

## PRESS RELEASE

Budapest, 4<sup>th</sup> May 2005.

### Combined loan from Erste Bank

With 15pc lower instalments

**Budapest, 4<sup>th</sup> May, 2005. – Erste Bank Hungary introduced a home loan combined with a home savings fund contract from 2<sup>nd</sup> May. The advantage the product offers is that home savings fund payments, the related state subsidies and interests can be used to pay instalments on the home loan or freely used mortgage. Thus, during the savings period clients could pay up to 15pc less in instalments, compared to normal, or floating-rate home loans with an annually adjusted interest.**

Erste Bank retail division manager Bernadett Tátrai said that clients who sign a Fundamenta-Lakáskassza Lakás-takarékpénztár home savings fund contract along with their home loan deals or freely used mortgage contracts, can pay up to 15pc less during the savings period, depending on the savings method elected. This is due to the fact that clients can use monthly payments into the home savings fund account as well as the related state subsidies and interests, to pay instalments on the loan. Furthermore, for the duration of the savings period clients have a period of grace on loan payments, thus allowing them to pay no more than interest and management costs to the bank.

Deposits in home savings funds entail an annual 30pc or maximum HUF 72,000 state subsidy, which can also be spent on instalments on the loan. Ms Tátrai said one of the great advantages offered by the product is that clients can take out a greater loan, but pay the same instalment they would on normal loans with an annually adjusted interest rate.

Irrespective of the denomination, the home loan's run is a minimum 10 and maximum 35 years, the run of the freely used mortgage is a minimum 10 and maximum 25 years. The loans' run can be divided into two main periods: a loan with a period of grace, followed by a loan with an annually adjusted interest rate. During the period of grace clients pay interest and management costs only, in addition to the monthly payments into the home savings fund. When the savings period ends, clients can pay instalments from the home savings fund deposits (contracted amount), at which time the deal is transformed into an annually set floating-rate loan. During the run of the floating-rate loan, the instalments are of equal size, and already contain payments on principal. In case of loans extended by the bank in instalments, the period of grace includes the period of availability. The periods of grace and of the floating-rate loan together form the entire run of the loan.

Further information:

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