The Future Needs the Past
“The new that we seek needs the old, otherwise we would not be able to recognise the new as such. Without the old, we cannot bear the new, especially not today, as we are living in a world that is accelerated by change.”

ODO MARQUARD

in an interview with Der Spiegel on 24 February 2003 following the publication of his book Zukunft braucht Herkunft
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ERSTE Foundation and Erste Bank celebrated their 200th birthday in 2019. Both institutions marked the anniversary by looking back on our history and forward to the exciting challenges that the future holds. Last year was also a turning point for me personally. At the end of 2019, I closed one door and opened another. After 22 years as CEO of Erste Group, becoming chairman of the supervisory board at ERSTE Foundation has gifted me an exhilarating change of perspective. Having said that, the challenges of the environment in which the bank and the foundation operate have remained the same: People are living longer, which is putting the pension system under enormous pressure in times of low interest rates. Digitalisation, artificial intelligence, algorithms and probably also blockchain will radically change both people and the economy. Trust will become a rare and valuable commodity. A hundred years from now, the global population will have swelled to over ten billion people. This will not make it any easier to pursue responsible climate policies. A faster pace of change and shrinking spaces demand a higher level of cooperation, coordination and solidarity.

Financial institutes will become an important political tool for achieving global social development goals. Zero-interest-rate policies and stagnating capital markets in Europe are affecting the wellbeing and financial health of entire countries and municipalities, and above all those of people who want to provide for themselves and their families. In light of these dramatically accelerating changes, ERSTE Foundation as the main shareholder of one of the largest banks in Austria and Central and Eastern Europe must continually and critically review its role so that it can be an influential shareholder and make the right decisions. The unique combination of the economic ownership of Erste Group and a broad ecosystem of civil-society partnerships is the substantive context from which the foundation can define its mission and develop real solutions for social and societal problems.

How can we strengthen democracy, society and individuals so that fear, anger and frustration do not seek destructive outlets or fall prey to overly simple solutions? Nothing fights populism more effectively than education and prosperity – or rather, the feeling of financial stability and security that individuals and families need. Providing people with this was the core aim that gave rise to the Erste idea, and it has lost none of its relevance today. Our basic mission is to ensure that people are financially healthy. For Erste Bank this means nothing other than continually and actively adapting to the economic and technological changes with far-sighted projects so that it can fulfil its mission and remain relevant to the public. For ERSTE Foundation it means performing its role as owner in such a way that the bank can manage this transformation, and producing models, innovations and networks for people who cannot find a way - or cannot find the right way - to access financial services. ERSTE Foundation is also working with many other initiatives, researchers, and relevant politicians to use the skills and reputation established by the Financial Life Park for building a new alliance that will provide extensive financial education to children and young people in Austria and Central Europe. Financial education is about developing an awareness for financial health. It must be true to life, high quality, locally relevant and free of ideology.

The Challenges of the Next 22 Years

Our basic mission is to ensure that people are financially healthy.
In addition to this large-scale project, for which ERSTE Foundation is advancing into new territory, we are also keeping up with the fields in which we have been extremely successful in recent years. We provide expertise, innovation and funding to people who help others. ERSTE Foundation’s projects in Central and Eastern Europe facilitate critical thinking, debate, and measures for strengthening democracy. Contemporary culture remains a focus.

We are well equipped for all of these projects, both now and in the future. Erste Group generated a net income of EUR 1.79 billion in 2018, which allowed it to raise dividends to EUR 1.40 per share in 2019 – an increase of 17% over the previous year. This led to a very welcome pay-out for ERSTE Foundation. Its debt level currently stands at EUR 200 million. It is likely that we will fulfil all our obligations in the foreseeable future, leaving us free to devote all of our energies to performing our core tasks of supporting Erste Group in its development and investing in efforts to create a better society.

At the management level, we have competence and continuity. The supervisory board has confirmed managing board members Mario Catasta, Boris Marte and Franz Portisch for a further three years, until December 2022. I would like to thank all three of them, along with all our employees, for their hard work so far. I am delighted that our collaboration is continuing. Looking ahead to 2020, I feel a great sense of pleasure. In addition to the foundation’s major plans for financial education, we also want to improve the mood for philanthropic foundation work in Austria overall. We are hosting the European Foundation Centre’s 31st Annual General Assembly and Conference, which is the largest meeting of European foundations. This will be the first year that the representatives will come together in Vienna. The international event is an outstanding opportunity to show how, in a functioning economy, profits can be responsibly and sustainably invested back into society.

Andreas Treichl
Chairman of the Supervisory Board

Members of the Supervisory Board
Andreas Treichl
Manfred Wimmer
Bettina Breiteneder
Ilse Fetik
Maximilian Hardegg
Barbara Pichler
Peter Pichler
Johanna Rachinger
Markus Trauttmansdorff

The texts in this annual report were written in February 2020. This foreword was drafted at a time when the new coronavirus was causing great concern in China but was still barely noticed in Europe. The report was laid out and finalised between March and April 2020, when we had begun working from home. Much of what had been right a few days earlier was suddenly wrong. The big conference scheduled for May 2020, for instance, which we had been looking forward to, was cancelled and postponed to June 2021. One of our priorities – financial health for all – is suddenly becoming even more important than we could have imagined, given the sharp rise in unemployment and economic uncertainty caused by the lockdown and its aftermath. What is more, people are showing unprecedented solidarity with the weakest members of society. We are going to build on this.
2019 was an exceptional year, for Erste Bank and its owner, ERSTE Foundation. They celebrated the 200th anniversary of both their founding and the savings bank idea in Austria. We used the occasion as an opportunity to examine what the idea actually means in 2019. Back in the early 19th century, during times of industrialisation and urbanisation, the concept of giving everyone the chance to make provision for their future was, from both a social and economic perspective, as innovative as it was bold. To explore how the idea now fits into the early 21st century, we organised a series of four events that brought together many bright minds. For these Tipping Point Talks, ERSTE Foundation invited renowned thinkers, scientists and pioneers from all over the world to reflect on their thoughts and inspire each other.

Tipping Point Talks 2019
Our aim was to gain inspiration for ourselves and for others, namely the people with and for whom we work. Identity, Normativity, Possibility and Audacity – these four themes served as guidelines on the following questions: Who are we in the Central, Eastern and South-Eastern European region, thirty years into an era of profound transformation that has shaped the lives and futures of every single family? What do we strive for as societies? How do we deal with the challenges along the way?

In March, economist Francis Fukuyama accepted our invitation to take stock. He was followed by historian Timothy Snyder on Europe Day in May, former politician and vigorous advocate of digital fundamental rights Marietje Schaake in September and, finally, author, economist and social scientist Felwine Sarr in November. Their fascinating lectures were complemented by discussions and intensive workshops (“Think Camps”) with ERSTE Foundation stakeholders as well as experts and networkers working in the same field. Artistic interventions, collaborative projects with local institutions (Wiener Festwochen, Museum of Applied Arts, Federation of Austrian Industries), live streams, publications, media reports and social media commentaries have made these debates accessible to both a Viennese and a global audience – turning them into one of ERSTE Foundation’s most successful events.

Important developments in many projects
The beehive is buzzing. Many other projects within the scope of the foundation’s philanthropic activities took big steps forward this past year. For reasons of space, we can only mention a few examples here. The BeeTwo association, which works on digital social innovation, collaborated with several NGOs from Austria to introduce the Digital Social Innovation Lab as a standard process in 2019. The aim is to develop an idea from identifying a social problem to devising a digital prototype within only five months. co/rizom makes the know-how of industry product developers available to workers in traditional crafts. A conference held in Budapest in May 2019 kicked off the pilot phase of a new three-year project called Reporting Democracy. After 13 years of successful-
ly promoting journalists in South-Eastern Europe through the Balkan Fellowship for Journalistic Excellence, which took place for the last time in this form in 2019, ERSTE Foundation and its long-time partner BIRN founded a cross-border journalistic platform, which also includes the Visegrád 4 countries. Europe’s Futures, a collaboration with the Institute for Human Sciences devoted to researching the major risks and problems facing Europe and its liberal democratic order, welcomed its second generation of fellows in 2019.

In June the Kontakt collection presented the exhibition Collective Exhibition for a Single Body – The Private Score – Vienna 2019 at Haus Wittgenstein in Vienna. Works by artists from Central, Eastern and South-Eastern Europe were also (re)-activated in performances shown in a supermarket. In November, the tranzit.org network organised Upon Us All Equally. tranzit statements for the future in Bucharest: a marathon of visions about a shared and optimistic future.

Changes at the top of the supervisory board and the savings bank association

2019 was also an eventful year for our boards, with changes at the top of both the supervisory board and the ”Verein – DIE ERSTE österreichische Spar-Casse Privatstiftung”. On 6 December 2019, Andreas Treichl took over as the chair of the “Verein – DIE ERSTE österreichische Spar-Casse Privatstiftung”. Maximilian Hardegg was appointed deputy chair and Bettina Breiteneder second deputy chair. Andreas Treichl, CEO of Erste Group Bank AG until 31 December 2019, replaced Georg Winckler, who had been chair of the savings bank association from 2011. The term of office for the newly assigned chairs will end in 2025. The association has also designated Andreas Treichl as chair of the supervisory board and president of ERSTE Foundation as of 1 January 2020. He was elected to this position at the first supervisory board meeting of 2020. Manfred Wimmer, the supervisory board’s previous chair, was elected deputy chair.

We would like to express our sincere thanks to Georg Winckler, former supervisory board chair and association president, for his good work, support and lively interest over the last eight years. During his tenure, the course was set to relieve ERSTE Foundation of its liabilities. We have continued along this successful path in 2019 and will do the same just as ambitiously in the future.

Outlook 2020: Vienna welcomes European foundations

As ERSTE Foundation will be hosting the 31st European Foundation Centre Annual General Assembly and Conference 2020 in Vienna, we produced an invitation film, which was first presented in Paris in May 2019 and later published on the internet. We are very pleased that this film was awarded a Silver Dolphin Award at the 2019 Cannes Corporate TV & Media Awards in September. This large-scale meeting of European foundations in Vienna – with up to 800 expected participants – will give us the opportunity to send a message in Austria about the importance of philanthropic commitment in a society based on solidarity. ERSTE Foundation will continue to focus on its goals. Our vision is to provide financial health for all, empower those who care, preserve a democratic Europe, and protect contemporary culture. These are the four directions in which we want to develop as a society. And how will we go about it? With a social attitude, of course, along with economic common sense and a passion for innovation. We’ll be ahead of our time and bold in the ambitions that will help us stay true to our founding mission as we move forward through the 21st century.

Under the measures for curbing the spread of Covid-19, the ERSTE Foundation team began working from home for an uncertain length of time in March 2020. Just a few days prior to the move, Eva Höltl was appointed to the management board of ERSTE Foundation. It was a fortunate coincidence that in the same week as Austria began fighting the virus with all its might, a widely renowned health expert brought her experience into the foundation. We will be different people after this crisis, which was far from over when this annual report was completed. But we are a good team. Questions about social cohesion and social security will have to be addressed anew. Democracy must be protected with particular care in times of need. What we wouldn’t give to hold the 2020 annual report in our hands right now. We will have to be patient. And we must work harder than ever this year. There is a lot at stake.

Mario Catasta
CEO

Eva Höltl
Board Member

Boris Marte
Deputy CEO

Franz Portisch
Board Member

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Erste Group dividend rises further
In order to serve the common good, ERSTE Foundation strives to invest part of its dividend from its stake in Erste Group Bank AG (“Erste Group”) in philanthropic projects. Each year, the bank’s managing board submits the proposed dividend payment for approval at the general shareholders’ meeting. In 2018 Erste Group recorded a net profit of EUR 1.79 billion, which allowed it to increase dividends in 2019 by 17% compared with the previous year’s level, to EUR 1.40 per share. This again enabled ERSTE Foundation to make grants to beneficiaries using operating income. Only non-profit, philanthropic and church-related organisations are eligible to receive grants from the foundation; individuals and commercial operations may not. The projects ERSTE Foundation initiates and co-develops therefore always involve partners or beneficiaries who belong to these circles.

Reduced debt, increased stake
In accordance with foundation statutes, ERSTE Foundation is to have a permanent and qualified stake in Erste Group. ERSTE Foundation reinforced this position by concluding several syndicate agreements with other shareholders. Headed by ERSTE Foundation, this group of shareholders consists of the majority of Austrian savings banks, numerous savings bank foundations and share management savings banks (together the “savings banks group”), as well as CaixaBank S. A. and the main shareholder of Vienna Insurance Group, Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung. The syndicate also includes Erste Employees Private Foundation. Both the savings banks group and ERSTE Foundation slightly increased their shareholdings in Erste Group in the past year.

