

2nd JEREMIE product

JEREMIE – FLPG guarantee product

In a further collaboration with the European Investment Fund, and the Government of the Republic of Cyprus, Bank of Cyprus has signed 2 new contracts with the EIF to implement the JEREMIE European initiative in Cyprus. These two contracts have given Bank of Cyprus the opportunity to offer micro and small enterprises (MSEs) EUR 50 million, of which EUR 35 million will be offered to new companies which are less than 36 months old and the remaining EUR 15 million to companies which have been established for more than 3 years.

Selection criteria for the 'JEREMIE – FLPG' Guarantee product

- In order for a company to be eligible to apply, it must be classed as a micro or small enterprise (within the meaning of Commission Recommendation 2003/361/EC)

Definition:

Micro Enterprise	Staff: < 10 Turnover: ≤ EUR 2 million or Balance sheet total: ≤ EUR 2 million
Small Enterprise	Staff: < 50 Turnover: ≤ EUR 10 million or Balance sheet total: ≤ EUR 10 million

- Self-employed persons are also entitled to apply
- Fixed-term loans shall only be made available to companies and self-employed persons established, registered and operating in Cyprus.
- The 'JEREMIE – FLPG' Guarantee product may be used to strengthen companies in all sectors with the exception of (cf. Article 1 of Regulation (EC) No 1998/2006 of 15 December 2006):

- a) aid granted to undertakings active in the fishery and aquaculture sectors;
- b) aid granted to undertakings active in arms trade;
- c) aid granted to undertakings active in tobacco trade;
- d) aid granted to undertakings active in human cloning;
- e) aid granted to undertakings active in gambling;
- f) aid granted to undertakings active in the coal trade;
- g) aid granted to undertakings active in the primary production of agricultural products/processing and marketing of agricultural products;
- h) aid granted to undertakings active in export-related activities towards third countries;
- i) aid contingent upon the use of domestic over imported goods;
- j) aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport;

Product features:

- The maximum amount of a given loan shall not exceed EUR 70,000 for new companies (under 36 months old) and EUR 100,000 for the rest
- Minimum term of loan is 24 months
- Maximum term of loan is 120 months
- Grace Period (for capital repayment) up to 1/3 of the initial term of the loan, capped at 2 years
- Fixed-term loans shall be settled in monthly instalments, not by a one-off payment
- Currency: EURO

Pricing/collateral

Loans shall be priced between:

- Euribor 6 months + 5.60% and Euribor 6 months +6.10% (the total interest rate on loans granted under the programme for guaranteed funding via JEREMIE includes a fee of 0.6% per annum for the guarantee provided under the JEREMIE initiative for 50% of the loan amount).
- Reduced collateral is required, capped at 50% of the loan applied for, whereas in some cases no collateral is required (in such cases, the loan amount cannot exceed EUR 50,000).

Purpose:

- a. Investment projects in materials and intangible fixed assets (e.g. to acquire/upgrade company infrastructure and machinery, expand existing offices/warehouses and other existing spaces, cover research and development-related costs, new company start-up costs etc.).

NB: The fixed-term loans in question shall not cover more than 10% of the overall value of land purchased.

- b. Development and expansion, including the necessary working capital (working capital used to buy raw materials and goods or services which come within the scope of development and expansion. Operating costs such as salaries, electricity etc. are NOT included).

General

1. Priority shall be given to the following sectors and/or objectives: renewable energy sources, research and development, information and communication technologies, upgrades of technology used for industrial services, solid waste, liquid waste (water saving schemes, consultancy services in connection with the creation of biological purification plants etc.), cultural and social services.
2. In order for an application to be approved, invoices/evidence of the intended use of the fixed-term loan must be submitted (VAT is not financed).
3. The said loans may not be used to settle other loans or to refinance, restructure or pay off part of an instalment on an existing loan.
4. Companies in difficulty (within the meaning of Article 2.1, OJ L 244 of 01.10.2004) and which are behind with payments on loans contracted with Bank of Cyprus or any other financial institution shall not be financed.

NB:

“This financial instrument is supported by the European Regional Development Fund (ERDF) and the Republic of Cyprus in the context of the Operational Programme “Sustainable Development and Competitiveness”, implemented under the National Strategic Reference Framework 2007-2013 and within the framework of the “Joint European Resources for Micro to Medium Enterprises – (JEREMIE)” initiative”



REPUBLIC OF CYPRUS



EUROPEAN UNION

