

## PRESS RELEASE

26<sup>th</sup> July, 2006

### Erste offers property leasing services

Alternative opportunity for home buyers

**26<sup>th</sup> July, 2006. – Erste Bank Group's activities in Hungary were extended to include property leasing services, after the Court of Registration registered Erste Ingatlanlízing on 18<sup>th</sup> July, 2006. The company, in which Erste Bank Hungary holds a 98 per cent stake, and which was set up with registered capital of HUF 50m, will initially offer financing for new homes. In the future the company will also provide financing for used homes and corporate property purchases.**

Erste Ingatlanlízing CEO Csaba Somogyi said the latest member of the Erste Group will enter the market with a leasing construction for newly built homes in Hungary, which will include financing for garages and storage buildings as well.

The financing is in the form of an open-ended financial lease, where the provider of the lease – in this instance Erste Ingatlanlízing – acquires the ownership rights of a property with the purpose of handing said property over for use to the leaser, or client. Upon expiry of the lease period set down in the contract, with the final monthly lease and other fees and 10 per cent of the gross purchase price paid, the leaser or the person named by the leaser acquires title to the property.

The leasing company has developed two forms of leasing: in the case of *income-based* leasing the lease corresponds to 100 per cent of the value of the property (proof of income is required). This construction is offered to those who do not have the necessary finances to put down a deposit, or wish to spend their existing finances on something else. In the case of *collateral-based* leasing proof of earning the minimum wage is sufficient, but the lease corresponds to no more than 70 per cent of the liquidation value of the property. The minimum financing is HUF 5m, while the maximum is HUF 50m in case of collateral-based leasing. In case of income-based leasing the maximum financing is the liquidation value of the property.

Financing will be provided in forint, euro or Swiss franc denominations, and the lease will run for between five and 25 years. Leasers may involve a co-leaser in the deal. Erste Ingatlanlízing will charge a one-off 2 per cent commission for the contract, but does not charge management costs, application fees or disbursement commission. Erste Ingatlanlízing does not charge for valuation of new properties built with financing from Erste Bank.

When leasing a HUF 15m new home without a deposit, the monthly gross instalments on a Swiss franc-denominated lease would be HUF 88,284 over a 25-year period, with 10 per cent of the gross purchase price payable upon the expiry of the lease period.

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Mr Somogyi added that the new property leasing construction offered by Erste was aimed at young people with a steady income but little savings who hope to climb on the first rung of the property ladder, those hoping to move to a larger flat and investors. Mr Somogyi said Erste Ingatlanlizing would offer new products before the end of the year. The leasing construction is expected to be extended to used homes, and for property purchases by foreign private investors and domestic micro and small businesses.

Property leasing services are currently available in six Erste Bank branches in Budapest, and five Erste Bank branches elsewhere in the country: Debrecen, Miskolc, Szolnok, Győr and Pécs. The products will be available in all Erste Bank branches by the end of the year.

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