Establishing a HBOR Hybrid Financing Product
Inception Report

Scope of Work

Improving the SME sector's access to financing through institutional support in the field of development finance is the ultimate goal for this Scope of Work. The specific goal of this assignment is to assist HBOR in establishing a new financing product in Croatia. This new product can be a form of mezzanine financing or another hybrid financing product. Availability of such financing is currently unavailable and would be of great benefit to medium-sized, fast growing SMEs who are export oriented, undertaking projects of relatively large scope and concurrently likely to generate more jobs.

Methodology

This assessment was conducted through extensive discussions, reviews and site visits. These consultations were required to access the appetite, background and current financing environment in Croatia and HBOR in particular for a mezzanine or hybrid financing vehicle. A listing of all the organizations visited and individuals met is provided in Appendix 1.

Background

HBOR is the acronym for the government owned Croatian Bank for Reconstruction and Development. Its objective is to finance the reconstruction and development of the Croatian economy. It provides funding for commercial bank loans and also makes direct loans to SMEs frequently with concessionary terms, conditions, and rates. HBOR's mandate, in part, is to encourage growth and development in the Croatian economy by providing financing to enterprises that will increase exports and increase job growth.

In keeping with its mandate, HBOR recognizes that there is a need for bridge or mezzanine type financing to fill the need of companies that are creditworthy and seek longer term financing for their growth. This is particularly true for "Greenfield" type projects which need "patient" capital in the form of equity or quasi- equity funding. This gap has not been filled by the commercial banks or other financing institutions in Croatia. It is believed that this financing is not available from commercial banks due to their funding constraints and desire to finance shorter term, less risky loans. "Classic" Bridge and Mezzanine financing is not available in Croatia because there are few venture capitalists or investors willing to lend money while taking an equity position. Those venture capital firms that are operating in Croatia seek to provide straight equity financing.

Overview of the Banking/Financing Situation in Croatia

Commercial Banks Strengths and Weaknesses

About 97 percent of Croatian banks assets are held by foreign commercial banks. Croatian owned banks hold the remaining assets with the Croatian Postal Bank holding the bulk of the remaining assets.

The commercial banks in Croatia have various strengths including:

1. Long term history and experience in banking within transitional economies, like Croatia;
2. Very strong capital bases and potential financial support from parent bank holding companies;
3. Experienced in many types of commercial banking activities;
4. Access to the expertise of their parent (mother) banking holding company and the various subsidiaries (sisters) that are involved in other forms of financial activities; and
5. Extensive branch systems that will give them quicker access to their customers, borrowers and potential new business.

The weaknesses of the commercial banks include the following:

1. Restrictive lending practices determined by their respective head offices. This is not helpful in an emerging economy that requires longer term financing and where a portion of that financing, potentially could be unsecured or considered subordinated debt;
2. Collateral coverage required well in excess of the loan amount.
3. Very profitable bank operations over the past few years, providing little incentive to innovate.

HBOR Strengths and Weaknesses

HBOR is a significant participant in the market and brings various strengths and weaknesses.

HBOR's strengths are as follows:

1. Capable of providing long term financing;
2. Able to provide subsidized financing rates;
3. Mandated to provide financing, which is is unique to the market, where job growth and economic development is a real possibility; and
4. Willingness to accept an "Equity Kicker" or enhancement to compensate for the additional risk incurred in development lending.

HBOR's weaknesses include the following:

1. Slowness in the loan review and approval process;
2. Lack of a branch or office network that can enable HBOR to monitor loans and stay in contact with their borrowers;
3. Lack of expertise in Hybrid Financing Structures; and
4. Collateral requirements that require non-moveable collateral of 150 percent of the loan amount.

