LOAN FACILITIES TO FINANCIAL INSTITUTIONS

A loan facility is provided to a financial institution for one or more programmes so that it can finance its own or sub-borrowers’ sub-projects.

Definitions

**Borrower** means a financial institution.

**EDB Confirmation** means a standby letter of credit, a guarantee, a reimbursement undertaking, or another contractual document.

**Eligible instrument** means a documentary letter of credit, a bank guarantee, or other contractual documents under sub-projects.

**Sub-borrower** means an entity, being the borrower's client.

**Sub-loan** means a loan provided or, as the case may be, to be provided by the borrower to a sub-borrower from the funds extended by the EDB to finance the sub-borrower's sub-projects.

**Sub-project** means measures planned by the borrower and sub-borrower that conform to the programme requirements.

**Financial institution** means a bank or another financial organisation registered and existing in an EDB member state and holding all necessary permits and licences to engage in lending.

**Requirements to Financial Institution**

1. A financial institution operating in the EDB member states.

2. The availability of all necessary permits, approvals and licences to conduct the respective operations.

3. Annual external audit by an independent audit company acceptable to the EDB.

4. Not being subject to any sanctions imposed by authorised agencies in the EDB member states, such as a suspended licence or other restrictions.

5. Compliance with the applicable environmental laws of the respective EDB member state.

6. **Prohibited Activities**

   1. Any activities involving forced or child labour
   2. Tobacco and alcohol production and distribution
   3. Gambling
   4. Manufacture of weapons and military equipment
   5. Foreign exchange transactions
   6. Investments in any securities
   7. Any activities prohibited by the laws of the EDB member states or international conventions pertaining to the protection of biological diversity or cultural heritage
   8. Real estate transactions, including the purchase and sale of land, or financing the construction of residential and commercial estates, or shopping malls
   9. Manufacture and sale of any products or activities deemed illegal by laws of the respective EDB member states

Loan Facility Arrangement Procedure

1. Signing of a non-disclosure agreement
2. Obtaining necessary charter and other documents
3. Conducting compliance control procedures
4. Obtaining financial statements
5. Estimating credit line amount and internal approval of the indicative terms and conditions
6. Having the indicative financing terms approved by the financial institution
7. Obtaining resolutions from the Bank's authorised bodies

**EDB Member States**

[Images of flags from Armenia, Belarus, Kazakhstan, Kyrgyz Republic, Russian Federation, and Tajikistan]
TRADE FINANCE PROGRAMME

The EDB launched a trade finance programme to promote mutual trade among its member states and further integration between them by providing targeted loan facilities to financial institutions.

Types of Instruments

The EDB’s trade finance programme finances trade transactions, primarily between the EDB member states, by issuing:
- tranches,
- confirmations.
EDB confirmation may be provided in the form of reimbursement undertakings, guarantees and standby letters of credit to secure the following transactions:
1. documentary transactions (letters of credit and guarantees);
2. financing under letters of credit; and
3. trade finance loans.

Procedure for Issuing Tranches/Confirmations

1. After the loan facility arrangement procedures are completed (see the procedure at Page 1), the EDB and the financial institution enter into a framework agreement.
2. For a tranche/confirmation to be issued under a framework agreement, the financial institution submits a request for disbursement. The request for disbursement must be accompanied by copy of trade contract and Borrower’s internal authorised body’s resolution to finance the sub-borrower.
3. Based on the request, the EDB and financial institution enter into an individual loan agreement.
4. Disbursement is made on the date and on the terms stated in the individual loan agreement.

Procedure for Issuing Confirmations by the EDB

1. Based on a framework agreement and the Borrower’s request the EDB and the financial institution enter into a confirmation agreement.
2. The financial institution issues an eligible
   instrument (a documentary letter of credit, a guarantee, etc.) to the confirming bank.
3. Based on the confirmation agreement, EDB issues EDB confirmation in favour of the confirming bank, covering payment obligations of the financial institution.

>>> General Terms

<table>
<thead>
<tr>
<th>Type of loan facility</th>
<th>Revolving</th>
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<tbody>
<tr>
<td>Loan facility tenor</td>
<td>up to 60 months</td>
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<tr>
<td>Tranche tenor</td>
<td>between 3 and 12 months</td>
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<tr>
<td>Currency</td>
<td>USD, EUR, RUB, KZT</td>
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<tr>
<td>Geography of operations</td>
<td>not less than 70% of the facility should be directed to trade transactions between the EDB member states</td>
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<td>Tranche amount</td>
<td>from US $50,000 to 25% of the facility amount</td>
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