

Financial Restructuring

1. Borrowers	<p>Private and public sector business entities (entities owned or majority-owned by the units of local or regional government and/or owned and/or majority-owned by the Republic of Croatia), where income taxpayers (except primary agricultural producers) must meet all of the following requirements:</p> <ul style="list-style-type: none"> • At least 10% share of capital and reserves in the balance sheet liabilities • Profit has not been paid out in the last two business years (including the retained profit) • No loans have been disbursed in the last two business years, except to related entities for operating business and development purposes.
2. Purpose of Loans	<p>Settling of existing obligations towards suppliers, financial institutions and other creditors (related entities excluded, except for the needs of customary and operating business, provided that the related entities are co-debtors of the borrower).</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 <p>In the case of lending through the risk-sharing model, the commercial bank as the applicant cannot use the loan funds to reduce its exposure towards the borrower.</p> <ul style="list-style-type: none"> • As an exception, for direct lending to borrowers: <ul style="list-style-type: none"> ○ secured by a guarantee issued by the Republic of Croatia, units of local or regional government or by a commercial bank acceptable for HBOR, generally covering at least 80% of the loan amount, ○ existing direct exposure of HBOR – application and related documentation shall be submitted to HBOR by the borrower
4. Loan Amount	<ul style="list-style-type: none"> • Generally, loans in the amount lower than EUR 50,000 are not approved • The maximum loan amount is not limited and depends on the assessment of creditworthiness of the borrower and structure of the transaction as well as available HBOR's sources of finance.
5. Loan Currency	<p>EUR</p>
6. Interest Rate	<ul style="list-style-type: none"> • 6.00% p.a. fixed • In certain cases, interest rate can be even higher as follows: <ul style="list-style-type: none"> ○ for borrowers that perform business activity and cannot obtain state aid and/or de minimis aid, effective interest rate (EIR)¹ cannot be lower than the reference interest rate for a single

¹ 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

	<p>borrower (RIR)², all in accordance with the regulations on the award of state aid</p> <ul style="list-style-type: none"> ○ for borrowers with loans in the amount of EUR 5 million and above, HBOR determines the level of interest rate for each individual loan
7. Fees	<p>Variable, in accordance with the Decision on Fees for HBOR Services valid on the day of calculation:</p> <ul style="list-style-type: none"> • Loan application fee: 0.50% on the contracted loan amount, • Commitment fee: 0.25% on the contracted undisbursed loan amount, <p>and other fees in accordance with the Decision on Fees for HBOR Services valid on the day of calculation.</p>
8. Period and Manner of Loan Disbursement	<ul style="list-style-type: none"> • Up to 12 months; Depending on the purpose and structure of investment, it is also possible to approve a longer period of loan disbursement. • Loan funds are disbursed to suppliers and/or financial institutions and/or other creditors, excluding related entities, except for the needs in terms of customary and operating business and if the related persons are co-debtors of the borrower, for the purpose of settling borrower's obligations on the basis of documentation for the utilisation of loan for prescribed purposes • As an exception, loan funds can be disbursed into the borrower's account, in accordance with approved purpose and planned projections of business, with obligatory justification by documentation for the utilisation of loan for prescribed purposes.
9. Repayment Period	<ul style="list-style-type: none"> • Up to 10 years, with up to 2-year grace period included, depending on the purpose and structure of transaction
10. Manner of Repayment	<ul style="list-style-type: none"> • Generally, in equal monthly or three-monthly instalments, depending on the purpose and structure of transaction
11. Collateral	<ul style="list-style-type: none"> • 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, pledge of business shares, bank guarantees and other security instruments customary in banking operations), and the risk assessment of the transaction and the borrower

² 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 with promotional interest rates. The range of valid RIR is available in the Information on Base and Discount Rates and Reference Rates.

12. 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
-

The Loan Programme shall apply to the applications received by HBOR as of 1 April 2023.