HBOR
HRVATSKA BANKA ZA OBNOVU I RAZVITAK

Schedule 2 – Insurance Programme

PROGRAMME FOR THE PORTFOLIO INSURANCE OF LIQUIDITY LOANS FOR EXPORTERS PO-OPK-LIKV-01/25

Description and Goal of Insurance Programme

The Programme for the Portfolio Insurance of Liquidity Loans for Exporters (hereinafter: the Insurance Programme) is implemented by the Croatian Bank for Reconstruction and Development (hereinafter: HBOR or the Insurer) within the framework of its export credit insurance business for and on behalf of the Republic of Croatia aiming to support the exports and the internationalisation of the economy of the Republic of Croatia. The Insurance Programme was introduced on 25 April 2024 and amended on 17 October 2024 and 13 November 2025.

Nature and Form of Insurance Programme

The Insurance Programme is implemented in the form of portfolio insurance of new liquidity loans for exporters through the execution of Portfolio Insurance Agreement by and between the Insurer and a credit institution covering up to 80% of the principal amount of a liquidity loan for exporter.

The Insurance Programme is open to all credit institutions in the Republic of Croatia established in the Republic of Croatia (headquarters or subsidiary) that operate in accordance with the Credit Institutions Act (have the licence for conducting operations in the Republic of Croatia) and to the Croatian Bank for Reconstruction and Development as a lender (hereinafter: HBOR as the lender, hereinafter jointly: the Insured) that meet the following criteria[1]:

- (i) No supervisory measures are being taken against the Insured, i.e. there are no supervisory measures imposed by the regulator, which could lead to the reduction of capital adequacy, and
- (ii) In the period of the last three years, on a non-consolidated level, the Insured has not operated with a loss for two consecutive years, and
- (iii) Capital ratios and capital buffers of the Insured, on a non-consolidated basis, in each of the last three years meet the conditions set by regulatory capital adequacy requirements.

The Insurance Programme can apply only to new liquidity loans and not to already existing ones.

As financial intermediaries, the Insured parties are obliged to provide an exporter with more favourable loan terms and conditions, e.g. in the form of a higher volume of finance (approval of a higher exposure to exporter), by assuming riskier portfolios (approval of a loan in spite of a riskier rating of exporter), in the form of lower requirements for other collateral, lower interest rates etc., about which the Insured shall inform the Insurer when including the loan into the portfolio as part of the Notification on Inclusion.

Duration of Insurance Programme

The duration of the Insurance Programme is not limited in time; however, the Insurer and the Insured have the right to cancel the Portfolio Insurance Agreement, based on which the Insurance Programme is implemented, at any time.

Final Beneficiaries of Insurance Programme

The final beneficiaries of this Insurance Programme are exporters in accordance with the Eligibility Criteria for the inclusion of loans in the portfolio with regard to the Exporter (the Borrower) that require liquidity for their activities.

[1] HBOR as the lender shall adequately demonstrate the fulfilment of the eligibility criteria of credit institutions.

Sectoral and Regional Scope of Insurance Programme[2]

The Insurance Programme is open to exporters from all sectors, except for the activities listed as Ineligible Activities in HBOR's General Eligibility Criteria[3], and shall apply to the entire territory of the Republic of Croatia, whereby the entrepreneurs that meet the following export criteria are considered to be exporters (hereinafter: the Exporters):

a) Entrepreneurs who generated in the last business year for which the official annual financial statements are available:
   - at least 30% of their operating income from export revenues, or
   - more than 50% of their operating income from accommodation revenues, where in that year the share of realised overnight stays of non-residents of the Republic of Croatia in the total number of overnight stays is at least 30%, or
   - at least 30% of their income from revenues in cooperation with one or more exporters,

Or

b) Who, at the moment of loan disbursement, have unrealised or unpaid export contracts/orders in the Loan amount or are exporters' suppliers for the respective export contracts.

Duration of Loans

The Loan duration may be 6 years at the longest and it shall be counted from the execution date of the Loan Contract until the final date of the Loan repayment period.

Manner of Insurance

The Insurer shall conclude a Portfolio Insurance Agreement with an individual Insured establishing their business cooperation on the implementation of this Insurance Programme and, by the Agreement, the Insurer insures the Loans included into the Portfolio by the Insured against non-payment. The Insured shall not submit individual applications for insurance, but they shall include loans in the insured portfolio themselves and shall report to the Insurer on such approved loans on a quarterly basis.

As an exception, the Insured shall request from the Insurer prior consent for the inclusion of the following loans in the Portfolio:

(i) Loans with respect to which the net insured sum (the product of the loan principal amount and the coverage amount) equals EUR 5,000,000.00 or more, and/or

(ii) Loans granted to the Borrowers to whom the Insurer is already exposed or will, together with the respective loan, possibly be exposed under the programmes for the insurance of liquidity loans / working capital loans / pre-export financing loans of the Insurer[4] in the total gross amount of EUR 20,000,000.00 or more, or

(iii) Loans granted to the Borrowers who are not regular in settling their current loan obligations and obligations to the state, in the manner defined by the Eligibility Criteria for the inclusion of loans in the portfolio in relation to the Exporter (Borrower).

