EIB bolsters SME financing in CEE via Erste Group’s network by EUR 440 million

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The European Investment Bank (EIB) and Erste Group Bank AG (Erste Group) signed today an agreement that will ensure financing of in total EUR 440 million from EIB to small and medium sized enterprises (SMEs) in Central and Eastern Europe via four subsidiaries of Erste Group: Ceska sporitelna, Erste Bank Oesterreich, Erste Bank Hungary and Immorent.

The agreement will ease SMEs‘ access to medium and long-term financing on advantageous financial terms, thus helping them cushion the impact of the current global downturn. To this end, EIB will grant loans to four Erste Group subsidiaries, which in their turn will distribute the financing to SMEs across CEE.

The projects signed comprise the following loans:

- via Ceska Sporitelna EUR 200 million to finance SME projects in the Czech Republic;
- via Erste Bank Oesterreich EUR 100 million to finance SME projects in Austria;
- via Erste Bank Hungary EUR 40 million loan to fund SME projects in the field of environmental protection, energy savings, infrastructure (incl. health and education, industry, services and tourism) in Hungary;
- via Immorent EUR 100 million to finance SME projects in the Czech Republic, Hungary, Slovakia, Poland, Romania, Bulgaria, Slovenia and Austria.

Matthias Kollatz Ahnen, EIB Vice-President commented: “The current lending is a contribution of the European Investment Bank to the coordinated effort with other international financial institutions – the European Bank for Reconstruction and Development and the World Bank - to provide up to EUR 24.5 billion to support investments of the SME sector hit by the global economic crisis in the central and eastern European region. EIB will contribute with 11 billion to this package mainly with SME lending via banking partners. To these ends the EIB has joint forces with Erste Group which, through its well-established CEE branch network and expertise is best able to further this EUR 440 million financial support on to SMEs in the region.”

Andreas Treichl, CEO of Erste Group, highlighted: “In the current turbulent climate more than ever, we need to ensure that SMEs have an improved access to financing, so that they can continue their activity. As long-term investors in CEE, both Erste Group and EIB stick to their responsibility to ensure a continuous flow of lending to the real economy.”

All loans mentioned are new types of loans being in line with the EIB priority to strengthen its support for Europe’s SMEs to help mitigate the effects of the current financial crisis. In this effort, EIB simplifies procedures and increases the scope of financing by covering also intangibles and working capital of SMEs. Through the direct transfer of the advantageous funds to the final beneficiary, EIB increases both, its transparency and effectiveness.

Background on European Investment Bank:
The mission of the EIB, the European Union’s bank promoting European objectives, is to contribute to the integration, balanced development and economic and social cohesion of the Member States.

The EIB is committed to provide some EUR 11 billion in SME lending facilities in Central, Eastern, and Southern Europe, of which EUR 5.7 billion is already available for rapid disbursement, with a further EUR 2.8 billion have been approved by the end of April 2009 and further tranches expected to follow. The EIF, the EIB Group’s venture capital and SME guarantee arm, is also aiming to increase its activity in the region over the next two years.
EIB lending in the EU 12 during 2008 comprised EUR 8.2 billion, in the candidate and potential candidate countries EUR 3.4 billion. The lending target in the whole region (EU 12 and candidate and potential candidate countries) is about EUR 15 billion, confirming EIB’s position as the strongest lender in the region.

Background on Erste Group:
Erste Group was founded in 1819 as the first Austrian savings bank (“Erste österreichische Spar-Casse”). In 1997, Erste Group went public with a strategy to expand its retail business into Central and Eastern Europe. Having always focused on retail and SME business, today Erste Group is one of the largest financial services providers in Central and Eastern Europe. More than 52,000 employees serve 17 million clients in 3,000 branches in 8 countries (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia, Ukraine). As of 31 March 2009 Erste Group has reached EUR 199.1 billion in total assets, a net profit of EUR 232.1 million and cost-income-ratio of 53.8%.

Background on Erste Group’s subsidiaries in CEE granting EIB loans:
Ceska sporitelna is the largest bank in the Czech Republic, with almost 11,000 professional employees serving over 5 million retail clients, small and medium sized enterprises (SME), municipalities and large corporate clients in more than 600 branches. The total assets amounted to CZK 862.2 billion and the net profit to CZK 15.81 billion as of 31.3.2009.

Erste Bank Oesterreich together with the Austrian savings banks constitute the second largest provider of financial services in Austria. Approximately 16,000 employees serve 2.8 million customers in almost 1,000 branches. Their market share in Austria totals roughly 20 percent.

Erste Bank Hungary has grown to be one of the biggest banks in the Hungarian market according to its branch network and number of clients. The financial institution serves nearly 900,000 customers in its nationwide network of 204 branches, and operates in addition more than 400 ATMs and about 300 POS terminals. As of 31 December 2008 Erste Bank Hungary has reached HUF 2.630 billion in total assets, and a net profit of HUF 32.3 billion. In 2008 Erste Bank Hungary has been voted as “The Most Engaging Bank” on the MasterCard ‘Bank of the Year’ competition.

IMMORENT is the international leasing-, real estate- and project development specialist of Erste Group offering a complete range of financing and services regarding equipment and real estate. IMMORENT has about 800 employees in Austria, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Serbia, Bulgaria, Poland (IMMORENT representation) Romania, the Ukraine, Montenegro and Northern Italy.