

EU Projects

1. Borrowers	<ul style="list-style-type: none">• Private sector business entities - companies, crafts businesses, sole traders, family farms, cooperatives, institutions and associations;• Public sector business entities – units of local and regional government (municipalities, cities and counties – hereinafter: LRGUs) and companies, institutions and agencies owned or majority-owned by LRGUs and/or the Republic of Croatia; <p>that meet the requirements of the tender for grants financed from the budget of the European Union and/or national sources and other foreign public sources.</p>
2. Purpose of Loans	<p>All eligible and ineligible expenses of the project (including the costs not included by the borrower in the application to tender that are an integral part of the project), where a maximum of 30% of the total loan can be approved for working capital that is not in the category of eligible expenses.</p>
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>Minimum possible individual loan amount:</p> <ul style="list-style-type: none">• HBOR's direct loans: generally, loans in the amount lower than EUR 100,000 are not approved;• Loans on-lent via commercial banks: generally, loans in the amount lower than EUR 50,000 are not approved;• Loans approved under the risk sharing model with commercial banks: HBOR's share in a loan can generally not be lower than EUR 100,000. <p>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 included¹, 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).

¹ HBOR can consider financing 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, except for loans with interest subsidy under the NRRP funds.

5. Loan Currency

EUR

6. Interest Rate

- On loans to LRGUs and institutions and agencies majority-owned by them as well as on loans to other public sector entities approved at 100% guarantee of the Republic of Croatia and/or LRGUs:
 - On direct loans: 2.50% p.a., fixed;
 - On loans approved through commercial banks:
 - For loans in the amount less than EUR 1 million: interest rate for a borrower cannot be higher than 2.50% p.a., fixed
 - For loans in the amount of EUR 1 million and more: commercial banks determine interest rates on their own.
- To other borrowers: 3.22% p.a., fixed.
- In certain cases, interest rate can be even higher as follows:
 - To borrowers that perform business activity and cannot obtain state aid and/or de minimis aid, the effective interest rate (EIR)² cannot be lower than the reference interest rate for a single borrower (RIR)³, all in accordance with the regulations on the award of state aid
- In the case of lending in cooperation with commercial banks:
 - To borrowers (private sector) for loans of EUR 5 million and more, the interest rate is determined by the bank in accordance with its internal documents
 - To borrowers (public sector) for loans of EUR 1 million and more, the interest rate is determined by the bank in accordance with its internal documents
- In the case of direct lending: to borrowers for loans of EUR 1 million and more, the interest rate is determined by HBOR

7. Interest Rate for Loans with Subsidy under the NRRP Funds⁴

For borrowers and loans that meet the conditions prescribed by the Operational Programmes for the Implementation of Financial Instruments under the NRRP, provided that combining with Financial Instruments under the NRRP is not prohibited by the relevant conditions of the tender for grants and related documentation and that restrictions from the aid regulations are complied with by the financing, part of the regular interest rate is subsidised by HBOR in its own name and for the account of the Republic of Croatia as follows:

- Private sector: for investments in green and digital transition: up to 75% of regular interest rate, but to a maximum of 3.00 p.p.
- Private sector: for investments in special areas of the Republic of Croatia and/or RDI (research, development and innovation): up to 65% of the regular interest rate, but to a maximum of 3.00 p.p.
- Private sector: for other investments in competitiveness and resilience: up to 50% of the regular interest rate, but to a maximum of 3.00 p.p.

Whereby the regular interest rate is determined as follows:

- In the case of on-lending through a commercial bank, the interest rate is determined by the bank in accordance with its internal documents
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² Effective interest rate (EIR) is an interest rate that shows total costs of a loan in accordance with the valid Decision on Effective Interest Rate of the Croatian National Bank.

³ Reference interest rate (RIR) is the base rate (calculated and published by the European Commission), increased by a certain number of basis points (margin) that depend on the client's rating (credit rating) and the assessment of collaterals, in accordance with the Communication from the Commission on the revision of the method of determining reference and discount rates (OJ C 14, 19.1.2008). It is applied for the calculation of aid in loans approved at promotional interest rates. The range of valid RIR is available in the Information on Base and Discount Rates and Reference Rates.

⁴ NRRP – National Recovery and Resilience Plan

- In the case of direct lending to a borrower:
 - **On loans in the amount lower than EUR 400,000:**
 - To other borrowers referred to in item 6 of the Programme: at least 4.57 % p.a., fixed or
 - At the level of reference interest rate (RIR)³ for an individual borrower if it is higher than the interest rates referred to in the above indents
 - **On loans in the amount of EUR 400,000 or above:** HBOR determines the interest rate for each individual loan

The maximum possible amount of subsidised interest for an individual loan is:

- EUR 500,000.00 for micro, small and medium enterprises of the private sector
- EUR 1,000,000.00 for Mid-caps and large private sector entities.

8. Fees

Variable, in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation:

- Loan application processing fee:
 - To LRGUs and institutions and agencies majority-owned by them: 0.20% on the contracted loan amount;
 - To other borrowers: 0.50% on the contracted loan amount.
- Commitment fee:
 - To public sector entities: no fee
 - To other entities: 0.25% on the contracted undisbursed loan amount

and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.

Loan application processing fee is not charged on direct loans under NRRP guarantee⁵.

9. Period and Manner of Loan Disbursement

- Generally, disbursement period is 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, as an exception, 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 financing contract relating to grant award, 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, the loan disbursement is possible before the conclusion of the financing contract relating to grant award, about which the decision is made by the commercial bank.

10. Repayment Period

- Up to 15 years, with up to 3-year grace period included, depending on the purpose and structure of investment
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⁵ Financial instrument: Guarantee Fund for Loans to Mid-Caps and Large Enterprises.

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,
- 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.

11.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

12.Collateral

- Public sector entities:
 - Financing of LRGUs 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.

13.Related Documentation / Schedules

- General Eligibility Criteria
 - List of Documentation and Commercial Banks
 - Decision on the General Terms and Conditions of HBOR Lending Activities
 - Information on Base and Discount Rates and Reference Rates
 - Nominal Interest Rates
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- Interest Subsidy on Loans to SMEs – Operational Programme for the Implementation of the Financial Instrument of Interest Subsidy Fund for Loans to Micro, Small and Medium-Sized Enterprises under the NRRP
 - Interest Subsidy on Loans to Mid-Caps and Large Enterprises – Operational Programme for the Implementation of the Financial Instrument of Interest Subsidy for Loans to Mid-Caps and Large Enterprises under the NRRP
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In the case of contracting club and syndicated loans, the loan terms and conditions of this Programme may not be applied, i.e., different conditions may be applied in agreement with other members of the bank club/syndicate.

The Loan Programme shall apply as of 1 January 2025.

Interest subsidy under the NRRP can be approved until the available funds have been disbursed in full, and no later than 30 June 2026.