

# LOAN FACILITIES TO FINANCIAL INSTITUTIONS



Евразийский Банк Развития

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.

## 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 state

## 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



Republic of Armenia



Republic of Belarus



Republic of Kazakhstan



Kyrgyz Republic



Russian Federation



Republic of Tajikistan

# TRADE FINANCE PROGRAMME



Евразийский Банк Развития

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.

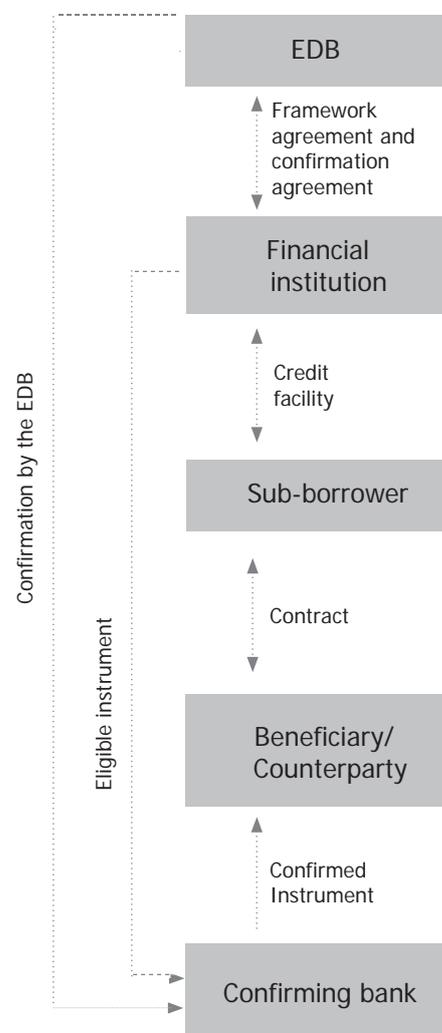
- 2 For a tranche/ confirmation to be issued under a framework agreement, the financial institution submits a request for disbursement. The request for disbursement must be accompanied by copy of trade contract and Borrower's internal authorised body's resolution to finance the sub-borrower.
- 3 Based 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

### 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.

- 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

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



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