

**PROGRAMME FOR THE INSURANCE OF EXPORTERS' LIQUIDITY LOAN PORTFOLIO –
COVID-19 MEASURE OF THE REPUBLIC OF CROATIA TO SUPPORT THE ECONOMY
PO-OPK-COVID-03/20**

Programme for the Insurance of Exporters' Liquidity Loan Portfolio – Covid-19 Measure of the Republic of Croatia to Support the Economy PO-OPK-COVID-03/20 (hereinafter: the Insurance Programme) is implemented by the Croatian Bank for Reconstruction and Development (hereinafter: the Insurer) within the framework of its export credit insurance business for and on behalf of the Republic of Croatia as one of the Government's measures to support the Croatian economy in view of the difficulties caused by the COVID-19 pandemic on the basis of chapter 3.2 of the Communication from the Commission¹. The Insurance Programme was launched on 7 April 2020 and amended on 30 April 2020 and on 13 November 2020.

Nature and form of the measure

The measure is implemented in the form of portfolio insurance of new liquidity loans for exporters through the execution of cooperation agreements under the Insurance Programme between the Insurer and the credit institution that shall cover up to 90% of the exporter's liquidity loan principal amount. Where the coverage is below 90% (10%, 20%, 30%, 40%, 50%, 60%, 70% or 80%), the insurance may also cover the Contracted interest (regular interest, interest during disbursement and grace periods), however the total amount of Indemnity shall in no event exceed 90% of the due principal of the Loan.

The measure is open to all credit institutions in the Republic of Croatia operating in accordance with the Act on Credit Institutions and to HBOR (hereinafter: the Insured). The measure relates only to new liquidity loans and not to already existing ones and, consequently, it does not represent aid to credit institutions.

As financial intermediary, the Insured is 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.

Exporters will be able to use the liquidity loan Premium subsidy, which will be approved in accordance with the Insurance Premium Subsidy Programme – Covid-19 measure of the Republic of Croatia to support the economy PSP/1-2020 (hereinafter: Premium Subsidy Programme) on the basis of chapter 3.1 of the Communication from the Commission.

Duration of the measure

The Insurance Programme will be implemented until 30 June 2021. Consequently, the Insured may include those loans into the Portfolio, with respect to which Loan Contracts were executed by 30 June 2021.

Beneficiaries of the measure

Final beneficiaries of this measure are exporters in the Republic of Croatia in accordance with the Eligibility Criteria for the inclusion of loans in the portfolio with regard to the Borrower that require liquidity

¹ COMMUNICATION FROM THE COMMISSION - Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 911, 20. 3. 2020) and Amendments to the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 1121, 4. 4. 2020; OJ C 164, 13. 5. 2020; OJ C 218, 2. 7. 2020; OJ C 3401, 13. 10. 2020)

for their activities, because they face difficulties as a result of the pandemic caused by the COVID-19 virus (entrepreneurs that are not in difficulties and/or entrepreneurs that were not in difficulties on 31 December 2019, but that have experienced difficulties in their operations as a result of the pandemic caused by the COVID-19 virus).

Under the Insurance Programme, aid cannot be granted to entrepreneurs that are subject to an outstanding recovery order on the basis of a previous decision of the European Commission declaring aid illegal and incompatible with the internal market.

Sectoral and regional scope of the measure

The measure is open to exporters from all sectors and will be applied in the entire territory of the Republic of Croatia.

The Insurance Programme enables the insurance of liquidity loans with a Loan duration of up to six years that the Insured approve to entrepreneurs having generated at least 10% of their operating income from exports in the last business year for which official financial statements are available or having generated at least 20% of their income with one or more exporters² (hereinafter: the Exporters). The Loan duration includes the disbursement of the Loan and the Loan repayment period, up to one-year grace period and up to five-year repayment period included, where the Loan duration shall in no event last longer than six years.

