

Working Capital

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, institutions, etc.) owned or majority-owned by the units of local or regional government and/or the Republic of Croatia
- For the purpose of recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County – business entities of the private and public sectors that operate or will operate in Sisak-Moslavina County¹.

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 financial institutions, the state and settlement of other short-term obligations, excluding the repayment of debt to the owner, related entities and other third persons, with the maximum repayment period of up to 12 months

3. Manner of Implementation

- 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

In the case of lending through the risk-sharing model, the commercial bank as the applicant cannot use the loan funds to reduce its exposure towards the borrower.

- Direct lending is possible as an exception in the following cases (except for family farms that are not in the VAT system and associations):
 - For loans in the amount exceeding EUR 5 million²;
 - For loans to Exporters³ in the amount of EUR 1,3 million² and above, with the repayment period of up to 3 years (disbursement, grace and repayment periods included);
 - For loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County, direct lending is possible in the amount above EUR 100,000.

¹ HBOR may also consider loan applications for recovery from the consequences of earthquake of business entities from the private and public sectors that operate in Zagreb and Karlovac counties.

² Amounts in loan programmes stated in EUR relate to the equivalent value in another currency if loan is approved in another currency.

³ Borrowers whose creditworthiness is acceptable for HBOR and who have generated at least 10% of their operating income/revenues from exports in the last financial year for which official annual financial statements are available (exporters) are considered Exporters. Loan amounts approved to Exporters cannot exceed 25% of operating income/revenues in the last financial year for which official annual financial statements are available.

In the case of direct lending, the borrower submits the Application and the accompanying documentation to HBOR

4. Loan Amount Generally, the minimum loan amount is EUR 15,000². The maximum loan amount depends on the specific features and creditworthiness of the borrower, purpose and structure of transaction as well as available HBOR's sources of finance.

5. Loan Currency Loan currency is determined by HBOR.

- HRK
 - HRK indexed to EUR
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6. Interest Rate

- 2.00% p.a. fixed, on short-term and short-term revolving loans
- 4.00% p.a. fixed, on long-term loans
- 0.80% p.a. fixed, as an exception on short-term loans (revolving⁴ loans included) and long-term loans with the repayment period of up to 3 years to Exporters²
- 0.50% p.a., fixed on short-term and long-term loans intended for the recovery from earthquake and for the economic development of Sisak-Moslavina County

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 EUR 5 million² or more.

7. 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:
 - For public sector entities: no fee
 - For other entities: 0.25% on the contracted undisbursed loan amountand other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.
- As an exception, on short-term loans (revolving loans included) and long-term loans with up to 3-year repayment period to Exporters²:
 - no loan application processing fee
 - no commitment fee
- On loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County as well as loans intended for the recovery from the consequences of earthquake in Zagreb and Karlovac counties:
 - 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.

⁴ Renewal of revolving loans: maximum up to 3 years (disbursement period included)

8. Period and Manner of Loan Disbursement

- Short-term loans:
 - Up to 3 months
 - One-off or successively, based on the documentation evidencing the utilisation of loan for earmarked purposes
- Revolving loans:
 - Up to 12 months
 - On revolving principle, based on the documentation evidencing the utilisation of loan for earmarked purposes
- Long-term loans:
 - Up to 12 months
 - One-off or successively, based on the documentation evidencing the utilisation of loan for earmarked purposes

Loan funds are disbursed to the account of the supplier/contractor and/or to the borrower's account, depending on the purpose of the working capital.

For loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County, it is allowed to make a refund for borrowers' investments made after the earthquake until the submission of loan application (for such a refund, commercial banks are not obliged to notify HBOR in advance).

9. Repayment Period

- Short-term loans:
 - Up to 12 months from the expiry of the disbursement period, provided that the total loan period (disbursement period and repayment period) shall not exceed the total of 12 months
- Revolving loans:
 - Up to 12 months from the conclusion of the Loan Contract

In the case of the revolving of the loan, which depends on the assessment of creditworthiness of the borrower and available HBOR's sources of finance, HBOR retains the right to change the currency, the interest rate and the fees of the revolved loan.

- Long-term loans:
 - Up to 6 years, including a grace period of up to 2 years, depending on the purpose and creditworthiness of the borrower (for loans with a repayment period of 5 years and less than 5 years, it is possible to approve the maximum grace period of up to 1 year)

10. Manner of Repayment

- Short-term loans:
 - One-off or, generally, in equal monthly or three-monthly instalments
- Revolving loans:
 - Successively or one-off, not later than on the date of the contracted ultimate repayment deadline
- Long-term loans:
 - Generally, in equal monthly, three-monthly or semi-annual instalments

11. Collateral

- Lending in cooperation with commercial banks: collateral is determined by the commercial bank
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- 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 with the risk assessment of the transaction and the borrower
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**12. Related
Documentation /
Schedules**

- General Eligibility Criteria
 - List of Documentation and Commercial Banks
 - Decision on the General Terms and Conditions of HBOR Lending Activities
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The Loan Programme shall apply as of 1 September 2022.