

Conditions of the extraordinary loan

Valid from 27.03.2020

The target group for the extraordinary loan is companies that need a working capital or investment loan to overcome the temporary difficulties caused by the outbreak of COVID-19.

Requirements for loan applicant	<ul style="list-style-type: none">– The company has been registered in the commercial register of the Republic of Estonia and the required reports have been submitted to the register.– According to the financial forecasts presented, the entrepreneur is sustainable and solvent in the long term.– The company was not in difficulty as of ¹ 31.12.2019.– The company has no overdue debts (excl. the deferred ones) to the Tax and Custom Board or credit institutions, which have incurred before 01.01.2020.– No bankruptcy or liquidation proceedings have been initiated against the company.– The company has received a negative response or decision from the bank or lessor on unreasonable terms to the loan application.
Intended use of loan	<ul style="list-style-type: none">– The loan is aimed at overcoming the temporary difficulties caused by the outbreak of COVID-19.– Refinancing of existing loans is generally not allowed. Servicing of existing liabilities (except for owner loans) is permitted.
Loan amount	<ul style="list-style-type: none">– Up to EUR 5 million.– The sum of the outstanding amounts of KredEx guarantee and the outstanding amounts of the principal amounts of the loans granted by KredEx to one entrepreneur and entrepreneurs related to it cannot exceed EUR 5 million.– KredEx extraordinary guarantees and KredEx extraordinary loans ² granted in accordance with the Notification from the European Commission of 19.03.2020 entitled "Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak" are limited to an amount not exceeding double the salary cost of the entrepreneur for 2019 with social tax according to the company's annual report for 2019 or the Tax and Customs Board. Exceptionally, the maximum amount allowed is up to 25% of the company's 2019 turnover or a reasonable 18-month liquidity requirement for a small and medium-sized company ³ or a justified 12-month liquidity requirement for a large company ⁴ if the company's dual 2019 salary fund is less than this.
Loan term	<ul style="list-style-type: none">– Loan period is 6 to 72 months.– The loan can be issued and modified until 31.12.2020. With effect from 01.01.2021, the state aid rules applicable to the modification of the loan shall apply.
Grace period	<ul style="list-style-type: none">– As needed.
Main obligations of	<ul style="list-style-type: none">– The borrower undertakes inter alia to:<ul style="list-style-type: none">– submit quarterly activity and financial statements to KredEx;

¹As defined in Article 2 (18) of Commission Regulation (EU) No. 651/2014 of 17 June 2014 (OJ L 187, 26.6.2014, p. 1).

² Where an entrepreneur uses similar services by the Rural Development Foundation, the restrictions shall apply jointly.

³ A small- and medium-sized enterprise is an undertaking with less than 250 employees and annual turnover not exceeding EUR 50 million and/or a total balance sheet not exceeding EUR 43 million, pursuant to EU Regulation 651/2014 Annex 1.

⁴ A large enterprise is a company that is not a small or medium-sized enterprise.

the borrower	– coordinate with KredEx, any assumption of additional liabilities, making of investments, and disposal of assets exceeding the limit fixed in the agreement.
Contract fee	– 1% of the loan amount.
Contract amendment fee	– 0.2% of the loan balance, not less than EUR 30.
Interest rate	– Interest rate depends on the risk level of the company, the project, and the provided loan collateral. – At least 50% of collateralised loans from 4% per annum. – Only in the case of owner-guaranteed loans, starting at 6% per annum.
Loan collateral	– The need for loan collateral depends on the risk level of the project. – In the absence of any other collateral, the personal guarantee of the owners of at least 50% of the amount of the loan, generally not more than EUR 50 000 per guarantor.
Validity of the loan decision	– The loan decision is valid for 30 calendar days.
Premature termination of the loan agreement	– The borrower shall notify KredEx at least 1 month in advance of its request to prepay the loan.

Application

To submit a loan application, the applicant shall fill in the application form on the KredEx homepage and append the following:

- A business plan or a plan on how the resulting loan will overcome the temporary difficulties caused by the outbreak of COVID-19 and fulfil its obligations.
- Financial projections covering at least three subsequent full years.
- (If possible, audited) annual report for the ended financial year and interim report (not older than three months) for the current year.
- CV-s of the company's key personnel.

The guarantee shall not be issued for financing the following activities and companies:

- Primary production of agricultural products, fishery and aquaculture, or forest management;
- Financial and insurance companies (Section K of EMTAK);
- The companies operating in the construction sector (Section F of EMTAK),
- Production, processing or marketing of tobacco (or related products);
- Acquisition of transport vehicles or equipment used for road freight transport;
- The acquisition of passenger cars;
- The acquisition of commercial vehicles and mobile machinery is generally not permitted. Exceptions are only allowed on the basis of any decision by KredEx;
- Financing of working capital for retail or wholesale trade enterprises;
- Real estate development projects aimed at sale or lease. If real estate development is for an activity not related to own real estate development, including that of subsidiaries or associated companies, a portion of the premises may be leased out provided that rent receipts, except for subsidiaries or associated companies, do not exceed 30% of the loan applicant's annual turnover;
- Export-related activities directly connected to the current expenditures of exported quantities, the establishment or functioning of a distribution network, or other operating

costs arising from export, if de minimis aid is being granted with the issuance of a guarantee⁵;

- The direct or indirect owners of the applicant include entrepreneurs registered in low tax rate countries;
- An entrepreneur operating in the field of gambling;
- The purpose of financing is the use of domestic products instead of imported products;
- Fields related to pornography, gambling, illegal data downloads or the provision of illegal access to data networks;
- Research and development in healthcare aiming to clone humans or develop genetically modified organisms for research or treatment purposes.

⁵ De minimis aid information and the State Aid register can be found at <http://www.fin.ee/riigiabi>