



**Ardshinbank**

# **ARDSHINBANK CJSC RULES FOR THE CREDITING OF PAYMENT CARDS**

YEREVAN – 2023



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## 1. Definitions and Abbreviations

**“The Bank”**: ARDSHINBANK CJSC;

**“CSD”**: Client Services Division;

**“Payment Card”**: A payment instrument released by the Bank for a definite period in the form of a debit (settlement) card or a credit card, which shall be used for receiving cash or making non-cash payments, as well performing other transactions established by the Bank;

**“Client”**: A natural person, a legal entity and a sole entrepreneur who have signed a Line of Credit or Mixed Agreement with the Bank or a natural person, a legal entity and a sole entrepreneur who have turned to the Bank with a proposal to sign such an agreement at their own discretion or based on a notice by the Bank;

**“General Tariffs”**: General tariffs (tariff packages) for the issuance and servicing of debit (settlement) and (or) credit cards approved by the Bank. The General Tariffs shall be published on the Bank’s website and may be at times unilaterally amended;

**“Terms of Crediting”**: Essential terms and (or) packages of terms for the issuance of lines of credit with Bank-approved payment cards. The General Terms of crediting shall be published on the Bank’s website and may be at times unilaterally amended;

**“Client’s application-proposal (offer) for concluding a line of credit agreement with a settlement card”**: A proposal (offer) submitted to the Bank by the Client for the conclusion of a line of credit agreement with a payment card, whereby the Client asks the Bank to issue a line of credit to him/her subject to the effective Rules of Crediting and Terms of Crediting by concluding a line of credit agreement with the settlement card;

**“Application-proposal for the issuance and servicing of a credit card and the conclusion of a line of credit and (or) mixed collateral agreement”**: A proposal (offer) submitted to the Bank by the Client for the issuance and servicing of a credit card and the conclusion of a line of credit and (or) mixed collateral agreement, whereby the Client asks the Bank to issue a credit card to him/her subject to the Bank’s rules for payment cards, the Rules for Crediting and the Terms for Crediting, open a bank (card) account and issue a line of credit in accordance therewith subject to the established requirements, accepting, as a securement means, the pledge of the right of claim arising from the deposit (bank account) agreement or without thereof by concluding an agreement for the issuance and servicing of a credit card and a line of credit and (or) a mixed collateral agreement;

**“Acceptance”**: the Bank’s move to undertake actions towards abiding by the terms of the Line of Credit Agreement or the Mixed Agreement, as well as (if available) the Surety Agreement;

**“Line of Credit Agreement”**: the Client’s application-proposal for concluding» a line of credit agreement with the client’s settlement card subject to the Rules of Crediting and Terms of Crediting and the Bank’s Acceptance on the acceptance thereof (by way of issuing and servicing a line of credit to the settlement card);



**“Agreement”**: the application for the issuance and servicing of a debit (settlement) card subject to the rules and tariffs for payment cards and the Bank's acceptance on the acceptance thereof (by way of opening a card account and releasing a payment card);

**“Mixed Agreement”**: the application-offer for concluding an agreement for the issuance and servicing of a Credit Card and concluding a line of credit and (or) mixed collateral agreement subject to the rules for Payment Cards, rules for the crediting of Payment Cards and the tariffs for the issuance, servicing and crediting of a credit card, and the Bank's acceptance on the Acceptance thereof (by way of opening a card account, releasing a payment card and [or] issuing and servicing a line of credit);

**“Surety Agreement”**: the application-offer for concluding a surety agreement in securement of the liabilities arising from the Line of Credit or Mixed Agreement and the Bank's Acceptance on the acceptance thereof (by way of issuing and servicing a line of credit for the settlement card);

**“Card Account”**: a card account opened in the cardholder's name pursuant to the Agreement for being used for the procession of operations and mutual settlements by using the payment card or the details thereof;

**“Credit Account”**: An account (a non-bank account) or a group of accounts opened by the Bank in the Client's time for the issuance of the Client's Line of Credit and registration;

**“Settlement Card”**: a payment card through which the cardholder shall, in accordance with the Agreement signed with the Bank, perform operations both within his/her own means available on the card account, and within the line of credit issued. A settlement card is intended to establish more favorable terms for the management of the Client's own means;

**“Credit Card”**: a payment card through which the Client shall, in accordance with the Agreement signed with the Bank, perform operations both within his/her own means available on the card account and within the line of credit issued by the Bank;

**“Line of Credit”**: a renewable or decreasing maximum limit issued to the Client with a settlement or Credit card in line with the Rules for Crediting and the Terms for Crediting (maximum credit amount) within which the Bank shall issue amounts, i.e. – credits (Credits), to the Client;

**“Reporting Period”**: a period of using the Line of Credit, which starts from the day following the mutual settlement and finishes on the next mutual settlement day. The first reporting period shall start on the day of concluding the Line of Credit Agreement or the Mixed Agreement. Whenever the first Reporting Period is shorter than a month, the period between date of concluding the Line of Credit or Mixed Agreement and the forthcoming second mutual settlement day shall be deemed the first Reporting Period;

**“Payment Period”**: a period of time established for the redemption of a credit liability subject to the terms of crediting, allowing (obliging) the Client to pay the mandatory payment amount or redeem the entire credit liability.

**“Mutual Settlement Day”**: a day of making mutual settlements for the Client and the Bank with respect to mutual liabilities arising from the Line of Credit Agreement or the Mixed Agreement. Whenever the calendar date of the mutual settlement is a non-business day, the first business day following the given calendar date shall be the day of mutual settlement.

**“Grace Redemption Period”**: a period intended for the redemption of a credit liability after the end of the reporting period under the Terms of Crediting, allowing the Client to pay the mandatory redemption amount or to redeem the entire credit liability. In the event of redeeming the entire credit liability, the Client shall be exempt from the liability of paying the settled (accrued) interest amounts. The Grace Redemption Period shall be covered in the Payment Period and may not extend beyond the Payment Period *per se*.



**“Redemption Delay”**: a period envisaged under the Terms of Crediting, which excludes any redemption (repayment) of the Line of Credit and requires the redemption (repayment) of only the interest amount and other liabilities within the Reporting Period.

**“Reduction Amount”**: a share of the Line of Credit settled with a certain interest under the terms of crediting, which is reduced on every Mutual Settlement Day below the limit of the Line of Credit.

**“Minimum Redemption Limit”**: a *de facto* used Line of Credit share under the Terms of Crediting settled at a certain interest of the Credits (lump sum) obtained within the reporting period as of the end of the Mutual Settlement Date;

**“Mandatory Redemption Amount”**: a liability generated as of the last day of the reporting period, which shall comprise:

- a) the penalty settled for the card account surcharge (receivables) as of the end of the Reporting Period;
- b) the card account surcharge (receivables) as of the end of the Reporting Period;
- c) other payable commissions under the Agreement, the Line of Credit Agreement and (or) the Mixed Agreement as of the end of the Reporting Period;
- d) the outstanding interest for the previous period (including the interest settled for the outstanding credit and the penalty for overdue interests) if available;
- e) the Minimum Outstanding Redemption Amount or Reduction Amount not repaid in the previous period (the part not sufficing for the Redemption Amount) if available;
- f) the interest amount settled (accrued) for the used part of the Line of Credit as of the end of the Reporting Period;
- g) the Minimum Redemption Amount or Deduction Amount (the part not sufficing for the Redemption Amount).

