



TERMS OF RURAL LOANS TO INDIVIDUALS SECURED WITHOUT REAL ESTATE

Valid as of 20 December based on FINCA UCO CJSC Management board resolution 165/2021, 14.12.2021

MAIN TERMS AND CONDITIONS¹

Loan purpose	Financing operational and capital expenses, other agricultural purposes	
Loan currency ²	AMD	USD
Loan amount	300,001–5,000,000	650–10,000
Loan maturity	6 - 48 months	
Loan annual interest rate ³	18.9%-22.9%	17.9%-20.9%
Loan annual percentage rate ³	25.6%-60%	20.3% - 56.8%
Loan service fee [monthly] ⁴	0.2%-0.6%	0%-0.5%
Loan disbursement fee [one-off] ⁴	1.5% - 3.5%	1.5% - 4%
Loan disbursement method	Cash, non-cash	
LSR ⁵	Minimum 1.5	
CAR ⁵	Minimum 0.4	

CUSTOMER REQUIREMENTS

- Legal entities, sole entrepreneurs and 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

MINIMUM REQUIREMENTS FOR LOAN SECURITY⁶

1. Rate of credibility
2. Sustainable source of income
3. Availability of guarantor moreover:
 - Up to AMD 1,000,000 and \$ 2,000 is not required (unless stated by the Credit Committee)
 - 1,000,001 –2,500,000 AMD & 2,001 –5,000 USD, one guarantor (unless the credit committee has submitted another claim)
 - 2,500,001 –5,000,000 AMD & 5,001 –10,000 USD with two guarantors (unless otherwise specified by the Credit Committee).

Moreover, in the absence of the guarantor, the loan can be provided to more than one borrower (co-borrower), in which case the requirements of the borrower also apply to the co-borrower

LOAN REPAYMENT

The loan is repaid in equal monthly repayments consisting of the principal, interest and service fee. Up to 9 months of grace period 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 loans in the amount of AMD 1,000,001–5,000,000 & 2,001–10,000 USD:

- It is possible to use the grace period with zero payments, when repayments (preferential or non-privileged) can be made every 6 or 4 months. Moreover, during the first 12 months it is necessary to make at least one payment of the principal amount. Flexible repayment schedule 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.
- In case of not fulfilling your loan obligations on time, your property may be confiscated in accordance with the law.
- If the collateral is insufficient to cover loan obligations when repaying them at the expense of the collateral, payments are made at the expense of your other property.
- **This type of loan has a high annual actual interest rate. Therefore, consider other similar services available in the market in advance and evaluate your loan repayment opportunities.**



OTHER TERMS AND CONDITIONS

Disbursement in tranches (part by part)	Maximum 2
Parallel loans (the maximum amount of rural loan total liability) with unlimited quantity	5,000,000 AMD

LOAN APPLICATION AND DISBURSEMENT

Required documents and information	Mandatory <ul style="list-style-type: none"> • Identity document of the borrower, guarantor (if available) • Social Security card number of the borrower and guarantor (if available) if not, (reference of not receiving the social security card) • If the borrower is a sole entrepreneur, a Certificate of State Registration is also required • Client's e-mail address Additional <ul style="list-style-type: none"> • Proof of customer income • Other documents upon request (including the "Know your customer" principle) The documents are submitted at the time of submitting the paper loan application or within three days after that.	
Factors on which the loan decision depends.	Positive factors <ul style="list-style-type: none"> • Good credit history • Sufficient level of creditworthiness • Stable income 	Negative factors <ul style="list-style-type: none"> • Bad credit history • Insufficient level of creditworthiness • Absence of stable income • Providing false or unreliable information • Other negative factors
Decision making and provision timing	<ul style="list-style-type: none"> • Making a decision with respect to the loan application: up to 4 business days • In case of a positive decision, providing the applicant a written or verbal notification on the decision: up to 1 business day • In case of a negative decision, providing the applicant a written (paper or electronic) or verbal notification on the decision: up to 1 business day • Disbursing the loan: up to 20 business days after the submission of the application • The maximum validity period of the decision of the Credit Committee is 15 working 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. The terms of the loan are determined by the customer's credit rating.
2. Foreign currency exchange rate variations may have an impact on loan repayment amounts.
3. **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.**
4. Calculated with respect to the principal. It is determined based on the customer's credit rating.
5. **LSR** - liability service ratio
CAR - capital adequacy ratio
6. Guarantors can be **internal**- family members, or **external**- other people. **In case there are only external guarantors**, a members 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 loan interest (other payments) and principal is paid or only interest (other payments) is paid.
8. **Grace repayment**- repayment consisting of only interest and service fee (if available)

ANNUAL PERCENTAGE RATE CALCULATION

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 n^{th} installment of loan repayment

D_n –the number of days between the loan disbursement date and the date of the n^{th} installment of loan repayment

i –the annual percentage rate

Loan amount	5,000,000 AMD
Loan maturity	48 months
Annual interest rate	18,9%
Service fee	0.2%
Disbursement fee	1.5%
Collateral payment fees	42 months' equal monthly repayments 6 months of grace period
Loan repayment	20 October, 2021
Disbursement day	20 November 2021
First repayment date	25,8%

GENERAL TERMS AND INFORMATION REGARDING ALL TYPES OF BORROWERS

- 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.
- Statements on credit liabilities are provided at regular intervals defined by the legislation of RA. Other information is provided in any FINCA in up to 10 business days upon request.

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- Tariffs for the provision of extracts and other information are set by the relevant domestic legal acts of FINCA
- 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 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.

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

This type of loan is subject to review at least once a year after its entry into force.