

PRESS RELEASE

Budapest, 22nd January, 2008

Erste Bank offers new zero charge loan

Budapest, 22nd January, 2008 – Erste Bank Hungary has introduced a new Swiss franc-denominated loan construction, which comes with a 0 per cent disbursement commission. ‘Interest Only’ loans are available as mortgages or freely-used loans, and come with a six-month interest period. As an introductory offer, ‘Interest Only’ loans are now available with no appraisal costs and deed query charges and, if certain conditions are met, an interest rate discount is offered to clients.

Erste Bank retail division head Imre Sztanó said ‘Interest Only’ products were the latest in the bank’s line of discount loan constructions. Mr Sztanó said the bank’s aim with the new construction was to offer clients the chance to achieve the lowest monthly instalments on Swiss franc-denominated loans, with no additional borrowing costs. The new product allows clients to make substantial savings compared to traditional mortgage products. For example, savings on a 20-year freely used mortgage of HUF 8m could be as high as HUF 195,000 because the bank waives charges and commissions. Furthermore, monthly instalments are very attractive: monthly instalments on a market-priced Swiss franc-denominated 20-year mortgage of HUF 5m with a six-month interest period is HUF 37,254 (total charge for credit: 6.85 per cent).

Mr Sztanó said ‘Interest Only’ clients could qualify for a discount rate in the first interest period if they receive their wages on a current account held with Erste Bank, and arrange a minimum two standing orders in the first three years of the loan period. These are not conditions for applicants in general, merely an opportunity to achieve further savings by meeting requirements for a more favourable interest rate. The discount rate for mortgages is an annual 3.99 per cent in the first interest period (total charge for credit: 6.72 per cent), making monthly instalments even more favourable: monthly instalments in the first interest period of a market-priced Swiss franc-denominated 20-year mortgage of HUF 5m could be HUF 31,059.

A further special offer is that clients approved for ‘Interest Only’ mortgages are offered a credit card by Erste Bank. The first year’s annual credit card charges are waived. The credit card comes with a minimum credit limit of HUF 200,000.

Further information:

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