Other Systemic Issues Encountered by Commercial Banks and HBOR

Other systematic issues consist of the following:

1. There is a lack of registry for collateral liens on moveable assets. Equipment needed in production is regarded as a moveable asset and therefore is not regarded as collateral support;
2. Real estate ownership is not easy to determine and is time consuming to establish;
3. Collateral liens on real estate are possible, but are also difficult and time consuming;
4. A Credit Bureau does not currently exist. However, the Croatian Banking Association and Transunion, an U.S. credit agency, are in the process of establishing a credit bureau.
5. Capital markets development is still in its early stages in Croatia. IPOs and other forms of equity capital raising that typically would be a source of "take- out" are non-existent.

Recommendation

As discussed above, HBOR seeks to offer hybrid long term financing that will fill the financing gap normally filled by mezzanine or bridge financing in the West. As a result of discussions with HBOR, several companies, commercial banks, and others, three Hybrid Financing structures are proposed.

1. HBOR and Commercial Bank Participation Structure;
2. HBOR as Sole Lender Structure; and
3. HBOR and Commercial Bank – Each Granting Separate Loans Structure

The structures will be outlined below in the "Hybrid/Equity" Financing Section. Two of the structures will require a role for a commercial bank and one will be a HBOR alone financing structure. Since the structures are new, legal services is recommended to draft the various documents that will be needed for the financing structure. This assessment recommends technical specifications and business elements that HBOR and its legal counsel will need to consider in drafting the documentation for the recommended financing structures.

Candidates for Hybrid Financing

This financing will be directed at the manufacturing sector, especially those that export a majority of their output. Examples of Croatian manufacturing industries with good potential for growth include but are not limited to:

- Food Processing including wine production;
- High value wood processing, e.g. furniture parts and flooring for the export market;
- Auto and other precision parts; and
- Pharmaceutical and chemical manufacturing.

The "ideal candidate" for this Hybrid Financing product will be a "Greenfield Project" where the borrower is a joint venture manufacturing company that produces a product with great export potential and a job creation capability.

The company will likely have a foreign partner/co-owner that will bring capital, expertise in production and marketing and access to export markets for the finished product. The Croatian partner/co-owner will also provide capital and access to lower cost and high quality raw materials and skilled and lower cost labor. The Hybrid Financing structure will allow the company to invest in the necessary working capital and equipment and will allow the company the necessary time to grow the business and enter into competitive markets abroad. The financing is not intended as a re-financing vehicle or for the restructuring of existing loans.

Finally, legal counsel and other experts have advised that where equity participation is envisioned, a limited liability company ("LLC") structure be used. The LLC will provide more flexibility. The joint stock company is subject to many rules and regulations that would make the financing structure more difficult and onerous.

Hybrid/Equity Financing

HBOR and Commercial Bank Participation Structure

Structure Overview

The HBOR and Commercial Bank Participation Structure is a financing structure that will provide long term financing at a lower than market rate to a qualified borrower (qualified borrower is a creditworthy company with the overall "ideal" candidate characteristics described above).The financing will be used for working capital, plant and equipment. The financing will be a 12 year loan that will have elements of senior debt financing and subordinated debt financing. The pricing on the loan on an all-in-basis will be below market. There will be an equity kicker of up to 20 percent interest in the company that will be transferred to HBOR as consideration for the tenor, subordination and below market rate that will be provided.

In this structure the commercial bank (lender of record) will make a loan to the borrower with a 12 year tenor, through a **Loan Agreement**. Simultaneous to this borrowing, the Commercial bank and HBOR will enter into a **Participation Agreement** as further described below. The Participation agreement will effectively sell, without recourse, a portion of the loan to HBOR. HBOR will participate in a subordinated position to the commercial bank and will not be entitled to principal repayment while the commercial bank's portion of the loan is outstanding. HBOR will receive interest payments throughout the life of the loan. HBOR will receive an Equity Interest from the borrower for its consideration, through an **Equity Interest Agreement**. Thus, in this structure, there will be three key legal documents/agreements:

1. Loan Agreement between the Commercial bank of record and the Borrower,
2. Participation Agreement between the Commercial bank and HBOR
3. Equity Interest Agreement between the Borrower and HBOR

The basic term and condition of these agreements are discussed below in the Document Required Section.

