LOAN FROM THE EIB CREDIT LINE TO SUPPORT SMALL AND MEDIUM SIZED ENTERPRISES AND MIDCAP COMPANIES

Basic information

Eximbanka SR concluded a loan agreement with the European Investment Bank (EIB) to support small and medium-sized enterprises (”SMEs”) and medium sized companies (”MidCaps”) through preferential financing conditions totalling EUR 50 million.

The EIB is the European Union bank financed by loans on the capital markets and deposits from EIB shareholders – Member States of the European Union (EU). The EIB’s main task is to contribute to the balanced economic development and social cohesion of the EU Member States and their integration.

Loans from the EIB credit line are intended to support investment projects and working capital.

I.
RULES FOR FINANCING SMES AND MIDCAPS WITH PROJECT COSTS UP TO EUR 25 MILLION

1. Eligible entities

An SME is an enterprise that employs less than 250 employees on a full-time basis at the time of applying for a loan.

A MidCap is an enterprise that employs between 250 and 3 000 employees on a full-time basis at the time of applying for a loan.

The number of employees is determined in accordance with European Commission Recommendation No 2003/361/EC. The determination of the number of employees takes into account direct employees and employees of related enterprises, as defined by the European Commission for autonomous enterprises, partner enterprises and linked enterprises. The total number of employees on a consolidated basis must be less than 250 for SMEs and less than 3 000 for MidCaps.

2. Preferential financing conditions

The preferential financing from the EIB funds represents the interest rate on the current loan reduced by at least 0,24 % p.a. The loan is remunerated at a variable interest rate derived from the EURIBOR reference interest rate.

Projects financed from the EIB credit line must also comply with the financing conditions laid down by EXIMBANKA SR.

3. Size of projects

- The total project cost is up to a maximum of EUR 25 million;
- a loan from the EIB credit line can be granted to clients up to 100 % of the relevant financing but may not exceed EUR 12.5m;

- where a project is financed with EU financial support or other public financial support at national or local level, the sum of the amount of financing allocated by the EIB and the amount of the public financing from non-EIB sources shall not exceed 100 % of the cost of the project at any time.

4. Maturity of loans and period of implementation of projects

The maturity of the loan shall be minimum 180 days and shall not exceed the economic and technical life of the funded project (for investment in fixed assets). EIB funds may be used to finance working capital including when provided by the Borrower as revolving (e.g. overdraft) facilities.

The maximum maturity of the loan for the financing of working capital is 2 years and for the financing of investments in tangible and intangible assets it is 7 years.

The maximum accepted project implementation period is 3 years.

5. Other requirements

- The debtor is established in Slovakia or in another EU Member State and carries on business or operates in Slovakia or another EU Member State;
- the project financed will be located/implemented in the Slovak Republic or in another EU Member State;
- the project financed is implemented in accordance with Slovak/EU law and eligible for EIB financing, having regard to the Statute of the EIB and the provisions of Articles 308 and 309 of the Treaty on the Functioning of the EU.

6. Eligible cost categories and projects

a) Purchase, renovation or extension of tangible assets, including the development and planning during the construction phase; financing costs during the construction phase for up to 10% of the total project cost; financing of land purchase which is technically essential for the investments for up to 10% of total project cost; purchase of assets other than real estate (e.g. construction equipment), with the purpose of renting them to third parties;

b) investments in intangible assets, i.e. purchase of processing licences, software and other rights and assets related to their own production capacity;

c) working capital needed for the operational activity of Final Beneficiaries, e.g. current assets such as stocks (inputs, work-in-progress and finished products).

VAT on the cost component of working capital in financing the project is by definition not eligible. However, VAT may be included in the financing of working capital, up to a maximum of 85 % of the value of the financing.

Eligible projects must be environmentally, technically and financially sound and, if they are part of a larger investment, they must be self-sufficient and technically and economically viable.

7. Excluded entities, sectors and activities from funding

Excluded entities and sectors

Companies in any sector are eligible for funding, except for sectors identified as ineligible activities (type 2) within the meaning of the NACE codes specified by the EIB.

In case of companies active in more than one sector, the main activity shall be eligible. The main activity corresponds to the activity which contributes most to the total gross value added – as measured by income before interest, taxes and depreciation.

Companies which have their main activity in the excluded sector 3521 (Manufacture of gas) remain eligible for EIB financing in case that the project consists of the production of biofuel, biogas or other forms of renewable energy such as bioliquids.

