not trustworthy or is incomplete.
- The borrower's declared income is not sufficient to repay the obligations.
- The borrower has bad credit history, overdue and/or classified liabilities (including liabilities to third parties).
- Other

Loan decision

The Bank reviews the loan application and makes a preliminary decision within 2 business days upon receipt of the application. If approved, the final loan decision is made within no more than 8 (eight) business days upon receipt of the complete set of documents. The Bank informs the client about the decision within 1 business day. The loan is disbursed within 1 (one) business day after fulfillment of the lending conditions by the borrower.

Once the Bank makes a loan decision, if the client.

- Confirms his/her intention to receive the loan within 45 calendar days after getting loan approval notice, the process moves to the formalization stage.
- If the client takes longer than 45 calendar days upon getting loan approval notice to confirm his/her intention to receive the loan, re-approval is needed.

