

General Information on Housing Loan for Foreign Nationals and Croatian nationals working abroad

LOAN TERMS AND CONDITIONS

Maximum loan amount and the interest rate are determined in accordance with the credit risk assessment of the borrower for the bank and depend on the business relationship of the borrower with the Bank.

Loan amount:	from 10.000 EUR up to 500,000 EUR		
Repayment:	from 3 to 20 years		
Interest rates:	Fixed rate a rate that will not change for the entire term of a loan		
	Repayment period	Rate	EIR¹
	3 to 10 years	3,30%-3,70%	3,48%-3,89%
	Combination of rates a combination of rates: fix rate for 10 years and variable rate during the rest of loan repayment, linked to reference interest rate 6M Euribor		
	Repayment period	Rate	EIR²
	10 to 20 years	Fixed for first 10 years - 3,30% After that variable interest rate 3,642%-3,742%	3,48%-3,50%

Interest rates are shown on an annual basis. EIR - Effective interest rates are calculated on March 1, 2023:
¹for the loan amount of EUR 50,000, repayment period of 120 months and stated interest rates, and with the cost of property insurance policy premium according to the amounts stated in the representative calculations.
²for the loan amount of EUR 100,000, a repayment period of 240 months and the stated interest rates, and with the cost of property insurance policy premium according to the amounts stated in the representative calculations.
 The exact calculation of the EIR will be provided to the client in the ESIS form (European Standardized Information Form) which will be handed to you before signing the contract.

RISK OF VARIABLE INTEREST RATE

Variable interest rate consists of fixed and variable part, whereby fixed part implies the contracted number of percentage points that does not change for the whole loan repayment period, while the variable part represents market parameter, i.e. reference interest rate – 6M Euribor. Contracting variable interest rate exposes the client to the risk of changes in interest rates, which can influence the exchange of cash flows in relation to a particular loan (their increase or reduction). For example, the increase of reference interest rate (6M Euribor) with the linked interest rate on a contracted loan can influence the increase of the monthly annuity, financial position of the consumer, as well as loan repayment capability and vice versa (its reduction will reduce the annuity amount). The probability of variation in the interest rate is higher if the contracted period is longer.

LOAN REPAYMENT

Loan Repayment can be arranged in monthly annuities and instalment.

The exact number and amount of monthly instalments or annuities depends on the contracted elements of the loan agreement such as interest rate and repayment period.

When submitting loan application, the client can also arrange the possibility of early repayment (in part or in full) with additional payments, without fees for early repayment and without additional costs (for example, notary fees). After

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arranging this benefit with additional payments (in the amount of at least 2 annuities), the principal is automatically reduced, without going to the Bank, and the information about the new principal and annuity amount are delivered via mail.



EARLY LOAN REPAYMENT

The Client can, always, file a written request for early loan repayment, in part or in full, without paying fees for early loan repayment.



COLLATERALS

The Bank accepts collateral that are situated in the Republic of Croatia.

- Consent to wage garnishment and a promissory note, both solemnized.
- Mortgage and property insurance policy to the benefit of the Bank. Maximum loan amount can be up to 60% of the estimated value of the pledged property – apartment, respectively up to 50% of the estimated value if the pledged property

The Bank reserves the right, in its discretion, to request additional collaterals.

The Loan User must ensure part of his/her own financial funds for purchase down payment.

Down payment amount is minimum 40% (for apartments) i.e. 50% (for houses) of the purchase price/estimated value.



LOAN PURPOSE

- Purpose:**
- Purchase of residential space (apartment, house, suite)
 - Building, extension, reconstruction or completion and maintenance of residential space
 - Purchase of building plots and municipal development
 - Purchase/construction of the garage, storage or parking space, with the purchase of residential space
 - Adaptation of residential space



LOAN COSTS:

Fee for processing loan request	Without fee
Insurance costs:	Property insurance policy – for loans insured with a lien on a property, it is necessary to insure the property by insuring property, at consumer's cost according to the price list of the insurance company.
Estimated value of the property	For loans insured with a lien on a property, it is necessary to estimate the value of the property at consumer's cost. The value of the property is determined via estimation by authorized assessors acceptable to the Bank.
Other costs	Costs related to confirmation/solemnization of the loan agreement and other notary fees and lien registry fees.



