

FARM CREDIT ARMENIA

Universal Credit Organization Commercial Cooperative

SOCIAL BOND FRAMEWORK

2026

CONTENTS

I. ABOUT FARM CREDIT ARMENIA

A. Institutional Profile
B. Rankings and Key Figures as of End-2025
C. Client Profile
D. Cooperative Governance

II. FCA'S COMMITMENT TO SOCIAL FINANCE

A. Cooperative Identity and Social Mission
B. Core Social Commitments
C. Funding Partners and Market Recognition
D. Rationale for Issuing Social Bonds

III. APPLICATION OF THE SOCIAL BOND PRINCIPLES TO FCA'S FRAMEWORK

A. Use of Proceeds
B. Process for Project Evaluation and Selection
C. Management of Proceeds
D. Reporting

IV. EXTERNAL REVIEW

A. Second Party Opinion (SPO)
B. Existing ESG Validations

V. SAMPLE OF CLIENT PROFILES

VI. APPENDICES

A. Exclusionary Criteria
B. 2X Challenge Criteria
C. Mapping to ICMA Social Bond Principles 2025
D. Illustrative Impact Reporting Indicators
E. Portfolio Snapshot as of 31 December 2025

Contact List

I. ABOUT FARM CREDIT ARMENIA

A. Institutional Profile

Farm Credit Armenia (FCA) is the only cooperative credit institution in Armenia operating on genuine cooperative principles. Established on 18 September 2007 and registered by the Central Bank of the Republic of Armenia under registration number 20, FCA exists solely to improve the quality of life in rural Armenia by delivering accessible, responsible and affordable financial services.

Legal Form	Universal Credit Organization Commercial Cooperative
Regulator	Central Bank of Armenia
Year Established	2007 (registration No. 20)
Headquarters	9/16 Tbilisyan Highway, Yerevan, Armenia
Website	www.fca.am
Contact	fca@fca.am | +374 10 550831
Framework Standard	ICMA Social Bond Principles (SBP) 2025

For more than 17 years, FCA has focused on serving rural communities and the agricultural sector in Armenia. Through its cooperative business model, FCA has continuously expanded access to finance for farmers, rural households, SMEs and agribusinesses, supporting agricultural productivity, employment and financial inclusion across the country's rural regions.

The Social Bond will not finance a new lending strategy. Rather, it will support and expand FCA's long-established financing activities, which are fully aligned with the cooperative's mission and social objectives.

B. Rankings and Key Figures as of End-2025

2007 Year established	**12,000+** Member-shareholders	**10 + HQ** Branches across 6 marzes	**92** Employees
USD 47.5m Loan portfolio (net)	**USD 53.5m** Total assets	**0.30%** NPL ratio (30+ days)	**USD 5,600** Average loan size
Gold CPC Certification (MFR, 2022 & 2025)	**sBB+** Social & Environmental Rating (2025)	**77%** Portfolio meeting 2X Challenge criteria	**30%** Portfolio to borrowers aged 21–35



C. Our Client Profile

FCA serves individual farmers, rural households, agribusinesses and small and medium-sized enterprises operating across Armenia's agricultural value chain. The cooperative focuses on financing productive activities that contribute to rural economic development, agricultural productivity and financial inclusion.

FCA's client base primarily consists of small and family farmers engaged in crop production, livestock, horticulture and viticulture, as well as rural SMEs involved in agricultural processing, input supply, storage, logistics and related services. The cooperative also provides financing to women entrepreneurs and Young, Beginning and Small (YBS) farmers, reflecting its commitment to inclusive access to finance.

The majority of FCA's borrowers (> 85%) reside in rural areas, where access to appropriately tailored financial services remains comparatively limited. With an average loan size of approximately USD 5,600, FCA primarily finances productive investments that support income generation, business development and the long-term resilience of rural communities.

D. Cooperative Governance

FCA operates under a three-tier democratic governance structure. The General Shareholders' Meeting is the supreme governing body, where each of the 12,000+ member-shareholders holds one vote regardless of share size. The Board of Directors — comprising six regional farmer representatives and two independent directors — sets strategy and oversees management. Day-to-day operations are managed by the CEO/President, supported by an experienced management team.

FCA's governance framework is designed to ensure effective oversight, prudent risk management and transparent decision-making. The Board of Directors oversees the implementation of FCA's strategy, approves key policies and monitors institutional performance, while executive management is responsible for the day-to-day execution of the cooperative's objectives. This governance structure supports the responsible management of the Social Bond proceeds under this Framework.