Sample Term Sheet: Hybrid/Equity Financing

Below is a term sheet that is meant to outline the key factors that the financing will encompass.

Company: ABC Co., a Limited Liability Company is a “greenfield” wood furniture exporter with a 50/50 ownership between a Croatian owner/company and a foreign owner/company. The company will be using wood that is sourced in Croatia. ABC Co. will be building a factory to produce furniture for export. The project’s cost will be HRK 20 million and the company will contribute HRK 6 million as equity into the project.

Borrower: ABC Co. and the owners as individuals will be signatories to the loan agreement.

Purpose of the Loan: To finance working capital (inventory and accounts receivables) and plant and equipment.

Total Project Cost: HRK 20 million

Equity from the Borrower, ABC Co.: HRK 6 million or 30 percent of the project cost

Total Debt Financing: HRK 14 million from the Hybrid Financing Structure. Commercial Bank portion of the Project Cost is HRK 8 million (40 percent) and HBOR portion of the Project Cost is HRK 6 million (30 percent), through the Participation Agreement. The Commercial Bank will be the lender of record.

Term of the Financing: 12 years. Commercial Bank portion up to five years and the HBOR portion is up to 12 years.

Interest Rate: A blend of the commercial bank market rate and the HBOR subsidized rate on their respective portions of the loan.

Enhancements: HBOR to receive an Equity Interest in the company as consideration for the subsidized rate and other inducements described below in the HBOR role section. (See **Equity Interest Agreement** outlined below.)

Repayment: One year grace period on principal; Commercial Bank Portion: to be paid in quarterly payments following the grace period; HBOR Portion: to begin amortizing in quarterly repayments after the commercial bank is paid in full

Covenants: Usual covenants for this type of credit including, but not limited to:

Providing of audited annual financial statements and company prepared quarterly statements.
Negative Pledge Clause.
Liquidity, leverage and cash flow test.
No dividend payments without permission of the Lenders.
No Sale of the company, in whole or in part, without permission of the Lenders.
No Change in Management.

Lenders: A Commercial Bank and HBOR. The commercial bank will be the lender of record with HBOR as Participating Bank and subordinated to the commercial bank in relation to collateral and debt repayment. (See **Participation Agreement** outlined below).

Collateral: All Inventory, Accounts Receivables and fixed assets of the company.

Roles of the Participants

Commercial Bank

The role of commercial banks is to:

- Conduct credit analysis and due diligence to assure that the borrower is creditworthy and capable of repaying the loan;
- Provide 40 percent of the project cost or HRK 8 million;
- Monitor/administer the entire loan (Commercial bank and HBOR portions) over the life of the entire loan;
- Commercial bank to receive a fee from HBOR for the administration of their portion of the loan;
- Pay HBOR its portion of the interest due from the borrower;
- Charge normal market interest rates on the 40 percent portion of the total project cost or HRK 8 million portion of the loan;
- Lend up to five (5) years with a one year grace period on principal repayment and then the loan will be on an amortizing basis.
- First position on the collateral;
- Commercial Bank to be repaid in full prior to HBOR receiving principal repayment. HBOR to receive interest payments during the life of the Loan.

HBOR

The role of HBOR is to**:**

- Conduct independent credit analysis and due diligence to assure that the borrower is creditworthy and capable of repaying the loan;
- Provide 30 percent of the total project cost or HRK 6 million;
- Charge a subsidized rate of interest rate of about 4 percent (exporter program);
- Agree that the total loan will be for 12 years and repaid on an amortizing basis:
- Grace period on HBOR's principal portion of the loan until the Commercial bank is paid in full;
- After the first year's Grace Period on principal repayment, HBOR agrees that all principal payments will be applied in its entirety to the Commercial Bank's portion of the loan until the Commercial Bank loan amount is paid in full. Then all principal repayments will be applied to HBOR's portion of the loan;
- HBOR to receive interest payments during the life of the loan; and

