

BUSINESS STRATEGY

2025 - 2029

HBOR has the following functions in the domestic banking system...




DEVELOPMENT
AND EXPORT BANK



EXPORT CREDIT
AGENCY



CAPITAL MARKET
DEVELOPMENT



MANAGEMENT OF EU FINANCIAL
INSTRUMENTS

.... as reflected in the following activities

Loan and guarantee products with the primary goal of providing financial support to the economy and society in line with the national development priorities

Loan and guarantee products and export credit insurance products with the goal of providing support for internationalisation of Croatian companies and strengthening of exports of the Republic of Croatia

Investing in alternative investment funds for equity finance for companies in all stages of development

Development of affordable sources of finance for the economy in the EU and national priority areas

Regional offices



HBOR was established in 1992 by the Act on HBOR and is 100% owned by the Republic of Croatia (RC).

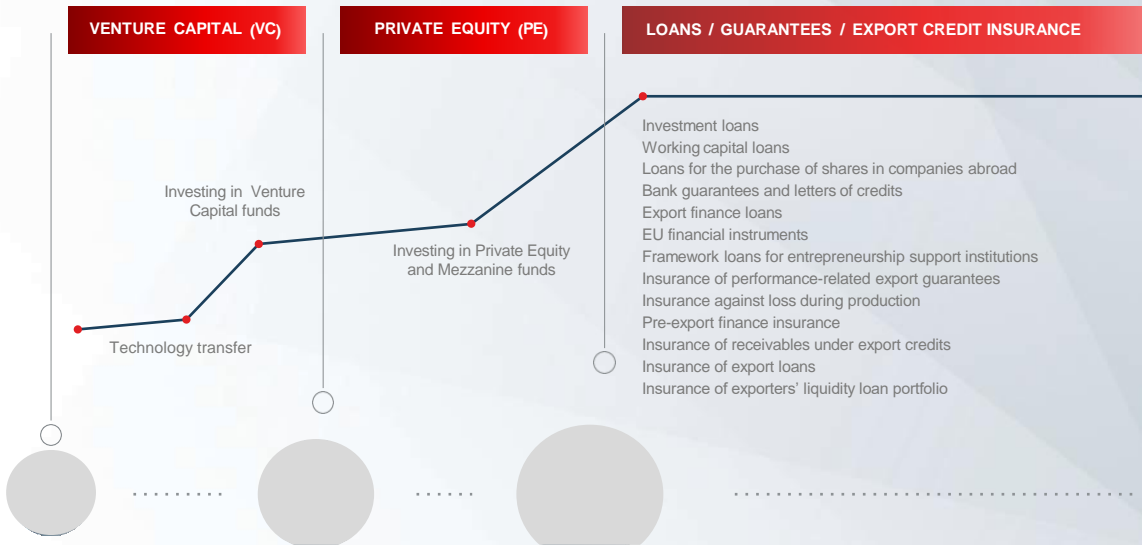
HBOR Group is comprised of Hrvatsko kreditno osiguranje d.d. and Poslovni info servis d.o.o.

HBOR cooperates with international financial institutions as the main source of its finance and with commercial banks, leasing companies and investment funds that act as intermediaries in placing a part of its services to its clients.

HBOR is an active member of numerous international organisations.

HBOR's vision is to be a spark of innovative and sustainable development of the Republic of Croatia through financial support and partnership with business entities and other stakeholders in the economy and society.

HBOR's mission is to provide proactive support for the development of the Republic of Croatia through financial products and services.





