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Approved by

ARMECONOMBANK OJSC Executive Board's Resolution

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**REGULATION  
ON THE APPLICATION OF BUSINESS CONDUCT RULES TOWARDS ARMECONOMBANK  
OJSC CLIENTS AND GUARANTORS**

## 1. GENERAL PROVISIONS

- 1.1. This document sets forth the Regulation of the rules of business conduct towards the customers and guarantors within ARMECONOMBANK OJSC (hereinafter “the Bank”) system.
- 1.2. This Regulation has been developed in accordance with the requirements of RA Legislation, normative legal acts of RA CB, the Bank’s Charter and other legal acts.
- 1.3. In terms of this Regulation:
  - 1.3.1. Customer- an individual (sole entrepreneur) which uses or desires to use the services offered by the Bank, as well as very small (micro) commercial organization or private entrepreneur defined by the Law of the Republic of Armenia “On State Support of Small and Medium Entrepreneurship” which desires to receive or has received a loan from the Bank.
  - 1.3.2. Guarantor- an individual which, under a guarantee agreement, is liable to the Bank for the full or partial fulfillment of other entity’s (debtor’s) obligations.
  - 1.3.3. Loan/credit line (hereinafter “Loan”):
    - 1.3.3.1. Consumer loan not exceeding AMD 15,000,000,
    - 1.3.3.2. Up to AMD 5,000,000 inclusive or equivalent foreign currency loan granted for agricultural purposes,
    - 1.3.3.3. Up to AMD 5,000,000 inclusive or equivalent foreign currency loan granted to very small (micro) commercial organizations or private entrepreneurs defined by the Law of the Republic of Armenia ‘On State Support of Small and Medium Entrepreneurship’.
  - 1.3.4. Mortgage loan- loan, borrowing or other kind of financing granted by the Bank under the following conditions:
    - 1.3.4.1. The loan provision purpose is the acquisition, construction, reconstruction, renovation or the modernization of an apartment, and
    - 1.3.4.2. Loan is secured by the mortgage of the dwelling house or by an apartment of multy - apartment building to be built in compliance with 270 article of RA Civil Code, or by the mortgage of a land envisaged for the construction of a dwelling house, incomplete construction and materials and equipment prepared for construction belonging to the pledger in accordance with Article 271 of RA Civil Code, or by another pledge in case of impossibility to pledge the dwelling house to be acquired, built, reconstructed, renovated or modernized, regardless of the reasons, provided that the dwelling house to be acquired, built, reconstructed, renovated or modernized is pledged after the conditions prohibiting the pledge is being eliminated.
    - 1.3.4.3. The loan has been provided against some compensation.

In terms of this regulation loans and borrowings granted for the refinancing of the loans mentioned herein are also considered mortgage loans.
  - 1.3.5. Loan agreement- a transaction under which the Bank extends or promises to extend a loan
  - 1.3.6. Mortgage agreement – an agreement pursuant to which the Bank provides or is obliged to provide a mortgage loan.
  - 1.3.7. Borrower:
    - 1.3.7.1. An individual who applies for a loan to acquire or order personal, household or other kind of goods (works, services) not related to entrepreneurial activity.

- 1.3.7.2. An individual or private entrepreneur who has been extended with a loan for agricultural purposes.
- 1.3.7.3. Very small (micro) commercial organizations or sole entrepreneurs as defined by the Law of the Republic of Armenia ‘On State Support of Small and Medium Entrepreneurship’ who have been extended with a loan.
- 1.3.7.4. An individual who has been granted a mortgage loan
- 1.3.8. Bank deposit (hereinafter “Deposit”) – a bank deposit or monetary fund available on a bank/card account
- 1.3.9. Deposit agreement – an agreement concluded for deposit attraction
- 1.3.10. Depositor – an individual (private entrepreneur) customer who has signed a deposit agreement
- 1.3.11. Agreement – deposit, loan and mortgage agreement
- 1.3.12. Other payments- all the payments that the customer shall make against the financial service prior to the conclusion of the agreement, within the term of the agreement and at the termination of the agreement, with the exception of interest amounts and fees arising from the breach of the agreement.
- 1.3.13. General terms of service – A document establishing standard conditions of the given service applicable to all the customers, general principles of relationship between the Bank and the customer, Bank and customer communication rules, general terms of the transactions executed between the Bank and the customer (e.g., tariffs against the services provided by the Bank, general terms of lending, card service rules) which is approved by the Executive Board of the Bank.
- 1.3.14. Information Bulletin- a bulletin containing information on tariffs, interest rates, annual interest yield, penalties as well as the attraction procedure and terms of each deposit type (bank/card account).
- 1.3.15. Individual leaflet on the essential terms of consumer loan (hereinafter “Individual leaflet”)-a document that defines the essential terms and tariffs of the loan, mortgage loan as well as customer’s rights and obligations and the negative consequences in case of non-fulfillment of the obligations within the set term applicable to the given customer in case of conclusion of the given loan, mortgage loan agreement.
- 1.3.16. Time to think- the customer’s right to unilaterally terminate the agreement without any reason within 7 working days following the signing of the agreement.
- 1.3.17. Statement – account statement stipulated by RA law on “Bank deposit attraction” or a document containing information prescribed by RA Law on “Consumer Lending” or a document containing information prescribed by RA Law “On housing mortgage lending”
- 1.3.18. Automatic device for conduction of financial operations (hereinafter, ADFO)– self-service electronic software designed for office or external use which ensures the execution of financial operations without Bank employee intervention, with the exception of electronic cashier which is operated only by the Bank’s cashier.
- 1.3.19. Very small (micro) commercial organization and private entrepreneur – commercial organizations and private entrepreneurs the average number of the employees of which makes up to 10 people and the income gained from the previous year or the balance value of assets as of the end of previous year does not exceed AMD 100 mln.

