HRVATSKA BANKA ZA OBNOVU I RAZVITAK

Schedule 2 – Insurance Programme

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
PO-OPK-UKR-01/23

Description and goal of the Insurance Programme

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 (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 to support the Croatian economy due to the difficulties caused by the disruption in the economy following the Russian aggression against Ukraine, pursuant to chapter 2.2. of the Temporary Crisis Framework[1] of the European Commission. The Insurance Programme was introduced on 28 July 2022 and amended on 13 September 2022 and 11 January 2023.

Nature and form of the 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 contracts between the Insurer and the credit institution and provides the coverage of up to 90% of the exporter's liquidity loan principal amount. Where the coverage is below 90% (25%, 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 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 HBOR (hereinafter: the Insured). The Insurance Programme can be used only for new liquidity loans and not for already existing ones and, consequently, it does not represent aid to credit institutions.

As financial intermediaries, the Insured 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.

Exporters will be able to use the liquidity loan Premium subsidy, which will be approved in accordance with the Insurance Premium Subsidy Programme – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine PSP-UKR-01/23 with all amendments thereto (hereinafter: the Subsidy Programme) on the basis of chapter 2.1. of the Temporary Crisis Framework.

Duration of the Insurance Programme

The Insurance Programme will be implemented until 31 December 2023. Consequently, the Insured may include those loans into the Portfolio, with respect to which Loan Contracts are executed by 31 December 2023.

[1] COMMUNICATION FROM THE COMMISSION - Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia; OJ C 426, 9. 11. 2022, with all subsequent changes and amendments

Beneficiaries of the Insurance Programme

Final beneficiaries of this Insurance Programme are the exporters in the Republic of Croatia in accordance with the Eligibility Criteria for the inclusion of loans into the portfolio for Borrowers that require liquidity for their activities and that face difficulties as a direct or indirect result of disruption in the economy caused by the Russian military aggression against Ukraine, sanctions introduced by the European Union (hereinafter: EU) or its international partners, as well as economic countermeasures taken, for example, by Russia (entrepreneurs that at the time of loan approval were not in difficulties in terms of the General Block Exemption Regulation[2], but have experienced difficulties in their operations as a result of the respective disruption in the economy, i.e. due to cancellation of orders and contracts, delays and/or temporary halts of procurement, production or deliveries, delays or inability to collect existing accounts receivable etc.).

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.[3]

Sectoral and regional scope of the Insurance Programme

The Insurance Programme is open to exporters from all sectors, except for the activities listed as ineligible activities in HBOR's General Eligibility Criteria[4], and will be applied in the entire territory of the Republic of Croatia, whereby the following entrepreneurs are considered to be exporters: entrepreneurs who in the last business year for which the official annual financial statements are available, generated:

a) at least 10% of their operating income from export revenues or
b) 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
c) at least 20% of their income from revenues in cooperation with one or more exporters (hereinafter the Exporters)[5].

The Loan duration shall not be longer than 6 years, and it will be counted from the conclusion of the Loan Contract until the last day of the Loan repayment period.

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 on a quarterly basis. As an exception, for loans amounting to EUR 4,910,743.91 or more, which the Insured parties wish 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 to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine OU-OPK-UKR-01/23 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

[2] 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), consolidated version of 27 July 2020

[3] Determined by the Insured on the basis of Aid Statement signed by entrepreneur under criminal and material responsibility .

[4] HBOR's General Eligibility Criteria published as valid on: https://www.hbor.hr/program-osiguranja-portfelja-kredita-za-likvidnost-izvoznika-mjera-pomoci-gospodarstvu-rh-nakon-ruske-agresije-na-ukrajinu/

[5] The complete Eligibility Criteria for the inclusion of loans in the portfolio and Eligibility Criteria for changing loan repayment period due to business reasons can be found on pages from 6 to 12 of this Insurance Programme.

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 to the Insured.

