

Public Sector Investment

<p>1. Borrowers</p>	<p>Public sector business entities – units of local or regional government (municipalities, cities and counties, hereinafter: ULRG) and companies, institutions and agencies owned or majority-owned by ULRGs and/or the Republic of Croatia.</p> <p>For the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County – public sector business entities that operate or will operate in Sisak-Moslavina County¹.</p>
<p>2. Purpose of Loans</p>	<ul style="list-style-type: none"> • Capital investments of public sector business entities aiming to encourage projects of environmental protection, energy efficiency and renewable energy resources as well as development of social and business infrastructure in general • Capital investments of public sector business entities for the purpose of recovery from the consequences of earthquake and for stimulating the economic development of Sisak-Moslavina County¹ • Working capital up to 30% of the contracted loan amount
<p>3. Manner of Implementation</p>	<ul style="list-style-type: none"> • 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 • Direct lending to borrowers – application and related documentation shall be submitted to HBOR by the borrower
<p>4. Loan Amount</p>	<p>Minimum possible individual loan amount:</p> <ul style="list-style-type: none"> • HBOR's direct loans: generally, loans in the amount lower than EUR 100,000 are not approved • Loans on-lent via commercial banks: generally, loans in the amount lower than EUR 50,000 are not approved • Loans approved under the risk sharing model with commercial banks: HBOR's share in a loan can generally not be lower than EUR 100,000; • Loans for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County: minimum loan amount is EUR 30,000 <p>Maximum loan amount is not limited and depends on the specific features and creditworthiness of the borrower, purpose and structure of investment as well as available HBOR's sources of finance. Financing through loan can be up to 100% of the estimated investment value (it is also possible to finance the corresponding VAT)</p>
<p>5. Loan Currency</p>	<p>EUR</p>

¹ HBOR may also consider loan applications for recovery from the consequences of earthquake of public sector business entities operating in the area of Zagreb and Karlovac counties.

6. Interest Rate

Loans in the amount of up to EUR 1,000,000.00:

- **On directly approved loans:**
 - To ULRGs and institutions and agencies majority-owned by them and other public sector entities under 100% guarantee of the Republic of Croatia or ULRGs:
 - For investments in special areas of the Republic of Croatia and/or green projects and/or digitalization and/or research, development and innovation (RDI) and/or social infrastructure: 2.40% p.a., fixed²
 - For other investments: 2.50% p.a., fixed
 - For other borrowers:
 - For investments in special areas of the Republic of Croatia and/or green projects and/or digitalization and/or research, development and innovation (RDI) and/or social infrastructure: 3.05% p.a., fixed²
 - For other investments: 3.30% p.a., fixed
- **On loans through commercial banks:**
 - Interest rate for the borrower is determined by the commercial bank; it may not be above 2.50% p.a., fixed
- **To all borrowers investing in the recovery from the consequences of the earthquake and the economic development of Sisak-Moslavina County:** 2.00% p.a., fixed

Loans in the amount of EUR 1,000,000.00 and more:

- Interest rate for each individual loan is determined by HBOR (for direct loans), or by commercial bank (for loans via commercial banks), where the so determined interest rate can be subsidised/reduced², depending on available funds:
 - by 0.80 p.p. for investments in special areas of the Republic of Croatia and/or green projects and/or digitalisation and/or RDI and/or social infrastructure
 - by 0.30 p.p. for other investments.

In certain cases, the stated interest rates and/or interest rate reductions can be even different, depending on the aid rules.

The maximum possible amount of interest rate subsidy for an individual loan is generally EUR 500,000.00³.

7. Fees

Variable, in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation:

² The criteria for establishing special areas of the Republic of Croatia, agricultural activities, green projects, digitalization, research, development and innovation (RDI), social infrastructure and investments of exporters are defined by the General Eligibility Criteria that make a constituent part of this programme.

³ Exceptionally, in case of direct HBOR loans for projects exceeding EUR 10,000,000.00, with a repayment period longer than 12 years, which significantly contribute to the achievement of HBOR's strategic goals, HBOR may approve an interest subsidy of up to EUR 1,000,000.00.

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- Loan application processing fee:
 - To ULRGs and institutions and agencies majority-owned by them: 0.20% on the contracted loan amount;
 - To other borrowers: 0.50% on the contracted loan amount
 - Commitment fee: no fee
- and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.

On loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County:

- no loan application processing fee,
 - no commitment fee,
 - no fee for changing the terms and conditions of loan,
- and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.

Loan application processing fee is not charged on direct loans under NRRP guarantee⁴.

8. Period and Manner of Loan Disbursement

- Generally, disbursement period is up to 12 months. Depending on the purpose and the dynamics of investment, it is also possible to approve a longer period of loan disbursement
- Part of the loan intended for the financing of fixed assets is disbursed to the account of seller/supplier/contractor based on the documentation for utilisation of loan for earmarked purposes⁵
- Part of the loan intended for the financing of working capital can be disbursed to the account of the borrower, with obligatory justification by documentation evidencing the use of loan for earmarked purposes
- For loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County, it is allowed to make a refund for borrowers' investments made after the earthquake until the submission of loan application (for such a refund, commercial banks are not obliged to notify HBOR in advance).

9. Repayment Period

- Up to 15 years, with up to 5-year grace period included, depending on the purpose and structure of investment

As an exception to the mentioned, depending on the purpose and structure of investment, for investments in tourism or if the investment study indicates the need for longer maturity, it is possible to approve the repayment period of up to 17 years, up to 4-year grace period included.

10. Manner of Repayment

Generally, in equal monthly, three-monthly or semi-annual instalments

11. Collateral

- Financing of ULRGs is possible if secured only with a bill of exchange and a debenture, depending on the assessment of HBOR and/or the commercial bank
 - For loans to other public sector business entities:
 - Lending in cooperation with commercial banks: collateral is determined by the commercial bank
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⁴ Financial instrument: Guarantee Fund for Loans to Mid-Caps and Large Enterprises.

⁵ If ULRG or an institution/agency majority-owned by ULRG or the Republic of Croatia requested the disbursement of funds to its own account in its loan tender, and not directly to suppliers or contractors, the funds may be disbursed in accordance with the loan tender.

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- 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 (e.g. bills of exchange, debentures, pledge of property with insurance policy for the property endorsed in favour of HBOR, bank guarantees and other security instruments customary in banking operations), and the risk assessment of the investment and the borrower

**12. Related Documentation
/ Schedules**

- General Eligibility Criteria
- List of Documentation and Commercial Banks
- Decision on the General Terms and Conditions of HBOR Lending Activities
- Information on Base and Discount Rates and Reference Rates

In the case of contracting club and syndicated loans, the loan terms and conditions of this Programme may not be applied, i.e., different conditions may be applied in agreement with other members of the bank club/syndicate.

The Loan Programme shall apply as of 1 February 2025.