

Supplier Credit

(Loan Programme for Financing Suppliers Involved in Export Transactions)

All loan terms and conditions of this Programme are in accordance with the Rules of the OECD Consensus

1. Goal of the Loan Programme and Purpose of the Loans

The goal of the Loan Programme is to enable the competitiveness of exporters in international markets (by providing longer repayment terms to foreign buyers), increase the liquidity of exporters and reduce the risks that exporters face when participating in international trade.

The purpose of this Programme is to finance exports of goods and services.

2. Borrowers

An eligible borrower is an exporter of goods, works or services (hereinafter: the supplier) who has concluded an export contract with a foreign buyer.

In accordance with the Act on Preventing Conflict of Interest (Narodne novine, the Official Gazette of the Republic of Croatia, Nos. 26/11, 12/12, 126/12, 57/15) and all its subsequent amendments, there are restrictions in effect on lending to business entities in which ownership interests are held by officials and their family members. The provisions of the restrictions are considered a constituent part of HBOR's loan programmes. The complete wording of the restrictions can be downloaded using the following link: [Ograničenje u kreditiranju državnih dužnosnika](#).

3. Manner of Implementation of the Loan Programme and Loan Application Procedure

HBOR implements this Loan Programme by direct lending to suppliers.

A loan application is submitted by a supplier, who offers products (goods, works or services) to a foreign buyer, generally before concluding an export transaction.

The supplier concludes an export contract with the foreign buyer to sell goods, works or services on credit.

Supplier credit is approved in the following manner: after the prescribed conditions have been fulfilled, the approved loan funds are paid into the supplier's account in the currency of the export contract. The foreign buyer repays the loan to the supplier, and the supplier repays the loan to HBOR.

4. Loan Amount and Repayment

A loan may finance up to 100% of the export contract value for repayment periods of up to two years, or up to 85% of the export contract value for repayment periods of longer than two years.

In case of repayment periods longer than two years, the export contract must provide for an **advance payment** to be paid in principle prior to the first disbursement of the committed loan, **and/or an interim payment (in cash)** to be entirely effected before the last disbursement of the committed loan in the amount

of at least **15% of the export contract value**. This amount must be paid by the buyer into the exporter's account generally before the first disbursement of the committed loan funds.

The export contract value is the total value of exported goods, works or services to be paid for by the buyer (excluding local costs and interest).

Local costs cannot be financed from the supplier credit. Local costs include expenditure on goods, works and services in the buyer's country necessary for honouring the export contract. The loan application is submitted by the supplier (exporter), who offers products (goods, works or services) to the foreign buyer.

Currency: Loans are denominated in the currency of the export contract.

Repayment

a) ***Durable consumer goods, related services included*** (*goods intended to remain usable for a relatively long period of time, and not intended to be used in a manufacturing process*)

- **repayment period start date:** date on which the buyer takes physical possession of the goods in the importing country
- **permitted repayment period:** from 180 days to 2 years
- generally, a loan is repaid in monthly, three-monthly or semi-annual instalments; however, in accordance with a borrower's request and planned projections of operations, it is possible to consider and approve different loan repayment dynamics.

b) ***Parts or components to be incorporated into capital goods*** (*finished goods to be incorporated into capital goods*)

- **repayment period start date:** date on which the buyer takes physical possession of the goods in the importing country
- **permitted repayment period:** in principle, up to 180 days, or as an exception up to 5 years in the case of high unit value and long lifespan of the product
- generally, a loan is repaid in monthly, three-monthly or semi-annual instalments; however, in accordance with a borrower's request and planned projections of operations, it is possible to consider and approve different loan repayment dynamics.

c) ***Capital goods of lower purchase value*** (*machinery or equipment intended to be used in a manufacturing process or for commercial purposes*)

- **repayment period start date**
 - date on which the buyer takes physical possession of the goods in the importing country
 - in the case of contractual responsibility of the contractor for the good working order of the plant, for plant commissioning or operation, date on which preliminary tests and tests ensuring that the plant is operational have been made after installation and construction works have been completed
- **permitted repayment period:** up to 5 years
- generally, a loan is repaid in monthly, three-monthly or semi-annual instalments; however, in accordance with a borrower's request and planned projections of operations, it is possible to consider and approve different loan repayment dynamics.

d) ***Capital goods*** (*machinery or equipment of high purchase value intended to be used in a manufacturing process or for commercial purposes*)