**“Entire Liability for the Period”**: the Liability for the Entire Period shall comprise:

- a) the Mandatory Redemption Amount, and
- b) the used part of the Line of Credit as of the end of the Reporting Period (apart from the Minimum Redemption Limit).

**“Entire Liability”**: an Entire liability shall comprise:

- a) the penalty settled for the card account surcharge (receivables);
- b) the card account surcharge (receivables);
- c) other payable commissions under the Agreement, the Line of Credit Agreement and (or) the Mixed Agreement;
- d) interest amount settled (accrued) for the entirely used part of the Line of Credit;
- e) the entire used part of the Line of Credit.

The entire liability shall be generated as of the day of making the actual redemption.

**“Notification of the change in the Terms of Crediting”**: a message submitted to the Client in writing on a change in the essential terms of the Line of Credit Agreement or the Mixed Agreement in the agreed manner and subject to the agreed procedure of communication;

**“Renewable Line of Credit”**: a variety of a Line of Credit making the redeemed part accessible to the Client again after the interim redemption of the Line of Credit until the date of the full redemption thereof under conditions of a zero violation of the essential terms of the Line of Credit Agreement and a zero basis for suspending the Line of Credit in question;

**“Reducing Line of Credit”**: a variety of a Renewable Line of Credit with a limit reduced in an amount and at a frequency prescribed under the Credit Agreement;

**“Payment Limit”**: a total amount accessible to the Client’s use (including means under their ownership and credit resources) via the Payment or Settlement Card;

**“Surcharge”**: the Client’s use of an amount beyond the Payment Limit;



**“Remote Control System” or the “System”:** ARDSHINBANK I-BANKING, a system enabling the delivery by the Bank of separate banking services to the Client by the use of electronic documents and/or special technical devices (certificates, keys, etc.);

**“Personal Data Procession and ACRA Consent”:** the Client's consent allowing the Bank to process his/her personal data subject to the terms indicated below:

1.1 The Client gives his/her consent allowing the Bank to process (collect, fix, enter, coordinate, store, use, etc.) his/her personal data, i.e. - full name, identity document data, social security card/public services number or a reference on the non-possession thereof, address, telephone number and/or any other information enabling, directly or indirectly, the identification of the Client under the law of the Republic of Armenia “On Personal Data Protection” for the purpose of concluding agreements with the Bank, using services offered by the Bank in the future and receiving information on the special offers (offers) and other services by the Bank.

1.1.1 The Client shall, by virtue of the present clause, give his/her consent allowing the Bank to submit inquiries to the closed joint-stock company (CJSC) ACRA Credit Reporting and shall authorize the latter to provide the Bank with information on his/her current and past financial liabilities, as well as other data which shall be taken into consideration by the Bank:

1. upon making a decision on signing a credit (loan, etc.) agreement (the present clause shall be a mandatory term upon the submission of a credit bid);
2. upon conducting a monitoring;
3. upon offering other services.

As well as the Client shall give his/her consent allowing ACRA Credit Reporting CJSC to provide the Bank, any time throughout the effective period of the agreement with the Client (in case of concluding any), with information about his/her financial liabilities arising in the future, as well as other data without a prior notice thereto.

**The Client is hereby being informed that the number of credit inquiries may negatively impact the concise credit score. If the inquiry is made as part of a monitoring, it shall not have a negative impact.**

The Client shall, by virtue of the present clause, authorize the Bank to submit any data attributable to himself/herself (including his/her personal data) and accessible to the Bank to other organizations and agents of the Bank, including credit bureaus, insurance companies or government and local government institutions and/or information systems and information companies owned by other entities (including, but not limited to, “Nork Social Services Technology and Awareness Center” Foundation) to check the said records, identify the credit history and, upon necessity, receive extra securement. Meantime, the Client shall authorize the Bank to receive his/her personal data and other records concerning the Client from other companies and organizations, as well as his/her employer.

The Client asserts that s/he understands that the submitted records and data may, depending on the content, influence the Bank's corresponding decision.

1.1.2 Meantime a consent for data procession shall be deemed given by the Client, and the Bank shall obtain the right to process the Client's personal data throughout the effective period of the agreement between the Client and the Bank for the purpose of performing the transactions under the said agreement, as well as for purposes of the submission thereof to organizations/individuals cooperating with the Bank under the law of the Republic of Armenia “On Bank Secrecy” provided it is necessary for offering the Bank the corresponding service and/or performing activities for the Bank and/or acquiring property and/or in all the cases when the requirement for the procession of such data is directly prescribed by law.

1.1.3 In the event of the Client's move to recall in writing the consent for the procession of personal data or call for a correction or elimination thereof (whenever the personal data are not complete or accurate or are obsolete or were acquired illicitly or are not necessary for the purposes of such procession), the Bank shall undertake to terminate the activities towards the personal data procession or correct or destroy such personal data within 10 business days provided there are no outstanding liabilities between the Client and the Bank and no active contractual relations are in place. Otherwise, the contractual relations between the Client and the Bank shall be subject to termination, with all the negative consequences stemming therefrom. In the event of recalling the consent for the procession of the Client's personal data or making call for the elimination thereof, they shall be stored in the information archive and may be used only in cases prescribed by the legislation. The act of recalling a consent shall not have retroactive effect.



1.1.4 The consent for the procession of personal data shall be given for the entire effective period of the agreement, and in cases prescribed by the legislation of the Republic of Armenia - for the period of time intended for such cases.

## **2. General Provisions**

### **2.1 Regulation of the Relationship between the Bank and the Client**

2.1.1 For the issuance by the Bank of a Line of Credit to the Client, a written Line of Credit Agreement or a Mixed Agreement shall be concluded between the Bank and the Client in observance of the agreement form and the essential terms set forth for the drafting of an agreement under Chapter 29 of the Civil Code of the Republic of Armenia

The Client accepts that the system enables a feature of applying to the Bank also on an online platform for receiving a Line of Credit, including the remote signing and submission to the Bank, via means of electronic communication, of Application-Offers for making amendments to an Agreement already concluded, submitting the necessary documents (including records, references, consents, etc.), receiving the Bank's position on the acceptance or rejection of application-offers on the conclusion of an Agreement and the introduction of amendments thereto.

The Client understands and accepts that by putting a tick mark in the signature fields and/or clicking the corresponding tick mark button on the corresponding page, s/he fully agrees to the terms, records and other provisions incorporated into the corresponding page, link and/or document, which shall entail corresponding rights, obligations and other legal consequences for the Client.

