

INFORMATION BULLETIN

Terms and conditions of agricultural loans without collateral for individuals

Valid as of July 1, 2021, based on FINCA UCO CJSC Management Board resolution 75/2021, 30.06.2021

MAIN TERMS AND CONDITIONS

Currency	AMD	USD ¹
Loan amount	300,001 – 5,000,000	650 – 10,000
Loan maturity	6–48 months	
Annual interest rate ²	14.9% - 19.9%	14.9% - 19.9%
Annual percentage rate ²	23.0% – 70.5%	17.5% – 36.9%
Service fee [monthly] ³	0.25%-1.35%	0%-0.20%
Disbursement fee [one off] ³	2.5%-3.5%	
Disbursement method	Cash, non-cash	
Loan purpose	Financing operational and capital expenses, other agricultural purposes	

CUSTOMER REQUIREMENTS

- Individuals registered in RA and engaged in agriculture.
- Age: 21+; the sum of the client's age at the time of applying and the expected loan period should not exceed 70 years.
- Residence and at least 3 months of continuous agricultural activity within FINCA's service area.
- Compliance with FINCA's social and environmental requirements.
- Borrowers should act on their behalf and for their benefit; taking a loan on behalf of a third person is prohibited.
- Loan coverage ratio (ratio of customer's spare means and monthly repayment of the requested loan) minimum of 1.5
- Capital adequacy ratio (ratio of capital and sum of assets and requested loan) minimum of 0.4⁴

MINIMUM REQUIREMENTS⁵ FOR LOAN SECURITY

- Assessment of creditworthiness
- Source of stable income
- Guarantorship:
 - Up to AMD 1,000,000 and USD 2,000 – not required⁵
 - AMD 1,000,001 – AMD 2,500,000 and USD 2,001 – USD 5,000 – one guarantor⁶
 - AMD 2,500,001 – AMD 5,000,000 and USD 5,001 – USD 10,000 – two guarantors

LOAN REPAYMENT

The loan is repaid in equal monthly repayments consisting of the principal, interest and service fee. Up to 9 months of grace period⁷ is available during each 12-month period. Any grace period during the entire loan period should consist of no more than 9 consecutive months. In case of taking loans in the range of AMD 1,000,001 – 5,000,000 and USD 2,001 – 10,000 clients can benefit from:

- Zero-payment grace periods, during which repayments can be made once in 6 or 4 months. In this case, at least one principal repayment must be made during the first 12 months.
- A flexible repayment schedule⁸ is allowed.

The borrower can repay the loan earlier than stipulated by the payment schedule without incurring penalties. Upon early repayment, together with the reduction of the principal, the borrower's total credit expenses (interest, other fees) are reduced proportionally, except for the cases when the payer submits a different written order. Penalties and other fees incurred as a result of failure to properly fulfill obligations stipulated by the RA legislation and the loan contract, as well as the fees defined by the Article 15 of the RA Law on Consumer Credit are not reduced. Upon full early repayment of the loan, the borrower pays the service fees and other charges, interest and principal amounts calculated as of the payment date.

Payments for future months can be made in advance by submitting a written order. Repayments for each upcoming month are made in the following order: 1) service fees and other charges, 2) interest, 3) principal.

WARNINGS AND PENALTIES

- In case the borrower breaches the contractual obligations, FINCA may change the interest rate of the loan following the order provided by the contract and the terms constituting an integral part of the contract.
- In case of failure to fulfill the contractual obligations according to the payment schedule, the borrower is obligated to pay a **PENALTY** for each overdue day in the amount of: 1) 0.13% of the overdue principal, 2) 0.13% of the overdue interest.
- If the borrower fails to repay the principal on time, application of the contractual interest rate towards the overdue amount is terminated and a **24% annual interest rate** is applied from the day of breaching the schedule till the loan repayment date. If the amount paid is not sufficient to cover all overdue obligations, the creditor's expenses incurred in efforts to receive the due payments from the borrower are paid first, followed by the service fees, penalties, interest and principal. This order may change per the creditor's decision based on the borrower's written request.
- In case of failing to fulfill your loan obligations, this information is sent to the credit bureau where your credit history is formed. Bad credit history can prevent you from receiving a new loan in the future.

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- In case of not fulfilling your loan obligations on time, your property may be confiscated in accordance with the law.

OTHER TERMS AND CONDITIONS

Disbursement in tranches	Maximum 2
Parallel loans	The maximum amount of the sum of parallel loan liabilities is AMD 5,000,000 or USD 10,000. Number of parallel loans are not limited.

