November 22, 2017

His Excellency
Zdravko Maric
Minister of Finance
Republic of Croatia

Re: Republic of Croatia: Loan No. 8426-HR
Social Protection System Modernization Project
Amendment Letter

Dear Mr. Minister:

We refer to the Loan Agreement for the Social Protection System Modernization Project, Loan No. 8426-HR entered into between the International Bank for Reconstruction and Development (the Bank) and the Republic of Croatia (the Borrower) dated September 25, 2014 for the above-referenced Loan (“Loan Agreement”). We also refer to the Borrower’s letter dated July 24, 2017 requesting certain amendments to the Loan Agreements.

I am pleased to inform you that, after careful consideration, the Bank has agreed to the aforementioned request. Therefore, the Loan Agreements 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) Payments under the EEP under Part 1 of the Project</td>
<td>4,000,000</td>
<td>100% of the amount up to withdrawal ceiling set forth in the table in paragraph B.2 (a) of this Section</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services (including audit), Training and Operating costs for Parts 2 and 3 of the Project</td>
<td>2,722,502.08</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of the Preparation Advance</td>
<td>263.10</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
</tbody>
</table>
Cancelled amount as of July 28, 2017 | 63,277,234.82
---|---
TOTAL AMOUNT | 70,000,000

2. The Closing Date in section B.3 of Schedule 2 of the Loan Agreement is modified to read November 30, 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

Country Manager for the Republic of Croatia

CONFIRMED AND AGREED:

REPUBLIC OF CROATIA

By: ZDRAVKO MARIC
Title: MINISTER OF FINANCE
Date: NOVEMBER 22, 2017

cc: H.E. Nada Murganic, Minister of Demographics, Family, Youth and Social Policy
H.E. Marko Pavic, Minister of Labor and Pension System
Mr. Marin Strmota, State Secretary, Ministry of Demography, Family, Youth and Social Policy
Mr. Zeljko Tufekcic, State Secretary, Ministry of Finance
Ms. Silvija Belajec, Head of Sector, Ministry of Finance
Mr. Frank Heemskerk, Executive Director, World Bank