



Approved by
ARMECONOMBANK OJSC Executive Board's Resolution

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Chairman of the Executive Board

----- A. Arakelyan

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

YEREVAN 2024

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8	09.03.2021	41-A/01-09.03.2021	R/A/0/023/09.03.2021/8
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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 and (or) equivalent foreign currency loan granted for agricultural purposes
- 1.3.3.3. Up to AMD 5.000.000 inclusive and (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, improvement or the modernization of an apartment, and
- 1.3.4.2 Loan fund is secured by the mortgage of the apartment or by an apartment of multi-apartment building to be built in compliance with Article 270 of RA Civil Code, or by the mortgage of a land envisaged for the construction of an apartment, incomplete construction and materials and equipment acquired 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 apartment to be acquired, built, reconstructed, renovated or modernized, regardless of the reasons, provided that the apartment to be acquired, built, reconstructed, renovated or modernized is pledged after the conditions prohibiting the pledge are 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 order or acquire 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 RA Law “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 funds 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 contract terms.
- 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 deposit attraction procedure and terms of each deposit type (bank/card account) approved by the Executive Board of the Bank.
- 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 activity or the balance value of assets as of the end of previous year does not exceed AMD 100mn.
- 1.3.20 Bundled service – a service offered together with the main financial service in one package. Bundled services have other terms in case of being provided separately from the main banking services.

- 1.3.21 Auxiliary service – service which is offered simultaneously with the main financial service as a separate service.
- 1.3.22 Main financial service – service offered primarily to the client or the customer has applied to the Bank for its receipt.
- 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 risks 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 ensure 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 other 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 for the customer 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 point 5.1 of this regulation through e-mail, as well as about the latter's right to choose another way of receiving such information (mail, telephone, short message, manually 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 Point 3.1 of this Regulation, shall also provide the information bulletin.
- 3.3 While signing a loan or mortgage agreement the Bank employee, in addition to the activities specified by Point 3.1 of this Regulation, shall:
 - 3.3.1 Verbally explain the nature and importance of credit history and credit score evaluation (if applicable), the type of score used (Acra, FICO, own score evaluation or other), the main factors affecting the score, necessarily stating that the number of credit applications (" the number of requests to ACRA Credit Reporting CJSC) has a negative impact on the summarized credit score (credit history). Moreover, when accepting a loan application remotely, the information specified in this point must be presented in a prominent and separate form, under a separate heading on credit history and score, in a different font and font size.
 - 3.3.1.1 Provide information on the impact of loan request on score clearly indicating the score type and the direction of impact. Moreover, the information specified in this point must be submitted before receiving the consent to make the request, and when accepting a loan application remotely, it is submitted directly on the given page, with the presence of a field containing a confirmation note.
 - 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 applied by points 1 and 2 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 6th and 10th 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 and acceptance 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 (by hand in the Bank's premises, by mail, electronically).
- 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 version 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 two copies 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 (valid 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 leaflet is deemed returned if the actions required for the consent are implemented (e.g. clicking the confirmation button titled "I agree to receive a loan under the terms specified in the Individual leaflet").
- 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 notifying the customer on the positive decision on loan application (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 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 those terms 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 the document proving that the letter has been sent, e-mail notification message).
- 3.4 When submitting an application to use credit or other services, the Bank provides the client with information in writing regarding inquiries made about the client by the Credit Bureau, which should include at least the following:
- 3.4.1 The aim of the requests made in separate lines (e.g. loan provision, monitoring of existing loan, offer of other services).
- 3.4.2 For each request purpose, the frequency of the request (if defined) and the period for which consent is given, as well as the effect on the credit score (eg, increases, decreases, does not affect) are indicated separately. Moreover, the period of the request cannot be longer than the period of validity of the given service contract.
- 3.4.3 If, the consent to make request for any purpose in accordance with this clause is a mandatory condition for submitting an application in accordance with this clause, then a note thereof. Moreover, the inquiries for the purpose of offering marketing or other services cannot be considered a mandatory condition for providing that service.
- 3.5. Each time when making a credit inquiry about the client, if the inquiry will affect the credit score assessment (FICO, Acra or own score), the Bank informs the client about this within a maximum of 2 working days after making the inquiry, indicating the date of the inquiry, the purpose (for example: granting a new loan, increasing the amount of the loan) and type (credit history or score), as well as information or link to page of the website(s) containing the credit history/credit score information specified in clause 3.3.1.1 of this Regulation.
The Bank informs the client of the information specified in this point free of charge through an electronic message. When making inquiries affecting the customer's credit score, if it is impossible to send this information via e-mail (when the customer does not have an e-mail address or does not use the Bank's online or mobile applications), the Bank informs the customer in other available ways (for example, by short message, manual or postal delivery).
- 3.6. 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 workplace, a property valuation act, a document verified by notary, etc.).
- 3.7. If the Bank, parallel with the provision of the basic service, offers a combined or auxiliary or bonus (incentive) service the latter shall comply with the communication rules set forth by Point 3.1 of this Regulation while rendering a combined or auxiliary or bonus service, and in case of an appropriate loan the communication rules set by points 3.2 and 3.3 of the Regulation as well as notify the customer about his/her right to refuse the bonus service.

