

- MEDIA RELEASE -

Erste Bank offers home loans for foreign nationals

Zagreb, 28 April 2010 – Erste&Steiermärkische Bank d.d. (Erste banka) has introduced yet another novelty into its offer – home loans for foreign nationals. The purpose of the loans is the purchase of residential property in Croatia, and the loans are granted in the amount of EUR 20,000 to 250,000, equivalent amount in kuna, with a foreign currency clause in Euros. Repayment period is up to 20 years, and the one-off loan processing fee is one percent of the approved purchase amount.

These loans include the following benefits for foreign nationals:

- opportunity to finance acquisition of real estate outside their country of citizenship,
- opportunity to take out a mortgage on the property to be bought,
- opportunity to settle the loan processing fee and additional costs from the loan granted up to the amount of EUR 1,500 (costs of public notary, certified court translator, etc.)
- the Bank allows an attractive interest rate on the guarantee deposit for the loan; the interest rate is one percent lower than the interest rate on standard saving.

The offer provides for two basic types of housing loans for foreign national, depending on the type of interest rate:

I. HOME LOANS FOR FOREIGN NATIONALS

MODEL	INTEREST RATE*	EFFECTIVE INT. RATE	INSURANCE INSTRUMENT - MORTGAGE RATIO-	GUARANTEE DEPOSIT
Model I	6,50%-7,00%	7,09%-7,70%	hipoteka u omjeru 1:1	30%
Model II			hipoteka u omjeru 1:1,20	20%
Model III			hipoteka u omjeru 1:1,50	10%

*interest rate depends on the creditworthiness assessment

Effective interest rate is calculated for the interest rate of 6.5% and 7%, the amount of the loan of EUR 100,000, repayment deadline 240 months, charge 1%, with 10% deposit and the interest rate on non-purpose deposit of 4.4%.

If participation in the price of the real estate is 30% or more, the deposit guarantee is not required.

II. HOME LOANS FOR FOREIGN NATIONALS WITH 6M EURIBOR

MODEL	MARGIN*	INTEREST RATE*	EFFECTIVE INT. RATE (6M EURIBOR + margin)	INSURANCE INSTRUMENT - MORTGAGE RATIO-	GUARANTEE DEPOSIT
Model I	4 p.p. -5 p.p.	4,99%-5,99%	5,31%-6,49%	hipoteka u omjeru 1:1	30%
Model II				hipoteka u omjeru 1:1,20	20%
Model III				hipoteka u omjeru 1:1,50	10%

* interest rate depends on the creditworthiness assessment

**The interest rate is the sum of 6M EURIBOR and the margin and it is in effect until June 30, 2010. The value of 6M EURIBOR on December 30, 2009 was 0.99.

Effective interest rate was calculated using 6M EURIBOR according to the value on December 30, 2009 (0.99) with the 4 p.p. spread, or 5 p.p. spread respectively, for the loan amounting to EUR 100,000.00, repayment deadline 240 months, charge of 1%, with 10% of deposit and the interest rate on deposit of 4.40%.

If participation in the price of the real estate is 30% or more, the guarantee deposit is not required.

Margin is added to 6M EURIBOR and rounded off to two decimal places. The interest rate is aligned with the beginning of the calendar half-year and is valid for current half-year. The value of 6M EURIBOR can be checked at the REUTERS web site.

All necessary documents originally issued in a foreign language have to be delivered translated in the Croatian language and authorized by a certified court translator.

In order to make the service more accessible, the bank published promotional leaflets in Croatian, as well as in the Hungarian, Czech, Slovenian, German, Italian, English and Russian, and additional information is available in the English section of the Erste Bank web site - www.erstebank.hr.

Over the first three months, Erste Bank has witnessed significant demand for home loans, and it has granted around 320 of them in the first three months (for purchase or construction of a dwelling place), amounting to over HRK 130 million.

According to HNB statistics, retail home loan placements in Erste bank grew in the first two months this year at a rate much greater than the market average – by one percent, while the market grew by only 0.3 percent. We thus increased our market share from 10.5 percent to 11.3 percent of the market from the end of 2008 to February 2010.

This way, the bank additionally increased its total market share in the overall retail loans segment, which stood at 13.11% at the end of February.

For additional information:

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