These agreements entitle ERSTE Foundation to influence the contracting partners’ voting at supervisory board elections. The agreement between CaixaBank S. A. and ERSTE Foundation furthermore gives CaixaBank S. A. (which holds 9.9% of Erste Group), the right to nominate two members of Erste Group’s supervisory board. The savings banks group, which jointly owns a syndicated stake of around 5.7%, is entitled to nominate one member of Erste Group’s supervisory board. Thanks to these agreements, Erste Group has a stable group of shareholders that controls slightly above 30% of the shares. This enables one of the largest retail banks in Central and Eastern Europe to rely on a solid ownership structure. In the past, ERSTE Foundation supported Erste Group in its regional and national investments and therefore repeatedly participated in Erste Group’s capital increases, consequently incurring liabilities. Last year, ERSTE Foundation managed to further reduce these liabilities, and its debt now stands at EUR 200 million. ERSTE Foundation currently has a direct stake in Erste Group of 11.25%.

ERSTE Foundation: Two Important Tasks
ERSTE Foundation is a private savings bank foundation under the Austrian Savings Bank Act. In accordance with foundation statutes, it has to perform two tasks in parallel: to serve the common good and to have a permanent stake in Erste Group Bank AG.

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Positive development in a challenging environment
After having declined in the previous year, the Erste Group share advanced by 12.8% in the first quarter of 2019 and hit its annual high at EUR 37.07 on 17 April. Despite the continued positive development of the operating result, risks costs remaining at a historical low and the strong outlook based on the continuing solid economy in CEE, the share price was volatile later in the year. Against the backdrop of the Euro Stoxx Banks Index, which was weighed down by rising concerns over the profitability of a number of European banks, the Erste Group share likewise suffered setbacks and recorded its lowest closing price of the year at EUR 28.23 on 8 October. In the fourth quarter, the Erste Group share recovered lost ground in lockstep with the general uptrend in international stock markets. At a closing price of EUR 33.56 at year-end 2019, the share was up 15.5% year-on-year, with 10.6% gained in the fourth quarter. By comparison, the European Bank Index was up 11.1% over the reporting period.
Andreas Treichl
President of the Supervisory Board of ERSTE Foundation, 2019 CEO of Erste Group
Our ambitious plans require reflection and preparation. That is why, in 2019, we invited inspiring guests to join us in exploring concepts of identity, normativity, possibility and audacity. The central question we should ask ourselves every year is: Who are we in the Central, Eastern and South-Eastern European region, thirty years into an era of profound transformation that has shaped the lives and futures of every single family? The different perspectives on these identities will stay with us and inspire us in the years to come.

Boris Marte
Deputy CEO of ERSTE Foundation
At ERSTE Foundation, we try to understand the context of our time. In this endeavour, our heritage shows our zeal to open up new paths for people. When I say we, I mean our foundation and our bank networks, which operate in specialised missions but are united in purpose. Together, we have set out to mark this 200th anniversary with an in-depth debate on topics that define our present and our future.

Verena Ringler
Curator of the Tipping Point Talks 2019
With the four Tipping Point Talks, we open up a space for clarity. What kind of a world are we living in, and what kind of life are we leading, which trends and hopes prevail – particularly in Central, Eastern and South-Eastern Europe and in the larger European context? Let’s take stock of our current situation by approaching it from four different perspectives: strengths, weaknesses, opportunities and threats. To build a peaceful and democratic future, such coalitions for action must be imagined, identified, and realised – from an early stage onwards. This means a new strategic alliance between entrepreneurs and the non-profit sector. Between current and future EU member states. Between prosperous members of the older generation and young people eager for change. The four Tipping Point Talks constitute an attempt to gain a clear picture of our situation, goals, possibilities and our creative resolve in this region of Europe.
FRANCIS FUKUYAMA

If you don’t have an integrating democratic community of trust where people share the same values around democratic ideals that is open to citizens and yet unites them in the ability to deliberate and discuss and make collective decisions you’re not gonna have a democracy.
FEDERAL PRESIDENT ALEXANDER VAN DER BELLEN

On a global scale, almost all EU member states are tiny. Nationalism and populism can lead to closed-up, tiny European states. For us to be able to shape world politics, Europe must become more efficient and capable of global politics. For this we need transnational institutions to pool the common interests of the European states. Fortunately, we already have it with the EU.
Vote for your favourite questions
Timothy Snyder
JUDENPLATZ
1010 — A SPEECH TO EUROPE
9 MAY 2019
JUDENPLATZ, VIENNA
NORMATIVITY
TIMOTHY NYDER

You are more than your myths. But in order to be more than your myths, in order to be the hope that the rest of us outside need, one has to come to terms with the history. The idea that Europe is a group of nation states that shows integration, is a fatal myth.
TIMOTHY SNYDER

Schuman spoke of Europe providing peace not for itself but for the rest of the world. And for a non-European, such as myself, to be asked to speak to Europeans, this seems to be especially significant. You are more than your myths. For those of us on the outside, you are also a source of hope about the future.
Marietje Schaake
POWER OF LAW OR LAW OF POWER?
WHY WE NEED EUROPEAN LEADERSHIP IN GOVERNING TECHNOLOGY GLOBALLY

19 SEPTEMBER 2019
MAK MUSEUM OF APPLIED ARTS, VIENNA
MARIETJE SCHAAKE

By making rule of law principles the explicit foundation of regulations on digital trade, development, state behaviour, and anti-trust, Europe can show that it is not only seeking to build a single market but a single online sphere, in which the public interest matters.
We have become dependent on digital technologies in a matter of only 30 years. It should stand to reason that we have to apply well-known principles from other areas also to new regulation – but for this we have to call on civil society.
Felwine Sarr

HOW CAN WE REALISE A HOLISTIC CONCEPT OF PROSPERITY FOR THE MANY, NOT THE FEW?

27 NOVEMBER 2019
ODEON THEATRE, VIENNA
Africa’s past and present give us the chance to discover and implement new forms of doing business that truly contribute to the prosperity of as many people as possible.
SIGRID STAGL

There is much to learn for economists from the natural and social sciences. The current growth paradigm centring on the GDP should mature into a concept of human development within our biological and physical limitations.
1819 witnessed the establishment of the Erste oesterreichische Spar-Casse in Vienna. Its founders were Father Johann Baptist Weber, Franz Graf von Saurau, Ignaz Ritter von Schönfeld, and the banker Bernhard Freiherr von Eskeles. As authors of the bank's founding charter, these four laid down the philosophy to which Erste still adheres today. The 2019 bicentennial of Erste seemed an opportune moment to create more visibility for Bernhard Freiherr von Eskeles. To this end, ERSTE Foundation commissioned Russian
artist Olga Chernysheva to create a portrait of him. Her concept for this work expands upon the idea of the portrait as such and also allows one to connect past and present. Through a cracked-open door, the present-day observer peers back into the era of the founding of Erste oesterreichische Spar-Casse and sees Bernhard Freiherr von Eskeles sitting for his portraitist. Today, 200 years after the founding of Erste oesterreichische Spar-Casse, this portrait and the one of Johann Baptist Weber are displayed at the Erste Campus as reminders of its origins and central idea.

Sch-sch-sch, züngelt der kleine Pinsel aus Kolinskyhaar zärtlich über die Leinwand.


Ich male Sie mit leicht versonnenem Gesichtsausdruck, als hätten Sie es gerade erst gelesen. Ihr Zylinder, die Handschuhe und der Mantel kommen mit aufs Bild.

Es ist nämlich, als wäre der Diener von der Tür zum Sofa gelaufen, um die Sachen fortzunehmen, hätte aber den Streifen nicht zu überqueren gewagt, der die Trennung darstellt zwischen Gegenwart und Zukunft.

Sehen Sie hin. Durch den Türspalt hindurch schaut sie Sie an.
THINGS THAT KEEP US BUSY

ERSTE Foundation
Topics and Projects
Financial Health for All
We believe that financial literacy is life literacy. Everyone wants to attain financial independence and live in dignity and prosperity. To achieve these goals, we need a sound understanding of how to handle money. Everyone should have access to this knowledge. We provide young and older people with opportunities to increase their financial literacy and develop tools to enable those who are in a difficult financial situation to regain their ability to act and thus reclaim their personal freedom.
In 2019 Zweite Sparkasse moved its Vienna headquarters to a new branch office: Am Schweizer Garten 1.
Zweite Sparkasse
The bank for the unbankable

Did you know?
Half the people in Austria have debts that are not backed by real estate. Consumer credit and overdrawn accounts make up the largest part of these debts. In 2018, up to 150,000 people with more than 10,000 euros in liabilities each were not able to repay this sum over a long period of time. The Austrian debt report stated that 22.7 per cent of clients of debt counselling services were under 30 years old. The consequences of over-indebtedness can make people ill and destroy their livelihoods. In 2019, more than 10,000 private bankruptcy proceedings were initiated in Austria, with 12.1 per cent of all those affected being 30 years old or younger. At the same time, particularly older people, people with low incomes and people with non-Austrian citizenship often have only limited access to basic financial services such as an account, insurance and a simple loan.

What can we do?
In 2006, we have established a new bank that does not aim to make a profit and is committed to the savings bank idea of serving the public good. Its voluntary staff members dedicate time and patience to assisting people in difficult financial situations on their path to a life without debt. All customers of Zweite Sparkasse (Second Savings Bank) are supported by NGOs that recommend them to the bank. They receive a basic current account including bank card and access to Erste Bank und Sparkassen’s online banking service, George. In cooperation with Wiener Städtische Versicherung, the bank is also able to offer free accident insurance and a legal advice service, available once per quarter. Customers may open a savings account and take out a building loan contract (Bausparvertrag) free of charge and homeowner’s insurance at an affordable premium. Zweite Sparkasse also cooperates with debt counselling services to offer an “assisted account” to people who are legally competent but have difficulty managing their money. Since 2020 services have also included a micro-loan for people who cannot immediately raise the full deposit when moving into a new home. Zweite Sparkasse operates branch offices throughout Austria.

Why are we doing this?
Because we were already very successful with it 200 years ago. Similar to ERSTE Foundation’s predecessor Erste österreichische Spar-Casse, which was founded as the first Austrian savings bank in 1819, Zweite Sparkasse helps people get back on their feet financially. In 2006, Zweite Sparkasse was ERSTE Foundation’s first project aimed at promoting financial health. It enables people who believe in themselves to regain a sound financial footing. Since Zweite Sparkasse was founded in 2006, it has helped some 18,000 people in Austria overcome their financial difficulties. More than 4,000 customers have successfully switched from Zweite Sparkasse to another bank.

ERSTE Foundation provided EUR 5.8 million in capital to found Zweite Sparkasse.
Maria Hăşmăşan and her family live in the small Romanian village of Leurda. With the support of a micro-loan provided by BCR Social Finance, they produce lamb, milk and cheese.

The Filtarovci family in front of their future home. Slovenská sporiteľňa’s Social Banking programme and NGO DOM.oV help Roma families from disadvantaged communities in eastern Slovakia build their own houses.
Did you know?
Although poverty in Central and Eastern Europe fell by 6% from 2018 to 2019, 14 million people, or 27% of the population, are still at risk of poverty in Austria, Croatia, the Czech Republic, Hungary, Romania, Serbia and Slovakia. Many of them are unable to meet unforeseen expenses or lack basic amenities such as heating or sanitary facilities. In the Czech Republic, for instance, 42% of households struggle to meet housing costs, while in Serbia 65% of all inhabitants live in overcrowded homes. The most common reasons are unemployment and limited access to financial resources. Many NGOs and social enterprises devoted to these problems also have little access to financing as their business models are by definition not profit-oriented, which makes them unattractive to most banks. They receive little support from the state, and access to EU subsidies is difficult.

What can we do?
Erste Group operates in the above mentioned countries. As Erste Group’s main shareholder, ERSTE Foundation supports the bank’s efforts to improve the financial stability of customers not usually eligible for bank support. Erste’s Social Banking programme cooperates closely with local partners to support start-ups, small businesses, social organisations and low-income people. Its services range from financing to mentoring and training. More than 600 social organisations, 19,000 people in financial difficulties, 7,000 small farmers and 3,100 entrepreneurs launching small businesses in areas with high unemployment and poverty have already benefitted from the programme. To date, Erste Social Banking has awarded a total of EUR 235 million in loans, with EUR 65 million allocated in 2018/2019 alone. This approach has yielded sustainable and measurable success, helping to create 15,000 new jobs and preserve 30,000 existing ones in the region. ERSTE Foundation enables further services such as the provision of guarantees, business training, e-learning, mentoring and business plan evaluations. These measures decisively contribute to the success of borrowers, which reduces the risk for the bank and allows it to help a larger number of people.

