

Notice

on the statutory HUF conversion of consumer loan agreements

Dear Client, Dear Interested,

Below you find a summary of key information on the mandatory HUF conversion of consumer loan agreements required by law. Our notice has been compiled in accordance with the acts setting out the detailed regulations on HUF conversion for settlement and the relevant decrees of the Central Bank of Hungary, and is updated on a regular basis. You will find up-to-date information concerning HUF conversion on our website and in the information materials available in our branches, all regularly updated.

Please note that in accordance with Decision E-I-257/2009 of the HFSA, UniCredit Bank Hungary Zrt. (1054 Budapest, Szabadság tér 5-6; company registration number: 01-10-043900) acts as the representative agent of UniCredit Jelzálogbank Zrt. (1054 Budapest, Szabadság tér 5-6.; registration number: 12399596; company registration number: 01-10-041348, "Jelzálogbank").

The following chapters provide information on HUF conversion that consumers will find the most important.

1. Applicable legal regulation
2. Who is affected by mandatory HUF conversion?
3. What will be the date of amending my contract after the HUF conversion?
4. What will be the exchange rate used for converting my loan?
5. What do I have to do as client?
6. The cost of HUF conversion
7. What to do if I disagree with HUF conversion
8. How much interest will I have to pay after HUF conversion?
9. Rules for contract amendment
10. Where can I file complaints?

1. Applicable legal regulation

The main rules concerning HUF conversion of consumer loans and the future rates of interest for loans converted to HUF and for other existing loans affected by the settlement are set out in the following legislation:

- Act LXXVII of 2014 on the settlement of matters relating to the currency conversion of certain consumer loan agreements and to interest rate rules.

Provisions applicable to issues not regulated or not otherwise regulated by the above legal regulation concerning the definition and modification of interest, fees and charges are set out in the so-called "Fair Banking Act" (Act CLXII of 2009 as amended by Act LXXVIII of 2014).

2. Who is affected by mandatory HUF conversion?

HUF conversion applies to private individuals having **consumer mortgage loans on a foreign currency basis or in foreign currency**:

- whose loan agreements have not been terminated by 1 February 2015;
- who still have debts recorded as overdue under a loan agreement that still exists but for which termination notice has already been given at the time when the Act comes into force (6 December 2014);
- whose loan is involved in settlement.

HUF conversion will **not apply** to the following loans:

- credit cards, overdraft loans and personal loans;
- HUF loans for housing purposes with interest subsidy;
- loan agreements concluded before 1 May 2004;
- NON-consumer mortgage loans in foreign currency or on a foreign currency basis;
- foreign currency loan agreements concluded after 26 November 2010.

3. What will be the date of amending my contract after the HUF conversion?

HUF conversion and the related change in interest rate will take place with effect from 1 February 2015. It is important that you keep paying repayment installments according to your earlier repayment schedule until you receive notification about this; we will settle any difference arising out of this separately.

4. What will be the exchange rate used for converting my loan?

The legal regulation clearly stipulates the exchange rate to be used for HUF conversion, according to which the bank will apply the following exchange rates:

1 CHF = 256.47 HUF

1 EUR = 308.97 HUF

5. What do I have to do as client?

HUF conversion by the financial institution will take place on a mandatory basis as set out in the legal regulation, requiring no action from you.

You will receive information on HUF conversion and the amended terms of your loan agreement together with the settlement of your loan as follows, in accordance with the provisions of applicable legal regulations:

- **Between 1 March 2015 and 30 April 2015 for loans on a foreign currency basis;**

- **Between 1 August 2015 and 30 September 2015 for loans in foreign currency.**

6. The cost of HUF conversion

The bank will not charge any fees or costs for HUF conversion.

7. What to do if I disagree with HUF conversion

The law offers a possibility for you to waive HUF conversion in writing within 30 days of receiving the amended provisions of your mortgage agreement. You will be notified about the provisions of your loan agreement to be amended due to HUF conversion together with the letter of settlement, as described in item 5 above.

The legal regulations allow for waiving HUF conversion in the following cases:

- if the debtor confirms that s/he draws regular income in excess of the expected amount of the repayment installment in a currency officially quoted by the Central Bank of Hungary. Income shall be understood as aggregate income for joint debtors.
- if the agreement expires by 31 December 2020.
- if the debtor complies with the new rules of the central bank valid from January 2015 based on the payments to income (PTI) indicator. This means that in case of a monthly confirmed income of less than HUF 400,000, 10 per cent of that income may be used for CHF loan repayments, and 25 per cent of it may be used for EUR loan replacements; for incomes over HUF 400,000, 15 per cent and 30 per cent of it may be spent on loan repayment for CHF and EUR loans respectively.
- if the initial interest of the loan after HUF conversion would be higher than the interest rate specified in the legal regulation for non-conversion. The latter is the lower interest rate or interest surcharge of the original interest rate (or interest surcharge for agreements linked to a reference interest rate) under the loan agreement and of the transaction interest (or interest surcharge for agreements linked to a reference interest rate) applied under the given consumer loan agreement on 19 July 2014;

also, for loan agreements involved in the exchange rate cap scheme, if the debtor acknowledges that the bank will not disburse the HUF equivalent of the difference between the exchange rate used by the bank for repayments and the so-called fixed exchange rate out of the collection account loan stipulated in the act on the exchange rate cap scheme from the cut-off date (1 February 2015) in writing.

