DECREE OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN

on additional measures to resolve issues with problem loans of individuals in the Republic of Azerbaijan

Improving the welfare of the population, ensuring social protection and a decent standard of living in the Republic of Azerbaijan is one of the priorities of the concept of socio-economic development of the state.

The measures taken in this direction, the implemented economic and institutional reforms demonstrate their positive results in improving the living standards of citizens, increasing employment and income by opening new workplaces, and in further reducing poverty.

However, the impact of the global economic and financial crisis on the country's economy weakened the solvency of certain groups of the population, which led to an increase in liabilities for overdue loans of citizens who took loans in foreign currency from credit institutions and an increase in the number of court cases on issues related to the fulfillment of these liabilities.

Recently, ensuring macroeconomic stability in the country, restoring and increasing the pace of economic development and expanding financial opportunities have created conditions for state support for the repayment of overdue loan debts in foreign currency as in other areas.

Governed by Clause 32 of Article 109 of the Constitution of the Republic of Azerbaijan and in order to cover the financial losses of individuals on loans in foreign currency as a result of the devaluation, which occurred due to a reduction in oil prices by 3-4 times in the world market, as well as to provide state support for resolving problem loans, I hereby resolve as follows:

1. Part of the main loan debts of individuals to banks in foreign currency up to 10,000 (ten thousand) US dollars by the dates indicated below, increased in manats due to devaluation, shall be paid in manats not later than three months in accordance with the exchange rate announced by the Central Bank of the Republic of Azerbaijan on the date of entry into force of this Decree, by assessment as follows:
1.1 Concerning the principal loan debt in foreign currency for February 21, 2015 – up to 0,25 manat (0,15 US dollars) per 1 US dollar;

1.2 Concerning the principal loan debt in foreign currency on loan agreements entered into from February 22, 2015 to December 21, 2015 – up to 0,6 manat (0,35 US dollars) per 1 US dollar;
1.3 Concerning the principal loan debts in foreign currency existing for February 21, 2015 and December 21, 2015 – as provided for in both procedures referred to in Clauses 1.1 and 1.2 of this Decree.

2. Payments made in accordance with part 1 of this Decree shall be directed primarily to the repayment of overdue principal loans of individuals to the banks and the banks, which are in the process of liquidation, and the remaining amount shall be placed at the disposal of these individuals.

3. The Financial Markets Supervision Authority of the Republic of Azerbaijan shall:
3.1 determine the mechanism (procedure) for the payment of the part of the principal loan debts of individuals in foreign currency, increased in manats as a result of devaluation, as well as discounts to be applied on interest and penalties (fines, penalties) calculated for that amount and approve them within fifteen days with the approval of the President of the Republic of Azerbaijan, by considering the requirements in the Part 1 of the Decree together with the Central Bank of the Republic of Azerbaijan;
3.2 determine the total amount of payment to be made in accordance with part 1 of this Decree, the list of individuals to be paid and the amount to be paid to each individual within forty five days and inform the Ministry of Finance and the Central Bank of the Republic of Azerbaijan.

4. To determine that the total amount to be paid to one individual in accordance with part 1 of this Decree shall not exceed the manat equivalent of 5,000 (five thousand) US dollars.

5. To recommend the Central Bank of the Republic of Azerbaijan:
5.1 to provide soft loans to banks secured by the state guarantee in the amount up to 682,000,000.0 (six hundred eighty two million) manats on the basis of the application of the Financial Markets Supervision Authority of the Republic of Azerbaijan for the purpose of restructuring overdue loans of individuals up to 10,000 (ten thousand) US dollars in foreign currency and up to 17,000 (seventeen thousand) manats in national currency as of the date of entry into force of this Decree;
5.2 to ensure the issuance of securities with an annual interest rate of 0.5 percent, expressed in foreign currency, up to 215,000,000.0 (two hundred fifteen million) US dollars at the request of banks in order to prevent the deterioration of the currency position of banks as a result of the measures provided for in Clause 5.1 of this Decree;
5.3 to provide implementation of other measures arising from this Decree.

6. To recommend the banks:
6.1 to offer to conclude a new preferential loan agreement to individuals with overdue

loan debt according to the list provided for in Clause 7.1 of this Decree;
6.2 to take measures to ensure the write-off of interest on these loans and the recall of lawsuits within a month taking into account the fact that overdue loans of individuals will be restructured;
6.3 to take other measures to alleviate the debt burden of individuals whose debts have been restructured.

7. The Financial Markets Supervision Authority of the Republic of Azerbaijan shall:
7.1 together with banks, determine the amount of overdue loan debts of individuals, which should be subject to restructuring according to this Decree, with a principal amount of up to 10,000 (ten thousand) US dollars in foreign currency and up to 17,000 (seventeen thousand) manats in national currency and the list of debtors within one month and inform the President of the Republic of Azerbaijan, the Ministry of Finance of the Republic of Azerbaijan and the Central Bank of the Republic of Azerbaijan;
7.2 control the execution of parts 1 and 2 of this Decree by banks and, when those parts are executed, apply to the Central Bank of the Republic of Azerbaijan in accordance with Clause 5.1 of this Decree;
7.3 resolve the other issues arising from this Decree.

8. To determine that for the purposes of this Decree:
8.1 principal loan debts of individuals in foreign currency up to 10,000 (ten thousand) US dollars or in national currency up to 17,000 (seventeen thousand) manats shall mean the sum of their outstanding loans to all banks and banks in the process of liquidation;
8.2 an amount up to 10,000 (ten thousand) US dollars or 17,000 (seventeen thousand) manats shall mean the amount including respectively 10,000 (ten thousand) US dollars or 17,000 (seventeen thousand) manats;
8.3 in parts 5 and 7 of this Decree, loan debts of individuals shall mean the sum of their outstanding principal loans to all banks and banks that are in the process of liquidation under loan agreements concluded from January 1, 2012 until the date of entry into force of this Decree;
8.4 bank shall mean banks and non-bank credit organizations (except for credit unions);
8.5 bank in the process of liquidation shall mean banks and non-bank credit organizations (except for credit unions) that are in the process of liquidation;
8.6 overdue loan debt shall mean the debts overdue for more than 360 days to repay the principal amount and (or) interest on credit agreements concluded with individuals from January 1, 2012 to the date of entry into force of this Decree;
8.7 restructuring shall mean the provision of soft loans to individuals to repay principal loans;
8.8 soft loan shall mean loans granted to individuals by banks for the purpose of restructuring overdue loan debts at an annual interest rate of 1% and loans granted to banks by the Central Bank of the Republic of Azerbaijan at an annual interest rate of 0.1%, for a period of 5 years (with a grace period of 1 year);

8.9 write-off of interest shall mean write-off of accrued interest and penalties (fines, penalties) on overdue loans;
8.10 withdrawal of court cases shall mean taking measures in accordance with the requirements of the Code of Civil Procedure of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Enforcement" in connection with the waiver of claims on overdue loans and termination of proceedings on the writ of execution.

9. The Ministry of Finance of the Republic of Azerbaijan shall:
9.1 take necessary measures for official registration of the state guarantee provided for in Clause 5.1 of this Decree;
9.2 take other measures arising from this Decree.

10. To recommend the Deposit Insurance Fund and other persons entrusted with the liquidation functions to take measures to restructure the overdue principal loan debts of individuals to banks being in the process of liquidation.

11. The Cabinet of Ministers of the Republic of Azerbaijan shall resolve the issues arising from this Decree.

Ilham ALİYEV,
President of the Republic of Azerbaijan

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