

PRESS RELEASE

Budapest, 2nd March 2005

Erste Bank: rate reduction

Euro-based loans with special rates

Budapest, 2nd March 2005 – Erste Bank has significantly decreased the rates of its housing loans, offering one-year interest-term housing loans with mortgage bond subsidy for new and used homes at a 0.5-percent lower rate on average as of 1 March. The rate of one-year interest-term housing loans with supplementary interest subsidy has also been reduced by half a per cent.

Erste Bank's Retail Head Bernadett Tátrai said this reduction had been made possible by the event that Hungary's central bank had reduced the prime rate from 9 per cent to 8.25 per cent.

The Head of Retail emphasised that in case of one-year interest-term products the Bank offers currently the best loan fees on the market currently. As of 1 March, the rate of loans for purchasing new homes has decreased from 4.99 per cent to 4.49 per cent and the rate of loans to be spent on used homes has been reduced to 6.49 per cent from previous 6.99 per cent. The rate of one-year interest-term housing loans with supplementary interest subsidy has also been lowered by half a percent to 4.49 per cent.

Simultaneously to the rate reduction, Erste Bank is offering its market-based Euro loans for housing purposes and its free-use mortgages at special rates. The campaign lasts until 30 April, during this time the financial institution is offering its income-based unsubsidised housing loans at 2.99 per cent and its collateral-based loan at 3.99 per cent annual rate. The rate of free-used mortgages, based on income, is 4.99 per cent, whereas the same product but with a collateral base is 5.99 per cent annually. In addition to the discount on rates, the Bank relieves customers from paying appraisal fees during the campaign.

The above discounts mean that during the campaign the monthly instalment of an income-based, market-rate Euro-loan in case of a 25-year term and a loan amount of HUF 5 million is HUF 37,662 and a Euro-loan with similar conditions but based on a collateral can be had for a monthly instalment of HUF 40,451.

Bernadett Tátrai said that as of 3 March the Bank decreased deposit interest rates at a minimum extent only, 0.4 per cent on average. Owing to this, Erste Bank is currently offering deposit holders one of the most favourable terms in the market. For example, 1-month deposits over HUF 10 million may yield an annual 8.30 per cent EBKM [Unified Deposit Rate Index] rate.

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