**INFORMATION ON BASE AND DISCOUNT RATES AND REFERENCE RATES**

**As at 1 January 2024**

1. **Breakdown of base, discount and reference rates**

|  |  |  |  |
| --- | --- | --- | --- |
| **Base rate:** | **4.11** |  |  |
|  |  |  |  |
| **Reference rates (RIR):** |  |  |  |
| **Rating** | **Collateralisation** | | |
| **High** | **Normal** | **Low** |
| **Strong (AAA-A)** | 4.71 | 4.86 | 5.11 |
| **Good (BBB)** | 4.86 | 5.11 | 6.31 |
| **Satisfactory (BB)** | 5.11 | 6.31 | 8.11 |
| **Weak (B)** | 6.31 | 8.11 | 10.61 |
| **Bad/Financial difficulties (CCC and lower)** | 8.11 | 10.61 | 14.11 |
|  |  |  |  |
| **Discount rate:** | **5.11** |  |  |

1. **Main information**

**Base rate** is calculated and published by the European Commission in accordance with the Communication from the Commission on the revision of the method for setting the reference and discount rates (OJ C 14, 19.1.2008.)[[1]](#footnote-1), hereinafter: the Communication.

Pursuant to the Communication, it is customary to use the 12-month EURIBOR, i.e., its 3-month average value for the calculation of the base rate (in the Republic of Croatia as of 1 January 2023), provided that the base rate changes every January, and further during the year if the average rate for the preceding 3-month period differs for more than 15% from the base rate currently in effect. The base rate calculated in this way starts to apply on the first day of the second month following the last month used for the calculation of the average rate.

**Reference rates (reference interest rates – RIR)** are calculated by increasing the base rate by a certain number of basis points prescribed in the Communication, i.e. depending on the assessment of the borrower’s credit rating (rating, creditworthiness) and the assessment of the collateral offered as placement security.

RIR is used for the calculation of aid under loans approved at promotional interest rates.

Current values of margins for the calculation of reference interest rates:

|  |  |  |  |
| --- | --- | --- | --- |
| Margins in basis points | | | |
| Rating | Collateralisation | | |
| High | Normal | Low |
| Strong (AAA-A) | 60 | 75 | 100 |
| Good (BBB) | 75 | 100 | 220 |
| Satisfactory (BB) | 100 | 220 | 400 |
| Weak (B) | 220 | 400 | 650 |
| Bad/Financial difficulties  (CCC and lower) | 400 | 650 | 1 0001 |

**Discount rate** is calculated by increasing the base rate for 100 basis points and it is used, for example, for the calculation of net present value.

**Aids** are granted if the effective interest rate (EIR) is lower than the RIR for an individual borrower in accordance with the limits (intensity, amount) prescribed by the Aid rules.

1. Communication from the Commission on the revision of the method for setting the reference and discount rates (OJ C 14, 19.1.2008.), accessible from the link:

   <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52008XC0119%2801%29> [↑](#footnote-ref-1)