CONSEQUENCES OF FAILURE TO COMPLY AND FAILURE TO EXECUTE COMMITMENTS FROM THE LOAN AGREEMENT

In case of late payments of matured commitments and/or execution of any commitments related to the Loan Agreement,

- The Bank has the right to:**
- Use all insurance instruments to settle the whole debt and fulfil outstanding commitments of the consumer
 - Cancel the Loan Agreement whereby Bank's claim is matured in full and before the regular maturity date
 - Request a forced settlement of loan principal together with matured interest rates, statutory interest rates, costs and other claims pursuant to the Agreement and positive regulations

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Client shall bear all costs incurred due to the described failure to fulfil his/her commitment within the predicted deadline, such as attorney, public notary and administration fees, as well as costs of other bodies with regard to the forced payment (enforcement process) procedure.

⊕ ADDITIONAL SERVICES TO BE ARRANGED BY THE CONSUMER

Property insurance policy.

✂ RIGHT TO WITHDRAW FROM THE LOAN AGREEMENT

Loan User can withdraw from the Loan Agreement, without providing a specific reason, only if he/she notifies Erste Bank in writing within 14 days from the date of concluding the agreement.

If the Loan User gains the right to withdraw from the Loan Agreement and Erste Bank has already paid him/her the funds, the Loan User shall, within 30 days from the date the Bank was notified on the withdrawal from the Loan Agreement, repay all funds to the Bank, increased for the contractual interest rate applied on the amount of disbursed funds from the day of disbursement of funds to the Loan User up to the repayment date.

📊 VALID CALCULATION

Loan amount in EUR	Repayment period	Type of interest rate	Interest rate (annually)	Effective interest rate ²	Monthly annuity in EUR	Total amount paid by the client in EUR
50.000	10 years	fixed	3,30%	3,48%	489,76	59.071,01 EUR
100.000	20 years	Combination of fixed and variable interest rate	3,30% fixed for first 10 years	3,48%	569,74	138.394,36 EUR
			Then 3,642% (6M Euribor ¹ + 0,40 pp)		578,55	

¹Six-month (6M) Euribor on 1/3/2023. is 3.242%. 6m Euribor is determined in accordance with the loan agreement twice a year by taking the amount of last published value prior to the beginning of each interest rate period.

²The effective interest rate, the annuity amount and the total amount paid by the client are calculated according to the above mentioned conditions on 1/3/2023. The EIR costs includes annually costs for property insurance policies in the amount of 30 EUR.

PROCEDURE FOR APPROVAL OF HOUSING LOAN WITH MORTGAGE

Official language in Croatia is Croatian. If the participants in the loan do not speak or understand the Croatian language, a court interpreter for the appropriate language must be present at the solemnization of the contract.

1. Loan application and documentation collection

You can apply for a loan at any branch of Erste Bank or through an online application on the website. In addition, it is necessary to submit documentation to determine creditworthiness and to prove the purpose of the loan.

2. Processing of loan applications and loan approval

Based on the collected documentation, Erste banka starts processing the loan application. Your creditworthiness is calculated, as well as the creditworthiness of other participants if they will be in a credit relationship (guarantor, co-borrower) and the necessary insurance instruments are defined.

For loans secured by a mortgage, an assessment of the value of the real estate is required, on which the mortgage in favor of Erste Bank will be based.

At Erste Bank, you can arrange a real estate valuation. By paying the fee for the real estate valuation, which is performed by Erste nekretnine d.o.o., the valuation of your real estate will be carried out quickly and reliably. If you already have an appraisal of the property value by another authorized appraiser or you want the appraisal of the property value to be done by another appraiser, it can be accepted.

After the evaluation of the property, Erste Bank assesses your loan application and makes a decision on loan approval

3. Conclusion of the loan agreement and insurance instruments

On the agreed day, at Erste Bank, you will receive the loan agreement signed by Erste Bank and other documentation that must be signed by all participants in the loan: the loan beneficiary, the mortgagee (property owner) and any co-borrower, guarantor. The documentation is signed and confirmed/solemnized by a notary public. Solemnization is the process of confirming the contract with a notary who checks whether the contract complies with the prescribed form and explains to the participants in the loan the meaning and consequences of this legal transaction. The costs of formalization depend on the amount of the loan and borrower pays that cost.