Why are we doing this?
Erste Foundation and Erste Group started out as social enterprises themselves, over 200 years ago. Today, we work together to create a sustainable basis that enables individuals, young social enterprises and NGOs to improve their economic situation and achieve long-term financial stability. The development of civil society will come up against limits if the NGOs and social entrepreneurs devoted to some of our society’s most challenging issues do not have sufficient financial resources. Access to basic financial products for low-income people is widely recognised as a critical step in fighting poverty sustainably. People with basic financial literacy are better able to respond to unexpected financial shocks and cope with future risks. As well as providing financial stability for their families, small entrepreneurs often also create new jobs and promote economic growth in their communities. For a third of entrepreneurial clients, a start-up loan means a path from unemployment to their own business. On average, each new business start-up creates two additional jobs. 50% of entrepreneurs participating in the Erste Social Banking programme report that starting or expanding their business would not have been possible without support from Erste. By combining financing with financial education, our aim is to secure long-term financial prosperity.

Partner: Erste Social Banking
Due to its great success, FLiP expanded its programme to include FLiP2GO: a bus that tours through Austria providing a fun approach to learning about financial matters. Photo: Tobias Raschbacher

The FLiP Library is a place where visitors are encouraged to learn and exchange ideas. Publications on the economy, banking, finance, globalisation and entrepreneurship are available for quick browsing or in-depth study. It also houses a collection of historical Erste Bank posters. Under the heading “Let’s talk about money”, the FLiP Library hosts events such as fireside talks with experts.
Did you know?
Did you know that a “loan shark” is a colloquial expression that describes someone who offers credit at unfair conditions and operates outside the regulated banking system? A loan shark may grant credit quickly and without asking for security, but the borrower will usually have to pay excessively high interest. Or did you know that “BIC” stands for the international eight-digit or eleven-digit Business Identifier Code that has replaced the former bank code as a unique identifier of banks and other companies around the world? Or that because the BIC is included in the IBAN code, it no longer has to be stated separately for money transfers within the European Union? As the world of finance becomes more complex, most of us aren’t able to keep up. A lack of knowledge and skills in financial affairs has negative consequences for the economy, but also for society and culture.

What can we do?
The Erste Financial Life Park (FLiP), a facility for innovative financial education, promotes know-how in money matters. It offers 1,500m² of interactive exhibition space and much more besides. The FLiP Experience visitor programme combines with the FLiP Library, FLiP Lab and FLiP Web to create an information platform about money, the economy and entrepreneurship. The FLiP Experience takes visitor groups to a series of stations along a “learning trail”. The sequence of the stations can be modified to suit the needs of each group and tailor the content accordingly. A collection of money boxes rounds off the FLiP Experience. The aim of FLiP is to raise interest in finance and the economy among children, young people and adults and to promote and strengthen responsible management of personal finances. Since opening its doors at Erste Campus, FLiP has had more than 60,000 visitors. In addition, the interactive FLiP2Go tours Austria 250 days a year.

Why are we doing this?
Money plays an important role in our lives. It therefore makes sense to actively address money issues – something which only very few people do. But we need a sound grasp of basic financial facts to cope with the money issues in our lives and manage our personal finances. Everybody needs skills and knowledge in the financial field to be able to take the right financial decisions and participate successfully in economic activities. Financial education is a powerful tool to improve people’s individual lives and advance society at large. Money management skills are crucial in the struggle against growing indebtedness among young people.

Partners: Erste Financial Life Park and Erste Group
Empower Those Who Care
We believe
that most people want others to do well. Many are personally active on behalf of others, whether professionally or on a voluntary basis. That is why we support those who are committed to changing our society for the better. We invest in the development of new digital approaches, in capacity building and organisational development of NGOs and in the expansion of networks between sustainable social enterprises. We aim to empower people who actively address the social challenges of our time.
The BeeTwo Innovation Lab enables agile working and digital development with the aim of designing prototypes and sharing knowledge and competencies in innovation management. Photos: Igor Ripak
Did you know?
In Austria, almost half the population aged 15 and older works on a voluntary basis. Around a third does voluntary and unpaid work in NGOs and social, cultural or supportive institutions. Another third volunteers informally, for example spontaneously engaging in neighbourhood help. A considerable part of the resources of non-profit organisations is applied in deploying the many volunteers and using their potential effectively. They often don’t have the time to inform even more people – or certain target groups such as young people – about the possibility of voluntary work. Did you know that for many people, the internet is the first place to seek information on any topic? However, not everyone can make use of what is on offer. People with cognitive disabilities are excluded from many offers and sources of information on the internet. There is an infinite number of problems to be solved in the social sector. Digital start-ups see themselves indeed as providers of solutions, but most of them have commercial success as their primary goal.

What can we do?
We founded BeeTwo. Working with socially responsible organisations, BeeTwo fuses technology, aesthetics and philanthropy to create digital tools for solving social problems now and in the future. We use structured processes and rely on the active participation of disadvantaged population groups and the non-profit sector to foster a profound understanding of identified social problems. In doing so, we continuously focus on the needs of our target groups. They form the basis for developing solutions. We translate promising solutions into digital prototypes and help develop some of them into marketable products. Throughout the entire development process, target groups are actively involved in user tests to ensure that the solution is strongly oriented to their needs. Cross-sector networks are essential to successfully develop and implement digital solutions to social problems. This can only be achieved by combining digital development, design, innovation, business and social issues. With BeeTwo, we help develop the mutual understanding necessary for this. We build communication bridges for the different sectors and specifically promote network and capacity building in the social sector in the areas of digitalisation, innovation management and agile product development.

Why are we doing this?
We believe that digital innovation can create social impact. We aim to contribute to building resilient societies where people have the knowledge, capacities and access to local and international networks to build prosperity and stability for themselves and their families. We believe that creating needs-based solutions is key to achieving this goal and that a combination of expertise from the digital, social and business worlds leads to impactful solutions.

Partners: BeeTwo, George Labs

“We can only scale digital, there is no other option.”
Rastislav Blažej,
Social Banking Slovenská sporiteľňa

www.beetwo.at
NGO Academy workshops as part of the 2019 Social Innovation and Management Programme in Vienna. Photos: Igor Ripak
NGO Academy
The largest management capacity-building programme for civil society organisations in Central and Eastern Europe

Did you know?
Civil society and its leaders in Central and Eastern Europe face numerous challenges: limited and volatile funding opportunities, oppressive governments and corruption, and the lack of the knowledge and methods required to operate a civil society organisation efficiently. Weak capacity affects fundraising ability, governance, leadership and technical areas.

What can we do?
Capacity building can help to provide crucial new skills within the organisations to address challenges going forward. The NGO Academy supports civil society organisations, their staff and indirectly their beneficiaries and stakeholders through high-quality capacity building. We facilitate capacity building as well as know-how transfer for leaders in non-profits and social enterprises. We support participants in setting up international networks with peers and experts. Participants are able to gain valuable insights into state-of-the-art knowledge and the relevance of new developments. We help them apply the new skills in their daily work, and foster concrete outcomes in the form of new projects. All the courses we provide to participants are optimised for maximum accessibility in terms of geography, language and financial opportunities.

To achieve this we have developed three programme areas: The Social Innovation and Management Programme is a comprehensive programme on organisational development and leadership for leaders and managers of non-profit organisations and social enterprises. Masterclasses are intensive training courses offering insights and different perspectives on one specific topic. They are tailored for the shapers and developers in the organisations. The Regional Programme focuses on two-day workshops in local languages and English that put organisational development into a regional context. The range of topics is broad and tailored to fit the needs of the organisations and the requirements of time: from digital fundraising and agile project management to financial management and mindfulness.

Why are we doing this?
Educational services empower the civil society sector in Central and Eastern Europe. With tailor-made, high-quality programmes for executive managers and members of NGOs and social enterprises we aim to strengthen organisational structures and enhance management skills. The NGO Academy is an investment in the effectiveness and sustainability of civil society organisations.

“I would very much recommend this programme.”
Said 100% of the participants of the NGO Academy programmes

Partners: Vienna University of Economics and Business, Porticus, “la caixa” Banking Foundation

ngoacademy.net
Winners of the 2019 Social Impact Award in Northern Macedonia and Serbia. Photos: SIA
Social Impact Award
Transforming intention into action

Did you know?
Emigration is certainly not the only problem in Eastern Europe, but it is one of the biggest. Why do young people in particular leave their native country? Because the hope of leading a decent life there, with a job and a family in a society whose progress is not paralysed by corruption, is dwindling. In many countries, unemployment rates are high even among university graduates. Yet there are in fact enough fields in which well-educated people could actively contribute to developing their environment. With over 20 million students in the European Union alone, there is also enormous potential for training and supporting a new generation of social entrepreneurs in Europe. At present, only a few of these students engage with the topics of entrepreneurship and social entrepreneurship during their studies, and even fewer receive support in setting up social ventures.

What can we do?
The Social Impact Award (SIA) was founded in Austria in 2009. ERSTE Foundation has been an important supporter from the outset. SIA offers young people education and incubation programmes in more than 15 countries in Europe, Africa and Asia. It supports early-stage social entrepreneurs in developing and implementing innovative business ideas to tackle the most important societal challenges of our time. Events and workshops raise awareness of social entrepreneurship. SIA teaches the necessary skills to navigate from vague intentions to promising business cases, providing access to networks and promoting the best teams with the Social Impact Award. ERSTE Foundation facilitates the activities in Austria and Central and Eastern Europe. Support is given to successful solutions to the problems of our time: rising emigration, poverty, food waste, climate change, exclusion of people with disabilities, to name just a few. The Impact Ventures, which SIA has been funding since 2009, contribute to the United Nations’ Sustainable Development Goals. To date, over two hundred social enterprises have been founded with support of SIA and thousands of talented young people in more than 18 countries have been inspired to start a career in social entrepreneurship. The successful young social entrepreneurs serve as inspiration for others, forming the heart of an ever-growing community and the ecosystem around the Social Impact Award.

Why are we doing this?
We want to reach as many students as possible and help them discover their social entrepreneurial talent. The aim is to help them gain self-confidence and put structures in place that will enable them to positively influence their own lives and those of others with social entrepreneurial ideas. Young people are willing to change the world, and we support this. We assist young people who care for their regions and communities and who want to tackle social problems in an innovative way. In doing so, we strengthen inclusive societies and improve regional development.

Partner: Social Impact Award

“One in four companies established in Europe primarily pursues a social mission – and young people are at the forefront of the trend.”
Peter Vandor, Founder of the Social Impact Award, and Reinhard Milner, Social Entrepreneurship Center WU Vienna

socialimpactaward.net
Embroidery, weaving, carving: traditional crafts in Eastern Europe. Photos: co/rizom
**Did you know?**

Despite being the second largest source of income after agriculture in low income countries, the craft sector receives only 0.3% of all impact investing, according to the latest report of the Global Impact Investing Network. Carved wooden bowls, silver jewellery, woven carpets, traditional oak stools, embroidered blouses made of traditional fabrics... Global retail chains are increasingly developing long-term relationships with social enterprises, sourcing a wide range of goods from food to handicrafts. Two main trends have led to this development: growing customer interest in “authentic” products on the one hand, and on the other, big retail companies deciding to increase transparency of production, sustainability and social responsibility. But although demand is growing, particularly from retail groups in the US and Europe, small-scale artisans, often belonging to communities threatened by poverty, lack the skills they need to engage in retail cooperation. This factor holds them back from taking advantage of this market opportunity.

**What can we do?**

Why not simply develop a roadmap that links small handicraft enterprises with larger companies? co/rizom is developing this process. It is designed to bring traditional crafts to a wider market and ensure their long-term sustainability. This methodology enables artisans from vulnerable communities – grouped into small social enterprises – to become reliable and trusted suppliers of major retailers. It also ensures their financial stability, giving them a solid basis for financial independence. More than 50 artisans are currently participating in the project. Creating the co/rizom roadmap involves adjusting tested social enterprise and product development procedures and adapting basic marketing and branding practices for inclusion in an open source tool kit that will facilitate replication of the approach at scale.

**Why are we doing this?**

Traditional crafts can only survive if artisans are empowered and supported. The project thus helps to preserve traditional handicrafts. Vulnerable communities must be enabled to move from their peripheral position into the mainstream of society so they too can benefit from the general prosperity. We must build and maintain communities and collective resilience in the financial and social sectors. Everyone is entitled to an equal and secure place in society. With our projects we aim to achieve sustainable economic development for disadvantaged groups and communities, and thus help provide people with new perspectives for a dignified life – based on their own skills and competencies.