II. FCA'S COMMITMENT TO SOCIAL FINANCE

A. Cooperative Identity and Social Mission

FCA is Armenia's only cooperative credit institution operating under genuine cooperative principles. As a member-owned financial institution, FCA's borrowers are also its member-shareholders, ensuring that the cooperative's activities remain closely aligned with the long-term interests of rural communities.

Since its establishment, FCA has pursued a mission of improving the quality of life in rural Armenia by providing accessible, responsible and affordable financial services to farmers, agribusinesses, rural SMEs and underserved populations. Through its cooperative model, FCA seeks to strengthen rural livelihoods, improve financial inclusion and support sustainable agricultural and economic development.

This Social Bond Framework reflects FCA's long-term commitment to responsible finance and supports the implementation of the institution's strategic priorities under its 2026–2028 Strategy, providing additional long-term funding to expand lending to underserved rural communities and priority borrower segments while strengthening FCA's sustainable funding base.

B. Core Social Commitments

FCA's core social commitments guide its lending strategy, product development and institutional priorities. These commitments form the foundation for the selection of Eligible Social Projects (ESP) financed under this Framework and demonstrate FCA's long-standing contribution to responsible and inclusive finance. They reflect FCA's existing business model rather than new initiatives introduced for the purposes of this Framework.

Core Social Commitment	Evidence of Commitment
Supporting young farmers and entrepreneurs	Approximately 30% of FCA's loan portfolio is disbursed to young borrowers aged 21–35.
Women's economic empowerment	Approximately 77% of the loan portfolio qualifies under the 2X Challenge criteria (See Appendix B)
Expanding financial inclusion in rural communities	FCA has an active presence across six regions, serving rural and agricultural communities.
Supporting agricultural productivity	More than 500 agricultural machinery and equipment leases have been provided since inception.
Responsible finance and client protection	Gold Client Protection Certification from MFR confirms FCA's adherence to responsible lending and client protection standards.
ESG integration	A sBB+ Social & Environmental Rating reflects FCA's integration of environmental and social considerations into governance and lending practices.



C. Funding Partners and Market Recognition

FCA has established long-standing partnerships with leading international development finance institutions and impact investors, validating its creditworthiness and development impact:

Partner Category	Partners
Development Finance Institutions (DFI)	World Bank, IFAD, ADB, EIB, KfW Development Bank, AFD / PROPARCO
Impact Investors and Funds	Symbiotics, Incofin Investment Management, responsAbility Investments AG, EFSE, FS Impact Finance, Bank im Bistum Essen, MCE Social Capital
Capital Market Funding	Previous capital market issuance in Armenia
Technical Assistance Partners	USDA, US Farm Credit System, ADG, Sparkasse Dresden

D. Rationale for Issuing Social Bonds

Armenia's rural economy, while continuing to grow, faces persistent challenges in access to finance. Agricultural output reached AMD 1,057 billion in 2025, increasing by 5.6% compared with the previous year.[1] Agriculture remains a key sector of the Armenian economy, accounting for 7.9% of GDP, with approximately 317,000 farms producing more than 90% of total agricultural output.[2] Development finance institutions continue to identify access to finance for smallholder farmers, women entrepreneurs and rural SMEs as an important development challenge, highlighting the need for specialized financial institutions serving rural communities.

Key structural challenges addressed by FCA's Social Bonds

Challenge	Dimension	FCA's Contribution
Financial barriers for farmers in the market	Social / Economic	Comprehensive access to agriculture finance
Lack of sustainable food production (high food import oriented country)	Economic/Food Security	Contributing to a more reliable local food supply
Unemployment in rural areas[3]	Social / Economic	Empowering Rural MSMEs

Why FCA is issuing a Social Bond

The issuance of Social Bonds under this Framework is expected to:

- Broaden FCA's current social impact in rural areas;
- diversify FCA's funding sources through the Armenian capital market;
- increase the availability of long-term local currency funding for Eligible Social Projects (ESP);
- expand financing for small-scale farmers, rural MSMEs and agribusinesses;
- strengthen transparency through dedicated allocation and impact reporting aligned with the ICMA Social Bond Principles; and
- broaden FCA's access to impact-oriented investors.

