	AEBC 2.08 Pricing Policy		
Version	August 28, 2013	Effective Date	August 28, 2013


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Approval Requirement	Credit Policy Committee
Effective Date	August 28, 2013
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Policy Owner/Custodian	VP – Product Management
India Country Executive Committee	August 2013
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Changes to previous policy dated October 18, 2011:

- Deletion of the requirement to communicate the Base Rate to card members through MITC.
- Defining the methodology to compute the APR and other finance charges.

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1 POLICY OVERVIEW

This policy is for

- a) Annual Percentage Rate (APR)
- b) Balance Transfer
- c) Cash Advances
- d) Dial-A-Draft

This policy shall prescribe

- a) APR calculation methodology
- b) Maximum Monthly Interest Rate
- c) Interest levying and calculation methodology

2 SCOPE

This policy is applicable to interest chargeable for revolving credit cards issued by AEBC India to individual customers. This Policy shall become effective immediately from the date it is approved by the CEC India and shall govern the interest rates charged to individual credit card customers in India on and after such date. This policy shall supersede all previous versions of the policy.

3 BASIS AND PRINCIPLES

Generally, the interest rate used to calculate the finance charges applicable to revolving credit card balances is determined and differentiated based on the product features of the credit card, card member payment behavior, portfolio delinquency, portfolio revolve rate, cost of funds, competition, profitability considerations and related factors like movements in bank's Base Rate. The process of determining of this interest rate is referred to in this policy as "pricing." AEBC can introduce different pricing strategies depending on card products, features and customer profiles based on credit behaviour or spend pattern. AEBC will have the discretion to charge interest on credit card balances either on floating rate or fixed rate basis subject to the condition that such fixed rate should not be below the Base Rate (as defined in 3.1 below) while pricing the product or offering the product to new customers.



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3.1 Annual Percentage Rate (APR) Calculation Methodology

Keeping in view Reserve Bank of India (“RBI”) guidelines, AEBC will link the Annual Percentage Rate (APR) to the Base Rate. The Bank’s methodology to compute APR will take into account the following

- Base Rate (Cost of Funds + Return on Net Worth)
- Delinquency in the card portfolio
- Revolve rate
- Margin

For card members who use the line of credit as an overdraft account and retain the flexibility of repaying 5% to 100%, the APR will be levied.

India ALCO reviews the Bank’s APR Pricing Methodology and Product Pricing once a quarter and approves any change in the same.

Maximum Monthly Interest Rate

The Maximum Monthly Interest Rate (also known as the “ceiling” rate) used by AEBC to calculate finance charges on revolving credit cards shall not exceed 3.99% per month.

Statutory taxes/levies, if any, shall be applicable additionally..

3.2 Extended Payment Plan

For Card members, who borrow for a fixed tenure restricted to 3 / 6 / 9 / 12 months, the associated uncertainty and risk is lower so a special rate of 15-24% will be offered for such installment based borrowing.

The interest amount can be charged directly from the Card member (card member funded installment) or can be recovered from a merchant partner (merchant subvention) who is interested in enhancing the sales of its goods and services by absorbing the interest cost to offer a better deal to the end customer.

Installment schemes that are partly funded by Card member and partly funded by merchant will also be offered. The combined interest recovery should be in the 15-24% range.



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3.3 Interest Free “Grace” Period

Card members can enjoy an interest free “grace” period during which no finance charges will be levied to the credit card account for such periods as may be fixed from time to time, not exceeding 51 days.

Finance charges shall not be payable on charges (other than Cash Advances, Dial-A-Draft and Balance Transfers) only if:

Card member has paid the full Closing Balance on the previous monthly statement by the payment due date; and
Card member pays the full Closing Balance on the current monthly statement by the payment due date.

3.4 Interest for Revolving Credit, Cash Advances, Dial a Draft and Balance Transfers

Interest would be payable at the monthly percentage rate on all charges from the date the card member incurs the transaction until the charges are fully repaid, except where an interest free grace period applies.

1. Interest, if payable, is calculated by multiplying:
 - The daily balance on which interest is payable by the daily percentage rate (monthly rate multiplied by 12 and then divided by 365); and then
 - Adding up the daily interest for the applicable period.
2. Interest, if payable, would be debited to the card member’s account on the last date of each statement period and is shown on the statement separately.

Card member will be liable to pay interest on all the charges outstanding at the monthly average rate shown on the statement.

Interest on Balance Transfer, Dial-A-Draft & Cash Advance would be levied from the very next day, while for other charges it is from the next cycle date, if the Card member is on a non-revolving mode. If the card member is on revolving mode, finance charges would be levied from day one of incurring the charge.



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The interest rate used to calculate interest on revolving credit cards will not exceed 3.99% p.m. Interest applicable to revolving credit card customers will be conveyed through the MITC for ensuring transparency.

3.5 3.5 Daily Interest Calculation

Daily Interest is calculated as:

The daily balance of charges on which interest is payable * maximum daily interest rate

Maximum Daily Interest Rate : **Maximum Monthly Rate * 12 / 365**

4 CHANGES TO POLICY

1. Any changes to this policy, the Maximum Monthly Interest Rate and/or the Bank's Pricing Methodology may be proposed by the VP-Product Management or any other official not less than Band 45.
2. Any proposed changes in the maximum monthly interest rate must be approved by the Credit Policy Committee and ALCO.
3. In case the proposal is approved, a new policy or addendum to the policy may be issued for the change approved.

5 GENERAL

1. This policy or any revisions hereto shall always be subject to any applicable regulatory requirements from time to time and in case of any conflict the applicable regulatory requirements shall always supersede and shall be complied with notwithstanding anything to the contrary herein.
2. This Policy only deals with the interest rate applicable to revolving credit card balances to calculate finance charges does not deal with any other fees, levies, taxes, charges, etc. The policy also excludes the consumer charge card and commercial card products where no revolving credit is available.