**Partner:** co/rizom
Hospice and Palliative Care in Austria
Helping people die with dignity

Did you know?
Hospice and palliative care – the holistic care and support of people with serious illnesses where a cure is no longer possible – is a comparatively young form of medical care. It comprises both voluntary and paid end-of-life care, as well as palliative medicine, palliative care and psychosocial-spiritual care. Most people, regardless of whether they already feel close to death or hope not to have to deal with this issue for a long time to come, want to be cared for and die at home, or at least in a familiar environment. This is not always possible. Either way, people’s desire to spend their final days in a caring environment plays an important role in planning hospice and palliative care suited to patients’ needs. At the same time, caring for seriously ill people at home is often an all but impossible burden for relatives, which in Austria is often passed on to frequently changing personnel with little experience in palliative care. In Austria, most 24-hour home care workers come from Slovakia, Romania and Hungary. Day hospices have proved their worth in large cities. The Caritas day hospice in Vienna opened in 2001, but has lacked public funding to cover its minimum needs from the very beginning.

What can we do?
24-hour caregivers need support in their daily work with terminally ill patients. The brochure Begleiten bis zuletzt (“With you to the end”) has been published in Romanian, Slovakian, Hungarian and Bosnian-Croatian-Serbian (BCS). While its main goal is to enhance the competence of professional caregivers with these mother tongues both in Austria and in their home countries – thereby relieving the burden on relatives – it also offers guidance and support to family caregivers caring for dying family members. Back in June 2007, we joined forces with the Austrian savings banks group and Erste Bank to support voluntary palliative care and hospice services, as coordinated by the Hospiz Österreich umbrella organisation. Besides training and further education of volunteers, we promote information events and workshops for further training and networking. An additional goal is supporting the expansion of the day hospice of Caritas Vienna. Day hospices offer treatment, counselling and guidance to palliative patients provided by a multi-professional team supported by volunteers. Additional psychosocial and therapeutic services help organise daily activities in the company of similarly affected people. The day hospice of Caritas Vienna complements and expands outpatient hospice care at home.

Why are we doing this?
Experts in medicine and ethics are beginning to understand what those affected have known for a long time: for patients suffering from a terminal illness, the most important goal is not prolonging life, but achieving the highest possible quality of life. High-quality hospice and palliative care services offer comfort, relieving pain and other symptoms that impair quality of life such as fatigue, shortness of breath and nausea. Patients, caregivers, relatives and loved ones are all involved in decision-making. Working with our partners, our goal is to ensure nationwide availability of care by voluntary hospice caregivers, and generally improve care conditions in hospice facilities. Death is still a taboo in our society. We hope to change this – it is something that concerns us all.

Partners: Hospiz Österreich umbrella organisation, Hospizbewegung Salzburg, Hospizbewegung Burgenland, Caritas Archdiocese of Vienna, Kardinal König Haus


“Everyone who passes away teaches us a little about ourselves. The most precious lessons are learnt by deathbeds.”
Hilde Domin

www.hospiz.at
Preserve a Democratic Europe
We believe that the European idea is worth fighting for. Complex problems such as the climate crisis, the negative consequences of globalisation and radical changes in the presence and use of media and information have aroused fears and pessimism in many people. New rifts between East and West appear to be opening up. Simple solutions sound tempting but make the situation worse. We aim to bring together the best brains and political decision-makers, promote first-rate journalism in the public interest and help shape the debate about a resilient, democratic, united Europe.
Did you know?
As Europe looks for its place in the face of current tectonic shifts of geopolitics, multiple dynamics are at play. In a number of member states democracy is backsliding, as are signs of the Union’s vitality such as enlargement. The rule of law within the European Union continues to be challenged by a variety of internal and external forces. A sense of powerlessness and disenfranchisement has led many on a search for simplistic and illusionary solutions, readily offered by nationalist-populist parties and identitarian movements bent on instigating enmity towards all that is seen as “foreign” to a perceived “authentic” home culture. Others, a majority, continue to believe that the liberal democratic model, based on the rule of law and human rights, with all its faults, is still valid and worth upholding, and fighting for. The EU will have to put in a great deal of effort to maintain what has been painstakingly built and nurtured since the peace after 1945.

What can we do?
Democracy is a fragile institution that needs to be nurtured on a daily basis, through civic engagement at all levels of society and across institutions domestic and European. It is key that the institutions be preserved and functioning, and that they be much more responsive to the grievances of citizens. Europe needs to stand in a rapidly changing world as the bearer of the messages of the Enlightenment: democracy, the rule of law and human rights, a world in which the public space is open for all to engage in. In 2018, we initiated Europe’s Futures, a network of some of the leading Austrian and European civil society organisations with prominent academics, activists, and journalists engaged as fellows under the auspices of the Institute for Human Sciences’ (IWM) leading intellectuals Ivan Vejvoda and Ivan Krastev. We research processes driving illiberalism, nationalism and populism. We look for innovative responses to major challenges faced by the European Union in relation to the rule of law and migration. We advocate for a better functioning and enlarged European Union.

Why are we doing this?
We are gathering and supporting people with ideas in creating, and promoting new perspectives for a reinvigorated, unified and democratic Europe. We engage liberal-democratic voices from Central, Eastern and South-Eastern Europe in high-level academic, social and political debate on the future of the European Union, making Vienna a particular point of encounter. It is an endeavour based on in-depth research, concrete policy proposals, and encounters with state and civil society actors, public opinion and the media.

Partner: Institute for Human Sciences (IWM)
Reporting Democracy
Investigating the state of democracy in the heart of Europe

Did you know?
In Europe, a haven of press freedom, three journalists were murdered in the past three years: Daphne Caruana Galizia in Malta, Ján Kuciak in Slovakia and Viktoria Marinova in Bulgaria. All three had reported on corruption and organised crime with close links to their governments. Across Europe, populist movements are changing the political landscape and undermining confidence in democratic institutions. In some countries, governments are cracking down on independent media, the judiciary and civil society. They are revising progressive social policies and vilifying minorities and migrants. While nationalism, scepticism about Europe, right-wing extremism, inequality and disillusionment with globalisation continue to rise, the fundamental values of the European project – pluralism, multilateralism and respect for the rule of law – are being pushed aside.

What can we do?
To address this situation, we have co-founded a cross-border journalistic platform called Reporting Democracy. Independent journalists research and question the topics, trends and events that are shaping the future of democracy in Central, Eastern and South-Eastern Europe. Reporting Democracy publishes reports, interviews and analyses by correspondents from 14 countries. Journalists on the ground receive commissions and grants for in-depth reports and research. All articles are published in English. Most of them are also translated into the respective national language and, thanks to a growing network of local media partners, published by multiple outlets. A broad spectrum of experts from politics, society and academia comment on current issues within a geographical area that spans Central and Eastern Europe and the Balkans, from the Baltic Sea to the Aegean Sea.

Why are we doing this?
We believe that public debate and political decision-making should be based on facts and that democracies require scrutiny. We need courageous journalists and free reporting. We fear for democracy if authoritarian alternatives become part of the mainstream.

Partner: Balkan Investigative Reporting Network (BIRN)

“Journalists are the heroes of our time.”
Timothy Snyder, Speech to Europe 2019
The 11th generation of fellows on the fellowship programme for government officials from the Western Balkans met in Berlin in September 2019. Photo: EFB

Boris Marte, Deputy CEO of ERSTE Foundation, Harald Dossi, Secretary General of the Austrian parliament, Milena Stefanovic, programme manager at the European Fund for the Balkans (EFB), and Wolfgang Sobotka, President of the Austrian National Council, at the signing of a Memorandum of Understanding between representatives of the Austrian parliament and the EFB in Vienna on 23 March 2019. It marked the official kick-off of the EFB fellowship programme at the Austrian parliament that targets parliamentarians from six Western Balkans parliaments. Photo: Parliamentary Administration/Johannes Zinner

The 11th generation of fellows on the fellowship programme for government officials from the Western Balkans met in Berlin in September 2019. Photo: EFB
Did you know?
The decline of democracy and the rule of law, together with the stalling of the European integration of the Western Balkans, are the biggest and most significant changes that have taken place in this region in the last ten years. Global challenges and the challenges within the EU in the last decade have not helped the democratisation and socio-economic transformation of the Western Balkans. The global economic crisis, the migration wave to Europe, the rise of the extreme right and populist leaders, Brexit, the bad image of the Balkans in some EU countries, erosion of basic European values, and power struggles within the EU are some of the issues that have adversely affected the region.

What can we do?
In 2008, together with other European foundations, we launched the European Fund for the Balkans (EFB), a joint initiative of European foundations that envisions, runs and supports initiatives aimed at strengthening democracy, fostering European integration and affirming the role of the Western Balkans in addressing Europe’s emerging challenges. Since its inception, the EFB has opened up communication channels with high-level regional and European decision-making institutions, rounding up the “critical mass” of policy and opinion makers among its community members – thus creating the pre-conditions to exercise an impact on regional policy-making. The Fellowship Programme for Government Officials from the Western Balkans aims to educate civil servants about European political and social systems. A series of Policy Hackathons aim to create new solutions for problems the citizens in the Balkans are facing. The Think and Link Regional Policy Programme supports Balkan civil society organisations and independent institutes in the fields of public analysis, research and public policy proposals. A project aimed at improving regional cooperation is the Balkans in Europe Policy Advisory Group (BiEPAG), which represents a group of experts engaged in researching political, economic and social trends in the Balkans. EFB coordinates the Civil Society Forum within the framework of the Berlin Process.

Why are we doing this?
Our aim is to contribute to the functional democracies in the Western Balkans through a credible EU membership prospect, improved regional cooperation and increased citizen engagement and demand for democracy. The Enlargement policy shall regain political credibility and operate according to the Thessaloniki agenda. Regional cooperation among civil society actors in the Western Balkans region shall improve, based on solidarity, demand-driven dialogue and exchange of ideas and opinions. Informed and empowered citizens take action and demand accountable institutions and democracy.

The European Fund for the Balkans is a joint initiative of Robert Bosch Foundation, King Baudouin Foundation and ERSTE Foundation.
Civitates is about cooperating, sharing experience, networking and encouraging each other. Photo: Civitates
Civitates
A philanthropic initiative for democracy and solidarity in Europe

Did you know?
CIVICUS Monitor tracks civic space issues worldwide. In 2018 it identified eleven EU member states where civic space had become “narrowed” or “obstructed”. Civil society organisations lament the lack of access to policymakers and are consulted less frequently than before. They are the target of smear campaigns and defamatory articles in the public discourse. In some EU countries, they face new laws that violate freedom of expression and information, and freedom of peaceful assembly. Access to funding has become more difficult, and it is nearly impossible to share experiences under these conditions.

What can we do?
We have teamed up with 16 other foundations from across Europe to create a fund aimed at supporting civil society initiatives all over Europe. In 2019, Civitates consisted of two funds that select projects via public requests for proposals. The fund for a “strong and resilient civil society” promotes cross-sectoral cooperation in several European countries, primarily in the form of coalitions and networks that go beyond capital cities and the non-profit sector. The aim here is to protect and widen the space available for critical, committed citizens and their organisations. The fund for a “healthy digital public sphere” provides targeted support to initiatives that respond to the current and future problems of digitalisation by proposing new rules. We want to engage with as many experts from civil society as possible to provide information and press ahead with a reform agenda for the digital public sphere in order to help people in Europe better understand how the digital news and information ecosystem works.

Why are we doing this?
Together we can achieve more. We have teamed up with other foundations because we want to jointly contribute to bringing substantial funds into the sector. The many active yet overstretched civic organisations that strive to improve communal life in our society need structural support. We also want to empower European citizens to recognise digital disinformation and the risks of digital information channels. People can make better choices when selecting information sources if they understand that public discourse can be manipulated and that problems arise when there is a lack of gatekeepers in the media and an absence of transparency and accountability among large online platforms. We want to help provide access to a wide range of media, news sources and content.

“We believe we are now stronger in the face of attacks and we will continue to build solidarity and trust in society.”
Dorota Setniewska, NGO Klon/Jawor Association

civitates-eu.org
Protect Contemporary Culture
We believe that culture is a central part of our identity and that every society needs culture: as a laboratory in which the past is considered, the present criticised and the future imagined. Culture strengthens the complex identities in Eastern Europe’s societies. We therefore want to explore important artistic practices in the recent Eastern European past. The cultural heritage of dissident history must be secured and made accessible to an international audience. Artists need (free) spaces for their production, theorists need international recognition; and both, work and interpretation, should be accessible.


