

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, related entities 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 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 EUR 100,000 and above.

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

4. Loan Amount

- The minimum amount of an individual loan for loans in cooperation with commercial banks is generally:
 - EUR 50,000
- The minimum amount of an individual direct loan is generally:
 - EUR 100,000 for loans intended for the recovery from the consequences of earthquake and for the economic

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.

development of Sisak-Moslavina County and for the economic development of Ličko-Senjska County

- EUR 500,000 for other borrowers

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

5. Loan Currency	EUR
6. Interest Rate	<ul style="list-style-type: none">• 5.0% p.a. fixed, on short-term and short-term revolving loans and long-term loans• 2.0% p.a., fixed on short-term and long-term loans intended for the recovery from earthquake and for the economic development of Sisak-Moslavina County• In certain cases, interest rate can be different as follows:<ul style="list-style-type: none">○ for borrowers that perform business activity and cannot obtain state aid and/or de minimis aid, effective interest rate (EIR)² cannot be lower than the reference interest rate for a single borrower (RIR)³, all in accordance with the regulations on the award of state aid○ In the case of on-lending through commercial banks: for loans in the amount of EUR 5 million and above, HBOR determines the level of interest rate for the commercial bank, and the interest rate for borrower is determined by the bank in accordance with its internal documents○ In the case of direct lending: For loans in the amount of EUR 1 million and above, HBOR determines the level of interest rate for each individual loan.
7. Fees	<p>Variable, in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation:</p> <ul style="list-style-type: none">• Loan application processing fee: 0.50% on the contracted loan amount,• Commitment fee:<ul style="list-style-type: none">○ For public sector entities: no fee○ For other entities: 0.25% on the contracted undisbursed loan amount <p>and other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation.</p> <p>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:</p> <ul style="list-style-type: none">○ no loan application processing fee,○ no commitment fee,○ no fee for changing the terms and conditions of loan,

² Effective interest rate (EIR) is an interest rate that shows total costs of a loan in accordance with the valid Decision on Effective Interest Rate of the Croatian National Bank

³ Reference interest rate (RIR) is the base rate (calculated and published by the European Commission), increased by a certain number of basis points (margin) that depend on the client's rating (credit rating) and the assessment of collaterals, in accordance with the Communication from the Commission on the revision of the method of determining reference and discount rates (OJ C 14, 19.1.2008). It is applied for the calculation of aid in loans approved with promotional interest rates. The range of valid RIR is available in the Information on Base and Discount Rates and Reference Rates.

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

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 facing difficulties in doing business caused by direct or indirect effects of the Russian aggression against Ukraine, may be insured in accordance with the Programme for the Portfolio Insurance of Liquidity Loans for Exporters and the Programme for Individual Insurance of Liquidity Loans for Exporters, with the insurance premium subsidy in accordance with the Programme for Subsidising the Insurance Premium – 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

In the case of contracting club and 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 to applications received in HBOR as of 1 November 2024.