HRVATSKA BANKA ZA OBNOVU I RAZVITAK

Schedule 2 – Insurance Programme

PROGRAMME FOR THE PORTFOLIO INSURANCE OF LIQUIDITY LOANS FOR EXPORTERS PO-OPK-LIKV-01/24

Description and Goal of Insurance Programme

Programme for the Portfolio Insurance of Liquidity Loans for Exporters (hereinafter: the Insurance Programme) is implemented by the Croatian Bank for Reconstruction and Development (hereinafter: HBOR or the Insurer) within the framework of its export credit insurance business for and on behalf of the Republic of Croatia aiming to support the exports and the internationalisation of the economy of the Republic of Croatia. The Insurance Programme was introduced on 25 April 2024.

Nature and Form of 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 Agreement by and between the Insurer and a credit institution that shall cover up to 80% of the principal amount of a liquidity loan for exporter.

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 the Croatian Bank for Reconstruction and Development as a lender (hereinafter: HBOR as the lender, hereinafter jointly: the Insured) that meet the following criteria[1]:

- (i) No supervisory measures are being taken against the Insured, i.e. there are no supervisory measures imposed by the regulator, which could lead to the reduction of capital adequacy, and
- (ii) In the period of the last three years, on a non-consolidated level, the Insured has not operated with a loss for two consecutive years, and
- (iii) Capital ratios and capital buffers of the Insured, on a non-consolidated basis, in each of the last three years meet the conditions set by regulatory capital adequacy requirements

The Insurance Programme can apply only to new liquidity loans and not to already existing ones.

As financial intermediaries, the Insured parties 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.

Duration of Insurance Programme

The duration of the Insurance Programme is not limited in time; however, the Insurer and the Insured have the right to cancel the Portfolio Insurance Agreement, based on which the Insurance Programme is implemented, at any time.

Final Beneficiaries of Insurance Programme

The final beneficiaries of this Insurance Programme are exporters in accordance with the Eligibility Criteria for the inclusion of loans in the portfolio with regard to the Exporter (the Borrower) that require liquidity for their activities.

[1] HBOR as the lender shall adequately demonstrate the fulfilment of the eligibility criteria of credit institutions.

Sectoral and Regional Scope of Insurance Programme[2]

The Insurance Programme is open to exporters from all sectors, except for the activities listed as Ineligible Activities in HBOR's General Eligibility Criteria[3], and shall apply to the entire territory of the Republic of Croatia, whereby the entrepreneurs that meet the following export criteria are considered to be exporters (hereinafter: the Exporters):

a) Entrepreneurs who generated in the last business year for which the official annual financial statements are available:
   - at least 30% of their operating income from export revenues, or
   - 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
   - at least 30% of their income from revenues in cooperation with one or more exporters,

Or

b) Who, at the moment of loan disbursement, have unrealised or unpaid export contracts/orders in the Loan amount or are exporters' suppliers for the respective export contracts

Duration of Loans

The Loan duration may be 6 years at the longest and it shall be counted from the execution date of the Loan Contract until the final date of the Loan repayment period.

Manner of Insurance

The Insurer shall conclude a 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 they 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, the Insured shall request from the Insurer prior consent for the inclusion of the following loans in the Portfolio:

(i) Loans with respect to which the net insured sum (the product of the loan principal amount and the coverage amount) equals EUR 5,000,000.00 or more, and/or

(ii) Loans granted to the Borrowers to whom the Insurer is already exposed or will, together with the respective loan, possibly be exposed under the programmes for the insurance of liquidity loans / working capital loans / pre-export financing loans of the Insurer[4] in the total gross amount of EUR 20,000,000.00 or more, or

(iii) Loans granted to the Borrowers who are not regular in settling their current loan obligations and obligations to the state, in the manner defined by the Eligibility Criteria for the inclusion of loans in the portfolio in relation to the Exporter (Borrower).

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 OU-OPK-LIKV-01/24 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 a particular provision of the General Terms and Conditions and the Insurance Programme, the provisions of the General Terms and Conditions shall prevail.

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

[3] HBOR's General Eligibility Criteria in effect that have been published on the website: https://www.hbor.hr/zakoni-pravilnici-akti-i-ostali-dokumenti

[4] The Pre-Export Financing Insurance Programme (abbreviated: KPI), the Programme for the Insurance of Exporters' Working Capital Loan Portfolio (abbreviated: OPK SME), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: OPK Covid), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: PPO Covid), the 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 (abbreviated: OPK Ukraine), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine (abbreviated: PPO Ukraine), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters (abbreviated: OPK LIKV)

Premium

The Insurer shall charge the Premium for Loan insurance to the Insured.

