

EU Projects

1. Borrowers	<p>Private and public sector business entities (units of local or regional government and entities owned or majority-owned by them and/or owned or majority-owned by the Republic of Croatia) that meet the requirements of the tender for grants under which they submit their applications, including the terms and conditions relating to the planned investment:</p> <ul style="list-style-type: none"> • European Structural and Investment Funds (ESI Funds) or • EU Agricultural and Fisheries Funds (funds of the Common Agricultural and Fisheries Policy, or the funds of the European Agricultural Fund for Rural Development and/or the European Agricultural Guarantee Fund and/or the European Agricultural and Fisheries Fund)
2. Purpose of Loans	<ul style="list-style-type: none"> • In accordance with the tendering procedure for grants under which the borrower has submitted application including: <ul style="list-style-type: none"> ○ Eligible expenses – project expenses to be financed from the grant proceeds ○ Ineligible expenses – exclusively expenses of the project for which application has been submitted under the tendering procedure that cannot be financed from the grant proceeds (fixed assets and working capital up to 30% of the contracted loan amount¹)
3. Manner of Implementation	<ul style="list-style-type: none"> • 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 • 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 <p>Note: it is possible to issue an advance payment guarantee (in such case, the application for guarantee is submitted together with the loan application).</p>
4. Loan Amount	<p>The minimum loan amount is generally HRK 200,000.00, and the maximum loan amount depends on the specific features and creditworthiness of the borrower, purpose and structure of investment as well as available HBOR's sources of finance. The following can be financed:</p> <ul style="list-style-type: none"> • Private sector entities: up to 75% of the estimated investment value, VAT not included², whereby HBOR can accept as the borrower's own funds up to 70% of the amount that the borrower will obtain through a grant (if the loan is approved via commercial bank, the commercial bank will determine the borrower's own funds) • Public sector entities: up to 100% of the estimated investment value (it is also possible to finance the VAT).
5. Loan Currency	<ul style="list-style-type: none"> • HRK indexed to EUR
6. Interest Rate	<ul style="list-style-type: none"> • Minimum 1.70% p.a. fixed on loans with repayment periods of up to and including 10 years

¹ Working capital, that is considered to be eligible expense, is not included in the calculation.

² HBOR can consider financing of 100% of the estimated investment value, VAT included, if the borrower delivers goods or provides services that are excluded from the VAT calculation or for the borrowers not operating within the VAT system.

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- Minimum 1.90% p.a. fixed on loans with repayment periods exceeding 10 years

In certain cases, interest rate can be higher depending on the cost of the available sources of funding and the regulations on the award of state aid and/or de minimis aid. HBOR reserves the right to determine the level of interest rate different from the one specified in the programme for each individual loan amounting to HRK 50 million or more (i.e. equivalent value in another currency).

7. Fees

- Variable, in accordance with the Decision on Fees for HBOR Services valid on the day of calculation:
 - Loan application fee: 0.50% on the contracted loan amount,
 - Commitment fee:
 - For public sector entities: no fee
 - For other entities: 0.25% on the contracted undisbursed loan amountand other fees in accordance with the Decision on Fees for HBOR Services valid on the day of calculation.

8. Period and Manner of Loan Disbursement

- Generally, up to 18 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 or exceptionally to the special/project account opened for the realisation of the financed project based on the documentation for utilisation of loan for earmarked purposes
- 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 the loan for earmarked purposes

For loans approved directly by HBOR, it is possible:

- To disburse the loan before the conclusion of the Contract on the Award of Grant from the ESI Funds, if the borrower has available funds from own resources (grants do not represent own funds) for the completion of the funding plan,
- To disburse the loan before the delivery of the Decision on the Award of Grant from the EU Agricultural and Fisheries Funds, if the borrower has available funds from own resources (grants do not represent own funds) for the completion of the funding plan.

For loans approved via commercial banks, it is possible to contract:

- Loan disbursement before the conclusion of the Contract on the Award of Grant from the ESI Funds, about which the decision is made by the commercial bank,
- Loan disbursement before the delivery of the Decision on the Award of Grant from the EU Agricultural and Fisheries Funds, about which the decision is made by the commercial bank.

9. Repayment Period

- Up to 15 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 15 years, including grace period of up to 5 years
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- For units of local or regional government, entities majority-owned by units of local or regional government or the Republic of Croatia: up to 15 years, including up to 5-year grace period,
 - For investments in tourism or if the investment study indicates the need for longer maturity and/or grace period: up to 17 years, up to 4-year grace period included.

10. Manner of Repayment

- Generally, in equal monthly, three-monthly or semi-annual instalments
- HBOR reserves the right to contractually determine with the borrower that the borrower shall, after the project completion, use the received grant that has not been utilised for the project investment to reduce the unrepaid loan principal, which shall not be considered the premature, but regular loan repayment

11. Collateral

- Public sector entities:
 - Financing of units of local or regional government is possible if secured only with a bill of exchange and a debenture, depending on the assessment of HBOR and/or the commercial bank
 - For loans to other public sector business entities:
 - 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, bank guarantees and other security instruments customary in banking operations), and the risk assessment of the investment and the borrower.
- Private sector entities:
 - 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, bank guarantees, guarantees of HAMAG-BICRO and other security instruments customary in banking operations), and the risk assessment of the investment and the borrower.

12. Related Documentation / Schedules

- General Eligibility Criteria
- List of Documentation and Commercial Banks
- Decision on the General Terms and Conditions of HBOR Lending Activities
- Nominal Interest Rates

The Loan Programme shall apply to the applications received by HBOR as of 1 May 2019.