

GUIDE FOR SUB-FRONTLOADING i.e. THE SUPPLY OF EURO CASH TO CLIENTS

The Coordination Committee for Cash Changeover (hereinafter: the Coordination Committee) led by the Croatian National Bank (hereinafter: the CNB) is the body that has prepared the Action Plan for cash changeover (hereinafter: the Action Plan).

According to the Action Plan, we can distinguish between two processes: sub-frontloading and simplified sub-frontloading.

Additionally, clients will also be able to obtain the so-called starter kits of euro coins.

If you need a smaller quantity of euro coins, one month prior to the introduction of the euro you may be supplied with **starter kits** of euro coins with national motifs on the reverse. The value of one starter kit has been defined by the CNB and amounts to **EUR 145.50**.

No fee will be charged for the purchase of starter kits, and the value of a starter kit will be calculated by using the fixed conversion rate and it will be collected by debiting the transaction account in kuna on the date when starter kits are picked up. Clients will be able to use coins obtained in this way for payments in the country and abroad *only after* the date of the introduction of the euro.

If you need to be supplied with a larger amount in the process of sub-frontloading, it is possible to combine the desired amounts of euro banknotes and coins. Depending on the size of a client - business entity, there are two models of sub-frontloading:

Simplified sub-frontloading can be applied to business entities / micro-enterprises that have less than ten employees and whose annual turnover and/or total annual balance sheet does not exceed the amount of two million euro. The nominal value of euro banknotes and coins that can be sub-frontloaded to a business entity in this process **shall not exceed the total amount of EUR 10,000**. Upon receipt of the supply of cash, the relevant business entity / micro-enterprise will have to sign a statement regarding simplified sub-frontloading.

Sub-frontloading refers to the delivery through which banks supply in advance, i.e. *frontload*, professional third parties with euro banknotes and coins during the frontloading period. Professional third parties are clients - business entities, including cash in transit companies. A precondition for the start of sub-frontloading (of cash) to business entities is the conclusion of an adequate agreement between a business entity and the Bank, regardless of the amount to be sub-frontloaded.

The planned date of the beginning of sub-frontloading of business entities is 2 November 2022.

The planned date of the beginning of supply of starter kits is 1 December 2022.

The planned date of the beginning of simplified sub-frontloading of micro-enterprises is 27 December 2022.

Since the process of simplified sub-frontloading which is intended for micro-enterprises will begin on 27 December and will end on 30 December, we expect that an exceptionally large number of micro-clients will be sub-frontloaded in that period. In order to ensure optimal implementation of sub-frontloading, you are kindly requested to take the foregoing into consideration and try to obtain supplies of euro cash as early as possible.

Obligations of clients – business entities in the process of sub-frontloading

- Euro cash obtained in the process of sub-frontloading may be used only after the date when the euro becomes the official currency and legal tender in the Republic of Croatia.

- Sub-frontloaded euro cash should be stored separately from any other euro banknotes and coins and other currencies or other property, in order to avoid destruction, theft, robbery or any other cause of their early circulation. The Bank will collect data on the cash storage location based on a client's order which is submitted via the application.
- It is necessary to allow the Croatian National Bank to carry out audits and inspections of the premises of clients (business entities) in order to check the manner in which sub-frontloaded euro banknotes and coins are stored, as well as their quantity.
- Clients (business entities) shall bear the risk of destruction, loss, theft and robbery of sub-frontloaded euro banknotes and coins.
- Payment of penalties to the CNB if a client has breached the above-mentioned obligations related to sub-frontloading.

Submission of an order

In order for the Bank to be able to ensure maximum efficiency and provide the necessary scope of service to you i.e. provide you with the necessary amount/volume of euro cash, you are kindly requested to submit an order for euro cash sub-frontloading as soon as possible, since the number of available dates & times for taking delivery of ordered cash is quickly decreasing.

1. Logging-in to the application for placing an order for sub-frontloading

You can log in to the application by using security credentials that you use for logging-in to internet and digital banking (mToken/FINA certificate/#withKEY) at <https://csp.pbz.hr/cspeur/login>. An order can be submitted by a person who has the mentioned security credentials (end users of the electronic banking service PBZ@COMNET and PBZ Digital banking for business entities).

2. Verification of data on a business entity

Upon logging-in to the application for submission of orders, the data on the person that has logged-in to the application will be displayed on the screen, and it will be necessary to select the client i.e. the relevant business entity *on whose behalf* an order is submitted (if the person who has logged-in happens to act as an end user of PBZ@COMNET and/or *PBZ Digital banking for business entities* for several business entities).

