



Mortgage loan: 2.25 percent fixed for 10 years

Erste Bank now offers a mortgage loan with a fixed interest rate of 2.25 percent for 10 years. The minimum amount for this to take effect is 50,000 Euros, with a total maximum term of 25 years. The offer applies to new contracts. Early repayments can be made at any time free of charge, despite the fixed interest rate. "People should secure the low interest now, because no one knows how this will change over the next ten years. What we do know is that interest cannot get much lower," says Peter Bosek, a member of the executive board for private and corporate customers at the Erste Bank.



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A great fixed interest rate at present

A fixed interest agreement is currently very reasonable. If, for example, we compare a customer who chooses variable financing with one who chooses a fixed interest rate for ten years, the former currently only pays 27.52 Euros less a month (see calculation example). But once interest starts rising again, the repayments follow suit*. The advantage of a fixed interest rate: The borrower can calculate the precise monthly payment.

Example:

Loan amount: 100,000 Euros, for 25 years, excellent credit rating

	Interest rate / effective	Monthly repayment
Variable interest rate	1.7% / 2.1%	420.56 Euros
Fixed interest rate for 10 years	2.25% / 2.4%	448.08 Euros
Difference	**	27.52 Euros

As at: 7/10/2014

* Most home loans are pegged to the EURIBOR, which can cause monthly repayments to increase very quickly if interest rates rise. The Erste Group analysts predict the EURIBOR to rise in early 2017.