The Insured shall pay to the Insurer the Premium for each Loan included in the Portfolio. The Insured calculates the Premium one-off 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 the Premium calculation.

The Premium is stated and charged in Euros. The Insurer shall issue to the Insured an invoice for the Premium based on the Premium calculation contained in the Notification on Inclusion.

Premium calculation:

- 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 insured sum of the Loan principal (up to 80% of the Loan principal) on the basis of the preliminary Loan principal repayment schedule for the Duration of the Loan.
- The amount of the calculated Premium is discounted to the present value by applying the discount interest rate published by the European Commission (base rate[5] increased by 1 percentage point, in %).
- In the Loan disbursement period (up to the beginning of the Loan repayment period), the Premium is calculated on the insured sum 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 2024, the last Loan repayment date must be no later than 31 August 2030).
- Annual premium rates are determined in accordance with the size of the Borrower (pursuant to the EU definition[6]) as follows:
  (i) For micro, small and medium-sized enterprises: there are two options for determining the annual premium rate and the Insured determines on its own which of these options it will apply:
    a) Use of the so-called safe-harbour premium rates (determined by the European Commission), which are stated in accordance with the rating scales of the rating agencies Standard&Poor's, Fitch and Moody's and are listed in the following table[7]:

Credit rating	Standard&Poor's	Fitch	Moody's	Annual premium rate
Highest quality	AAA	AAA	Aaa	0.4%
Very strong payment capacity	AA+	AA+	Aa1	
	AA	AA	Aa2	
	AA-	AA-	Aa3	
Strong payment capacity	A+	A+	A1	0.55%
	A	A	A2	
	A-	A-	A3	
Sufficient payment capacity	BBB+	BBB+	Baa1	0.8%
	BBB	BBB	Baa2	
	BBB-	BBB-	Baa3	
Payment capacity sensitive to adverse circumstances	BB+	BB+	Ba1	2%
	BB	BB	Ba2	
	BB-	BB-	Ba3	3.8%
Payment capacity likely to be reduced in adverse circumstances	B+	B+	B1	
	B	B	B2	6.3%
	B-	B-	B3	
Payment capacity depends on continued favourable circumstances	CCC+	CCC+	Caa 1	Not available
	CCC	CCC	Caa 2	
	CCC-	CCC-	Caa 3	
	CC	CC	-	
	-	C	-	
Default or near default	SD	DDD	Ca	Not available
	D	DD	C	
	-	D	-	

[5] https://competition-policy.ec.europa.eu/state-aid/legislation/reference-discount-rates-and-recovery-interest-rates/reference-and-discount-rates_en

[6] Commission Recommendation No. 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36–41)

[7] The Insured shall map the stated premium rates to its internal rating scale in accordance with its own methodology, i.e. its standard internal documents, rules and procedures.

For micro, small and medium-sized enterprises who do not have a credit history or assessment based on the balance sheet approach (so-called start-up enterprises[8]), the annual safe harbour premium rate is set at 3.8% (determined by the European Commission); however, it can never be lower than the premium rate that would be applied to the parent company or companies. A different premium rate may be applied to Loans approved to start-up enterprises in the following cases:

- if start-up enterprises are members of a group, the Insured may apply the premium rate assigned to the credit rating of: (i) the group on a consolidated basis, whereby the parent of the group guarantees for the obligations of the start-up enterprises under the Loan Contract, or (ii) the company that is a member of the group and that guarantees for the obligations of the start-up enterprises under the Loan Contract;
- if start-up enterprises are not members of a group, the Insured may apply the premium rate assigned to the credit rating of the guarantor or co-debtor under the Loan Contract.

Or

(b) Premium rate is calculated in the manner specified in the following item (ii) for large enterprises.

(ii) For large enterprises: annual premium rate is calculated as the difference between: (i) annual interest rate on the loan without taking into account the respective loan security under the Insurance Programme and (ii) borrowing costs of the Insured for the loan to be included in the Portfolio.

Fees

The fee for the administrative costs of including a loan in the Portfolio, for which the consent of the Insurer is not required, is neither calculated nor charged.

The fee for processing the application for consent of the Insurer is calculated and charged per processed application for consent and amounts to:

- for giving consent for the inclusion of a loan in the Portfolio: 0.10% on the amount of the insured Loan principal (without interest), at least EUR 200.00 and at most EUR 2,000.00,
- for giving consent for a change in the terms and conditions of Loans that are already included in the Portfolio: 0.05% on the amount of the insured Loan principal (without interest), at least EUR 100.00 and at most EUR 1,000.00.