Companies which have their main activity in the excluded sector 5223 (Service activities incidental to air transportation) remain eligible for EIB financing in case that the project consists of the acquisition of civil defence aircraft.

Excluded activities

- Any activity which results in limiting people's individual rights and freedom, or violation of human rights (prisons, detention centres of any form, activities that result in harmful or exploitative forms of forced labour or harmful child labour);
- any activity involving significant degradation, conversion or destruction of critical habitats;
- conversion of natural forests into plantation (includes irrigated forests, logging, clear cutting or degradation of tropical natural forests or high conservation value forests);
- unsustainable fishing methods (such as drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing);
- extraction of mineral deposits from the deep sea and extraction or mining of conflict minerals and metals;
- activities prohibited by national legislation or international agreements ratified by the EU (such as production or trade in products containing PCBs, asbestos fibres, ozone depleting sub-stances, banned chemicals, etc.);
- activities prohibited by host country legislation or international legal instruments ratified by the EU, relating to the protection of biodiversity resources, or cultural heritage;
- activities relating to the deliberate release of Genetically Modified Organism (GMO); animal and human reproductive cloning, use of live animals for scientific and experimental purposes (including gene editing and the breeding);
- sex trade and related infrastructure, services and media;
- projects with the purpose of producing, manufacturing, processing or distribution of tobacco;
- gambling and related equipment, hotels with in-house casinos;

- ammunition and weapons;
- crude-oil refineries and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day;
- thermal power stations and other combustion installations with a heat output of 300 mega-watts or more; nuclear power stations and other nuclear reactors;
- installations for nuclear fuel or radioactive waste;
- integrated works for the initial smelting of cast iron and steel; installations for the production of non-ferrous crude metals;
- installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos;
- integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes;
- construction of lines for long-distance railway traffic, airports, motorways and express roads;
- inland waterways and ports for inland-waterway traffic and trading/outside ports taking vessels of over 1 350 tonnes;
- hazardous waste disposal installations (e.g. for incineration, chemical treatment or landfill);
- waste disposal installations for the incineration or chemical treatment of non-hazardous waste with a capacity exceeding 100 tonnes per day;
- groundwater abstraction or artificial groundwater recharge schemes where the annual volume of water abstracted or recharged is equivalent to or exceeds 10 million cubic metres;
- works for the transfer of water resources between river basins where (i) that transfer aims at preventing possible shortages of water and where the amount of water transferred exceeds 100 million cubic metres/year, or (ii) where the multi-annual average flow of the basin of abstraction exceeds 2 000 million cubic metres/year and where the amount of water transferred exceeds 5 % of that flow;
- waste water treatment plants with a capacity exceeding 150 000 population equivalent;
- extraction of petroleum and natural gas for commercial purposes where the amount extracted exceeds 500 tonnes/day in the case of petroleum and 500 000 cubic metres/day in the case of gas;
- dams and other installations designed for the holding back or permanent storage of water, where a new or additional amount of water held back or stored exceeds 10 million cubic metres;

- pipelines for the transport of gas, oil, chemicals or carbon dioxide streams with a diameter of more than 800 mm and a length of more than 40 km;
- installations for the intensive rearing of poultry or pigs with more than 85 000 places for broilers, 60 000 places for hens, 3 000 places for production pigs (over 30 kg), or 900 places for sows;
- industrial plants for the production of pulp from timber or similar fibrous materials or production of paper and board with a production capacity exceeding 200 tonnes per day;
- quarries and open-cast mining where the surface of the site exceeds 25 hectares, or peat ex-traction, where the surface of the site exceeds 150 hectares;
- construction of overhead electrical power lines with a voltage of 220 kV or more and a length of more than 15 km;
- installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200 000 tonnes or more;
- installations for geological storage of carbon dioxide;
- installations for the capture of carbon dioxide streams for the purposes of geological storage where the total yearly capture of CO2 is 1,5 megatonnes or more.

8. Ineligible cost categories

a) Financing of land purchase is excluded unless it is technically essential for the investments; the purchase of farmland is always excluded;

b) purchase of goodwill, licenses or rights for mineral resource exploitation and production rights in the agricultural sector;

c) taxes such as Value Added Tax (VAT) as well as tariffs, i.e. taxes and duties payable in connection with exports and imports.