Július Koller, Systém Subjektivnej Objektivity (Antihappening) 1965, text card with green stamp imprint, 11.5×16.5 cm. Kontakt Collection
Kontakt Collection
The Art Collection of Erste Group and ERSTE Foundation

Did you know?
“Kontakt” has the same meaning and is spelled the same in German, Czech and Slovak. Slovak artist Július Koller first used the word in his anti-happenings in the late 1960s. Concurrently, Czech artist Jiří Kovanda used the term “contact” to refer to the disrupted communication between art and the public on the one hand, and the Communist Bloc and the Western world on the other. In the early 1990s, Western European countries tended to define art from the (now former) Eastern Bloc in restricting categories as either state art or dissident art. In Eastern Europe itself, there was and still is little interest in contemporary art. Only since some Eastern European governments rediscovered cultural policy as a tool for consolidating national identity has it come back into focus and even become a target of populist attacks.

What can we do?
As early as 2004, Erste Group founded an independent association with the aim of collecting and supporting the Central and Eastern European artists who have reflected the social and political developments of recent decades in their work and contributed significant works to European art since the 1960s. Currently, the collection presents 127 artists and artist groups from 18 countries. This institution is called Kontakt, as a tribute and in reference to the work of Slovak artist Július Koller. It represents a new collection, research and exhibition format dedicated to artistic developments in Central, Eastern and South-Eastern Europe, which are still given little attention in recent art history and in the public eye. Kontakt does not maintain its own museum but is available to exhibition houses worldwide as a nomadic collection, as a whole or in part, thus also supporting often inadequately equipped public contemporary art institutions. Kontakt produces, promotes and initiates academic publications and catalogues, and keeps and documents artists’ archives. Kontakt is the most comprehensive collection of art production from Central, Eastern and South-Eastern Europe, taking account of current discourses on art and critical theory.

Why are we doing this?
Kontakt collects works that play an integral role in European art history while also claiming an exceptional position in the politically heterogeneous region of Central, Eastern and South-Eastern Europe. Kontakt ensures that future generations can continue to work with the archived material and that important artistic positions do not disappear from the canon. The aim is to place the art of the formerly socialist countries in an international art context. Art and the discursive process of art production can help us create a new picture of Europe and the world, beyond categories like West and East or centre and periphery.

Association members: Banca Comerciala Romana, Česká spořitelna, Erste Bank Croatia, Erste Bank Hungary, Erste Group Bank AG, ERSTE Foundation, Slovenská sporiteľňa

“In the sixties, Július Koller called on artists ‘to engage instead of to arrange’. Nowadays we are again asking ourselves: How can we renew art and its position in our society?”

Kathrin Rhomberg, artistic director and chairwoman of the Kontakt Collection

www.kontakt-collection.org

k takt on
2008
Winner: What, How & for Whom (WHW)
Grants: Fouad Asfour, Erden Kosova, Prelom Kolektiv
Jury: Eda Čufer, Josef Dabernig, Charles Esche

2010
Winner: Piotr Piotrowski
Grants: Maja und Reuben Fowkes, The Peace Institute Ljubljana, Raluca Voinea, Daniel Grün
Jury: Edit András, Chus Martínez, Tadej Pogačar

2012
Winner: Suzana Milevska
Grants: Sabine Hänsgen, Klara Kemp-Welch, European Roma Cultural Foundation
Jury: Alenka Gregorič, Yuri Leiderman, Hanna Wróblewska

2014
Winner: Ekaterina Degot
Grants: Karel Císař, Miklavž Komelj, Kirill Medwedew
Jury: Keti Chukhrov, Apolonija Šušteršič, Rainer Fuchs

2016
Winner: Viktor Misiano
Grants: Viviana Checchia, Anca Verona Mihule, OFF-Biennale Budapest
Jury: Zdenka Badovinac, Vit Havránek, Roman Ondák

2018
Winner: Joanna Mytkowska
Grants: Edith Jeřábková, Oberliht Association, Visual Culture Research Center
Jury: Adam Budak, Ana Janevski, Erzen Shkololli
Igor Zabel Award for Culture and Theory

One of the most prestigious cultural awards in Central and Eastern Europe

Did you know?
Igor Zabel (1958–2005) was a Slovenian curator, writer and cultural theorist. Throughout his life he was actively involved in many fields of theory and culture. His texts on contemporary art in Slovenia and Eastern Europe are excellent observations of the close intertwining of art and society. Igor Zabel gained international recognition with exhibitions of Slovenian art. The Moderna galerija in Ljubljana was the setting for his work as a curator from 1986. As a philosopher, author, translator, essayist, curator, literature critic and art critic he influenced a whole generation of European artists, thinkers and intellectuals. Igor Zabel analysed the role of art in post-socialism, getting to the heart of the complex relationship between East and West within the art world. His work provided an important foundation for understanding Europe’s new political geography after the fall of the Iron Curtain and its influence on art. While the West lacked a deeper understanding of Eastern European art, society in the East needed to develop a new artistic awareness and self-image. This difference is still noticeable to some extent – or is reappearing.

What can we do?
In 2007, two years after Igor Zabel’s sudden death, we founded an association together with his family to promote the ongoing importance of his work for art and cultural understanding between East and West. The Igor Zabel Association for Culture and Theory aims to keep Igor Zabel’s work in the public eye and to establish links to the present. His writings are gradually being catalogued and made available to the public in Ljubljana’s Moderna galerija library. Every two years, one of the region’s most valuable and prestigious prizes is awarded: the Igor Zabel Award for Culture and Theory. It honours outstanding work by curators, art historians and art theorists, writers and critics who deal with contemporary culture and art in Central, Eastern and South-Eastern Europe. The award is not by application. An international jury selects the laureate, who receives EUR 40,000, as well as the recipients of three grants endowed with EUR 12,000 each. Two grants are awarded by the jury, one by the laureate. The association also organises lectures and symposia.

Why are we doing this?
We are convinced that art fulfils a social mission and that every society needs a lively cultural environment. Art critically examines the developments in our societies. While there is a large number of awards for artists of the recent past and present across the globe, there are very few grants and awards for the theorists who critically examine the artists’ productions and make their work accessible to a wider international public. Igor Zabel went to great lengths to promote cultural relations between Eastern and Western Europe, unmasking the political myths of “East” and “West”. We would like to preserve his memory, for we will continue to need visionaries and intellectuals in the future: people who take a critical approach to politics and economics with the aim of promoting peace.

Partner: Igor Zabel Association for Culture and Theory

“An essential aspect of the East-West ‘conflict’ in relation to art is the fight for codification of the field and thus for its domination.”

Igor Zabel
Oto Hudec, Cité Radieuse, 2018, photo series (detail), from the exhibition “Upon Us All Equally. tranzit statements for the future”. 7-9 November 2019, Bucharest

Nikita Kadan, Procedure Room, 2009-2010, series (print on plate), from the exhibition “Upon Us All Equally. tranzit statements for the future”. 7-9 November 2019, Bucharest

Oto Hudec, Cité Radieuse, 2018, photo series (detail), from the exhibition “Upon Us All Equally. tranzit statements for the future”. 7-9 November 2019, Bucharest
Did you know?
When socialism collapsed around 1989/90, the widely held belief was that the cultural sector in democratising Eastern European countries would soon form international networks and become diverse, lively and beyond state control. Before the fall of communism, cultural institutions in Warsaw, Bucharest and Prague served as places of political enactment. Art was ideologically charged, following a state-directed political agenda. Artists were invited to participate in the construction and preservation of socialism. Free, dissident art, which critically examined the role of repressive systems and social reality, operated in private or underground. More than thirty years after the fall of the Iron Curtain, many cities in Eastern Europe still have far fewer galleries, art collectors or art venues than the rest of Europe. If an artist from Eastern Europe wants to be successful, he or she usually moves to Berlin, Vienna or London at some point. Although state cultural institutions have ceased to be cultural palaces, in many places they still provide the only framework for non-commercial art production and exhibitions. Independent groups have a hard time finding spaces, funding and thus an audience. The situation has even worsened in some places, especially where governments are again using art to paint pictures of collective identity, a glorious history or national identity.

What can we do?
We co-founded tranzit in 2002. tranzit is a unique network of independent associations working in Austria, the Czech Republic, Hungary, Romania, and Slovakia as well as across borders / peripheral zones of Europe. Each of the five tranzit initiatives works autonomously in the context of the local art scenes and the social and political framework conditions. They provide artists with a versatile space in which art can be produced. Methods and formats include exhibitions, lectures, discussions, research and publications in all conceivable forms of expressions and artistic settings. This enables profound experiences that reveal correlations and allow a reassessment of contemporary history. tranzit challenges canons, geographical classifications and predominant narratives of post-war European (art) histories. The initiatives operate in a constant dialectic between local and global culturally meaningful narratives.

Why are we doing this?
Independent, free (art) spaces are not only more flexible but also examine the role of art and collective or national identity more attentively. Art makes an existential contribution to the development of a pluralistic, open and democratic society. tranzit primarily aims to promote mutual understanding and cross-border dialogue, especially in a Europe marked by nationalism and economic and social inequality. Independent cultural and art initiatives such as tranzit are an important cultural pillar for the still young societies of Eastern Europe, especially in times of insufficient funding and the political instrumentalisation of cultural initiatives. We need new and innovative art spaces that permit experimentation, safe places for the critical examination of current social phenomena and taboo issues. In such spaces, art may succeed in opening up low-threshold access for the mainstream of society.

Partners: tranzit.at, tranzit.cz, tranzit.hu, tranzit.ro, tranzit.sk
Other Things That Kept Us Busy in 2019
A selection

In 2019, ERSTE Foundation’s grant budget totalled 6.5 million euros. In addition to the long-term projects we developed with partners, we also supported various initiatives that were important to us. The following selection gives a brief insight into the diverse activities of 2019.

**Music architecture at Erste Campus – Walking Music**
Erste Campus was transformed into a musical instrument throughout the summer 2019 by Walking Music, an interactive social music installation. Every individual who moved across the campus triggered a number of sounds in real time, so that many people’s movements combined to create a harmony. This piece of music architecture was realised by composer Rupert Huber. The installation funding was provided in the context of the 200th anniversary of the savings bank idea in Austria and in partnership with Ars Electronica Solutions.
Special “Social Business” category in the i2b business plan competition
The i2b business plan competition supports founders with valuable feedback on their business plans, and awards cash and non-cash prizes to the most promising plans in various categories. The special “Social Business” category specifically focuses on social enterprises. The 2019 award in this category went to the “plasticpreneur” project, which combines plastics upcycling with efforts to strengthen socially disadvantaged communities.

European Centre of Excellence on Cres (Croatia)
ERSTE Foundation became the driving force behind the establishment of a new European Centre of Excellence for Cooperation and Development. The project is the result of the successful long-term collaboration between the Center for Advanced Studies (CAS) and the University of Rijeka. The Centre of Excellence is based in the Moise Palace, a Renaissance building on the island of Cres in the Upper Adriatic. This 500-year-old patrician townhouse is a unique place for critical thinking and innovation. The centre facilitates research and co-creating activities and welcomes visiting scholars, students, artists, and teams of experts and practitioners.
NSK State in Time – viennacontemporary 2019

The exhibition project “NSK State in Time” was shown at viennacontemporary – Austria’s largest international art fair – from 26 to 29 September 2019. It poses the question: What is the understanding of a state based not on territory but on time? “NSK State in Time” was launched in 1992 as a conceptual art project by the Slovenian art movement Neue Slowenische Kunst (NSK) in response to the political upheavals in Yugoslavia. The “NSK State in Time” is a state without territory and has become the virtual home of more than 15,000 people worldwide.

KARDEA! An award for young people and their ideas about money

KARDEA!, Austria’s first financial education award, was launched in 2019 by ERSTE Foundation in collaboration with the Vienna University of Economics and Business, the Erste Financial Life Park and Three Coins. The idea is to make a sustained commitment to financial education and to encourage pupils of all ages and from all types of school to engage with money matters. In its first year, the competition attracted some 50 projects from eight of Austria’s federal states. From this diversity of outstanding projects and innovative approaches, a distinguished jury selected twelve winning projects in the categories elementary schools, and lower and upper secondary schools.
Contemporary art and Roma identity

In the ambitious exhibition project “Keres Kultura! / Robíme Kultúru! / We Create Culture!”, up-and-coming Slovakian artist Emília Rigová also acts as curator and presents the work of a young generation of artists who deal with Roma identity. In doing so, she is closing a gap in a long-overdue discussion. The exhibition was shown at the Central Slovak Gallery in Banská Bystrica from 22 October 2019 to 23 February 2020.

