

**FINCA®**Approved by "FINCA" UCO CJSC Management Team
Resolution N 22/2019 as of 28.03.2019**INFORMATION BULLETIN****Terms and conditions of "Business Simple" loan****Starting from April 17, 2019 the loan is provided by AMD and USD by following conditions****TARGET CUSTOMER**

Customer characteristics	Legal Entities registered in RA, Private and individual entrepreneurs, who have stable income from their business activity
Customer age	Persons aged 21 or over. The sum of the customer's age at the time of applying, and the expected loan period should not exceed 70 years.
Requirements for potential borrower	<ul style="list-style-type: none"> ✓ Potential customer's residence or place of business availability within FINCA branch network service area, ✓ A satisfactory credit history, ✓ At least 3 months of permanent business activity, ✓ Accordance with FINCA social and environmental requirements.

LOAN TERMS AND CONDITIONS PROVIDED BY AMD

Loan amount	500,001–1,500,000	1,500,001–2,500,000
Annual Interest Rate (Calculated from loan outstanding)	14.9%	
Loan Disbursement Fee, cash disbursement fee, in case the loan is disbursed in cash from cash desk	3.5%	
Monthly service fee (Calculated from loan outstanding)	0.9%	0.5%

LOAN TERMS AND CONDITIONS PROVIDED BY USD

Loan amount	300–5,000
Annual Interest Rate (Calculated from loan outstanding)	18%
Loan Disbursement Fee, cash disbursement fee, in case the loan is disbursed in cash from cash desk	4.5%, min. AMD 12 000
Monthly service fee (Calculated from loan outstanding)	0.25%

WARNING

Changes in foreign currency exchange rates may have an impact on loan repayments

GENERAL CONDITIONS

Loan maturity	3–48* months
Loan purpose	Working capital and capital investments as well as other business needs The borrower should act on his behalf and for his benefit. Taking a loan on behalf of a third person is prohibited.
Loan disbursement method	Cash/Non-cash

Loan repayment method	✓ Annuity monthly payments (loan is paid in equal parts consisting of loan amount, interest amount and service amount (if available)).
	✓ A flexible schedule of loan repayment can also be provided taking into consideration the specificities of business. ✓ A grace period of up to 6 months might be provided (a period during which no repayments from the outstanding loan are made).
Tranches	The maximum amount of tranches for "Business Simple" loans is 2
Notes	* The loan can be provided with the tenor of 37–48 months term only in case the loan is intended for the acquisition and/or major repair of fixed assets and/or other purposes set by the Credit Committee.

LOAN SECURITY

Loan security ¹	For loans in the range of <u>USD 300– 1,000</u>	For loans in the range of <u>AMD 500,001 – 1,500,000</u> and <u>USD 1,001 – 3,000</u>	For loans in the range of <u>AMD 1,500,001 – 2,500,000</u> and <u>USD 3,001 – 5,000</u>
	✓ Guarantor is not necessary unless otherwise required by the Credit Committee ✓ Any pledge is not applicable	✓ At least one financial guarantor ²	✓ For new clients-at least one financial guarantor ³ ✓ For current ⁵ clients- a guarantor
	Notes		
	1. As stipulated by the current procedures of FINCA UCO CJSC, if there is the participation of other person(s) in the client's business activities (shareholding), irrespective of the loan type and the amount of money, the guarantee of the given participant(s) is a required condition for loan disbursement.		
	2. In all cases, when the guarantor is not internal, the family member must be considered as an affiliated person (in the case of a married person, consider the affiliate / spouse, except for the absence from the country and other obstructing circumstances)		
	3. The minimum criteria that external guarantors should correspond to are: stable salary or business income and/or property (vehicles, real estate) comparable to the loan amount		
4. As current are considered the clients who apply for the loan within 3 months after making the total repayment for their last loan at FINCA UCO.			
- Collateral insurance is not obligatory			

ADDITIONAL CONDITIONS

Parallel loans	✓ Maximum number of parallel loans with "Business Simple" loans is 2
	✓ The maximum amount of parallel loans with "Business Simple" is AMD 2,500,0000 or USD 5000.
Early loan repayment	The borrower is authorized to make early total or partial repayment of the loan without paying any penalties and implement obligations according to the Agreement. Moreover, ✓ In case of loan partial early repayment, the interests respective to the loan amount repaid by the borrower and subject to repayment in coming months/months are proportionally decreasing while the service and other fees subject to repayment by borrower in coming month/months are not decreasing. ✓ In case of loan total early repayment, the borrower pays loan service and other fees, interest and loan amount as of the date of payment,

