

FINANCING CONDITIONS

loans for the purchase of equipment

1. Product user

1.1 Eligible clients

Legal entities and entrepreneurs whose registered office is in the territory of which the Republic of Serbia has full state power, which have been operating for a minimum of 15 months, for which a Credit Bureau Report can be obtained through the Association of Banks of Serbia and:

1. That they are Legal Entities, registered in the APR no later than 31.12.2021, as companies or cooperatives, which are classified into micro or small legal entities in accordance with the Law on Accounting ("Official Gazette of RS", No. 73/19 and 44/21) according to the financial statements for 2021 *.
2. Entrepreneurs registered with the Business Registers Agency.
3. That in 2023, 2022 and 2021, together with related parties, they did not receive state aid and de minimis aid, the amount of which, together with the requested grant, would exceed the amount of 23,000,000.00 dinars.
4. That they did not use the grants under the Program of support to small and medium enterprises for the purchase of equipment in 2022.
5. That they did not apply for the purchase or purchased the same equipment under other financial support programs in the form of grants from the budget of the Republic of Serbia in 2023.
6. That they have submitted a completed Grant Application (Form O1) electronically signed.
7. That they have submitted a Proforma Invoice (maximum up to 4) not older than the day of publishing the public invitation, which states that the equipment to be procured is new
8. Have provided a picture of the equipment from the invoice.
9. That they submitted proof of performance of the activity for which the equipment is procured:
 - pictures of the operation of existing machines / pictures of construction machinery,
 - cards of fixed assets for them,
 - invoices / temporary / completed situations for delivered own product or performed construction works with specification from the previous two years, in the amount of more than 100,000.00 dinars for various customers who are not in the group of related parties)

10. To have creditworthiness to use credit
11. That they are not subject to a bankruptcy or liquidation procedure
12. That they have settled public revenues payment obligations
13. That they are majority privately owned and that they are not in a group of related entities in which some members are large or middle size entities
14. That related parties of the Applicant have not received state aid under the Program
15. Companies, cooperatives and entrepreneurs, according to CROSO records on December 31, 2021 had at least one permanent employee
16. At the time of submitting the request, they did not reduce the number of employees, for an indefinite period, by more than 10% in relation to the number of employees for an indefinite period as of December 31, 2022. according to CROSO records
17. Business entities that perform construction activities have their own construction operations
18. Not to carry out the production and trade of any product or activity, which according to domestic regulations or international conventions and agreements, is considered prohibited or that activity for which the granting of state aid is not allowed
19. Carry out activities in the following sectors **:
 - Manufacturing industry.
 - Water supply, wastewater management, control of waste disposal processes and similar activities.
 - Accommodation and catering services.
 - Professional, scientific, innovation and technical activities.
 - Construction
20. That they are not in difficulties according to the definition given in the Decree on establishing the Program of support to small businesses to purchase equipment in 2023.
21. That the economic entity has fulfilled the assumed obligations, if it was a beneficiary of the program from previous years
22. That the economic entity has not been imposed a permanent or temporary final measure prohibiting the performance of activities in the last 2 years
23. That the business entity has secured free production space and all the conditions for installing and putting into operation the production equipment that is procured;
24. That the business entity fulfils all requirements from the applicable regulations related to the performance of the activity in question, including regulations in the field of environmental protection, labor legislation and occupational safety.

* The condition for the cooperative to use the funds of the Program is that the cooperative has harmonized its acts, bodies and operations with the Law on Cooperatives ("Official Gazette of RS", No. 112/15) and has undergone a cooperative audit in the last two years

