INFORMATION BULLETIN

Valid as of November 1, 2021, Based on FINCA UCO CJSC Management Board resolution 145/2021, 01.11.2021

MAIN TERMS AND CONDITIONS

Purpose	Business loan for financing of capital expenses, as well as capital and operational expenses
Currency	AMD
Loan Amount	2,500,000 –75,000,000
Loan maturity	12 – 60 months
Annual interest rate[1]	12,4%
Annual percentage rate[1]	13,13%
Service fee [monthly]	0%
Disbursement fee [one off]	0%
Disbursement method	Cash, non-cash

CUSTOMER REQUIREMENTS

- Legal entities and sole entrepreneurs registered in RA and engaged in business.
- 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 6 months of continuous business activity within FICA's service area. This requirement does not apply to start-ups whose total project cost does not exceed 5,0 million AMD. In this case, loans can be provided based on future cash flow analysis and/or other periodic income (for example, monthly salary).
- Loan coverage ratio (ratio of customer's spare means and monthly repayment of the requested loan) minimum 1.5[3]
- Capital adequacy ratio (ratio of capital and sum of assets and requested loan) minimum 0.4[3]
- 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 SECURITY[4]

- Assessment of creditworthiness
- Source of stable income

AMD 2,500,000 – 5,000,000	AMD 5,000,001 – 75,000,000
• **Two guarantors**[5] • One guarantor[5] and liquid asset collateral of at least 50% of the loan amount[6]	One guarantor and liquid asset collateral[6], • **In case of real estate,** the maximum loan / collateral ratio is up to 80% of the appraised value • **In the case of a vehicle,** the maximum loan / collateral ratio is up to 60% of the appraised value • **In case of agricultural machinery,** the maximum loan / collateral ratio is up to 70% of the estimated value • **In case of working capital inventories**, the maximum loan / collateral ratio is up to 50% of the appraised value • **In case of other collateral**, the maximum loan / collateral ratio is up to 50% of the appraised value

LOAN REPAYMENT

The loan is repaid in equal monthly repayments consisting of the principal, interest and service fee (if applicable) or flexible repayment schedule[7].

Up to 9 months of grace period[8] is available.

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 reduces 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 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 rate 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, allowed by the service fees, penalties, interest and principal.
- **In case of failing to fulfill your loan obligations, this information is sent to 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.**
- **In case of insufficiency of the pledge when repaying the obligations at the expense of the pledge, the repayments will be made at the expense of your other property.**

OTHER TERMS AND CONDITIONS

Disbursement in tranches[9] (in parts)	Maximum 5 tranches, the amount of one tranche can not be less than AMD 1 000 000.
Change of loan terms	Within 7 working days from the moment of notification about the refusal of the loan refinancing or withdrawal of the loan after refinancing by the Central Bank of the RA, a new loan agreement has to be signed for the refinancing of the loan within the terms defined for the current business loans in AMD. And in case of not signing a new loan agreement within the stipulated period, the annual interest rate defined by the current contract is set to **14.9%**, as well as a monthly service fee is set at **0.90%** of the loan balance as of the date of change. There will be no recalculation in regards to early repayments made before the amended schedule takes effect.

LOAN APPLICATION AND DISBURSEMENT

Required documents (to be submitted in person)	**Individual entrepreneur** • ID cards of the borrower and the guarantors or their passports and social security cards • Certificate of State Registration • Other documents upon request	**Legal entities** • Certificate of State Registration, director insert • ID cards of the director, shareholders and guarantors or their passports and social security cards • Copies of the state registration certificate of the participants of the legal entity, charter and tax codes • Other documents upon request
Factors on which the loan decision depends	**Positive factors** • Sufficient level of creditworthiness • Good credit history • Income from the business repaying the loan	**Negative factors** • Insufficient level of creditworthiness • Bad credit history • Lack of loan • Non-compliance with the set customer requirements • Providing false or unreliable information • Other credit risks
Timing	• Making a decision with respect to the loan application: up to 3 business days. • Providing the decision the applicant a written or verbal notification on the positive decision: up to 1 business day. • Providing the decision the applicant a written (paper or electronic) notification on the negative decision: up to 1 business day. • The credit committee decision is valid for up to 15 business days.	
Other details	The borrower can apply for the loan FINCA branches. **Before signing the contract, you will receive an individual sheet, which will show your individual loan terms.**	

NOTES

1. **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 in the Annual Percentage Rate section of this page.**
2. Start-up business refers to the cases when the potential beneficiary has not had any other active business in the previous 6 months.
3. Deviations from the defined capital adequacy and loan coverage ratios are approved in accordance with the Company's internal legal acts.
4. The credit committee can require additional loan security: guarantee or collateral.
5. 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 suppose — should be registered as an affiliated person. **Financial guarantors** should have a stable income or liquid assets (real estate, a vehicle or agricultural machinery with state registration) comparable to the loan amount. **In case of legal entities guarantee of shareholders is required.**
6. **Liquid asset collateral** — state registered agricultural machinery, a vehicle, real estate. There is no need to ensure the collateral.
7. **Flexible repayment schedule** — a schedule that allows varying amounts of principal payment each month.
8. **Grace period** — a period, during which no principal repayments are made. **Grace repayment** — repayment consisting of only interest and service fee.
9. **Tranche** — a total loan is approved by signing one loan agreement, however, the disbursement is made in parts, subject to the pre-established conditions for each tranche. If the loan is approved in tranches, the collateral agreement can be signed for the full amount of the loan, or separately for each tranche. The last repayment date of any tranche cannot be later than the pre-approved loan period. Maximum disbursement period between the first and last tranche - 6 months.

ANNUAL PERCENTAGE RATE

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

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

Where:

A – The initial loan amount provided

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 for loan repayment

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

i – The annual percentage rate

Loan amount	AMD 1,000,000
Loan maturity	36 months
Annual interest rate	11,75%
Service fee	0%
Disbursement fee	0%
Loan repayment	3 months of grace period from the beginning of term
Disbursement day	05 May, 2021
First repayment date	07 June, 2021
Annual percentage rate	**12,39%**

THE FOLLOWING LOAN TYPES ARE NOT SUBJECT TO REFINANCING IN THE SCOPE OF PROGRAM BUSINESS LOANS

a) consumer loans

b) loans intended for purchase or renovation of residential real estate

c) loans provided by the government for the acquisition of land to be alienated for state needs

d) loans to non-private stakeholders (stakeholders with less than 50% share of RA resident private owners)

e) loans related to currency speculation and speculative stock

f) loans provided to repay the borrowers' other credit obligations

g) pawn loans or all loans that are provided only on the basis of collateral (sub-loans must be provided based on financial analysis of at least the previous 6 months of business activity (agricultural and/or other field))

h) loans related to the activities listed in IFC's exclusion list https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

i) revolving credit lines

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 range 7 business days prior to its entry into force.**
- Loan statement 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 moe 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 the 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 the pledge rights with respect to agricultural machinery	The Ministry of Justice of the RA	AMD 2,000
Registration of the 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 3,000 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 5 000 AMD

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