LOAN APPLICATION AND DISBURSEMENT

Required documents (to be submitted in person)	Required <ul style="list-style-type: none"> • ID cards of the borrower and the guarantors or their passports and social security cards • Email address of the borrower Additional <ul style="list-style-type: none"> • Proof of income • Other documents upon request 	
Factors on which the loan decision depends	Positive factors <ul style="list-style-type: none"> • Sufficient level of creditworthiness • Good credit history • Loan security (if required) 	Negative factors <ul style="list-style-type: none"> • Insufficient level of creditworthiness • Bad credit history • Absence of stable income • Non-compliance with the set customer requirements • Other credit risks
Decision making and provision timing	<ul style="list-style-type: none"> • Making a decision with respect to the loan application: up to 2 business days. • Providing the applicant a written or verbal notification on the decision: up to 1 business day. • Disbursing the loan: up to 4 business days after the submission of the application. • The credit committee decision is valid for up to 15 business days. 	
Other details	The borrower can apply for the loan in all FINCA branches. Before signing the contract you will receive an individual sheet which will show your individual loan terms.	

NOTES

1. Foreign currency exchange rate variations may have an impact on loan repayment amounts.
2. **The loan interest is calculated with respect to the outstanding amount, based on the annual interest rate. Whereas, the annual percentage rate shows the cost of the loan if the interest and all other required fees are duly paid according to the repayment schedule. The annual percentage rate calculation is described below.**
3. Calculated with respect to the principal.
4. This coefficient is not applicable to loans of up to AMD 2,000,000 and UDS 4,000.
5. The credit committee can require additional loan security: guarantee or collateral.
6. For individuals, guarantors can be **internal** — family members, or **external** — other people. **In case there are only external guarantors, a member of the borrower's family — if the borrower is married, then their spouse — should be registered as an affiliated person.**
7. **Grace period** — a period, during which no principal repayments are made.
8. **Flexible repayment schedule** — a schedule that allows varying amounts of principal payment each month.

ANNUAL PERCENTAGE RATE

The annual percentage rate calculation is based on the following formula:

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

where

A — the initial loan amount

n — the sequence number of the installment for loan repayment

N — the sequence number of the last installment for loan repayment

K_n — the amount of the nth installment for loan repayment

D_n — the number of days between the loan disbursement date and the date of the nth installment for loan repayment

i — the annual percentage rate

Sample calculation

Loan amount	AMD 1,000,000
Loan maturity	12 months
Annual interest rate	14.9%
Service fee	0.5%
Disbursement fee	3.5%
Loan repayment	9 months of equal monthly repayments 3 months of grace period
Disbursement day	06 November 2020
First repayment date	07 December 2020
Annual percentage rate	33.6%

GENERAL TERMS AND INFORMATION REGARDING ALL LOAN TYPES

- In the cases and according to the order provided by the contract and the terms constituting an integral part of the contract, FINCA has a right to unilaterally change the interest rate of the loan by up to +5 percentage points but not more than twice the bank reference rate set by the Central Bank of Armenia. The borrower should be notified about the change 7 business days prior to its entry into force.
- Loan statements provided on the spot; other information is provided within 10 business days upon request. Provision of statements and other information is free of charge.
- You can communicate with FINCA by using the channel of your preference: either postal services or electronic communication. It is more convenient to obtain information electronically as it is free of the risk of losing information on paper.
- To compare the loan types offered to individuals and to choose the most suitable option, you can visit the electronic platform *Your Financial Directory* at www.fininfo.am.
- When pledging property as collateral for a loan, a need to use third party services arises. The prices of those services and the respective service providers are presented below:

Services	State agencies and cooperating organizations providing the services	Service fees
Ratification of the pledge agreement	Notary Offices of the RA	AMD 3,000 – 20,000
Registration of pledge rights with respect to real estate	Cadastre Committee of the RA	AMD 3,000 – 30,000
Provision of a unified certificate on the real estate unit	Cadastre Committee of the RA	AMD 500 – 10 000
Registration of pledge rights with respect to agricultural machinery	The Ministry of Justice of the RA	AMD 2,000
Registration of pledge rights with respect to vehicles	Records and Examinations Divisions of the Road Police Service of the RA Police	AMD 2,000
Provision of a certificate on limitations with respect to vehicle alienation	Records and Examinations Divisions of the Road Police Service of the RA Police	AMD 3,000
Bank transfer (transfer of service fees)	RA banks	AMD 300 per transfer
Independent appraisal of real estate pledged as collateral	Cost Consult LLC Oliver Group LLC A.G. Borsa LLC VM-RP LLC Gardi LLC Finlaw LLC	Depending on the type and size of the property, minimum AMD 5,000

NOTE: FINCA UCO IS REGULATED BY THE CENTRAL BANK OF ARMENIA.