

# DTB

## **SECOND PACKAGE OF MEASURES TO ASSIST ECONOMY DURING COVID-19**

## **CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

On 2 April 2020, the Government of the Republic of Croatia presented second package of economic measures aimed at limiting the negative impact of Covid-19 on the economy.

The measures are implemented by the Croatian Employment Service, Ministry of Finance – Tax Administration, Croatian Bank for Reconstruction and Development and Croatian Agency for SMEs, Innovations and Investments – HAMAG BICRO.

Further below we present a summary of the adopted measures implemented by the **Croatian Bank for Reconstruction and Development (HBOR)**.

## 1. MORATORIUM ON EXISTING LIABILITIES

### A. Beneficiaries granted loans directly:

- moratorium from 1 April 2020 to 30 June 2020 for outstanding liabilities due from 1 March 2020 to 30 June 2020
- during the moratorium, no loan principal is repaid or charged, but regular interest and fees are charged
- after the expiry of the moratorium, the principal, accrued interest and accrued interest are charged in 12 equal, monthly instalments, the first of which is due one month after the expiry of the moratorium
- no regular interest will be charged on the obligations of directly granted loans covered by the moratorium
- no fee is charged for the implementation of the moratorium
- possibility to extend the duration of the moratorium if the negative impact of the Covid-19 pandemic on the economy continues

## **B. Beneficiaries granted loans through HBOR programs, through a commercial bank:**

- request for a moratorium should be addressed to the commercial bank through which the loan was granted
- HBOR is ready to support any request for a moratorium to clients that were granted HBOR loans through a commercial bank or a risk-sharing model

## 2. LOAN REPROGRAMMING

- granted to everyone, regardless of whether the loan was granted directly or through a commercial bank (the request should be submitted either to HBOR or the relevant commercial bank)
- reprogramming of the existing loan commitments - extension of loan duration, start and repayment periods by up to 6 months, with accrual and payment of regular interest in the grace period
- possibility to approve changes to the contractual terms of the principal payment and the calculation and payment of interest (regular and default) by changing e.g. amount of the instalment, percentage of the principal repaid and similar
- no fee is charged for changing the placement terms

### 3. NEW LOANS FOR LIQUIDITY “COVID-19 WORKING CAPITAL MEASURES”

- purpose: financing of current business operations and settlement of short-term liabilities towards the state and other short-term liabilities for entrepreneurs experiencing Covid-19 consequences
- lending in cooperation with commercial banks according to a risk-sharing model
- loan amount: minimum HRK 100,000.00 depending on the solvency of the loan beneficiary, the purpose and structure of the transaction and the available sources of HBOR financing
- interest rate: 2.00% per annum, fixed for HBOR part of the loan in the risk-sharing model:
  - possibility to reduce the interest rate for the first year of repayment of the loan by up to 0.00% per annum (subject to state aid regulations)
  - possibility to further reduce the interest rate for the 2nd and 3rd year of loan repayment (depending on the availability of financing sources)

## **NEW LOANS FOR LIQUIDITY “COVID-19 WORKING CAPITAL MEASURES” (continued)**

- no fees
- time and method of use: 6 months one-off or successively, based on the documentation proving the intended use
- time and method of use: up to 3 years (including an up-to-1-year grace period) in equal monthly, quarterly or semi-annual instalments
- entrepreneurs with a request for these funds should contact one of the 12 banks with which HBOR has agreed to cooperate on this program

## 4. INSURANCE POLICY AS COLLATERAL FOR LOAN APPROVAL

- HBOR will, on behalf and for the account of the Republic of Croatia, approve portfolio insurance policies (guarantees) to commercial banks and HBOR
- HBOR's portfolio insurance as guarantees for up to 50 percent of the total loan amount will be eligible to entrepreneurs from all economic sectors, including tourism, which generated 20 percent of their earnings from export in the previous financial year
- this type of insurance will soon be available to indirect exporters as well (suppliers to exporters)
- insurance policies (guarantees) will allow entrepreneurs to obtain new liquidity loans more easily and faster with less demand for collateral