

# Information brochure on the currency clause and euro exchange rate trends

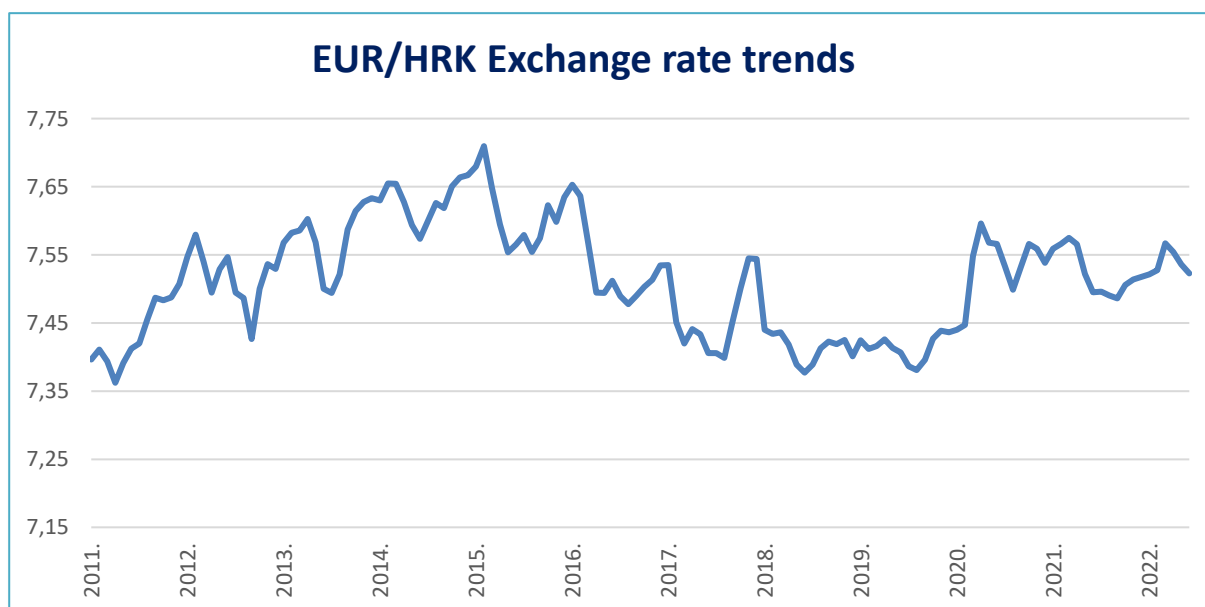
The euro currency clause is a contractual provision whereby the contractual obligations (principal, interest, other pecuniary obligations) are expressed by each party in the HRK equivalent of EUR according to the exchange rate defined/contracted in advance. For deposit and loan operations contracted with consumers, Article 302 of the Credit Institutions Act defines the application of the average exchange rate of the Croatian National Bank (CNB) as of the day of the transaction.

In loan operations, a loan with an EUR currency clause means a loan expressed in euro, but with its repayment to be made in the domestic currency, namely Croatian kuna, calculated according to the valid average exchange rate of the CNB as of the day of the transaction.

By contracting a currency clause, the contracting parties assume the currency risk since their contracting affects their financial standing since the kuna equivalent of the cash flow (annuities, instalments or monthly tranches of the loan) changes depending on the fluctuations of the exchange rate of the currency for which the currency clause was contracted.

Consequently, it is necessary to pay attention when determining the amount of the loan to be contracted with a currency clause since an increase in the EUR exchange rate in relation to HRK will increase your monthly obligation for your loan with an EUR currency clause, while a decrease in the EUR exchange rate in relation to HRK will decrease your monthly obligation for your loan with an EUR currency clause. Such exchange rate fluctuations may impact your ability to fulfil your contractual obligations regularly.

It is important to understand that it is not possible to forecast exchange rate fluctuations reliably and with certainty, and that each contracting party has the responsibility of estimating its own interest and ability to fulfil its obligations in case it assumes such a risk.



Source: Average exchange rate of the CNB ([www.hnb.hr](http://www.hnb.hr))  
The EUR trend chart based on historical trends is purely informative.