The Insurer will conclude the 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 shall include loans in the insured portfolio themselves and shall report to the Insurer on such approved loans a quarterly basis. As an exception, for loans amounting to HRK 37 million or more, or amounting to the same equivalent value at the middle exchange rate of the Croatian National Bank for EUR applicable on the day when the Portfolio Insurance Agreement is executed between the Insurer and the Insured, which the Insured wishes to include in the Portfolio with a coverage higher than 50%, the Insured shall request from the Insurer prior consent for the inclusion of the respective loans in the Portfolio.

In recovery collection, inflows from all collateral instruments contracted under the Loan, if any, shall be divided between the Insurer and the Insured pro rata in the amount of the contracted insurance coverage.

An integral part of the Portfolio Insurance Agreement is, inter alia, the document: the General Terms and Conditions of Insurance of Exporters' Liquidity Loan Portfolio – Measure Covid-19 OU-OPK-COVID-03/20 (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 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 from the Insured.

The Insured undertakes to pay to the Insurer the Premium for each Loan included in the Portfolio.³ The Insured calculates the Premium once for each Loan on the occasion of its inclusion in the Portfolio and displays the calculated amount in the Notification on inclusion.

The Premium is stated and charged in HRK, and for conversion, the selling rate of the Croatian National

² The complete Eligibility Criteria for the inclusion of loans in the portfolio and the Eligibility Criteria for the change of the loan repayment period due to business reasons can be found on pages 6 to 9 of this Insurance Programme.

³ The Premium can be subsidised in accordance with the Subsidy Programme.

Bank on the day of invoicing by the Insurer is applied. The Insurer shall issue to the Insured an invoice for the Premium based on the Premium calculation set forth in the Notification on inclusion.

For each Loan, the Premium is calculated as the sum of Premiums for each year of the Loan duration by applying the appropriate annual premium rate on the balance of debt based on the preliminary repayment schedule for the Loan principal (assuming that the Loan principal is repaid duly) for the Loan duration:

- In the Loan disbursement period (up to the beginning of the Loan repayment period), the Premium is calculated on the amount of the approved loan principal regardless of the disbursement status of the Loan.
- Loan duration is calculated in accordance with the calendar year and the overall Loan duration cannot last longer than six calendar years (e.g. if a Loan Contract is executed on 15 February 2021, the last Loan repayment date must be no later than 15 February 2027).
- Annual premium rates are determined in accordance with the size of the Borrower and the level of the coverage as follows:

Table 1 PROGRESSIVE* annual premium rates by years of Loan duration

Coverage	Type of Borrower	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
90%	SME	0.25%	0.50%	0.50%	1.00%	1.00%	1.00%
	Large entrepreneur	0.50%	1.00%	1.00%	2.00%	2.00%	2.00%
10%	SME	0.03%	0.06%	0.06%	0.11%	0.11%	0.11%
	Large entrepreneur	0.06%	0.11%	0.11%	0.22%	0.22%	0.22%
20%	SME	0.06%	0.11%	0.11%	0.22%	0.22%	0.22%
	Large entrepreneur	0.11%	0.22%	0.22%	0.44%	0.44%	0.44%
30%	SME	0.08%	0.17%	0.17%	0.33%	0.33%	0.33%
	Large entrepreneur	0.17%	0.33%	0.33%	0.67%	0.67%	0.67%
40%	SME	0.11%	0.22%	0.22%	0.44%	0.44%	0.44%
	Large entrepreneur	0.22%	0.44%	0.44%	0.89%	0.89%	0.89%

* For each individual year of Loan duration, the premium rate used is the rate determined for the respective year of Loan duration (e.g. for a Loan insured with 90% coverage and a duration of 4 years, 1 month and 2 days approved to a large entrepreneur, the premium rate is 0.50% for year 1 of Loan duration, 1.00% for year 2 of Loan duration, 1.00% for year 3 of Loan duration, 2.00% for year 4 of Loan duration and 2.00% for the respective number of days in year 5 of Loan duration).