2.1.2 In the event of the Bank's acceptance (Acceptance) of the Client's application-proposal (offer) for the issuance and servicing of a Line Credit with a settlement card or a Credit Card, and the conclusion of a line of credit and (or) mixed collateral agreement, the Client shall be issued a Line of Credit. The Line of Credit Agreement or the Mixed Agreement shall be deemed concluded and its written form – observed upon the issuance of the Line of Credit by the Bank, i.e. – the reflection thereof on the Client's credit account. In the event of the issuance of a Line of Credit, the Bank shall send a notice thereon to the email address indicated in the Client's application-proposal.

In the event of the issuance of a Line of Credit via the System, the electronic versions of the application-proposals on the issuance and servicing of a Line of Credit with a settlement card submitted by the Client, or a Credit Card, the conclusion of a line of credit and (or) mixed collateral agreement, issuance of a Line of Credit, notices on a change in the Terms of Crediting, the individual sheet on the essential terms of the Line of Credit shall be sent to the email address indicated in the Client's application-proposal, and the redemption schedule shall be accessible on the corresponding System page.

2.1.3 The Line of Credit shall be serviced in line with the Line of Credit Agreement or the Mixed Agreement.

2.1.4 The Client shall be issued a Line of Credit in line with the Client's application-proposal on the issuance of a line of credit with a Settlement Card or the issuance and servicing of Credit Card and the conclusion of a line of credit and (or) mixed collateral agreement in the currency specified therein.

2.1.5 In the event of the release of a Credit and (or) Settlement Card, the opening and servicing of a card account shall be arranged pursuant to the Agreement or the Mixed Agreement.

2.1.6 The Terms of Crediting and Rules of Crediting shall be published on the Bank's website and be given to any Client for free on the premises of the Bank (a branch thereof) upon his/her first request.

2.1.7 A Line of Credit may be used by the Client via a Credit or Settlement Card or in any other manner not prohibited by law for the performance of transactions under the Agreement; in particular, those transactions shall include the procurements and other payments by the Client, the financing of the claim for cash, etc.



2.1.8 All the changes and amendments to the Rules for Crediting and the Terms for Crediting shall, upon entry into effect, apply to the relationship between the Bank and the Client arising from the Line of Credit or Mixed Agreement before the entry into effect thereof, i.e. – they shall be retroactively effective if applicable to the relationship in question. The Bank shall send a short message (SMS text) thereon to the Client's phone number. The Client shall have the right to renounce the said changes and amendments before the entry into effect thereof by dissolving the Line of Credit Agreement or the Mixed Agreement concluded with the Bank in a manner prescribed by the rules herein and fully abiding by the liabilities undertaken, and in the event of a change in the timeframes and an increase in the limit of the Line of Credit Agreement or the Mixed Agreement – by requesting that the said change not apply to himself/herself. If, before the entry into effect of the changes and amendments, the Client has not dissolved the Line of Credit Agreement or the Mixed Agreement concluded with the Bank, such changes and amendments shall, completely and in full scope, apply to the relationship arising therefrom.

2.1.9 The Rules for Crediting may be periodically - and unilaterally - changed by the Bank whenever they enter into effect for Clients who have signed a Line of Credit or Mixed Agreement with the Bank before the publication of the changed rules on the 7<sup>th</sup> business day following the date of such publication, or - upon publication for new clients unless the Bank establishes later timeframes for the entry into effect of such changes. The date of their publication on the Bank's official website shall be deemed the date of publication. The Bank shall inform the Client of changing the rules herein on the day of such publication via any of the means of communication bellow:

- a. installation of stands in branches of the Bank and the Head Office, and print information leaflets at other visible sites;
- b. information posted on the Bank's official website ([www.ardshinbank.am](http://www.ardshinbank.am));
- c. SMS texting to the Cardholder's mobile phone.

All the previous editions of the rules of crediting are subject to storage and shall be accessible to Clients within 4 (four) years from the date of entry into effect thereof.

2.1.10 The Client shall allow the Bank, out considerations of a due service and security, to maintain a recording of telephone calls exchanged mutually. Such changes shall have a probative effect and in the event of disputes arising mutually, they shall be used as permissible and proper evidence.

2.1.11 The Client entitles the Bank to direct, without acceptance - without a notice to the Client and (or) a further assignment by the latter - the unused part of the Line of Credit to the redemption of the Client's current liabilities to the Bank (fixed-term and [or] overdue), as a result whereof the unused part of the Line of Credit shall be deemed used by the Client.

2.1.12 In the event of discrepancies between the rules herein and the Client's offer, preference shall be given to the rules herein.

### **3. Crediting of Payment Cards**

#### **3.1 Issuance of a Line of Credit with a Payment Card**

3.1.1 The Bank shall issue a Line of Credit to Clients for use for purposes defined under the terms of Crediting.

3.1.2 The Bank shall, as part of the Line of Credit for the Client, issue amounts (hereinafter referred to as the Credits) to the Client by way of transferring them to the Client's card account.

3.1.3 The Bank shall implement the Client's crediting with payment cards subject to the terms prescribed by the Line of Credit Agreement or the Mixed Agreement as per type of the Line of Credit specified below:

3.1.3.1 renewable Line of Credit;

3.1.3.2 renewable Line of Credit with a Grace Redemption period;

3.1.3.3 Reducing Line of Credit.





3.1.4 The issuance of the Line of Credit or the Credits shall be reflected on the Client's corresponding credit accounts which shall be enclosed to the card account.

3.1.5 The reception of the Line of Credit or the Credits shall be verified by a statement issued from the credit account or the card account. The date of issuing the Line of Credit or the Credit shall be the date of the reflection thereof on the Client's credit account or card account.

3.1.6 The Bank may, within the effective period of the Line of Credit Agreement or the Mixed Agreement, terminate the issuance of the Line of Credit or the Credits if the Client has committed a breach of liabilities under the Line of Credit Agreement or the Mixed Agreement, in particular, failed to pay the Mandatory Redemption Amount in the payment period and failed to abide by the rules of crediting, etc.

3.1.7 The essential terms of the Line of Credit Agreement and the Mixed Agreement (the Line of Credit, the annual percentage rate, the Reporting Period, the Payment Period, the actual annual percentage rate, the forfeit penalty [penalty and fine], the Minimum Redemption Limit, the Grace Redemption Period, the mutual settlement day, the timeframe of the Line of Credit Agreement, etc.) shall be prescribed under the Line of Credit Agreement and (or) the Mixed Agreement, and the Terms of Crediting.

3.1.8 The Bank shall issue the Client the Line of Credit based on the result of the Client Creditability systems.

### 3.2 Redemptions of the Line of Credit and Payments of the Interest Amounts

3.2.1 The Bank shall issue the Client a Line of Credit (Credit) on condition of discharging the liabilities arising from the Line of Credit Agreement or the Mixed Agreement, redeeming (repaying) the Line of Credit in a timely manner and paying the interests settled (accrued) for the use thereof.

3.2.2 For using the Line of Credit (receiving the Credit), the Client shall pay the Bank interests in the amount specified in the Line of Credit Agreement or the Mixed Agreement.