The Social Bond issuance therefore represents a natural extension of FCA's existing business model and funding strategy, enabling the cooperative to further expand its social impact while diversifying its sources of funding through Armenia's domestic capital market. The proceeds of Social Bonds issued under this Framework will be allocated exclusively to Eligible Social Projects described in Section III.A.

[1] Statistical Committee of the Republic of Armenia, Gross Production in Agriculture, Forestry and Fisheries, 2025.
[2] Ministry of Economy of the Republic of Armenia, Agriculture Sector Overview, 2025.
3 https://armstat.am/en/?nid=699&ind_id=8.5.2

III. APPLICATION OF THE SOCIAL BOND PRINCIPLES TO FCA'S FRAMEWORK

FCA's Social Bond Framework aligns with the ICMA Social Bond Principles (SBP) 2025 and follows its four core pillars:

1	2	3	4
Use of Proceeds	Process for Project Evaluation & Selection	Management of Proceeds	Reporting

An amount equal to the net proceeds of each Social Bond issuance will be used exclusively to finance and/or refinance, in whole or in part, new or existing loans and projects that qualify as Eligible Social Projects (ESP) as defined in this Framework. Eligible Social Projects have been selected based on their expected contribution to financial inclusion, rural development and sustainable economic growth in Armenia, in alignment with the ICMA Social Bond Principles.

A. Use of Proceeds

The following loan categories have been identified as Eligible Social Project (ESP) Categories, reflecting FCA's core lending mandate and their alignment with the ICMA SBP recognized social project categories. FCA expects approximately 70% of allocated proceeds to support agricultural credit, 20% rural MSME and agribusiness finance, and 10% agricultural equipment leasing. Actual allocations may vary and will be disclosed in annual reporting.

1. Agricultural Credit for Small Scale Farmers

ICMA Categories: *Socioeconomic Advancement and Empowerment; Food Security*

Type of financing & eligibility criteria

- Agricultural loans for primary agriculture e.g. crop production, livestock, viticulture, horticulture and other eligible agricultural activities undertaken by small-scale producers in rural regions of Armenia, with total exposure per borrower of up to USD 35,000 or its equivalent in Armenian drams at the time of loan approval.

Target population: Farmers in rural regions of Armenia, including second generation farmers and women who produce agriculture products for the market and rely on a seasonal farming income.

Social benefits: The financing aims to provide equitable access to small scale farmers without systematic barriers of formal credit markets, which leads to food production enhancement and contribute to a more **reliable local food supply and food security.** It improves the **comprehensive access to agriculture finance** via repayment schedules suited to seasonal production cycles and expected income from harvests or agricultural sales, based on their cash flow cycles rather than salary.



2. Rural MSME & Agribusiness Finance

ICMA Categories: *Employment Generation; Food Security*

Type of financing & eligibility criteria

- Loans to micro, small and medium-sized business owners, including secondary agriculture (processed food production) trading and related activities in rural regions of Armenia. Eligible borrowers may include agribusinesses and agricultural value-chain participants involved in dairy production, canned food production flour milling, dry fruit production, winemaking and related services. With total exposure per borrower of up to USD 100,000 or its equivalent in Armenian drams at the time of loan approval.

Target population: Rural micro, small and medium-sized business owners, including agribusinesses and agricultural value-chain participants that meet the above criteria.

Social benefits: The financing aims to **enhance the creation and maintenance of local jobs**, and stronger economic opportunities in rural communities. Financing agribusinesses and agricultural value-chain participants also strengthens agricultural production, processing, storage and distribution. Where the financed activity supports food systems, it contributes to a more **reliable local food supply and food security**.





3. Agricultural Equipment Leasing

ICMA Categories: *Food Security;*

Type of financing & eligibility criteria

- Financial leasing for agricultural machinery, processing equipment and related implements provided to farmers, agribusinesses and rural SMEs that meet the eligibility criteria under this Framework. Eligible equipment must be used primarily for agriculture, production, processing, storage or other related activities.

Target population: Farmers, rural SMEs and agribusinesses.

Social benefits: Leasing enables eligible farmers and SMEs to obtain productive equipment without paying its full purchase price upfront and without additional collateral. This allows farmers to increase their productivity, operating efficiency and income-generating capacity, resulting in higher agricultural output and contributing to **strengthened food security**.



