Methodology of calculating the fixed adjustable interest rate(R_a) and adjustment procedure

(applicable for loan agreements signed from 29.04.2022)

THE VARIABLE COMPONENT(R_v) used for calculating the fixed adjustable interest rate (R_a)

Currency	(R_v)	Date of establishment/amendment	Valid until
AMD	9.5	01.08.2023	31.07.2025
USD	3.9	01.08.2024	31.07.2025

The variable component (R_v) is calculated in July of each year, moreover.

1. For loans provided in AMD
   - As the main indicator, the average weighted interest rate of commercial banks' deposits in AMD for a period of "more than one year" published by the Central Bank of Armenia;

   The average weighted interest rate of deposits in AMD for "more than one year" is published in the "Monetary and Financial Statistics" section of the official website of the Central Bank:

   - As a secondary indicator, the yield to maturity of RA state (treasury) bonds with a maturity of 6 months

   https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx

2. For loans provided in USD
   - As a main indicator, the weighted average interest rate of commercial banks' deposits in USD for a period of "more than one year" published by the RA Central Bank

     The weighted average interest rate of deposits in US dollars with a term of "more than one year" is published in the "Monetary and Financial Statistics" section of the official website of the Central Bank: https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx

   - As a secondary indicator, the average yield of US Treasury bonds with a maturity of one year, on which you can get detailed information at this link: *https://fred.stlouisfed.org/series/DGS1*

When calculating the variable component the rules of mathematical rounding are applied, for example if it is 2.14%, then 2.1% is considered and 2.15 will be considered 2.2%.

In case when the main indicator becomes unavailable and it becomes impossible to adjust the constant interest rate for the next period, then the adjustment of the fixed interest rate for the next period is defined taking as a basis the secondary indicator.

The fixed adjustable interest rate is subject to adjustment by the following formula.

$R_a = R_f + R_v$
where
R_a –is the fixed adjustable interest rate,
R_f – is the fixed component
R_v – is the variable component,

The amount (percentage) of the fixed component is defined:

1. For loans provided in AMD.

- In case of application of the main indicator: 5.5%

- in the case of using a secondary indicator: 7%

2. For loans provided in USD.

- In case of application of the main indicator: 7%

- in the case of using a secondary indicator: 10%

The loan interest rate is adjusted.

1. On the next adjustment date after the 36th month following first issuance (the first business day of October),
2. Each year after the first adjustment, on the adjustment date, if the published variable component (Rv) differs from the difference between the current interest rate and the fixed component of the loan by more than 0.4 percentage points.

   The minimum and maximum thresholds of the fixed adjustable interest rate for the loan are defined respectively: the interest rate set at the time of issuing the Loan ± 4%.

Methodology of calculating the fixed adjustable interest rate(R_a) and adjustment procedure
(applicable for loan agreements signed from 15.09.2021 until 24.09.2022)

THE VARIABLE COMPONENT(R_v) used for calculating the fixed adjustable interest rate (R_a)

Currency	(R_v)	Date of establishment/amendment	Valid until
USD	9.5	01.08.2024	31.07.2025
USD	3.9	01.08.2024	31.07.2025

The variable component (R_v) is calculated in July of each year, moreover.

3. For loans provided in AMD

- as the main indicator, the weighted average interest rate of deposits drawn by commercial banks for a period of "more than one year" published by the Central Bank of RA

The weighted average interest rate of AMD deposits for a period of "more than one year" is published in the *"Monetary and Financial Statistics" section* of the official website of the Central Bank:
https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx

- As a secondary indicator, the yield to maturity of RA state (treasury) bonds with a maturity of 6 months

https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx

4. For loans provided in USD
   - As a main indicator, the weighted average interest rate of commercial banks' deposits in USD for a period of "more than one year" published by the RA Central Bank

     The weighted average interest rate of deposits in USD with a term of "more than one year" is published in the "Monetary and Financial Statistics" section of the official website of the Central Bank:
     https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx

   - As a secondary indicator, the average yield of US Treasury bonds with a maturity of one year, on which you can get detailed information at this link: *https://fred.stlouisfed.org/series/DGS1*

When calculating the variable component the rules of mathematical rounding are applied, for example if it is 2.14%, then 2.1% is considered and 2.15 will be considered 2.2%.