The Insured undertakes to pay to the Insurer the Premium for each Loan included in the Portfolio.[6] 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 that is accompanied by Premium calculation.

The Premium is stated and charged in EUR. 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 1 September 2023, the last Loan repayment date must be no later than 1 September 2029).

— 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

Type of Borrower	*Coverage*	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*
SME	25%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
	30%	0.15%	0.15%	0.15%	0.17%	0.17%	0.17%
	40%	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
	90%	0.25%	0.50%	0.50%	1.00%	1.00%	1.00%
Large entrepreneur	25%	0.15%	0.15%	0.15%	0.75%	0.75%	0.75%
	30%	0.15%	0.20%	0.20%	0.80%	0.80%	0.80%
	40%	0.15%	0.22%	0.22%	1.05%	1.05%	1.05%
	90%	0.50%	1.00%	1.00%	2.00%	2.00%	2.00%

* 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 in accordance with the overall Loan duration

Type of Borrower	*Coverage*	*Year 1*	*Year 2*	*Year 3*	*Year 4*	*Year 5*	*Year 6*
SME	50%	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%
Large entrepreneur	50%	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

[6] The Premium can be subsidised in accordance with the Subsidy Programme.

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).

<u>Premium calculation example</u>:

On 1 September 2023, the Insured executed a Loan Contract in the Loan amount of EUR 1.5 million with an SME that that can be drawn down until the maturity of the first instalment and is to be repaid in five equal three-monthly instalments, of which the first one matures on 18 May 2024, and the last one on 18 May 2025. The Loan duration is 1 year, 8 months and 17 days. Repayment schedule:

	Date	Instalment	Debt under Loan principal (EUR)
Year 1 of Loan duration	1 September 2023	Initial balance	1,500,000.00
	18 May 2024	1	1,200,000.00
	18 August 2024	2	900,000.00
	1 September 2024	/	900,000.00
Year 2 of Loan duration	18 November 2024	3	600,000.00
	18 February 2025	4	300,000.00
	18 May 2025	5	0.00

a) *<u>For 70% coverage</u>: 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 September 2023	1,500,000.00	1,500,000.00	0.17%	121/365 + 139/366	1,813.79	Loan Contract execution date; 121/365 number of Loan duration days in 2023, 139/366 number of Loan duration days in 2024 (leap year) until the start of the Loan repayment period
18 May 2024	1,200,000.00	1,200,000.00	0.17%	92/366	512.79	Loan repayment period start date; 92/366 number of Loan duration days in 2024 (leap year) until new principal reduction
18 August 2024	900,000.00	900,000.00	0.17%	92/366	384.59	92/366 number of Loan duration days in 2024 (leap year) until new principal reduction
18 November 2024	600,000.00	600,000.00	0.17%	43/366 + 49/365	256.77	43/366 number of Loan duration days in 2024 (leap year), 49/365 number of Loan duration days in 2025 until new principal reduction
18 February 2025	300,000.00	300,000.00	0.17%	89/365	124.36	89/365 number of Loan duration days in 2025 until Loan repayment
18 May 2025	0.00					Loan repayment date
				Total	**3,092.30**	

b) *<u>For 90% coverage</u>: 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 September 2023	1,500,000.00	1,500,000.00	0.25%	121/365 + 139/366	2,667.33	Loan Contract execution date and start of year 1 of Loan duration;

Date	Principal balance	Principal for calculation	P.R.	Number of days	Premium	Note (description)
						121/365 number of Loan duration days in 2023, 139/366 number of Loan duration days in 2024 (leap year) until the start of the Loan repayment period
18 May 2024	1,200,000.00	1,200,000.00	0.25%	92/366	754.10	Loan repayment period start date; 92/366 number of Loan duration days in 2024 (leap year) until new principal reduction
18 August 2024	900,000.00	900,000.00	0.25%	14/366	86.07	14/366 number of Loan duration days in 2024 (leap year) during the remaining part of year 1 of Loan duration
1 September 2024	900,000.00	900,000.00	0.50%	78/366	959.02	Start of year 2 of the Loan duration; 78/366 number of Loan duration days in 2024 (leap year) until new principal reduction
18 November 2024	600,000.00	600,000.00	0.50%	43/366 + 49/365	755.20	43/366 number of Loan duration days in 2024 (leap year), 49/365 number of Loan duration days in 2025 until new principal reduction
18 February 2025	300,000.00	300,000.00	0.50%	89/365	365.75	89/365 number of Loan duration days in 2025 until Loan repayment
18 May 2025	0.00					Loan repayment date
				Total	**5,587.47**	

