

BUSINESS LOAN CALCULATOR

1. Who Can Get a Business Loan?

YOU MUST HAVE A REGISTERED BUSINESS

Freelancers or self-employed individuals without a legal business structure are not eligible. Banks only approve business loans for registered or incorporated businesses.

2. Legal Age to Own a Business

Business owners must have reached the legal age of majority in their respective province or territory of residence.

3. Must Operate for Profit

To be eligible, the business must be structured to make a profit. Charities and non-profits are not considered for business loans.

4. Bank Account

You need a bank account with your business name on it. It can be personal or business, but the name must be much.

5. At least 24 months in business and making money

Most loans require your business to be running and earning income for more than 2 years.

6. Start-ups can look at other financing options

If your business is still new, you can try other ways to get funding. For instance, it is necessary to:

- Show that there is real interest in your product or service.
- Have someone experience in your industry.
- Give credit or personal references.
- Invest in some of your own business.
- Have a good and realistic business plan.

7. A good credit score

Before it is approved, banks will check two things:

- The personal credit score.
- The business's credit report from a credit bureau.

8. What to prepare for a Larger Business Loan?

The following basic documents are required for applying for a larger business loan:

- Financial Reports
- Future Financial Forecasts
- Plans for marketing and production

These documents help the bank to understand if a business is strong and has good chances of success.

9. Can a salaried person apply for a business loan?

The answer is yes. If you have a registered business.

Many new business owners keep their full-time job. That's okay but lenders want to see that:

- The business is legally registered.
- You are putting enough time into running it.
- The business brings in money and covers its costs.

10. How much can I borrow?

Before the loan amount is determined, it is necessary to consider the ability to repay monthly.

A simple formula:

$$\text{Borrowing capacity} = \text{Net income} + \text{Depreciation of your project}$$

Banks also consider sales.

For example,

A business with €100.000 in annual sales, no debts, and applying for its first loan will probably not be approved for more than €100.000. This is a standard rule that banks follow to reduce their exposure to risk.

11. What is interest rate?

The interest rate is:

$$\text{Final rate} = \text{Business Interest Rate} + \text{a margin based on your financial situation}$$

This means that each client may have a different rate. Other banks might use their own calculation methods.

12. How much is a typical loan?

- Minimum loan: 9300€
- Maximum loan: Depends on how much your business can afford to pay back and what it needs to grow.

13. How to choose the best bank for a business loan?

There is no single “the best” bank for everyone. Different banks offer different loan options. You need to compare and see what fits your business.

Start by talking to other business owners. Ask them:

- Was the bank helpful and easy to work with?
- Did they have any problems getting the loan?
- What did the bank need in the application?
- Was the bank flexible with loan terms?

14. What to check before choosing a loan?

I. Loan length and monthly payments

Longer loans have smaller monthly payments, but you pay more interest overall. Shorter loans are paid off faster, but monthly payments are higher.

II. How much the bank will give you

Most banks don't cover the full cost of your project. You will need to pay for part of it yourself or find another lender for the rest.

III. Repayment flexibility

It is recommended to contact the bank.

- What happens if I can't make a payment?
- Can I pause or adjust payments in an emergency?

IV. Loan type: Fixed or demand?

- Term loan: You agree on the amount and terms. The bank can't cancel unless you don't pay.
- Demand loan: The bank can ask for all the money back at any time.

V. Collateral or no collateral

Some financial institutions offer loans based on the cash flow of the business (revenues – expenses), without requiring collateral.

VI. Interest rate

This is the extra cost you pay for borrowing. But don't just look at the rate, also check how flexible and fair the loan is overall.