** Exceptions and more detailed activity codes are specified in the Decree

2. Description of key features of the loan product	
2.1 Loan type	Investment loans (purchase of equipment).
2.2 Tenor of the loan	18, 24, 36, 48 and 60 months with a mandatory grace period of 6 months included into loan repayment period.
2.3 Total loan amount	<ol style="list-style-type: none"> 1. Minimum amount: 1.400.000 RSD. 2. Maximum amount: In line with the client's creditworthiness.
2.4 Deposit / down payment	<ol style="list-style-type: none"> 1. Own participation: <ul style="list-style-type: none"> • 5% of net value of production equipment*. 2. Participation of the Ministry of Economy (grant): <ul style="list-style-type: none"> • 25% of the net value of production equipment*. (min 500.000 - max. 5.000.000 RSD) (In case the total net value of the purchased equipment is higher than 20,000,000.00 RSD and when the business entity has more than 6 employees, the user can finance the difference with greater own participation or to increase the request with the bank for this amount).
2.5 Currency in which the loan is approved, in case of the loan with contracted FX clause and exchange rate type (level of official middle exchange rate), as date of calculation	<ol style="list-style-type: none"> 1. In RSD. 2. EUR in dinar counter-value**.
2.6 Purpose	Co-financing of the acquisition of new equipment directly involved in the process of production of tradable goods, namely: <ol style="list-style-type: none"> 1. production equipment and/or machines; 2. transport and manipulative means included in the process of production and internal transport; 3. parts, specialized tools for machines; 4. machines and equipment for improving energy efficiency and ecological aspects of production; Co-financing of the acquisition of new equipment for construction works, namely: <ol style="list-style-type: none"> 1. construction machinery for the needs of construction works
2.7 Periods when installments fall due for payment	Monthly.
2.8 Manner of loan disbursement	Transfer to sellers/service providers account, upon payment of a grant from the Ministry of Economy and payments of own participation by the client.

2.9 Manner of loan repayment and pay-out of annuities	<p>In equal monthly annuities in dinars or in dinar counter-value***.</p> <p>For loans with variable interest rates date of transfer of loans in repayment on 01 of the month after the loan disbursement. Maturities of annuities are also 01 in the month of repayment, according to the established repayment schedule.</p> <p>Interest is calculated and paid during the grace period.</p>
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* The net value is the price of the equipment stated in the invoice / pre invoice / preliminary contract, which does not include VAT, transportation costs, as well as any other costs relating to the procurement and commissioning of the equipment.

** The calculation is made according to the official middle exchange rate of the NBS on the day of loan realization.

*** The calculation is made according to the official middle exchange rate of the NBS on the day of payment / repayment.

3. Loan expenses

3.1 Level and variability of annual nominal interest rate

1. For dinar loans:

- repayment period of 18 months:
 - up to 3M BELIBOR + 1,60% annually, variable
- repayment period of 24 months:
 - up to 3M BELIBOR + 1,88% annually, variable
- repayment period of 36 months:
 - up to 3M BELIBOR + 2,18% annually, variable
- repayment period of 48 months:
 - up to 3M BELIBOR + 2,58% annually, variable
- repayment period of 60 months:
 - up to 3M BELIBOR + 2,88% annually, variable

2. For loans with f/x clause:

- repayment period of 18 months:
 - up to 3M EURIBOR + 1,78% annually, variable
- repayment period of 24 months:
 - up to 3M EURIBOR + 1,98% annually, variable
- repayment period of 36 months:
 - up to 3M EURIBOR + 2,88% annually, variable
- repayment period of 48 months:
 - up to 3M EURIBOR + 3,13% annually, variable
- repayment period of 60 months:
 - up to 3M EURIBOR + 3,33% annually, variable

The adjustment of the interest rate to the level of the three month BELIBOR will be carried out quarterly, on January 1, April 1, July 1 and October 1. The value of the three-month BELIBOR is taken as its valid value on the day of adjustment of the interest rate (if it is not a working day, the last known rate is taken as valid), and will be applied for the calculation of interest for all months in the quarter following the date of adjustment. The amount of the interest rate when releasing loans to the exchange rate corresponds to the interest rate established for the current quarter.

	<p>The adjustment of the interest rate to the level of the three-month EURIBOR will be carried out quarterly, on January 1, April 1, July 1 and October 1. The value of the three-month EURIBOR is taken to be its valid value two business days before the interest rate adjustment day (if it is not a business day, the last known rate is taken as valid) at or around 11:00 a.m. Central European Time, and will be applied for the calculation of interest for all months in the quarter following the adjustment date. The amount of the interest rate when releasing loans to the exchange rate corresponds to the interest rate established for the current quarter.</p>
3.2 Method of interest calculation	Proportional method 28-31/360.
3.3 Default Interest rate	<ol style="list-style-type: none"> 1. Legal default interest rate if it is higher than contracted IR. 2. Legal default interest rate is in accordance with the Law regulating its level.
3.4 Type and level of all fees	<ol style="list-style-type: none"> 1. 9 B/E: 450 RSD, onetime payment + 50 RSD for each additional B/E. 2. Legal entity credit bureau report: <ul style="list-style-type: none"> • Entrepreneur 600 RSD, onetime payment. • Legal entity 1.440 RSD, onetime payment. 3. Pledge on movable assets: Fee for registration of pledge based on tariff of entity that is in charge of registration. 4. Insurance policy according to tariff of issuing company. 5. Disbursement fee: no fee.

