



On approval of the Rules for calculating the annual effective interest rate under a loan agreement

Unofficial translation

Resolution of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 № 197. Registered with the Ministry of Justice of the Republic of Kazakhstan on October 2, 2018 № 17464.

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In accordance with Article 725-1 of the Civil Code of the Republic of Kazakhstan (Special Part) dated July 1, 1999 the Board of the National Bank of the Republic of Kazakhstan **HEREBY DECREES:**

Footnote. The preamble as amended by the Resolution of the National Bank of the Republic of Kazakhstan dated 11.11.2019 No. 184 (shall be enforced from 01.01.2020).

1. That the enclosed Rules for calculating annual effective interest rate under loan agreement shall be approved.

2. In accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Department of Financial Market Methodology (D. N. Salimbayev) shall:

1) Jointly with the Legal Department (Sarsenova N.V.), ensure the State registration of this Resolution with the Ministry of Justice of the Republic of Kazakhstan;

2) within ten calendar days from the date of State registration of this Resolution, send it both in the Kazakh and Russian languages to Republican State Enterprise on the Right of Economic Management "Republican Center of Legal Information" for official publication and inclusion in the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan;

3) place this Resolution on the Internet resource of the National Bank of the Republic of Kazakhstan after its official publication;

4) within ten working days after the State registration of this Resolution, submit to the Legal Department the information on execution of activities, provided by subparagraph 2), 3) of this paragraph and paragraph 3 of this decree.

3. Within ten calendar days after the State registration of this Resolution, the Directorate for the Protection of the Rights of Consumers of Financial Services and External Communications (Terentyev A.L.) shall send its copy for official publication in the periodic printed publications. .

4. Supervising Deputy Chairman of the National Bank of the Republic of Kazakhstan O.A. Smolyakov shall be authorized to oversee the implementation of this Resolution.

5. This Resolution shall be enforced upon expiry of twenty one calendar days after its first official publication.

Chairman of the National Bank

D. Akishev

Approved by
Resolution No. 197 of the Board
of the National Bank
of the Republic of Kazakhstan
dated August 27, 2018

Rules for calculating annual effective interest rate under loan agreement Chapter 1. General provisions

1. These Rules for calculating annual effective interest rate under loan agreement (hereinafter referred to as the Rules) shall establish the procedure for calculating annual effective interest rate under the loan agreement, concluded with an individual borrower in accordance with Article 725-1 of the Civil Code of the Republic of Kazakhstan (Special Part) dated July 1, 1999.

For the purposes of the Rules, the following concepts shall be used:

- 1) annual effective interest rate - interest rate in true, annual, effective, comparable calculation (real value) under a loan agreement, calculated in accordance with the Rules;
- 2) loan - the provision by the lender of loans in the form of money or things determined by generic characteristics, including those provided with a delay and installment payment;
- 3) borrower - an individual who is not an individual entrepreneur who has entered into a loan agreement with the lender;
- 4) lender - an individual or legal entity who is not a bank, an organization engaged in certain types of banking operations, an organization engaged in microfinance activities.

Footnote. Paragraph 1 as amended by the Resolution of the National Bank of the Republic of Kazakhstan dated 11.11.2019 No. 184 (shall be enforced from 01.01.2020).

2. The annual effective interest rate shall be specified in the loan agreement.

3. The calculation of the annual effective interest rate shall be made:

- 1) on the date of the loan agreement conclusion;
- 2) in case of alterations and (or) additions to the loan agreement by concluding an additional agreement to the loan agreement, which affect to the amount (amount) of the borrower money liabilities and (or) the term of its payment.

4. In case of alterations and (or) additions to the loan agreement by concluding an additional agreement to the loan agreement, which affect to the amount (amount) of the borrower money liabilities and (or) the term of its payment, including a change in the interest rate in cases provided by the loan agreement, annual effective interest rate under the loan agreement shall be calculated by the lender based on the balance of the principal debt, the

remaining maturity of the loan at the date from which the terms of the loan agreement, commissions and other payments payable by the borrower, and shall be indicated in the additional agreement to the loan agreement.

Chapter 2. Calculation of annual effective interest rate

5. The annual effective interest rate under the loan agreement shall be calculated using the following formula:

$$\sum_{j=1}^n \frac{S_j}{(1 + APR)^{t_j/365}} = \sum_{i=1}^m \frac{P_i}{(1 + APR)^{t_i/365}}$$

where:

n - order number of the last payment to the borrower;

j - order number of payment to the borrower;

S_j - the amount of j payment to the borrower;

APR - annual effective interest rate;

t_j - period of time from the date of the loan granting to the moment of j payment to the borrower (in days);

m - borrower's the last payment order number;

i - borrower's payment order number;

P_i - the amount of i payment of the borrower;

t_i - period of time from the date of the loan granting to the moment of j payment of the borrower (in days).

6. The calculation of the annual effective interest rate under the loan agreement shall include all payments of the borrower on the principal debt and interest, as well as commissions and other payments for the entire duration of the loan agreement.

7. The calculation of the annual effective interest rate under the loan agreement shall not include a forfeit (fine, penalty) for violation of the obligation to repay the loan amount and (or) pay interest under the loan agreement.

Footnote. Paragraph 7 as amended by the Resolution of the National Bank of the Republic of Kazakhstan dated 11.11.2019 No. 184 (shall be enforced from 01.01.2020).

8. Payments made by the borrower to the lender and payments of the lender to the borrower shall be taken into account at the dates of their actual implementation, future payments according to the repayment schedule (if available).

9. If, when calculating the annual effective interest rate, the resulting number has more than one decimal place, it shall be rounded up to tenths as follows:

1) if the hundredth is greater than or equal to 5, the tenth is increased by 1, all signs following it are excluded;

2) if the hundredth is less than 5, the tenth part remains unchanged, all signs following it are excluded.

10. The provisions of the Rules shall apply to a loan agreement, the subject of which are the things determined by generic characteristics, if under such a contract the borrower's liabilities are fulfilled by transferring money on account of debt, and the payment and amount of remuneration, forfeit (fine, penalty), commissions and other payments provided by the loan agreement, is carried out in cash.

In this case, to calculate the annual effective interest rate, as the loan amount (or payment to the borrower) shall be the value of things determined by the parties of the loan agreement at the date of its transfer to the borrower.