**Restrictions on Lending to Business Entities**

**Whose Ownership Interests are Held by Public Officials and Their Family Members**

In terms of the provisions of the Conflict of Interest Prevention Act (Official Gazette of the Republic of Croatia Nos. 26/11, 12/12, 126/12, 57/15), HBOR **may not** consider the possibility of approving loans pursuant to the applications of:

* Companies in whose ownership structure are public officials performing a duty in HBOR, and having 0.5% or more shares or ownership interests, including those business entities in which the officials transferred their management rights based on the interest in the company’s capital to another person or a separate body. This restriction relates to all business entities in terms of the Conflict of Interest Prevention Act in which the officials performing a duty in HBOR have ownership interests.
* Business entities in which a family member of a public official performing a duty in HBOR has 0.5% or more ownership interests, in case when the official’s family member has in any possible way, either directly or indirectly, acquired the respective interest or shares from the public official in the period of two years before having been appointed or selected to perform this duty until the termination of the duty.

HBOR **may** consider the possibility of approving loans pursuant to the applications of:

* Companies (and other business entities) in whose ownership structure are public officials having 0.5% or more shares or ownership interests, including those business entities in which the officials transferred their management rights based on the interest in the company’s capital to another person or a separate body. The company is obliged to inform the Commission in due time on entering into a business relationship with HBOR.
* Business entities in which a family member of a public official performing a duty in HBOR has 0.5% or more ownership interests. The official performing a duty in HBOR is obliged to inform the Commission and HBOR about this circumstance in due time.

**Important remarks:**

In case of doubt whether any behaviour is in compliance with the public duty principles, public officials must request an opinion from the Commission for Decision-Making on Conflict of Interest.

Public officials are obliged to arrange their private businesses in the manner so as to prevent an envisaged conflict of interest. Should any conflict of interest arise, public officials are obliged to resolve them.

Members of the public officials’ family are spouses or co-habitation partners, their relatives by blood in direct line, brothers, sisters, adoptive parents or adopted persons of the officials.

The list of officials is determined by the Conflict of Interest Prevention Act. Officials are obliged to inform the Commission on all changes of data on the business entities in relation to which they must not enter into a business relationship.

These restrictions are deemed to be a constituent part of HBOR loan programmes.