An integral part of the Portfolio Insurance Agreement is, inter alia, the document: the General Terms and Conditions of Portfolio Insurance of Liquidity Loans for Exporters OU-OPK-LIKV-01/25 with all subsequent changes and amendments (hereinafter: the General Terms and Conditions), that contains the rights and obligations of the Insured and the Insurer. In the event of a discrepancy between a

[2] The complete Eligibility Criteria for the inclusion of loans in the portfolio and the Eligibility Criteria for changing loan repayment period due to business reasons can be found on pages from 6 to 13 of this Insurance Programme.

[3] HBOR's General Eligibility Criteria in effect that have been published on the website: https://www.hbor.hr/zakoni-pravilnici-akti-i-ostali-dokumenti

[4] The Pre-Export Financing Insurance Programme (abbreviated: KPI), the Programme for the Insurance of Exporters' Working Capital Loan Portfolio (abbreviated: OPK SME), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: OPK Covid), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: PPO Covid), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine (abbreviated: OPK Ukraine), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine (abbreviated: PPO Ukraine), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters (abbreviated: OPK LIKV)

particular provision of the General Terms and Conditions and the Insurance Programme, the provisions of the General Terms and Conditions shall prevail.

Premium

The Insurer shall charge the Premium for Loan insurance to the Insured.

The Insured shall pay to the Insurer the Premium for each Loan included in the Portfolio. The Insured calculates the Premium one-off for each Loan on the occasion of its inclusion in the Portfolio and displays the calculated amount in the Notification on Inclusion that is accompanied by the Premium calculation.

The Premium is stated and charged in Euros. The Insurer shall issue to the Insured an invoice for the Premium based on the Premium calculation contained in the Notification on Inclusion.

Calculation of the Premium:

- The Insured can calculate the Premium at any moment from the day of receipt of the loan application until the day of execution of the Loan Contract. If the Premium is calculated before the day of execution of the Loan Contract, the Insured shall use the assumption of the earliest possible day of execution of the Loan Contract for the respective calculation in such a way that the Loan duration, on which the calculation is based, is not shorter than the Loan duration resulting from the executed Loan Contract and shall use all other loan terms and conditions in accordance with the Loan Contract.
- During the Loan disbursement period (until the start of the Loan repayment period), the Premium is calculated on the insured sum of the approved loan principal amount regardless of the Loan disbursement status.
- The Loan duration is calculated on the basis of the calendar year. The total Loan duration cannot be longer than six calendar years (e.g. if the Loan Contract was executed on 1 September 2024, the last day of the Loan repayment period must be 1 September 2030 at the latest).
- For each Loan, the Premium is calculated by applying the appropriate annual premium rate on the insured sum of the Loan principal (up to 80% of the Loan principal) on the basis of the preliminary Loan principal repayment schedule for the Loan duration.
- Annual premium rates are established by the Insurer in accordance with its internal documents by using the following data to be submitted by the Insured:
  a) PIN (OIB) and name of the Borrower
  b) Size of the Borrower (in accordance with the EU definition[5]):
     - micro enterprise, or
     - small or medium-sized enterprise, or
     - large enterprise
  c) The information whether the Borrower is a so-called start-up enterprise[6] and, if yes, whether it has operated longer than 1 year and whether its annual financial statements are available
  d) Loan duration in days
- As an exception to the above provision, for enterprises without a credit history or without a rating based on the balance sheet approach (so-called start-up enterprises), if the rating cannot be determined by HBOR, and for all other enterprises for which HBOR will not be able to determine a financial or base rating, the Insured shall determine the annual premium rate as the difference between:
  (i) the annual interest rate on the loan, not taking into account the respective insurance of the Loan under the Insurance Programme and
  (ii) the cost of borrowing of the Insured for the loan to be included in the Portfolio.
- The amount of the calculated Premium is discounted to the present value by applying the discount interest rate published by the European Commission (base rate[7] increased by 1 percentage point, in %). The Insured applies the discount rate in effect on the date of Premium calculation, unless it is

[5] Commission Recommendation No. 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20. 5. 2003, p 36-41)

[6] Start-up enterprises are those enterprises that, at the moment of the submission of loan application, have been operating for less than 3 years with respect to the date on which they were established.

