



Hrvatska banka za obnovu i razvitak

Buyer Credit

(Loan Programme for Financing Foreign Buyers / Banks)

All terms and conditions of this Loan Programme are in accordance with the Rules of the OECD Consensus

1. Goal of the Loan Programme and Purpose of the Loans

The goal of the Loan Programme is to enable the competitiveness of exporters in international markets (by providing foreign buyers with longer repayment terms), increase the liquidity of exporters and reduce the risks that exporters face when participating in international trade.

The purpose of this Programme is financing exports of goods and services.

2. Borrowers

Eligible borrowers are:

- commercial bank of the buyer with whom an exporter has concluded an export contract, or
- buyer itself if covered by acceptable collateral.

3. Manner of Implementation of the Loan Programme and Loan Application Procedure

HBOR may finance a foreign buyer:

- by co-financing export transactions with other banks, or
- by financing the bank or the buyer abroad on its own.

A loan application is submitted by the exporter, who has obliged itself, in accordance with the requirements of a buyer or the terms and conditions of an international tender, to offer a direct loan to the buyer, the proceeds of which will be used for paying the amounts receivable under the export contract.

An application for a loan to a foreign buyer or its bank is submitted by the exporter directly to HBOR generally **before the export contract has been concluded**.

Loan funds committed under the Programme shall be disbursed directly to the exporter's account in the currency of the export contract after all preconditions contained in the loan contract have been fulfilled. **The loan shall be repaid by the foreign buyer or its commercial bank.**

4. Loan Amount and Repayment

A loan may finance up to 100% of the export contract value for repayment periods of up to two years, or up to 85% of the export contract value for repayment periods of over two years.

In case of repayment periods longer than two years, the export contract must provide for an advance payment to be paid in principle prior to the first disbursement of the committed loan funds and/or for an interim payment (cash down payment) to be entirely effected before the last disbursement of the committed funds in the amount of at least 15% of the export contract value. This amount must be paid by the buyer to the exporter's account generally before the first disbursement of the committed loan funds. The amount of the

cash down payment in case of loans granted for financing the construction of ships must be at least 20% of the contracted price.

The export contract value is the total value of exported goods and services to be paid by the buyer (excluding local costs and interest).

The amount of local costs financed from the proceeds of the loan granted by HBOR to the buyer/bank must not exceed 30% of the export contract value. Local costs include expenditures for goods and services in the buyer's country necessary for honouring the export contract.

Loans are denominated in the export contract currency.

Repayment (by type of goods and services exported):

- Consumer goods with the expected life-span of up to 1 year, including related services - up to 6 months;
 - Consumer goods with the expected life-span of more than 1 year, including related services - up to 2 years;
 - Parts and components, including related services - up to 5 years;
 - Quasi-capital goods¹, including related services - up to 5 years;
 - Capital goods, including related services - up to 10 years;
 - For financing the construction of hydro and thermal power plants, projects based on wind energy, geothermal, solar and bio energy projects, tide power plants and water supply and wastewater disposal projects - up to 15 years.
- a) date on which the buyer takes physical possession of the goods in the importing country – sale of equipment consisting of individual segments that can be used separately;
 - b) date on which the buyer takes over the entire plant under the export contract – construction of a whole plant (thermal power plants, etc.), unless a commissioning, i.e. turn-key basis, has been agreed;
 - c) date on which works have been completed – construction works, if the contractor is not responsible for commissioning;
 - d) date on which preliminary tests and tests ensuring that the plant is operational have been made after the completion of installation and construction works – in case of contractual responsibility of the supplier or the contractor for the good working order of the plant, for plan commissioning or operation (applies whether or not the plant is taken over by the buyer according to the export contract, and irrespective of any continuing obligation which the supplier or the contractor may have undertaken (e.g. technical guarantee for the plant or local staff training for work at the plant));
 - e) delivery date of each individual segment or average of several deliveries – in the cases from b) to d), if separate deliveries of individual project segments have been agreed in the contract.

Repayment of principal: The principal can be repaid in equal monthly, quarterly, semi-annual or annual instalments², with the first instalment maturing 1, 3, 6 or 12 months after the loan repayment start date depending on the selected manner of principal repayment.

Loan may be prematurely repaid with a prior written notification sent to HBOR, provided a premature repayment fee is paid.

¹ Capital goods of lower individual value.

² The repayment in annual instalments is possible only exceptionally, i.e. if the nature of the project justifies such manner of principal repayment.

5. Interest

The interest rate depends on the creditworthiness of the bank, on the creditworthiness of the buyer, on the importing country and on the export transaction, and may be fixed or variable. The interest is calculated monthly, quarterly, semi-annually or annually (depending on the selected manner of principal repayment).