4. Other relevant information

4.1 Conditions and manner of early loan repayment	<ol style="list-style-type: none"> 1. Entrepreneurs: In accordance with the financial services consumer protection law and loan contract. 2. Legal entities: Up to 2% on amount of premature repayment. <p>Early repayment of the loan is possible in relation to the term defined in the contract with the bank, with the fact that if the user makes early repayment during the first third of the repayment period, he is obliged to return the entire amount of approved grants;</p>
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<p>4.2 Minimal collateral</p>	<ol style="list-style-type: none"> 1. For all maturities - mandatory: <ul style="list-style-type: none"> • Pledge on movable assets min. ratio is 1:1.33 in relation to the loan amount. • Insurance policy assigned in favor of the Bank, issued by insurance company acceptable by the Bank. 2. Repayment period of 18 and 24 months: <ul style="list-style-type: none"> • 7 blank bills of exchange with authorization signed by loan user. • Guarantee agreement (2 signed blank bills of exchange of private individual (owner, founder or director) with “no protest” clause). • Guarantee of connected client (if exists) legal entity / entrepreneur (7 blank bills of exchange with authorization). 3. Repayment period of 36 months: <ul style="list-style-type: none"> • 8 blank bills of exchange with authorization signed by loan user. • Guarantee agreement (2 signed blank bills of exchange of private individual (owner, founder or director) with “no protest” clause). • Guarantee of connected client (if exists) legal entity / entrepreneur (8 blank bills of exchange with authorization). 4. Repayment period of 48 months: <ul style="list-style-type: none"> • 9 blank bills of exchange with authorization signed by loan user. • Guarantee agreement (2 signed blank bills of exchange of private individual (owner, founder or director) with “no protest” clause). • Guarantee of connected client (if exists) legal entity / entrepreneur (9 blank bills of exchange with authorization). 5. Repayment period of 60 months: <ul style="list-style-type: none"> • 10 blank bills of exchange with authorization signed by loan user. • Guarantee agreement (2 signed blank bills of exchange of private individual (owner, founder or director) with “no protest” clause). • Guarantee of connected client (if exists) legal entity / entrepreneur (10 blank bills of exchange with authorization).
<p>4.3 Other conditions</p>	<ol style="list-style-type: none"> 1. Equipment that is subject to the program, or for whose procurement the grant is awarded, cannot be purchased from a private individual, unless the private individual is an entrepreneur.

2. Business entities may submit only one grant request for the procurement of equipment for the activity for which they have provided proof of performance to the bank.
3. Grant user cannot dispose of the equipment for two years from the date of conclusion of the contract (or Annex) with the Development Agency, which is monitored by the Bank and the Development Agency and reported to the Ministry.
4. Loan user is obliged to open a special purpose account for the payment of minimum down payment and the Ministry's grant.
5. Funds for the implementation of the program cannot be used for:
 - VAT.
 - Covering expenses, which are related to the purchase of equipment such as customs and administrative costs, transportation, storage and handling, assembly and manipulation.
 - Covering mandatory expenses related to the approval and disbursement of a bank loan such as the costs of loan processing, interest rate, credit bureau for the client, collateral registration with the Business Registers Agency, movable property insurance, exchange rate difference etc.
 - Refunding already procured equipment (Advance, Paid or Delivered).
 - Loans and instalments for loan repayment or loan reprogramming
 - Procurement of equipment manufactured by the applicant himself
 - Other expenses not in line with program purpose.
6. The beneficiary of the funds is obliged to acquire the object of investment for which the funds have been approved immediately after the payment of the grant, and no later than 31.12.2023.
7. The subject of funding applied for must not be financed in part or in whole from any other source of public funds and must not be delivered or paid in part or in whole before the date of adoption of the decision on grant allocation.
8. Equipment can only be purchased from a credible supplier who is an equipment manufacturer, importer or distributor of equipment and who is not a related party to the beneficiary of the grant. If the equipment is of domestic origin, it must be purchased directly from the manufacturer

These conditions are published and applied from 15.09.2023.