Civil Society in Central and Eastern Europe: Monitoring 2019

A vibrant civil society is an indicator of well-functioning democracies that provide space for different opinions, concerns and solutions. To get a clear picture of this aspect in democracies across Central and Eastern Europe, the Vienna University of Economics and Business conducted a survey among civil society organisations in 15 countries in 2019.
VIDEO VIEWS on Facebook
659.2K

TIPPING POINT TALKS
were live streamed more than 7 hours

61% FEMALE
36% MALE

77,320 visitors in 2019 +18% than in 2018

22 people work in ERTSE FOUNDATION TEAM

30% SINGLE ESPRESSOS
40% DOUBLE ESPRESSOS
30% AMERICANOS
COFFEES WE DRANK
Erste Foundation 2019

Fun & Trivia

Tipping Point

The speech "Judenplatz 1010" was viewed 315,338 times.

€ 6.5m Project Funding in 2019 from a total of €106.50 million between 2005 and 2019.

Library User Increase 2019

2010

+26% since 2018

85 Events in Erste Campus in 2019

For a total of 2,250 visitors.

Contemporary Visual Art

Language & Literature

Marketing Science

Philosophy

Finance & Economic Development

Contemporary Visual Art

= 361 of Holdings
Talk Europe!
A video series
by ERSTE Foundation
This series presents interviews with experts on current European topics – from Brexit to the digital future, and from protest movements to new forms of cultural mediation. It provides fascinating insights for an informed debate about the future of Europe.
Facing populism
Talk Europe! with Joanna Mytkowska
The new challenge for art institutions is to work out how to talk to those groups of society who are not on our side, who are not accepting our language, are not interested in emancipation and not interested in democratic values.
You can do really well by doing good. Actually it’s shown that in the long term, profit might increase more and faster thanks to a coherent message and authenticity to the purpose.
Compliance by design
Talk Europe! with Mona Caroline Chammas
One of the great paradoxes of the Brexit vote is that it created a huge civil society, a movement of people that passionately wanted to stay in the European Union.
The paradox of the Brexit vote
Talk Europe! with Luke Cooper
First we have to figure out how to make technology work for our values. Right now, most of the digital technology that we use was created to serve commercial purposes and/or the privileges of governments.
Philanthropy in the digital age
Talk Europe! with Lucy Bernholz
1 Economic Environment

Global economic growth in 2019 was at its lowest rate in 10 years. Geopolitical tensions and trade conflicts led to growing uncertainty and had a negative effect on economic assessments, investment decisions and world trade, resulting in a marked decline in manufacturing. By contrast, private consumption remained robust, supported by rising employment and wage growth. GDP growth in developed economies slowed, with growth in the United States stronger than in Japan and the eurozone. In the eurozone, declining exports had the greatest impact on economic growth. Japan’s weaker export performance was more than compensated for by strong private consumption and public spending. For emerging and developing countries, China and India – the world’s two most populous nations – again recorded significant growth rates of around 6.1% and 4.8%\(^2\), respectively. Falling commodities prices throughout the year dampened the economies of Russia and Brazil, with both seeing much slower growth than in 2018. Central and Eastern Europe (CEE) was again one of the fastest-growing regions worldwide. Most CEE countries, especially Hungary and Poland, had very solid growth thanks to strong domestic demand and rising wages. Overall, the global economy grew by 2.9%\(^3\).

The central banks of the leading economies continued to pursue divergent monetary policies. The US Federal Reserve (Fed) lowered its key rate to 1.75% to stimulate the economy. The European Central Bank (ECB), the Bank of Japan, and the Swiss National Bank left their key rates unchanged throughout the year, at 0%, –0.10% and –0.75% respectively.

The US economy continued its solid performance. Even so, GDP growth slowed, with corporate investment losing steam on the back of growing trade tensions between the US and China. Robust consumer spending had a stabilising effect on the economy. The labour market again showed rising employment figures, and unemployment fell further as of the end of 2019 to 3.5%\(^4\). Public spending and tax cuts provided a boost to economic growth, albeit to a lesser extent than in 2018. Inflation reduced and fell below the Fed’s target of 2%. The budgetary deficit widened in 2019 owing to lower taxes and higher public spending. In a bid to dampen the effects of the global slowdown on the US economy, but also given the subdued inflationary pressures, the Fed reduced its key rate over three steps by a total of 75 basis points to 1.75%. Overall, the US economy grew by 2.3%\(^5\).

Economic growth in the eurozone was slower than in other developed regions in the world, mainly due to shrinking exports, and stood at 1.2%\(^6\). Domestic demand continued to be solid. Germany (especially the manufacturing industry) and Italy constituted a drag on the region’s growth, while France and Spain performed well. Growth momentum in consumer spending remained stable. Brexit-related uncertainties had no major impact on economic performance in 2019. After more than three years of negotiations and two parliamentary elections, the United Kingdom exited the European Union at the end of January 2020. The ECB maintained its expansionary monetary policy, leaving the key rate unchanged, reducing...
the deposit rate by a further 10 basis points to -0.50%, and resuming its bond-buying programme in November at a monthly volume of up to EUR 20 billion. The ECB also launched a new series of targeted longer-term refinancing operations (TLTRO III) to maintain the stable conditions for bank loans and continue to support the looser monetary stance.

In Austria, economic momentum slowed in 2019 following the strong GDP growth in the last two years. Domestic demand – especially consumer spending – remained a decisive factor in growth, while manufacturing and investment activity shrank. Exports, which performed especially well in 2018, also declined. The performance of the construction sector continued to be solid. The traditionally strong services and tourism sectors also saw positive developments. Austria benefitted from the good economic performance of Central and Eastern Europe. The average unemployment rate again fell to its lowest level in years, to 4.5%7. Average consumer prices remained under control with a rise in the inflation rate of 1.5%8. The general government surplus was 0.3%9. Public debt as a percentage of GDP reduced markedly to 69.9%10. Real GDP rose overall by 1.6%11. GDP per capita increased to EUR 45,00012.

The economies of the CEE region maintained their strong momentum and again outperformed the eurozone. Private consumption continued to be the main driver, supported by higher wages and rising employment levels. Performing especially well among the CEE countries were Poland, Hungary, and the Czech Republic. With their high share of exports, the automobile industries in the Czech Republic, Slovakia, Romania, and Hungary continued to be a key economic pillar. Unemployment throughout the region continued to fall. The Czech Republic and Hungary had some of the lowest unemployment rates in the European Union. Although inflation in most CEE countries approached the upper limit of the central banks’ targeted range, the average increase was moderate. Throughout the year, CEE currencies on average remained stable relative to the euro. The region’s central banks pursued different policies in 2019, with the Czech National Bank further raising its key rate while the National Bank of Serbia decreased its key rate. Government budgetary deficits in the region remained low. The favourable economic performance was also recognised by the rating agencies, with upgrades for Czech, Hungarian, Croatian and Serbian bonds during the year. Overall, CEE economies grew in 2019 by between 4.9%13 in Hungary and 2.3%14 in Slovakia.

2 Environment in the Context of the COVID-19 Crisis

After the balance sheet date on 31 December 2019, an event was triggered by the outbreak in 2020 of the COVID-19 virus, declared by WHO to be a pandemic and a public health emergency of global proportions. This is having a massive impact on people and companies and, in turn, macroeconomic affairs. Most economic indicators for Austria were declining in 2019 and stabilised towards the end of the year.

Before the COVID-19 pandemic broke out, the IHS and Austrian Institute of Economic Research (WIFO) forecasted a further cooldown in Austria’s GDP growth in 2020 by a maximum of 1.3%, which follows much lower growth in 2019 (GDP +1.7%) after the boom in 2018 (GBP +2.4%). For 2021, the forecasters were assuming a gradual economic recovery at a maximum of 1.6%. However, these macroeconomic forecasts are no longer valid given the rapid developments in the wake of the global spread of the coronavirus. The extent to which the COVID-19 crisis will force downward revisions on these forecasts cannot be reliably quantified at present. Even so, the associated economic risks are very high.

7 Statistics Austria: http://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/arbeitmarkt/arbeitlose_arbeitssuchende/arbeitlose_int definitionen_ms/055370.html (download on 19 February 2020) 
8 Statistics Austria: http://www.statistik.at/web_de/statistiken/wirtschaft/preise/verbraucherpreisindex_vpi_hvp/022835.html (download on 19 February 2020) 
11 WIFO: https://www.wifo.ac.at/jart/pr3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=65634&mimetype=application/pdf (download on 19 February 2020)
12 Statistics Austria: https://www.statistik.at/web_de/statistiken/wirtschaft/volkswirtschaftliche_gesamtrechnungen/index.html (download on 19 February 2020), adjusted for economic growth and inflation in 2019
14 Statistical Office of the Slovak Republic: http://statdata.statistics.sk/cognosex/bin/cogno.cgs?b_action=cognosViewer&ui.action=runui. object=storeID%2C%2449DFEF%EC%2C%241CA74AF5A43%22&ui.name=Flash%20estimate%20of%20GDP%20and%20Total%20Employment%20According%20to%20ESA%2095%20%5bnu0001qs%5d&run.outputFormat=&run.prompt=true&ui.header=false&ui.backURL=%2FCogno sexit%2Fportlets%2Fcommon%2Fclose.html&run.outputLocale=en (download on 19 February 2020)
In the eurozone, there is no end in sight to the low interest rate phase for the near future, as it is likely that the ECB will still consider ample monetary support to be necessary, even under the leadership of new ECB president Christine Lagarde. To stem the negative economic effects of the coronavirus, the ECB has a raft of measures on hand aimed at helping banks to continue to fulfil their central role in financing the real economy.

3 Changes in the Balance Sheet

The assets arising from the balance sheet conversion of “DIE ERSTE österreichische Spar-Casse Anteilsverwaltungssparkasse” will remain permanently dedicated to ERSTE Foundation and are to be retained. Grants may only be allocated from income generated by ERSTE Foundation. The assets result primarily from dividend income generated by the stake in Erste Group Bank AG.

3.1 BALANCE SHEET

Total assets reduced during the reporting period by TEUR 4,619 from TEUR 665,586 to TEUR 660,967. This is due largely to the repayment of bond AT0000A1YXV8, the repayment of debt with RBI, and the acquisition of Erste Group Bank shares.

3.1.1 ASSETS

Loans and advances to credit institutions
Demand deposits amounting to TEUR 8,181 (previous year: TEUR 25,381) were held with Erste Bank der oesterreichischen Sparkassen AG.

Investments
This item amounting to TEUR 6,634 (previous year: TEUR 9,146) consists of debt securities (investments) from Erste Group Bank AG. The reduction is due to the repayment of bond AT000B005566.

Participating interests
This item increased by TEUR 8,351 and stands at TEUR 326,415 (previous year: TEUR 318,064). This is due to a shareholder contribution to Fund of Excellence Förderungs GmbH, the valuation and resulting devaluations of Erste Social Finance Holding GmbH and Fund of Excellence Förderungs GmbH as well as the acquisition and non-cash issue of Erste Group Bank shares.

ERSTE Foundation directly held 27,361,956 shares in Erste Group Bank AG as at the balance sheet date, with a book value of TEUR 324,594. Along with its syndicate partners and Sparkassen Beteiligungs GmbH & Co KG, the foundation directly and indirectly controlled 30.39% of Erste Group Bank AG’s share capital. The average book value of directly held shares is EUR 11.86 per share (previous year: EUR 11.33).

The participating interests item also includes holdings in Erste Social Finance Holding GmbH (40% stake), with a book value of TEUR 1,804, and Fund of Excellence Förderungs GmbH (42% stake), which has a book value of TEUR 17.

Shares in affiliated companies
ERSTE Foundation holds 21 million of its Erste Group Bank shares via Sparkassen Beteiligungs GmbH & Co KG (previous year: 20 million shares), or 4.89% (previously 4.65%), valued at TEUR 314,320 (previous year: TEUR 307,690).

This item also includes the holdings in Sparkassen Beteiligungs GmbH valued at TEUR 35 (previous year: TEUR 35).

Other assets
This item amounts to TEUR 4,691 (previous year: TEUR 4,632) and primarily comprises a receivable from taxation authorities, which stands at TEUR 4,068 from the evidence account for interim tax.
3.1.2 LIABILITIES AND EQUITY

Liabilities to credit institutions
As of 31 December 2019, this item had a book value of TEUR 0 (previous year: TEUR 25,045).