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.
The Indemnity is stated and paid in EUR.

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 once 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 <u>on the day of the Loan approval</u>, whereby the documentation from which the Insured has established the facts during the processing of the loan application will be considered relevant[7]:

Exporter	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

[7] If more than 3 months elapse between the receipt of 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.

- Is not subject to the EU sanctions, 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
  - Which operate in the sectors to which sanctions adopted by the EU are applied, to the extent that the Insurance 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 stated this in the Statement on Aid,
- is not in difficulties (in terms of the General Block Exemption Regulation), where the Insured is obliged to establish that the Borrower stated in the Statement on Aid that it was not in difficulties, and regardless of the Borrower's statements, 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):
  a) for limited liability companies (capital companies: joint stock companies, limited liability companies etc.), according to the latest official annual financial statements of the company, 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 for which official annual financial statements of the company are available, <u>both of the following conditions have been cumulatively met in both of the years</u>:
     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.

  In the case of entrepreneurs who are part of a group, the criteria are <u>always considered at the level of the entrepreneur</u>, 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).
- Has encountered business difficulties as a consequence of the disruption in the economy resulting from the Russian aggression against Ukraine, which the Insured establishes on the basis of the Statement on Business Difficulties Caused by Disruption in the Economy Resulting from the Russian Aggression Against Ukraine issued by the Borrower,
- The Insured's exposure to the Borrower has been classified as a risk group A with the Insured (according to the Decision[8] of the Croatian National Bank). If the Insured has not been exposed to the Borrower, this criterion shall not apply. The fulfilment of this criterion shall be confirmed by the Insured in the statement to be delivered to the Insurer together with the Claim,

[8] 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)

	○ Has generated at least 10% of its operating income from export revenues[9] in 2021 or in the latest year for which company's official annual financial statements are available (exporter) or Has generated more than 50% of its operating income from accommodation revenues in 2021 or in the latest year for which company's official annual financial statements are available, where the share of realised overnight stays of non-residents of the Republic of Croatia in the total number of overnight stays[10] in that year is at least 30% (exporter) or ○ Has generated at least 20% of its operating income from revenues in cooperation with one or more exporters referred to in the above paragraph in 2021 or in the latest year for which that company's official annual financial statements (exporter's supplier)[11] are available, and ○ Is not majority-owned by the state[12] (50% and more), which shall be confirmed by the Insured in the statement to be delivered to the Insurer together with the Claim
Size	The Borrower is by its size (pursuant to the EU definition[13]): ○ micro, small and medium-sized entrepreneur if, for justified reasons, it cannot obtain a guarantee from HAMAG-BICRO (for example, for reasons of non-existence of HAMAG-BICRO offer, non-eligible activity, already realised maximum value of de minimis aid etc.), which is established by the Insured in the written statement of the Borrower to be delivered together with the Claim, or ○ large entrepreneur.
Activity	Any activity of the Borrower is considered eligible except for the activities stated on the list of Ineligible activities within the framework of HBOR's General Eligibility Criteria[14].
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.

[9] 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.).

[10] The Insured determines the share of overnight stays of non-residents of the Republic of Croatia in the total number of overnight stays by using the eVisitor report.

[11] 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).

[12] The companies in which the Republic of Croatia holds a majority package of shares or a majority share in the subscribed capital are considered to be majority-owned by the state.

