

Erste Bank and Sparkassen granted EUR 7.8 billion in loans in 2010

24.02.2011

Participation capital: Pledge to Republic of Austria regarding lending volume surpassed

EUR 460 million more in loans extended to Austrian borrowers than required by law

Erste Bank expects demand for credit to rise in 2011 and 2012

“Credit volume growth, the engine of Austria’s economy, was strong in 2010,” stated Thomas Uher, member of the management board of Erste Bank Oesterreich. Erste Bank and the savings banks jointly extended a total of EUR 7.8 billion in new loans in Austria in 2010. The volume in 2009 was EUR 8.4 billion. As part of the agreement for receiving the government’s participation capital, Erste Bank originally pledged to extend new loans in an amount of at least EUR 6 billion to domestic businesses in the period from 2009 to 2011. This target was more than surpassed after only two years (see Table on page 2). Total lending (loans and advances to customers) by Erste Bank and Sparkassen as of year-end was EUR 54.4 billion, i.e., EUR 2.1 billion or 4% more than one year ago. The entire credit market expanded by 3.2% from EUR 312 billion to around EUR 322 billion.

Thomas Uher said, “If we consider this year’s economic forecast and look back at the crisis year 2009, we know now that the government interventions in the business cycle were important and the right thing to do. Austria’s banks used the funds received to strengthen their capital base to support the domestic economy and protect jobs, and in some industries, even create new ones.” EUR 460 million were granted by Erste Bank alone in accordance with the so-called Act to Strengthen Enterprise Liquidity (Unternehmensliquiditätsstärkungsgesetz, ULSG), which corresponds to a share of 22.1%.

Erste Bank expects credit demand to rise

Erste Bank expects demand for financing to rise in 2011 and 2012 by around three percent. In this context, the bank intends to concentrate efforts on boosting investment activity in the domestic economy: “As a savings bank, our financing structure is solid. We have an excellent liquidity base due to the many savings deposits, which enables us to grant more loans,” explained Mr. Uher.

New loans to Austrian retail and corporate customers

in EUR millions	2009	2010	Change in %
Erste Bank			
Retail customers	374	416	11.2
Corporate customers	1,693	1,901	12.3
Guarantees	664	439	-33.9
Sparkassen			
Retail customers	1,801	1,762	-2.2
Corporate customers	3,492	2,902	-16.9
Guarantees	414	416	0.5
Erste Bank and Sparkassen			
Retail customers	2,175	2,178	0.1

Corporate customers	5,185	4,803	-7.4
Guarantees	1,078	855	-20.6
Total	8,438	7,836	-7.1