Table 2 UNIQUE (FLAT)* annual premium rates for the calculation of Premium in accordance with the overall Loan duration

Coverage	Type of Borrower	1 year	2 years	3 years	4 years	5 years	6 years
50%	SME	0.15%	0.17%	0.17%	0.23%	0.25%	0.26%
60%		0.15%	0.17%	0.17%	0.26%	0.30%	0.33%
70%		0.15%	0.17%	0.17%	0.31%	0.38%	0.42%
80%		0.15%	0.26%	0.29%	0.50%	0.61%	0.68%
50%	Large entrepreneur	0.15%	0.23%	0.25%	0.62%	0.82%	0.95%
60%		0.15%	0.29%	0.33%	0.72%	0.92%	1.06%
70%		0.15%	0.37%	0.44%	0.86%	1.08%	1.22%
80%		0.30%	0.63%	0.73%	1.19%	1.40%	1.55%

* For each year of Loan duration, the unique annual premium rate is determined in accordance with the overall Loan duration (e.g. for a Loan insured with 80% coverage and a duration of 4 years, 1 month and 2 days approved to a large entrepreneur, the unique annual premium rate is 1.40% → column "5 years" is applied as the Loan duration enters into the fifth year).

Premium calculation example:

On 1 December 2020, the Insured executed a Loan Contract in the Loan amount of HRK 1.5 million with an SME that is to be repaid in five equal three-monthly instalments, of which the first one matures on 18

October 2021 and the last one on 18 October 2022. The Loan duration is 1 year, 10 months and 17 days. Repayment schedule:

	Date	Instalment	Debt under Loan principal (HRK)
Year 1 of Loan duration	1 December 2020	Initial balance	1,500,000.00
	18 October 2021	1	1,200,000.00
Year 2 of Loan duration	1 December 2021	/	1,200,000.00
	18 January 2022	2	900,000.00
	18 April 2022	3	600,000.00
	18 July 2022	4	300,000.00
	18 October 2022	5	0.00

a) For 70% coverage: for the entire Loan duration, the fixed annual premium rate of 0.17% is applied on the Loan principal balance based on the repayment schedule by taking into account the actual number of days of Loan principal balance in the calendar year. Calculation items:

Date	Principal balance	Principal for calculation	P.R.	Number of days	Premium	Note (description)
1 December 2020	1,500,000.00	1,500,000.00	0.17%	30/366 + 291/365	2,242.03	Loan Contract execution date; 30/366 number of Loan duration days in 2020 (leap year), 291/365 number of Loan duration days in 2021 until the start of the Loan repayment period
18 October 2021	1,200,000.00	1,200,000.00	0.17%	74/365 + 18/365	514.19	Loan repayment period start date; 74/365 number of Loan duration days in 2021, 18/365 number of Loan duration days in 2022 until new principal reduction
18 January 2022	900,000.00	900,000.00	0.17%	90/365	377.26	90/365 number of Loan duration days in 2022 until new principal reduction
18 April 2022	600,000.00	600,000.00	0.17%	91/365	254.30	91/365 number of Loan duration days in 2022 until new principal reduction
18 July 2022	300,000.00	300,000.00	0.17%	92/365	128.55	90/366 number of Loan duration days in 2022 until Loan repayment
18 October 2022	0.00					Loan repayment date
Total					3,516.33	

b) For 90% coverage: for year 1 of Loan duration, the annual premium rate of 0.25% is applied on the Loan principal balance based on the repayment schedule, whereas the rate of 0.50% is applied for year 2 by taking into account the actual number of days of Loan principal balance. Calculation items:

Date	Principal balance	Principal for calculation	P.R.	Number of days	Premium	Note (description)
1 December 2020	1,500,000.00	1,500,000.00	0.25%	30/366 + 291/365	3,297.10	Loan Contract execution date and start of year 1 of Loan duration; 30/366 number of Loan duration days in 2020, 291/365 number of Loan duration days in 2021 until the start of the Loan repayment period
18 October 2021	1,200,000.00	1,200,000.00	0.25%	44/365	361.64	Loan repayment period start date; 44/365 number of Loan duration days in 2021 during year 1 of Loan duration
1 December 2021	1,200,000.00	1,200,000.00	0.50%	30/365 + 18/365	789.04	Start of year 2 of Loan duration; 30/366 number of Loan duration days in 2021, 18/365 number of Loan duration days in 2022 until new principal reduction

