

## Private Sector Investment

<b>1. Borrowers</b>	<p>Private sector business entities - companies, crafts businesses, sole traders, family farms, cooperatives and institutions.</p> <p>For the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County – private sector business entities that operate or will operate in Sisak-Moslavina County<sup>1</sup>.</p>
<b>2. Purpose of Loans</b>	<ul style="list-style-type: none"> <li>Investments in fixed assets (tangible and intangible assets) for the purpose of business modernisation, introduction of new technologies, increase in capacities, investments in research and development and introduction of new products or services, promotion of environmental protection, energy efficiency and renewable energy resources projects, tourist capacities and facilities, promotion of new employment and investments in defence activities<sup>2</sup></li> <li>Investments in fixed assets (tangible and intangible assets) for the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County<sup>1</sup> or stimulating the economic development of Lika-Senj County</li> <li>Working capital: up to 30% of the contracted loan amount</li> </ul> <p>Within the framework of this programme, HBOR may consider approval of loans to exporters registered in the Republic of Croatia for the purpose of expanding and internationalising business in the area of its predominant activity with the following purposes:</p> <ul style="list-style-type: none"> <li>Purchase of business shares in a foreign company, where the assessment of eligibility in direct lending is based primarily on the creditworthiness of exporter<sup>3</sup></li> <li>Capital investment in a foreign company (purchase of machinery and equipment and/or refurbishment/reconstruction of business premises), where the exporter registered in the Republic of Croatia has a majority business share in the foreign company.<sup>3</sup></li> </ul>
<b>3. Manner of Implementation</b>	<ul style="list-style-type: none"> <li>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</li> </ul>

<sup>1</sup> HBOR may also consider loan applications for recovery from the consequences of earthquake of private sector business entities operating in the area of Zagreb and Karlovac counties.

<sup>2</sup> Defence activities are defined in the document called the General Eligibility Criteria that makes a constituent part of this programme.

<sup>3</sup> The following is not eligible: purchase of a business share from a connected client in terms of ownership. Neither purchase of a business share nor a capital investment is eligible in a company with the headquarters in: - a country or region against which or against whose government the sanctions programmes implemented by relevant competent authorities are directed; - a country that is considered an offshore financial centre. This includes but is not limited to: - countries that finance or support terrorist activities or within which terrorist organisations operate; - countries that are on the EU's list of non-cooperative jurisdictions for tax purposes.

	<ul style="list-style-type: none"> <li>• Direct lending to borrowers (except family farms that are not within the VAT system and associations) – application and related documentation shall be submitted to HBOR by the borrower</li> </ul>
<b>4. Loan Amount</b>	<p><b>Minimum possible individual loan amount:</b></p> <ul style="list-style-type: none"> <li>• <b>HBOR's direct loans:</b> generally, loans in the amount lower than EUR 100,000 are not approved</li> <li>• <b>Loans on-lent via commercial banks:</b> generally, loans in the amount lower than EUR 50,000 are not approved</li> <li>• <b>Loans approved under the risk sharing model with commercial banks:</b> HBOR's share in a loan can generally not be lower than EUR 100,000</li> <li>• <b>Loans for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County and loans for the economic development of Lika-Senj County:</b> minimum loan amount is EUR 50,000</li> </ul> <p>Maximum loan amount is not limited and it depends on the specific features and creditworthiness of the borrower, purpose and structure of investment as well as available HBOR's sources of finance. It is possible to finance up to 75% of the estimated investment value, VAT not included<sup>4</sup></p> <p>Loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County or the economic development of Lika-Senj County can be approved as follows:</p> <ul style="list-style-type: none"> <li>○ In the case of HBOR's direct loans, it is possible to finance up to 85% of the estimated investment value, VAT not included</li> <li>○ In the case of loans on-lent through commercial banks, it is possible to finance up to 100% of the estimated investment value, VAT not included</li> </ul> <p>For loans with the purpose of investments in defence activities, up to 100% of the estimated investment value, VAT not included, can be financed if possible in accordance with the aid regulations.</p> <p>For loans with the purpose of purchasing a business share in a foreign company: maximum amount of the loan is not limited, but depends on the specific features and creditworthiness of the borrower as well as the available sources of HBOR finance</p>
<b>5. Loan Currency</b>	<ul style="list-style-type: none"> <li>• EUR</li> <li>• As an exception, for loans with the purpose of purchasing a business share in a foreign company: HBOR may consider approval of loans in currencies published on the official exchange rate list for the Croatian National Bank clients</li> </ul>
<b>6. Interest Rate</b>	<ul style="list-style-type: none"> <li>• <b>On loans in the amount of up to, and including, EUR 400,000.00<sup>5</sup>:</b></li> </ul>

<sup>4</sup> HBOR can consider financing of the estimated investment value, VAT included, if the borrower delivers goods or provides services that are excluded from the VAT calculation or for the borrowers not operating within the VAT system, except for loans with interest subsidy under the NRRP funds.