- 1.4. The Bank provides the Customer and the guarantor with the information and documents envisaged by this Regulation free of charge.
- 1.5. Upon the guarantor's request the Bank provides the latter with the copy of this Regulation.

## **2. GENERAL PRINCIPLES OF COMMUNICATION**

2.1 In communication between the Bank and customer the following rules are adhered to:

- 2.1.1. The information disclosed by the Bank should be in Armenian, unless the customer has chosen another language for communication from the options offered by the Bank.
- 2.1.2. To the extent possible, the Bank shall ensure that the disclosed information is understandable for the customer, contains terminology and expressions, which are as simple as possible, and are not misleading and confusing. (e.g. avoid the use of such words as "belated");
- 2.1.3. Bank ensures that the disclosed information enables the customer to understand the nature and associated risk of the service offered
- 2.1.4. The information disclosed by the bank cannot be presented in a way, which is masking the essential terms, or creating an impression that those terms are not essential.
- 2.1.5. The Bank is not allowed to exaggerate the importance of service provided by providing false, non-credible or incomplete information.
- 2.1.6. The Bank ensures that the disclosed information is accurate, trustworthy and provided on time.
- 2.1.7. The Bank ensures that the information concerning the customer and documents provided by the latter are not within the reach of the third parties, except for the cases stipulated by RA legislation. For example, the oral communication shall be carried out in such a manner or place that the information disclosed during the communication won't be accessible to third parties (e.g., information on the service provided, customers personal data- place of residence/place of work, position, salary and etc.)
- 2.1.8. If a payment card is attached to the loan or bank deposit the Bank shall insure that the payment card and the secret information regarding the card (e.g. password) be provided to the customer in closed envelopes.
- 2.1.9. The Bank shall not discredit other financial institutions and shall not form negative attitude among the customers towards the financial system and its regulations.

## **3. COMMUNICATION BETWEEN THE BANK AND THE CUSTOMER PRIOR TO THE SIGNING OF THE AGREEMENT**

- 3.1. Prior to the execution of the agreement the employee of the Bank shall at least:
  - 3.1.1. Orally explain to the customer:
    - 3.1.1.1. the nature of the service the customer has applied for,
    - 3.1.1.2. essential terms- service price (interest rate, insurance fee and etc.), deadlines, costs related to the service provision, cases and volumes of mandatory fees, comprehensive list of applicable sanctions (penalty or any other means deteriorating the customer's state), cases of their application,
    - 3.1.1.3. Main risks; such as the risks that emerge due to non-fulfillment or improper fulfillment of obligations by the customer, the consequences of preterm termination of the agreement because of foreign currency fluctuations and so on.

- 3.1.2. Grant an opportunity and time to get acquainted with the provisions of the contract before signing it.
- 3.1.3. verbally introduce to the consumer other services equivalent to the service of interest;
- 3.1.4. Orally inform the customer about his/her right to receive the information set by article 5.1 of this regulation through mail, as well as about the latter's right to choose another way of receiving such information (e-mail, telephone, fax., short message, at the Bank premises, etc.)
- 3.1.5. The customer shall be orally informed about his/her right of Think Time and the relevant procedure, if, in compliance with RA laws, the customer is entitled with the right of Think Time within the framework of the given agreement.
- 3.2. While signing a deposit agreement the Bank's employee, in addition to the activities envisaged by 3.1 article of this Regulation, shall also provide an information bulletin to the Customer.
- 3.3. While signing a loan or mortgage agreement the Bank employee, in addition to the activities specified by 3.1 article of this Regulation, shall:
  - 3.3.1. Verbally explain the essence and importance of credit history.
  - 3.3.2. Orally inform the customer about the latter's right to fulfill the obligations arising from the agreement before the defined term interpreting Article 10 of the RA Law on "Consumer Lending" and Article 13 of RA Law "On housing mortgage lending" in case of mortgage loans. Moreover, special emphasis shall be given to the fees which are or aren't subject to deduction from the customer's loan expenses in case of early fulfillment of the obligations. In case of mortgage loans the employee shall orally notify the client about the types of early repayment, options, as well as penalties/fines defined by 1 and 2 parts of paragraph 1 of Article 13 of RA law "On housing mortgage lending" and other adverse consequences envisaged by law.
  - 3.3.3. In case of mortgage loans, orally notify about the customer's right set by 6<sup>th</sup> and 10<sup>th</sup> articles of RA Law "On housing mortgage lending".
  - 3.3.4. After the Bank's competent body's positive resolution on the loan application (loan provision) and prior to conclusion of the loan, mortgage agreement, the Bank's employee provides an Individual leaflet (in case of mortgage loans, the Individual leaflet is also provided to the customer as a written offer - offer and acceptance, under the Article 6 of RA Law "On housing mortgage lending" if, along with the Individual leaflet, the mortgage loan draft has been provided. The provisions of the given article regarding the offer apply unless the Bank has defined other format for the provision of the offer and acceptance).
    - 3.3.4.1. The Bank fills in the Individual leaflet in compliance with the defined terms, signs it and provides or sends it to the customer by the latter's preferred means of communication
    - 3.3.4.1.1. In case of choosing postal communication or e-mail the Bank sends the Individual leaflet to the customer (guarantor) within one working day after the loan application is approved (after the positive decision on loan provision). In case of selecting by hand -at the bank's premises option, the Bank provides the Individual leaflet to the customer (guarantor) upon the latter's first visit to the Bank. If the customer does not visit the Bank

or visits the Bank but cannot be identified and the Bank has the customer's (guarantor's) e-mail address then the Bank sends the electronic variant of the Individual leaflet.