[7] https://competition-policy.ec.europa.eu/state-aid/legislation/reference-discount-rates-and-recovery-interest-rates/reference-and-discount-rates_en

announced on the Premium calculation date preceding the Loan Contract execution date that the discount rate will change on the Loan Contract execution date and the new discount rate is disclosed. In that case, the Insured shall apply the discount rate in effect on the Loan Contract execution date.
- If more than 3 months elapse from the Premium calculation date to the Loan Contract execution date, the Insured shall carry out a new calculation of the Premium by using the new premium rate that it shall request from the Insurer. The new Premium calculation shall be carried out in accordance with the Premium calculation procedure stated above.

Fees

Administrative cost fee

- The Administrative cost fee is charged by the Insurer to the Insured for the insurance of the Loan.
- The Insured shall pay the Administrative cost fee to the Insurer for each Loan included in the Portfolio. The Insured calculates the Administrative cost fee one-off for each Loan when it is included in the Portfolio and discloses the calculated amount in the Notification on Inclusion submitted together with the calculation of the Administrative cost fee.
- The Administrative cost fee is expressed and charged in euros. The Insurer shall issue to the Insured an invoice for the Administrative cost fee based on the calculation of the Administrative cost fee contained in the Notification on Inclusion.
- The Administrative cost fee is calculated in the same way as the Premium as it is mentioned above, except for the part relating to the establishment and application of the appropriate annual premium rate. Instead of the annual premium rate, the annual rate of the administrative cost fee is applied as determined by the Insurer in accordance with its internal documents.

The fee for processing the application for Insurer's consent

- It is calculated and charged per processed application for consent and amounts to:
    - for giving consent for the inclusion of a loan in the Portfolio: 0.10% on the amount of the insured Loan principal (without interest), at least EUR 200.00 and at most EUR 2,000.00,
    - for giving consent for a change in the terms and conditions of loans that are already included in the Portfolio: 0.05% on the amount of the insured Loan principal (without interest), at least EUR 100.00 and at most EUR 1,000.00.
- The fee for processing the application for Insurer's consent is stated and charged in Euros. The Insurer shall issue to the Insured an invoice for the fee for processing the application for consent together with the issued consent.

Loan approval

Loan approval is performed independently by the Insured in accordance with its own assessment of the Exporter's creditworthiness and in accordance with its own procedures, where the Loan that the Insured wishes to include in the Portfolio must meet the **Eligibility Criteria for the Inclusion of Loans in the Portfolio defined in this Insurance Programme**. The Highest portfolio volume and other specific terms and conditions of insurance shall be determined in the Portfolio Insurance Agreement.

The Insured includes Loans in the Portfolio in the manner that, upon the expiry of each Calendar quarter, it submits to the Insurer the Notification on Inclusion containing data on all loans it wishes to include in the Portfolio and for which the Loan Contract has been executed in the respective Calendar quarter (as an exception, data on loans for which the Loan Contract has been executed in the previous Calendar quarter, if the Insured accidentally omitted them in the previous Notification on Inclusion, and which the Insured wishes to include in the Portfolio), accompanied by preliminary loan repayment schedule.
Pursuant to the Notification on Inclusion, the Insurer shall issue to the Insured the invoices for the Premium and for the Administrative cost fee.

The Insured shall report three-monthly to the Insurer on the balance of Loans, on repaid Loans, on the change in the Loan repayment period, and once a year on the recovery for the Loans for which the Indemnity has been paid.

Claim

In the case of non-payment under the Loan, the Insured shall submit to the Insurer a Claim upon the expiry of 30 calendar days from the Day of calculation together with the attached documentation defined in the General Terms and Conditions. The Insurer will give its response regarding the submitted Claim within 35 calendar days. If the Claim is accepted, the Insurer shall, within ten calendar days, pay the Indemnity to the Insured up to the amount of contracted Coverage rate (up to 80%) of the Loss.

Indemnity is stated and paid in Euros.
Before the Indemnity payment, the Insured shall execute the Recovery Contract with the Insurer regulating, among others, their rights and obligations in respect of the collection of receivables under the Loan after the Indemnity payment.

Recovery

Recovery from the Exporter, after the Indemnity has been paid, is made by the Insured independently for its own and for the Insurer's receivables. In the case of recovery, the inflows from all security instruments contracted under the Loan, if they are contracted, shall be divided pro rata between the Insurer and the Insured in the amount of the contracted insurance coverage (the Insured shall forward to the Insurer up to 80% of the collected amount or in accordance with the contracted Coverage rate if it is lower than 80%, respectively).
The Insurer shall compensate the Insured for up to 80% of incurred Costs of Enforced Collection or in accordance with the contracted Coverage rate if it is lower than 80%, respectively, provided that the Insured has obtained a prior or subsequent written consent for the mentioned Costs from the Insurer.

Change in the Loan repayment period due to business reasons, Premium for the change in the loan repayment period and Administrative cost fee for the change in the loan repayment period

For the Loans included in the Portfolio, for which no Indemnity has been paid, the Insured is authorised to modify the Loan repayment period on its own once if the Extension of the loan repayment period is shorter than or equal to three months, for which it is not obliged to pay an additional Premium or additional Administrative cost fee[8].