- HBOR not to receive Dividends during the life of the loan. Subsequent to the repayment of commercial bank portion of the loan, HBOR may by mutual agreement between the borrower and HBOR permit dividends;
- HBOR will have a second position on collateral until the commercial bank is paid in full. The collateral will be retained until the entire loan is repaid;
- The Commercial bank will receive from HBOR a fee of X percent (to be negotiated) for the administration of HBOR's portion of the loan. The fee will be calculated on the average annual loan balance of HBOR's portion of the loan.
- HBOR to receive an **Equity Interest** in the company of up to 20 percent (negotiable) for consideration of the following:
    - Subsidized rate of interest;
    - Subordinated debt position
    - 10-12 year financing tenor; and
    - Suspension of all principal repayments until the Commercial Bank's portion of the loan has been repaid in full.

Borrower (ABC Co.)

The role of the Borrower (which we call the ABC Co.) entails the following:

- ABC Co. will receive the HRK 14 million loan from the Commercial bank with a 12 year maturity. HBOR will be involved for its portion of the loan by way of a Participation Agreement between itself and the Commercial Bank.
- The borrower will enjoy below market interest due to the combined Commercial bank's market interest rate and HBOR's subsidized interest rates.
- The Hybrid Financing is structured to give the Borrower long-term financing and reduced borrowing costs while utilizing the Commercial banks credit assessment and loan monitoring capabilities along with HBOR's ability to provide subsidized financing and long term financing capabilities
- Comply with the term and conditions of the Loan Agreement, the Equity Interest Agreement and any other conditions that are determined to be necessary at the time of funding the loan.
- Transfer an Equity Interest of up to 20 percent (to be negotiated between HBOR and the borrower) as consideration for HBOR loan. The amount of the negotiated equity interest will be granted at the time of the funding of the loan. (See Equity Interest Agreement below).

Documentation Required

All of the conditions cited above will be incorporated into the **Loan Agreement**, **The Participation Agreement** and the **Equity Interest Agreement,** where applicable.

Loan Agreement

This will be the usual agreement used by commercial banks for the full amount of the loan and with a stated maturity date. It will be in the form used by the Commercial bank and amended to include additional terms and conditions that are outlined in the Term Sheet discussed above.

Participation Agreement

In the Participation Agreement, sundry operational aspects are covered, as follows:

1. HBOR ("Buyer") agrees to purchase, without recourse, HRK6 million of the above-described loan from the Commercial bank ("Lead Lender" and "Seller").
2. HBOR agrees that all principal payments will be applied to the Commercial bank's portion of the loan until the entire amount that the Commercial bank has invested in the loan has been repaid.
3. The Commercial Bank will receive from the Borrower all interest payments and will remit to
4. HBOR its portion of the interest payments.
5. When the Seller's principal portion of the loan has been paid in full, all future interest and principal payments will be remitted to HBOR.
6. While the Seller has a financial interest in the loan, it will have first call on the collateral taken.
7. When the Seller's portion of the loan has been fully repaid, HBOR will have sole and senior rights to all of the collateral pledged.
8. The commercial bank will be paid, by HBOR, an administration fee based on the annual average outstanding balance of the HBOR portion of the loan and they will receive this fee until the entire loan is paid in full. The Commercial Bank, in its capacity as Lead Lender, will administer the loan as it does all other loans in its portfolio. This will include visits with the Borrower on a regular basis to monitor activities. The Commercial Bank will report its findings to the Buyer (HBOR) and share all required financial information on the Borrower as it is received. The Commercial Bank will also transmit all other information it may receive concerning the Borrower.
9. While neither Party is an agent for the other, the Seller, in its capacity as Lead Lender, irrevocably agrees to administer the loan until it is paid in full.
10. The Seller and the Buyer may engage in other lawful business or relationship with the Borrower without liability to the other party of this Participation Agreement.
11. This Participation Agreement shall be governed by and constructed in accordance with the laws of the Republic of Croatia.
12. Disputes that may arise between HBOR and the Commercial Bank not settled through the Participation Agreement are to be settled via binding Arbitration.