- 3.3.4.2. If the information involved in the individual leaflet is understandable to the customer (guarantor, if any) and the latter agrees with the individual leaflet, he/she should sign the tow copes of the individual leaflet (if there is a guarantor - three copies) and return them to the Bank (guarantor) in person—at the Bank's premises, or by electronic means of communication- fax, e-mail. If the individual leaflet is provided to the customer online-via the customer's personal page identified by the Bank's procedures or by other online means, the leaflet is deemed signed if a reassuring note is available in the field designed for signature (e.g. check box). The document is deemed returned if the actions required for the consent are implemented (e.g. clicking "I agree to receive a loan under the terms and conditions set by the "Individual leaflet" button)
- 3.3.4.3. One copy of the signed individual leaflet is provided to the customer, and the other one is subject to archiving by the Bank. The third copy of the individual leaflet shall be provided to the guarantor, if any.
- 3.3.4.4. The terms of individual leaflet shall be valid for 10 working days after informing the customer about the loan application's positive decision (loan provision). If the customer (guarantor) wants to immediately sign the Individual leaflet the Bank gives the customer (guarantor) enough time to read the individual leaflet in detail. In case of loans provided online by the customer's personal page identified through the procedures set by the Bank's internal legal acts or by other online means, the Bank ensures that the verifying note (e.g. checkbox) existing in the fields for signature is activated within at least 3 minutes. In case of technical-software impossibility, the importance to read the Individual leaflet will be highlighted so to be visible. Should the customer fail to submit the signed individual leaflet within the defined term, the Bank in compliance with its internal legal acts, decides whether to accept the leaflet and conclude a loan, mortgage agreement with the terms stated in it or not.
- 3.3.4.5. The Bank keeps the documents proving the provision of the Individual leaflet for at least three years (in case of receiving the leaflet in person, at the Bank's premises- the copy of the Individual leaflet, on the opposite side of which the customer states "I have received my copy of the Individual leaflet" and signs it, the document proving that the letter have been sent, e-mail notification message).
- 3.4. In case the Bank refuses to render services to the customer who submitted a written application (request), the Bank shall inform the Customer about it in written form (hard copy or e-mail) within 2 working days after making decision on rejection stating in it the reasons for refusal in detail. The Bank, under the request of the customer, shall return the originals of the documents that the latter has obtained from the third entities to submit to the bank for the purpose of getting the service (e.g. a reference from the place of residence or work place, a property valuation act, a document verified by notary, etc.).
- 3.5. If the Bank, parallel with the provision of the basic service, offers other bonus (incentive) service the latter shall comply with the communication rules set forth by Article 3.1 of this Regulation in case of rendering a bonus service and, if applicable, the communication rules

set by 3.2 and 3.3 articles of the Regulation. The Bank shall also notify the customer about his/her right to refuse the bonus service.

- 3.6. When the Bank renders the service remotely- through electronic means, and cannot ensure oral communication with the Customer prior to the signing of the agreement, the Bank shall provide the customer with the information set forth by articles 3.1-3.5 and 3.8.3, 3.8.4 and 3.8.4, 3.8.6 of the Regulation remotely (e.g., by video recording placed on the website or by other means).
- 3.7. In case of signing a loan, deposit, mortgage agreement with the same customer at the same terms (including renewal, prolongation of the agreement) the Bank has a right to waive the requirements set out in 3.1-3.5 articles of this Regulation, anyway, in case of any changes in the terms shall orally inform the consumer about the amendments prior to the conclusion of the agreement and, if applicable, comply with the requirements defined in Article 5.5 of the Regulation.
- 3.8. The Bank:
  - 3.8.1. Ensures the compliance of the terms involved in the Individual leaflet with the provisions of a loan, deposit, mortgage agreement, excluding actual annual interest rate, which, conditioned by the repayment schedule and (or) exchange rate fluctuations may differ, and exchange rate in case of foreign currency agricultural loans, mortgage loans and credit lines provided with payment cards, which, depending on date, may be changed.
  - 3.8.2. ensures the provision of the Individual leaflet in due time, that is, prior to the conclusion of a loan, mortgage agreement the customer shall be granted with an opportunity to study a loan and mortgage loan essential terms and, if desired, to compare them with the terms and conditions of a loan or mortgage loan offered by other lenders.
  - 3.8.3. orally explains the essence and importance of the Individual leaflet
  - 3.8.4. verbally notifies about the validity period of the Individual leaflet,
  - 3.8.5. does not guide the customer in any way while signing the Individual leaflet, but does indicate the number of signatures.
  - 3.8.6. Orally explains the possible differences between the Individual leaflet and loan, mortgage agreements conditioned by the prepayment schedule and (or) exchange rate changes.
- 3.9. In case the same loan is provided to more than one person the Bank, in a manner set forth herein, provides one copy of the individual leaflet to all the customers.
- 3.10. If the fulfillment of the customer's obligations is secured by more than one person the Bank, in a manner set forth herein, provides one copy of the Individual leaflet to each guarantor.

#### **4. COMMUNICATION BETWEEN THE BANK AND THE CUSTOMER DURING THE CONCLUSION OF THE AGREEMENT**

- 4.1. When the agreement includes conditions that are determined by the general terms of the service of another document, then:
  - 4.1.1 the Bank draws the customer's attention to these conditions during the conclusion of the agreement,
  - 4.1.2 If the general terms of the agreement are not defined by the Bank, the latter informs the customer that he/she can learn the terms of the agreement at the Bank's premises,

as well as explains in what form or means the consumer can obtain the document establishing general terms of the service.

4.2. If the same loan is provided to more than one person, one copy of the agreement and the terms constituting the integral part of the agreement shall be provided to each customer.

## **5. COMMUNICATION BETWEEN THE BANK AND THE CUSTOMER DURING THE EFFECTIVE PERIOD OF THE AGREEMENT**

5.1. During the effective period of the deposit (bank/card account) or loan agreement the Bank's employee shall inform the customer (depositor or borrower) (information subject to mandatory submission) about:

5.1.1. the changes of actual annual interest rate,

5.1.2. the changes of the order of communication between parties

5.1.3. the changes of the legal acts which may have a direct impact on the customer's rights and obligations set forth by the agreement.