If the Extension of the loan repayment period is longer than three months, then the Insured is authorised to modify it on its own, provided that such Change in the loan repayment period is made due to business reasons, i.e. further need of the Exporter for liquidity funds and provided that on the day of the change approval, the Eligibility criteria for the change in the loan repayment period due to business reasons have been met. In such a case, the Insured is obliged to calculate and pay the Premium for the change in the loan repayment period and the Administrative cost fee for the change in the loan repayment period to the Insurer. The calculated amounts of the Premium for the change in the loan repayment period and the Administrative cost fee for the change in the loan repayment period are stated by the Insured in the Notification on the change in the loan repayment period.

<u>The Premium for the change in the loan repayment period</u> is calculated as the difference between the Premium for new Loan duration and the Premium for initial Loan duration.
The Premium for new Loan duration is calculated in the same way as the Premium for initial Loan duration (Loan duration start date is the Loan Contract execution date), and the calculation is based on the same premium rate and discount rate used for calculating the Premium for initial Loan duration.
The repayment schedule used to calculate the Premium for new Loan duration is prepared in such a way that, until the moment of changing the Loan repayment period, it contains the actual date of execution of the Loan Contract, the actual Loan disbursements and the initially contracted repayment

[8] The Insured is not obliged to calculate and pay the Premium or the Administrative cost fee for the Extension of the loan repayment period that is shorter than or equal to three months only when it is the first Extension of the loan repayment period. If the Extension of the loan repayment period that is equal to or shorter than three months is performed several times (for which the Insured is obliged to obtain the Insurer's prior consent), and if the first Extension of the loan repayment period is longer than three months, whereas some of the following Extensions of the loan repayment period are equal to or shorter than three months, it is necessary to calculate and pay the Premium for the change in the loan repayment period and the Administrative cost fee for the change in the loan repayment period.

of the Loan, whereas after the change in the Loan repayment period, it contains the repayment of the Loan in accordance with the terms and conditions after the change in the Loan repayment period.
If the Loan repayment period is changed during the Loan disbursement period, for the purposes of calculating the Premium for new Loan duration, the amount of the Loan specified in the Loan Contract is used as the contracted amount of the Loan. If the Loan repayment period is changed after the start of the Loan repayment, the amount of the disbursed Loan is used as the contracted amount of the Loan.

The Administrative cost fee for the change in the loan repayment period is calculated as the difference between the Administrative cost fee for new Loan duration and the Administrative cost fee for initial Loan duration.
The Administrative cost fee for new Loan duration is calculated in the same way as the Administrative cost fee for initial Loan duration (Loan duration start date is the Loan Contract execution date), and the calculation is based on the same administrative cost fee rate and discount rate used for calculating the Administrative cost fee for initial Loan duration.
The repayment schedule used to calculate the Administrative cost fee for new Loan duration is prepared in such a way that, until the moment of changing the Loan repayment period, it contains the actual date of execution of the Loan Contract, the actual Loan disbursements and the initially contracted repayment of the Loan, whereas after the change in the Loan repayment period, it contains the repayment of the Loan in accordance with the terms and conditions after the change in the Loan repayment period.
If the Loan repayment period is changed during the Loan disbursement period, for the purposes of calculating the Administrative cost fee for new Loan duration, the amount of the Loan specified in the Loan Contract is used as the contracted amount of the Loan. If the Loan repayment period is changed after the start of the Loan repayment, the amount of the disbursed Loan is used as the contracted amount of the Loan.

Eligibility criteria for the inclusion of loans in the portfolio
Below are the **Eligibility criteria for the inclusion of loans in the portfolio** that must be met so that the Loans may be insured:

1. ELIGIBILITY CRITERIA FOR THE INCLUSION OF LOANS IN THE PORTFOLIO

1.1. WITH RESPECT TO THE EXPORTER (BORROWER)

1.1.1. The following criteria must be fulfilled on the day of the Loan approval, whereby the documentation from which the Insured has established the facts during the processing of the loan application will be considered relevant[9]:

Exporter	The Borrower may be any entity that performs economic activity, regardless of its size and legal form, and has its registered headquarters in the Republic of Croatia (companies, crafts businesses, other legal entities and natural persons: sole traders) and (i) Is not subject to the sanctions of the European Union (hereinafter: EU) or international partners[10], including, but not limited to the entities: – Specifically stated in the legal documents imposing these sanctions, or – Owned or controlled by persons, entities, or bodies subject to sanctions adopted by the EU or international partners, or – Which operate in the sectors to which sanctions adopted by the EU or international partners are applied, to the extent that the Insurance