- 3.8. In case when the Bank provides the service remotely in an electronic way and cannot ensure the oral communication with the customer prior to signing the agreement, then the Bank makes the information specified in clauses 3.1-3.7 and clauses 3.11.3, 3.11.4 and 3.11.6 available to customers remotely (for example, via video recording on the website or other means).
- 3.9. In case when the Bank provides its services out of its place of activity through third parties, then the Bank ensures the disclosure of information on that service and its provision to the client through a third party in accordance with the requirements defined by this Regulation. Furthermore, the third party discloses and provides the information received from the Bank to customer.
- 3.10. In case of signing a loan, deposit, mortgage agreement with the same customer at the same terms (including renewal, extension of the agreement) the Bank has a right to waive the requirements set out in points 3.1-3.7 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 Point 5.5 of the Regulation as well.
- 3.11. The Bank:
- 3.11.1. Ensures the compliance of the terms involved in the Individual leaflet with the provisions of a loan, mortgage agreement, excluding effective annual rate, which, conditioned by the repayment schedule and (or) exchange rate fluctuations may differ, and also 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.
- 3.11.2. 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 an opportunity to study a the essential terms of a loan or mortgage loan, and if desired, to compare them with the essential terms of a loan or mortgage loan offered by other lenders.
- 3.11.3. orally explains the essence and importance of the Individual leaflet
- 3.11.4. verbally notifies about the validity period of the Individual leaflet,
- 3.11.5. does not guide the customer in any way while signing the Individual leaflet, but does indicate the number of signatures
- 3.11.6. Orally explains the possible differences between the Individual leaflet and loan, mortgage agreements conditioned by the repayment schedule and (or) exchange rate changes.
- 3.12. 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 .
- 3.13. 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 defined by 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 in cases where the general terms of service is not defined by the Bank, the Bank informs the client that the general terms of service can be viewed on the Bank's

premises, and also explains the other ways or means the client can obtain the document defining the general terms of service.

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

5. COMMUNICATION BETWEEN THE BANK AND THE CUSTOMER DURING THE VALIDITY OF THE AGREEMENT

5.1. During the validity 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 inform the customer in written at least seven days prior to the implementation of the payment that, will be obliged to pay for the insurance, appraisal and other additional services within the term of the mortgage agreement upon the Bank's request. The Bank shall also notify about the terms, 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 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 inform the customer about that orally or in writing and in case of receiving the customer's consent concerning the size of the commission of the withdrawal continue the appropriate transaction.