5.1.4. The changes of the general terms of the service and other fees

5.1.5. the changes of circumstances which may have an impact on the parties' rights and obligations arising from the Agreement, including the sending of data to Credit Bureau.

5.2. During the term of a mortgage agreement the Bank, in addition to the information envisaged by Article 8 of RA Law "On housing mortgage lending", shall also inform the customer in written at least seven days prior to the implementation of the payment that upon the Bank's request the Customer, within the term of the agreement, will be obliged to pay for the insurance, appraisal and other additional services. The Bank shall also notify about the terms and sizes of the payments and the negative consequences in case of non-fulfillment of those payments.

5.3. When the customer withdraws the loan, mortgage loan or the deposit through the intervention of the Bank's employee during the term of the agreement and a commission for the encashment shall be charged from the customer, the Bank employee shall orally or in written form inform the customer about that and only after receiving the customer's consent concerning the size of the commission of the encashment continue the appropriate transaction.

5.4. The information defined by the article 5.1 of this Regulation and the statement set forth by articles 6.1-6.3 of this regulation shall be provided to the customer via postal communication. At the consent of the parties the information defined by the article 5.1 of this Regulation and the statement set forth by articles 6.1-6.3 of this regulation may be provided by an operating e-mail or by other means of communication (telephone, fax., short message, at the bank's premises- in person). Moreover, the Bank is not allowed either to guide the customer to choose the method of notification or limit the opportunity of choosing a notification method.

5.5. If during the validity period of the loan agreement changes envisaged by 5.1.1, 5.1.3, 5.1.4 and 5.1.5 articles of this regulation occur, and in case of a mortgage loan information defined by 1<sup>st</sup> part of article 8 of the RA Law "On housing mortgage lending" is changed, the Bank, in a manner set forth by 3.3.4.1-3.3.4.5 points of this Regulation, shall provide a new information leaflet. In case the bank, based on the grounds defined by law, unilaterally extends the term of loan, mortgage agreement at new conditions as a result of which the



information included in the Individual Leaflet is changed, the Bank provides a new individual leaflet in compliance with the procedure set by 3.3.4.1-3.3.4.5 articles of the regulation.

- 5.6. Should the Bank unilaterally change the information set by Article 5.1 of the Regulation, the Bank provides the customer with the information on changes by the latter's preferred way of communication after making decision on the relevant change but no later than seven working days before the decision comes into force, except for the case of sending data to the credit bureau. In other cases, the customer shall be informed about the changes of the information defined by article 5.1 of this regulation no later than seven working days after the relevant change has occurred and the Bank has been informed thereof.
- 5.7. In case of changing, defining or terminating the terms and conditions, rights, obligations or responsibilities of the parties of the deposit agreement signed with the client, or any changes in the Bank's internal legal acts which may have an impact on the annual percentage yield, the Bank shall notify the client about the new terms by the latter's preferred way of communication at least 15 days before the change in the annual percentage yield.
- 5.8. While presenting the information set forth by article 5.1 of this regulation during the service of the agreement the following general rules of communication shall be maintained:
  - 5.8.1. the Bank clarifies the amendments and their possible impacts,
  - 5.8.2. the Bank provides the means of communication (telephone, e-mail address) through which the customer will be able to get additional data on the information set forth by 5.1 article of this Regulation.
  - 5.8.3. the Bank shall present the information set forth by 5.1 article of this Procedure so that specific headings are separated in the essential parts of the information. Italics and larger fonts shall be used in the most important parts of the text.
- 5.9. The Bank shall keep the grounds of the provision of the information specified by 5.1 article of this Procedure—delivery receipt, notification of an e-mail message, phone call recording, receipt on the provision of the information in person, etc., for at least one year.
- 5.10. When the Bank communicates the information set by Article 5.1 of the Regulation by phone, the Bank's employee shall.
  - 5.10.1. disclose his/her name, as well as the Bank's name.
  - 5.10.2. tell the reason of the call in easily understood and literary Armenian, unless other communication language is agreed between the parties
  - 5.10.3. inform about the recording of the conversation, in case it's being recorded
  - 5.10.4. interrupt telephone conversation at the request of the consumer and call him/her later.
- 5.11. The Bank is obliged to notify the customer about the obligation subject to payment at least one day prior to the obligation fulfillment date. The bank shall also inform the customer that in case of non-fulfillment or improper fulfillment of the obligations, the Bank, in the defined manner, will provide the information regarding the customer to the credit bureau and Credit Registry of CBA. The Bank provides the customer with the aforementioned information free of charge through a short message (SMS) and/or e-mail message. The customer will be granted with an opportunity to choose one of the mentioned options. The non-fulfillment or improper fulfillment of the requirement specified herein by the Bank shall not release the customer from the fulfillment of his/her obligations envisaged by the payment schedule.

5.12. In case of changes in a loan, mortgage loan repayment schedule regarding preterm repayment of a loan, mortgage loan, interest rate and other circumstances the Bank, at the customer's request, provides the customer with a new repayment schedule free of charge within at least one business day through the customer's preferred communication method (in person, acting e-mail, etc.). In case of selecting postal communication, a new repayment schedule will be provided within 3-5 business days.