3.2.3. The settlement (accrual) of interests for the use of a Line of Credit (receiving a Credit) shall be made every day starting from the date of issuing the Line of Credit (Credit) in relation to the amount used *de facto* and based on the number of days of actual use after the date of issue.

3.2.4.

3.2.5 The Line of Credit (the Credit) and the interest amounts shall be redeemed (repaid) by the Client subject to the procedure and within the timeframes prescribed by the Line of Credit Agreement or the Mixed Agreement.

3.2.6 The Client shall fully redeem (repay) the Line of Credit until the expiry of the timeframe prescribed under the Line of Credit Agreement or the Mixed Agreement.

3.2.7 The Line of Credit (the Credit) and the interest amounts shall be redeemed (repaid) by the Client:

3.2.7.1 **In the event of issuing a Renewable Line of Credit:** the Line of Credit, the interest amounts settled in relation thereto and the other liabilities shall be redeemed (repaid) within the days of the Payment Period stipulated under the terms of the Line of Credit Agreement or the Mixed Agreement and the Terms of Crediting in the Mandatory Redemption Amount at minimum. The redeemed amount of the Line of Credit may, after the charging of the commissions and forfeit penalties stipulated under the Line of Credit Agreement and the Mixed Agreement, be used by the Client again until the expiry of the Line of Credit Agreement or the Mixed Agreement.

3.2.7.2 **In the event of issuing a Renewable Line of Credit with a Grace Redemption Period:** the Line of Credit, the interest amounts settled in relation thereto and the other liabilities shall be redeemed (repaid) within the days of the Grace Redemption Period in the Mandatory Redemption Amount at minimum (under the Line of Credit Agreement or the Mixed Agreement and the terms of Crediting). Meantime if the Client redeems (repays) the entire liability to the Bank for the specific



period, the Client shall be exempt from the liability of paying the interest amount settled (accrued) for the used part of the Line of Credit within the said period. In the event of a redemption (repayment) below the full liabilities for the period within the Grace Redemption Period, a settlement of interest amounts for the used part of the Line of Credit in the Reporting Period shall be made on the last day of the Grace Redemption Period (which shall be payable within the Payment Period). The redeemed amount of the Line of Credit may, after the charging of the commissions and forfeit penalties under the Line of Credit Agreement, the Mixed Agreement and the Agreement, be used again by the Client until the expiry of the Line of Credit Agreement or the Mixed Agreement.

The Grace Payment Period shall not apply to the payment of the Credit amount by the Client on the last effective date of the Line of Credit Agreement or the Mixed Agreement.

In the event of the Client's redemption (repayment) below the Mandatory Redemption Amount or the non-redemption thereof, the Client shall be deprived of the Grace Redemption Period (which shall be re-established after the full discharge of the overdue liability by the Client).

**3.2.7.3 In the event of issuing a Reducing Line of Credit:** The Client shall, within the period of the Delayed Redemption stipulated under the Terms of Crediting, redeem only the interest amount and other liabilities settled (accrued) for the used part of the Line of Credit. Within each subsequent Payment Period following the period of Delayed Redemption, the Client shall redeem (repay) the Reducing Part or the amount not sufficing the Reducing Part for making such a reduction. After the charging of commissions and penalties under the Agreement, the amount redeemed (repaid) above the Reducing Amount may be used by the Client again until the expiry of the Line of Credit Agreement or the Mixed Agreement.

3.2.8 Clause 0 of the Crediting Rules shall be worded exclusively in line with the type (types) of the Line of Credit issued; as for the rest, they shall be removed from the Line of Credit Agreement or the Mixed Agreement.

3.2.9 In the event of the Client's failure to fully redeem, within the Payment Period, the Mandatory Redemption Amount of the Line of Credit envisaged under the Line of Credit Agreement or the Mixed Agreement, the Minimum Redemption Limit and the settled (accrued) interest amount for the Reporting Period shall be deemed overdue and the Client's liabilities under the Line of Credit or Mixed Agreement – breached except in the cases provided for by the rules for crediting. Whereas in the event of the full redemption of an overdue liability, the Bank shall re-establish the feature enabling the Client to use the Line of Credit except in the cases provided for by the rules herein and the corresponding terms of crediting.

3.2.10 In the event of a Minimum Redemption Limit or an interest amount overdue for 90 calendar days and above, the Line of Credit shall be fully held in delay, and the Bank shall suspend the future use of the Line of Credit.

3.2.11 The redemption of the Line of Credit, the Mandatory Redemption Amount and the redemption of all the fixed-term and overdue liabilities shall be assigned to the card account opened in the Client's name by making a bank transfer, card (card-to-card) transfer, depositing funds into the card account via ATMs (automated teller machines) or payment terminals or paying cash at the Bank's cash desk. In the event of paying fees (making payments) via ATMs or payment terminals, and card or bank transfer, the Client shall understand that the netting of the transaction shall be arranged within maximum 2 (two) business days, which may entail a breach of the Client's liabilities under the Line of Credit Agreement (the Client may have overdue liabilities), and shall incur the risk of all the negative consequences arising therefrom.

3.2.12 The Line of Credit (sum total of the Credits) shall be deemed redeemed (repaid) and the settled (accrued) percentage rates – paid on the day (date) of assigning (transferring) to the Creditor's Card Account or the Bank's cash box (current or correspondent account) a sum sufficing the reimbursement payable to the Bank in the event of the non-performance or improper performance by the Creditor of the liabilities under the Line of Credit Agreement or the Mixed Agreement, as well as for redeeming (paying)



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the sums of the payable commissions (if available) for purposes of assigning funds to the credit account opened in the Creditor's name.

3.2.13 In the event of the insufficiency of the amount paid for the full performance of the monetary liabilities under the Line of Credit or Mixed Agreement, the entire liability of the period shall be redeemed in advance from the amount available on, and (or) assigned to, the Card Account (in the succession outlined in the Concepts section). In the event of overdue debts generated by the cardholder in the period of the execution of the Line of Credit Agreement or the Mixed Agreement, the Mandatory Redemption Amount shall be redeemed as a premium effort from the amounts being paid by the latter (in the succession outlined in the Concepts section). The succession of such a redemption may be unilaterally changed by the Bank at its own discretion without the cardholder's consent.

3.2.14 A late redemption by the bank servicing the Client - or intermediary banks - of the Line of Credit or the settled (accrued) interest amounts shall not serve as a basis for exempting the Client from responsibility for a breach of liabilities under the Line of Credit Agreement or the Mixed Agreement.

3.2.15 In the event of the Client's failure to repay the Line of Credit within the timeframes specified in the Line of Credit Agreement or the Mixed Agreement, as well as in the Bank's notice, the settlement (accrual) of the interest stipulated under the Line of Credit Agreement or the Mixed Agreement shall be terminated from the date following the expiry of such timeframes, and interests dealing with the overdue part of the Line of Credit repayable from that day until the complete and full discharge of the liabilities under the Line of Credit Agreement or the Mixed Agreement shall be settled (accrued) in the amount of the interests stipulated thereunder.