After selecting the relevant business entity, the data on client segmentation from the FINA register will be displayed, based on the available data provided in financial reports of the client (business entity) and the number of employees from the records of the Croatian Pension Insurance Institute:

- business entities / micro-enterprises that have less than ten employees and whose annual turnover and/or total annual balance sheet does not exceed the amount of two million euro are categorised as *micro business entities*;
- other clients are categorised as *large business entities*.

Clients for which data on their annual turnover/total annual balance sheet and the number of employees are not available can be supplied with starter kits i.e. they can be sub-frontloaded provided that they sign sub-frontloading agreements with the Bank, as large business entities do.

Data on persons authorised to represent a client (business entity) as recorded in the Bank's system will also be available i.e. displayed on the screen. If the mentioned data are not correct, it will be necessary, prior to submitting an order, to contact a relevant relationship manager in order to update and record the correct data. Otherwise, it will not be possible to disburse i.e. to sub-frontload euro cash to a client.

3. Creation of an order

3.1. An order for the supply of starter kits of euro coins

If you need a smaller quantity of euro coins, you may be supplied with starter kits. Regardless of the size of a business entity (micro/large), it will be possible to order a maximum of 4 starter kits per client, whose total value is EUR 582.00.

Sub-frontloading of starter kits will be carried out at branch offices of the Bank and of FINA.

When submitting an order via the application, you should select the desired location and the available date and time for picking-up starter kits of euro coins.

Upon receipt of starter kits, an acknowledgment of receipt of starter kits has to be signed by an intermediate recipient. It may be signed by a person authorised to withdraw starter kits. It can be person authorised to represent the client / business entity i.e. company, person authorised to dispose of funds in the client's transaction accounts or the person who performs this task i.e. who takes delivery of ordered euro cash.

The amount of supplied starter kits of euro coins is not included in the total sub-frontloaded amount referred to in items 3.2. and 3.3.

3.2. *An order for a larger amount of euro cash – by a micro-client (business entity)*

If you need to be sub-frontloaded with a larger amount of euro cash and you are classified as a micro-client (business entity), then you may, depending on the desired amount, create one order for simplified sub-frontloading (up to a maximum amount of EUR 10,000) or for sub-frontloading (of amounts larger than EUR 10,000).

In the case of simplified sub-frontloading up to a maximum amount of EUR 10,000, we have prepared for you pre-defined packs of euro banknotes and euro coins in order to make it easier for you to choose the desired amount and the denomination structure. It is necessary to choose a combination of pre-defined packs within the application for submission of orders by choosing the desired number of particular packs [i.e. by indicating how many particular packs you wish to obtain]. It is possible to choose several offered packs, however, the total amount to be supplied in the process of simplified sub-frontloading must not exceed EUR 10,000.

Simplified sub-frontloading will be carried out at branch offices of the Bank and of FINA.

When submitting an order via the application, you should select the desired location and the available date and time for picking-up the amount of euro cash to be sub-frontloaded to you in the process of simplified sub-frontloading.

The cash to be supplied through simplified sub-frontloading may be picked up exclusively by the person(s) authorised to represent the client / business entity i.e. company or by the agent authorised under a power of attorney to carry out the mentioned activity, where the POA has been certified by a notary public; upon receipt of the cash amount, the above-mentioned person shall sign a Statement regarding simplified sub-frontloading of a micro-client (business entity). By signing the Statement, the person who has signed it confirms that the data provided in the Statement are correct. If a client / business entity is registered as a craft [small business], the Statement should be signed by the person who is recorded in the relevant register as the craft owner, and in the case of a jointly owned craft business, both co-owners/ partners should sign the Statement.

If a client / business entity is registered as a family farm, the Statement should be signed by the person who is recorded in the relevant register as the owner of a family farm, and in the case of a jointly owned family farm [i.e. if two persons jointly engage in agricultural activities], then the Statement should be signed by both co-owners of a jointly owned family farm.

If a client / business entity is registered as an association, the Statement should be signed by the person who is recorded in the relevant register as the person authorised to represent that association.

If a client/ business entity is registered as a natural person engaging in a business activity as a self-employed professional, the Statement should be signed by the person who is recorded in the relevant register as a self-employed professional (e.g. a lawyer, notary public, etc.).