## **6. STATEMENTS TO BE PROVIDED TO THE CUSTOMER DURING THE EFFECTIVE PERIOD OF THE AGREEMENT**

- 6.1. With periodicity of at least 30 days, the Bank, in a manner set forth by a loan agreement and in the language the borrower prefers, provides the Borrower specified in 1.3.7.1-1.3.7.3 articles of this procedure, with a written information- a statement in a defined form, about the borrower's obligations arising from the Agreement, grounds for occurrence of these obligations and the redemption thereof, including information on liability measures (penalty or other means that may worsen the borrower's financial state) applied or to be applied by the bank against the non-fulfillment or improper fulfillment of the obligations by the Borrower.
- 6.2. The bank shall periodically but no later than 20 business days prior to each regular payment (redemption) provide the Borrower specified in 1.3.7.4 articles of this regulation with free statements in the language the latter prefers. At the request of the Borrower specified in 1.3.7.4 articles, the bank shall provide the Borrower with free statements for the period specified by the Borrower at least four times per year. The statements to be provided to the Borrower specified in 1.3.7.4 articles of this Regulation shall at least include the following information:
- 6.2.1. mortgage loan balance
  - 6.2.2. the period and number of days included in it on which the information is provided.
  - 6.2.3. Interest rate of the mortgage loan applied during the period specified in the statement
  - 6.2.4. Payments (redemption) made by the Borrower as of the provision of the statement
  - 6.2.5. The size and date of the regular payment (repayment) to be executed by the Borrower.
  - 6.2.6. Accrued penalties, if any
  - 6.2.7. Other information set forth by regulatory legal acts of RA CB
- 6.3. With periodicity of at least 30 days, the Bank, in a manner set by the Deposit Agreement, shall provide the Customer with a defined form statement on the latter's deposit (bank/card account) in the language the customer prefers, with the exception of cases when the given account hasn't been debited or credited during the accounting period.
- 6.4. The statements to be provided by the bank in compliance with 6.1-6.3 articles of this Regulation per the type of service, shall at least involve components set forth by Regulation 8/05 "On Rules of Business Conduct of Financial Institutions" per the characteristics.
- 6.5. The bank is guided by the templates presented by Regulation 8/05 per the relevant type of the service. If the bank selects other form for the statements provision, the latter shall at least ensure that the elements of the Bank's exemplary templates entirely and identically reflect the format, sequence, content, font, font size and colors of the templets defined by Regulation 8/05. The statement can be provided in paper form as well, without preserving the required colors.

- 6.6. The Bank provides statement(s) to the customer only on the service(s) that the latter uses. For example, if the customer owns only bank account without an overdraft and/or a payment card the customer will be provided only with a bank account statement and vice versa, whereas if the consumer has a bank account with overdraft and/or payment card attached to it a joint statement is provided in compliance with the samples defined by Regulation 8/05.
- 6.7. Statements subject to provision to the Client under the Law on “Mortgage Lending” at the customer’s request and for the period chosen by the latter are provided by the bank orally (e.g., at the bank’s premises by an employee, through telephone banking), as well as by other means of communication acceptable to the bank (for example: e-mail, online domain, SMS). When applying by e-mail, the customer submits the application from the e-mail previously provided to the Bank.
- 6.8. The bank provides the customer with a statement in the language the customer chooses from the options the Bank offers. The Bank shall at least provide the customer with a statement in Armenian, unless the Customer has chosen another language.
- 6.9. In case the Bank wants to reflect any additional information, advertisement, picture or other image in the statement, it must be placed on the last page of the statement.
- 6.10. In case of providing a statement electronically, the Bank shall ensure that:
  - 6.10.1 message accompanying the statement shall contain at least consumer name in the preferred language of the consumer from the options proposed by the financial institution, period included in the statement, name of the service for which the statement is provided, telephone number and e-mail address on which the consumer can receive exhaustive information on the issues related to the statement. In addition, the message shall state that the consumer should carefully examine his/her statement in order to verify the accuracy of information presented therein;
  - 6.10.2 technical-programmatic limits preventing the accessibility of the statement are eliminated (e.g. presented by “zip” format or use of professional programs) and the statements are attached to the electronic letter in the format the customer prefers. In case if it is impossible to find out the customer’s preferable format, the statement is attached to the electronic letter by “xls” (“xlsx”) format.
  - 6.10.3 the subject name of the statement’s electronic document or electronic letter contains “statement” word, reporting term, service type for which the statement is sent, currency, the card type in case of payment cards, the last 4 digits, in case of multicurrency card, instead of the currency contains “multi- currency” word, (examples- STATEMENT 01.10.15-30.10.15 CARD VISA 9550 AMD, STATEMENT 01.10.15-30.10.15 DEPOSIT USD, STATEMENT 01.10.15-30.10.15 CARLOAN AMD, STATEMENT 01.10.15-30.10.15 CARD 9550 MULTICURRENCY),
  - 6.10.4 The proofs of sending and receipt of the statement are properly kept at least one year (e.g. Return receipt, send receipt).
  - 6.10.5 The statement to be provided at the request of the customer and for the period chosen by him/her under the Law on “Mortgage lending”, shall be approved by the relevant authorized person of the bank (signature, seal).
- 6.11 In case of sending the statement through the post the Bank at least one year keeps the receipt of sending and/or retrospective notice on receiving.

6.12 If the customers don't demand information (account statements) to be provided at the Bank's , premises in person, it is kept in the Bank at least for 3 years with electronic or paper carrier.

6.13 If a loan, mortgage loan is granted to more than one person and a deposit is placed by more than one person, the Bank provides one copy of the statement to each customer. In case one mortgage loan is provided to more than one person, each of them can apply to the Bank and receive a statement for any period defined by the law on "Mortgage lending", in accordance with the procedures established by this Regulation.

## **7 COMMUNICATION BETWEEN THE BANK AND THE CUSTOMER IN CASE OF TERMINATION OF THE AGREEMENT**

7.1 When the customer submits an application on the termination of the agreement the bank shall immediately provide the customer with a confirmation on the receipt of the application through the means of communication the application has been submitted (for example, confirmation in writing in case of an application in writing; or electronic confirmation in case of electronic application). In case of verbal application, the Bank, at the customer's request, provides a confirmation in hard copy or electronically.