In October, the debt with RBI amounting to TEUR 25,000 (previous year: TEUR 25,000) was repaid. A credit line with a major Austrian bank, under which up to TEUR 35,000 can be drawn at any time, was again extended by another year in early 2019. Due to higher liquidity, however, there has been no need to use this credit line since May 2019.

Securitised liabilities
This balance sheet item has reduced by TEUR 30,034 and has a book value of TEUR 205,675 (previous year: TEUR 235,709). This is due to the redemption of bond AT0000A1YXB8 amounting to TEUR 30,000.

This item includes accrued interest of TEUR 5,675.

Other liabilities
This item amounting to TEUR 4,482 (previous year: TEUR 3,567) contains grants promised but not yet dispersed of TEUR 4,024 (previous year: TEUR 3,283) as well as other liabilities of TEUR 458 (previous year: TEUR 284).

Provisions
Provisions of TEUR 517 (previous year: TEUR 563) relate to TEUR 312 of taxes (previous year: TEUR 313) as well as staff and other costs totalling TEUR 205 (previous year: TEUR 236).

Reserves
Foundation equity (capital reserve and retained earnings) stands at TEUR 450,293 (previous year: TEUR 400,702) as at 31 December 2019 after grants to beneficiaries totalling TEUR 6,557 (previous year: TEUR 5,926) and after the pre-allocation of net income for 2019 to reserves totalling TEUR 56,147 (previous year: TEUR 46,437).

The free reserve as of the balance sheet date includes EUR 1,329,264.60 in unused funds from grant budgets in previous years. These are available for grants in 2019 in addition to the current 2019 budget.

3.2 INCOME STATEMENT

The ERSTE Foundation’s main sources of income during the last fiscal year stemmed from its holding in Erste Group Bank AG and from interest from the investment of foundation assets. Specifically, in the 2019 fiscal year this consisted of dividend income from Erste Group Bank AG shares totalling TEUR 67,497 distributed to ERSTE Foundation as well as interest income of TEUR 372.

Net interest income
This item had a surplus of interest payable over interest received amounting to TEUR 6,015 (previous year: TEUR 6,437).

Operating income
This item (including net interest income mentioned above) totalling TEUR 61,436 (previous year: TEUR 51,035) contains dividend income from Erste Group Bank AG totalling TEUR 38,097 (previous year: TEUR 33,495), and the income from the holding in Sparkassen Beteiligungs GmbH & Co KG of TEUR 29,400 (previous year: TEUR 24,000).

Operating expenses
This item totalling TEUR 5,143 (previous year: TEUR 3,767) consists of staff costs of TEUR 1,472 (previous year: TEUR 1,355), administrative expenses totalling TEUR 3,531 (previous year: TEUR 2,272) and write-downs totalling TEUR 140 (previous year: TEUR 137).
Revaluation of securities valued as financial instruments as well as of participations and holdings in affiliated companies
This item stands at TEUR 146 (previous year: TEUR 258), due to the devaluation of Fund of Excellence Förderungs GmbH and Erste Social Finance Holding GmbH as well as the realised loss on the bond.

Taxes
This item contains income tax totalling TEUR 0 (previous year: TEUR 372).

Profit for the year
The profit for the year totalling TEUR 56,147 (previous year: TEUR 46,437) has already been fully allocated to reserves.

4 Financial Instruments and Risk Management Goals
ERSTE Foundation’s key risks from financial instruments are:
Exchange rate risk from its participating interest in Erste Group Bank AG: Holding a qualified participating interest in Erste Group Bank AG is defined in the foundation’s mission.
The participating interest in Erste Group Bank AG represents the foundation’s key asset. This creates an income dependency on dividends distributed by Erste Group Bank AG.
Interest rate risk from borrowings and issued bonds: All issued bonds have a fixed interest rate. The remaining refinancing balance comprises loans with a maximum term of one year.
Liquidity risk: Interest payments for loans as well as their amortisation will be financed in the long term mainly through dividend income from the participating interest in Erste Group Bank AG. Most liabilities are long term (residual term of two years; total term of five years).
There is no foreign currency risk and no credit risk from debtors.

5 Mission of the Foundation: Non-Profit Activity
ERSTE Foundation was created in 2003 by Erste Österreichische Spar-Casse Anteilsverwaltung, the successor of Erste Österreichische Spar-Casse. In 1819, this association of savings banks in Vienna opened the first bank for people who until then had no way of providing for their futures. The foundation inherited its commitment for the people from its founders.

Today ERSTE Foundation is a creative workshop for ideas, a lab for topics of the future which increases its effectiveness through strategic cooperation in networks. The foundation invests a portion of its dividends in regions in which Erste Group operates. Its goals are to strengthen democracy in Europe, promote socially disadvantaged groups through social innovation, and support contemporary culture in Europe.

200 years of the savings bank idea
In 2019 Erste Bank and ERSTE Foundation celebrated their founding and 200 years of the savings bank idea in Austria, which, in the times of industrialisation and urbanisation, was not only civic-minded and economically viable, but also innovative and audacious. To explore what the savings bank idea means in 2019, ERSTE Foundation organised a four-part series of events. For the Tipping Point Talks, the foundation invited renowned thinkers, scientists and pioneers from around the globe. Identity, normativity, possibility and audacity – these four topics served as guiding lights on the following questions: Who are we in the Central, Eastern and South-Eastern European region 30 years into an era of profound transformation that has shaped the lives and future of every family? What do we strive for as societies? And how do we deal with the challenges along the way?

Invitations to keynote speeches on these topics were accepted by economist Francis Fukuyama for March, by historian Timothy Snyder for Europe Day in May, former politician and advocate of basic digital rights Marietje Schaake for September and, finally, by author, economist and social scientist
Felwine Sarr for November. The speeches were accompanied by discussions and intensive workshops (Think Camps) with ERSTE Foundation stakeholders and networks working in the same field. Artistic interventions, collaborations with local institutions (Institute for Human Sciences, Vienna Festival, MAK Museum of Applied Arts, Federation of Austrian Industries) live streams, publications, media reports and social media debates have made these debates accessible not only to the Viennese but also to a global audience.

Preserving a democratic Europe
A conference in Budapest in May 2019 marked the launch of the pilot phase of a new three-year project: Reporting Democracy. After 13 successful years of supporting journalism in South-Eastern Europe through the Balkan Fellowship for Journalistic Excellence, which took place for the last time in 2019, ERSTE Foundation, together with longstanding partner BIRN, co-founded a cross-border journalism platform. Independent journalists investigate and scrutinise the issues, trends and events shaping the future of democracy in Central, Eastern and South-Eastern Europe. Alongside the Balkan states, the Visegrad countries are also part of the region covered by the project.

Europe’s Futures, a collaboration with the Institute for Human Sciences to explore the key risks and problems faced by Europe and its liberal democratic order, welcomed the second generation of fellowship-holders in 2019. In addition to the longstanding foundation collaboration, the European Funds for the Balkans, ERSTE Foundation is taking part in the Civitates platform, a global foundation initiative addressing democracy and solidarity in Europe.

Financial health for all
Zweite Sparkasse has moved its Vienna branch and company address to a location close to the Erste Campus and ERSTE Foundation. In 2019, the bank also created the conditions for a new product. In association with social organisations, micro credit will be offered in 2020 to people who are seeking homes but lack the funds for a deposit or basic equipment.

Tools for social change
The BeeTwo association is engaged with digital social innovation. In 2019, the Digital Social Innovation Lab involving numerous Austrian NGOs was introduced as a standard process. An idea is developed in just five months, from identifying a social problem to devising a digital prototype. The NGO Academy was also the largest management capacity building programme in 2019 for civil society organisations in Central and Eastern Europe. co/rizom makes the know-how of product developers available to workers in traditional crafts. Virtuosos of wood or metal works or textile processing can close knowledge gaps in product planning, marketing and sales.

Protecting contemporary culture
In June the Kontakt Collection displayed “Collective Exhibition for a Single Body – The Private Score – Vienna 2019” at Haus Wittgenstein in Vienna. The work of artists from Central, Eastern and South-Eastern Europe were (re-)activated through performances taking place in a supermarket. The first major European retrospective of Marina Abramovic, “The Cleaner”, also made a stop at Belgrade’s Museum of Contemporary Art in September, sponsored by ERSTE Foundation. “Upon Us All Equally. tranzit statements for the future” (7-9 November) was an event by the tranzit.org network in Bucharest showcasing a marathon of visions about a shared and positive future. In November, “Principle of Equality”, a teaching project led by Adam Szymczyk at the Academy of Fine Arts Vienna, culminated in an exhibition at Hotel am Brillantengrund in Vienna.

Communication
The trailer created by ERSTE Foundation for the 31st European Foundation Centre Annual General Assembly and Conference 2020 the foundation will host in Vienna was awarded Silver at the Cannes Corporate Media & TV Awards in September 2019. The trailer was shown in May 2019 in Paris and featured later on the internet.
6 Outlook for 2020 and Results After Balance Sheet Date

The core shareholder syndicate, which consists of ERSTE Foundation, the savings banks and their joint subsidiary, Sparkassen Beteiligungs GmbH und Co KG, Erste Mitarbeiterbeteiligung Privatstiftung as well as CaixaBank SA and Wiener Städtische Wechselseitiger Versicherungsverein, slightly increased its stake in Erste Group Bank AG in 2019, by transferring additional Erste Group shares belonging to the savings banks and ERSTE Foundation to Sparkassen Beteiligungs GmbH und Co KG. The total stake now stands at just above 30%.

Through the issuance of a EUR 200 million five-year fixed-rate bond in January 2017, most of the foundation’s refinancing has been secured for the long term.

Due to the current COVID-19 crisis, Erste Group Bank AG has announced it has postponed the annual general meeting and will reconsider the dividend of EUR 1.50 per share planned for the 2019 fiscal year.

For 2020, the grant budget of EUR 7.5 million was significantly increased by EUR 2 million compared to 2019 to continue to put greater focus on projects with a higher and long-term impact in the international non-profit sector. A moderate increase in administrative and staff expenses is planned.

Vienna, 21 April 2020

The Board

Mag. Dr. Mario Catasta
Chair of the Board

Mag. Boris Marte
Deputy Chair of the Board

Dr. Med. Eva Höltl
Board Member

Mag. Franz Portisch
Board Member
## Financial Statements 2019

### Balance sheet at 31 December 2019

**DIE ERSTE österreichische Spar-Casse Privatstiftung**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>EUR</th>
<th>EUR</th>
<th>TEUR 31/12/2018</th>
<th>TEUR 31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash in hand, balances with central banks</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>2. Sovereign debt instruments and bills eligible for refinancing with central banks</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>a) treasury bills and similar securities</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>b) other bills eligible for refinancing at central banks</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>3. Loans and advances to credit institutions</td>
<td>8,181,238.93</td>
<td>25,381</td>
<td>25,381</td>
<td>25,381</td>
</tr>
<tr>
<td>a) repayable on demand</td>
<td>8,181,238.93</td>
<td>25,381</td>
<td>25,381</td>
<td>25,381</td>
</tr>
<tr>
<td>b) other loans and advances</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Loans and advances to customers</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
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<tr>
<td>5. Debt securities and other fixed-income securities</td>
<td>6,633,875.00</td>
<td>9,146</td>
<td>9,146</td>
<td>9,146</td>
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<tr>
<td>a) issued by public bodies</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>b) issued by other borrowers</td>
<td>6,633,875.00</td>
<td>9,146</td>
<td>9,146</td>
<td>9,146</td>
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<tr>
<td>of which: own debt securities</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
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<tr>
<td>6. Shares and other variable-yield investments</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>7. Participating interests</td>
<td>326,415,467.32</td>
<td>318,064</td>
<td>318,064</td>
<td>318,064</td>
</tr>
<tr>
<td>of which: in credit institutions</td>
<td>324,594,467.69</td>
<td>316,212</td>
<td>316,212</td>
<td>316,212</td>
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<tr>
<td>8. Shares in affiliated companies</td>
<td>314,355,028.78</td>
<td>307,725</td>
<td>307,725</td>
<td>307,725</td>
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<tr>
<td>of which: in credit institutions</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
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<tr>
<td>9. Intangible fixed assets</td>
<td>106,051.00</td>
<td>181</td>
<td>181</td>
<td>181</td>
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<tr>
<td>10. Tangible assets</td>
<td>542,083.00</td>
<td>447</td>
<td>447</td>
<td>447</td>
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<tr>
<td>of which: land and buildings used by the credit institution for its own activities</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11. Own shares and shares in a controlling company</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>of which: par value</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12. Other assets</td>
<td>4,690,917.87</td>
<td>4,631</td>
<td>4,631</td>
<td>4,631</td>
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<tr>
<td>13. Subscribed capital called up but not yet paid up</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>14. Prepayments and accrued income</td>
<td>41,884.19</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>15. Deferred tax assets</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>660,966,546.09</td>
<td>665,586</td>
<td>665,586</td>
<td>665,586</td>
</tr>
</tbody>
</table>