[13] 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)

[14] HBOR's General Eligibility Criteria published at: https://www.hbor.hr/en/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/

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[15]:

Type	Individual, framework or revolving loans
Purpose	o Loans must be new liquidity loans. o Loan funds must not be disbursed by the Insured and the Borrower must not use them to refund existing loans with the Insured or other financial institutions, or to prematurely settle obligations for existing debts (leasing, loans, etc.). o Loan funds may be disbursed by the Insured and the Borrower may use them to settle liabilities 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 in accordance with repayment schedules at the time of the execution of the respective Loan Contract, where the maximum amount of the Loan that can be disbursed and used to settle these liabilities is 35% of the total amount of the Loan. o 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 1 February 2022 and assessed by the Insured as eligible in accordance with the eligible purpose of the Loan in accordance with the Insurance Programme, where in case of reimbursement of costs paid by the Borrower to financial institutions the amount of reimbursement for these costs may amount to a maximum of 35% of the total amount of the Loan. o A maximum of 35% of the total amount of the Loan altogether may be used for the payment of liabilities to financial institutions referred to in the previous two paragraphs (settlement of regular maturities and reimbursements). o If the Loan funds are disbursed in favour of the Borrower, and the Insured does not check the purpose of using these Loan funds according to 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 loan amount per individual Borrower can be up to a maximum amount of: o 15% of average total annual revenues generated by the Borrower during the latest three closed accounting periods; if the Borrower has no three closed accounting periods, this criterion will be computed taking into account the period from the day of registration of the Borrower in an appropriate register until the day of submission of loan application, and at least on the basis of one closed annual financial report or o 50% of energy costs during the period of 12 months before the month in which the loan application was submitted or o Borrower's liquidity needs in the next 6 months for large entrepreneurs or 12 months for micro, small and medium-sized entrepreneurs determined on the basis of the Borrower's Statement on the need to draw down a larger amount

[15] If more than 3 months elapse from the receipt of the documentation on the basis of which the criteria are determined to the approval of the Loan, 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.

	of loan in relation to the criteria of the percentage of annual revenues and the percentage of energy costs, which contains an adequate explanation of why the previous two criteria are not appropriate as well as an explanation of significant difficulties that the Borrower is facing due to the current crisis. Liquidity needs that are already covered by the measures approved under the Temporary Framework cannot be covered again 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 2.3 of the Temporary Crisis Framework*** *(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 the aforementioned chapters of the Temporary Crisis Framework, the Insurance Programme may be used), and it must not receive support in the form of guarantee schemes for loans pursuant to chapter 2.2 of the Temporary Crisis Framework.* *If the Borrower draws down several loans covered by the Insurance Programme or other guarantee schemes pursuant to chapter 2.2 of the Temporary Crisis Framework or is the beneficiary of support in the form of subsidised interest rate pursuant to chapter 2.3 of the Temporary Crisis Framework,* ***the total amount of all loans must not exceed the maximum loan amounts referred to in the above paragraphs****.* *Aid granted under this Insurance Programme may be aggregated with aid granted under de minimis aid regulations[16] or aid granted under block exemption regulations[17], provided that the provisions and rules on aggregation under the respective regulations are obeyed.* *In addition, the aid granted under this Insurance Programme may be combined with the aid referred to in Article 107, paragraph 2, item (b) of the Treaty on the Functioning of the European Union (TFEU), provided that it does not result in excessive compensation.*
Currency	In 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 loan repayment, where in no case the Loan Duration can be longer than six years. Interest can be repaid annually or more often.

[16] Commission Regulation (EU) No 1407/2013 of 18. 12. 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24. 12. 2013, page 1); Commission Regulation (EU) No 1408/2013 of 18. 12. 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector (OJ L 352, 24. 12. 2013, page 9); Commission Regulation (EU) No 717/2014 of 27. 6. 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28. 6. 2014, page 45); and Commission Regulation (EU) No 360/2012 of 25. 4. 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114, 26. 4. 2012, page 8)

[17] Commission Regulation (EU) No 651/2014 of 17. 6. 2014 on declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Block Exemption Regulation); Commission Regulation (EU) No 702/2014 of 25. 6. 2014 on declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1. 7. 2014, page 1); and Commission Regulation (EU) No 1388/2014 of 16. 12. 2014 on declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 369, 24. 12. 2014, page 37).