- **repayment period start date:**
 - date on which the buyer takes physical possession of the goods in the importing country – sale of capital equipment consisting of individual segments that can be used separately;
 - date on which the buyer takes over the entire plant that is the subject matter of the export contract – construction of a whole plant (thermoelectric power plants, etc.), unless a commissioning, i.e. turn-key basis, has been agreed;
 - date on which works have been completed – construction works, if the contractor is not responsible for commissioning;
 - date on which preliminary tests and tests ensuring that the plant is operational have been made after installation and construction works have been completed – in the case of contractual responsibility of the supplier or the contractor for the good working order of

the plant, for plant commissioning or operation (applies whether or not the plant is handed over to the buyer in accordance with the terms and conditions of the export contract, and irrespective of any further obligation which the supplier or the contractor may have undertaken, e.g. plant technical guarantee or local staff training for work at the plant);

- in the cases referred to from i) to iv) above, if separate deliveries of individual project segments have been agreed in the contract: repayment period start date is defined as the time of delivery for each segment separately, or average of several deliveries separately, or for a significant segment of the project separately relating to the entire project;
- permitted repayment period: up to 15 years
- generally, a loan is repaid in monthly, three-monthly or semi-annual instalments; however, in accordance with a borrower's request and planned projections of operations, it is possible to consider and approve different loan repayment dynamics.

5. Interest Rate

The interest rate depends on the creditworthiness of the supplier, the creditworthiness of the buyer, on the importing country and on the export transaction, and it may be fixed or variable. The interest is calculated monthly, quarterly, semi-annually or annually (depending on the selected manner of principal repayment).

Interest during the disbursement period is not added to the principal, but paid.

1) Fixed interest rate

At the time of the loan contract conclusion, the interest rate cannot be lower than the internationally prescribed lowest interest rate – Commercial Interest Reference Rate - CIRR for the export contract currency. If the interest rate is determined before the loan contract conclusion (by an indicative offer, letter of intent or similar document), it cannot be lower than CIRR increased by 0.2%. In this way, the interest rate can be determined for the period no longer than 120 days.

2) Variable interest rate

In principle, the variable interest rate is determined on the basis of applicable EURIBOR rate increased by a margin that depends on the creditworthiness of the supplier, of the buyer, on the importing country and on the export transaction.

6. Fees

Loan application fee:

- 0.5% on the contracted loan amount, one-off
- collected before the first loan disbursement

Commitment fee:

- generally, a commitment fee of 0.25% p.a. is charged quarterly on the contracted and undisbursed loan amount, starting from the date of fulfilment of documentary conditions precedent under the loan contract until the end of the loan disbursement period

7. Loan Disbursement

The period of disbursement of the approved funds depends on the details of an export transaction or project and is determined in the loan contract pursuant to the terms and conditions of an export contract. Loan funds shall be disbursed directly into the exporter's foreign currency account.

8. Security

As security for due fulfilment of loan obligations under this Loan Programme, HBOR generally requires as follows:

- a policy insuring direct deliveries of goods and services against political and commercial risks of the Republic of Croatia issued in favour of the supplier and assigned to HBOR; and
- assignment of accounts receivable under the financed export contract to HBOR. For this purpose, the supplier shall open a foreign currency account with HBOR to be used by the foreign buyer for payments of amounts due under the export contract.

HBOR is entitled to request from the supplier other acceptable security.

9. Miscellaneous

Loan terms and conditions under this Programme may not apply, i.e. different terms and conditions may apply in accordance with the terms and conditions of the concluded export contract (if they are in accordance with the determined rules of the OECD consensus).

The provisions of HBOR's Decision on General Terms and Conditions of Lending Activities, the Ordinance on the Terms and Conditions of Security for HBOR's Placements, the Ordinance on Manner and Deadlines for Interest Calculation, the Ordinance on Fees for HBOR Services, as well as provisions of other HBOR documents and decisions made by HBOR bodies in charge shall apply to all matters that are not regulated by this Loan Programme.

10. Documentation to Support Loan Application

- Information on export transaction, before the submission of loan application

Status and financial documentation, AML/CTF¹ questionnaires

- (Form) Loan application
- (Form) Client Eligibility Statement
- Incorporation documents (articles of association in the case of a limited liability company, by-laws in the case of a shareholding company, statement of incorporation or document of incorporation, latest consolidated version)
- Notification of the classification of the business entity according to NKD (national classification of economic activities)
- BON 2/SOL 2 issued not more than 30 days before the date of loan application submission
- Financial statements:
 - Annual Financial Statements for previous two years of operations - Balance Sheet, Profit and Loss Account, Additional Data, Notes to the Financial Statements, Gross Balance Sheet
 - for middle and large entrepreneurs in accordance with the Accounting Act: Statement on Cash Flows as well
 - for entities subject to consolidation: Consolidated Statements as well
 - for entities subject to audit: Audited Statements enclosed with Auditor's Report as well
 - Quarterly Financial Statements as at the last day of the previous quarter with a presentation of comparative data for the same period previous year
- (Forms)

¹ Pursuant to the Anti Money Laundering and Counter-Terrorism Financing Act (Narodne novine, the Official Gazette of the Republic of Croatia Nos. 87/08 and 25/12) and all subsequent changes and amendments.

