

## Schedule 1 – Ineligible Activities and Borrowers

Ineligible activities include the activities, operations, purposes, borrowers and investment types that are not eligible for financing under the loan programme: Loans for the Processing of Agricultural Products and the accompanying exemptions, if any:

- (1) Entities in difficulties  
Entities belonging to the category of undertaking in difficulty in accordance with the provisions of Article 2, point 18 of the Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187 of 26 June 2014), as amended;
- (2) Entities excluded from the scope of the Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 327, 21.12.2022) listed in Article 1, paragraphs 3 to 6 of the Commission Regulation (EU) 2022/2472;
- (3) Ineligible clients pursuant to the Excerpt from HBOR's Ordinance on Management of Reputational Risk Arising from Business Relationship with Client;
- (4) Ineligible borrowers in accordance with exclusion lists depending on the source of finance;
- (5) Entities with a previously approved loan for the processing of agricultural products;
- (6) Investments in tangible and intangible assets of agricultural product processors in the meat, cereals, fruit and/or vegetable processing sectors shall not be eligible, where the input product and the final product after processing are not products covered by Annex I to the TFEU<sup>1</sup>;
- (7) Investments in the purchase of an existing plant that is not operational or is not performing agricultural product processing activities at the time of loan application submission shall not be eligible, unless the purchase is related with the re-establishment or improvement of the production activity;
- (8) Investments in the purchase of an existing agricultural product processing plant that is operational at the time of loan application submission shall not be eligible if the transaction relates exclusively to a transfer of ownership without implementing a new investment, modernisation or capacity expansion;
- (9) Investments in the purchase of assets shall not be eligible if the purchase process was conducted under a conflict of interest or with connected clients;
- (10) Value added tax (VAT) shall not be an eligible expenditure, except for the borrowers who supply goods or provide services exempt from VAT or for the borrowers who do not operate within the VAT system;
- (11) Investments that have been physically completed or fully implemented before the submission of the loan application; including investments started before the submission of the application for a loan/aid<sup>2</sup>;
- (12) Refunding of existing loans (financing is allowed exclusively for new loans);
- (13) A loan under this Loan Programme shall not be used for the co-financing or pre-financing of grants, nor can grants be used to reimburse aid received from financial instruments;
- (14) Financially unsustainable investments. The investment must be financially sustainable (by applying standard financial and/or economic indicators, and in accordance with HBOR's internal documents and business decision) and in compliance with the applicable state aid rules;
- (15) Investments outside the territory of the Republic of Croatia;
- (16) Investments directly affected by a reasoned opinion of the Commission regarding an infringement in accordance with Article 258 of the Treaty on the Functioning of the European Union (TFEU) that jeopardises the legality and regularity of the expenditure or the effectiveness of operations;
- (17) Project that does not meet the minimum criteria for achieving the capital rebate shall not be eligible for financing under the Financial Instrument;

<sup>1</sup> [https://eur-lex.europa.eu/legal-content/HR/TXT/HTML/?uri=CELEX:02013R1308-20260318#anx\\_I](https://eur-lex.europa.eu/legal-content/HR/TXT/HTML/?uri=CELEX:02013R1308-20260318#anx_I)

<sup>2</sup> Start of works means the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible, whichever is the earlier. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works.

- (18) Ineligible activities related to the production of biofuels from food crops;
- (19) Ineligible activities in accordance with the Regulation (EU) 2021/2115<sup>3</sup>;
- (20) Purchase of land exceeding the limit laid down in Article 73, paragraph 3 of the Regulation (EU) 2021/2115;
- (21) Interest on debt;
- (22) Ineligible activities in accordance with HBOR's General Eligibility Criteria

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<sup>3</sup> <https://eur-lex.europa.eu/legal-content/HR/TXT/?uri=CELEX:02021R2115-20260318>