Equity Interest Agreement

The Equity Interest Agreement is between HBOR and the Borrower.

1. The reasons for this consideration have been described above.
2. The Equity Interest Agreement will become operative at the signing of the HRK 14 million loan described above. It will be signed simultaneous with the Loan Agreement and Participation Agreement.
3. HBOR will have the right to sell its Equity Interest after the Commercial bank's portion of the Loan is repaid in full. The Borrower and its owners will have "the right of first refusal".
4. When the Loan is paid in full and if HBOR still has its Equity Interest, HBOR may request the borrower to buy-back HBOR's equity position. The price or value of the equity is to be negotiated using commonly employed equity valuation techniques such as Discounted Cash Flow or Net Asset Value Approaches as appropriate and mutually agreed between the Borrower and HBOR. Should the Capital Markets be developed enough at that point, this may be an option for the sale of HBOR's stake in the Borrower.
5. This agreement should be reviewed and constructed by legal counsel to assure that there are no violations of Croatian laws, banking rules or regulations. There should be a review to ensure that this additional consideration will not violate any usury laws.

Advantages of HBOR and Commercial Bank Participation Structure

The advantages of this alternative are that HBOR can share the credit risk with a commercial bank and avail of its expertise at due diligence and loan servicing. As well, HBOR's subordinated position improves the borrower's Balance Sheet from the commercial bank's standpoint, as it views HBOR's portion of the loan as equity. Discussions with commercial banks and SMEs have shown there is substantial interest in this arrangement.

HBOR as Sole Lender Structure

In this structure HBOR would make the entire loan without the involvement of a commercial bank. The loan will be similar to the terms of the Hybrid Loan described above but there will no other Lender. The loan should be amortizing but there may be concessions granted such as grace period for principal repayment, up to 12 year financing, and subsidized pricing. Similar to the structure discussed above, HBOR would be entitled to additional compensation by way of an equity position in the company. That equity interest will be created at the time the loan is granted. See the description of the Equity Interest Section outlined in the First Loan above. The advantage of this alternative is its relative simplicity – only one lender.

HBOR and Commercial Bank, Each Granting Separate Loans

Structure Overview

This structure is a traditional Commercial loan and Mezzanine financing. The structure will provide the long-term financing needs of the customer which is not available from a Commercial bank. The Commercial loan provided by the Commercial Bank will be at market rate, the interest rate charged by HBOR will be below market, according to its relevant program. Consequently, the blended rate will be a below market rate. The total term of the loan will be 12 years which will be provided by HBOR but the Commercial bank loan will be for a period of 5 years and HBOR, in its loan, will grant a 5 year grace period on principal repayment until the Commercial bank loan is repaid in full.

Because HBOR's loan and pledged collateral position will be junior to that pledged to the Commercial bank, the Commercial bank will regard the HBOR loan as a form of equity because it will receive no repayments until the Commercial bank loan is paid in full.

Sample Term Sheet: HBOR and Commercial Bank Granting Separate Loans

Below is are the term sheets outline the key factors that this financing will encompass.

Company: XYZ Co. is a Croatian Limited Liability Company engaged in the manufacture of auto parts for export to existing foreign customers. Due to customer demand for increased production, the XYZ Company needs financing to expand its existing plant facilities and the purchase of additional equipment. They will also need additional working capital while the plant expansion is underway and the additional equipment is not yet into production. They also need to fund a training period for the additional employees they will need for the expanded production.

Total Financing Needs: XYZ Co's new financing needs total HRK 10 million.

Purpose of the Loan: Of the HRK 10 million financing requirement, HRK 2 million will be for the additional working capital, HRK 5 million for plant expansion and HRK 3 million for the additional equipment. The XYZ Company has HKR 20 million in Equity centered in existing plants, equipment, Inventory and Accounts Receivables.Because there are two separate loans, two separate Term Sheets and Loan Agreement are necessary. In addition the loan from HBOR will also require an Equity Interest Agreement.