	<p>✓ In case of loan partial early repayment, from the borrower is charged total amount of coming repayment according to borrower's Repayment Schedule, but if the payment exceeds the amount of subsequent repayment, then the exceeding part is channeled to the loan repayment (with the exception of cases prescribed by the loan contract). In this case the interests subject to subsequent repayment according to Borrower's loan repayment schedule are calculated on the outstanding balance of the loan amount and the interests respective to the loan amount repaid by the borrower and subject to repayment in coming month/months are decreasing.</p>
Penalty for overdue repayments	<p>! In case of failure to meet the obligations in the deadlines set out by the borrower's repayment schedule, the borrower shall pay the Lender a penalty</p> <ol style="list-style-type: none"> 1. In the amount of 0.13% of the unpaid loan amount for each overdue day 2. In the amount of 0.13% of the unpaid interest amount for each overdue day
	<p>! <i>In case the borrower breaches the terms of repaying the loan amount, stipulated by the repayment schedule of the loan agreement, the accrual of the annual interest rate stipulated by the loan agreement is stopped on the overdue loan amount and an annual interest rate of 24% is accrued on the overdue loan amount starting from the overdue day until the overdue loan amount actual repayment day.</i></p> <p><i>In case of existence of overdue liabilities on loan and interest from the borrower's side and insufficiency of paid amounts, liabilities are paid in the following order: first are repaid expenses executed by the lender for bringing back the obligations, then service fee, penalties, interest and loan amount.</i></p> <p><i>Moreover, the order of the monetary obligation defined by the aforementioned terms and conditions can be changed based on the Lender's decision made upon the written request of the Borrower which shall be considered as the agreement between Parties about the order in meeting the monetary obligations.</i></p>
Required documents	<p>Legal entities</p> <ul style="list-style-type: none"> ✓ Certificate of State Registration, ✓ Passports / identification cards of directors, shareholders and guarantors (if any) ✓ Other documents defined by the Credit Committee.
	<p>Individual entrepreneurs</p> <ul style="list-style-type: none"> ✓ Certificate of State Registration, ✓ Other documents defined by the Credit Committee.
	<p>Notes</p>
	<p>For Private Entrepreneurs for loans up to 1,000,000 AMD, including credits State Registration or Registration Certificate are not required.</p>
Maximum period of decision making on loan application	<p>The decision for a loan application is made within a maximum of 3 days, the Organization informs the borrower about it within maximum 1 day and the loan is actually provided to the borrower at least within 9 days from the moment of filing the application.</p>
Necessary factors for the positive decision of loan granting	<p>Borrower must:</p> <ul style="list-style-type: none"> ✓ have business activity which meets the criteria set by FINCA UCO CJSC, ✓ satisfy financial ratio criteria set by "FINCA" UCO CJSC by the solvency assessment and analysis results, ✓ not have overdue liabilities, and meet credit history acceptable qualitative criteria defined by FINCA UCO CJSC, ✓ comply with other criteria defined by FINCA UCO CJSC.
Loan rejection factors	<ul style="list-style-type: none"> ✓ the borrower not meeting the factors required for a positive determination of the loan,

	<ul style="list-style-type: none"> ✓ The client hasn't presented all the necessary documents and other justifications for getting a loan, ✓ In case the loan objective does not comply with the mission of FINCA UCO CJSC, ✓ In case the client deals with types of activities not financed by FINCA UCO CJSC (see "Types of Activities Not Funded by the Organization" on the Services page); ✓ In case the customer has or have had credit commitments in FINCA or other financial institutions that have been served with unauthorized delays or breaches, and the customer is considered as a bad creditor, ✓ In case the borrower's financial position does not meet the minimum standards established by FINCA UCO CJSC, ✓ In case the rules for customer selection have been ignored, ✓ The credit committee can reject the loan application, taking into account the transaction risk or other credit risks possible prescribed by the credit committee.
WARNING	<p><i>The nominal interest rate for this loan may be changed by FINCA.</i></p> <p>! <i>FINCA has the right to unilaterally change the interest rate of the loan in case the borrower breaches the obligations set forth in the Agreement, by the manner and cases prescribed by the Agreement,</i></p> <p>! <i>The loan interest rate clause can be subjected to change by "+5" percentage point, but not more than twice as much as the calculated bank interest rate set by the Central Bank of Armenia,</i></p> <p>! <i>The borrower must be notified about the amendments no later than 7 (seven) working days prior to the entry into force of that amendment,</i></p> <p>! <i>Your property (house, car, etc.) can be confiscated in the manner prescribed by law, if you do not make interest and loan repayments in time,</i></p> <p>! <i>If you do not make interest and loan repayments on time, your information will be recorded in the Credit Registry,</i></p> <p>! <i>In case of default on the collateral, the obligations will be repaid at the expense of your other property if the collateral is insufficient to cover your loan obligations</i></p>
Loan disbursement place	The loan can be formalized at any branch of FINCA.

Calculation of Annual Percentage Rate

Loan interest is calculated based on the nominal interest rate. Whereas, the annual percentage rate shows the cost of the loan, if the interests and other fees are paid according to the repayment schedule. The Annual Percentage Rate depends on the loan terms (loan amount, maturity, amount of installments and number of installments).

Annual Percentage Rates shall be calculated based on the following formula:

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

where:

A credit sum (initial size of credit provided to consumer by creditor).

n number of the repayment directed to credit coverage

N number of the last repayment directed to credit coverage

K_n amount of the n repayment directed to credit coverage

D_n time span between the day of credit extension and the day of making the n repayment directed to credit coverage, expressed by number of days

i Annual Percentage Rate (APR), which can be calculated if the other data of the formula are known from loan agreement or any other way

Example of Calculating Annual Percentage Rate

Loan amount	USD 5 000
Annual Interest Rate	18%
Loan Maturity	48 months
Loan Disbursement Fee	4.5% of loan amount
Loan Repayment	Monthly equal repayments (the principle amount and the interest together)
Monthly Service Fee	0.25%
Loan Disbursement Day	01 October 2018
First Repayment Date	01 November 2018
Annual Percentage Rate: 28.75 %	