18 January 2022	900,000.00	900,000.00	0.50%	90/365	1,109.59	90/365 number of Loan duration days in 2022 until new principal reduction
18 April 2022	600,000.00	600,000.00	0.50%	91/365	747.95	91/365 number of Loan duration days in 2022 until new principal reduction
18 July 2022	300,000.00	300,000.00	0.50%	92/365	378.08	90/366 number of Loan duration days in 2022 until Loan repayment
18 October 2022	0.00					Loan repayment date
Total					6,683.40	

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 concluded in the respective Calendar quarter, accompanied by Loan repayment preliminary schedule.

Pursuant to the mentioned Notification on inclusion, the Insurer shall issue an invoice for the Premium to the Insured.

The Insured shall report quarterly to the Insurer on the Loan balance, on repaid Loans, on the change of the Loan repayment period, and once a year on recovery of 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. In case the Claim has been accepted, the Insurer will, within ten calendar days, pay the Indemnity to the Insured up to the amount of contracted Coverage rate (up to 90%) of Loss.

For HRK loans, the Indemnity is stated and paid in kunas, and for foreign currency indexed loans in kunas or in kuna equivalent value in accordance with the selling exchange rate of the Croatian National Bank on the payment date.

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

Recovery

Recovery from the Exporter after the paid Indemnity is made by the Insured independently for its own and for the Insurer's receivables. In case of recovery, the Insured shall forward to the Insurer up to 90% of the collected amount, or in accordance with the contracted Coverage rate if it is lower than 90%, respectively.

The Insurer shall compensate the Insured for up to 90% of incurred Costs of Enforced Collection, or in accordance with the contracted Coverage rate if it is lower than 90%, respectively, provided that the Insured has obtained a prior or subsequent written consent for the mentioned Costs from the Insurer.

Change of the Loan repayment period due to business reasons and Premium for the change of the loan repayment period

For 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 if the Extension of the Loan repayment period is shorter than 6 months or equals 6 months; in this case, the Insured is not obliged to pay an additional Premium. If the Extension of the Loan repayment period is longer than 6 months, then the Insured is authorised to modify it on its own, provided that such Change of 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 of 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 of the loan repayment period to the Insurer. The calculated amount of the Premium for the change of the loan repayment period is stated by the Insured in the Notification on the change of the loan repayment period.

The Premium for the change of the loan repayment period 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 the initial Loan duration (Loan duration start date is the Loan Contract execution date), where the repayment schedule taken into account for the calculation includes the initial Loan repayment from the Loan Contract execution date until the Loan rescheduling date and the new Loan repayment for the remaining Loan duration. Premium for the change of the loan repayment period cannot be subsidised under the Subsidy Programme.

Eligibility criteria for inclusion of loans in the portfolio

Below are the **Eligibility criteria for 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:

Exporter	<p>The Borrower may be any entity that performs economic activity, regardless of its legal form, and has its registered headquarters in the Republic of Croatia (companies, crafts businesses, other legal entities and natural persons - sole traders) and</p> <ul style="list-style-type: none">○ is not in difficulties and/or was not in difficulties on 31 December 2019 (in terms of the General Block Exemption Regulation⁴), where the Insured is obliged to establish that the Borrower stated in the Aid Certificate that it was not in difficulties, and regardless of the statements of the Borrower, the Insured is obliged to check and establish on its own that the Borrower does not meet any of the following conditions (that will be mentioned in the statement submitted to the Insurer with the Claim):<ul style="list-style-type: none">a) for limited liability companies (capital companies: joint stock companies, limited liability companies etc.) 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,b) pre-bankruptcy, bankruptcy or liquidation proceedings have been initiated against the company,c) for large enterprises, if during the last two years, both of the following conditions have been met in both the years:<ul style="list-style-type: none">i. the ratio of long-term financial liabilities and capital and reserves of entrepreneur is higher than 7.5,ii. the ratio of EBITDA to interest expense on financial liabilities is lower than 1.0.<p>In the case of entrepreneurs that have been operating for less than three years, the Insured considers only the criterion under b).</p>○ has encountered business difficulties as a result of the pandemic caused by the COVID-19 virus (according to FINA COVID score scale⁵ it was rated within the range 0 - 700 points; for Exporters for which FINA cannot calculate the COVID score, the Insured will establish that the business is endangered by COVID); COVID score must not be older than 30 calendar days from the date of receipt of the loan application,○ the Insured's exposure to the Exporter on 31 December 2019 was classified as a risk group A with the Insured (according to the Decision of the Croatian National Bank⁶),
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⁴ 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 June 2014, pages 1-78), the consolidated text of 27 July 2020.