> 75
thousand
placements



> EUR 29 billion
total activities**



> EUR19 billion
lending activities



> 50% of loans
to SMEs

Previous strategic period (2020 – 2024)*

Total assets
EUR 4.0 billion

Total activities**
EUR 6.5 billion

Export credit
insurance activities
EUR 2.1 billion

Equity investment
EUR 103.5 million

SMEs >50%
loan amount
for private
sector

59% business
activities for
internationalisation

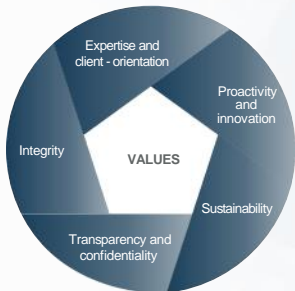
33% activities
for regional
and social
development

20% activities
for green and
digital
transition

* Forecast as of 31 December 2024

** Total activity: loans, guarantees, mandate activities, export credit insurance, equity investment





STRATEGIC GOALS



Promoting the development of venture capital, private equity and quasi-equity market in the RC (Equity)



Promoting the balanced and sustainable economic and social regional development of the RC (Regional and Social Development)



Promoting the Croatian economy internationalisation (Internationalisation)



Strengthening the competitiveness and resilience of the Croatian economy (Competitiveness and Resilience)



Promoting the green transition of the RC (Green transition)

STRATEGIC ENABLERS



Sustainability



Active and efficient use of national, EU and other international sources of funds



Proactive cooperation with stakeholders in the economy and society



Flexible and sustainable organisation with a proactive business approach





Sustainability

- Sustainability as HBOR's business foundation and framework
- Improved management of ESG risks
- Monitoring of and reporting on environmental and social impacts of HBOR



Proactive cooperation with stakeholders in the economy and society

- Continuous analysis of market needs
- Cooperation with ministries for the purpose of implementing national and crisis measures
- Strengthening cooperation with financial intermediaries



Active and efficient use of sources of funds

- Proactive cooperation with lenders and ministries for the purpose of efficient mobilisation of national and EU funds as well as funds of international financial institutions
- Orientation towards green sources of finance
- HBOR as the key public promoter of activities in the implementation of EU financial instruments



Flexible and sustainable organisation with a proactive business approach

- Improvement of risk management
- Further digitalisation and automation of processes and improvement of IT system
- Development of the system of reporting on impacts of HBOR's activities on the overall development of the RC
- HBOR – efficient bank whose products meet the needs of the market
- Satisfaction of HBOR's employees

For the successful achievement of strategic goals, it is necessary for HBOR to meet the strategic enablers by operating in accordance with its values.

Although traditional finance still plays an important role, there is a growing need for alternative sources of finance to improve the stability and availability of financial resources in the long term. Alternative sources, such as private equity (PE) funds and venture capital (VC) funds, are of key importance for small and medium-sized enterprises (SMEs), especially those in the early stages of development or those operating in high-growth sectors.

In spite of the progress in the development of equity and quasi-equity markets, there are still significant shortcomings in the market. The main challenges include the limited size of the market, the low level of awareness about the advantages of private finance, the lack of investors and generally the insufficient systemic support such as incubators, accelerators and hubs. HBOR actively promotes the establishment of investment funds, especially for VC and PE, which are focused on supporting companies in the early stage of development and innovation.

PRIORITY AREAS AND ACTIVITIES

Implementation of existing and development of new equity and quasi-equity funds

- Continued implementation of existing funds
- Development of new funds
- Development of InvestEU guarantees
- Preparation of 2027-2031 market gap analysis

Raising of awareness and cooperation with stakeholders

- Organisation of HBOR's annual Invest Conference
- Raising awareness of the importance of developing alternative sources of finance
- Cooperation with the scientific, academic and business communities for the purpose of knowledge transfer and product improvement
- Cooperation with ministries and other stakeholders on the development of the capital market in the RC

Development of internal capacities and competencies

- Continued development of business processes and activities
- Exchange of knowledge and experiences with EU and international financial institutions

EUR 100 million of investment by
HBOR for new alternative investment
funds in the 2025 - 2029 period

Rural and hill/mountain areas, islands and smaller settlements encounter challenges such as migrations, lack of infrastructure and low employment rates. Demographic challenges especially affect underdeveloped areas facing adverse economic and demographic trends. The issues like low attractiveness of those areas for living, inadequate infrastructure and poor traffic connections further increase the differences in economic and social development in the Republic of Croatia. Agriculture, forestry and fishing are key to the development of rural areas and islands. Differences in social conditions are further increasing, particularly in entrepreneurship, among young people and women, and therefore it is important to improve their position in the labour market. Through the financing of infrastructure and entrepreneurial projects, HBOR will endeavour to reduce regional differences, improve living conditions in underdeveloped regions and encourage the sustainable regional development of Croatia. HBOR's support will be aimed at achieving balanced regional development of Croatia, with a special focus on demographic challenges, improving the quality of life and business, and reducing adverse social and economic trends.

