Guarantee Agreement

(Additional Financing for Trade and Transport Integration Project)

between

REPUBLIC OF CROATIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 14, 2011
GUARANTEE AGREEMENT

AGREEMENT, dated September 14, 2011, entered into between REPUBLIC OF CROATIA ("Guarantor") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") ("Guarantee Agreement") in connection with the Loan Agreement of same date between the Bank and PORT OF PLOCE AUTHORITY ("Borrower") ("Loan Agreement"). The Guarantor and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

ARTICLE II – GUARANTEE; PROVISION OF FUNDS

Section 2.01. The Guarantor declares its commitment to the objectives of the Project. To this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement, and the punctual performance of all the other obligations of the Borrower set forth or referred to in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, promptly to provide the Borrower with the funds needed to meet such expenditures.

Section 2.03. The Guarantor shall implement the actions set forth in the Letter of Development Policy in accordance with the time table set forth in said letter, including, but not limited to, the following undertakings:

(a) the Guarantor shall take all necessary measures to reduce the state ownership in Luka Ploce to no more than twenty percent (20%), in accordance with its existing laws and regulations and in consultation with the Bank. This process shall be based on fair market value principles and be completed in due time to enable Luka Ploce
to secure sufficient financing, on commercial terms, for the purchase of equipment for the
new terminals to be constructed under Part A of the Original Project.

(b) The Guarantor shall provide financing, through adequate budgetary
allocations during Project implementation, for upgrading railway infrastructure in Ploce
in accordance with the plan agreed upon with the Bank.

Section 2.04. The Guarantor’s obligations stipulated in Section (f) of the Letter
of Development Policy are extended to cover the Project implementation period until the
Closing Date.

ARTICLE III –REPRESENTATIVE; ADDRESSES

Section 3.01. The Guarantor’s Representative is its Minister of Finance.

Section 3.02. The Guarantor’s Address is:

Minister of Finance
Ministry of Finance
Katanijaeva 5
Zagreb, Republic of Croatia

Telex: Facsimile:
862-21215
862-21833 (385-1) 4922-598

Section 3.03. The Bank’s Address is:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:
INTBAFRAD 248423 (MCI) or (202) 477-6391
Washington, D.C. 64145 (MCI)
AGREED at Zagreb, Republic of Croatia, as of the day and year first above written.

REPUBLIC OF CROATIA

By /s/ Martina Dalic
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Hongjoo Hahm
Authorized Representative