

## Working Capital

<b>1. Borrowers</b>	<ul style="list-style-type: none"> <li>• Private sector business entities - companies, crafts businesses, sole traders, family farms, cooperatives and institutions</li> <li>• Public sector business entities - companies and other entities (agencies, institutions, etc.) owned or majority-owned by the units of local or regional government and/or the Republic of Croatia</li> <li>• For the purpose of recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County – business entities of the private and public sectors that operate or will operate in Sisak-Moslavina County<sup>1</sup></li> </ul>
<b>2. Purpose of Loans</b>	<ul style="list-style-type: none"> <li>• Financing of current business operations (e.g. purchase of raw materials, production materials, semi-products, small inventory, settlement of obligations towards suppliers, labour costs, general current operating expenses)</li> <li>• Settlement of short-term obligations towards financial institutions, the state and settlement of other short-term obligations, excluding the repayment of debt to the owner, connected clients and other third persons, with the maximum repayment period of up to 12 months</li> <li>• Working capital for financing of defence activities<sup>2</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> <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"> <li>• Direct lending is possible in the following cases (except for family farms that are not in the VAT system and associations): <ul style="list-style-type: none"> <li>○ For loans in the amount of and exceeding EUR 500,000;</li> <li>○ For loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County, direct lending is possible in the amount of and exceeding EUR 100,000.</li> </ul> </li> </ul> <p>In the case of direct lending, the borrower submits the Application and the accompanying documentation to HBOR</p>
<b>4. Loan Amount</b>	<ul style="list-style-type: none"> <li>• Minimum possible individual loan amount in the case of loans on-lent via commercial banks generally equals:</li> </ul>

<sup>1</sup> HBOR may also consider loan applications for recovery from the consequences of earthquake of business entities from the private and public sectors that operate in Zagreb and Karlovac counties.

<sup>2</sup> Defence activities are defined in the General Eligibility Criteria, which make a constituent part of this Loan programme.

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- EUR 50,000

- Minimum possible individual loan amount in the case of direct loans generally equals:
  - EUR 100,000 for loans intended 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
  - EUR 500,000 for other borrowers

Maximum loan amount depends on the specific features and creditworthiness of the borrower, purpose and composition of the transaction as well as available HBOR's sources of finance.

<b>5. Loan Currency</b>	EUR
<b>6. Interest Rate</b>	<p><b>Loans to private sector business entities:</b></p> <ul style="list-style-type: none"> <li>• <b>Short-term and short-term revolving and long-term loans up to, and including, EUR 400,000.00:</b> <ul style="list-style-type: none"> <li>○ 4.00% per annum, fixed<sup>3</sup></li> </ul> </li> <li>• <b>Short-term and short-term revolving and long-term loans exceeding EUR 400,000.00:</b> <ul style="list-style-type: none"> <li>○ the interest rate for each individual loan is determined by HBOR (for direct loans) or the commercial bank (for loans on-lent via commercial banks), whereby the interest rate determined in this way may be subsidised/reduced<sup>4</sup> depending on the available funds of the Ministry of Finance or HBOR:               <ul style="list-style-type: none"> <li>▪ for micro, small and medium-sized enterprises (SME):                   <ul style="list-style-type: none"> <li>• by 1.50 percentage point if they invest in special areas of the Republic of Croatia and/or defence activities and/or are exporters,</li> <li>• by 1.00 percentage point for other investments</li> </ul> </li> <li>▪ for entities of medium market capitalisation and large business entities:                   <ul style="list-style-type: none"> <li>• by 1.50 percentage point if they invest in defence activities</li> <li>• by 1.00 percentage point if they invest in defence activities,</li> <li>• by 0.50 percentage point for other investments</li> </ul> </li> </ul> </li> </ul> </li> <li>• <b>Short-term and short-term revolving and long-term loans for business entities that invest in the recovery from the consequences of earthquake and the economic development of Sisak-Moslavina County or the economic development of Lika-Senj County:</b></li> </ul>

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<sup>3</sup> The interest rate is 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 pp.