PRIORITY AREAS AND ACTIVITIES

Implementation of existing and development of new products for regional development

- Support for public sector investments
- Implementation of EU financial instrument for investing in public and business infrastructure (Urban Development Fund)
- Financial support for entrepreneurs investing in underdeveloped areas
- Support for rural development and agriculture

Implementation of existing and development of new products for projects with positive social impact

- Offering affordable terms and conditions of finance for entrepreneurship among vulnerable social groups (young, female and start-up entrepreneurs)
- Support for national and regional measures for regional and social development

Raising of awareness and cooperation with stakeholders

- Strengthening cooperation with local and regional government units and relevant ministries
- Providing technical assistance to LRGUs* in managing projects and seeking funding opportunities
- Raising the level of information about HBOR's financial products and services

* Local and regional government units

**Min. 40% of business activity for
regional and social development
in the 2025 -2029 period**

Internationalisation of the Croatian economy is essential for its long-term growth and competitiveness at the global level. It includes expansion of business activities to foreign markets, which enables companies to reduce dependence on the domestic market and contributes to the transfer of technologies and innovations. Although Croatian export is growing, the technological intensity of Croatia's exports is still using the average of the Central and Eastern European countries. New technologies and innovations are important drivers of growth, however, additional investment in research and development is required to increase Croatian exports to an even higher level of competitiveness at global markets.

Export of goods and services requires the possibility of selling with deferred payment, and exporters often face non-payment risks or political/economic challenges in their customers' countries. HBOR, as an export bank and export credit agency, offers exporters its loan programmes and its export credit insurance programmes for all stages of an export cycle. In the Croatian market, there is a lack of risk appetite for financing larger export transactions, especially in the case of buyers from high-risk countries. Through export credit insurance programmes, exporters are offered protection against the risk of non-payment, easier access to new markets and easier access to finance by using the insurance policies as collateral for bank placements.

PRIORITY AREAS AND ACTIVITIES

Implementation of existing and development of new export finance products

- Implementation of existing finance programmes for supporting exporters (loans and guarantees)
- Development of new finance programmes for supporting exporters

Implementation of existing and development of new export credit insurance products

- Implementation of existing and development of new export credit insurance products
- Development of new export credit insurance products that are not offered in the market (e.g. guarantee schemes, insurance of loans for the purchase of shares in foreign companies)

Raising of awareness and cooperation with stakeholders

- Cooperation with the Ministry of Finance to strengthen HBOR as the national export credit agency and promote the interest of Croatian exporters in international markets
- Active participation in EU and OECD* export credit working groups
- Exchange of knowledge and experience with EU and international export credit agencies



**Min. 40% of business activity
for internationalisation in the 2025 - 2029 period**

* Organisation for Economic Co-operation and Development

Competitiveness and resilience of the Croatian economy are key to long-term sustainability and growth in the global economic conditions of uncertainty, climate risks and global changes.

Small and medium-sized enterprises (SMEs) are the foundation of the Croatian economy and the main source of entrepreneurship and employment, but they also have a key role in strengthening competitiveness through innovation, development of new technologies and smart products as well as sustainable business practices.

Investments in research and development are key to creating new products and services that can meet the needs of the global market. The cooperation between the scientific and entrepreneurial communities has, in terms of the transfer and application of knowledge and technology in the economy, a significant role in economic development and in the development of the innovation capacity of the Republic of Croatia.

