

Measure for Entrepreneurs in Wood Processing and Furniture Production Industry

I. GOAL OF MEASURE

The Ministry of Agriculture, Forestry and Fisheries, in cooperation with HBOR, enables entrepreneurs in the wood processing industry access to more favourable and affordable loans by subsidising interest rates for the entire duration of loans and by co-financing loan insurance premiums in accordance with the state aid rules under the Working Capital and the Private Sector Investment loan programmes. The goal of the Measure is to solve the problem of insolvency and to facilitate access to finance for entrepreneurs in the wood processing industry.

II. TERMS AND CONDITIONS OF MEASURE

Elements of Measure	Measure 1 – Private Sector Investment	Measure 2 – Working Capital
1. Borrowers	<p>Micro, small, medium-sized and large enterprises in accordance with the Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, i.e. with the provisions of the regulation in effect at the moment of loan approval, that meet the following conditions and are classified into the following activities:</p> <ul style="list-style-type: none"> Registered activity in accordance with the 2025 National Classification of Activities – NKD (Official Gazette of the Republic of Croatia, No. 47/2024): <ul style="list-style-type: none"> Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (C16), Manufacture of furniture (C31), Headquarters and own production in the Republic of Croatia, and Positive business performance in the last business year for which official financial reports are available. 	
2. Purpose of Loans	<ul style="list-style-type: none"> Investments in fixed assets (tangible and intangible assets) for the purpose of business modernisation, introduction of new technologies, increase in capacities, investments in research and development and introduction of new products or services, promotion of environmental protection, energy efficiency and renewable energy resources projects, promotion of employment Investments in working capital: up to 30% of the loan amount 	<ul style="list-style-type: none"> Financing of salaries, overheads and other basic operating expenses (the so-called 'idle mode'); purchase of raw materials, production materials, semi-products, small inventory and settlement of obligations towards suppliers and other current operating expenses; except for loan obligations towards commercial banks and other financial institutions and VAT
3. Manner of Implementation	<ul style="list-style-type: none"> Lending in cooperation with commercial banks – Application and related documentation shall be submitted by the borrower to the commercial bank 	

	<ul style="list-style-type: none"> • Direct lending – Application and related documentation shall be submitted by the borrower to HBOR 	
4. Amount of Loans	<p>Minimum possible individual loan amount:</p> <ul style="list-style-type: none"> • HBOR's direct loans: generally, loans in the amounts lower than EUR 200,000 are not approved • Loans on-lent through commercial banks: generally, loans in the amounts lower than EUR 50,000 are not approved <p>Maximum possible individual loan amount: EUR 1,000,000</p>	<p>Minimum possible individual loan amount:</p> <ul style="list-style-type: none"> • HBOR's direct loans: generally, loans in the amounts lower than EUR 200,000 are not approved • Loans on-lent through commercial banks: generally, loans in the amounts lower than EUR 50,000 are not approved <p>Maximum possible individual loan amount: EUR 500,000</p>
5. Currency of Loans	EUR	
6. Interest Rate	Interest rate for each individual loan is determined by HBOR (for direct loans) or by commercial bank (for loans via commercial banks) ¹	
7. Interest Rate Subsidy (Ministry of Agriculture, Forestry and Fisheries)	<ul style="list-style-type: none"> • 2.00 p.p., per annum, fixed, for the entire duration of the loan, in accordance with state aid rules • Up to EUR 200,000 per individual loan 	<ul style="list-style-type: none"> • 2.00 p.p., per annum, fixed, for the entire duration of the loan, in accordance with state aid rules • Up to EUR 50,000 per individual loan
	<ul style="list-style-type: none"> • Under the Measure, aid cannot be awarded: <ul style="list-style-type: none"> ○ for export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity ○ if it is contingent upon the use of domestic over imported goods or services ○ to undertakings in difficulty in accordance with the provisions of Article 2, paragraph 18 of the Commission Regulation (EU) No. 651/2014. 	
8. Fees	Variable, in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation	
9. Period and Manner of Loan Disbursement	<ul style="list-style-type: none"> • Up to 12 months; depending on the purpose and the dynamics of investment, it is also possible to approve a longer period of loan disbursement • Part of the loan intended for the financing of fixed assets is disbursed to the account of seller/supplier/contractor based on the documentation evidencing utilisation of loan for earmarked purposes 	<ul style="list-style-type: none"> • Up to 12 months, one-off or successively, to the account of seller/supplier/contractor or to the borrower's account: <ul style="list-style-type: none"> ○ based on the documentation evidencing utilisation of loan for earmarked purposes or ○ with obligatory subsequent justification of utilisation of loan for earmarked purposes (specification of the funds used for direct loans, i.e. in the manner

		determined by the commercial bank in the case of a loan on-lent through a commercial bank)
10. Period of Repayment	Up to 10 years, up to 3-year grace period included, depending on the purpose and structure of investment	Up to 3 years, up to 12-month grace period included
11. Manner of Repayment	Generally, in equal monthly, three-monthly or semi-annual instalments	
12. Collateral	<ul style="list-style-type: none"> • Loans on-lent through commercial banks: collateral is determined by the commercial bank • HBOR's direct loans: <ul style="list-style-type: none"> ○ bills of exchange and debentures ○ other collateral customary in the banking operations 	<ul style="list-style-type: none"> • Loans on-lent through commercial banks: collateral is determined by the commercial bank • HBOR's direct loans: <ul style="list-style-type: none"> ○ bills of exchange and debentures ○ insurance of exporters' loans under the loan insurance programme implemented by HBOR as the insurer for and on behalf of the Republic of Croatia in accordance with HBOR's insurance terms and conditions (the Ministry of Agriculture, Forestry and Fisheries co-finances the insurance premium in accordance with the Measure) ○ other collateral customary in the banking operations
13. Related Documentation/ Schedules	<ul style="list-style-type: none"> • General Eligibility Criteria • List of Documentation and Commercial Banks • Decision on General Terms and Conditions of HBOR Lending Activities 	

The Measure for Entrepreneurs in Wood Processing and Furniture Production Industry is implemented as a temporary measure under the Private Sector Investment and the Working Capital loan programmes and applies to applications received by HBOR until the funds provided by the Ministry of Agriculture, Forestry and Fisheries have been used up. Applicants are not automatically entitled to obtain a loan. HBOR makes a decision on each individual application.

¹ The interest rate thus determined may be subsidised and/or reduced depending on the available funds of the Ministry of Finance or HBOR in accordance with the Private Sector Investment and the Working Capital loan programmes, item 6: Interest Rate.