3.2.16 The Bank may demand that the Client produce assignments ensuring the discharge of the liabilities under the Line of Credit Agreement or the Mixed Agreement, guarantees, a pledge and a proper discharge of the liabilities under the Line of Credit Agreement or the Mixed Agreement.

3.2.17 A Line of Credit Agreement or a Mixed Agreement shall be deemed breached by the Client if the Line of Credit (the Credit), including the settled (accrued) interest amount is not redeemed (paid) subject to the timeframes and terms prescribed by the Line of Credit Agreement or the Mixed Agreement or there are any of the grounds specified in Clause 3.4.1 of the present Rules for Crediting, or the Line of Credit was not fully redeemed (repaid) by the Client ahead of schedule within 15 (fifteen) days after receiving the Bank's notice thereon.

3.2.18 The actual number of calendar days shall serve as a basis for assigning the interest and the forfeit penalty.

3.2.19 The Client's payment obligations under the Line of Credit Agreement or the Mixed Agreement may be performed by third persons.

3.2.20 In the event of the early performance by the Client of the liabilities to the Bank under the Line of Credit Agreement or the Mixed Agreement, the Bank shall apply no responsibility measure (a forfeit penalty or any other measure deteriorating the Client's condition).

3.2.21 Any communication between the Bank and the Client dealing with the terms of the Line of Credit Agreement or the Mixed Agreement or the procedure of communication between them or the establishment, change or termination of their rights, obligations or responsibility, or relating to the laws, normative legal acts or the internal legal acts of the Bank influencing, some way or another, the Line of Credit Agreement or the Mixed Agreement, shall be arranged in a manner preferred by the Client as specified in the Line of Credit Agreement or the Mixed Agreement. The information herein shall be deemed mandatory for submission.

3.2.22 The procedure and terms of communication between the Bank and the Client under the Line of Credit Agreement or the Mixed Agreement shall be effective in the cases when no other procedure, terms, forms and minimal requirements are set forth in the normative legal acts of the Central Bank of Armenia in consideration of the objective to protect consumers' rights.



3.2.23 The communication between the Bank and the Client shall be arranged by using the residential address indicated in the application-proposal for concluding a line of credit agreement with a Settlement Card or an agreement on the issuance and servicing of a paymanet card, and a line of credit and (or) a mixed collateral agreement, or to any other residential address notified later by the Client in writing if the Client preferred to receive the mandatory information through postal communication. The correspondence shall be deemed submitted in a due manner if such a submission to the addressee was arranged via a courier and postal delivery by using the address latest known to the Bank (even though it may turn out in the future that the Client did not actually receive the said notice). Any call, notice or other communication by the Bank shall be deemed received by the Client on the fifth day from the moment of such a submission by the Client subject to the procedure herein. The day of submitting the correspondence shall be determined by the Bank's outgoing date or the seal of the organization providing postal services.

3.2.24 The communication between the Bank and the Client shall be arranged by sending an SMS text to the mobile number indicated in the application-proposal for the issuance of the line of credit or a credit card, conclusion of a line of credit agreement or a mixed collateral agreement with a Settlement Card or to any other mobile number notified later by the Client in writing (if the Client preferred to receive the mandatory information via mobile communication). The correspondence shall be deemed submitted in a due manner if such a submission to the addressee was arranged by using the mobile number latest known to the Bank (even though it may turn out in the future that the Client did not actually receive the said notice). The day of submitting correspondence shall be determined based on the report by the organization providing corresponding services.

3.2.25 The communication between the Bank and the Client shall be arranged by sending a message to the email addresss indicated in the application-proposal for concluding a Line of Credit agreement with a Settlement Card or an agreement on the issuance and servicing of a credit card and (or) a line of credit or a mixed collateral agreement if the Client preferred to receive the mandatory information by email. The message shall be submitted to the Client's email address latest known to the Bank and shall be deemed received by the Client from the moment of receiving the Bank's feedback notice, and in the event of the non-reception thereof – on the third day following the submission of the electronic message.

3.2.26 In the event of a unilateral change by the Bank in the mandatory information, the information thereon shall be submitted to the Client wiithin 7 business days after the corresponding decision-making.

3.2.27 The accumulation by the Client of fees worth up to AMD 5,000 shall not constitute a breach of the Line of Credit or the Mixed Agreement and shall not entail the expiry of the timeframes of the said fees.

### 3.3 Extension of the Line of Credit

3.3.1 The Bank may periodically extend the Line of Credit Agreement or the Mixed Agreement but no later than for the maximum timeframe for the issuance of a line of credit subject to the Terms of Crediting for the line of credit in question. The Bank may, upon making an extension, bring the terms of crediting in line with the Bank's crediting terms effective at the at the given moment by giving the client a notice thereon.

3.3.2 The Bank shall make a decision on the Line of Credit 2 (two) months prior to the expiry of the Line of Credit Agreement or the Mixed Agreement, and the Line of Credit shall be extended in case of meeting the requirements stipulated under the Terms of Crediting.

3.3.3 In the event of a failure to meet the terms of crediting, the Line of Credit shall not be extended, and the unused part of thereof shall be annulled 10 (ten) calendar days prior to the latest Reporting Period, and shall not be subject to renewal.



3.3.4 In the event of the non-extension of the Line of Credit, the Mandatory Redemption Amount shall be generated on the last Mutual Settlement Day, which shall be equal to the Entire Liability redeemable (repayable) until the expiry of the Line of Credit Agreement or the Mixed Agreement.

### 3.4 Early Redemption of the Line of Credit

3.4.1 In the cases prescribed by Sub-Clauses 3.4.1.1-**Error! Reference source not found.** of the present rules, the Bank may, at its own discretion (by giving the Client a prior notice), call for an early and full discharge of liabilities (including the interests, the forfeit penalty [penalty and fines]), as well as suspend, without a prior notice to the Client, the further use of the Line of Credit if:

3.4.1.1. the Client failed, for 7 (seven) days consecutively, to discharge the liabilities arising from the Line of Credit Agreement or the Mixed Agreement or the requirements set forth in the Bank's notice or any other liability prescribed by law, or

3.4.1.2. any other initiated judicial or legal process or any situational change gives ground to doubt as to the Client's ability to pay the debts to the Bank in a timely manner, including, but not limited to:

3.4.1.3. the Client's assets or a significant part thereof may be transferred to third parties gratuitously or on terms not essentially advantageous to him/her:

3.4.1.4. arrest or lien was imposed or may be imposed, in a manner prescribed by law, on the Client's assets (property) or a significant part thereof;

3.4.1.5. the court has declared the Client bankrupt (insolvent) or a bankruptcy proceeding has been initiated against him/her;

3.4.1.6. the Client has outstanding liabilities to the Bank, other financial institutions (other banks, credit organizations, insurance companies, etc.), and state and community budgets;

3.4.1.7. the Client's financial situation has deteriorated or shows similar signs:

3.4.1.8. civil, criminal or administrative lawsuits, and administrative and other proceedings have been filed against the Client

