

Erste Bank expands micro-loan programme

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EU-supported micro-loans available in Austria for the first time

Progress Microfinance supports micro-entrepreneurs

Savings banks ensure coverage throughout Austria

The European Investment Fund (EIF) and Erste Bank der österreichischen Sparkassen AG have signed two guarantee agreements aimed at supporting micro-businesses and start-ups in Austria. These transactions were signed under the European Progress Microfinance Facility (Progress Microfinance), funded by the European Commission and managed by the EIF, being the 22nd and 23rd signatures and the first two agreements in Austria under this facility. This project will enable Erste Bank to grant more microloans to start-ups and micro and small enterprises. In total, Erste Bank will be able to grant EUR 4.0 million of new microloans.

Commenting on the transaction, Richard Pelly, EIF's Chief Executive, said: "We are pleased to be signing our first two agreements under Progress Microfinance in Austria with Erste Bank. I am convinced that our agreements will help people with an economically viable business idea and an entrepreneurial profile but without access to the traditional banking system to start-up and grow their enterprises at this crucial time for the European economy".

Who can apply for a microloan?

Progress Microfinance targets micro-entrepreneurs and micro-enterprises with less than 10 employees and a balance sheet of less than EUR 2 million. These companies can apply for a microloan of less than EUR 25,000". Our job as a bank is to support Austria's economy, especially in times like these because it is ultimately businesses that create jobs and growth. With this EU initiative we are the first bank in Austria to help micro and small businesses realize their ideas quickly", said Andreas Treichl, CEO of Erste Group Bank AG about the cooperation with the EIF.

This EU programme complements *Der Mikrokredit*, an initiative launched by the Ministry of Labour, Social Affairs and Consumer Protection three years ago. Erste Bank makes additional funds available for microloans under this programme due to the support of Progress Microfinance.

"The microloan programme *Der Mikrokredit* which meanwhile has been expanded across Austria, is a success story," said Rudolf Hundstorfer, Minister of Social Affairs. As of the end of September 2012, there were 5,609 requests throughout Austria. After comprehensive consulting and screening, microloans totalling over EUR 1,900,000 could be granted. The microloan is an important element of the labour market policy that helps unemployed persons and persons that are at risk of becoming unemployed to found their own micro-business." The cooperation of Erste Bank and the EIF will further strengthen this microloans programme," said Hundstorfer very pleased. For information on the programme, see www.dermikrokredit.at.

Where can you apply for a micro-loan?

Applications can be submitted by start-ups under the initiative *Der Mikrokredit* across Austria via the www.dermikrokredit.at or at one of the eight start-up centres of Erste Bank and Sparkassen (www.go-gruendercenter.net). Micro and small businesses can also directly contact any branch office of Erste Bank and Sparkassen.

About the European Progress Microfinance Facility

The European Progress Microfinance Facility (Progress Microfinance) provides guarantees and funded instruments to microfinance intermediaries. The initiative is established with EUR 203 million of funding from the European Commission and the European Investment Bank. Progress Microfinance is managed by the European Investment Fund (EIF) and aims to increase access to finance for micro-entrepreneurs, including the self-employed. It has a particular focus on, but is not

restricted to, groups with limited access to the conventional credit market. Examples include female entrepreneurs, young entrepreneurs, entrepreneurs belonging to a minority group, entrepreneurs with a disability, sole traders etc. Loans less than EUR 25,000 are made available through selected intermediaries participating in the facility. Progress Microfinance does not provide financing or guarantees to micro-entrepreneurs or individuals directly.

For further information about this initiative please visit www.ec.europa.eu/epmf.

About *Der Mikrokredit*

Microloans support start-ups, the continuation of business, business expansions and the acquisition of independent small businesses from all sectors and is available to individuals with up to EUR 12,500 per person and to private partnership with less than EUR 25,000. The target group includes unemployed and persons that are at risk of becoming unemployed, disadvantaged persons, persons at risk of poverty and persons having difficulties in accessing the conventional credit market. 179 microloans were granted since the launch of the project two years ago. The monthly microloan volume could be almost doubled since then.