

Schedule 1 – Ineligible activities and borrowers

Ineligible activities include the activities, purposes, borrowers and types of investments that are not eligible for financing under the framework of the Urban Development Fund Loan Programme and the accompanying exemptions, if any:

- (1) Entities in difficulties
Entities belonging to the category of companies in difficulties in accordance with provisions of Article 2 item 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);
- (2) Ineligible clients pursuant to the Excerpt from the HBOR's Ordinance on Management of Reputational Risk Arising from Business Relationship with Client;
- (3) Ineligible borrowers in accordance with exclusion lists depending on the source of finance;
- (4) Financially unsustainable investment. Investment must be financially sustainable (by applying customary financial and/or economic indicators, and pursuant to internal documents and business decision of HBOR);
- (5) Investments that have been physically completed or entirely carried out before the submission of loan application; including investments started before the submission of application for loan/aid¹
- (6) Loan within the framework of this Loan Programme can neither be used for the co-financing or preliminary financing of grants nor can the grants be used for the compensation of aid received from financial instruments;
- (7) Purchase of land exceeding 10% of the loan amount, i.e., 15% for deserted and former industrial locations that include buildings;
- (8) Value added tax (VAT) if the borrower intends to use it as deduction;
- (9) construction, reconstruction, commissioning or decommissioning of nuclear power plant;
- (10) investments for the purpose of reducing greenhouse gas emissions from the activities stated in Annex I to Directive 2003/87/EC;
- (11) production, processing and marketing of tobacco and tobacco products;
- (12) investments in airport infrastructure, except for the outermost regions or in existing regional airports as defined in Article 2 item 153 of the Regulation (EU) No. 651/2014, in any of the following cases:
 - i. measures for mitigating environmental impact; or
 - ii. systems for the protection and safety of air traffic and its management that arise from research and development of air traffic management on the single European sky;
- (13) investments in landfill waste disposal, except for:
 - i. outermost regions, only in duly justified cases; or
 - ii. for investments in decommissioning, conversion or providing of existing landfills, provided that such investments do not increase their capacities;
- (14) investments in increasing the capacities of residual waste processing, except:
 - i. in outermost regions, only in duly justified cases;
 - ii. for investments in technologies for the use of materials from residual waste for the needs of circular economy;
- (15) investments relating to the production, processing, transport, distribution, warehousing or fossil fuels combustion.

¹ Start of works means the start of construction works related with an investment or the first legally binding obligation for ordering of equipment or any other obligation that makes such investment irrevocable, whichever occurs first. The purchase of land and preparation works, for example obtaining of licences and carrying out the feasibility study, is not considered the start of works.

- (16) all applicable bans and restrictions in accordance with HBOR's General Eligibility Criteria.