Target Populations

Social Bond proceeds will specifically target the following rural populations:

Target Population	Definition / Eligibility Criteria
Small Scale Farmers	Farmers in rural regions of Armenia, including second generation farmers and women, who produce agriculture products for the market and rely on a seasonal farming income, with total exposure per borrower of up to USD 35,000.
Rural MSME & Agribusiness	Rural micro, small and medium-sized business owners, including agribusinesses and agricultural value-chain participants that meet the above criteria, with total exposure per borrower of up to USD 100,000
Farmers, rural SMEs and agribusinesses for Financial leasing	Farmers, agribusinesses and rural SMEs that needs leasing of equipment to be used for primarily in agriculture, production, construction, processing, storage or other related activities.

Alignment with UN Sustainable Development Goals (SDGs)

The Eligible Social Project Categories collectively contribute to the achievement Sustainable Development Goals, namely SDGs 2, 8, 9 summarized below.

SDG	Goal	FCA Contribution
SDG 2	Achieve food security and improved nutrition and promote sustainable agriculture	Supporting sustainable agriculture, contributing to a more reliable local food supply
SDG 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Financing micro, small and medium-sized business owners, including secondary agriculture (processed food production) trading and related activities in rural regions of Armenia which enhances the creation and maintenance of local jobs



A full list of activities and sectors explicitly excluded from eligibility as Social Bond proceeds is set out in Appendix A - Exclusionary Criteria.

B. Process for Project Evaluation and Selection

Overview

FCA applies a structured credit origination, underwriting and approval process to ensure that loans financed through Social Bond proceeds meet the eligibility criteria defined in this Framework. The evaluation process combines FCA's established credit policies, responsible lending practices and internal governance procedures to ensure that Eligible Social Projects generate measurable social benefits for the identified target populations.

Eligibility Assessment Process

Step	Stage	Description
1	ESP Category Screening	Loan officers assess whether the proposed financing meets one or more Eligible Social Project Categories defined in this Framework, supported through FCA's Management Information System (MIS).
2	Target Population Identification	Borrower eligibility is assessed against the applicable target population criteria. Supporting documentation is obtained and retained in accordance with FCA's internal procedures.
3	Exclusionary Criteria Check	Loan officers and the credit committee verify that the proposed activity does not fall under any exclusionary category. AML/KYC, including applicable sanctions screening, is applied in full.
4	Credit Risk Assessment	Standard credit underwriting is applied, including cash flow analysis, collateral evaluation, debt-service capacity and credit history review, supported by FCA's internal credit scoring methodology.
5	Credit Committee Approval	All loans above designated thresholds are approved by the Credit Committee. The four-eyes principle is applied to all credit decisions.
6	ESP Tagging in MIS	Approved eligible loans are tagged in FCA's MIS as Social Bond-eligible, with relevant ESP category, target population, and SDG mapping recorded.
7	Ongoing Monitoring	If an asset no longer meets the eligibility criteria, FCA will remove it from the Eligible Social Portfolio promptly and seek to replace it with another Eligible Social Project within 90 calendar days..

Environmental and Social Risk Management

All eligible loans will remain subject to FCA’s applicable environmental and social risk management procedures throughout their inclusion in the Eligible Social Portfolio. FCA will assess relevant environmental, social, legal and reputational risks, including compliance with environmental legislation, labor and human-rights requirements, land-use restrictions and applicable health and safety standards.

Governance Structure for Social Bond Management

A dedicated Social Bond Working Group will be established with the following composition and responsibilities:

Chair	CEO / President
Members	Members: Chief Financial Officer, Chief Credit Officer, Chief Operating Officer and ESG/Compliance Officer Independent observer: Head of Internal Audit
Frequency	At least annually, and more frequently as required
Responsibilities	Approve ESP eligibility criteria updates; review the eligible loan portfolio; approve allocation and impact reporting; oversee compliance with this Framework
Escalation	Material issues escalated to the Board of Directors

The Social Bond Working Group may also review any material environmental, social, governance, legal or reputational concerns relating to assets included in the Eligible Social Portfolio and determine whether such assets should remain eligible under this Framework.

Responsibility for ESP Compliance

The Chief Credit Officer is responsible for ensuring that assets included in the Eligible Social Portfolio comply with the eligibility criteria defined in this Framework.

The Chief Financial Officer is responsible for overseeing the allocation of Social Bond proceeds and the preparation of the Allocation and Impact Reports.

