

Working Capital

1. Borrowers

- Private sector business entities - companies, crafts businesses, sole traders, family farms, cooperatives and institutions
- Public sector business entities - companies and other entities (agencies, institutions, etc.) owned or majority-owned by the units of local or regional government and/or the Republic of Croatia
- For the purpose of recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County – business entities of the private and public sectors that operate or will operate in Sisak-Moslavina County¹

2. Purpose of Loans

- Financing of current business operations (e.g. purchase of raw materials, production materials, semi-products, small inventory, settlement of obligations towards suppliers, labour costs, general current operating expenses)
- Settlement of short-term obligations towards financial institutions, the state and settlement of other short-term obligations, excluding the repayment of debt to the owner, connected clients and other third persons, with the maximum repayment period of up to 12 months

3. Manner of Implementation

- 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

In the case of lending through the risk-sharing model, the commercial bank as the applicant cannot use the loan funds to reduce its exposure towards the borrower.

- Direct lending is possible in the following cases (except for family farms that are not in the VAT system and associations):
 - For loans in the amount of and exceeding EUR 500,000;
 - For loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County, direct lending is possible in the amount of and exceeding EUR 100,000.

In the case of direct lending, the borrower submits the Application and the accompanying documentation to HBOR

4. Loan Amount

- Minimum possible individual loan amount in the case of loans on-lent via commercial banks generally equals:
 - EUR 50,000
- Minimum possible individual loan amount in the case of direct loans generally equals:

¹ HBOR may also consider loan applications for recovery from the consequences of earthquake of business entities from the private and public sectors that operate in Zagreb and Karlovac counties.

- EUR 100,000 for loans intended for the recovery from the consequences of earthquake and for the economic development of Sisak-Moslavina County and for the economic development of Lika-Senj County
 - EUR 500,000 for other borrowers

Maximum loan amount depends on the specific features and creditworthiness of the borrower, purpose and composition of the transaction as well as available HBOR's sources of finance.

5. Loan Currency	EUR
6. Interest Rate	<ul style="list-style-type: none"> • Short-term and short-term revolving and long-term loans up to, and including, EUR 400,000.00: <ul style="list-style-type: none"> ○ 4.00% per annum, fixed • Short-term and short-term revolving and long-term loans exceeding EUR 400,000.00: <ul style="list-style-type: none"> ○ the interest rate for each individual loan is determined by HBOR (for direct loans) or the commercial bank (for loans on-lent via commercial banks), whereby the interest rate determined in this way may be subsidised/reduced² depending on the available funds: <ul style="list-style-type: none"> ▪ for micro, small and medium-sized enterprises (SME): <ul style="list-style-type: none"> • by 1.50 percentage points if they invest in special areas of the Republic of Croatia and/or are exporters, • by 1.00 percentage point for other investments ▪ for entities of medium market capitalisation and large business entities: <ul style="list-style-type: none"> • by 1.00 percentage point if they invest in special areas of the Republic of Croatia and/or are exporters, • by 0.50 percentage points for other investments ▪ for public sector entities: <ul style="list-style-type: none"> • by 0.80 percentage points if they invest in special areas of the Republic of Croatia, • by 0.30 percentage points for other investments • Short-term and short-term revolving and long-term loans for business entities that invest in the recovery from the consequences of earthquake and the economic development of Sisak-Moslavina County: <ul style="list-style-type: none"> ○ loans up to EUR 1,000,000.00: 2.00% per annum, fixed ○ loans of and exceeding EUR 1,000,000.00: the interest rate for each individual loan is determined by HBOR (for direct loans) or the commercial bank (for loans on-lent via commercial banks), whereby the interest rate determined in this way may be subsidised/reduced² depending on the available funds: <ul style="list-style-type: none"> ▪ for micro, small and medium-sized enterprises (SME):

² The criteria for determining special areas of the Republic of Croatia and exporters are contained in the document General Eligibility Criteria that is a constituent part of this programme.

- by 1.50 percentage points if they invest in special areas of the Republic of Croatia and/or are exporters,
- by 1.00 percentage point for other investments
- for entities of medium market capitalisation and large business entities:
 - by 1.00 percentage point if they invest in special areas of the Republic of Croatia and/or are exporters,
 - by 0.50 percentage points for other investments
- for public sector entities:
 - by 0.80 percentage points if they invest in special areas of the Republic of Croatia,
 - by 0.30 percentage points for other investments

In certain cases, the interest rates and/or interest rate reductions can differ from the above depending on aid rules.

Maximum possible interest rate subsidy for an individual loan is determined in accordance with aid rules.

7. Fees

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

- Loan application processing fee: 0.50% on the contracted loan amount,
- Commitment fee:
 - For public sector entities: no fee
 - For other entities: 0.25% on the contracted undisbursed loan amount

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 as well as loans intended for the recovery from the consequences of earthquake in Zagreb and Karlovac counties:

- 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.

8. Period and Manner of Loan Disbursement

- Short-term loans:
 - Up to 3 months
 - One-off or successively, based on the documentation evidencing the utilisation of loan for earmarked purposes
 - Revolving loans:
 - Up to 12 months
 - On revolving principle, based on the documentation evidencing the utilisation of loan for earmarked purposes
 - Long-term loans:
 - Up to 12 months
 - One-off or successively, based on the documentation evidencing the utilisation of loan for earmarked purposes
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Loan funds are disbursed to the account of the supplier/contractor and/or to the borrower's account, depending on the purpose of the working capital.

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

- Short-term loans:
 - Up to 12 months from the expiry of the disbursement period, provided that the total loan period (disbursement period and repayment period) shall not exceed the total of 12 months
- Revolving loans:
 - Up to 12 months from the conclusion of the Loan Contract

In the case of the revolving of the loan, which depends on the assessment of creditworthiness of the borrower and available HBOR's sources of finance, HBOR retains the right to change the interest rate and the fees of the revolved loan.

- Long-term loans:
 - Up to 6 years, including a grace period of up to 2 years, depending on the purpose and creditworthiness of the borrower (for loans with a repayment period of 5 years and less than 5 years, it is possible to approve the maximum grace period of up to 1 year)

10. Manner of Repayment

- Short-term loans:
 - One-off or, generally, in equal monthly or three-monthly instalments
- Revolving loans:
 - Successively or one-off, not later than on the date of the contracted ultimate repayment deadline
- Long-term loans:
 - Generally, in equal monthly, three-monthly or semi-annual instalments

11. Collateral

- Lending in cooperation with commercial banks: collateral is determined by the commercial bank
- Risk sharing model: collateral is determined by the commercial bank and HBOR
- Direct lending:
 - HBOR agrees the collateral with the borrower in accordance with HBOR's internal documents (e.g. bills of exchange, debentures, pledge of property with insurance policy for the property endorsed in favour of HBOR, pledge of business shares, bank guarantees, guarantees of HAMAG-BICRO and other security instruments customary in banking operations), and with the risk assessment of the transaction and the borrower
 - Loans to exporters, whose business is affected by the direct or indirect effects of the Russian aggression against Ukraine, can

be secured under the Programme for the Insurance of Exporters' Liquidity Loan Portfolio and the Programme for Individual Insurance of Liquidity Loans for Exporters with insurance premium subsidy under the Insurance Premium Subsidy Programme – measures to support the economy of the Republic of Croatia following the Russian aggression against Ukraine

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

The Loan Programme shall apply as of 1 February 2025.