

## Youth, Female and Start-Up Entrepreneurship

<p><b>1. Borrowers</b></p>	<p>Private sector business entities - companies, crafts businesses, sole traders, family farms, cooperatives and institutions that are young entrepreneurs, start-ups or female entrepreneurs.<sup>1</sup></p> <p>For the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County – private sector business entities that operate or will operate in Sisak-Moslavina County.<sup>2</sup></p>
<p><b>2. Purpose of Loans</b></p>	<ul style="list-style-type: none"> <li>• Investments in fixed assets (tangible and intangible assets) for the purpose of business start-up, business modernisation, introduction of new technologies, increase in capacities, including tourism capacities, development and introduction of new products and services, promotion of new employment, etc.</li> <li>• Investments in fixed assets (tangible and intangible assets) for the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County<sup>2</sup></li> <li>• Working capital: up to 30% of the contracted loan amount</li> </ul>
<p><b>3. Manner of Implementation</b></p>	<ul style="list-style-type: none"> <li>• In cooperation with commercial banks (via commercial banks or through risk-sharing model) – application and related documentation shall be submitted to the commercial bank by the borrower</li> <li>• Direct lending to borrowers (except family farms that are not within the VAT system and associations) – application and related documentation shall be submitted to HBOR by the borrower</li> </ul>
<p><b>4. Loan Amount</b></p>	<p><b>Minimum possible individual loan amount:</b></p> <ul style="list-style-type: none"> <li>○ <b>HBOR's direct loans:</b> generally, loans in the amount lower than EUR 100,000 are not approved;</li> <li>○ <b>Loans on-lent via commercial banks:</b> generally, loans in the amount lower than EUR 50,000 are not approved;</li> <li>○ <b>Loans approved under the risk sharing model with commercial banks:</b> HBOR's share in a loan can generally not be lower than EUR 100,000;</li> <li>○ <b>Loans for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County:</b> minimum loan amount is EUR 30,000</li> <li>○ <b>Loans for the economic development of Ličko-Senjska County:</b> minimum loan amount is EUR 50,000;</li> </ul> <ul style="list-style-type: none"> <li>• Maximum loan amount: EUR 300,000 depending on the specific features and creditworthiness of the borrower as well as the purpose and</li> </ul>

<sup>1</sup> Criteria for defining youth, female and start-up entrepreneurship are available in the General Eligibility Criteria, which are a constituent part of this loan programme.

<sup>2</sup> HBOR may also consider loan applications for recovery from the consequences of earthquake of private sector business entities that operate in Zagreb and Karlovac counties.

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structure of investment; it is possible to finance up to 85% of the estimated investment value, VAT not included<sup>3</sup>;

- Depending on the specific features and creditworthiness of the borrower as well as the purpose and structure of investment, for loans of up to EUR 100,000 it is possible to finance 100% of the estimated investment value, VAT not included;
- For Loans with the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County maximum loan amount can be up to 100% of estimated investment value, VAT included (except for loans with interest subsidy under the NRRP4 funds), provided that financing of VAT for the borrowers that operate within the VAT system is possible (except for loans with interest subsidy under the NRRP4 funds) only through the award of de minimis aid. In such a case, VAT has to be allocated to working capital in the breakdown of investment contained in the loan application.

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## 5. Loan Currency

EUR

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## 6. Interest Rate

- 4.00% p.a., fixed
- For business entities investing in recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County: 2.00% p.a., fixed
- In certain cases, interest rate can be even higher as follows:
  - for borrowers that perform business activity and cannot obtain state aid and/or de minimis aid, effective interest rate (EIR)<sup>5</sup> cannot be lower than the reference interest rate for a single borrower (RIR)<sup>6</sup>, all in accordance with the regulations on the award of state aid
  - for borrowers with loans in the amount of EUR 5 million and above, HBOR determines the level of interest rate for each individual loan

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## 7. Interest rate for loans with subsidy under the NRRP funds<sup>4</sup>

For borrowers and loans that meet the conditions prescribed by the Operational Programmes for the Implementation of Financial Instruments under the NRRP, and part of the regular interest rate is subsidised by HBOR, in its own name and for the account of the Republic of Croatia, as follows:

- For investments in green and/or digital transition: up to 75% of the regular interest rate, and a maximum of 3.00 p.p.

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<sup>3</sup> HBOR can consider financing of estimated investment value, VAT included, if the borrower delivers goods or provides services that are exempt from VAT or for the borrowers not operating within the VAT system, except for loans with interest subsidy under the NRRP funds.

