

Working Capital COVID-19 Measure

1. Borrowers

- Private sector business entities – companies, crafts businesses, sole traders, family farms, cooperatives and institutions.
- Public sector business entities – companies and other entities (agencies and institutions, etc.) owned or majority-owned by the units of local or regional government and/or the Republic of Croatia.
- Borrowers have to prove the consequences of the COVID-19 (coronavirus) pandemic, i.e. they have to obtain a COVID score that is calculated by FINA, where loans cannot be granted to those business entities whose:
 - COVID score 1 is negative (-100), and/or
 - Risk classification based on the data received by FINA from the Croatian National Bank is 3 – not fulfilling obligations duly.
- Loans cannot be granted to clients against which bankruptcy or pre-bankruptcy settlement proceedings have been initiated.

2. Purpose of Loans

- Financing of current business operations (e.g. purchase of raw materials, production materials, semi-products, small inventory, settlement of obligations towards suppliers, labour costs, general current operating expenses), Settlement of short-term obligations towards the state and settlement of other short-term obligations, excluding the repayment of loans* to the owner, related entities and other third persons as well as excluding the settlement of loan obligations towards commercial banks and other financial institutions.

*as an exception, the limitation provision regarding the repayment of loans does not relate to the loans granted in line with the purposes determined under the programme after the emergence of COVID-19 virus

3. Manner of Implementation

- In cooperation with commercial banks under the risk-sharing model – application and related documentation shall be submitted by the borrower to the commercial bank.
- As an exception, direct lending is possible for loans in the amount of HRK 10 million, or exceeding HRK 37 million¹, respectively (except family farms that are not within the VAT system and associations) – application and related documentation shall be submitted by the borrower to HBOR.

4. Amount of Loans

The minimum amount of an individual loan:

- **Under the risk-sharing model with commercial bank:** HBOR's share in the loan may generally not be lower than HRK 1,000,000.00
- **Direct HBOR loans:**
 - for borrowers generating a certain share of income from exports² or from tourism activities³: HRK 10,000,000.00 and more

¹ More details under item 4. – Amount of Loans

² Borrowers:

- having generated at least 10% of their export revenues in the operating income in the last business year for which official financial statements (exporters) are available, or
- having generated at least 10% of their export revenues in the operating income with one or several exporters from the item above in the last business year for which official financial statements of the company (exporter's suppliers) are available.

³ Borrowers that generate income from tourism activities are the following business entities:

- the entities to which the Central Bureau of Statistics has assigned one of the following National Classification of Activities codes: 50.10 – Sea and coastal water passenger transport, 55.10 – Hotels and similar accommodation, 55.20 – Holiday and other short stay accommodation services, 55.30 – Camping ground, recreational and vacation camp services, 55.90 – Other accommodation services, 56.10 – Restaurant and mobile food serving services, 56.21 – Event catering services, 56.29 – Other food service activities, 79.11 – Travel agency activities, 79.12 – Tour operator activities, 77.34 – Renting and leasing of water transport equipment, 93.21 Activities of amusement parks and theme parks, 93.29 Other amusement and recreation activities, or
- the entities that can prove that more than 30% of their income/revenues are generated from the activities stated in the previous indent.

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- for other borrowers: above HRK 37,000,000.00

The maximum individual loan amount shall not exceed:

- a) Twice the amount of annual salary expenditures of final beneficiary (including social security contributions and expenditures relating to the employees at the company location but formally on the payroll of subcontractor) for 2019 or for the last year available. As for final beneficiaries incorporated on 1 January 2019 or after that date, maximum loan amount shall not exceed the assessed annual salary expenditures for the first two years of operations; or
- b) 25% of total income/revenues in 2019; or
- c) With an appropriate explanation and based on a statement of final beneficiary on its liquidity needs, the amount of loan can be increased to cover the liquidity needs during the period of 18 months from the moment of approval in case of SMEs and during the period of 12 months from the moment of approval in case of large enterprises.

5. Loan Currency

Depending on HBOR's capacities:

- HRK indexed to EUR
- HRK

6. Interest Rate

For direct loans amounting to HRK 10 million and above and for loans under the risk-sharing model (for HBOR's share in the loan):

- During the disbursement period and for the first three years of loan repayment: from 0.00% p.a. fixed, depending on the regulations on the award of state aid and/or de minimis aid and the cost of available sources of funding
- For the 4th and 5th year of loan repayment: from 1.50% p.a., fixed or from 2.00% p.a., fixed, depending on HBOR's assessment of the borrower's creditworthiness, the regulations on the award of state aid and/or de minimis aid and the cost of available sources of funding.

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).

In accordance with the rules prohibiting the accumulation of aid under the Temporary Framework⁴, it is not possible to use collateral granted on the same basis for loans granted under the Temporary Framework, and vice versa.

7. Fees

- Loan application fee: not charged,
- Commitment fee: not charged
- Other fees are calculated and charged in accordance with the Ordinance on HBOR Services

8. Period and Manner of Loan Disbursement

- Up to 6 months
- One-off or successively, based on the documentation evidencing the utilisation of loan for prescribed purposes
- Loan funds are disbursed to the accounts of suppliers on the basis of documentation for the utilisation of loan for prescribed purposes or to the borrower's account, with obligatory justification through documentation for the utilisation of loan for prescribed purposes within 60 days from the disbursement of funds to the account,
- Reimbursement of the borrower's own funds used for purposes referred to in item 2. is allowed only for the amounts paid after 1 March 2020

9. Repayment Period

- Up to 5 years, including a grace period of up to 1 year.

10. Manner of Repayment

- Generally, in equal monthly, three-monthly or semi-annual instalments.
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⁴ Temporary Framework for State aid measures to support the economy in the current pandemic COVID-19 (OJ C911, 20.3.20202) and any amendments thereto; section 3.2. point 24.a and section 3.3., point 26.a

11. Collateral

- Collateral is determined by the commercial bank and HBOR
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12. Related Documentation / Schedules

- General Eligibility Criteria
 - List of Documentation and Commercial Banks
 - Decision on General Terms and Conditions of Lending Activities
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The Loan Programme is applied as a temporary measure until 30 June 2021 or until available subsidy funds have been exhausted.