Interest during the disbursement period is not added to the principal, but paid.

1) Fixed interest rate

At the time of the loan contract conclusion, the interest rate cannot be lower than the internationally prescribed lowest interest rate – Commercial Interest Reference Rate - CIRR for the export contract currency. If the interest rate is determined before the loan contract conclusion (by an indicative offer, letter of intent or similar document), it cannot be lower than CIRR increased by 0.2%. In this way, the interest rate can be determined for the period no longer than 120 days.

2) Variable interest rate

In principle, the variable interest rate is determined on the basis of applicable LIBOR or EURIBOR rate increased by a margin, which depends on the creditworthiness of the buyer/bank, on the importing country and on the export transaction.

6. Fees

Loan application fee

- a one-off loan application fee of 0,5% on the contracted loan amount
- charged before the first disbursement date

Commitment fee

- a commitment fee of 0,25% p.a. is generally charged quarterly on the contracted and undisbursed loan amount, starting from the date of fulfilment of documentary conditions precedent under the loan contract until the end of the loan disbursement period

7. Loan Disbursement

The disbursement period depends on details of an export transaction or project and is determined in the loan contract pursuant to the terms and conditions of the export contract. Loan funds shall be disbursed directly to the exporter's foreign currency account.

8. Security

For the purpose of securing due fulfilment of loan obligations under the Loan Programme, HBOR generally requires irrevocable, unconditional bank guarantee payable on first demand in the amount of the loan plus all accrued interest, fees and expenses valid until the end of the final loan repayment period prolonged by a *respiro* period.

9. Miscellaneous

The provisions of HBOR's Decision on General Terms and Conditions of Lending Activities, the General Terms and Conditions of Security for HBOR's Placements, HBOR's Decision on Interest Rates with the Interest Calculation Regulations, the Decision on Fees for HBOR Services with the Fee Calculation Regulations as well as provisions of other HBOR documents and decisions made by HBOR bodies in charge shall apply to all matters that are not regulated by this Loan Programme.

10. Documentation to Support Loan Application

a) Borrower (foreign buyer or foreign buyer's bank)

- Excerpt from the appropriate register into which the foreign buyer / foreign buyer's bank has been entered, translated into Croatian by an authorised court interpreter
- Data on ownership structure
- Borrower's statement on associated entities
- List of signatories authorised to represent a business entity
- List of signatories authorised to sign payment orders and dispose of the funds deposited in the accounts
- Draft wording of the export contract
- Profit and Loss Account for the past two business years
- Balance Sheet for the past 2 business years
- Audited financial statements
- Annual report
- Letter of intent or any other written document of a foreign bank, on the basis of which the bank's intent/willingness to issue a guarantee can be established if a guarantee has been offered as loan collateral
- Foreign buyer: Questionnaire for Legal Entities, Data on Beneficial Owners of Client (Applicant for a Loan), Table 1 and 2 – Attachment to Data on Beneficial Owners of Client (Applicant for a Loan), Questionnaire for Politically Exposed Persons, all pursuant to the Anti-Money Laundering and Terrorist Financing Act, Official Gazette of the Republic of Croatia nos. 87/08 and 25/12. Forms in English are available on HBOR's website www.hbor.hr/eng

b) Exporter

- Excerpt from the Court Register (issued not more than 30 days beforehand)
- Company incorporation documents (Articles of Incorporation in the case of a limited liability company, By-Laws in the case of a shareholding company)
- List of signatories authorised to dispose of the funds deposited in the account
- Notification of the classification of the business entity according to NKD (national classification of economic activities)
- BON 1 and BON 2/SOL 2 issued not more than 30 days beforehand
- Entrepreneurs that are subject to the obligation of auditing their annual financial statements pursuant to the Accounting Act: Audited Annual Financial Statements for the past two business years
- Entrepreneurs that are not subject to the obligation of auditing their annual financial statements: Annual Financial Statements – Balance Sheet (POD-BIL form), Profit and Loss Account (POD-RDG form), Additional Data (POD-DOP form), and for small and medium-sized entrepreneurs also Statement of Cash Flows (POD-NTD and POD-NTI form) for the past two business years prepared pursuant to the Accounting Act
- Notes to the financial statements

- Questionnaire for Legal Entities, Data on Beneficial Owners of Client (Applicant for a Loan), Table 1 and 2 – Attachment to Data on Beneficial Owners of Client (Applicant for a Loan), Questionnaire for Politically Exposed Persons, all pursuant to the Anti-Money Laundering and Terrorist Financing Act, Official Gazette of the Republic of Croatia nos. 87/08 and 25/12. Forms in English are available on HBOR's website www.hbor.hr/eng

HBOR reserves the right to request other documentation as necessary for the processing of a loan application.

11. Scheme