<sup>5</sup> The interest rates are already reduced by the subsidy from the Ministry of Finance. The subsidy from the Ministry of Finance is awarded in relation to the RIR and can equal up to a maximum of 5.00 p.p.

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- For investments in special areas of the Republic of Croatia and/or agricultural activity and/or green projects and/or digitalisation and/or research, development and innovation (RDI) and/or social infrastructure and/or defence activities and/or for exporters: 3.40% p.a., fixed<sup>6</sup>
  - For other investments: 3.90%, p.a., fixed
  - **On loans in the amount above EUR 400,000.00:**
    - Interest rate for each individual loan is determined by HBOR (for direct loans), or by commercial bank (for loans via commercial banks), where the so determined interest rate can be subsidised/reduced, depending on available funds of the Ministry of Finance or HBOR:
      - for micro, small and medium-sized enterprises (SMEs):
        - by 1.50 p.p. if investing in special areas of the Republic of Croatia and/or agricultural activities and/or green projects and/or digitalisation and/or RDI and/or social infrastructure and/or defence activities and/or are exporters<sup>6</sup>,
        - by 1.00 p.p. for other investments
      - for mid-caps and large enterprises:
        - by 1.50 p.p. if investing in defence activities,
        - by 1.00 p.p. if investing in special areas of the Republic of Croatia and/or green projects and/or digitalisation and/or RDI and/or social infrastructure and/or are exporters<sup>6</sup>,
        - by 0.50 p.p. for other investments.
  - **For business entities investing in the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County or the economic development of Lika-Senj County:**
    - **HBOR's direct loans in the amount of up to EUR 1,000,000.00<sup>5</sup>:** 3.00% p.a., fixed
    - **Loans via commercial banks in the amount of up to EUR 1,000,000.00<sup>5</sup>:** up to 3.00% p.a., fixed
    - **Loans in the amount of EUR 1,000,000.00 and above:** interest rate for each individual loan is determined by HBOR (for direct loans) or by commercial bank (for loans via commercial bank), where the so determined interest rate can be subsidised/reduced depending on available funds of the Ministry of Finance or HBOR:
      - for micro, small and medium-sized enterprises (SMEs):
        - by 1.50 p.p. if investing in special areas of the Republic of Croatia and/or agricultural activities and/or green projects and/or digitalisation and/or RDI and/or social infrastructure and/or defence activities and/or are exporters,
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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.

<sup>6</sup> The criteria for establishing special areas of the Republic of Croatia, agricultural activities, green projects, digitalisation, research, development and innovation (RDI), social infrastructure, defence activities and investments of exporters are defined by the General Eligibility Criteria that make a constituent part of this programme.

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- by 1.00 p.p. for other investments
  - for mid-caps and large enterprises:
    - by 1.50 p.p. if investing in defence activities,
    - by 1.00 p.p. if investing in special areas of the Republic of Croatia and/or green projects and/or digitalisation and/or RDI and/or social infrastructure and/or are exporters,
    - by 0.50 p.p. for other investments

- **Regardless of the amount, on loans for the purpose of purchasing a business share in a foreign company or for the purpose of capital investment in a foreign company:** interest rate is determined by HBOR (for direct loans) or by commercial bank (for loans via commercial bank), where the so determined interest rate can be subsidised/reduced by 1.50 p.p., depending on available funds of the Ministry of Finance or HBOR.

In certain cases, the above interest rates and/or interest rate reductions can differ from the above depending on the limit of maximum possible amount of interest subsidy and/or aid rules.

The maximum possible amount of interest rate subsidy for an individual loan is generally EUR 500,000.00<sup>7</sup>.

It is not possible to combine subsidies from the funds of the Ministry of Finance and/or HBOR and/or NRRP.

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#### 7. Interest rate on loans with subsidy under the NRRP<sup>8</sup> funds:

For borrowers and loans that meet the conditions prescribed by the Operational Programmes for the Implementation of Financial Instruments under the NRRP, part of the regular interest rate is subsidised by HBOR, in its own name and for the account of the Republic of Croatia, as follows:

- For investments in green and/or digital transition: up to 75% of regular interest rate, but to a maximum of 3.00 p.p. (for micro, small and medium business entities), or to a maximum of 2.00 p.p. (for mid-caps and large enterprises)
- For investments in special areas of the Republic of Croatia and/or RDI (research, development and innovation): up to 65% of the regular interest rate, but to a maximum of 3.00 p.p. (for micro, small and medium business entities), or to a maximum of 2.00 p.p. (for mid-caps and large enterprises)
- For other investments in competitiveness and resilience: up to 50% of the regular interest rate, but to a maximum of 3.00 p.p. (for micro, small and medium business entities), or to a maximum of 2.00 p.p. (for mid-caps and large enterprises)