You submit the solemnized loan agreement, together with the proposal for the registration of the mortgage, in favor of Erste Bank, to the competent Municipal Court, Land Registry Department (land registry) for the registration of the lien on the real estate through the notary public or the lawyer. An extract from the land register, in which the lien in favor of Erste banka is registered, and the copy of court decision allowing the registration of a mortgage in favor of Erste banka, must be submitted to the bank before the loan is disbursed. The time required to establish a lien on real estate depends on the individual competent Municipal Court, Land Registry Department (land register).

It is necessary to contract a property insurance policy for the real estate on which Erste Bank's lien is registered. The policy must be pledged or bonded in favor of Erste banka. Erste bank also accepts existing policies if they meet the conditions.

4. Loan disbursement

Upon submission of documentation and joint verification of whether all other conditions for loan disbursement are met (insurance instruments, etc.), Erste banka will disburse the loan.

ADVISORY SERVICES

The bank does not provide advisory services from Article 22 of the Act on Housing Consumer Lending.

Information brochure – loans with EURIBOR

What is EURIBOR?

EURIBOR (Euro Interbank Offered Rate) is a reference interest rate determined on the European interbank market from the 1.1.1999. for the euro currency (EUR). It is determined daily as the average rate at which first-class banks lend unsecured funds in EUR to one another within the eurozone. Such banks must meet certain criteria for EURIBOR to be representative and to reflect the actual situation on the money market. For more information about EURIBOR, please visit: www.euribor-ebf.eu

The EURIBOR rate is determined to a large extent by the reference interest rate of the European Central Bank (ECB), namely the monetary policy of the ECB and other factors such as the sentiment and expectations from the financial markets. The course of the monetary policy of the ECB is affected by the economic cycle – above all, the inflation trends and expectations as well as the growth dynamic of the private sector and employment. Accordingly, the ECB lowers or raises the reference interest rate, which consequently affects the EURIBOR rate.

Erste & Steiermärkische Bank d.d. (Erste Bank) does not affect the EURIBOR rate and may forecast neither future EURIBOR trends nor any consequences that may result from the change of the EURIBOR rate.

How is the interest rate for the loan determined?

The interest rate represents the sum of the 6-month EURIBOR (6M EURIBOR) and the fixed contractual number of percentage points annually rounded to three decimal points.

The initial 6M EURIBOR rate is the rate set out and published by the authorised information system / administrator (currently THOMSON REUTERS) after 12 noon CET for the day two relevant days before the beginning of that interest period or the month in which the loan agreement is signed.

The 6M EURIBOR is determined for each interest rate period in the 6-month (six-month) EURIBOR rate set out and published by the authorised information system / administrator (currently THOMSON REUTERS) after 12 noon CET for the day two relevant days before its beginning.

The relevant days shall be those days for which the EURIBOR rate is published, provided that the EURIBOR rate is published for each of those two days.

The duration of the first interest period is 7 months, and each subsequent lasts 6 months.

Example:

You take out a loan on 10 January 2023.

The first determination of the interest rate = 6M EURIBOR rate as of 1.1.2023. published two relevant days before (2,5%) + fixed contractual number of percentage points (0.9 percentage points), amounting to 3.4% and valid for the first interest rate period which lasts from 10.1.2023. until 31.7.2023.

The second determination of the interest rate: 6M EURIBOR rate as of 1.8.2023. published two relevant days before + fixed contractual number of percentage points (0.9 percentage points)

- if the 6M EURIBOR rate increases by 0.5 percentage points and now amounts to 3%, the total interest rate will be increased by 0.5 percentage points, i.e. it will amount to 3,9% for the second interest rate period
- the new annuity amount will become due on 1.9.2023.
- the second interest rate period lasts from 1.8.2023. until 31.1.2024.

The third determination of the interest rate: 6M EURIBOR rate as of 1.2.2024. published two relevant days before + fixed contractual number of percentage points (0.9 percentage points)

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- if the 6M EURIBOR rate drops by 0.1 percentage point and now amounts to 2.9%, the total interest rate will be drop by 0.1 percentage points, i.e. it will amount to 3.8%.
- the third interest rate period lasts from 1.2.2024. until 31.7.2024.