[9] If more than 3 months elapse between the receipt of the documentation, on the basis of which the criteria are determined, and the Loan approval, the Insured shall determine and document (through a statement submitted to the Insurer with the Claim) that there have been no changes in relation to the collected documentation or obtain a new (updated) documentation.
[10] United Nations (*UN sanctions list*), Financial Action Task Force (*FATF sanctions list*), United Kingdom of Great Britain and Northern Ireland (*UK sanctions list*), United States of America (*US sanctions list*)

Programme would impair the achievement of the objectives of the relevant sanctions,

where the Insured is obliged to establish that the Borrower is not subject to the respective sanctions in accordance with its own internal procedures, as well as to establish that the Borrower has stated this in the Statement on Sanctions (which will be stated in the Statement of the Insured to be submitted to the Insurer with the Claim),

(ii) Is not in difficulties (in terms of the General Block Exemption Regulation[11]), where the Insured is obliged to establish that the Borrower has stated in the Statement on the Client's Status that it is not in difficulties, and regardless of the Borrower's statement, the Insured is obliged to check and establish on its own that the Borrower does not meet any of the following conditions (which will be stated in the Statement of the Insured to be submitted to the Insurer with the Claim):

a) for limited liability companies (capital companies: joint stock companies, limited liability companies etc.), according to the latest official annual financial statements of company, the capital and reserves amount to less than 50% of subscribed equity capital, i.e., for unlimited liability companies, more than half of the total assets have been reduced due to transferred losses, and

b) pre-bankruptcy, bankruptcy or liquidation proceedings have been initiated against the company, and

c) for large enterprises, if during the last two years for which official annual financial statements of company are available, both of the following conditions have been cumulatively met in both the years:

i. the ratio of long-term financial liabilities and capital and reserves of entrepreneur is higher than 7.5, and

ii. the ratio of EBITDA to interest expense on financial liabilities is lower than 1.0.

In the case of entrepreneurs who are part of a group, the criteria are always considered at the level of the entrepreneur, but if the mutual relations of the companies in the group indicate interdependence in business (most often when the companies in the group operate in the same or neighbouring markets) and difficulties of the entire group, it is necessary to check the criteria at the level of the group as well.

In the case of entrepreneurs that have been operating for less than three years with respect to the date of their incorporation, the Insured considers only the criterion under b).

(iii) Meets duly its current loan obligations and obligations towards the state:

a) the Insured's exposure to the Borrower has been classified as a risk group A with the Insured (in accordance with the Decision of the Croatian National Bank[12]). If the Insured has not been exposed to the Borrower, this criterion shall not apply; and

b) the Borrower has no overdue liabilities older than 30 calendar days towards other creditors with which it has debt[13], which is established by

[11] 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 Text with EEA relevance (OJ L 187, 26. 6. 2014), consolidated version of 1. 7. 2023

[12] Decision on the Classification of Exposures to Risk Groups and the Manner of Determining Credit Losses (Official Gazette of the Republic of Croatia Nos 114/2017 and 110/2018, 139/2022), with all subsequent changes and amendments

[13] Liabilities of the Borrower with all credit institutions in accordance with the Credit Institutions Act and with HBOR as a lender are considered.

the Insured on the basis of the Exporter's Statement on Indebtedness and:

(i) by insight into the Basic Register System (BRS system) for creditors that participate in data exchange with the Croatian Register of Loan Obligations (HROK), which is documented by the Insured by records/reports from the BRS system, and/or

(ii) attachments to the Statement on Indebtedness, consisting of the creditors' statements not older than 30 days from the day of loan application submission (e.g. certificates of regularity of payments at financial institutions, statements of open items, etc.)[14]; and

c) The Borrower has no overdue public contribution liabilities for which official records are kept by the Tax Administration or, in case of the existing overdue liabilities, they are regulated (e.g. by an administrative contract concluded with the Tax Administration). The Insured establishes the fulfilment of this condition on the basis of the Certificate on Debt Balance based on public contributions, of which official records are kept by the Tax Administration, and which is not older than 30 days from the date of loan application submission.

The fulfilment of the criterion referred to in this item (iii) the Insured will state in the Statement of the Insured submitted to the Insurer with the Claim,

(iv) Meets the export criterion:

a) In the latest business year for which company's financial statements are available, it has generated:

- At least 30% of its operating income from export revenues[15] (exporter), or
- More than 50% of its operating income from overnight stays, where the share of realised overnight stays of non-residents of the Republic of Croatia in the total number of overnight stays[16] in that year is at least 30% (exporter), or
- At least 30% of its operating income from revenues in cooperation with one or several exporters referred to in the previous two paragraphs (exporter's supplier)[17],

or

b) At the time of Loan disbursement, it has unrealised or unpaid contracts/orders in the Loan amount as follows:

- export contracts/orders in cooperation with one or several foreign buyers (exporter), or

[14] In any case, the Insured has the right to choose whether the criterion of payment regularity will be determined on the basis of data from the BRS system or through the statements of creditors, however, it is important to determine this for all creditors that the Exporter has stated in the Statement of Indebtedness.