Whereby the regular interest rate is determined as follows:

- **In the case of on-lending through a commercial bank**, the interest rate is determined by the bank in accordance with its internal documents
  - **In the case of direct lending to a borrower:**
    - **On loans in the amount of up, and including, EUR 400,000.00:**
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<sup>7</sup> As an exception, in case of projects exceeding EUR 10,000,000.00, with a repayment period longer than 12 years, which significantly contribute to the achievement of HBOR's strategic goals, an interest subsidy can be approved from the funds of the Ministry of Finance or from HBOR's funds (only for HBOR's direct loans) of up to EUR 1,000,000.00.

<sup>8</sup> NRRP – National Recovery and Resilience Plan

- in accordance with item 6 of this programme, or at the level of the reference interest rate (RIR) for an individual borrower if the RIR is higher than the interest rate from item 6 of this programme
- **on loans above EUR 400,000.00:**
  - interest rate for each individual loan is determined by HBOR
- **On loans to business entities investing in the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County:**
  - in accordance with item 6 of this programme, or at the level of the reference interest rate (RIR) for an individual borrower if the RIR is higher than the interest rate from item 6 of this programme

The highest possible amount of interest subsidy for a single loan is:

- EUR 500,000.00 for micro, small and medium-sized enterprises
- EUR 750,000.00 for mid-caps and large enterprises.

## 8. Fees

Variable, in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation:

- Loan application processing fee: 0.50% on the contracted loan amount,
- Commitment fee: 0.25% on the contracted undisbursed loan amount,

and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.

On loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County or the economic development of Lika-Senj County:

- no loan application processing fee,
- no commitment fee,
- no fee for changing the terms and conditions of loan,

and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.

Loan application processing fee is not charged on loans intended for investments in defence activities and direct loans under NRRP guarantee<sup>8</sup>.

## 9. Period and Manner of Loan Disbursement

- Generally, disbursement period is up to 12 months. Depending on the purpose and the dynamics of investment, it is also possible to approve a longer period of loan disbursement
- Part of the loan intended for the financing of fixed assets is disbursed to the account of seller/supplier/contractor based on the documentation evidencing the use of loan for earmarked purposes
- Part of the loan intended for the financing of working capital can be disbursed to the account of the borrower, with obligatory justification by documentation evidencing the use of loan for earmarked purposes
- Loans for the purpose of purchasing a business share in a foreign company are disbursed by payment in favour of the seller on the basis of a contract on the purchase of a business share/agreement on the transfer of a business share, which is acceptable to HBOR or to a commercial bank, respectively.

<b>10. Period of Repayment</b>	<ul style="list-style-type: none"> <li>Up to 20 years, with up to 3-year grace period included, depending on the purpose and structure of investment</li> <li>If the need is justified by the project, it is possible to approve longer grace period, up to 5 years.</li> </ul>
<b>11. Manner of Repayment</b>	Generally, in equal monthly, three-monthly or semi-annual instalments
<b>12. Collateral</b>	<ul style="list-style-type: none"> <li>Lending in cooperation with commercial banks: collateral is determined by the commercial bank</li> <li>Risk sharing model: collateral is determined by the commercial bank and HBOR</li> <li>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, insurance on business shares, bank guarantees, guarantees of HAMAG-BICRO and other security instruments customary in banking operations), and the risk assessment of the investment and the borrower</li> </ul>
<b>13. Related Documentation / Schedules</b>	<ul style="list-style-type: none"> <li>General Eligibility Criteria</li> <li>List of Documentation and Commercial Banks</li> <li>Decision on the General Terms and Conditions of HBOR Lending Activities</li> <li>Information on Base and Discount Rates and Reference Rates</li> <li>Interest subsidy on loans for SMEs – Operational Programme for the Implementation of the Financial Instrument of Interest Subsidy Fund for Loans to Micro, Small and Medium-Sized Business Entities under the NRRP</li> <li>Interest subsidy on loans for mid-caps and large business entities – Operational Programme for the Implementation of the Financial Instrument of Interest Subsidy for Loans to Mid-Caps and Large Entities under the NRRP</li> </ul>

**In the case of contracting club and syndicated loans, the loan terms and conditions contained in this Loan Programme may not apply, i.e. different terms and conditions may apply in agreement with the other members of the bank club/syndicate.**

**The Loan Programme shall apply as of 1 July 2025.**

**Interest subsidy under the NRRP funds can be approved until the available funds have been disbursed in full, and no later than 30 June 2026.**

**Interest subsidy from the funds of the Ministry of Finance and HBOR may be approved until the available funds have been used up.**