HBOR Introduced Moratorium on and Rescheduling of Obligations together with Further Benefits under Working Capital Loans

Besides moratorium on and rescheduling of obligations, HBOR offered a new measure to entrepreneurs in the form of working capital loans at favourable terms and conditions in cooperation with commercial banks. The main benefits of the new measure: interest rate as low as 0 percent on HBOR’s share in the loan and use of HBOR’s portfolio insurance as collateral.

Under the Working Capital programme, loans will be approved through the risk sharing model in cooperation with commercial banks – 50 percent of funds from HBOR’s sources at an interest rate of as low as 0 percent in the first year of loan repayment, whereas 2 percent interest will be charged in the second and third year of loan repayment with a possibility of reducing this interest rate in the next years as well (level of interest depends on the state aid regulations). The other part of the loan will be approved from commercial bank’s sources. Entrepreneurs have to submit their applications for these funds to one of ten banks with whom HBOR has agreed to cooperate on this loan programme.

Loans will be approved for a period of up to 3 years and may be drawn down by entrepreneurs having been affected by the COVID-19 pandemic for the purposes of financing their current operations and settling short-term obligations. The exporters (those operating in the tourism industry included) will be able to use HBOR’s portfolio loan insurance as collateral.

HBOR’s portfolio insurance as collateral
Entrepreneurs from all sectors of the economy, tourism included, having generated 20 percent of revenues from exports in the past business year will be able to use HBOR’s portfolio insurance as a guarantee for up to 50 percent of the total loan amount approved. Portfolio insurance will facilitate and accelerate the process of obtaining new liquidity loans. Soon, these benefits will also be made available to indirect exporters (suppliers of exporters). Entrepreneurs will also be able to use export-credit insurance programmes offered by HBOR for separate insurance policies.

More than 1000 clients have been approved moratorium by HBOR, clients can apply for rescheduling as well
Due to the adverse impacts of the COVID – 19 (coronavirus) pandemic on the economic performance, it can be expected that many entrepreneurs will need additional funding in order to be able to preserve liquidity and maintain employment this year. Therefore, HBOR’s clients, who have been granted a direct loan, can take a moratorium from 1 April 2020 to 30 June 2020 on unpaid obligations maturing from 1 March 2020 to 30 June 2020 with a possibility of extension should the adverse impacts of the COVID–19 pandemic on the economy last for a longer period of time. So far, moratorium has been approved for more than 1000 clients of HBOR who have been informed accordingly.

The clients, to whom loans under HBOR’s loan programmes have been granted through commercial banks, have to submit their moratorium applications to their commercial banks. HBOR is willing to support any moratorium application submitted by clients to whom loans under HBOR’s loan programmes have been approved through commercial banks or under risk-sharing models.

The clients have been offered a possibility to reschedule their existing loan obligations towards HBOR. The rescheduling includes the possibility of extending loan disbursement, grace and repayment periods by 6 months. Each client will individually negotiate rescheduling of its obligations according to its repayment potential. Clients will submit their applications for rescheduling of loans either to their commercial banks or HBOR, depending on the manner of approval of existing loans.

Development of new and implementation of existing programmes
In cooperation with local and foreign institutions, HBOR has been developing other measures and will, in line with its role, adapt its activities and programmes to the requirements and circumstances in which Croatian
entrepreneurs operate. This primarily relates to the development of new guarantee schemes and the financing of sectors affected by the pandemic. Furthermore, in cooperation with commercial banks, HBOR negotiates other forms of funding liquidity needs of entrepreneurs.

HBOR’s funds for the financing of investment activities and current loan programmes for the financing of working capital (Pre-Shipment Export Finance and Working Capital) are, and will be in the future, available to Croatian entrepreneurs and the public sector at favourable terms and conditions. Interest rates of 2 percent and lower will be charged to a large number of entrepreneurs under these programmes.