Every subsequent determination of the interest rate: 6M EURIBOR rate as of 1st February and 1st August of each subsequent year until the regular full repayment of the loan, published two relevant days before 1st February and 1st August + fixed contractual number of percentage points (0.9 percentage points).

From the above, it is evident that any changes to the EURIBOR rate affects the contractual interest rate and consequently the regular repayment amount.

Where can you monitor EURIBOR rates?

EURIBOR rates may be monitored on the Erste Bank website – www.erstebank.hr – and they may also be learned at Erste Bank branch offices.

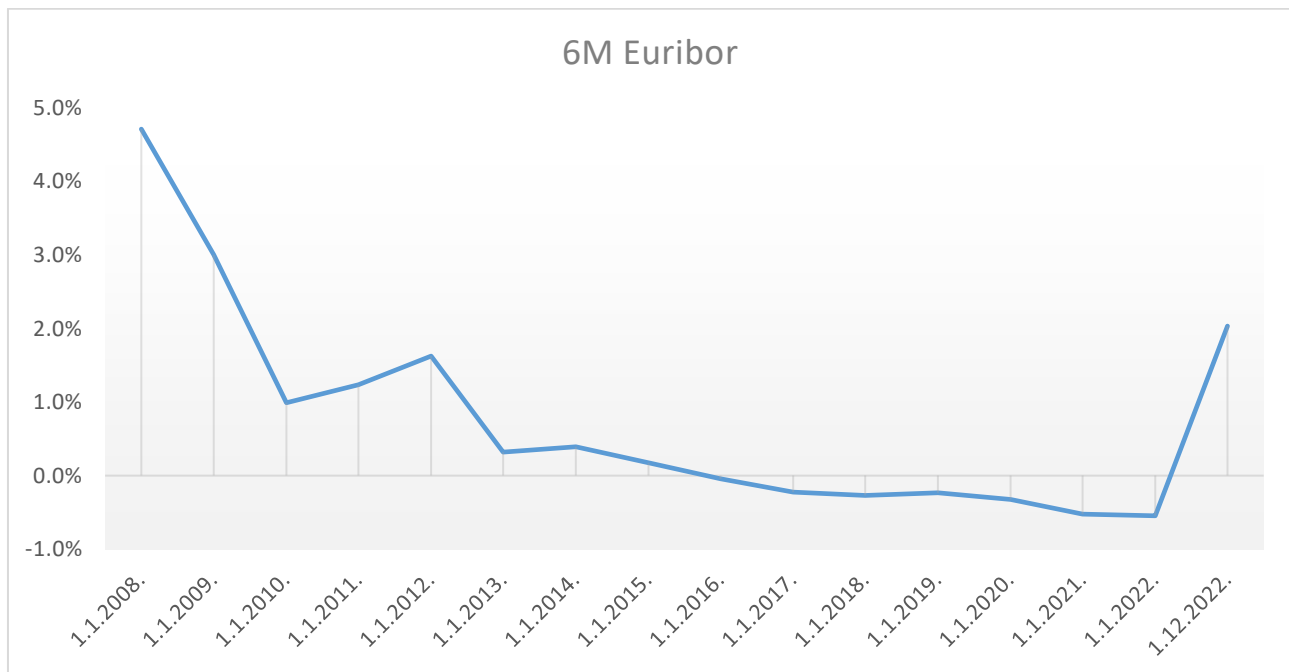
Apart from the aforementioned website, rates may be monitored on Thomson Reuters and Bloomberg information systems and the following websites:

- www.euribor-ebf.eu
- www.global-rates.com
- www.euribor-rates.eu

Advice:

Before making a decision on whether to sign a loan agreement with the contractual interest rate pegged to the EURIBOR, please inquire about the meaning and volatility of the EURIBOR, its historical trends and potential risk of changes to the EURIBOR by consulting relevant sources independent of the Bank.

6M EURIBOR fluctuation trend chart for the period from 1.1.2008. till 1.12.2022.



The EURIBOR fluctuation trend chart on the basis of historical trends is purely informative.

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