[15] The term "export revenues" means any revenues generated with non-residents of the Republic of Croatia. Export revenues are determined by the Insured on the basis of the official financial statements of the Borrower or, if export revenues are not recorded in the financial statements, on the basis of other documentation by which the Insured determines the fulfilment of this criterion (e.g. a written statement of the Borrower together with documents signed by authorised representatives or legal representatives or proxies of the Borrower, who can verify and confirm it, such as, for example, the gross balance sheet harmonised with the official financial statements, conto cards of customers containing the turnover achieved in the respective year, contracts with customers partially or fully realised in the respective year, BON1 with information on export revenues in the respective year, internal or external reports of the Borrower containing data on export revenues, etc.).

[16] The Insured determines the share of overnight stays of non-residents of the Republic of Croatia in the total number of overnight stays with the accommodation service providers by using the report of the eVisitor system, i.e. by using the report of the eCrew system in the case of stays aboard vessels.

[17] The Insured determines the fulfilment of the criterion that the Borrower is exporter's supplier based on the Borrower's written statement confirming accordingly together with the documents that can verify and confirm the statement (documents proving that the Borrower is a supplier to one or more companies and that these companies are exporters; for document examples, see the previous two footnotes).

	– contracts/orders in cooperation with one or several exporters from above indent concluded for the purpose of realising that export contract/order (exporter's supplier).
Activity	Any activity of the Borrower is considered eligible except for the activities listed in Ineligible activities within the framework of HBOR's General Eligibility Criteria[18], which is established by the Insured on the basis of the Statement on the Borrower's Activity to be submitted with the Claim.
Others	The creditworthiness of the Borrower has been assessed favourably by the Insured in accordance with the regulations, its standard internal documents, rules and procedures, as the Insured generally treats the liquidity loans approved to Borrowers of the same or similar risk category, which shall be confirmed by the Insured in the statement to be delivered to the Insurer together with the Claim. The Borrower and/or responsible persons of the Borrower listed in the Statement of Eligibility of Client that the Insured obtains from the Borrower, have not been convicted by a final decision of one or several criminal offences specified in the Statement of Eligibility of Client, and in relation to them, there are no circumstances specified in the Statement of Eligibility of Client, i.e. in case there are certain final convictions and circumstances, appropriate measures listed in the Statement of Eligibility of Client have been taken. The Insured establishes the fulfilment of this condition on the basis of the Statement of Eligibility of Client and in accordance with its standard internal documents, rules and procedures, which will be stated in the Statement of the Insured submitted to the Insurer with the Claim.

1.2. WITH RESPECT TO THE LOAN

1.2.1. The following criteria must be fulfilled on the day of Loan approval, whereby the documentation from which the Insured has established the facts during the processing of the loan application will be deemed relevant[19]:

Type	Individual, framework or revolving loans
Purpose	(i) Loans must be new liquidity loans. (ii) Loan funds must not be disbursed by the Insured, and the Borrower must not use them to refund or prematurely settle obligations under existing debts with the Insured or other financial institutions[20] or to refund or prematurely settle obligations under existing financial debts with connected clients (loans, borrowings, leases, etc.). (iii) Loan funds may be disbursed by the Insured, and the Borrower may use them to settle obligations that regularly become due during the period of Loan disbursement or have regularly become due before the period of Loan disbursement to the Insured and other financial institutions and to settle such obligations under financial debts with connected clients (loans, borrowings,

[18] HBOR's General Eligibility Criteria published as valid on the website: https://www.hbor.hr/zakoni-pravilnici-akti-i-ostali-dokumenti
[19] If more than 3 months elapse between the receipt of the documentation, on the basis of which the criteria are determined, and the Loan approval, the Insured shall determine and document (through a statement submitted to the Insurer together with the Claim) that there have been no changes in relation to the collected documentation or obtain new (updated) documentation.
[20] HBOR as a lender, credit institutions in accordance with the Credit Institutions Act, leasing companies in accordance with the Leasing Act, factoring companies in accordance with the Factoring Act