Term Sheet for the Commercial Bank Loan:

- The Commercial bank to grant a medium term loan (5 years) in the amount of HRK 5 million
- The Commercial bank to give a grace period of one year on repayment of the principal amount but will collect the interest as earned. Subsequently, the loan will be amortized over the next 4 hears.
- The Commercial Bank will have a senior position on all collateral.
- The Borrower and its owners will be signatories on the Loan Agreement.
- The usual Covenants for this type of loan including but not limited to:
    - Providing of audited annual financial statements and company prepared quarterly statements.
    - Negative Pledge Clause
    - Liquidity, leverage and Cash Flow test.
    - No dividend payments with permission of the Lender
    - No Sale of the company, in whole or in part, without permission of the Lender. The Commercial bank recognizes and permits the Borrower to grant to HBOR an Equity Interest in consideration for the concessions HBOR will grant in their loan to the Borrower.

Term Sheet for the HBOR Loan:

- HBOR to grant a 12 year Mezzanine Loan in the amount of HRK 5 million.
- The Interest rate on this loan will be at its normal program rate for exporters, currently, 4 percent.
- The Borrower and its owners will be signatories on the Loan Agreement
- HBOR will have a collateral lien on all the collateral assets of the company but the lien will be junior to that of the Commercial bank until the Commercial bank has been repaid in full.
- When the Commercial bank is repaid, HBOR will have a senior position on all the collateral assets of the Company.
- HBOR grants a grace period of 5 years on principal repayment but receiving interest as earned.
- After the grace period HBOR's loan will be on an amortizing basis.

Sample Term Sheet: HBOR and Commercial Bank Granting Separate Loans (continued)

- Once the Commercial bank is paid in full, the borrower will begin repaying the HBOR loan on an amortizing basis until the loan is paid in full. As far as the commercial bank is concerned, HBOR's subordinated loan acts as a form of quasi equity because the commercial bank is in a senior position, i.e. being repaid first.
- The usual Covenants for this type of loan including but not limited to:
    - Providing of audited annual financial statements and company prepared quarterly statements.
    - Negative Pledge Clause
    - Liquidity, leverage and Cash Flow test.
    - No dividend payments with permission of the Lender
    - No Sale of the company, in whole or in part, without permission of the Lender

This is another case wherein HBOR is entitled to an Equity Interest in the company as compensation for taking a subordinated position, grace period for repayment of principal amount, secondary position on the collateral until the commercial bank is fully repaid, below market interest rate and granting a loan with a longer maturity that what is customary. The Equity Interest Agreement for HBOR and the Borrower can be structured like that described above and will be signed and take effect when the commercial bank loan is in place. The commercial bank's loan and HBOR's loan should be granted at the same time.

Documentation Required

These documents are to be drafted by Legal Counsel and with input from the Commercial bank and HBOR.

- In consultation with the commercial bank and HBOR, Legal Counsel will construct the **Term Sheets** and HBOR's **Loan Agreement**. The Loan Agreement of the Commercial bank will recognize and agree that the Borrower will give an Equity Interest to HBOR.

- **The Equity Interest Agreement**. See the Equity Interest Agreement described above in the first loan outlined above. This will also be constructed by Legal Counsel.

Both the Commercial bank and HBOR will conduct credit analysis and due diligence to assure themselves that the borrower is creditworthy and capable of repaying the loan. If either Lender, the Commercial bank or HBOR do not agree to make the requested loans or the Borrower rejects the conditions of the loans, HBOR will not grant the loan requested. The Commercial bank will make its own decision as to whether to go forward with the loan request it received.

Action Plan

The following Action Plan is suggested to meet HBOR's interest in bringing the new financing product to market by October 2005.

1. It is suggested that HBOR approve some or all of the alternative proposals by 31 July 2005.

2. By 15 August 2005, HBOR will establish an understanding with some of the commercial banks with which it presently cooperates (with funding or other activities) that they have an interest in cooperating in hybrid financing alternatives A. and C, particularly the Participation Loan (A.) cited above.