The fee for processing the application for consent of the Insurer is stated and charged in Euros. The Insurer shall issue to the Insured an invoice for the fee for processing the application for consent together with the issued consent.

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 (as an exception, data on loans for which the Loan Contract has been concluded in the previous Calendar quarter, if the Insured did not include them by mistake in the previous Notification on Inclusion, and which the Insured wishes to include in the Portfolio), accompanied by Loan repayment preliminary schedule.

[8] Start-up enterprises are those enterprises that, at the moment of the submission of loan application, have been operating for less than 3 years compared to the date on which they were established.

Pursuant to the Notification on Inclusion, the Insurer shall issue an invoice for the Premium to the Insured.
The Insured shall report three-monthly to the Insurer on the balance of Loans, 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 shall, within ten calendar days, pay the Indemnity to the Insured up to the amount of contracted Coverage rate (up to 80%) of Loss.
Indemnity is stated and paid in Euros.
Before the Indemnity payment, the Insured shall conclude the Recovery Contract with the Insurer regulating, among others, their rights and obligations in respect of the collection of receivables under the Loan after the Indemnity payment.

Recovery
Recovery from the Exporter, after the Indemnity has been paid, is made by the Insured independently for its own and for the Insurer's receivables. In the case of recovery, the inflows from all security instruments contracted under the Loan, if they are contracted, shall be divided pro rata between the Insurer and the Insured in the amount of the contracted insurance coverage (the Insured shall forward to the Insurer up to 80% of the collected amount, or in accordance with the contracted Coverage rate if it is lower than 80%, respectively).
The Insurer shall compensate the Insured for up to 80% of incurred Costs of Enforced Collection, or in accordance with the contracted Coverage rate if it is lower than 80%, 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 or equal to three months; for which case, the Insured is not obliged to pay an additional Premium[9].
If the Extension of the loan repayment period is longer than three 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.

[9] The Insured is not obliged to calculate and pay the Premium for the Extension of the loan repayment period that is shorter than or equal to three months only when it is the first Extension of the loan repayment period. If the Extension of the loan repayment period that is equal to or shorter than three months is performed several times (for which the Insured is obliged to obtain the Insurer's prior consent), and if the first Extension of the loan repayment period is longer than three months, whereas some of the following Extensions of the loan repayment period are equal to or shorter than three months, it is necessary to calculate and pay the Premium for changing the loan repayment period.

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 on the day of the Loan approval, whereby the documentation from which the Insured has established the facts during the processing of the loan application will be considered relevant[10]:

Exporter	The Borrower may be any entity that performs economic activity, regardless of its size and legal form, and has its registered headquarters in the Republic of Croatia (companies, crafts businesses, other legal entities and natural persons - sole traders) and o Is not subject to the sanctions of the European Union (hereinafter: EU) or international partners[11], 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 international partners, or – Which operate in the sectors to which sanctions adopted by the EU or international partners 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 Sanctions (which will be stated in the Statement of the Insured to be submitted to the Insurer with the Claim), o is not in difficulties (in terms of the General Block Exemption Regulation[12]), where the Insured is obliged to establish that the Borrower stated in the Statement on the Client's Status that it was not in difficulties, and regardless of the Borrower's statement, 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 of the Insured 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, and b) pre-bankruptcy, bankruptcy or liquidation proceedings have been initiated against the company, and c) for large enterprises, if during the last two years, both of the following conditions have been cumulatively met in both the years:

[10] 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.

[11] United Nations (*UN sanctions list*), Financial Action Task Force (*FATF sanctions list*), United Kingdom of Great Britain and Northern Ireland (*UK sanctions list*), United States of America (*US sanctions list*)

[12] 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. 6. 2014), consolidated version of 1. 7. 2023

i. the ratio of long-term financial liabilities and capital and reserves of entrepreneur is higher than 7.5, and
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 always considered at the level of the entrepreneur, 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).