If you do not wish to proceed with HUF conversion and satisfy any of the above four criteria, you may request that HUF conversion be waived by submitting [Form no. 8](#), available also on our website, along with the documents listed there personally in any of our branches.

Our bank will accept such requests within 30 days after you received the settlement for your loan as per Act XL of 2014 and the amended provisions of your mortgage loan agreement.

The bank will decide on requests for waiving HUF conversion within 30 days after receiving your request according to the provisions of applicable legal regulation, and will notify you about the decision by registered mail with delivery confirmation.

8. How much interest will I have to pay after HUF conversion?

Banks may only apply an interest rate linked to a reference interest rate to **consumer mortgage loan agreements** converted to HUF based on the applicable legal regulation. In this case, the **reference interest rate shall be the 3-month BUBOR** (Budapest Inter-bank Rate), which is **subject to change every three months**. Accordingly, the loan interest will be composed of the following elements:

reference interest rate (3-month BUBOR) + interest surcharge = loan interest rate

a. Banks have to consider the following in determining the interest surcharge:

- it may not be less than one per cent, and
- it may not exceed 4.5 per cent for mortgage loans for housing purposes, or
- 6.5 per cent for mortgage loans for purposes other than housing.

The bank will determine the interest surcharge by taking into account the above limitation, based on the calculation method set out in legal regulations, at the level of the loan transaction concerned, and will fix it for the entire term, so that the rate of the interest surcharge will not vary on interest period cut-off dates.

The applicable legal regulation defines interest period length as follows:

b. Subject to the term remaining until maturity, the length of the interest period may be three, four or five years:

- if the term of the agreement remaining until maturity exceeds 16 years, the interest period will be five years;
- if the term of the agreement remaining until maturity exceeds nine years but is less than 16 years, the interest period will be four years;
- if the term of the agreement remaining until maturity exceeds three years but is less than nine years, the interest period will be three years.

9. Rules for contract amendment

The agreement concluded with you will be amended by law.

We will send you the **wording of the amended provisions of the agreement** and the **repayment schedule for the term remaining until maturity** (including further repayment installments), **together with the settlement** required under the legal regulations for settlement, by registered mail with delivery confirmation. It is important that you collect this mail!

The letter will contain:

- the wording of the provisions amended in your agreement,
- the summary of the amendment to the agreement,
- the repayment schedule,
- information on the right of termination,
- notice on the possibility of and conditions for waiving HUF conversion, and the list of documents required for doing so.

Date of contract amendment:

- if **you do not request to waive HUF conversion** along with the application of the related interest rules specified, the 31st day after receiving the notice;
- if **you request to waive HUF conversion** along with the application of the related interest rules specified but your request is **rejected**, the day after you receive notice of such rejection;
- if **you request to waive HUF conversion** along with the application of the related interest rules specified and are **eligible** for it, the day after you receive notice of such eligibility.

The amendment to the agreement shall take effect retroactive to the cut-off date.

The debtor and the joint debtor may propose a request to waive HUF conversion in collaboration, with mutual will. The amendment need not be set out in a notarised document. There is also no need to amend the mortgage registered in the Land Registry Office.

10. Where can I file complaints?

If you do not agree with the conversion, or the calculation of the interest and the new repayment, you have 30 days from receiving your letter of settlement to file a complaint with your bank. If prevented, you may submit your complaint within 30 days following the removal of the obstruction but 90 days following the deadline for the submission of the complaints at the latest.

If your view is that under the Act you should have received a letter of settlement from your bank concerning your loan agreement, but you have received no such letter, you may file a complaint on grounds of your bank's failure of settlement. According to legal regulations, you have 60 days to do so after the bank notified the fact of having sent out the letters of settlement on its website under heading "Information on settlement and conversion" and subheading "Disclosures concerning fulfilment of the obligation of settlement", and at the same time displayed the relevant notice at all branches.

Please note that consumers who do not file a complaint concerning the settlement within the deadline available may not challenge the settlement subsequently.

Complaints concerning settlement may be made only in writing:

- by mail addressed to the bank's central address H-1054 Budapest, Szabadság tér 5–6.;
- by e-mail at panasz@unicreditgroup.hu;
- by fax at +36 1 374 7838;
- at any branch (the list and opening hours of our branches is available at www.unicreditbank.hu under Contact Us/Branches); or
- via the Bank's website at www.unicreditbank.hu

The bank will examine the complaint immediately by taking into account all relevant circumstances, and will, within 60 days of receiving your complaint, send a written response with the results of its comprehensive examination to the address which you have provided as well as through the bank's internetbank service if you specifically request it.

If you do not agree with the result of the examination, you may seek remedy with the Financial Arbitration Board (mailing address: 1525 Budapest BKKP Pf. 172) within 30 days of receiving the

bank's response. If prevented, you may submit your complaint within 30 days following the removal of the obstruction but 6 months following delivery of the response to your complaint at the latest.

Applications for a judicial review of the decision of the Financial Arbitration Board may be submitted to the Financial Arbitration Board. Where this right is exercised by either of the parties concerned, the decision of the Financial Arbitration Board may not be enforced until a decision is made by the competent court that has jurisdiction.

The judicial review is conducted in non-contentious civil procedure by the district court operating at the headquarters of the county court of the consumer's residence.