7.2 Should the Bank refuse to process the customer's application on the termination of bank account agreement and closure of the account, the Bank, in the manner set forth by Article 7.1 of this Regulation, informs the client about the reasons for the rejection (e.g., bans existing on the account).

7.3 If the Bank undertakes processing of the application on the termination of the bank account agreement and closure of the account, the latter, shall at least inform the consumer in the manner defined by Article 7.1 of this Procedure:

7.3.1 about the possibility to withdraw or transfer the funds available on the customer's account to the another account of the latter and the terms of its execution in case of closure of the account within maximum one-day period.

7.3.2 that the account service fee, as well as the charge of other future fees will be ceased from the moment of submitting an application on the termination of the bank account agreement and the closing of the account,

7.4 The Bank, in the manner specified by article 7.1 of this Regulation, shall also inform the customer that the closing of the account does not exempt the customer from the fulfillment of his/her obligations assumed before the closure of the account.

## **8 CODE OF CONDUCT AND PRINCIPLES OF COMMUNICATION WITH GUARANTORS**

8.1 Prior to the signing of a guarantee agreement or other agreement on the liabilities secured by a guarantee (loan agreement or agreement on other product), the Bank shall present the essential terms of the guarantee agreement or the agreement on the liabilities secured by the guarantor. The Bank also notifies that in case of non-fulfillment of the obligations by the debtor (borrower, co-borrower) the guarantor's credit history will be worsened. The guarantor shall also be informed about his/her liabilities, the size thereof, as well as about the provision of guarantor's information to the credit registry and credit bureau and the mechanisms for disputes settlement.

- 8.2 The Bank provides the guarantor with a copy of the guarantee agreement, as well as with the original or the copy (with “True copy of the original document” note) of the agreement on the liabilities secured by a guarantee (including the loan repayment schedule).
- 8.3 The Bank, upon the guarantor’s request, shall provide the guarantor with the information on the balance of liabilities (loan) throughout the period of relationship arising from the guarantee.
- 8.4 In the guarantee agreement or in a separate document the guarantor handwrites the following (in case of signing a guarantee agreement electronically –through printing electronically): “I (name, surname, title) guarantee the liability of (name, surname/title) in the amount of ----- , and I am fully aware that if the latter fails to fulfill his/her obligations I will be obliged to perform thereof, my credit history will deteriorate and I may lose my property”). Moreover, the aforementioned note shall be written in the language in which the agreement is provided to the guarantor.
- 8.5 If the Guarantor makes the handwritten note defined by 8.4 article of this Regulation in a separate document, the original document is kept by the Bank and the copy of the document is provided to the customer. In case of making the note in a guarantee agreement the guarantor shall make the aforementioned note in all the copies of the agreement.
- 8.6 If the guarantor is not able to ensure the requirement of making a handwritten note envisaged by the 8.4 article of the Regulation, the bank shall ensure the execution of the requirement through other means (e.g. video recording) keeping the grounds for at least 5 years after the expiry date of the Agreement.
- 8.7 The Bank communicates with the guarantor in the following manner:
- 8.7.1 The communication with the Guarantor shall be conducted in written form.
- 8.7.2 The Bank shall provide the guarantor with at least three options of written communication (moreover, the option of by hand, at the Bank’s premises, delivery cannot be the only one) and explain the nature of the chosen communication. The Bank provides the information envisaged by sub-articles 8.7.3 and 8.7.7 of this Regulation to the guarantor through one of the following means of communication of the latter's choice: short message (SMS) and (or) e-mail.
- 8.7.3 The bank is obliged to inform the Guarantor about his/her obligation subject to payment at least one day prior to the date of the fulfillment of the obligation set by the repayment schedule.
- 8.7.4 The Bank shall send an offer or a notification to the guarantor on the essential changes of the guarantee agreements or the agreements on the liabilities secured by the guarantor ( interest rate, commissions, fines, penalties, term, loan size, etc.) which shall involve information on the essential changes, terms on which the given changes enter into force, and if it’s required to get the Guarantor’s consent under the Legislation, the formats of the agreement, as well as about the consequences in case of disagreement. Moreover:
- 8.7.4.1 If the Bank intends to change the essential terms, as a result of which the conditions of the agreement will deteriorate and (or) the liability will increase, and the guarantor hasn’t given his/her consent for those changes beforehand, the Bank shall provide the Guarantor with an offer on the changes at least 7 working days prior.

Representative example 1: “Dear guarantor, upon the mutual consent of the Bank and the borrower, it is envisaged to change, from **15.04.2019** the **interest rate** of the liability secured by guarantee (**from 14% to 16%**) and **the term** (the term will be prolonged for two months, expiry date- 20.01.2020 instead of 20.03.2020). If you agree to the changes, it is required to visit the company up to 14.04.2019 and give your consent in written form. If you disagree with the amendment but it has occurred, the guarantee provided by you will be terminated after the changes enter into force in compliance with the legislation. If you do not agree

with the change and it has not been made in the Agreement the terms of the agreement secured by your guarantee shall continue to apply”.

- 8.7.4.2 If the Bank intends to change the essential terms of the agreement which do not envisage worsening of the agreement’s essential terms and (or) liability increase the Bank informs the guarantor about that within one business day after the amendment is approved.

Representative sample 2: “Dear Guarantor, by mutual consent of the Bank and the borrower, from **15.04.2019** the interest rate of the liability secured by your guarantee will be changed (from 14% to 12%).

- 8.7.4.3 When the Bank envisages to amend the essential terms of the agreement (including when an additional agreements are signed within the framework of existing guarantee agreement) to which the guarantor has previously given an agreement, the Bank informs the Guarantor within one business day each time after the change is approved.