- meets duly its current loan obligations and obligations towards the state:
  a) the Insured's exposure to the Borrower has been classified as a risk group A with the Insured (according to the Decision of the Croatian National Bank[13]). If the Insured has not been exposed to the Borrower, this criterion shall not apply; and
  b) The Borrower has no overdue liabilities older than 30 calendar days towards other creditors with which it has debt[14], which is established by the Insured on the basis of the Exporter's Statement on Indebtedness and:
     (i) by insight into the Basic Register System (BRS system) for creditors that participate in data exchange with the Croatian Register of Loan Obligations (HROK), which is documented by the Insured by records/reports from the BRS system, and/or
     (ii) attachments to the Statement on Indebtedness, consisting of the creditors' statements not older than 30 days from the day of loan application submission (e.g. certificates of regularity of payments at financial institutions, statements of open item, etc.)[15]; and
  c) The Borrower has no overdue public contribution liabilities for which official records are kept by the Tax Administration or, in case of the existing overdue liabilities, they are regulated (e.g. by an administrative contract concluded with the Tax Administration). The Insured establishes the fulfilment of this condition on the basis of the Certificate on Debt Balance based on public contributions, of which official records are kept by the Tax Administration, and which is not older than 30 days from the date of loan application submission.

  The fulfilment of the criterion referred to in this item (iii) the Insured will state in the Statement of the Insured submitted to the Insurer with the Claim,
- Meets the export criterion:
  a) In the latest business year for which company's financial statements are available, generated:
     – At least 30% of its operating income from export revenues[16] (exporter), or

[13] 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, 139/2022), with all subsequent changes and amendments
[14] Liabilities of the Borrower with all credit institutions in accordance with the Credit Institutions Act and with HBOR as creditor are considered.
[15] In any case, the Insured has the right to choose whether the criterion of payment regularity will be determined on the basis of data from the BRS system or through the statements of creditors, however, it is important to determine this for all creditors that the Exporter stated in the Statement of Indebtedness.
[16] 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

	– generated more than 50% of its operating income from overnight stays, where the share of realised overnight stays of non-residents of the Republic of Croatia in the total number of overnight stays[17] in that year is at least 30% (exporter), or – generated at least 30% of its operating income from revenues in cooperation with one or several exporters referred to in the previous two paragraphs (exporter's supplier)[18], or b) at the time of Loan disbursement has unrealised or unpaid contracts /orders in the Loan amount: – export contracts/orders in cooperation with one or several foreign buyers (exporter), or – contracts/orders in cooperation with one or several exporters from above indent concluded for the purpose of realising that export contract/order (exporter's supplier).
Activity	Any activity of the Borrower is considered eligible except for the activities listed in Ineligible activities within the framework of HBOR's General Eligibility Criteria[19], which is established by the Insured on the basis of the Statement on the Borrower's Activity to be submitted with the Claim.
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. The Borrower and/or responsible persons of the Borrower listed in the Statement of Eligibility of Client that the Insured obtains from the Borrower, have not been convicted by a final decision of one or several criminal offences specified in the Statement of Eligibility of Client, and in relation to them, there are no circumstances specified in the Statement of Eligibility of Client, i.e. in case there are certain final convictions and circumstances, appropriate measures listed in the Statement of Eligibility of Client were taken. The Insured establishes the fulfilment of this condition on the basis of the Statement of Eligibility of Client and in accordance with its standard internal documents, rules and procedures, which will be stated in the Statement of the Insured submitted to the Insurer with the Claim.

1.2. WITH RESPECT TO THE LOAN

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.).

[17] 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.

[18] 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).

[19] HBOR's General Eligibility Criteria published as valid on the website: https://www.hbor.hr/zakoni-pravilnici-akti-i-ostali-dokumenti

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[20]:

Type	Individual, framework or revolving loans
Purpose	(i) Loans must be new liquidity loans. (ii) 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[21] or to prematurely settle obligations for existing debts (loans, leasing, etc.). (iii) 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. (iv) 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 in the period of 6 months before the day of receipt of the loan application 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. The amount of reimbursement of costs paid by the Borrower to other suppliers that are not financial institutions is not limited. (v) 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). (vi) 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 maximum amount of the Loan per one Borrower is determined depending on how the export criterion from the Eligibility criteria for inclusion of loans in the portfolio has been determined in relation to the Exporter (Borrower) referred to in paragraph 1.1.1., item (iv) of the Exporter criterion under this Insurance Programme, and can amount to a maximum of: a) The planned amount of necessary liquidity (working capital) of the Borrower in the Loan disbursement period, if the export criterion is determined in relation to the required share (%) of operating income from export revenues / overnight stays or for suppliers of such exporters (item a) sub-item (iv)), or b) The planned amount of unrealised or unpaid contracts/orders for one or more export transactions at the time of Loan disbursement, if the export criterion