If a client/ business entity is registered as an institution, the Statement should be signed by the person who is recorded in the relevant register as the person authorised to represent that institution.

In order to pick up the sub-frontloaded amount of euro cash, the person who performs this task i.e. who takes delivery of ordered euro cash, is required to bring a filled-in HUB form and present his/her valid identity card. The HUB form must be verified by the person who is recorded as the authorised person on the signature card for the relevant client (business entity). If the person authorised to represent a client (business entity) is not specified on the signature card, then he/she will have the role of the bearer of the HUB form, which means that it is necessary to specify i.e. enter in the HUB form the data on the authorised representative who will receive i.e. pick up the sub-frontloaded cash amount (his/her first and last name, TIN (OIB) and identity card number).

If the amount to be sub-frontloaded exceeds EUR 10,000, a sub-frontloading agreement should be concluded with the Bank. When submitting an order for sub-frontloading, it is necessary to enter data

on the desired mix of euro banknotes and euro coins by specifying how many pieces of a particular denomination you wish to obtain.

In addition, sub-frontloading will be carried out also at FINA cash centres and FINA branch offices. When submitting an order via the application, you should select the desired location and the available date and time for picking-up the amount of euro cash to be sub-frontloaded to you.

After submission of an order, but before the arranged date and time for picking-up the cash amount to be sub-frontloaded, the Bank will contact the client (business entity) and will invite the client to conclude a sub-frontloading agreement with the Bank.

A sub-frontloading agreement should be signed by the person(s) authorised to represent the client / business entity. The agreement should define who will pick up the cash amount to be sub-frontloaded. In order to pick up i.e. take delivery of the sub-frontloaded amount of euro cash, the person who is authorised to pick up the cash should present a valid identification document in accordance with the sub-frontloading agreement.

If the sub-frontloaded amount of euro cash is to be disbursed at a FINA branch office, then the person authorised to pick up the cash as defined in the sub-frontloading agreement should bring a filled-in HUB form. The HUB form must be verified by the person who is recorded as the authorised person on the signature card for the relevant client (business entity). If the sub-frontloaded amount of euro cash is to be disbursed at a FINA branch office, then on the HUB form – in the field "Payer"- the storage location of euro cash should be entered. If the person who has come to pick up i.e. take delivery of euro cash is not specified on the signature card, then that same person will have the role of the bearer of the HUB form, which means that it is necessary to specify i.e. enter in the HUB form the data on the person who will receive i.e. pick up the sub-frontloaded cash amount (his/her first and last name, TIN (OIB) and identity card number), and the said HUB form must be verified in accordance with the Signature Card. If the sub-frontloaded amount of euro cash is to be disbursed at a FINA cash centre, then then the person authorised to pick up the euro cash should present only the identification document defined in the sub-frontloading agreement.

3.3. An order for a larger amount of euro cash – by a large client (business entity)

If you need to be sub-frontloaded with a larger amount of euro cash and you are classified as a large client (business entity), then you may create one or more orders for sub-frontloading.

When submitting an order for sub-frontloading it is necessary to enter data on the desired mix of euro banknotes and euro coins.

Sub-frontloading will be carried out at FINA cash centres and FINA branch offices.

The service of indirect sub-frontloading in FINA cash centres will be available only to clients with contracted service of picking up and transporting money with an authorized security company who will come on their behalf and pick up euro cash from sub-frontloading at the selected FINA cash centres location. Clients who do not use security company services for picking up cash at FINA cash services in their regular business have to choose one of the offered FINA branches for the pick-up location.

When submitting an order via the application, you should select the desired location (FINA cash centre/FINA branch) and the available date and time for picking-up the amount of euro cash to be sub-frontloaded to you.

After submission of an order, but before the arranged date and time for picking-up the cash amount to be sub-frontloaded, the Bank will contact the client (business entity) and will invite the client to conclude a sub-frontloading agreement with the Bank.

A sub-frontloading agreement should be signed by the person(s) authorised to represent the client / business entity. The agreement should define who will pick up the cash amount to be sub-frontloaded. In order to pick up the sub-frontloaded amount of euro cash, the person who is authorised to pick up the cash should present a valid identification document in accordance with the sub-frontloading agreement.