	leases, etc.) in accordance with the repayment schedules in effect at the time of the execution of the respective loan contracts, where the maximum amount of the Loan that can be disbursed and used to settle such obligations is 35% of the total amount of the Loan. (iv) Loan funds may be disbursed by the Insured, and the Borrower may also use them to reimburse the Borrower (reimbursement) for expenses previously paid by the Borrower, incurred no earlier than in the period of 6 months before the day of receipt of the loan application and assessed by the Insured as eligible in accordance with the eligible purpose of the Loan under the Insurance Programme, where in the case of reimbursement of expenses paid by the Borrower to financial institutions and in the case of reimbursement of expenses paid by the Borrower under financial debts with connected clients (loans, borrowings, leases, etc.) the amount of reimbursement for these expenses may amount up to a maximum of 35% of the total amount of the Loan. The amount of reimbursement of expenses paid by the Borrower to other suppliers that are not financial institutions and the amount of reimbursement of other expenses not linked with financial debts with connected clients (loans, borrowings, leases, etc.) are not limited. (v) A maximum of 35% of the total amount of the Loan altogether may be used for the payment of obligations to financial institutions and connected clients referred to in the previous two paragraphs (settlement of regular maturities and reimbursements). (vi) If the Loan funds are disbursed in favour of the Borrower, and the Insured does not check the purpose of using these Loan funds in accordance with regulations, its standard procedures and the Loan Contract, the Insured is released from the liability for further verification of the purpose after the payment.
Amount	The maximum amount of the Loan per one Borrower is determined depending on how the export criterion from the Eligibility criteria for the inclusion of loans in the portfolio has been determined in relation to the Exporter (Borrower) referred to in paragraph 1.1.1., item (iv) of the Exporter criterion under this Insurance Programme, and can amount to a maximum of: a) The planned amount of necessary liquidity (working capital) of the Borrower in the Loan disbursement period, if the export criterion is determined in relation to the required share (%) of operating income from export revenues / overnight stays or for suppliers of such exporters (sub-item a), item (iv)), or b) The planned amount of unrealised or unpaid contracts/orders for one or more export transactions at the time of Loan disbursement, if the export criterion is determined in relation to export contracts/orders or for suppliers of such exporters (sub-item b), item (iv)). The Insured determines the maximum Loan amount in accordance with the amount specified by the Borrower in the Statement of Required Liquidity (working capital), and its attachments. The Loan principal can be increased by the cost of the Premium and the Administrative cost fee.
Currency	EUR
Loan duration	Time period from the day of execution of the Loan Contract until the last day of the Loan Repayment Period that includes the Loan Disbursement Period and the Loan Repayment Period. The Loan Repayment Period includes a grace period

	and the Loan repayment, where in no case the Loan Duration can be longer than six years. Interest can be repaid annually or more often. The loan duration is determined by the Insured, regardless of how the export criterion is determined in the Eligibility criteria for the inclusion of loans in the portfolio in relation to the Exporter (Borrower) referred to in paragraph 1.1.1., item (iv) of the Exporter criterion of this Insurance Programme.
Others	The Insured may include in the Portfolio only those loans for which Loan Contracts were executed during the lifetime of the Portfolio Insurance Agreement, where the Loans must be included in the Portfolio in the entire amount of the principal. The Insured may include in the Portfolio a loan for which the net Insured sum (the product of the principal amount of the Loan and the amount of coverage) will be EUR 5,000,000.00 or more only if it has received prior consent from the Insurer for the inclusion of the respective loan in the Portfolio. The Insured may include in the Portfolio a loan granted to the Borrower to which the Insurer is already exposed or will together with the respective loan potentially be exposed under HBOR's insurance programmes for liquidity loans / working capital loans / pre-export financing[21] in the total gross amount of EUR 20,000,000.00 or more only if it has received prior consent from the Insurer for the inclusion of the respective loan in the Portfolio. The Insured determines the specified total gross exposure in accordance with the Statement on loans approved with HBOR's insurance, which is provided by the Borrower at the time of loan application submission, taking into account all loans that have been approved and that have not been fully repaid, as well as loans for which approval is being considered, together with the respective loan that is intended to be included in the Portfolio[22]. If the Borrower is part of a group, the exposure is considered at the level of an individual Borrower. The Insured will request these consents from the Insurer through the prescribed form of Request for Insurer's Consent (Schedule to the Portfolio Insurance Agreement), to which the Insurer will respond in writing no later than 30 calendar days from the receipt of the complete consent request.

[21] The Pre-Export Financing Insurance Programme (abbreviated: KPI), the Programme for the Insurance of Exporters' Working Capital Loan Portfolio (abbreviated: OPK SME), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: OPK Covid), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: PPO Covid), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine (abbreviated: OPK Ukraine), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine (abbreviated: PPO Ukraine), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters (abbreviated: OPK LIKV).

[22] When calculating the total loan amount, the maximum possible gross exposure per loan principal at the time of loan application submission is taken into account: 1) for loans that have not yet been approved, the amount of the requested loan principal is taken into account; 2) for approved loans that are still in disbursement, the amount of approved loan principal is taken into account; 3) for approved loans for which the disbursement period has expired, the balance (unrepaid amount) of the loan principal is taken into account.

