His Excellency
Zdravko Maric
Minister of Finance
Republic of Croatia

Re: Republic of Croatia: Loan No. 8518-HR
Innovation and Entrepreneurship Venture Capital Project
Amendment Letter

Dear Mr. Minister:

We refer to the Loan Agreement for the Innovation and Entrepreneurship Venture Capital Project, Loan No. 8518-HR entered into between the International Bank for Reconstruction and Development (the Bank) and the Republic of Croatia (the Borrower) dated July 8, 2015 for the above-referenced Loan ("Loan Agreement"). We also refer to the Borrower’s letters dated August 28, 2017 and December 1, 2017, received by the Bank on September 1, 2017 and December 6, 2017, respectively, requesting certain amendments to the Loan Agreement.

I am pleased to inform you that, after careful consideration, the Bank has agreed to the aforementioned requests. Therefore, the Loan Agreement shall be amended as follows:

1. The table in the Section IV.A.2 of Schedule 2 of the Loan Agreement is hereby amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) PVC Investments</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) PVC Management Operating Costs</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) SCI Subprojects</td>
<td>361,891.60</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Consultants’ Services, Training and Operating Costs</td>
<td>215,882.05</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Cancelled amount as of October 6, 2017, in accordance with the provisions of Schedule 2, Section V.2. of the Loan Agreement</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td>Cancelled amount as of December 6, 2017, in accordance with the Section 7.01. of the General Conditions</td>
<td>7,422,226.35</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,000,000</td>
<td></td>
</tr>
</tbody>
</table>

2. The Closing Date in the Section IV.B.2 of Schedule 2 of the Loan Agreement is modified to read December 31, 2017.

A revised amortization schedule will be sent to you separately.
Please confirm your agreement to the foregoing amendment by signing and dating the confirmation on the enclosed copy of this Amendment Letter and returning it to us. This amendment will come into force and effect as of the date of your countersignature, upon receipt by the World bank of one countersigned original of this amendment letter.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Country Manager for the Republic of Croatia

CONFIRMED AND AGREED:

REPUBLIC OF CROATIA

[Signature]

By: Miroslav Radonic

Title: MINISTER OF FINANCE

Date: DECEMBER 22, 2017

Cc:
H.E. Martina Dalic, Deputy Prime Minister and Minister of Economy, Entrepreneurship and Crafts
Zagreb, Croatia
Ms. Natasa Mikus Zigman, State Secretary, Ministry of Economy, Entrepreneurship and Crafts
Ms. Silvija Belajec, Head of Sector, Ministry of Finance
Ms. Tatjana Kovač Klemar, Head of Sector, Ministry of Entrepreneurship and Crafts
Mr. Vjeran Vrbanec, President of the Management Board, Hamag-Bicro
Mr. Frank Heemskerk, Executive Director, the World Bank
Distribution:

Bcc: Messrs/Mmes. Correa, Khan, de Nicola, Kilroy, Milchevski, Lapres (GTCDR); Marijanovic; Viyachka; Weber; Chikushi; Motta;

Region: Croatia DL; ECA Safeguards; T&C GP ECA staff HQ; WFALN Zagreb;