5.4. The information defined by Point 5.1 of this Regulation and the statement set forth by points 6.1-6.3 of this regulation shall be provided to the customer via e-mail. The information specified in clause 5.1 of this Regulation and the statement specified in clauses 6.1-6.3 of this work procedure may be provided to the client based on the customer's written, including electronically submitted application, through a valid postal or other means of communication (telephone, short message, in the Bank's premises, etc.). The Bank cannot guide the customer to choose any method of notification or limit the possibility to choose a method of notification.

5.5. If during the validity period of the loan agreement changes envisaged by points 5.1.1, 5.1.3, 5.1.4 and 5.1.5 of this regulation occur, and in case of mortgage loans information defined by 1st part of article 8 of the RA Law "On housing mortgage lending" is changed, as a result of which the information included in the Individual leaflet is changed, the Bank, in a manner set forth by 3.3.4.1 points of this Regulation, shall provide a new information leaflet upon the customer's verbal or written request. In case the bank, based on the grounds defined by law, unilaterally extends the term of loan, mortgage agreement with new conditions at the Bank 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 Point 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, in other cases the change made in the information specified in clause 5.1 of this working procedure is provided to the client no later than 7 working days after the relevant change has taken place and the Bank has notified it.
- 5.7. In case of defining, changing 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 Point 5.1 of this regulation during the service of the agreement the following general principles of communication shall be met:
- 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 Point 5.1 of this Regulation.
 - 5.8.3. the Bank shall present the information set forth in Point 5.1 of this Regulation so that separate specific headings are visible 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 for the provision of the information specified by point 5.1 of this Regulation—notification of an e-mail message, delivery receipt, 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 Point 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 is being recorded
 - 5.10.4. interrupt telephone conversation at the request of the customer 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, will provide the information regarding the customer to the Credit Bureau and Credit Registry of CBA in the defined manner. 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. During the entire period of military and state of emergency declared in the Republic of Armenia, "as well as in case of non-fulfilment or improper fulfillment of that obligation, the expression regarding providing the information regarding the latter to the Credit Bureau and the Credit Registry of the Central Bank of the Republic of Armenia" shall be removed from the text of the notice specified in this point.

5.12. In case of changes in a loan, mortgage loan repayment schedule regarding preterm repayment of a loan, mortgage loan, interest rate changes and other circumstances the Bank, provides the customer with a new repayment schedule free of charge within at least one business day through the customer's preferred communication method at the customer's request (in person, valid 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, provides the Borrower with a written information- a statement in defined form about the borrower's obligations arising from the Agreement, grounds for occurrence of these obligations and the redemptions thereof, including 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 in accordance with the manner defined by the loan agreement.
- 6.2. The bank shall periodically but no later than 20 business days prior to each regular payment (redemption) provide the Borrower specified in Points 1.3.7.4 of this Regulation with free statement specified in Point 1.3.7.4 of this Regulation in the language the latter prefers. At the request of the Borrower specified in point 1.3.7.4 of the Regulation, the bank shall provide the Borrower with free statements for the period specified by the latter at least four times per year. The statements to be provided to the Borrower specified in point 1.3.7.4 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 (redemptions) made by the Borrower as of the provision of the statement
 - 6.2.5. The size and date of the regular payment (repayment) 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 statement in a defined manner on the latter's deposit (bank/card account) in the language the customer prefers, with the exception of the case when the given account hasn't been debited or credited during the accounting period.
- 6.4. According to the type of service, the statements provided by the bank to the clients in accordance with clauses 6.1-6.3 and 6.7 of this Regulation must include at least the components defined by Regulation 8/05 (hereinafter - Regulation 8/05) "Rules of Business Conduct of Financial Organizations" in accordance with the specifications.
- 6.5. The bank is guided by the templates presented by Regulation 8/05 per the relevant type of the service. In the event that the Bank chooses a different format for the presentation of the statement, it must at least ensure that the Bank's format fully and identically reflects the elements of the exemplary template defined by Regulation 8/05, according to the format, order, content presented in Regulation 8/05, with font, font size and colors. 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 formats defined by Regulation 8/05.
- 6.7. According to the Law "On Housing Mortgage Lending", the Bank provides the statements provided by the client at the customer's request and for the period chosen by him/her orally (for example, through an employee at the Bank's premises, through telephone banking), as well as through other means of communication acceptable to the Bank (for example, e-mail, online domain, short message) upon application. When applying by e-mail, the client submits the application from the e-mail address that he previously provided to the Bank.
- 6.8. The bank provides the customer with a statement in the language the customer chooses from the languages the Bank offers. The Bank shall at least provide the customer with a statement in Armenian, unless the Customer has chosen another language from the options offered by the Bank.
- 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 Bank, period included in the statement, name of the service for which the statement is provided, phone number and e-mail address by 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. there are no technical-software limits preventing the accessibility of the statement (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 at least by "xls" ("xlsx") format.
- 6.10.3. the subject line of the statement's electronic document or electronic letter contains "statement" word, reporting period, service type for which the statement is sent, currency, the card type in case of payment cards, the last 4 digits, in case of a multicurrency card, instead of the currency "multi- currency" word is mentioned, (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 AUTO LOAN AMD, STATEMENT 01.10.15-30.10.15 CARD 9550 MULTICURRENCY)
- 6.10.4. The proofs of sending and receipt of the statement should be properly kept at least one year (e.g. Return receipt, send receipt).
- 6.10.5. According to the Law "On Residential Mortgage Lending", the statement provided at the customer's request and for the period chosen by him shall contain confirmation (signature, stamp) by a person with the relevant authority of the Bank.
- 6.11. In case of sending the statement by mail the Bank keeps the receipt of sending and/or retrospective notice on receipt for at least one year.