The Internal Audit function will remain independent from the operational selection and allocation of eligible assets. The Head of Internal Audit may participate in meetings as a non-voting observer and may periodically review the design and effectiveness of controls, the allocation process and compliance with this Framework.

The Chief Credit Officer and the Chief Financial Officer will periodically review the Eligible Social Portfolio to confirm its continued compliance with the eligibility criteria set out in this Framework and to ensure that the aggregate outstanding balance of the Eligible Social Portfolio equals or exceeds the outstanding Social Bond proceeds.

C. Management of Proceeds

Tracking Mechanism

FCA will maintain records within its Management Information System (MIS) to monitor the allocation of Social Bond proceeds and the Eligible Social Portfolio ('ESP Portfolio'), which will have an aggregate outstanding balance at least equal to the net proceeds of all outstanding Social Bonds. The ESP Portfolio will be tracked with full loan-level granularity, including: Loan ID; loan amount and currency; disbursement date and tenor; ESP Category; target population classification; marz (region) of operation; and outstanding balance at reporting date.

Allocation of Proceeds

Proceeds from Social Bond issuance will be allocated to Eligible Social Projects on a portfolio basis. FCA operates a revolving lending portfolio, meaning that as individual loans are repaid, the freed proceeds are recycled into new eligible loans, maintaining a continuously refreshed ESP Portfolio. The allocation process follows these principles:

- Full allocation: FCA intends to fully allocate an amount equal to the net proceeds of each Social Bond issuance to the Eligible Social Portfolio within 12 months following the issuance date and, in any event, no later than 18 months following issuance.
- Look-back provision: FCA may apply up to 6 months of look-back for refinancing of existing eligible loans, subject to the loan having been originated within 6 months preceding the bond issuance date.
- Temporary investment: Pending full allocation, unallocated proceeds will be held in cash, cash equivalents or invested in short-term, liquid instruments in accordance with FCA's liquidity management policies.
- Portfolio maintenance: FCA will ensure the aggregate outstanding balance of the ESP Portfolio equals or exceeds total outstanding Social Bond proceeds at all times.

Handling of Unallocated Proceeds

If, at any point, unallocated proceeds exist (due to early repayment of eligible loans or other causes), FCA will: disclose the amount of any unallocated proceeds and their temporary management in the next annual Allocation Report; seek to allocate such proceeds to Eligible Social Projects as soon as reasonably practicable; and temporarily hold the unallocated balance in cash, cash equivalents or other short-term liquid instruments in accordance with FCA's liquidity management policies.

Replacement of Ineligible Assets

If an asset included in the Eligible Social Portfolio no longer satisfies the eligibility criteria defined in this Framework, FCA will remove the asset from the Eligible Social Portfolio and seek to replace it with another Eligible Social Project within a reasonable period.

Prevention of Double Counting

Each eligible loan will be allocated only once against the net proceeds of outstanding Social Bonds. A loan that meets more than one Eligible Social Project Category may be assigned to one primary allocation category and may also be identified through supplementary target-population indicators. However, its outstanding balance will not be counted more than once in the total Eligible Social Portfolio.

D. Reporting

Subject to applicable laws, regulations and data availability, FCA intends to publish annual reporting on the allocation of Social Bond proceeds and the social impact of the Eligible Social Portfolio throughout the life of the outstanding Social Bonds. Reports will be made publicly available on FCA's website.

Allocation Reporting

FCA will publish an annual Allocation and Impact Report for as long as any Social Bond issued under this Framework remains outstanding. Reporting will continue until the maturity or full repayment of all outstanding Social Bonds. The Allocation Report will include:

Disclosure Item	Detail
Total net proceeds raised	By bond series and currency
Total amount allocated to ESP Portfolio	In absolute terms and as % of proceeds
Unallocated amounts	Amount and temporary investment instruments used
Breakdown by ESP Category	Allocated amount and number of loans per category
Breakdown by Target Population	% Farmers in rural regions of Armenia, % rural MSMEs, % rural SME
Geographic distribution	Allocation by marz (region)
Look-back allocation	Amount and % of proceeds allocated to refinancing
Allocation by Currency	AMD vs. USD allocation

Impact Reporting

FCA will publish an Impact Report alongside or as part of the Allocation Report, disclosing social outcomes and outputs achieved by the ESP Portfolio. Key metrics of the Impact report are set out below, highlighting the ESP impact indicators.

