



FINCA®

Approved by "FINCA" UCO CJSC Management Board

Team Resolution 28.03.2019 N 22/2019

INFORMATION BULLETIN

Terms and conditions of "Rural 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 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"> ✓ Potential customer's residence or place of agricultural availability within FINCA branch network service area, ✓ A satisfactory credit history, ✓ At least 3 months of permanent agricultural 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)	1%	0,5%

LOAN TERMS AND CONDITIONS PROVIDED BY USD

Loan amount	300–5000
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	6 – 48* months
Loan purpose	Working capital and capital investments and 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 disbursement method	Cash/Non-cash
Loan repayment method	<p>✓ Annuity monthly payments (loan is paid in equal parts consisting of loan amount, interest amount and service amount (if available)).</p> <p>✓ No more than 9 preferential repayments (months) in every 12 months (credit year), the total number of subsequent preferential payments should not exceed 9 during the whole loan period.</p> <p>✓ For loans equal to AMD 1 500 001 – 2 500 000 (USD 3 001 – 5 000)</p> <ul style="list-style-type: none"> • The repayment frequency for the loan principal amounts and/or interest amounts <ul style="list-style-type: none"> a) once per 6 months b) once per 4 months <p>In all the other months, privileged repayments with zero fees. Furthermore, the client shall make at least one principle amount payment within 12 months after receiving the loan.</p> <ul style="list-style-type: none"> • A flexible schedule of loan repayment can also be provided.
Tranches	The maximum number of tranches for "Rural Simple" loans is 2
Notes	* The loan can be provided with more than 36 months term only in case the loan is intended for the acquisition and/or major repair

	<p>of fixed assets and/or other liability repayment. In case of the repayment of other liabilities, it is allowed to disburse the loan for a term of up to 48 months, and in case of an application for up to AMD 2,500,000, it is allowed to include in the repayment of other liabilities the liability of a family member in other financial institutions.</p>
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LOAN SECURITY

Loan security ¹	<p>For loans in the range of <u>USD 300–1,000</u></p> <p>✓ Guarantor is not necessary unless otherwise required by the Credit Committee</p> <p>✓ Pledge is not applicable</p>	<p>For loans in the range of <u>AMD 500,001 – 1,500,000</u> and <u>USD 1,001 – 3,000</u></p> <p>✓ At least one financial guarantor²</p>	<p>For loans in the range of <u>AMD 1,500,001 – 2,500,000</u> and <u>USD 3,001 – 5,000</u></p> <p>✓ For new clients-at least one financial guarantor³</p> <p>✓ For current⁵ clients- a guarantor</p>
	Notes		
	<p>1. According to FINCA UCO CJSC regulations if there is/are other shareholder(s) in the client's business/activity, his/their guarantee(s) is a mandatory condition for loan security, irrespective of the loan type and amount.</p>		
	<p>2. In all the cases when the guarantor is not internal, a family member shall be regarded as an affiliated person (in case of being married, the spouse shall be regarded as an affiliated person except cases when the latter is out of the country or there are other obstacles).</p>		
	<p>3. The minimum criteria that financial guarantors should meet: stable income (salary or entrepreneurship) and/or liquid property (vehicles, real estate) compatible with the loan amount.</p>		
<p>4. Clients who had a loan in the past and who apply for a new loan no later than three months after repaying the previous loan shall be regarded as repeated clients</p>			
<p>- Collateral insurance is not obligatory</p>			

ADDITIONAL CONDITIONS

Parallel loans	<p>✓ Maximum number of parallel loans with “Rural Simple” loans is 2</p>
	<p>✓ The maximum amount of parallel loans with “Rural Simple” is AMD 2,500,0000 or USD 5000.</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</p>

	<p>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 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. 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 info@finca.am Hot line 85 75 3 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>Penalty for overdue repayments</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> <p>1) In the amount of 0.13% of the unpaid loan amount for each overdue day, and</p> <p>2) In the amount of 0.13% of the unpaid interest amount for each overdue day</p> <p><i>!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, the liabilities are paid in the following sequence, first are paid the expenses of the Lender spent on fulfillment of liabilities, then service fees and accrued penalties, interests, and loan amount.</i></p>
<p>Required documents</p>	<p>Legal entities</p> <p>✓ Certificate of State Registration, ✓ Passports / identification cards of directors, shareholders, and guarantors (if applicable), ✓ Other documents defined by Credit Committee.</p> <p>Individual entrepreneurs</p>

	<ul style="list-style-type: none"> ✓ Certificate of State Registration, ✓ Other documents defined by Credit Committee.
	Notes
	For Private Entrepreneurs for loans, including credits State Registration or Registration Certificate are not required.
Maximum period of decision making on loan application	The decision for a loan application is made within a maximum of 3 days, the Organization informs the borrower about in in 2 days and the loan is actually provided to the borrower at least in 7 days from the moment of filing the application.
Necessary factors for the positive decision of loan granting	<ul style="list-style-type: none"> ✓ Sufficient level of creditworthiness ✓ Good credit history ✓ Loan security
Loan rejection factors	<ul style="list-style-type: none"> ✓ Insufficient level of creditworthiness ✓ Bad credit history, ✓ Absence/lack of loan security ✓ Discrepancy with FINCA minimum requirements ✓ Other credit risks
WARNING	<i>The nominal interest rate for this loan may be changed by FINCA.</i>
	! <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.

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	AMD1 000 000
Annual Interest Rate	14.9%
Loan Maturity	12 months
Loan Disbursement Fee	3.5 of loan amount
Monthly Service Fee	1% of loan repayment
Loan Repayment	Monthly equal repayments (the principle amount and the interest together)
Grace period	9 months
Loan disbursement day	01 October 2018
First repayment date	01 November 2018

Annual Percentage Rate: 37.79 %