

JEREMIE Co-financing product

This is a new financial product implemented in the framework of the adoption of the Community Initiative JEREMIE in Cyprus and in accordance with which the Bank of Cyprus and the Government of the Republic of Cyprus co-finance new loans for amounts of up to € 100,000 to small and micro enterprises whose immediate objective is to support the expansion and development of those businesses. These new loans will be available under particularly favourable terms, in relation to the repayment period, the grace period, the collateral required and in relation to pricing policy. Details are provided below about the characteristics of this product:

Eligibility criteria for the JEREMIE co-financing product

- In order for a company to be able to submit an application, it must be a small or micro enterprise as defined in European Commission Recommendation 2003/361/EC.

Definition:

Micro enterprise

Staff: < 10

Turnover: < € 2 million or

Balance sheet total: < € 2 million

Small enterprise

Staff: < 50

Turnover: < € 10 million or

Balance sheet total: < € 10 million

- All self-employed persons are also entitled to submit an application.
- This product will only be offered to companies or self-employed persons established, registered and operating in Cyprus.
- The companies that apply for such loans must NOT belong to the following sectors of the economy (see details at – Commission Regulation (EC) No. 1998/2006 of 15 Dec 2006 – Article 1):
 - fisheries and aquaculture
 - armaments
 - tobacco
 - human cloning
 - gaming
 - coal
 - farming/production of agricultural produce
 - processing of and trade in agricultural produce
 - exports to third countries
 - sectors dependent on the use of domestic products compared to imported ones

- transport of goods by road.

Product features:

- The maximum amount of any such loan may not exceed € 100,000
- The minimum repayment period is 24 months
- The maximum repayment period is 120 months
- Grace period (for capital repayments) of 1/3 of the initial loan duration, with a maximum period of 2 years
- These loans must be repaid on a monthly basis and not by a one-off payment.
- Currency: EURO.

Pricing / Collateral

The pricing for these loans will be variable, as follows:

- 75% of the Euribor 6M rate + 2.8125% to 75% of the Euribor 6M rate + 3.5625%
- Real collateral will be required to cover between 50% and 100% of the loan amount.

Purpose

a. Investment projects involving tangible and intangible assets (such as the purchase or upgrade of company infrastructure or machinery, extensions to existing offices warehouses and other existing premises, meeting costs relating to R&D, costs relating to the setting up of a new company, etc.).

NOTE: These loans cannot be used to cover the cost of land for amounts exceeding 10% of the total value of the land.

b. Development and expansion of the business including any necessary working capital (working capital for the purpose of purchasing raw materials and goods or services needed for the purposes of development and expansion). Overheads such as salaries, electricity, etc. are NOT covered.

General

1. Priority will be given to the following sectors and/or objectives: renewable energy sources, R&D, information and communication technologies, upgrading technology in industrial services, solid waste, liquid waste (water saving systems, consultancy services relating to the setting up of biological treatment plants, etc.), cultural and social services.

2. During the applications approval stage, invoices and/or evidence about how the proceeds of the loan are to be used must be submitted.

3. These loans cannot be used to pay off other loans, to refinance debt, to restructure debt or partially to pay off existing loan instalments.

4. Firms in difficulty (defined in Article 2.1 in the Communication from the Commission on Community guidelines on State aid for rescuing and restructuring firms in difficulty - OJ C 244 of 1.10.2004) which are unable to service their loans with the Bank or any other financial institution are not eligible for financing.

“This financial instrument is co-financed 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



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