ESP Category	Impact Indicator	Unit
Agricultural Credit	**Number of farmers financed**	**Number**
Agricultural Credit	**Volume of agricultural loans disbursed**	**USD / AMD**
Agricultural Credit	**Average loan size**	**USD**
Women's Empowerment	**Number of women borrowers financed**	**Number**
Women's Empowerment	**Volume of women-targeted lending portfolio**	**USD / AMD**
Women's Empowerment	**% of portfolio meeting 2X Challenge criteria**	**%**
YBS Farmers	Number of YBS farmers financed	Number
YBS Farmers	Volume of YBS portfolio	USD / AMD
YBS Farmers	% of portfolio to borrowers aged 21–35	%
Rural SME Finance	**Number of rural SMEs financed**	**Number**
Rural SME Finance	**Estimated rural jobs supported**	**Number**
Rural SME Finance	**Volume of Rural SME portfolio**	**USD / AMD**
Equipment Leasing	**Number of agricultural implements leased**	**Number**
Equipment Leasing	**Volume of Equipment Leasing**	**USD / AMD**
Energy Efficiency	Number of solar/energy efficiency loans	Number
Energy Efficiency	Estimated CO□ emissions avoided (where measurable)	tCO□/year
Rural Housing	Number of renovation/housing loans	Number
Geographic Reach	**Number of marzes covered**	**Number**
Geographic Reach	**Number of villages / rural communities reached**	**Number**

Where direct measurement is not feasible, FCA may use reasonable estimates or proxies. Any assumptions and methodologies applied will be disclosed in the relevant Impact Report.

IV. EXTERNAL REVIEW

A. Second Party Opinion (SPO)

Prior to the first Social Bond issuance under this Framework, FCA will obtain a Second Party Opinion (SPO) from an ***Sustainable Fitch***. The SPO will assess the alignment of this Framework with the ICMA Social Bond Principles 2025, including an evaluation of FCA's social objectives and the suitability of the defined Eligible Social Project Categories.

The SPO will be made publicly available on FCA's website alongside this Framework and any subsequent updates.

B. Existing ESG Validations

FCA has progressively strengthened its environmental, social and governance practices through internationally recognized certifications, partnerships and sustainability initiatives, demonstrating that responsible finance is embedded within its business model and governance framework. FCA's credibility as a social bond issuer is supported by existing independent external assessments:

Gold CPC Certification	Client Protection Certification (Gold Level) awarded by MFR in 2022, renewed 2025. Validates FCA's responsible lending, transparent pricing, fair treatment, and client protection practices.
SER Rating: sBB+	Social and Environmental Rating of sBB+ (2025). Confirms strong practices in social responsibility and environmental risk management, in line with Universal Standards for Social Performance Management (SPTF/CERISE).
Long-standing DFI Partnerships	FCA's track record of cooperation with leading development finance institutions and impact investors, including the World Bank, IFAD, EIB, KfW, ADB and other international partners, reflects long-standing confidence in the cooperative's governance, lending practices and development mission.
ICMA SBP Alignment	This Framework has been developed in direct alignment with the ICMA Social Bond Principles 2025, as confirmed by the Second Party Opinion.





C. Governance and Framework Review

Framework Updates

This Framework will be reviewed periodically by the Social Bond Working Group and updated as necessary to reflect: changes to the ICMA Social Bond Principles or related market standards; material changes to FCA's lending strategy, product range, or target populations; feedback from investors, the SPO provider, or regulators; and changes to Armenia's regulatory environment or the Central Bank of Armenia's requirements.

Any material revisions to this Framework will require approval by the Board of Directors and will be made publicly available on FCA's website. FCA may obtain an updated Second Party Opinion following material revisions to this Framework.

Breach and Remediation

If it is determined that any loan in the ESP Portfolio no longer meets the eligibility criteria (due to borrower activity change, breach of exclusionary criteria, or any other reason), FCA will: remove the relevant loan from the Eligible Social Portfolio and seek to replace it with a new eligible loan within 90 calendar days to maintain the portfolio balance; disclose any material changes affecting the Eligible Social Portfolio, where appropriate, in the next Allocation Report; and notify the Social Bond Committee and, if material, the Board of Directors.

Legal Disclaimer

This Framework does not create any legal obligation on FCA to issue Social Bonds. The terms and conditions of any Social Bond issuance will be governed solely by the applicable bond documentation. In the event of any inconsistency between this Framework and the bond documentation, the bond documentation shall prevail.

