

## PRESS RELEASE

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### **Forint loans with favourable interest rates marketed by Erste**

A mere 4.99 per cent is charged as annual interest rate in case of five-year interest term

**Budapest, 16 January 2009 – Erste Bank is marketing a forint-based home loan with supplementary government subsidy on the interest, offering favourable rates and maturities without charging property appraisal or notary public fees now. Available for purchasing or building a new home, the loan with supplementary interest subsidy can be applied for by married couples or parents raising children.**

Imre Sztanó, member of Erste Bank's Managing Board in charge of the bank's retail division, says this forint loan design with favourable interest (4.99 per cent annual rate, corresponding to a 7.91-percent APR). The minimum and maximum amount of the loan may be HUF 500,000 and HUF 15 million, respectively, the maximum term is limited at 35 years. The subsidy on the interest is available in the first 20 years of the loan term. Customers with existing property are not exempted from applying for this loan design.

The loan amount to be disbursed is defined by the loan security value of the real estate(s) offered as collateral and also by the repayment ability of the applicant. In case of raising the loan to purchase a home, the loan amount may cover the total purchase price and may amount to 100 per cent of the construction budget in the case of building a home, but cannot exceed 80 per cent of the loan security value in case of the collateral-based design, 85 per cent when based on the income, and 100 per cent in case of a high loan-to-value ratio.

With the VAT included but the price of the land excluded, the total construction cost or purchase price of the real estate, intended to be borrowed, cannot exceed HUF 30 million. Below that amount, meeting the requirement of fair housing needs shall not be scrutinised.

Based on customer choice, the interest term of the loan can be one or five years, which cannot be modified until the loan matures, but the interest rate remains unchanged in each interest term.

Imre Sztanó added that a grace period on the repayment of the principal can be requested in the case of income-based loans in order to ease arising problems of customers regarding repayment of the loan. During the grace period, which may last between one and five years depending on the loan term, only the interest and the loan handling fee are to be paid with monthly regularity.

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