RIR - Reference interest rate 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>4</sup> The criteria for determining special areas of the Republic of Croatia, exporters and defence activities are contained in the document General Eligibility Criteria that is a constituent part of this programme.

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- **HBOR's direct loans up to EUR 1,000,000.00:** 3.00% per annum, fixed<sup>3</sup>
  - **loans via commercial banks in the amount of up to EUR 1,000,000.00:** up to 3.00% p.a., fixed
  - **loans of and exceeding EUR 1,000,000.00:** the interest rate for each individual loan is determined by HBOR (for direct loans) or by the commercial bank (for loans on-lent via commercial banks), whereby the interest rate determined in this way may be subsidised/reduced<sup>4</sup> depending on the available funds of the Ministry of Finance or HBOR:
    - for micro, small and medium-sized enterprises (SME):
      - by 1.50 percentage point if they invest in special areas of the Republic of Croatia and/or defence activities and/or are exporters,
      - by 1.00 percentage point for other investments
    - for entities of medium market capitalisation and large business entities:
      - by 1.50 percentage point if they invest in defence activities
      - by 1.00 percentage point if they invest in special areas of the Republic of Croatia and/or are exporters,
      - by 0.50 percentage point for other investments

#### **Loans to public sector business entities:**

- 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<sup>5</sup>, depending on available funds of the Ministry of Finance or HBOR:
  - by 0.80 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
  - by 0.30 p.p. for other investments

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.

Maximum possible interest rate subsidy for an individual loan is determined in accordance with aid rules.

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

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## **7. Fees**

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

- Loan application processing fee:
    - Loans intended for investments in defence activities: no fee
    - Other loans: 0.50% on the contracted loan amount
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<sup>5</sup> The criteria for establishing special areas of the Republic of Croatia, green projects, digitalization, research, development and innovation (RDI) and social infrastructure are defined by the General Eligibility Criteria that make a constituent part of this programme.

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- Commitment fee:
    - Public sector entities: no fee
    - Other entities: 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.

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## 8. Period and Manner of Loan Disbursement

- Short-term loans:
  - Up to 3 months
  - One-off or successively, based on the documentation evidencing the utilisation of loan for earmarked purposes
- Revolving loans:
  - Up to 12 months
  - On revolving principle, based on the documentation evidencing the utilisation of loan for earmarked purposes
- Long-term loans:
  - Up to 12 months
  - One-off or successively, based on the documentation evidencing the utilisation of loan for earmarked purposes

Loan funds are disbursed to the account of the supplier/contractor and/or to the borrower's account, depending on the purpose of the working capital.

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## 9. Repayment Period

- Short-term loans:
  - Up to 12 months from the expiry of the disbursement period, provided that the total loan period (disbursement period and repayment period) shall not exceed the total of 12 months
- Revolving loans:
  - Up to 12 months from the conclusion of the Loan Contract

In the case of the revolving of the loan, which depends on the assessment of creditworthiness of the borrower and available HBOR's sources of finance, HBOR retains the right to change the interest rate and the fees of the revolved loan.

- Long-term loans:
  - Up to 6 years, including a grace period of up to 2 years, depending on the purpose and creditworthiness of the borrower (for loans with a repayment period of 5 years and less than 5 years, it is possible to approve the maximum grace period of up to 1 year)

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## 10. Manner of Repayment

- Short-term loans:
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- One-off or, generally, in equal monthly or three-monthly instalments
  - Revolving loans:
    - Successively or one-off, not later than on the date of the contracted ultimate repayment deadline
  - Long-term loans:
    - Generally, in equal monthly, three-monthly or semi-annual instalments
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#### **11. Collateral**

- 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, loan insurance policies, guarantees of HAMAG-BICRO and other security instruments customary in banking operations), and with the risk assessment of the transaction and the borrower
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#### **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
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**In the case of contracting club or 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 from the funds of the Ministry of Finance and HBOR may be approved until the available funds have been used up.**