

## Pre-Export Finance

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<b>1. Borrowers</b>	<ul style="list-style-type: none"><li>• Private sector business entities – companies, crafts businesses, sole traders, family farms, co-operatives and institutions</li><li>• Public sector business entities – companies and other business entities (agencies, institutions, etc.) majority-owned by the units of local or regional government and/or the Republic of Croatia</li></ul>
<b>2. Purpose of Loans</b>	<ul style="list-style-type: none"><li>• Pre-shipment export finance until collection (purchase of raw materials, production materials, semi-products, settlement of obligations towards suppliers, labour costs and other current expenses) and/or financing the collection of payment for an export transaction.</li></ul> <p>Not eligible for financing:</p> <ul style="list-style-type: none"><li>○ Export of services, except for construction and transportation services, services directly related to the export of goods (assembly etc.), services of finishing or exports pursuant to intergovernmental agreements (employee dispatching);</li><li>○ Pre- and post-shipment export finance of raw materials;</li><li>○ Goods under export quotas or export embargo;</li><li>○ Export of products manufactured in an environmentally unacceptable manner;</li><li>○ Mediation in trade with foreign countries (re-export).</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 is possible for loans exceeding HRK 1.5 million (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 100,000.00, and the maximum loan amount depends on specific features and creditworthiness of the borrower, contracted export transactions, calculation of necessary funds, available HBOR's sources of finance, etc.</li></ul>
<b>5. Loan Currency</b>	HRK indexed to EUR
<b>6. Interest Rate</b>	<ul style="list-style-type: none"><li>• Minimum 1.75% 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>

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## 7. Fees

- Variable, in accordance with the Decision on Fees for HBOR Services valid on the day of calculation:
  - Loan application fee:
    - 0.50% on the contracted/revolved loan amount, but not less than 500 HRK
  - Commitment fee:
    - For public sector entities: no fee
    - For other entities: 0.25% on the undisbursed loan amount

and other fees in accordance with the Decision on Fees for HBOR Services valid on the day of calculation.

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## 8. Period and Manner of Loan Disbursement

- Financing of an individual transaction:
  - Generally, up to 3 months, exceptionally longer, depending on the duration of production/business process
  - Loan can be disbursed one-off or successively based on the documentation for utilisation of loan for earmarked purposes
- Framework revolving loan:
  - Generally, up to 12 months
  - The loan is disbursed on revolving principle based on the documentation for utilisation of loan for earmarked purposes, with the obligation of submitting three-monthly or six-monthly justification through 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 in the case of pre-shipment export finance and/or to the borrower's account in the case of collection of payment for an export transaction.

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## 9. Repayment Period

- Financing of an individual transaction:
  - Up to 15 working days from the day of collection of payment for the export transaction for which the loan has been contracted and generally not longer than 12 months from the end of the disbursement period, except if a production/business process and the contracted collection period do not exceed 12 months.
- Framework revolving loan:
  - Loan revolving is possible, depending on the assessment of creditworthiness of the borrower and available HBOR's sources of finance, where HBOR retains the right to change the currency, the interest rate and the fees of the revolved loan. If the loan does not revolve, it becomes due in entirety on the last day of the disbursement period.

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## 10. Manner of Repayment

- Financing of an individual transaction:
    - One-off repayment
  - Framework revolving loan:
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- One-off, not later than on the contracted repayment date, or earlier, if the borrower cannot justify a part of the loan through documentation evidencing the utilisation for earmarked purposes.
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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 and the risk assessment of the transaction and the borrower (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 and other security instruments customary in banking operations)
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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
  - Nominal Interest Rates
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**The Loan Programme shall apply to the applications received by HBOR as of 1 May 2019.**