Representative example 3: “Dear Guarantor, within the framework of the agreement on the guarantee provided by you and in the compliance with the terms thereof **the interest rate** of the liability guaranteed by you will be changed from **15.04.2019** (the interest rate will be 14% instead of 16%)”.

- 8.7.5 If, due to technical-software limitations (e.g. limits on short message digits), it is impossible to provide the representative copies defined by article 8.7.4 of this Regulation, the Bank notifies the Guarantor about the amendments and further actions indicating a phone number or other means of communication through which the guarantor can get acquainted with the details and further actions.

- 8.7.6 The Bank shall also notify the Bank about the termination of the agreement on the liability secured by the guarantee within 7 working days after the termination thereof.

- 8.7.7 In case of overdue liability, the Bank informs the Guarantor about that no later than the following day indicating the amount of the balance of the outstanding liability, its gaps- the principle, interests accrued, penalties, fines (if any) of a separate liability.

- 8.8 When the Bank submits a request to the Guarantor on the fulfillment of his/her liabilities, the request should envisage the term during which the guarantor is obliged to pay the guaranteed amount, moreover the term cannot be less than 7 business days.

## 9 REQUIREMENTS ON SERVICES PROVIDED THROUGH ADFOs

- 9.1 Prior to the provision of services through ADFOs for transactions without involvement of payment instruments, the Bank shall introduce to the consumer basic terms of the service,

charged commissions, applicable rates, applicable timelines and other essential terms for the transaction.

- 9.2 The Bank renders the service only after the client's clear consent or instruction (after pressing the key containing the positive answer to the request for an ADFO service on the screen).
- 9.3 Where ADFO's hardware-based capabilities do not allow cash back in excess of the amount to be paid, the ADFO should offer the consumer no less than two other ways to recover the excessively paid amount (for example, the possible ways of returning the change may include receiving additional payment for services rendered, charging of the cell phone number, replenishment of bank (card) accounts and electronic money accounts, etc.). The relevant statement shall be posted (presented) on the visible area or monitor of ADFO in easy-to-read format.
- 9.4 ADFO shall show the name of the operating Bank and consumer care phone number (the 24-hour service telephone number, if available), through which the consumer may contact the relevant department, or service of the financial institution in order to receive consultation.
- 9.5 After making each transaction through ADFO, the consumer shall receive a receipt confirming execution of the transaction. The receipt is not necessary only if the consumer explicitly agrees or instructs it. When it is impossible to issue receipt through ADFO, prior to provision of the service, the consumer shall be informed about the impossibility of issuing the receipt and proceed with the delivery of service only if the consumer explicitly agrees or instructs it.
- 9.6 The receipts provided by ADFO shall at least contain the requisites set forth by RA CB and ADFO identification data (ADFO identifier and/or location address).
- 9.7 In the event that the requisites of the receipt confirming the transaction with the ADFO are not specified by the Central Bank's legal acts, the receipt issued during the transaction shall at least include the following requisites:
  - 9.7.1 certification verification code (if any);
  - 9.7.2 date and hour of issuing the receipt;
  - 9.7.3 ADFO identifier information (ADFO identifier and/or location address);
  - 9.7.4 amount of transaction, including money received from the consumer and provided to the consumer in case of foreign currency purchase and sale transactions;
  - 9.7.5 currency of the transaction, including currency of the consumer received and given to the client in case of foreign exchange trading transactions,
  - 9.7.6 type of transaction;
  - 9.7.7 in case of a cash inflow transaction, account number or payment card number (as permitted by the security rules).
- 9.8 Receipt confirming the transaction must be at least in Armenian (in Armenian letters) and in English (in Latin letters) the Bank of its choice may provide a receipt in another language.
- 9.9 ADFO shall have at least Armenian and English menus (two languages can be presented jointly or by pre-selection of one of them). If there is an option to select a different language, suggestion of the different language shall be in the same language, whereas the selected language shall not be changed throughout the whole process of transaction performed through ADFO.

- 9.10 Access to services provided through ADFOs shall be at least 97 percent annually. For ADFOs that are installed in places not available for 24-hour service, 97 percent accessibility calculations are performed taking into account business hours of the place.
- 9.11 Prior to carrying out transaction with application of a payment instrument, the Bank shall provide information on fees charged for carrying out transaction through ADFO (if any) in the area visible for consumers on the front panel of ADFO.
- 9.12 In the event that it is possible to execute repayment of obligations envisaged by the loan, mortgage agreement, the Bank ensures that in addition to the command of “loan regular repayment”, “Early loan repayment” command is available on the page of loan repayment as well. Moreover, after pressing “Early loan repayment” command, the customer (the payer) shall be explained through the message that “the transaction to be implemented is not a regular loan repayment and the amount paid will be directed to the redemption of the Principle amount of the loan accordingly changing the loan redemption schedule, unless the customer (payer) gives another command. In case of possibility, after the command of “Early loan repayment” of a mortgage loan, the possible fines, penalties and other consequences shall be disclosed to the Customer (payer) through a message. At the end of the transaction, a message appearing on the screen of ADFO discloses that early repayment has been made, the loan repayment schedule has been changed, and the customer can apply to the Bank within one business day to learn about the next repayment date and obtain a new schedule.
- 9.13 When the customer (payer) executes a regular loan repayment and redemption of overdue liability or one of them through ADFO on the date set forth by the schedule and the amount exceeds the amount of the regular redemption or overdue liability, the message appearing on the monitor of ADFO discloses that the payments exceeding the amounts to be paid are deemed as early fulfillment (redemption) of the obligation and deduced from the Loan Principle and the fees forming the income of the Bank included in the total expenses of the lending proportionally, unless the customer (payer) gives another command. Whenever possible, the Bank ensures the opportunity to give other commands applied by the financial institution that operates ADFO defining brief descriptions of the commands.