Eligibility criteria for the change in the loan repayment period due to business reasons
Below are the **Eligibility criteria for the change in the loan repayment period due to business reasons** that must be met so that the Insured is able to modify on its own the Loan Repayment Period in the event of the Change in the Loan Repayment Period due to Business Reasons and so that the Loan may be insured:

2. ELIGIBILITY CRITERIA FOR THE CHANGE IN THE LOAN REPAYMENT PERIOD DUE TO BUSINESS REASONS

2.1. WITH RESPECT TO THE EXPORTER (BORROWER)

All under 1.1.1. above stated Eligibility criteria for the inclusion of loans in the portfolio with respect to the Exporter (Borrower) must be fulfilled on the day of approval of the Change in the loan repayment period due to business reasons, whereby the documentation from which the Insured has established the facts during the processing of the application for the change in the loan repayment period will be considered relevant[23].

2.2. WITH RESPECT TO THE LOAN

The following Criteria with respect to the Loan must be fulfilled on the day of approval of the Change in the loan repayment period due to business reasons, whereby the documentation from which the Insured has established the facts during the processing of the application for the change in the loan repayment period will be considered relevant[23].

Type	Individual, framework or revolving loans
Purpose	(i) Loans must be new liquidity loans. (ii) Loan funds must not be disbursed by the Insured, and the Borrower must not use them to refund or prematurely settle obligations under existing debts with the Insured or other financial institutions[24] or to refund or prematurely settle obligations under existing financial debts with connected clients (loans, borrowings, leases, etc.). (iii) Loan funds may be disbursed by the Insured, and the Borrower may use them to settle obligations that regularly become due during the period of Loan disbursement or have regularly become due before the period of Loan disbursement to the Insured and other financial institutions and to settle such obligations under financial debts with connected clients (loans, borrowings, leases, etc.) in accordance with the repayment schedules in effect at the time of the execution of the respective loan contracts, where the maximum amount of the Loan that can be disbursed and used to settle such obligations is 35% of the total amount of the Loan. (iv) Loan funds may be disbursed by the Insured, and the Borrower may also use them to reimburse the Borrower (reimbursement) for expenses previously paid by the Borrower, incurred no earlier than in the period of 6 months before the day of receipt of the loan application and assessed by the Insured as eligible in accordance with the eligible purpose of the Loan under the Insurance Programme, where in the case of reimbursement of expenses paid by the Borrower to financial institutions and in the case of reimbursement of expenses paid by the Borrower under financial debts with

[23] If more than 3 months elapse between the receipt of the documentation, on the basis of which the criteria are determined, and the approval of the change in the loan repayment period due to business reasons, the Insured shall establish and document (through a statement submitted to the Insurer together with the Claim) that there have been no changes in relation to the collected documentation or obtain new (updated) documentation.
[24] HBOR as a lender, credit institutions in accordance with the Credit Institutions Act, leasing companies in accordance with the Leasing Act, factoring companies in accordance with the Factoring Act

	connected clients (loans, borrowings, leases, etc.) the amount of reimbursement for these expenses may amount up to a maximum of 35% of the total amount of the Loan. The amount of reimbursement of expenses paid by the Borrower to other suppliers that are not financial institutions and the amount of reimbursement of other expenses not linked with financial debts with connected clients (loans, borrowings, leases, etc.) are not limited. (v) A maximum of 35% of the total amount of the Loan altogether may be used for the payment of obligations to financial institutions and connected clients referred to in the previous two paragraphs (settlement of regular maturities and reimbursements). (vi) If the Loan funds are disbursed in favour of the Borrower, and the Insured does not check the purpose of using these Loan funds in accordance with regulations, its standard procedures and the Loan Contract, the Insured is released from the liability for further verification of the purpose after the payment.
Amount	The maximum amount of the Loan per one Borrower is determined depending on how the export criterion from the Eligibility criteria for the inclusion of loans in the portfolio has been determined in relation to the Exporter (Borrower) referred to in paragraph 1.1.1., item (iv) of the Exporter criterion under this Insurance Programme, and can amount to a maximum of: a) The planned amount of necessary liquidity (working capital) of the Borrower in the Loan disbursement period, if the export criterion is determined in relation to the required share (%) of operating income from export revenues / overnight stays or for suppliers of such exporters (sub-item a), item (iv)), or b) The planned amount of unrealised or unpaid contracts/orders for one or more export transactions at the time of Loan disbursement, if the export criterion is determined in relation to export contracts/orders or for suppliers of such exporters (sub-item b), item (iv)). The Insured determines the maximum Loan amount in accordance with the amount specified by the Borrower in the Statement of Required Liquidity (working capital), and its attachments. The Loan principal can be increased by the cost of the Premium and the Administrative cost fee.
Currency	EUR
Extension of the loan repayment period	The last day of the prolonged Loan repayment period may not be longer than 6 years from the date of execution of the initial Loan Contract.

All terms written in capital letters in this Insurance Programme have the meanings as defined in the General Terms and Conditions.