Competitiveness and resilience of the Croatian economy depend on the capacity of companies to recognise growth opportunities, to adapt to changes and to use innovations and digital technologies as tools to achieve their goals.

HBOR's key role is in the transformation of the Croatian economy to a modern, technologically advanced, competitive and resilient economy by offering financial support to entrepreneurs, in particular SMEs, through lending and investing products, with a focus on research and development, innovation and development of new technologies and digital transition.

**Min. 70% of business
activity for private sector in
the 2025 – 2029 period**

PRIORITY AREAS AND ACTIVITIES

Implementation of existing and development of new financial products for competitiveness and resilience

- Financial support to the private sector through loans, guarantee schemes, EU financial instruments and other products for investment and working capital
- Encouraging SMEs, research and development (RDI), digitalisation and Industry 4.0.
- Implementation of EU financial instruments for the promotion of sustainable tourism and modernisation of production
- Continued implementation of guarantees under NRRP for loans that contribute to RDI and digital transition
- Development of InvestEU guarantees for financing SMEs, RDI, digitalisation and Industry 4.0.

Raising of awareness and cooperation with stakeholders

- Strengthening cooperation with commercial banks and leasing companies
- Encouraging cooperation with academic communities and research institutions to speed up the processes of innovation and digitalisation through the exchange of knowledge and technology
- Cooperation with companies, financial institutions, government agencies and international organisations to achieve national and EU goals in terms of economy competitiveness and resilience
- Cooperation with competent ministries in the implementation of national and crisis measures that support economic recovery and increase resilience

Climate change and adverse impacts on the environment, including pollution, reduction of biodiversity, depletion of water and marine resources and improper use of natural resources, pose a serious challenge to humanity in the 21st century. Considering the growing risks, it is necessary to take concrete steps towards green transition to reduce emissions of greenhouse gases and mitigate negative effects of climate change.

Green transition is a key opportunity for the sustainable development of the Croatian economy together with reducing emissions, protecting environment and strengthening resilience to climate change. The process of green transition provides an opportunity to strengthen energy independence, introduction of new technologies and development of new industries and markets, particularly in the sector of green energy and sustainable agriculture.

HBOR, as the national development bank, through its financial products and services, will continue to be a key partner in attaining these goals by supporting projects that create an ecologically and economically sustainable future for Croatia. Through cooperating with stakeholders, developing new financial products and strengthening internal capacities, HBOR will play a key role in Croatia's transition towards a green and sustainable economy. HBOR will continue to finance projects that contribute to the reduction of greenhouse gas emissions, to energy efficiency, use of renewable energy sources and innovations in green technologies. HBOR will develop new sustainable financing products that enable favourable conditions of finance for green transition projects in different sectors of the economy and for the green transition of entrepreneurs. HBOR will monitor the alignment of its portfolio with climate neutrality goals by ensuring that its financial products support global and European goals for reducing greenhouse gas emissions.

EUR 1 billion for green transition in the 2025 - 2029 period

PRIORITY AREAS AND ACTIVITIES

Implementation of existing and development of new financial products for green transition

- Financing of green transition projects (energy efficiency, renewable energy sources and other activities that contribute to the reduction of emissions)
- Implementation of EU financial instruments for green transition
- Implementation of guarantee schemes to ensure favourable finance conditions for projects that contribute to green transition
- Development of new financial instruments and guarantees for the green transition of entrepreneurs

Raising of awareness and cooperation with stakeholders

- Partnership with entrepreneurs, EU and international financial institutions, government agencies and civil society to promote green transition
- Cooperation with academic communities, research centres and other relevant institutions to exchange best practices in the field of sustainable development
- Support for local initiatives and projects that contribute to sustainable development to additionally strengthen the regional and social aspects of the green transition

Development of internal capacities and competencies

- Regular training of employees for the effective management of green transition projects
- Exchange of knowledge and experience with other development banks, EU and international institutions to strengthen HBOR's capacities



HBOR CROATIAN BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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