

KredEx / Estonia

Outstanding guarantee volume increases by 41.7% over H1 2020

828 supported SMEs (+12.2%) in portfolio (H1 2020)

The **new production** (in EUR) in H1 2020 is **2.4x** the one in H1 2019

Our member **KredEx**, the national promotional institution of Estonia, rolled out an extensive range of measures to support SMEs during the covid pandemic. In the following, we would like to give you an overview of these measures.

Extraordinary small loan guarantee: As the name already implicated, this scheme focuses on small companies. The maximum guarantee size is kEUR 150 and can be covered at a rate of up to 100%. The interest rate of the guaranteed loan is capped at the 6-month Euribor + 4%, with a maximum contract fee of EUR 150. The estimated ratio between interest-bearing liabilities and EBITDA for the approved annual report for the financial year 2018 or 2019 is lower than 10.

Extraordinary guarantee for businesses in the accommodation and catering sector, travel agencies and tour operators: These guarantees are designed to support enterprises of the gastronomic and travel sector that are particularly hit by the crisis. It has similar conditions as the **Extraordinary small loan guarantee** with the exception of the loan size that can be maximum kEUR 700.

The **extraordinary guarantee for existing bank loans** enables existing loans to have a longer than normal grace period (at least 6 months) and an extension of the maturity. It applies to loans of maximum mEUR 10 and caps the interest rate at the 6-month Euribor + 6% per year. The fee for amending the agreement may not be higher than 1% of the amount of the loan being guaranteed.

The **Extraordinary proportional loan guarantee for new bank loans** offers a coverage rate of up to 90% to loans of maximum mEUR 10. The interest rate of the loan being guaranteed may not be higher than the 6-month Euribor + 6% per year, and the fee for amending the agreement may not be higher than 1% of the amount of the loan being guaranteed. Up to 50% of the loan may be used to service existing loans. Refinancing loans with a loan guaranteed by **KredEx**, however, is generally not permitted.

Extraordinary proportional guarantee for projects of national importance: This instrument shall enable new financing for projects of national importance, to overcome temporary difficulties caused by the COVID-19 pandemic. Guarantees under this scheme have a minimum size of mEUR 10 per undertaking and cover up to 90% of the loan. The interest rate of the guaranteed loan shall not be higher than the 6-month EURIBOR + 5% per year and the contract fee shall not be higher than 1%. The minimum contract or contract amendment fee is 0.1%. The guarantee is valid for up to 72 months.

The application for the above-described guarantees is to be done through the financing bank. If the request remains without success, the company can still apply for a direct loan from **KredEx**.

The **Extraordinary working capital loan**, the **Extraordinary investment loan** and the **Extraordinary loan for projects of national importance** have favourable conditions such as low interest rates and a long grace period (not so for the latter).

KredEx crisis guarantee programmes are supported by the **EIF COSME COVID-19 guarantee**. For SMEs this means more favourable financing conditions and better access to funds.

More information on measures by **KredEx** can be found under the following link: <https://www.kredex.ee/covid19/en/>

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