

Working Capital CRISIS 2022 – Measure

1. Borrowers

- Private sector business entities - companies, crafts businesses, sole traders, family farms within the VAT system, 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

Borrowers must prove that they have difficulties in doing business caused by direct or indirect effects of the Russian aggression against Ukraine based on the criteria for assessing the effects of the crisis (Statement on the impact of Russian aggression against Ukraine on the operations of borrower).

Borrowers are not subject to EU sanctions.

Financing of entrepreneurs against which bankruptcy proceedings, pre-bankruptcy proceedings or liquidation proceedings have been initiated, are not eligible.

Financing of commercial activities is not acceptable, save in exceptional cases prescribed by the General Eligibility Criteria and in the case of financing of business entities active in trade and distribution of oil derivatives and energy products.

2. Purpose of Loans

- Financing the purchase of raw materials, production materials, semi-products, small inventory, settlement of obligations towards suppliers, labour costs, general current operating expenses

3. Manner of Implementation

- In cooperation with commercial banks through risk-sharing model – Application and related documentation shall be submitted to the commercial bank by the borrower
- Direct lending – the borrower submits the Application and the accompanying documentation to HBOR

4. Loan Amount

Minimum loan amount of a single loan:

- **Risk-sharing model with commercial bank:**
 - Generally EUR 135,000.00¹ for HBOR's share in the loan
- **Direct HBOR loans:**
 - EUR 200,000.00¹

The maximum amount of a single loan in HRK equivalent of an amount above EUR 500,000.00, i.e. a loan approved pursuant to section 2.3. of the Temporary Crisis Framework², may not exceed:

- a) 15 % of the average total annual operating income generated by the borrower

¹ The amounts stated in EUR relate to the equivalent values stated in other currencies if loans are approved in other currencies.

² Communication from the Commission – Temporary Crisis Framework for State Aid Measures to Support the Economy Following the Aggression Against Ukraine (OJ C 1311, 24.3.2022, hereinafter: Temporary Crisis Framework) and all its changes and amendments.

In order to align HBOR's operations with the Temporary Crisis Framework, the State Aid Award Programme was adopted by the Croatian Bank for Reconstruction and Development that is in line with the Temporary Crisis Framework for State Aid Measures to Support the Economy Following the Russian Aggression Against Ukraine – sections 2.1. and 2.3. –, and by which instruments of state aid award are implemented in HBOR's operations as envisaged in sections 2.1. and 2.3. of the Temporary Crisis Framework.

during the last three closed accounting periods; if beneficiaries of the measure do not have three closed annual financial statements, this applicable upper limit will be calculated based on the duration of entrepreneur's existence at the time when he/she submitted the state aid application, and at least on the basis of one closed annual financial statement

or

b) 50 % of energy costs during 12 months before the month in which the loan application is submitted;

c) as an exception and with an appropriate explanation and based on the borrower's statement about his/her liquidity needs caused by the current crisis, the loan amount can be increased to cover the liquidity needs from the moment of award in the next 12 months for small and medium-sized companies and in the next 6 months for large companies; if large enterprises must provide financial collaterals for trading activities in the energy markets for the purpose of supplying energy products and their distribution in the domestic market, the loan amount can be increased to cover the liquidity needs arising from these activities for the next 12 months.

For loans in HRK equivalent of up to EUR 500,000.00, i.e. for loans approved pursuant to section 2.1. of the Temporary Crisis Framework², this method of determining the maximum loan amount is not applied.

5. Loan Currency

Depending on HBOR's possibilities:

- HRK indexed to EUR
- HRK
- EUR

6. Interest Rate

On HBOR's direct loans and on loans under the model of risk-sharing with commercial banks (on HBOR's share in the loan):

- During the period of disbursement and the first three years of loan repayment: from 0.50% p.a., fixed, depending on the regulations on the award of state aid and/or de minimis aid, collateral instruments and costs of the available sources of funding³
- During years 4 and 5 of loan repayment period: from 2.00% p.a., fixed or from 2.50% p.a., fixed, depending on HBOR's assessment of the borrower's creditworthiness, regulations on the award of state aid and/or de minimis aid, collateral instruments and costs of the available sources of funding³

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 million¹ or more.

7. Fees

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

8. Period and Manner

- Up to 12 months

³ The stated interest rates are the interest rates paid by the borrower, whereas the total regular interest rate for the entire duration of the loan period equals 4% p.a. or more, fixed, depending on the regulations on the award of state aid and/or de minimis aid, collateral instruments and costs of the available sources of funding.

of Loan Disbursement	<ul style="list-style-type: none"> • One-off or successively on the basis of the documentation evidencing that the funds are being utilised for the earmarked purposes • Loan funds can be disbursed to the accounts of suppliers based on the documentation for the utilisation of loan for earmarked purposes or to the borrower's account with obligatory justification by documentation evidencing the use of loan for earmarked purposes within 120 days after the loan funds have been disbursed to the account • Refund of borrower's own funds used for the purposes referred to in item 2 is allowed only for the amounts paid after 1 February 2022
9. Repayment Period	<ul style="list-style-type: none"> • Up to 5 years, up to 1-year grace period included • Time period from the loan contract execution date to the loan repayment period last date (that includes the loan disbursement period and the loan repayment period) may not be longer than 6 years.
10. Manner of Repayment	<ul style="list-style-type: none"> • Generally, in equal monthly, three-monthly or semi-annual instalments
11. Collateral	<ul style="list-style-type: none"> • Lending in cooperation with commercial banks under the risk-sharing model – collateral is determined by the commercial bank and HBOR • Direct lending – collateral is determined by HBOR <p>Pursuant to the rules on the ban on the cumulation of aid contained in the Temporary Crisis Framework², for loans approved in accordance with section 2.3 of the Temporary Crisis Framework² it is not possible to use the collateral referred to in section 2.2 of the Temporary Crisis Framework².</p>
12. Related Documentation / Schedules	<ul style="list-style-type: none"> • General Eligibility Criteria • List of Documentation and Commercial Banks • Decision on the General Terms and Conditions of HBOR Lending Activities

Working Capital CRISIS 2022 – Measure is applied as a temporary measure until the available funds have been disbursed, however no later than until 31 December 2022 and provided that loan contracts are executed by that date at the latest.