⁵ The FINA COVID score is taken into account, which includes two eliminating criteria (1 – The entrepreneur is on the list of non-payers of salaries according to the latest available data; 2 – The entrepreneur is on the list of non-payers of taxes according to the latest available data).

⁶ Decision on the classification of exposures into risk groups and the method of determining credit losses (Official Gazette, Nos. 114/2017 and 110/2018)

- has generated at least 10% of its export revenues⁷ in the operating income in the last business year for which official financial statements of the company (exporter) are available
or
has generated at least 20% of its export revenues in the operating income with one or several exporters from the item above in the last business year for which official financial statements of the company (exporter's supplier) are available and
- is not majority state-owned ⁸ (50% and more).

Size	The Borrower is by its size (pursuant to the EU definition ⁹): <ul style="list-style-type: none"> ○ small and medium-sized entrepreneur in need of a liquidity loan in an amount higher than HRK 15,000,000.00 or ○ small and medium-sized entrepreneur in need of a liquidity loan in an amount of 15,000,000.00 or less, if, for justified reasons, it cannot obtain a guarantee from HAMAG-BICRO (for example, for reasons of non-eligible activity, already realised maximum de minimis aid etc.), which is established by the Insured through a written statement of the Borrower or ○ large entrepreneur, regardless of the loan amount.
Activity	Any activity of the Exporter is considered eligible.
Others	The creditworthiness of the Exporter has been assessed favourably by the Insured in accordance with the regulations, its standard internal documents, rules and procedures, as the Insured otherwise treats the liquidity loans approved to Exporters of the same or similar risk category.

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:

Type	Individual, framework or revolving loans
Purpose	Loans must be new liquidity loans. The Loan funds may not be used to refinance existing loans, i.e. existing borrowings may not be prematurely repaid from the Loan. The Loan funds may be used for the payment of regularly maturing liabilities towards financial institutions.
Amount	The loan amount per individual Borrower can be up to a maximum amount of: <ul style="list-style-type: none"> ○ double annual cost of the Borrower's salaries (including social security contributions and the cost of staff employed at the location of the

⁷ The term "export revenues" means any income earned with non-residents of the Republic of Croatia. The Insurer establishes export revenues on the basis of the Borrower's financial statements or, if export revenues are not stated in the financial statements, on the basis of other documentation by which the Insured establishes the fulfilment of this criterion (e.g. written statement of the Borrower with supporting documentation on the basis of which this can be checked and verified, e.g. gross balance, accounts of buyers, contracts with buyers etc.).

⁸ Companies that are majority-owned by the state are companies in which the Republic of Croatia has a majority stake or a majority share in the subscribed capital

⁹ Commission Recommendation No. 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20 May 2003, pages 36-41)

entrepreneur, but formally on the payroll of the sub-contractor) in 2019 or for the last available year. In the case of entrepreneurs established on or after 1 January 2019, the maximum loan amount must not exceed the estimated annual salary expenditure for the first two years of operation

or

- 25% of the Borrower's total income in 2019

or

- the Borrower's need for liquidity in the next 12 months for large entrepreneurs, i.e. 18 months for small and medium entrepreneurs, as estimated by the Borrower or the Insured, to be established on the basis of the Borrower's statement.

The loan principal can be increased by the cost of the Premium.