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 amounting to EUR 4,910,743.91 or more, 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 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.

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 for the Loan to be insured:

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[18].

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**Error! Bookmark not defined.**:

Type	Individual, framework or revolving loans
Purpose	o Loans must be new liquidity loans. o Loan funds must not be disbursed by the Insured and the Borrower must not use them to refund existing loans with the Insured or other financial institutions, or to prematurely settle obligations for existing debts (leasing, loans, etc.). o Loan funds may be disbursed by the Insured and the Borrower may use them to settle liabilities 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 in accordance with repayment schedules at the time of the execution of the respective Loan

[18] If more than 3 months elapse from the receipt of the documentation on the basis of which the criteria are determined to the approval of the change of 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.

	Contract, where the maximum amount of the Loan that can be disbursed and used to settle these liabilities is 35% of the total amount of the Loan. ○ 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 1 February 2022 and assessed by the Insured as eligible in accordance with the eligible purpose of the Loan in accordance with the Insurance Programme, where in case of reimbursement of costs paid by the Borrower to financial institutions the amount of reimbursement for these costs may amount to a maximum of 35% of the total amount of the Loan. ○ A maximum of 35% of the total amount of the Loan altogether may be used for the payment of liabilities to financial institutions referred to in the previous two paragraphs (settlement of regular maturities and reimbursements). ○ If the Loan funds are disbursed in favour of the Borrower, and the Insured does not check the purpose of using these Loan funds according to 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 loan amount per individual Borrower can be up to a maximum amount of: ○ 15% of average total annual revenues generated by the Borrower during the latest three closed accounting periods; if the Borrower has no three closed accounting periods, this criterion will be computed taking into account the period from the day of registration of the Borrower in an appropriate register until the day of submission of loan application, and at least on the basis of one closed annual financial report or ○ 50% of energy costs during the period of 12 months before the month in which the loan application was submitted or ○ Borrower's liquidity needs in the next 6 months for large entrepreneurs or 12 months for micro, small and medium-sized entrepreneurs determined on the basis of the Borrower's Statement on the need to draw down a larger amount of loan in relation to the criteria of the percentage of annual revenues and the percentage of energy costs, which contains an adequate explanation of why the previous two criteria are not appropriate as well as an explanation of significant difficulties that the Borrower is facing due to the current crisis. Liquidity needs that are already covered by the measures approved under the Temporary Framework cannot be covered again. 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 2.3 of the Temporary Crisis Framework*** *(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 the aforementioned chapters of the Temporary Crisis Framework, the Insurance Programme may be used), and it must not receive support in the form of guarantee schemes for loans pursuant to chapter 2.2 of the Temporary Crisis Framework.* *If the Borrower draws down several loans covered by the Insurance Programme or other guarantee schemes pursuant to chapter 2.2 of the Temporary Crisis Framework or is the beneficiary of support in the form of subsidised interest rate*

	pursuant to chapter 2.3 of the Temporary Crisis Framework, ***the total amount of all loans must not exceed the maximum loan amounts referred to in the above paragraphs****.* *Aid granted under this Insurance Programme may be aggregated with aid granted under de minimis aid regulations***Error! Bookmark not defined.** *or aid granted under block exemption regulations***Error! Bookmark not defined.***, provided that the provisions and rules on aggregation under the respective regulations are obeyed.* *In addition, the aid granted under this Insurance Programme may be combined with the aid referred to in Article 107, paragraph 2, item (b) of the Treaty on the Functioning of the European Union (TFEU), provided that it does not result in excessive compensation.*
Currency	In EUR
Extension of the Loan	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.