3.4.1.9. the period of servicing the Line of Credit revealed that the Client provided the Bank with misrepresented, false, fabricated, misleading or non-credible information or documents or concealed records essentially significant for issuing the Line of Credit, or failed to inform the Bank of the essential changes in the circumstances, or

3.4.1.10. the Client breached, for 7 (seven) days consecutively, the financial liabilities arising out of other transactions concluded with the Bank;

3.4.1.11. according to the information obtained from the Client's employer, the salary or other payments equalized thereto (serving as a basis for the issuance of the Line of Credit) shall no longer be transferred to the card account opened by the Bank for the Client;

3.4.1.12. a decision was made on the dissolution or reorganization of the Client or reduction of the authorized capital thereof;

3.4.1.13. the Client's functions or a part thereof were suspended or the license issued thereto was recognized invalid or having lost effect, or there is a possibility of such suspension, or recognition as invalid or having lost effect, or

3.4.1.14. the Client has, in the estimation of the Bank, failed to use the Line of Credit according to the assigned purpose;

3.4.1.15. the Client obstructed the inspection by representatives of the Bank or failed to ensure the possibility of oversight over the use of the Line of Credit according to the assigned purpose;

3.4.1.16. the security means depreciated or no term of the Bank's permission (consent) with respect thereto was complied with, or

3.4.1.17. the Creditor avoids incorporating the necessary change into the Line of Credit Agreement or the Mixed Agreement in line with the procedure established under the said agreement;



3.4.1.18. In the event of a failure to lift, within 30 (thirty) calendar days after the issuance of the line of credit for the refinancing of the loan and/or line of credit and/or overdraft in another financial institution (hereinafter referred to in the present sub-clause as the Financial Institution) the pledge of the real estate pawned as a surety for the execution of the present Line of Credit Agreement or Mixed Agreement, as well as, if available, the non-dissolution of the master (principal) contract on financial transactions with another financial institution, or

3.4.1.19. there are other bases under the Line of Credit Agreement or the Mixed Agreement.

3.4.2 The breaches by the Client and changes in circumstances specified in Clause **Error! Reference source not found.** of the Rules for Crediting shall be recognized as essential for the Bank.

3.4.3 Upon the emergence of the circumstances specified in Clause 3.4.1 of the Rules for Crediting, the Bank shall have the right to call for an early and full discharge of the liabilities by the Client regardless of whether or not the breaches committed were eliminated at the moment of demanding such early performance.

3.4.4 The fact of making a call for an early discharge of liabilities shall not deprive the Bank of the right to apply a responsibility measure under the Line of Credit or Mixed Agreement in relation to the Client.

3.4.5 Upon the emergence of the circumstances specified in Clause 3.4.1 of the Rules for Crediting, the Bank shall give the Client a notice in writing on the early and full discharge of the liabilities under the Line of Credit Agreement or the Mixed Agreement (including the interests and the forfeit penalty [penalties and fines]).

The Client shall, within 15 (fifteen) days after receiving the Bank's notice on the call for an early payment, return in full - without any waivers - the issued yet not returned Line of Credit ahead of time along with the due interests, and the interest amounts and forfeit penalty (penalty and fine) settled (accrued) as of the date of actual return. In the event of the Client's failure to abide by the Bank's call for payment, all the payments shall be deemed overdue and the liability - breached, and the Client shall incur responsibility for the non-performance thereof subject to the procedure and terms and in the amounts prescribed by the Line of Credit Agreement or the Mixed Agreement.

3.4.6 Whenever the Bank calls for an early and full discharge of liabilities by the Client, the Bank shall, without acceptance, charge, with no further consent by the Client, the debt amount from the funds available in all his/her bank accounts being maintained in the Bank.

3.4.7 In the event of an early and full payment by the Client in line with the requirements set by the Bank, the Line of Credit or Mixed Agreement shall be terminated.

### 3.5 Securement of the Client's Liabilities under the Line of Credit Agreement

3.5.1 In the event of corresponding notes in the Client's application-proposal for the issuance and servicing of a credit card and the conclusion of a line of credit and (or) a mixed collateral agreement, the discharge of the Client's liabilities under the Line of Credit Agreement may be secured through the flow of funds owned by the Client or the pledge of the right of claim to the Bank arising from the Client's deposit (bank account) agreement by way of entering into a Mixed Agreement or, with the guarantee by a legal entity, entering into a surety agreement.

3.5.2 Without the issuance of the securements specified in Clause **Error! Reference source not found.** of the present rules, not Lines of Credit shall be issued hereunder.

### 3.6 Total cost of Client Crediting (Annual Percentage Rate) and Terms

3.6.2 The total cost of the Client crediting (annual percentage rate) shall be settled until the entry into a Line of Credit Agreement or a Mixed Agreement and shall be incorporated into the application-proposals for



the issuance and servicing of a Line of Credit (with the Client's settlement card) and a Credit Card and the conclusion of a line of credit and (or) mixed collateral agreement.

3.6.3. The total cost of the Client crediting (annual percentage rate) shall be settled subject to the following formula prescribed by the law of the Republic of Armenia "On Consumer Crediting":

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

Where:

*i* shall stand for the annual percentage rate (APR);

*A* shall stand for the Line of Credit amount (the original amount provided by the Bank to the Client);

*n* shall stand for the number of fee aimed the redemption of the Line of Credit;

*N* shall stand for the number of the latest fee aimed the redemption of the Line of Credit;

*Kn* shall stand for the amount of the *n* fee aimed the redemption of the Line of Credit;

*Dn* shall stand for the period between the issuance of the Line of Credit and the date of paying the *n* fee aimed at the redemption of the Line of Credit (expressed in the number of days);

*i* shall stand for the annual percentage rate which may be settled provided the other values of the equation are known from the Line of Credit Agreement or otherwise;

3.6.4 The annual percentage rate shall be settled upon the entry into a Line of Credit Agreement or a Mixed Agreement with an implication that such a Line of Credit Agreement or a Mixed Agreement shall be valid within the timeframe specified in the application-proposal for the conclusion of a Line of Credit agreement with a Settlement Card or the issuance and servicing of a Credit Card or the conclusion of a Line of Credit or Mixed Agreement, and the parties shall, in a due manner and within the agreed timeframes, discharge the liabilities under the Line of Credit Agreement or the Mixed Agreement, in particular:

3.6.3.1. the Line of Credit shall be fully used by Client starting from the date of concluding the Line of Credit Agreement or the Mixed Agreement;

3.6.3.2. the redemptions of the Line of Credit and the interest shall be made on each Mutual Settlement day in the size of the Mandatory Payment Amount.

3.6.3.3. on the day following the regular redemption of the Line of Credit, the Client shall again fully use the Line of Credit in the size of the unused part thereof;

3.6.3.4. the Line of Credit shall be fully redeemed on the final day of redeeming the Line of Credit Agreement;

3.6.3.5. the Line of Credit agreement shall be concluded on the date submission to the Bank of the Client's application-offer;

3.6.4 The Grace Redemption Period (if available) shall not be considered in the settlement of the Annual Percentage Rate.