<sup>4</sup> NRRP – National Recovery and Resilience Plan

<sup>5</sup> Effective interest rate (EIR) is an interest rate that shows total costs of a loan in accordance with the valid Decision on Effective Interest Rate of the Croatian National Bank

<sup>6</sup> Reference interest rate (RIR) is the base rate (calculated and published by the European Commission), increased by a certain number of basis points (margin) that depend on the client's rating (credit rating) and the assessment of collaterals, in accordance with the Communication from the Commission on the revision of the method of determining reference and discount rates (OJ C 14, 19.1.2008). It is applied for the calculation of aid in loans approved with promotional interest rates. The range of valid RIR is available in the Information on Base and Discount Rates and Reference Rates.

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- For investments in special areas of the Republic of Croatia and/or RDI (research, development and innovation): up to 65% of the regular interest rate, and a maximum of 3.00 p.p.
  - For other investments in competitiveness and resilience: up to 50% of the regular interest rate, and a maximum of 3.00 p.p.

The regular interest rate is determined in the following manner:

- In case of lending in cooperation with commercial banks, interest rate is determined by the commercial bank in accordance with its internal documents
- In case of direct lending:
  - **On loans in the amount lower than EUR 400,000:**
    - 4.00% p.a., fixed
    - Business entities investing in the recovery from the consequences of earthquake and in the economic development of Sisak-Moslavina County: 2.00% p.a., fixed
    - or
    - At the level of reference interest rate (RIR)<sup>6</sup> for an individual borrower if it is higher than the interest rates referred to in the above indents
  - **On loans in the amount of EUR 400,000 or above:** HBOR determines the interest rate for each individual loan

The highest possible amount of subsidised interest for a single loan is:

- EUR 500,000.00 for micro, small and medium-sized enterprises
- EUR 1,000,000.00 for mid-caps and large entities

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## 8. Fees

Variable, in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation:

- Loan application processing fee: 0.50% on the contracted loan amount
- Commitment fee: 0.25% on the contracted undisbursed loan amount and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation

On loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County:

- no loan application processing fee
- no commitment fee
- no fee for changing the terms and conditions of loan

and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.

Loan application processing fee is not charged on direct loans under NRRP guarantee<sup>7</sup>.

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## 9. Period and Manner of Loan Disbursement

- Generally, disbursement period is up to 12 months, and 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 for utilisation of loan for earmarked purposes
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- Part of the loan intended for the financing of working capital can be disbursed to the account of the borrower, with obligatory justification by documentation evidencing the use of loan for earmarked purposes
- For loans aimed at recovery from the consequences of earthquake and stimulating the economic development of Sisak-Moslavina County: refund of borrower's investment that took place after the earthquake until the submission of loan application is permitted (for such a refund, commercial banks are not obliged to submit a prior notice to HBOR)

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#### **10. Repayment Period**

- Up to 12 years, with up to 3-year grace period included, depending on the purpose and structure of investment

As an exception to the mentioned, depending on the purpose and structure of investment, it is possible to approve the following repayment and grace periods:

- For the planting and/or restructuring of perennial crops in agriculture: up to 14 years, including grace period of up to 5 years
- For investments in tourism or if the investment study indicates the need for longer maturity and/or grace period: up to 14 years, up to 4-year grace period included

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#### **11. Manner of Repayment**

Generally, in equal monthly, three-monthly or semi-annual instalments

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#### **12. Collateral**

- Lending in cooperation with commercial banks: collateral is determined by the commercial bank
- Risk sharing model: collateral is determined by the commercial bank and HBOR
- Direct lending: HBOR agrees the collateral with the borrower in accordance with HBOR's internal documents (e.g. bills of exchange, debentures, pledge of property with insurance policy for the property endorsed in favour of HBOR, pledge of business shares, bank guarantees, guarantees of HAMAG-BICRO and other security instruments customary in banking operations), and the risk assessment of the investment and the borrower

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#### **13. Related Documentation / Schedules**

- General Eligibility Criteria
- List of Documentation and Commercial Banks
- Decision on the General Terms and Conditions of HBOR Lending Activities
- Information on Base and Discount Rates and Reference Rates
- Interest subsidy on loans for SMEs – Operational Programme for the Implementation of the Financial Instrument of Interest Subsidy Fund for Loans to Micro, Small and Medium-Sized Business Entities under the NRRP
- Interest subsidies on loans for mid-caps and large business entities – Operational Programme for the Implementation of the Financial Instrument of Interest Subsidy for Loans to Mid-Caps and Large Entities under the NRRP

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<sup>7</sup>Financial instrument: Guarantee Fund for Loans to Mid-Caps and large business entities

**The Loan Programme shall apply as of 1 May 2024.**

**Interest subsidy under the NRRP can be approved until the available funds have been disbursed in full, and no later than until 30 June 2026.**