V. SAMPLE OF CLIENT PROFILES

Client Name: V. M.
Flower Shop & Design Studio: Mkrtchyan Flowers

V. M. is a passionate woman entrepreneur from Armenia who has built her business entirely through dedication, creativity, and courage. What began years ago as a very small initiative funded by the savings from selling her family's apartment, has now grown into one of the most beloved flower and event-design studios in her community.



Starting in a tiny rental space, she gradually expanded her services from simple flower arrangements to professional event design, including weddings, birthdays, and corporate celebrations. Today, she manages a spacious, beautifully designed shop and leads a team of four employees, three of whom are women, creating a supportive workplace for young women in her community.

To sustain and further expand her operations, V. received around 5.5 million AMD loan from Farm Credit Armenia, with a 36-month maturity. The financing helped strengthen her business operations, secure higher-quality supplies, and meet the growing demand for her services.

V.'s business is also an important part of the local value chain. She purchases fresh flowers directly from farmers, many of whom are also Farm Credit Armenia clients, supporting local agricultural producers and ensuring reliable, sustainable sourcing.

Most recently, with growing confidence as an entrepreneur, V. invested in a plot of land and has begun constructing a new building, which she plans to use as a small hotel or rental space, another step in diversifying her family's income and contributing to local economic activity.

"Every step has been a challenge, but with determination and the right support, dreams can grow just like flowers," V. shares.

Her story is a strong example of how accessible and responsible financing can empower women entrepreneurs, create jobs, and strengthen rural value chains in Armenia."

Client Name: L.K.
Advanced Greenhouse Farming



In 2016, L.K. looked out over 3,700 square meters of greenhouse space in Gay Village, Armavir Region, and saw more than rows of tomatoes and basil. She saw a future for her family, and for her community.

That vision didn't stay small for long. With the right financial partner by her side, L. began reinvesting in her land, bringing in modern cooling systems and mastering the art of intercropping to get more from every square meter. Season after season, her greenhouse grew until it reached an impressive 16,000 square meters, more than four times where she started.

But the real story isn't just in the numbers. It's in the 12 families who now have steady work because of L.'s ambition. It's in the crates of basil and vegetables that no longer just feed the local market, but travel across borders to meet international export standards. And it's in the 168.5 million AMD in annual revenue that speaks to just how far determination paired with support can carry a dream.

"With the right financial partner, we grew our family business four times, creating permanent jobs and reaching international export standards," L. reflects.

Today, her greenhouse stands as proof that with the right support, a local farm can become an international success and one woman's persistence can transform not just her own life, but the lives of everyone around her.



VI. APPENDICES

A. Exclusionary Criteria

The following activities and sectors are explicitly excluded from eligibility as Social Bond proceeds, regardless of other qualifying criteria:

- Activities involving forced or child labor
- Production or trade in weapons, ammunition, or military equipment
- Alcohol, tobacco, or gambling activities
- Environmentally harmful activities including deforestation, wetland conversion, or destruction of critical habitats
- Activities that discriminate on the basis of gender, ethnicity, religion, or political affiliation
- Large-scale commercial farming operations (loan size > USD 100,000 per borrower, unless in agribusiness processing)
- Speculative financial instruments or consumer loans with no identifiable productive social purpose
- Loans to borrowers in sanctioned jurisdictions or entities on international sanctions lists
- Corruption and fraud
- Activities violating applicable environmental legislation
- Human trafficking
- Illegal wildlife trade
- Illegal logging

B. 2X Challenge Alignment Criteria

To qualify as 2X Eligible, an investment must fulfill at least one of the following core criteria thresholds:

1. **Entrepreneurship (Ownership & Control):** The business is founded by a woman, maintains a minimum of 51% direct female ownership, or (for unregistered rural farms) a woman is the primary borrower holding documented control over farm assets, land management, or revenue streams.

2. **Leadership (Management & Governance):** Women hold at least 35% of senior management roles, or represent at least 35% of the active decision-making body within family farms.

3. **Employment (Workforce Diversity):** At least 45% of the total workforce consists of women. This applies to permanent employees for formal SMEs, or to active family and seasonal workers for agricultural businesses (verified via household declarations during loan appraisal).

4. **Supply Chain (Supplier & Market Diversity):** The borrower maintains a formalized commitment to sourcing from female-led suppliers, or operates as an agricultural business that directly supplies a formal agribusiness processor or off-taker that meets 2X criteria.

