

## Erste Bank takes over Intermarket Bank

11.04.2011

### **Erste plans to significantly expand its corporate business and invests in factoring**

#### **Intermarket, with 43% market leader in Austria, handles EUR 5.8 billion in receivables in Central Europe**

Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) has acquired a majority stake in Intermarket Bank AG from the Polish BRE Bank, a subsidiary of Commerzbank. The agreement was signed on Friday. With a volume of EUR 3.6 billion in receivables, Intermarket is the largest factoring bank in Austria and with an additional EUR 2.2 billion also ranks first in the Eastern Europe countries of Poland, Slovakia, Slovenia, Czech Republic and Hungary. Factoring is bridge financing for the short-term trade receivables of companies. A factoring bank often also assumes the default risk for the supplier. The benefit for the bank: a risk premium; the benefit for the supplier: immediate liquidity (available cash). It is not infrequent for suppliers to receive payment for their goods up to six months after delivery.

#### **Strategic interest in widening corporates business**

“By taking over Intermarket, we want to strengthen our position as the bank for companies and we believe in the business model of factoring. Corporate customers need to free capital for growth, especially build up to Basel III. Factoring is a good solution in this context and it supplements our current range of services for corporate customers,” explained Peter Bosek, member of the management board of Erste Bank Oesterreich responsible for corporate customers.

#### **The transaction in detail: A demerger**

Erste Bank already owns 22.4% of Intermarket and will take over 56.2% from BRE Bank. The remaining shareholders are Coface (10%), Steiermärkische Sparkasse (7.0%) and Kärntner Sparkasse (4.4%). Intermarket Bank owns equity interests in Hungary (50% in Magyar Factor with 11% market share), in Slovenia (40% in s Factoring with 10% market share), Slovakia (100% in Transactor Slovakia with 12% market share), Czech Republic (50% in Transfinance with 13% market share) and Poland (50% in Polfactor with 8% market share). The subsidiaries in Slovakia, Slovenia, Austria and Hungary remain in Erste Group, and those in Czech Republic and Poland will be sold to BRE Bank. The final transaction and therefore full demerger is planned for autumn 2011 contingent on the approval of the authorities. It has been agreed not to disclose the amount paid.

#### **The factoring market in Austria: EUR 8.3 billion and rising**

Austria's factoring market has total sales revenues of around EUR 8.3 billion. All major banks now operate factoring banks. The Intermarket Bank, which is celebrating its 40<sup>th</sup> anniversary this year, has a market share of 43% of purchased receivables making it the clear leader in Austria.

FactorBank, which belongs to UniCredit, holds a market share of 22%, Raiffeisen Factor Bank 17%, VB Factoring Bank AG 13% and the remainder of 5% is held by Coface Austria Bank.

Factoring has risen by 18% every year on average in the past five years despite the economic crisis and in 2010 even by 25% and is a growing business segment in Austria.

#### **Intermarket Bank: Facts and figures**

The Intermarket Group employs 185 people of which 59 work in Austria. In Austria, it operates branches in Vienna, Linz and Innsbruck. Total assets as of 31 Dec. 2010 were EUR 241million (+5%). The volume of purchased receivables handled by the Group in total is EUR 5.8 billion of which EUR 3.6 billion are in Austria.

