
CONFORMED COPY

LOAN NUMBER 4715-1 HR

Guarantee Agreement

(Additional Loan for Rijeka Gateway Project)

between

REPUBLIC OF CROATIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated June 11, 2007

LOAN NUMBER 4715-1 HR

GUARANTEE AGREEMENT

AGREEMENT, dated June 11, 2007, 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 (“Loan Agreement”) between the Bank and the Port of Rijeka Authority (“Borrower”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to the 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.

ARTICLE III - REPRESENTATIVE; ADDRESSES

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

Section 3.02. The Guarantor's Address is:

Ministry of Finance
Katančeva 5
Zagreb 10000
Republic of Croatia

Telex:

862-21215
862-21833

Facsimile:

(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:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

Facsimile:

(202) 477-6391

AGREED at Zagreb, Republic of Croatia, as of the day and year first above written.

REPUBLIC OF CROATIA

By: /s/ Ivan Suker

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Anand K. Seth

Authorized Representative