- Questionnaire for Legal Entities,
- Data on Beneficial Owners of Client/Loan Applicant
- Table of ownership - Attachment to Data on Beneficial Owners of Client/Loan Applicant
- For politically exposed persons: Questionnaire for Politically Exposed Persons, Statement on Origin of Assets and Funds

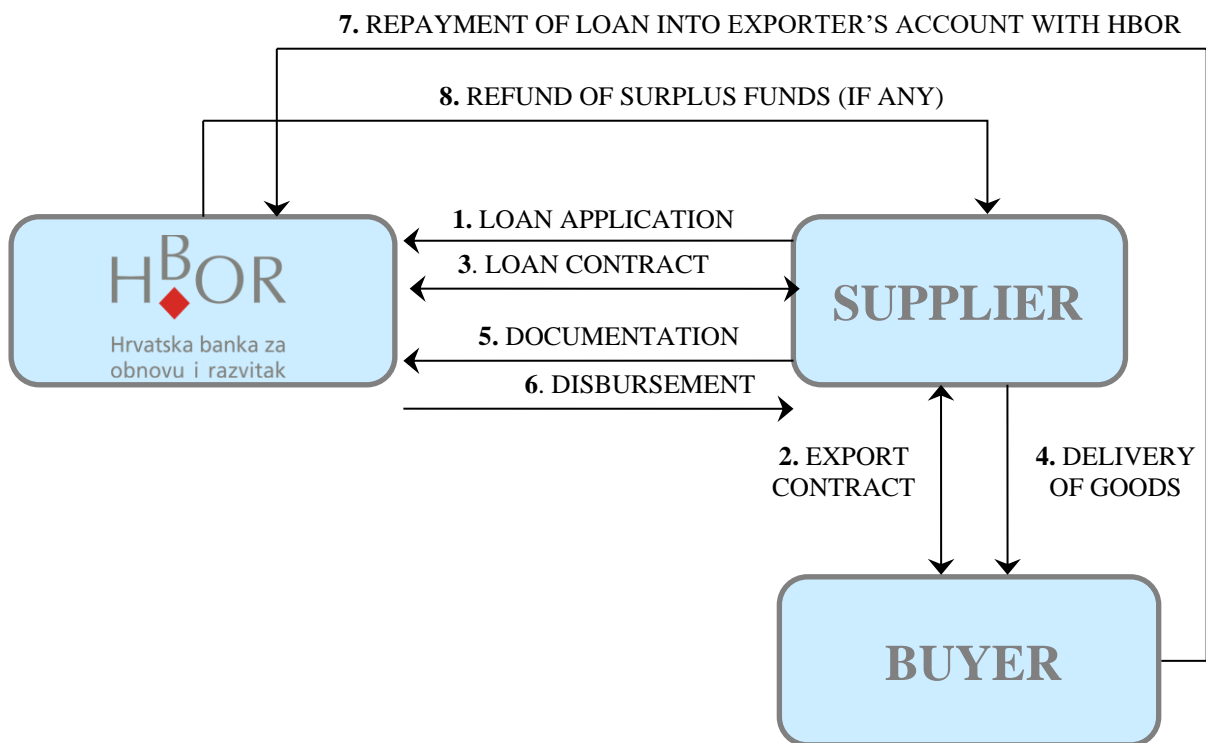
Other documentation and HBOR's forms

- Certificate of Tax Administration on the balance of liabilities towards the state, issued not more than 30 days before the date of loan application submission;
- List of authorised signatories for disposing of the funds deposited in the giro-account
- (Form) Statement on connected clients
- (Form) Client's tables

The standardised loan application form and other HBOR's forms are published on HBOR's website: www.hbor.hr or are available at HBOR upon request.

HBOR reserves the right to request other documentation as necessary for the processing of a loan application.

11. Scheme



The Loan Programme shall apply to the applications received in HBOR as of 15 April 2024.