*For the same loan, the Borrower **must not receive support in the form of subsidised interest rate for the loan pursuant to chapter 3.3. of the Communication from the Commission** (in the case of a club loan, for the loan portion approved on commercial terms, i.e. without support in the form of subsidised interest rate based on chapter 3.3. of the Communication from the Commission, the Insurance Programme may be used).*

*If the Borrower uses several loans that are insured by the Insurance Programme or uses several loans secured by other guarantee schemes based on chapter 3.2. of the Communication from the Commission or uses subsidies in form of a subsidised interest rate based on chapter 3.3. of the Communication from the Commission, **the total amount of all loans must not exceed the maximum amount of loans from the above stated items.***

Currency	In HRK, and with the currency clause tied to EUR
Loan duration	Time period from the day of conclusion 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 of up to 1 year and loan repayment of up to 5 years, where in no case the Loan duration can be longer than six years. Interest can be repaid monthly, three-monthly or annually.
Others	<p>The Insured may include in the Portfolio only those loans for which Loan Contracts were concluded during the lifetime of the Portfolio Insurance Agreement, where the Loans must be included in the Portfolio in the entire amount of the principal.</p> <p>The Insured may include in the Portfolio a loan amounting to HRK 37 million or more, or in the same equivalent amount at the middle exchange rate of the Croatian National Bank for EUR applied on the day of conclusion of the Portfolio Insurance Agreement between the Insurer and the Insured, with a coverage exceeding 50%, only if it has received from the Insurer a prior written consent for the inclusion of the respective loan into the Portfolio. The Insured will request this consent from the Insurer through the prescribed form of request for consent (Schedule 11 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 request.</p>

Eligibility criteria for the change of the loan repayment period due to business reasons

The following are the **Eligibility criteria for the change of the loan repayment period due to business reasons** that must be fulfilled in order for the Insured to be able to modify on its own the Loan repayment period in the event of Change of the loan repayment period due to business reasons and in order to insure the Loan:

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

2.1. WITH RESPECT TO THE EXPORTER (BORROWER)

All under 1.1.1. 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 of 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 of the loan repayment period will be considered relevant.

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 of the loan repayment period due to business reasons, whereby the documentation from which the Insured has established the facts during the processing of application for the change of the loan repayment period will be considered relevant:

Type	Individual, framework or revolving loans
Purpose	Loans must be new liquidity loans. The Loan funds may not be used to refinance existing loans, i.e. existing borrowings may not be prematurely repaid from the Loan. The Loan funds may be used for the payment of regularly maturing liabilities towards financial institutions.
Amount	The loan amount per individual Borrower can be up to a maximum amount of: <ul style="list-style-type: none"> o double annual cost of the Borrower's salaries (including social security contributions and the cost of staff employed at the location of the entrepreneur, but formally on the payroll of the sub-contractor) in 2019 or for the last available year. In the case of entrepreneurs established on or after 1 January 2019, the maximum loan amount must not exceed the estimated annual salary expenditure for the first two years of operations or o 25% of the Borrower's total income in 2019 or o the Borrower's need for liquidity in the next 12 months for large entrepreneurs, i.e. 18 months for small and medium entrepreneurs, as estimated by the Borrower or the Insured, to be established on the basis of the Borrower's statement.

The loan principal can be increased by the cost of the Premium.

*For the loan, the Borrower **must not receive support in the form of subsidised interest rate for the loan pursuant to chapter 3.3. of the Communication from the Commission** (in the case of a club loan, for the loan portion approved on commercial terms, i.e. without support in the form of subsidised interest rate based on chapter 3.3. of the Communication from the Commission, the Insurance*

Programme may be used).