C. Mapping to ICMA Social Bond Principles 2025

ICMA SBP Component	ICMA Requirement	FCA Response / Framework Section
Use of Proceeds	Proceeds used for Social Projects with clear social objectives and positive social outcomes for target populations	Section III.A — Seven defined ESP Categories covering agriculture, women's empowerment, YBS farmers, SMEs, equipment leasing, rural housing and energy efficiency
Project Evaluation & Selection	Issuer to communicate social objectives, process to determine eligibility, and related eligibility criteria	Section III.B — Multi-step ESP screening embedded in credit process; Social Bond Committee; exclusionary criteria
Management of Proceeds	Net proceeds to be credited to sub-account or tracked by internal system	Section III.C — Dedicated internal MIS tracking; portfolio-based management; look-back provision; unallocated proceeds policy
Allocation Reporting	Annual report on allocation of proceeds until full allocation	Section III.D — Annual Allocation Report with breakdown by category, target population, geography, currency
Impact Reporting	Report on expected and achieved social outcomes	Section III.D — 17+ KPIs across all ESP Categories; methodology disclosure
External Review	SPO recommended; assurance on allocation encouraged	Section IV — Pre-issuance Second Party Opinion and existing ESG validations; existing CPC Gold and sBB+ ratings

D. Illustrative Impact Reporting Indicators

The indicators below are illustrative and may be refined over time as FCA's reporting methodologies evolve. FCA intends to report on the indicators that are relevant and for which reliable data are available.

Indicator	Category	Unit	Reporting Frequency
Number of active borrowers in the Eligible Social Portfolio	Portfolio	Number	Annual
% of portfolio to women / 2X Challenge	Gender	%	Annual
No. of women borrowers financed	Gender	Number	Annual
% of portfolio to YBS farmers (aged 21–35)	Youth	%	Annual
No. of YBS farmers financed	Youth	Number	Annual
No. of agricultural loans disbursed	Food Security	Number	Annual
Average loan size — agri-portfolio	Access to Finance	AMD/USD	Annual
No. of rural SMEs financed	Economic Growth	Number	Annual
Estimated rural jobs supported	Economic Growth	Number	Annual
No. of agricultural implements leased	Food Security	Number	Annual
No. of energy efficiency / solar loans	Clean Energy	Number	Annual
No. of marzes (regions) covered	Geographic Reach	Number	Annual
No. of rural renovation / housing loans	Housing	Number	Annual

E. Portfolio Snapshot as of 31 December 2025

The following portfolio statistics illustrate FCA's lending profile and social footprint as of 31 December 2025 and demonstrate the existing scale of activities that underpin this Framework.

Financial Metrics

Loan Portfolio (net)	USD 47.5 million / AMD ~18 billion
Total Assets	USD 53.5 million
Equity	~USD 8 million (Capital Adequacy Ratio: 19.2%)
NPL Ratio (30+ days)	0.30%
Average Loan Size	USD 5,600 (~AMD 2,100,000)
AMD Portfolio Share	> 83%
USD Portfolio Share	< 17%
Short-term Operating Loans	~60% of portfolio
Long-term Capital Investment Loans	~40% of portfolio

Social Metrics

Total Members	12,000+
Branches	10 regional + Head Office Yerevan
Marzes Covered	6 (Armavir, Ararat, Aragatsotn, Kotayk, Vayots Dzor, Syunik) + Yerevan
Women Borrowers (2X Criteria)	77% of loan portfolio
Youth Borrowers (21–35 yrs)	30% of portfolio by number
Agricultural Equipment Leased	500+ implements to date
CPC Certification	Gold Level (MFR, 2022 & 2025)
Social & Environmental Rating	sBB+ (2025)

Portfolio Concentration by Region

Marz (Region)	Share of Portfolio
Armavir	37%
Ararat	28%
Aragatsotn	9%
Yerevan	9%
Kotayk	8%
Vayots Dzor	5%
Syunik	4%

Portfolio Concentration by Loan Size

Loan Size Band	Share of Portfolio
Up to AMD 4 million	58%
Above AMD 4 million	42%



Issuer	Contact
Farm Credit Armenia UCO CC	fca@fca.am | +374 10 550831

FARM CREDIT ARMENIA
9/16 Tbilisyan Highway, Yerevan, Armenia

www.fca.am