

## Private Sector Investment

<b>1. Borrowers</b>	Private sector business entities - companies, crafts businesses, sole traders, family farms, cooperatives and institutions
<b>2. Purpose of Loans</b>	<ul style="list-style-type: none"><li>• Investments in fixed assets (tangible and intangible assets) for the purpose of business modernisation, introduction of new technologies, increase in capacities, investments in research and development and introduction of new products or services, promotion of environmental protection, energy efficiency and renewable energy resources projects, tourist capacities and facilities as well as promotion of new employment</li><li>• Working capital: up to 30% of the contracted loan amount</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><li>• Direct lending to borrowers (except family farms that are not within the VAT system and associations) – application and related documentation shall be submitted to HBOR by the borrower</li></ul>
<b>4. Loan Amount</b>	<ul style="list-style-type: none"><li>• Generally, the minimum loan amount is HRK 200,000.00</li><li>• The maximum loan amount is not limited and depends on the specific features and creditworthiness of the borrower, purpose and structure of investment as well as available HBOR's sources of finance. Financing through loan can be up to 75% of the estimated investment value, VAT not included<sup>1</sup>.</li></ul>
<b>5. Loan Currency</b>	<ul style="list-style-type: none"><li>• HRK indexed to EUR</li></ul>
<b>6. Interest Rate</b>	<ul style="list-style-type: none"><li>• Market competitive business entities<sup>2</sup> investing in activities of special interest<sup>3</sup>: 1.50% p.a. fixed</li><li>• Business entities investing in special areas of the Republic of Croatia<sup>4</sup> and are market competitive<sup>2</sup>: 2.00% p.a. fixed</li><li>• Other business entities: 3.00% p.a. fixed</li></ul> <p>In certain cases, interest rate can be higher depending on the cost of the available sources of funding and the regulations on the award of state aid and/or de minimis aid. HBOR reserves the right to determine the level of interest rate different from the one specified in the programme for each individual loan amounting to HRK 50 million or more (i.e. equivalent value in another currency).</p>
<b>7. Fees</b>	<ul style="list-style-type: none"><li>• Variable, in accordance with the Decision on Fees for HBOR Services valid on the day of calculation:<ul style="list-style-type: none"><li>◦ Loan application fee: 0.50% on the contracted loan amount,</li></ul></li></ul>

<sup>1</sup> HBOR can consider financing of 100% of the estimated investment value, VAT included, if the borrower delivers goods or provides services that are excluded from the VAT calculation or for the borrowers not operating within the VAT system.

<sup>2</sup> Criteria for defining market competitive business entities can be found in the General Eligibility Criteria, which are a constituent part of this loan programme.

<sup>3</sup> Activities of special interest are defined in the General Eligibility Criteria, which are a constituent part of this loan programme.

<sup>4</sup> Special areas of the Republic of Croatia are defined in the General Eligibility Criteria, which are a constituent part of this loan programme.

	<ul style="list-style-type: none"> <li>○ Commitment fee: 0.25% on the contracted undisbursed loan amount, and other fees in accordance with the Decision on Fees for HBOR Services valid on the day of calculation.</li> </ul>
<b>8. Period and Manner of Loan Disbursement</b>	<ul style="list-style-type: none"> <li>• Generally, up to 12 months. Depending on the purpose and the dynamics of investment, it is also possible to approve a longer period of loan disbursement.</li> <li>• Part of the loan intended for the financing of fixed assets is disbursed to the account of seller/supplier/contractor based on the documentation for utilisation of loan for earmarked purposes</li> <li>• Part of the loan intended for the financing of working capital can be disbursed to the account of the borrower, with obligatory justification by documentation evidencing the use of loan for earmarked purposes</li> </ul>
<b>9. Repayment Period</b>	<ul style="list-style-type: none"> <li>• Up to 14 years, with up to 3-year grace period included, depending on the purpose and structure of investment</li> </ul> <p>As an exception to the mentioned, depending on the purpose and structure of investment, it is possible to approve the following repayment and grace periods:</p> <ul style="list-style-type: none"> <li>• For the planting and/or restructuring of perennial crops in agriculture: up to 15 years, including grace period of up to 5 years</li> <li>• For investments in tourism or if the investment study indicates the need for longer maturity and/or grace period: up to 17 years, including grace period of up to 4 years.</li> </ul>
<b>10. Manner of Repayment</b>	<ul style="list-style-type: none"> <li>• Generally, in equal monthly, three-monthly or semi-annual instalments</li> </ul>
<b>11. Collateral</b>	<ul style="list-style-type: none"> <li>• Lending in cooperation with commercial banks: collateral is determined by the commercial bank</li> <li>• Risk sharing model: collateral is determined by the commercial bank and HBOR</li> <li>• 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, guarantees of HAMAG-BICRO and other security instruments customary in banking operations), and the risk assessment of the investment and the borrower</li> </ul>
<b>12. Related Documentation / Schedules</b>	<ul style="list-style-type: none"> <li>• General Eligibility Criteria</li> <li>• List of Documentation and Commercial Banks</li> <li>• Decision on the General Terms and Conditions of HBOR Lending Activities</li> </ul>

**The Loan Programme shall apply to the applications received by HBOR as of 1 May 2019.**