

**FINCA®**Approved by "FINCA" UCO CJSC Management Team  
Resolution 31.05.2019 N 41/2019**INFORMATION BULLETIN****Terms and conditions of the "Rural Soft" loan**

**Starting from June 03, 2019 the loan is provided  
by AMD by following conditions**

**TARGET CUSTOMER**

Customer characteristics	Legal Entities registered in RA, private and individual entrepreneurs engaged in agricultural 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"> <li>✓ Potential customer's residence or place of agricultural availability within FINCA branch network service area,</li> <li>✓ A satisfactory credit history,</li> <li>✓ At least 3 months of permanent agricultural activity,</li> <li>✓ Accordance with FINCA social and environmental requirements.</li> </ul>

**LOAN TERMS AND CONDITIONS**

Loan purpose	Working capital and capital investments and for other agricultural needs The borrower should act on his behalf and for his benefit. Taking a loan on behalf of a third person is prohibited.
Loan Currency	AMD (Armenian Dram)
Loan Amount	<b>150,000–500,000</b>
Annual Interest Rate	<b>14.9%</b>
Loan Disbursement Fee, cash disbursement fee, in case the loan is disbursed in cash from cash desk	<b>3.5%</b>
Monthly service fee (Calculated from loan outstanding)	<b>1.35%</b>
Loan maturity	<b>6–24 months</b>
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)).

	<p>✓ A grace period can also be provided up to 3 months, (The maturity period during which the principal amount is not repaid)</p>
Loan security	<p>✓No guarantor is needed unless required by the Credit Committee</p> <p>✓Any pledge is prohibited,</p>
Tranches	The tranches are not applicable.
Parallel loans	<p>✓ Maximum number of parallel loans with “Rural Soft” loans is 2</p> <p>✓ No restrictions for FINCA active clients who already received other loan products</p>
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, 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.</p>
	<p>✓ 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>
	<p>✓ In case of loan partial 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. In cases when the payment amount is not enough to cover total amount of subsequent repayment according to borrower’s repayment schedule, then the repayment is done in the following order: 1. Service and other fees, 2. Interest 3. Loan.</p>
	<p>✓ The borrower is authorized to make repayment on his desire for the coming months according to borrower’s repayment schedule. In that case repayment will be done in the following order 1) service and other fees for subsequent months, 2) interest calculated as of repayment day, 3) interest for subsequent months on Loan balance, 4) loan amount for subsequent months. The borrower is exempted to make repayments according to borrower’s repayment schedule for the already repaid months</p>
<p><b>Penalty for overdue repayments</b></p>	<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"> <li>1) In the amount of 0.13% of the unpaid loan amount for each overdue day</li> <li>2) In the amount of 0.13% of the unpaid interest amount for each overdue day</li> </ol>

	In case of breaking the deadlines of paying the loan amount (breach), prescribed by the loan contract, set out by the repayment schedule, the calculation of the loan annual interest rate prescribed by the contract with respect to the overdue loan amount is stopped and from the day of the breach till the actual repayment day of the overdue loan amount subject to repayment, an interest starts being accrued in the amount of 24 percent (twenty-four percent) annual interest rate. In case of existence of overdue liabilities on loan and interests 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 fees, accrued penalties, interests and loan amount.
Required documents	<p><i>Mandatory required documents:</i></p> <ul style="list-style-type: none"> <li>✓ Passports (ID cards) and social security card of client</li> <li>✓ <i>Additional documents may be required by CC decision:</i></li> </ul>
Maximum period of decision making on loan application	The decision for a loan application is made within maximum 1 working day and the loan is actually provided to the borrower maximum in 1 working day.
Necessary factors for the positive decision of loan granting	<ul style="list-style-type: none"> <li>✓ Availability of potential client's place of residence in the service area of FINCA branch network.</li> <li>✓ Availability of satisfactory credit history: absence of classified liabilities (loans, guarantees), except standard ones, at the time of applying for loan.</li> </ul>
Loan rejection factors	✓ Insufficient level of creditworthiness
	✓ Bad credit history,
	✓ Absence/lack of loan security
	✓ Discrepancy with FINCA minimum requirements
	✓ Other credit risks
<b>WARNING</b>	<i>The nominal interest rate for this loan may be changed by FINCA.</i>
	<b>!</b> <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>
	<b>!</b> <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>
	<b>!</b> <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>

! 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,

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

! 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

## 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)

### Example of Calculating Annual Percentage Rate

Loan amount	AMD 500 000
Annual Interest Rate	14.9%
Loan Maturity	24 months
Loan Disbursement Fee	3.5% of loan amount
Monthly Service Fee	1.35% of loan amount
Loan Repayment	Monthly equal repayments (the principle amount and the interest together)
Loan Disbursement Day	01 October 2018
First Repayment Date	01 November 2018
<b>Annual Percentage Rate: 52.4%</b>	