- 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 in electronic or paper carrier.
- 6.13. If a loan, mortgage loan is granted to more than one person or a deposit is placed by more than one person, the Bank provides one copy of the statement to each customer. In case when a mortgage loan is provided to more than one person, each of them may apply to the Bank and receive a statement for any period defined by RA law "On mortgage housing lending" in accordance with the procedures defined 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, written paper confirmation in case of a paper application; or electronic confirmation in case of electronic application). In case of submitting verbal application, the Bank provides a confirmation in hard copy or electronically upon the customer's request.
- 7.1. Should the Bank refuse to terminate the bank account agreement or process the customer's application on the closure of bank account, the Bank undertakes to inform the client about the reasons for the rejection (e.g., bans existing on the account) in the manner set forth by Point 7.1 of this Regulation.
- 7.2. 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 Point 7.1 of this Procedure:
- 7.2.1. about the possibility of closing the account within a maximum of one day and, in the case of having funds on the client's account, transferring these funds to another account of the client or withdrawing them and the deadlines for its implementation,
- 7.2.2. about terminating the bank account agreement, including service fee or any other future-oriented fee, from the moment of submitting the application to terminate the bank account and closing the account and the servicing of the account from the moment of being processed by the Bank.
- 7.3. The Bank, in the manner specified by Point 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 provide the guarantor with the essential terms of the guarantee agreement or the agreement on the liabilities secured by the guarantee. The guarantor shall also be informed about the deterioration of the credit history of the guarantor in case of non-fulfillment of the debtor (borrower, co-borrower) liabilities, the size

- thereof, as well as regarding 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 (including the loan repayment schedule) of the agreement on the liabilities secured by a guarantee (with "True copy of the original" note).
- 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 may be handwritten by the guarantor only 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 guarantor. In case of making the handwritten 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 Point 8.4 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 made in written form.
- 8.7.2. The Bank shall provide the guarantor with at least three options of written communication (moreover, the option of delivering by hand, at the Bank's premises, cannot be the only means of communication) and explain the nature of the chosen means of 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 guarantee (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 is required to get the Guarantor's consent under the Legislation, the formats of the agreement, as well as 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 **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- 20.03.2020 instead of 20.01.2020). 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 appropriate change enters 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, the interest rate of the liability secured by your guarantee will be changed since **15.04.2019** (from 14% to 12%).