[20] 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.
[21] HBOR as creditor, credit institutions in accordance with the Credit Institutions Act, leasing companies in accordance with the Leasing Act, factoring companies in accordance with the Factoring Act

	is determined in relation to export contracts/orders or for suppliers of such exporters (item b) sub-item (iv)). The Insured determines the maximum Loan amount in accordance with the amount specified by the Borrower in the Statement of Required Liquidity (working capital), and its attachments. The Loan principal can be increased by the cost of the Premium.
Currency	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 the Loan repayment, where in no case the Loan Duration can be longer than six years. Interest can be repaid annually or more often. The loan duration is determined by the Insured, regardless of how the export criterion is determined from the Eligibility criteria for inclusion of loans in the portfolio in relation to the Exporter (Borrower) referred to in point 1.1.1., sub-point (iv) of the Exporter criterion of this Insurance Programme.
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 for which the net Insured sum (the product of the principal amount of the Loan and the amount of coverage) will be EUR 5,000,000.00 or more, only if it has received prior consent from the Insurer for the inclusion of the respective loan in the Portfolio. The Insured may include in the Portfolio a loan granted to the Borrower to which the Insurer is already exposed or will potentially be exposed together with the respective loan under HBOR's insurance programmes for liquidity loans / working capital loans / pre-export financing[22] in the total gross amount of EUR 20,000,000.00 or more, only if it received prior approval from the Insurer for inclusion of the respective the loan in the Portfolio. The Insured determines the specified total gross exposure in accordance with the Statement on loans approved with HBOR's insurance, which is provided by the Borrower at the time of loan application submission, taking into account all loans that have been approved and which have not been fully repaid, as well as loans for which approval is being considered, together with the respective loan that is intended to be included in the Portfolio[23]. If the Borrower is part of a group, the exposure is considered at the level of an individual Borrower.

[22] The Pre-Export Financing Insurance Programme (abbreviated: KPI), the Programme for the Insurance of Exporters' Working Capital Loan Portfolio (abbreviated: OPK SME), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: OPK Covid), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Covid-19 Measure of the Republic of Croatia to support the economy (abbreviated: PPO Covid), the 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 (abbreviated: OPK Ukraine), the Programme for the Individual Insurance of Liquidity Loans for Exporters – Measure to Support the Economy of the Republic of Croatia Following the Russian Aggression Against Ukraine (abbreviated: PPO Ukraine), the Programme for the Portfolio Insurance of Liquidity Loans for Exporters (abbreviated: OPK LIKV).

[23] When calculating the total loan amount, the maximum possible gross exposure per loan principal at the time of loan application submission is taken into account: 1) for loans that have not yet been approved, the amount of the requested loan principal is taken into account; 2) for approved loans that are still in disbursement, the amount of approved loan principal is taken into account; 3) for approved loans for which the disbursement period has expired, the balance (unrepaid amount) of the loan principal is taken into account.

The Insured will request these consents 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[24].

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	(i) Loans must be new liquidity loans. (ii) 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[25], or to prematurely settle obligations for existing debts (leasing, loans, etc.). (iii) 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. (iv) 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 within a period of 6 months before the date of receipt of loan application and assessed as eligible by the Insured in accordance with the eligible purpose of the Loan under 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. The amount of reimbursement of costs paid by the Borrower to other suppliers that are not financial institutions is not limited.

[24] 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.

[25] HBOR as creditor, credit institutions in accordance with the Credit Institutions Act, leasing companies in accordance with the Leasing Act, factoring companies in accordance with the Factoring Act

	(v) 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). (vi) 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 maximum amount of the Loan per one Borrower is determined depending on how the export criterion from the Eligibility criteria for inclusion of loans in the portfolio has been determined in relation to the Exporter (Borrower) referred to in paragraph 1.1.1., item (iv) of the Exporter criterion under this Insurance Programme, and can amount to a maximum of: a) The planned amount of necessary liquidity (working capital) of the Borrower in the Loan disbursement period, if the export criterion is determined in relation to the required share (%) of operating income from export revenues / overnight stays or for suppliers of such exporters (item a) sub-item (iv)), or b) The planned amount of unrealised or unpaid contracts/orders for one or more export transactions at the time of Loan disbursement, if the export criterion is determined in relation to export contracts/orders or for suppliers of such exporters (item b) sub-item (iv)). The Insured determines the maximum Loan amount in accordance with the amount specified by the Borrower in the Statement of Required Liquidity (working capital), and its attachments. The Loan principal can be increased by the cost of the Premium.
Currency	EUR
Extension of the Loan Repayment Period	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.