3. Legal Counsel for HBOR to draft the documents mentioned above by 31 August 2005. They will likely need to consult with the Legal Counsel of a Commercial Bank for the Loan Agreement and the Participation Agreement.

4. During the next visit to Croatia (anticipated to be in September 2005) the Consultant will design and structure the approved financing products for HBOR's immediate use. The work would result in materials describing and/defining in full the product(s), its application and the roles/responsibilities of HBOR staff involved in its usage. Issues tied to structure, timing, size, term, price, screening/investment criteria, due diligence, covenants etc. would be presented in clear language for bankers who have expertise in company evaluations.

5. During the next visit to Croatia, the Consultant will advise HBOR's Lending and Credit staff as to the purpose and advantages of these proposals.

If possible, by the time of the Consultant's September's visit, HBOR's lending staff could identify a potential borrower who needs this kind of financing. Together, the Consultant, the commercial bank and HBOR will structure the deal and "walk it through" its various stages and documentation. Hopefully, time will allow for the Consultant to stay with HBOR until the completion or near completion of the implementation of the loan requested

APPENDIX I

Listing of organizations and persons Bryce Khadabux met with during his stay in Croatia and working on this particular assignment.

HBOR

Mira Dronjic	Managing Director-Dept for Small and Medium Sized Business
Nenad Kalajdzic	Managing Director – Legal Department
Emilija Nagj	Head of Domestic Legal Affairs – Legal Department
Marko Topic	Head of International Legal Affairs – Legal Department
Vedrana Perkovic Hadl	Senior Officer, Dept for Small and Medium Sized Business
Maja Juric	Head of the Managing Board Office
Marija Jerkic	Associate Director – Special State Concern Unit
Mira Krneta	Office Manager – HBOR's office in Split, Croatia

CROATIAN NATIONAL BANK

Vesna Filipovic-Radakovic, LLB	Director- Licensing and Market Competition Dept.
Mladen Mirko Teus, MSC	Head of Banking System Analysis Division
Renata Koprivnjak	Advisor – Risk Management On-Site

CROATIAN BANKING ASSOCIATION

Dr. Zoran Bohacek	Managing Director

THE ZAGREB STOCK EXCHANGE

Zeljko Kardum	Head of Public & Government Relations
Andrej Galogaza	General Counsel

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Charlotte Ruhe	Head of Office

APPENDIX I (continued)

MINISTRY OF ECONOMY, LABOR AND ENTREPRENEURSHIP

Tajana Kesic-Sapic	State Secretary

RAIFFEISEN BANK

Vesna Ciganek-Vukovic	Executive Director-Corporate Banking Division

PRIVREDNA BANKA ZAGREB

Davide Torrini	Senior Executive Director

HRVATSKA POSTANSKA BANKA d.d.

Jurica Milicevic	Project Manager-Strategic& Development Office

C/M/S

Jasmina Crnalic	Attorney-at-law in Zagreb
Gregor Famira	Partner in C/M/S Reich-Rohrwig Hainz, Vienna

DELOITTE & TOUCHE d.o.o.

Ivica Kresic	Manager – Financial Advisory

ASCENDAMT CAPITAL ADVISORS

ASCENDANT d.o.o.

George V. Oniunas	Director

FIMA HOLDING d.d.

Milan Horvat,	Director

LAW OFFICE

Sanja Juric	Attorney-at-law

WORLD BANK

Sanja Madzarevic-Sujster	Senior Country Economist

APPENDIX I (continued)

USAID – AMERICAN EMBASSY Frederick Claps, Deputy Economic Officer.

CUSTOMERS OF HBOR

Selk d.d.	Ante Knezovic, Financial Manager
Bila Boja d.o.o.	Ivo Resic, General Manager – Company owned by lenders
DELTA-ST	Ante Zizic – Commercial and Financial Manager

AUCTOR SECURITIES

Michael Glazer	Director
Vincent Skokandic	Analyst

RAZVITAK d.d., Ludbreg

Drazen Dedi	Director