

INFORMATION BULLETIN

Terms and conditions of "Business Partner" loan

Starting from June 03, 2019 the loan is provided by USD

TARGET CUSTOMER

Customer characteristics	Legal entities, individual entrepreneurs and agricultures, who are RA citizens or residents.
Customer age	Persons aged 21 or over. Moreover the customer's age at the time of applying, plus the expected loan expiration date 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 month of permanent business activity, ✓ Accordance with FINCA social and environmental requirements.

LOAN TERMS AND CONDITIONS PROVIDED BY USD

Loan amount	USD 20,001 – 50,000	USD 50,001 – 150,000
Annual Interest Rate (Calculated from loan outstanding)	15 – 18%	14 – 16%
Loan Disbursement Fee, cash disbursement fee, in case the loan is disbursed in cash from cash desk	1.5%, max AMD 450,000	
Monthly service fee (Calculated from loan outstanding)	0,1%	
Maximum number of parallel loans	5	
	The maximum amount of "Business Partner" loans is USD 150,000	
Maximum number of tranches*	5	
	*Notes	
	✓ The tranche is approved by a single loan by concluding a single loan agreement, but the provision is made partially after carrying out the conditions prescribed for each tranche,	
	✓ In case of a loan distributed in tranches, the pledge agreement may be concluded for the whole loan amount or for each tranche separately,	
	✓ The last repayment day for any tranche cannot be later than the predefined loan period. The maximum term of disbursement of the first and last tranche is 6 months,	

WARNING

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

GENERAL CONDITIONS

Loan purpose	Working capital and capital investments The borrower should act on his behalf and for his benefit. Taking a loan on behalf of a third person is prohibited.
Loan maturity	1-84 months
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 business specifics.

	<p>✓ A flexible schedule of loan repayment can also be provided, due to the seasonality of the business. During the grace period (up to 9 months).</p> <ul style="list-style-type: none"> - payment of interest and service fee is charged (if any) only, - zero payments. 	
LOAN SECURITY		
Loan amount	USD 20,001–50,000	USD 50,001–150,000
Loan security	<p>✓ For loans of 36 months and less, a minimum of 50% of the amount must be secured by real estate and / or vehicle, while the rest of the loan amount shall be secured by other mobile property.</p> <p>✓ For loans of more than 36 months, at least 70% of the amount must be secured by real estate and / or vehicle, while the rest of the loan amount shall be secured by other mobile property.</p>	<p>✓ For loans of 36 months and less, a minimum of 70% of the amount must be secured by real estate and / or vehicle, while the rest of the loan amount shall be secured by other mobile property.</p> <p>✓ For loans of more than 36 months, a minimum of 100% of the amount must be secured by real estate and / or vehicle.</p> <p>✓ For loans of USD 50,001–150,000, the evaluation of the pledged real estate and/or vehicle(s) is conducted by the independent appraisal companies cooperating with FINCA UCO.</p>
Guarantee	<p>✓ In all cases at least one Guarantor is mandatory</p> <p>✓ In case of legal entities, the guarantee of shareholder with more than 10% shares is mandatory</p>	
ADDITIONAL CONDITIONS		
Early loan repayment	<p>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,</p> <p>✓ In case of total early repayment, the Borrower pays the loan service and other fees subject to payment as of the payment day, the accrued interests, loan amount, unless another written decision is made by the Lender. In this case, when calculating the early repayment fee, the amount of the principal amount subject to the subsequent payment in accordance with the Borrower's Loan Repayment Schedule, is not included in the loan balance. In case the borrower is credited by the Lender, in case of the early total repayment of the current loan, the Borrower pays service and other fees, calculated interests and Loan balance.</p> <p>✓ In case of partial early repayment, the future total payment is charged, and in case of exceeding amount, the latter is charged as, unless another written decision was made by the Lender. In case the amount is not sufficient to fully pay all the liabilities due on the subsequent repayment date, the amount is charged in the following sequence: 1. Service and other fees, 2. Interests, 3. Loan amount.</p> <p>✓ In case of early partial repayment, the Borrower may at his own decision pay the amounts stipulated by payment schedule for future payments. In this case, the client pays service and other fees of the loan, interests accrued as of the repayment day, next months' interests accrued for the loan amount balance, the loan to be repaid during the future months, unless another written decision was made by the Lender. In this case, the client shall not pay the principal amount stipulated by the payment schedule for the future months that have been already paid.</p>	
Penalty for overdue repayments	<p>! In case the borrower breaches the terms of repaying the loan amount, stipulated by the repayment schedule of the loan agreement, the borrower shall pay the Lender a penalty with a rate of 0.13% on overdue principal and interest amount for each overdue day.</p> <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</i></p>	

	<p><i>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>
Required documents	<p>Legal entities</p> <ul style="list-style-type: none"> ✓ Certificate of State Registration, ✓ Tax code, ✓ Passports / identification cards of directors and shareholders, ✓ Financial Statements for the Latest Reporting Period, ✓ Determination of the Authorized Body for applying for a loan and providing the property as collateral, ✓ Guarantors' passports / identification cards, income / property documents, ✓ Other documents defined by Credit Committee.
	<p>Individual entrepreneurs</p> <ul style="list-style-type: none"> ✓ Certificate of State Registration, ✓ Borrower's and Guarantors' Passports / identification cards, ✓ Marriage certificate (if applicable), ✓ Other documents defined by Credit Committee.
Maximum period of decision making on loan application	<p>The decision for a loan application is made within a maximum of 14 days, the Organization informs the borrower about in in 2 days and the loan is actually provided to the borrower at least in 30 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 and / or other source of regular income (eg, paid job) 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, ✓ 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>

	! <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>
	! <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>
	! <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>
	! <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>
	! <i>If you do not make interest and loan repayments on time, your information will be recorded in the Credit Registry,</i>
	! <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>

Loan disbursement place	The loan can be formalized at any branch of FINCA.
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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

Kn amount of the n repayment directed to credit coverage

Dn 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)

Example of Calculating Annual Percentage Rate

Loan amount	USD 70,000
Annual Interest Rate	14%
Loan Maturity	60 months
Loan Disbursement Fee	1.3% of Loan amount
Monthly Service Fee	0,1%
Loan Repayment	Monthly equal repayments (the principle amount and the interest together)
Loan Disbursement Day	01 November 2019
First Repayment Date	01 December 2019
Annual Percentage Rate: 17.9 %	