*If the Borrower uses several loans that are insured by the Insurance Programme or uses several loans secured by other guarantee schemes based on chapter 3.2. of the Communication from the Commission or uses subsidies in form of a subsidised interest rate based on chapter 3.3. of the Communication from the Commission, **the total amount of all loans must not exceed the maximum amount of loans from the above stated items.***

Currency	In HRK, and with the currency clause tied to EUR
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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 conclusion of the initial Loan Contract.
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All terms written in capital letters in this Insurance Programme have the meanings as defined in the General Terms and Conditions:

Day of calculation	<p>a) Day of the Decision on initiation of the bankruptcy proceedings against the Exporter or</p> <p>b) Day after the maturity of the last instalment/annuity of the Loan under the Loan Contract or</p> <p>c) Day after the maturity of all obligations under the Loan Contract on the basis of cancellation/termination of the Loan Contract.</p> <p>For the avoidance of doubt, the initiation of bankruptcy proceedings does not affect the determination of the Day of calculation as stated under a) or b) or c).</p>
Change of the loan repayment period due to business reasons	Change of the loan repayment period for more than 6 months that has been caused by further need for liquidity funds;
Report on recovery	Written report set forth in Article 13 of the General Terms and Conditions containing the data on amounts paid through recovery and the actions undertaken for the purpose of collection under the Loan Contract and the Portfolio Insurance Agreement for Loans for which the Insured received the Indemnity that the Insured submits to the Insurer in the form agreed in the Portfolio Insurance Agreement;
Report on loan balance	Written report set forth in Article 6 of the General Terms and Conditions containing the data on the Loan balance on the last day of the Calendar quarter that the Insured submits to the Insurer in the form agreed in the Portfolio Insurance Agreement;
Exporter	Local legal entity or natural person that has concluded a Loan Contract as borrower with the Insured;
Calendar quarter	In any year any period from 1 January to 31 March, from 1 April to 30 June, from 1 July to 30 September or from 1 October to 31 December;
Loan	Loan under the Loan Contract included in the Portfolio;
Eligibility criteria for the inclusion of loan in the portfolio	The criteria determined in the Insurance Programme that must be fulfilled so that the Loan may be insured;
Eligibility criteria for the change of the loan repayment period due to business reasons	The criteria determined in the Insurance Programme that must be fulfilled so as to enable the Insured to modify the Loan repayment period on its own in case of the Change of the loan repayment period due to business reasons, pursuant to Article 7 of the General Terms and Conditions that must be fulfilled so that the Loan may be insured;
Maximum portfolio volume	The maximum amount of the Portfolio volume per an individual Insured that will be established by the Portfolio Insurance Agreement;
Notification on the change of the loan repayment period	Written notification set forth in Article 7 of the General Terms and Conditions on the change of the Loan repayment period and, in case of Change of the Loan repayment period set forth in paragraph 5 Article 7 of the General Terms and Conditions, on the calculation of the Premium in the Loan currency that the Insured submits to the Insurer in the form agreed in the Portfolio Insurance Agreement;