If the sub-frontloaded amount of euro cash is to be disbursed at a FINA branch office, then the person authorised to pick up the cash as defined in the sub-frontloading agreement should bring a filled-in and verified HUB form. The HUB form must be verified by the person who is recorded as the authorised person on the Signature Card of the relevant client (business entity). If the person who has come to pick up i.e. take delivery of euro cash is not specified on the signature card, then that same person will have the role of the bearer of the HUB form, which means that it is necessary to specify i.e. enter in the HUB form the data on the person who will receive i.e. pick up the sub-frontloaded cash amount

(his/her first and last name, TIN (OIB) and identity card number), and the said HUB form must be verified in accordance with the Signature Card.

If the sub-frontloaded amount of euro cash is to be disbursed at a FINA cash centre, then the person authorised to pick up the euro cash should present only the identification document defined in the sub-frontloading agreement.

4. Notification of a submitted order

After an order has been saved in the application for submitting orders, the client will receive an e-message with the notification of the created order.

In the case of sub-frontloading that requires conclusion of a sub-frontloading agreement with the Bank, an e-message with the notification will be sent also to the responsible relationship manager who will then take necessary actions and will contact the client in order to arrange the signing of the sub-frontloading agreement. After the signing of the agreement, the relationship manager should verify the order submitted by the client.

In the case of simplified sub-frontloading, a client's order will be automatically verified after expiry of the deadline for submission of client's orders.

If, during the submission of an order via the application, the client has selected the option that he/she wishes to receive a reminder about the scheduled pick up of the amount of euro cash to be supplied to the client in the process of sub-frontloading, such a reminder will be sent to the client immediately before the agreed date and time.

5. An overview of orders in the application

When you re-log to the application for submission of orders, you will be able to view all the submitted orders.

An entered order can be changed before expiry of the deadline for submission of orders.

After that deadline, the entered order can only be deleted, and this can be done before the agreed date for picking up the amount of euro cash to be sub-frontloaded to the client.

Also, prior to the cash pick up date, it will be possible to change in the application the storage location of the sub-frontloaded amount of euro cash which has been previously recorded in the application for submission of orders.

After picking up the sub-frontloaded amount of euro cash, a notification of a change of the cash storage location must be delivered to the Bank in writing, to the e-address of the Bank specified in the Statement regarding simplified sub-frontloading or in the Sub-frontloading Agreement.

Financial collateral for the amount of cash to be sub-frontloaded

For the purpose of being provided with financial collateral in the amount equal to the amount of cash being sub-frontloaded to a client, the Bank will make it impossible for the client to dispose of an appropriate amount of funds in the client's transaction account at the Bank.

For the amount of euro cash ordered for the purpose of sub-frontloading, it will be necessary to provide, on the cash pick up date, a cover in kuna in the client's transaction account, whose amount will be calculated by applying the fixed conversion rate in accordance with the Act governing the introduction of the euro as the official currency in the Republic of Croatia. The Bank will make sure that you are not able to dispose of the said amount of funds in your transaction account, and it will satisfy its claims out of these funds on the date of the introduction of the euro. These funds shall be deemed to represent financial collateral and they cannot be subject to enforcement, nor can a client dispose of these funds.

If a client (business entity) wishes to finance the amount of euro cash needed for sub-frontloading by taking a loan, a loan application should be submitted on time in order to ensure that a loan is granted before sub-frontloading takes place.

Complaints



A client (business entity) shall not have the right to make a complaint about the amount of picked-up starter kits of euro coins, the amount of picked-up euro cash obtained in the process of sub-frontloading or simplified sub-frontloading after leaving the business premises where the sub-frontloaded amount of cash has been picked up.

Cancellation of an order for sub-frontloading

A client (business entity) may withdraw i.e. cancel an order for sub-frontloading which was uploaded via the application for submission of orders by deleting the order in the application or by notifying the relevant relationship manager of such cancellation.

A client (business entity) that has submitted an order for sub-frontloading undertakes to pick up the ordered amount of euro cash at the selected date and time. If a client (business entity) does not come to pick up the ordered amount at the selected date and time, the client should contact the relevant relationship manager in order to check if another date and time are available. If no new date and time are available, this means that the client will not be able to subsequently pick up the ordered amount of euro cash.

A client (business entity) may pick up the amount of euro cash that was ordered by the client. If a client wishes to pick up an amount larger than the one ordered, that will not be possible. If a client (business entity) wishes to pick up a larger number of starter kits of euro coins than the ordered number, it is necessary to correct the desired number of starter kits in the application for submission of orders no later than ten days before the scheduled date and time when they should be picked up.