In case when the main indicator becomes unavailable and it becomes impossible to adjust the fixed interest rate for the next period, then the adjustment of the fixed interest rate for the next period is defined taking as a basis the secondary indicator.

The fixed adjustable interest rate is subject to adjustment by the following formula.

$R_a = R_f + R_v$
where
R_a –is the fixed adjustable interest rate,
R_f – is the fixed component
R_v – is the variable component,

The amount (percentage) of the fixed component is defined:

3. For loans provided in AMD.

- In case of application of the main indicator: 4.5%

- in the case of using a secondary indicator: 7%

4. For loans provided in USD.

- In case of application of the main indicator: 6%

- in the case of using a secondary indicator: 10%

The loan interest rate is adjusted.

3.On the next adjustment date after the 36th month following first issuance (the first business day of October),

4.Every year after the first adjustment, on the adjustment date, if the published variable component (Rv) differs from the difference between the current interest rate and the fixed component of the loan by more than 0.4 percentage points.

The minimum and maximum thresholds of the fixed adjustable interest rate for the loan are defined respectively: the interest rate set at the time of issuing the Loan ± 4%.

Applicable for loan agreements signed until 15.09.2021

Methodology of calculating the fixed adjustable interest rate(R_a) and adjustment procedure
THE VARIABLE COMPONENT(R_v) used for calculating the fixed adjustable interest rate (R_a)

Currency	(R_v)	Date of establishment/amendment	Valid until
USD	2.2	01.08.2019	31.07.2020
USD	0.4	01.08.2020	31.07.2021
USD	0.2	01.08.2021	31.07.2022
USD	2.9	01.08.2022	31.07.2023
USD	5.8	01.08.2023	31.07.2024
USD	5.7	01.08.2024	31.07.2025

The variable component (R_v) is calculated in July of each year, moreover.

1. as the main indicator, the London Interbank Offered Interest Rate (ICE LIBOR USD 6 Month) of the last banking day of the month preceding the given month (at the same time in the Republic of Armenia and London (Great Britain) in USD with a maturity of 6 months, rounded up to 1/per / with precision.

   Information published in www.global-rates.com website may be considered as a source for (ICE LIBOR USD 6 Month) interest rate data.

2. as a secondary indicator, the weighted average interest rate of deposits drawn by commercial banks for a period of "more than one year" published by the Central Bank of RA for the month preceding the given month for US dollars, rounded to the nearest 1 /one/ after the comma is accepted.

Average weighted interest rate of deposits with a term of “more than one year” for US dollar is published in” Monetary and Financial Statistics” section of the official website of the Central Bank:

https://www.cba.am/am/SitePages/statmonetaryfinancial.aspx

When calculating the variable component the rules of mathematical rounding are applied, for example if it is 2.14%, then 2.1% is considered and 2.15 will be considered 2.2%.

In case when the main indicator becomes unavailable and it becomes impossible to adjust the fixed interest rate for the next period, then the adjustment of the fixed interest rate for the next period is defined taking as a basis the secondary indicator.

The fixed adjustable interest rate is subject to adjustment by the following formula.

$R_a = R_f + R_v$
where
R_a –Is the fixed adjustable interest rate,
R_f – Is the fixed component
R_v – Is the variable component,

The amount (interest) of the fixed component is set 8%.

The loan interest rate is adjusted.

1. On the next adjustment date after the 36th month following first issuance (the first business day of October),
2. Every year after the first adjustment, on the adjustment date, if the published variable component (Rv) differs from the difference between the current interest rate and the fixed component of the loan by more than 0.4 percentage points.

The minimum and maximum thresholds of the fixed adjustable interest rate for the loan are defined respectively: the interest rate set at the time of issuing the Loan ± 4%.