

PRESS RELEASE

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Erste Bank offers new subsidised loan

Budapest, 7th September, 2006 – Erste Bank Hungary is offering SMEs low interest rate investment loans refinanced by Frankfurt's Kreditanstalt für Wiederaufbau (KfW) with EU support under the SME Finance Facility which is supported by European Union, and also partly refinanced by CEB. Erste Bank was the first Hungarian bank to sign a contract with KfW, and has today signed its second EUR 20m contract with KfW representatives.

The construction – the union plus investment loan *Unió Plusz Beruházási Hitel* – will be available to existing and new Erste Bank clients from the middle of September. The construction offers a long credit period and a high financing ratio.

Erste Bank SME division director Anikó Biczó said this was the second time since 2003 that Erste Bank has signed an agreement with KfW for a EUR 20m refinancing credit line. The earlier cooperation had been eminently successful, the bank exhausted the entire credit line within one year, as a result of which more than 150 SMEs could complete projects (*primarily machinery and equipment purchases, property purchases and site constructions*).

Ms Biczó added that Erste Bank hoped to support existing and new clients with the Unio Plusz Beruházási Hitel, and would focus on financing small business projects. According to the bank's calculations the credit line, in spite of the deteriorating economic environment, will be depleted in a similarly short period (12 to 18 months). The construction offers numerous advantages to clients. The deposits can be satisfied in cash or simply by paid project invoices. Furthermore, if so required the loan can be combined with other forms of credit, and can be accessed quicker than other loans. The credit period is much longer than expected in the small business segment, while the maximum loan can amount to up to 80 per cent of the project's costs.

Erste Bank Corporate, Business and Product Development director Gábor Papp said the Unió Plusz Beruházási Hitel will be a minimum EUR 20,000 and a maximum EUR 250,000, or the corresponding forint or Swiss franc-denominated amount. The credit period is a minimum 6 years and a maximum 10 years, with a maximum period of grace of 2 years, in which time clients pay interest only.

The Unió Plusz Beruházási Hitel is offered to SMEs and micro-businesses which meet the requirements set down in the EU's definition of SMEs.

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