## **10 COMMUNICATION WITH THE CUSTOMER ON THE EARLY FULFILLMENT (REPAYMENT) OF THE OBLIGATIONS ENVISAGED BY LOAN, MORTGAGE AGREEMENT**

- 10.1 The information to be provided to the customer (payer) at the Bank’s premises including at the place of business of the financial institution servicing the loan, the mortgage loan, in case of preterm fulfillment of the obligations defined by the loan, mortgage agreement, may be both in written or verbal form and in case of preterm fulfillment (repayment) of obligations via ADFOs or online through the message appearing on the monitor of ADFOs or the remote service device respectively.
- 10.2 In the event that the early loan repayment is executed through ADFO or online, the information envisaged by article 9.12 of this Regulation is provided to the customer (payer) through the messages appearing on the monitor of ADFO or online.
- 10.3 If the Bank has an information on the e-mail means of (remote) communication with the customer (e-mail address, mobile phone number, etc.) the Bank through e-mail, short message or phone call informs the customer that an early repayment of obligation on the his/her loan has been executed, the payment has been directed to the deduction of the loan principle and



the fees forming the bank's income included in the total lending expenses have been deduced within one business day after the preterm fulfillment of the obligation. The Customer shall also be notified that the repayment schedule has been changed and to get a new repayment schedule and learn about the next payment date the latter shall apply to the Bank after one business day.

#### 10.4 In case of consumer loans:

- 10.4.1 The early fulfillment (repayment) of the obligations is the payment of obligations by the customer (payer) which does not coincide with the repayment date (regular payment) or amount of the obligation subject to payment envisaged by loan agreement's repayment schedule.
- 10.4.2 The fulfillment of obligations is not deemed preterm when:
  - 10.4.2.1 the customer's (payer's) written instruction is available, where "other purpose" of payment is indicated (e.g., direct the paid amount to the redemption of interest amounts of the upcoming two months or the repayment of the loan principle), or
  - 10.4.2.2 the customer (the payer) has not made the payment envisaged by the repayment schedule of the given agreement.
- 10.4.3 The Bank implements the preterm fulfillment of the obligations through reducing the principle of the loan in the amount paid by the customer (payer) proportionally decreasing the payments forming the bank's income included in the total lending expenses, unless the customer (payer) gives another instruction.
- 10.4.4 Should the customer (payer) make regular payment of the loan and redemption of overdue liability or one of them on the date set by schedule and the paid amount exceed the size of the amount of regular payment or overdue liability the exceeding amount is deemed as early fulfillment (payment) of the obligations and is deduced from the loan principle on the date of payment. On the day of payment the fees forming the bank's income included in the total lending expenses are proportionally reduced with the exception of cases when the customer (payer) gives another instruction regarding the paid amount; e.g. direct the exceeding amount to the redemption of the interest amounts of the next 2 months and (or) redemption of principle amount.
- 10.4.5 If the customer (payer) fulfills his/her obligations envisaged by the agreement before the set term at the Bank's premises or at the servicing financial institution's place of business the servicing employee, in written form or verbally, shall notify the customer (payer):
  - 10.4.5.1 unless the customer (payer) gives another instruction the early repayment of the obligation will be directed to the redemption of the loan principle. The fees forming the bank's income included in the total lending expenses will be proportionally reduced and therefore the repayment schedule will be changed in the amount paid.
  - 10.4.5.2 about the date and amount of the next repayment, as well as the activities set by article 5.12 of this Regulation regarding the provision of a new repayment schedule.

10.4.6 If the customer (payer) implements a regular loan payment or repayment of an overdue liability or any of them and the amount envisaged exceeds the amount subject to payment, the servicing employee shall also orally inform the customer (payer) that the exceeding amounts are deemed as preterm fulfillment of obligations and will be reduced from the loan principle and fees forming the bank's income included in the total lending expenses proportionally unless the customer (payer) gives another instruction.

10.5 In case of mortgage loans:

10.5.1 The payment made by the customer (payer) directed to the redemption of obligations which does not coincide with the date or the amount of the obligation (regular payment) subject to payment under the schedule of mortgage agreement is considered as a preterm redemption only if:

10.5.1.1 the preterm repayment does not cause an obligation to pay fines or penalties or to bear any negative consequences, or

10.5.1.2 the customer (payer) requires the payment to be deemed as preterm redemption.

10.5.2 The Bank, carries out the preterm repayment (fulfillment) of the obligations by reducing the loan principle and the fees forming the bank's income involved in the total lending expenses proportionally in the size of amount paid by the customer (payer), unless the customer (payer) gives another instruction.

10.5.3 If the Customer (payer) fulfills (repays) his/her obligations before the defined term at the Bank's premises or at the servicing financial institution's place of business the servicing employee shall, in written form or orally, inform the customer about:

10.5.3.1 the customer's (payer's) right of choice envisaged by article 13, paragraph 1, point 2 of RA law "On housing mortgage lending".

10.5.3.2 the activities set forth by articles 10.5.1 and 10.5.2 of this Regulation.

10.5.3.3 the fines, penalties applicable, interest amounts recalculation cases and order, compensation of losses occurred as a result of loan amount reinvestment, the decrease in future expenses in case of additional proceeds, as well as about other possible consequences

10.5.3.4 the date and amount of the next repayment and the activities envisaged by article 5.12 of this Regulation as well.

## 11 MISCELLANEOUS

11.1 The Information bulletin is posted on the Bank's website and is provided free of charge:

11.1.1 to person who is at the Bank's premises upon his/her first request

11.1.2 to the customer prior to the signing of a deposit agreement and /or/ opening of an account

11.2 The updates of the information bulletin posted on the website is carried out by the responsible subdivision of the Bank pursuant to the Bank's Executive board's resolution.

11.3 Clauses 6.7, 6.10.5 and the second sentence of Clause 6.13 of this Regulation shall into force on 27.05.2021.