

## PRESS STATEMENT

Budapest, 6<sup>th</sup> March, 2006.

### **Home loans without client's deposit offered by Erste Bank**

The bank introduces new home loans and mortgages

**Budapest, 6<sup>th</sup> March, 2006. – Erste Bank Hungary has introduced home loans and mortgages available without client's deposit or supplementary collateral on 27<sup>th</sup> February, 2006, a new product on the Hungarian market. The essence of the new construction is that applicants are eligible for loans irrespective of legal limitations on age or loan ceiling, up to 100 per cent of the collateral value determined by the bank.**

Erste Bank retail division head Bernadett Tátrai said home loans with a minimum or no deposit or without supplementary collateral were available for all purposes, such as home purchases, construction, extension, renovation or modernisation.

With the new product, up to 100 per cent of the house price can be financed from the loans, if the home to be purchased is a new home built as part of projects financed by Erste Bank. This affects some 80 projects, and approximately 4,000 homes nationwide, of which 3,000 are in the capital and its surroundings. Ms Tátrai added that up to 100 per cent of the collateral value could be extended for purchases of either new or used homes.

In case of a newly built HUF 20m home in an urban area, which is part of a project financed by Erste Bank, Erste Bank can grant the total purchase price. In case the newly built HUF 20m home is not part of an Erste project, Erste Bank could extend a loan of up to HUF 18m. If a client applies for the various direct subsidies provided by the state, the new home could be acquired with no deposit by the client.

Almost 100 per cent of the house price can be financed also in case of used houses, if a client applies for the various direct subsidies provided by the state (e.g. home construction benefits, advance loans). In case of a used HUF 12m house Erste Bank can grant a loan of up to HUF 10,5m. If a client applies for setting up home subsidy of HUF1,2m after 2 children, the needed client's deposit is as low as HUF 0,3m.

Ms Tátrai said the home loans were available with a period of grace of up to 5 years, reducing initial instalments substantially. Ms Tátrai added that the loan period was also flexible, with a ceiling of 35 years. Another advantage offered by Erste Bank is that the bank waives the entire disbursement commission on home loans applied for until 30<sup>th</sup> April, 2006.

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Some examples of instalments on home loans available with minimum deposits:

Loan amount (HUF)	Instalments during 5 year period of grace	Instalments after end of 5 year period of grace	Instalments on normal, annuity type loans
7.000.000	<b>30 965 Ft</b>	<b>51 738 Ft</b>	<b>45 975 Ft</b>
Total charge for credit	5.90%	5.90%	5.98%
10 000 000	<b>HUF 44 236</b>	<b>HUF 73 912</b>	<b>HUF 65 678</b>
Total charge for credit	5.87%	5.87%	5.95%
15 000 000	<b>HUF 66 354</b>	<b>HUF 110 868</b>	<b>HUF 98 517</b>
Total charge for credit	5.85%	5.85%	5.93%
20 000 000	<b>HUF 88 472</b>	<b>HUF 147 824</b>	<b>HUF 131 356</b>
Total charge for credit	5.84%	5.84%	5.92%

Instalments were determined using a market-priced Swiss franc-denominated 25-year loan, with 6-month interest periods. Total charge for credit was determined according to current conditions, laws, and if these change, the total charge for credit may be adjusted. Total charge for credit does not reflect the loans' exchange rate and interest rate risks, and are determined on the basis of the foreign exchange rate on the first working day of the month preceding the current quarter.

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