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## PRESS RELEASE

### June 2023 Business Continuity Credit Facility Update

During the COVID-19 pandemic, many businesses were struggling to continue trading due to the losses they were facing from the border closure. The Cook Islands Government stepped into support these business with a range of supports, of which the Business Continuity Credit Facility (BCCF) is one.

The BCCF is a collaborative loan facility between the Government and the Bank of Cook Islands (BCI). The Government approved and financed the loan facility, and BCI administered the payment and repayments of the loans.

Conditions of the loan facility for borrowers were:

- Business were eligible if they received the COVID-19 Wage Subsidy or Training Subsidy
- The maximum loan per company was \$12,500 plus \$2,000 per employee, up to a maximum of \$312,500.
- The loan was over 4 years, with loan repayments starting after 24 months.
- The interest rate was 3% per annum, and reduced to 1% if the loan was fully repaid inside 1 year. If loans are paid late, penalty interest of 10% is charged.

#### June 2023 Update

As at 30 June 2023, the status of the BCCF is as follows:

- Total amount lent by the Government - \$6,904,400 to 151 borrowers
- Total repayments (in principal and interest) by 30 June 2023 was \$821,507
- There are 123 loans still being paid off by borrowers, with an aggregate balance of \$4,369,556
- Of the 123 loans, 47 loans (38%) are in arrears (behind in their payments). 27 companies are behind in their payments by more than 181 days.
- The total amount in arrears (late payments due) is \$255,201 (22% of the value of those loans in arrears)

BCI reports to MFEM quarterly on the repayments and accounts in arrears, and manages collections of debts.

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