3.6.5 The number of the actual calendar days of the given year shall be deemed as the basic number of the days within the year in question.

3.6.6 The value of the Annual Percentage Rate, settled under Clause 3.6.2 hereof, shall be rounded to at least one hundredth and multiplied by 100 to obtain a percentage value.

3.6.7 In the process of making the settlements, the terms envisaged for the procedure of redeeming the specific Line of Credit type and the Terms of Crediting shall apply.

3.6.8 The Annual Percentage Rate shall not include:

3.6.8.1. the forfeit penalties and other fees paid or to be paid for the failure to discharge or properly discharge the liabilities under the law and the Line of Credit Agreement or the Mixed Agreement;

3.6.8.2. The fees payable by the Client regardless of having paid the cash price for goods, services or work (by using the Line of Credit or without thereof);



3.6.8.3. the fees which the Client pays for transfers for the redemption of the Line of Credit and the payment of interests, and the servicing of accounts opened to that effect, except in the cases when the Client has no reasonable alternative in such matters and such fees exceed the 1.5-fold of the average fee applicable for corresponding fees in the Republic of Armenia;

3.6.8.4. fees for membership in, or subscription to, organizations, associations and other groups (apart from those having the Bank as its founder or participant) arising from agreements not considered a part of the Line of Credit Agreement or the Mixed Agreement even though the terms set forth in the Line of Credit Agreement or the Mixed Agreement may not depend on such membership;

3.6.8.5. fees for ancillary services except in the cases when benefiting from the services in question is a precondition to concluding the Line of Credit Agreement or the Mixed Agreement or receiving the Annual Percentage Rate being advertised, and the beneficiary of those services is the Bank, or the Bank defines the circle of individuals with whom the Client has the right to conclude an ancillary services agreement.

3.6.9 The Annual Percentage Rate shall not include:

3.6.9.1. the fee for the release of an extra payment card and the annual payment servicing fee with respect thereto;

3.6.9.2. the interests and the forfeit penalty (the penalty and fines) settled for the breaching the liability of Credit redemption and exceeding the payment limit;

3.6.9.3. the commissions for cash withdrawal and cash entry;

3.6.9.4. the fees for the issuance of different document types;

3.6.9.5. the commissions for currency conversion.

## 4 Rights and Obligations of the Bank and the Client

### 4.1 The Bank shall have the right

4.1.1 In the event of debts generated in breach of the Line of Credit agreement, to charge without acceptance – with no further assignment by the Client – the debt amounts from the Client's Bank accounts being maintained in the Bank. The Client hereby irrevocably authorizes and entitles the Bank to charge from the Client's Line of Credits (with no further assignment by the Client) the amounts of credit liabilities payable to the Bank, i.e. – forfeit penalty servicing fees for the Client's cards, credits and/or accounts, zero surcharge, cash withdrawal commissions and the penalty settled in relation thereto;

4.1.2 to increase the Credit limit unilaterally - without drafting an additional document - by giving the Client a due notice thereon;

4.1.3 to decrease the minimum redemption limit unilaterally - without drafting an additional document - by giving the Client a due notice thereon;

4.1.4 to alter (increase or decrease) the nominal percentage rate of the Line of Credit unilaterally - without drafting an additional document - by giving the Client a due notice thereon, including, but not limited to, any change in the settlement rate in a manner prescribed by the Central Bank of Armenia, or in the AMD average exchange rate generated in the currency markets (as published by the Central Bank of Armenia). The criteria stipulating the change in the nominal percentage rate include a change (increase or decrease) by at least 2 percentage points of the bank interest settlement rate established by the Central Bank of Armenia and a 10% depreciation or appreciation of the Armenian Dram. The change in the nominal percentage rate shall be settled in relation to the credit redeemable (repayable) after such change. The Client may be informed of the nominal percentage rate or the underlying factor thereof from the official website of the Central Bank of Armenia ([www.cba.am](http://www.cba.am)). Whenever the annual interest rate was altered unilaterally by the Bank without the clear criteria indicated herein to determine the amount of such an alteration, the Client may, in the event of any disagreement to the altered interest rate, redeem (return) the Line of Credit ahead of time without any fines;





4.1.5 to issue or increase the Grace Redemption Period unilaterally by giving the Client a due notice thereon;

4.1.6 to alter unilaterally, by giving the Client a due notice thereon, the terms of crediting of the lines of credit issued to employees of Organizations cooperating with the Bank as part of payroll projects if the tariffs and crediting terms approved for the Organization in question are altered, if any term of cooperation with the Organizations was breached, altered or terminated thereby serving as a precondition to crediting the employees of the given Organization on privileged terms by virtue of cooperation with the Bank (even though the said events may have occurred irrespective of the Client's will), if the Client was transferred to a new job in another organization or the cooperation is terminated as part of the payroll projects with the Organization;

4.1.7 in case of lines of credit (including payroll projects and other cooperation with the Bank envisaging privileged tariffs), to bring the crediting terms in line with the terms of non-privileged crediting or other privileged tariffs upon the termination of the precondition of issuing privileges (in the event of sufficient group);

4.1.8 to alter unilaterally, as part of payroll projects, the terms of crediting lines of credit issued to employees of Organizations cooperating with the Bank if the Bank possesses credible information on the termination of the salary or other payments equalized thereto (by giving the Client a due notice thereon).

4.1.9 to demand that the Client submit the necessary documents for creditability and creditworthiness assessment in a manner prescribed by the internal legal acts of the Bank;

4.1.10 to declare the Credit Card invalid in the event of the non-reception thereof by the Client within 90 (ninety) days after release

4.1.11 in the event of not being reimbursed by the Bank due to the Client's failure to discharge or properly discharge the liabilities under the Line of Credit Agreement or the Mixed Agreement, to charge the extra amount without acceptance (with no further assignment by the Client) from the Client's accounts and to transfer it to the reimbursing company;

4.1.12 the Bank may transfer (cede) the right (claim) pertaining to itself under the Line of Credit or Mixed Agreement to another entity pursuant to a transaction;

4.1.13 in the event of receiving valid reports on overdue liabilities or problems with the redemption of the existing liabilities, or having overdue liabilities for 90 and more days in the banks of the Republic of Armenia, to disable the Client's future use of the Line of Credit;

4.1.14 in the event of the Client's failure to use the Line of Credit and the absence of the used part of the Line of Credit for 45 and more days, to close the Line of Credit and to dissolve the Line of Credit agreement;

4.1.15 in the event of the breach of the liability stipulated under Clause 4.2.4 hereof, to alter the terms of crediting by giving the Client a due notice thereon or to unilaterally charge extra fees subject to the terms and the present rules;

## **4.2 The Client undertakes:**

4.2.1 to repay the Line of Credit (the Credits) and pay the interests pursuant to the Line of Credit Agreement and the Mixed Agreement within the timeframes specified therein;

4.2.2 in the event of a breach of liabilities under the Line of Credit Agreement or the Mixed Agreement, to pay the Bank, upon the latter's request, the forfeit penalty (fine and penalty) and the interest for the breach of liabilities as prescribed by the terms of crediting;

4.2.3 to use the Line of Credit solely for the purposes established under the Terms of Credit;

4.2.4 throughout the entire period of servicing the lines of credit effective within the terms of crediting as part of payroll projects (pertaining to payroll lines of credit), the terms of payroll lines of credit with a reducing limit (as part of Payroll Projects), the terms of payroll lines of credit pertaining to payroll projects



with a Grace Redemption Period, the terms of hydropower plant (HPP) crediting or lines of credit effective within the standard terms of crediting Payroll Lines of Credit, to ensure the receipt, via the same payment card, of salary and/or fees equalized thereto serving as a basis for receiving a line of credit .