- 8.7.4.3. In case if the Bank envisages to amend the essential terms of the agreement (including when additional agreements are signed within the framework of the preceding 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 submit 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 Guarantor 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 thereof no later than the following day of overdue payment, indicating the amount of the balance of the overall liability and 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 for 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 will (after pressing the key containing a positive answer to the request for consent to provide the ADFO service on the screen).
- 9.3. Where ADFO's hardware-based capabilities do not allow to cash back in excess of the payable amount, the ADFO should offer the customer no less than two other ways to recover the petty cash (for example, the possible ways of returning the petty cash may include receiving additional payment for services rendered, charging of the mobile 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 customer care phone number (the 24/7 service telephone number, if available), through which the customer may contact the relevant division, or service of the Bank 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 customer agrees or . 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 provision of service only if the consumer explicitly agrees or wishes not to receive (request) the receipt..
- 9.6. The receipts provided through ADFO shall at least contain the requisites set forth by RA CB and ADFO identification data (ADFO identifier and/or installation 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 installation address);
 - 9.7.4. amount of transaction, including money received from the customer and provided to the customer in case of foreign currency purchase and sale transactions;
 - 9.7.5. currency of the transaction, including currencies received from the customer and given to the client in case of foreign exchange 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). Issuance of the receipt in other languages upon the Bank's choice.
- 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, the proposal of selecting a 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 customers on monitor or 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 be 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 Principal 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 payable amounts are deemed as early fulfillment (redemption) of the obligation and deduced from the Loan Principal 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 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, at the place of business of the financial institution servicing the loan, including the mortgage loan, in case of preterm fulfillment (repayment) of the obligations (hereinafter-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 ADFO or online through messages appearing on the monitor of ADFO 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 Point 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.) then the Bank, within 1 working

day after fulfilling the obligations before the due date, informs the client by e-mail, short message or phone call that the latter's loan obligations have been fulfilled (repaid) before the due date, the given repayment was directed to the reduction of the loan principal and the fees that form the Bank's income included in the total expenses of lending have been reduced proportionally. It is also informed that the schedule of subsequent repayments has been changed and that the client can contact the Bank after one working day to receive a schedule with new repayments, as well as to get informed about the next repayment.

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 payable envisaged by loan agreement's repayment schedule.

10.4.2. Early fulfillment (repayment) of obligations is not deemed if:

10.4.2.1. the customer's (payer's) written instruction is available, where "other purpose" of payment is indicated (e.g., direct the to the redemption of interest amounts of the upcoming two months or the repayment of the loan principal), 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 (repayment) of the obligations through reducing the loan principal 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 payment amount exceed the size of the amount of regular payment or overdue liability, the amount exceeding the amount of overdue obligation 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 amount payable; e.g. direct the exceeding amount to the redemption of the interest amounts of the next 2 months and (or) redemption of principal 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, shall notify the customer (payer) in written form or verbally in that:

10.4.5.1. unless the customer (payer) gives another instruction, the early repayment of obligations 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 reduced proportionally and therefore the repayment schedule will be changed in the amount paid.

10.4.5.2. about the date and amount of the regular repayment, as well as the activities set by Point 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 envisaged payment exceeds the amount of next repayment, the servicing employee shall also orally inform the customer (payer)

that the exceeding amounts are deemed as preterm fulfillment (repayment) of obligations reducing 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) payable under the schedule of mortgage agreement is considered as a preterm redemption only if:

10.5.1.1. Early repayment does not cause the client to incur a penalty, fine or other 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 fulfillment (repayment) 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. In case the Customer (payer) fulfills 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 inform the customer (payer) in writing or orally about:

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

10.5.3.2. the activities set forth by Points 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 for 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 regular repayment as well as the activities envisaged by Point 5.12 of this Regulation.

11. MISCELLANEOUS

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

11.1.1. to any 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.