Notification on repaid loans	Written notification set forth in Article 6 of the General Terms and Conditions containing the data on Loans repaid in the previous Calendar quarter that the Insured submits to the Insurer in the form agreed in the Portfolio Insurance Agreement;
Notification on Inclusion	Written notification set forth in Article 5 of the General Terms and Conditions by which the Loan is included in the Portfolio and the Premium calculation in the Loan currency submitted, and which the Insured submits to the Insurer in the form agreed in the Portfolio Insurance Agreement;
Approved loan principal	Loan principal initially contracted by the Loan Contract;
Indemnity	Cash amount paid to the Insured by the Insurer as compensation for the Loss incurred after the occurrence of the Insured risk, where the Indemnity in any case must not exceed 90% of the amount of the Loan principal due;
Claim	Written demand for the payment of Indemnity for an individual Loan submitted to the Insurer by the Insured in accordance with the provisions of Article 9 of the General Terms and Conditions in the form agreed by the Portfolio Insurance Agreement;
General Terms and Conditions	General Terms and Conditions of Insurance of Exporters' Liquidity Loan Portfolio Covid-19 measure OU-OPK-COVID-03/20 (Schedule 1 to the Portfolio Insurance Agreement);
Insured risk	Non-payment of claims that are the Subject matter of insurance on the Day of calculation, in accordance with Article 3 of the General Terms and Conditions;
Insured	Credit institution with which the Exporter has concluded a Loan Contract, and the Insurer the Portfolio Insurance Agreement;
Insurer	HBOR - Hrvatska banka za obnovu i razvitak, with headquarters in Zagreb, for and on behalf of the Republic of Croatia;
Extension of the loan repayment period	Time period from the last day of the Repayment period of the initially contracted Loan until the last day of the Repayment period of prolonged loan, which starts on the next day following the expiry of the Repayment period of the initially contracted Loan
Portfolio	Loan portfolio consisting of all loans for which individual Loan Contracts have been concluded and which are included in the Portfolio pursuant to Article 5 of the General Terms and Conditions;
Subject matter of insurance	The Insured's claim in respect of principal or the principal and Contracted interest on the Loan pursuant to Article 3 of the General Terms and Conditions;
Premium	Cash amount collected from the Insured by the Insurer for the Loan insurance;
Premium for the change of the loan repayment period	Cash amount collected from the Insured by the Insurer for the Loan insurance in case of Change of the loan repayment period due to business reasons;
Insurance Programme	The Insurer's programme named "Programme for the Insurance of Exporters' Liquidity Loan Portfolio – Covid-19 measure of the Republic of Croatia to help the economy PO-OPK-COVID/03-20", disclosed on the web pages of the Insurer with all changes and amendments (Schedule 2 to the Portfolio Insurance Agreement);
Working day	Every day except Saturday, Sunday and national and religious holidays in the Republic of Croatia;

Waiting period	Period by the expiry of which the Insured has right to submit the Claim is 30 calendar days from the Day of calculation;
Loan repayment period	Period from the expiry of the loan availability period until the last day of the Loan repayment period (includes also a possible grace period which lasts from the expiry of the Loan availability period until the start of the Loan repayment period and the Loan repayment); in case of Revolving loans, the Loan repayment period will be deemed the period from the day of the first Loan disbursement until the last day of the Loan repayment period;
Retention	Share of the Insured in the Loss representing the difference between 100% and the Coverage rate stated in the Notification on Inclusion;
Portfolio Insurance Agreement	Agreement determining the business cooperation between the Insurer and the Insured in the implementation of the Insurance Programme, by which the Insurer takes into insurance the loans included in the Portfolio. Constituent parts of the Portfolio Insurance Agreement are its attachments that also include the General Terms and Conditions and the Insurance Programme;
Coverage rate	Share of the Insurer in the Loss stated in the Notification on Inclusion, and amounts to 10%, 20%, 30%, 40%, 50%, 60%, 70%, 80% or 90%;
Loss	The amount of overdue receivables of the Insured that are the Subject matter of insurance on the day of submission of the Claim; in case the pre-bankruptcy proceedings have been initiated against the Exporter, the Loss will be deemed the amount of uncollected receivables of the Insured that are the Subject matter of insurance on the day of submission of the Claim increased by possible write-off from the pre-bankruptcy proceedings;;
Loan duration	Time period from the day of conclusion of the Loan Contract until the last day of the Loan repayment period that includes the Loan availability period and the Loan repayment period;
Compulsory collection costs	Costs incurred by the Insured that are exclusively related to the actions taken for the purpose of the Loan collection, before or after the payment of the Indemnity; these do not include the costs of employees' salaries of the Insured, nor the usual administrative costs such as the costs of sending mail, making telephone calls, photocopying etc.;
Loan Contract	Loan contract concluded between the Insured and the Exporter in accordance with the Portfolio Insurance Agreement;
Recovery Contract	Contract between the Insured and the Insurer by which, among others, their rights and obligations are regulated in respect of the collection of all claims under the Loan Contract and the Portfolio Insurance Agreement after the payment of the Indemnity, in accordance with the provisions of Article 13 of the General Terms and Conditions, in the form and contents contracted in the Portfolio Insurance Agreement;
Contracted interest	Regular interest, interest during the disbursement period and interest in the grace period;
Portfolio volume	Total amount of the Approved loan principals that are not repaid on a certain day and stated in the latest Report on loan balance.