#### 4.3 The Client shall have the right:

4.2.5 to discharge (redeem) ahead of time the existing liabilities to the Bank under the Line of Credit Agreement.

### 5 Responsibility of the Bank and the Client

5.1 In the event of the Client's breach of the timeframes to redeem (repay) the Line of Credit in full or in part, or of the liabilities arising from the Line of Credit Agreement or the Mixed Agreement, the interest of the Line of Credit shall be terminated, and interests shall be paid to the Line of Credit (the Credits) not redeemed (repaid) within the assigned timeframe in an amount envisaged under the terms of crediting until the redemption of the overdue Line of Credit debt.

5.2 The Client shall bear responsibility for submitting non-credible information to the Bank or concealing information therefrom or submitting fabricated or misrepresented information;

5.3 The payment of a forfeit penalty (fine and penalty) and interests shall not exempt the Client from discharging the liabilities under the present agreement.

5.4 The Client shall be responsible for a failure to discharge or properly discharge the liabilities under the legislation of the Republic of Armenia and the Line of Credit Agreement or the Mixed Agreement regardless of the absence of guilt and (or) the influence of a force majeure.

### 6 Closing Provisions

6.1 The Line of Credit Agreement shall enter into effect upon conclusion and remain effective until the full discharge by the Client of the liabilities under the Line of Credit Agreement or the Mixed Agreement.

6.2 The Client's payment liabilities arising from the Line of Credit Agreement or the Mixed Agreement may not, without the Bank's unconditional written consent, be terminated in full or in part based on his/her statement with a netting of the Client's counter-claim.

6.3. The Bank shall, upon making a change in the Terms of Crediting, give the Client a notice subject to the procedure prescribed in Clauses **Error! Reference source not found.-Error! Reference source not found.** of the Rules for Crediting.

6.4 Disputes arising between the Bank and the Client within the effective period of the Line of Credit Agreement or the Mixed Agreement shall be subject to a judicial settlement in line with the legislation of the Republic of Armenia (unless the parties have decided otherwise by mutual consent in writing). If the parties have decided, by mutual consent in writing, to submit the settlement of disputes to review by an arbitration court, the Client shall be informed that s/he will, as part of the arbitration proceeding, have the right *inter alia*:

to turn to the arbitration tribunal for being provided with the corresponding translation (interpretation) services at his/her own expense if s/he does not have a command of the procedural language;

to change the subject and/or grounds of claim, decrease or increase the claim-based requirements until the declaration of the case review complete by the arbitration tribunal;

to challenge the arbitrator whenever there are circumstances giving rise to a justified doubt as to his/her impartiality or independence, in particular, when there are grounds to assume that s/he is, directly or indirectly, interested in the outcome of the proceeding;

to challenge the experts and translators (interpreters) participating in the proceeding. In that case, the decision to challenge shall rest with the arbitration tribunal;



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- to turn to the competent court, within 30 days after receiving the decision to reject the challenge, with a request to make a decision on challenge;
- to send, within five days after receiving the claim, a response to the claim to the Arbitration court, outlining his/her position on the submission by the Bank of the case to Arbitration Court and/or the claims filed;
- to submit a counter-claim to the Arbitration Court (instead of a response to the claim);
- to get familiarized with the content of the case review minutes;
- to mediate for changes and amendments to the minutes;
- to receive the copy of the case review minutes;
- to conduct affairs immediately (in person) or through duly authorized representatives;
- to file a motion with the arbitration tribunal for eliminating the claim securement means applied by himself/herself;
- to mediate for a third person's involvement in the arbitration proceeding;
- to turn, within fifteen days after receiving the arbitral award, to the arbitration tribunal by giving a notice to the Bank for receiving clarification for a specific clause or part of the award. If the arbitration tribunal finds such an application justified, it shall, within 30 days after receiving the latter, issue necessary clarifications. Such a clarification shall become an constituent part of the award;
- to turn, within fifteen days after receiving the arbitral award, to the arbitraion tribunal by notifying the Bank thereof, for an additional award with respect to the claims duly submitted in the arbitration proceeding but not reflected in the award. If the arbitration court finds the application justified, it shall, within a sixty-day period after receiving it, issue an additional arbbitration award.

The Client shall, as part of the arbitration proceeding, be obliged *inter alia*:

- in case of a change in the address, to immediately inform the Arbitration Court thereof;
- to submit, in a prescribed manner, the documents certifying the settled arbitration fees as an enclosure to the claim;
- to outline in detail, in the response claim, which of the factual and legal circumstances s/he accepts and to which s/he has objections and on what grounds;
- in the event of filing objections as to the validity or applicability of the arbitration agreement, to outline them in the response to the Arbitration Court, indicating simultaneously the justifications;
- to submit, as an enclosure to the claim, all the pieces of evidence allowing him/her to justify the circumstances behind the objections;
- whenever the Bank submits a counter-claim, to file with the arbitration tribunal within a five-day period after the reception thereof, a response to such a counterclaim, which shall include objections to the statements in the counter-claim in a manner required by the terms for filing objections to the statements of claim. All the pieces of evidence justifying the circumstances behind the objections shall be submitted as an enclosure to the response to the counterclaim in question.
- to prove the circumstances underlying his/her claims or objections;
- to submit the original copies of written evidence or the duly authenticated photocopies thereof;
- to execute arbitral awards voluntarily within the timeframe indicated therein. Whenever the award provides no indication as to the timeframe of the execution thereof, it shall be subject to an immediate execution.



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In the event of the choice of an Arbitration Court, the Creditor shall understand that the Arbitration Court Award shall be final and not subject to appeal unless prescribed by law. The Creditor undertakes to avoid speculating and disputing his/her knowledge of the fact in the future.

6.5 Any correspondence, court subpoenas, including a procedural document dealing with disputes arising out of the Line of Credit Agreement or the Mixed Agreement shall be sent to the addresses exchanged mutually in connection with the conclusion of the Line of Credit Agreement or the Mixed Agreement and shall be deemed received by the addressee (delivered) regardless of the fact that the addressee may no longer be based or residing in the specified address if the Bank or the Client failed to inform each other in writing of the change in their postal addresses (location, residence, registration), the legal consequences whereof shall be borne by the party which was obliged to inform the other party of the changes in question.

6.6 Whenever the dispute is subject to a judicial review, the Bank and the Client shall give their consent to an expedited judicial review in the case, as well as the application of a simplified proceeding.