**Off-balance-sheet items**

1. Foreign assets | 0.00 | 0 | 0 | 0 |
## LIABILITIES AND EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR 31/12/2018</th>
<th>EUR 31/12/2018</th>
<th>TEUR 31/12/2018</th>
<th>TEUR 31/12/2018</th>
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</thead>
<tbody>
<tr>
<td>1. Liabilities to credit institutions</td>
<td>0.00</td>
<td>25,045</td>
<td>0.00</td>
<td>25,045</td>
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<tr>
<td>a) repayable on demand</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) with agreed maturity dates or periods of notice</td>
<td>0.00</td>
<td>25,045</td>
<td>0.00</td>
<td>25,045</td>
</tr>
<tr>
<td>2. Amounts owed to customers</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>a) savings deposits</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) repayable on demand</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) with agreed maturity dates or periods of notice</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) other liabilities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) repayable on demand</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) with agreed maturity dates or periods of notice</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>3. Securitised liabilities</td>
<td>205,674,666.67</td>
<td>235,709</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>a) debt securities in issue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) other securitised liabilities</td>
<td>205,674,666.67</td>
<td>235,709</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>4. Other liabilities</td>
<td>4,481,765.55</td>
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<tr>
<td>5. Accruals and deferred income</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>6. Provisions</td>
<td>517,421.21</td>
<td>563</td>
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<tr>
<td>a) provisions for severance payments</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>b) provisions for pensions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>c) provisions for taxes</td>
<td>312,335.94</td>
<td>313</td>
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<tr>
<td>d) other</td>
<td>205,085.27</td>
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</tr>
<tr>
<td>6a. Funds for general banking risks</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
</tr>
<tr>
<td>7. Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8. Additional Tier 1 capital pursuant to Part 2 Title I Chapter 3 of Regulation (EU) No 575/2013</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>of which: compulsory convertible bonds pursuant to §26 Banking Act (BWG)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8b. Instruments without a vote pursuant to §26 Austrian Banking Act (BWG)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>9. Subscribed capital</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>10. Capital reserves</td>
<td>79,147,249.86</td>
<td>79,147</td>
<td>79,147</td>
<td>79,147</td>
</tr>
<tr>
<td>a) committed</td>
<td>79,147,249.86</td>
<td>79,147</td>
<td>79,147</td>
<td>79,147</td>
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<tr>
<td>b) uncommitted</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>c) other restricted reserves</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Carryover</td>
<td>289,821,103.29</td>
<td>344,032</td>
<td>344,032</td>
<td>344,032</td>
</tr>
</tbody>
</table>
## Balance Sheet at 31 December 2019
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

### Liabilities and Equity

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR</th>
<th>TEUR</th>
<th>TEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carryover</td>
<td>289,821,103.29</td>
<td>344,032</td>
<td>31/12/2018</td>
</tr>
<tr>
<td>11. Retained earnings</td>
<td>371,145,442.80</td>
<td>321,555</td>
<td>31/12/2018</td>
</tr>
<tr>
<td>a) statutory reserve</td>
<td>145,228,257.23</td>
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<tr>
<td>b) reserves provided for by the articles</td>
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<tr>
<td>c) other reserves</td>
<td>225,917,185.57</td>
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<tr>
<td>d) other restricted reserves</td>
<td>0.00</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>12. Reserve pursuant to §57-5 of Austrian Banking Act (BWG)</td>
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<tr>
<td>13. Net profit or loss for the year</td>
<td>-0.00</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>660,966,546.09</td>
<td>665,586</td>
<td></td>
</tr>
</tbody>
</table>

### Off-Balance-Sheet Items

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR</th>
<th>TEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contingent liabilities</td>
<td>0.00</td>
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</tr>
<tr>
<td>a) acceptances and endorsements</td>
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<tr>
<td>b) guarantees and assets pledged</td>
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</tr>
<tr>
<td>2. Commitments</td>
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<tr>
<td>a) commitments arising from repurchase agreements</td>
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<td>3. Liabilities arising out of fiduciary duties</td>
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<tr>
<td>4. Own funds pursuant to Part 2 of Regulation (EU) No 575/2013</td>
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<td>0</td>
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<tr>
<td>a) Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013</td>
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<tr>
<td>5. Own funds requirements pursuant to Art. 92 of Regulation (EU) No 575/2013</td>
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<tr>
<td>a) Common Equity Tier 1 core ratio</td>
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<td>b) Tier 1 capital ratio</td>
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<tr>
<td>c) total capital ratio</td>
<td>0.00</td>
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</tr>
<tr>
<td>6. Foreign liabilities</td>
<td>0.00</td>
<td>0</td>
</tr>
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</table>
## Income statement for the year 2019
DIE ERSTE österreichische Spar-Casse Privatstiftung

<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY 2019</th>
<th>EUR</th>
<th>TEUR Previous year</th>
<th>TEUR Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Interest income and similar items</td>
<td>372,052.72</td>
<td>339</td>
<td></td>
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<tr>
<td>of which: from fixed-income securities</td>
<td>304,347.59</td>
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<td>2. Interest expenses and similar items</td>
<td>6,387,280.47</td>
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<tr>
<td>I. NET INTEREST INCOME</td>
<td>-6,015,227.75</td>
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</tr>
<tr>
<td>3. Income from securities and participating interests</td>
<td>67,496,738.40</td>
<td>57,494</td>
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</tr>
<tr>
<td>a) income from shares, other ownership interests, and variable-yield investments</td>
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<td>0</td>
<td></td>
</tr>
<tr>
<td>b) income from participating interests</td>
<td>38,096,738.40</td>
<td>33,494</td>
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</tr>
<tr>
<td>c) income from shares in affiliated companies</td>
<td>29,400,000.00</td>
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<td>4. Commission income</td>
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<td>5. Commission expenses</td>
<td>45,595.94</td>
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<tr>
<td>6. Net loss on financial operations</td>
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<td></td>
</tr>
<tr>
<td>7. Other operating income</td>
<td>331.75</td>
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<tr>
<td>II. OPERATING INCOME</td>
<td>61,436,243.42</td>
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</tr>
<tr>
<td>8. General administrative expenses</td>
<td>5,002,557.80</td>
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</tr>
<tr>
<td>a) Staff costs</td>
<td>1,471,642.95</td>
<td>1,355</td>
<td></td>
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<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bb) expenses for statutory social security contributions and compulsory contributions related to wages and salaries</td>
<td>1,100,949.63</td>
<td>1,003</td>
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</tr>
<tr>
<td>cc) other social security charges</td>
<td>274,855.31</td>
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</tr>
<tr>
<td>dd) expenses for pensions and assistance</td>
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</tr>
<tr>
<td>ee) reversal/allocation of pension provision</td>
<td>47,887.44</td>
<td>45</td>
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<tr>
<td>ff) expenses for severance payments and contributions to severance and retirement funds</td>
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<td></td>
</tr>
<tr>
<td>b) other administrative expenses</td>
<td>3,530,914.85</td>
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<tr>
<td>9. Value adjustments in respect of asset items 9 and 10</td>
<td>140,265.70</td>
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<td>10. Other operating expenses</td>
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</tr>
<tr>
<td>III. OPERATING EXPENSES</td>
<td>5,142,823.50</td>
<td>3,767</td>
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</tr>
<tr>
<td>IV. OPERATING RESULT</td>
<td>56,293,419.92</td>
<td>47,268</td>
<td></td>
</tr>
</tbody>
</table>
## Income statement for the year 2019

**DIE ERSTE österreichische Spar-Casse Privatstiftung**

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR</th>
<th>EUR</th>
<th>Previous year</th>
<th>Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carryover (IV. Operating result)</strong></td>
<td>56,293,419.92</td>
<td>47,268</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>11. Value adjustments to loans and advances and allocations for provisions for contingent liabilities, commitments and securities held in the financial current assets</strong></td>
<td>0.00</td>
<td></td>
<td>200</td>
<td></td>
</tr>
<tr>
<td><strong>12. Value re-adjustments to loans and advances and provisions for contingent liabilities, commitments securities held in the financial current assets</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>13. Value adjustments to transferable securities held as financial fixed assets, participating interests and shares in affiliated companies</strong></td>
<td>146,365.18</td>
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<td>258</td>
<td></td>
</tr>
<tr>
<td><strong>14. Value re-adjustments to transferable securities held as financial fixed assets, participating interests and shares in affiliated companies</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>V. PROFIT OR LOSS ON ORDINARY ACTIVITIES</strong></td>
<td><strong>56,147,054.74</strong></td>
<td></td>
<td><strong>46,809</strong></td>
<td></td>
</tr>
<tr>
<td><strong>15. Extraordinary income</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>of which: withdrawals from the special fund for general banking risks</td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>16. Extraordinary expenditures</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>of which: allocation to the special fund for general banking risks</td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>17. Extraordinary result</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(subtotals from items 15 and 16)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>18. Tax on profit or loss</strong></td>
<td>-34.51</td>
<td></td>
<td>373</td>
<td></td>
</tr>
<tr>
<td>of which: income related to deferred taxes</td>
<td>-34.51</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>19. Other taxes not reported in item 18</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>19a. Profit or loss from demergers</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>VI. PROFIT FOR THE YEAR AFTER TAX</strong></td>
<td><strong>56,147,089.25</strong></td>
<td></td>
<td><strong>46,437</strong></td>
<td></td>
</tr>
<tr>
<td><strong>20. Changes in reserves</strong></td>
<td>56,147,089.25</td>
<td></td>
<td>46,437</td>
<td></td>
</tr>
<tr>
<td>of which: allocation to reserves</td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>reversal of reserves</td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>VII. PROFIT FOR THE YEAR AFTER DISTRIBUTION OF CAPITAL</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>21. Profit brought forward from previous year</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>22. Profits transferred on the basis of profit transfer agreement</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>VIII. PROFIT OR LOSS FOR THE YEAR</strong></td>
<td>0.00</td>
<td></td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements 2019
DIE ERSTE österreichische Spar-Casse Privatstiftung

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1 General Information

1.1 Introduction

The 2019 financial statements were prepared in accordance with section 18 of the Austrian Private Foundation Act (PSG) by analogy with the relevant provisions of the Austrian Commercial Code (UGB) and in consideration of the relevant provisions of the Austrian Banking Act (BWG) as amended.

Information and explanations that resulted from changes in applicable accounting provisions can be found in section 2 (Details on the accounting and valuation principles).

1.2 Structure of the financial statements

Due to the conversion of the legal form of “DIE ERSTE österreichische Spar-Casse Anteilsverwaltungssparkasse” to “DIE ERSTE österreichische Spar-Casse Privatstiftung” (hereinafter: ERSTE Foundation) and the associated retention of book value, the financial statements of ERSTE Foundation retain the structure stipulated under the Austrian Banking Act.

1.3 Liability of ERSTE Foundation for Sparkasse AG

ERSTE Foundation was created with the entry in the commercial register pursuant to section 7, paragraph 1 of the PSG. The Anteilsverwaltungssparkasse (share management savings bank) continues to exist as a private foundation pursuant to section 27b, paragraph 1 of the Savings Bank Act (SpG). The private foundation was entered in the commercial register at the Vienna commercial court on 19 December 2003 under company number 072984f and company name “DIE ERSTE österreichische Spar-Casse Privatstiftung”.

2 Details on the Accounting and Valuation Principles

2.1 Fair presentation

The financial statements were prepared in accordance with generally accepted accounting principles and the fair presentation concept, which stipulates that preparers provide the most accurate picture possible of the net assets, financial position and results of the private foundation.

The valuation of assets and liabilities was based on the principle of individual valuation and the private foundation was assumed to be a going concern.

The principle of prudence was also applied.

2.2 Valuation principles

2.2.1 Foreign currency debtors and creditors

Foreign currency debtors and creditors, values and foreign currency cheques were valued using the ECB’s reference exchange rate.

Currency conversion income was recognised in the income statement.

2.2.2 Participating interests and shares in affiliated companies

Participating interests and shares in affiliated companies were recognised at initial value unless a write-down was necessary due to a probable permanent impairment (using the lower of cost or market rule).

2.2.3 Accounts receivable

Loans and advances to credit institutions and other accounts receivables were valued in accordance with the regulations in section 207 of the UGB. Discernible risks were accounted for through a corresponding value adjustment.

2.2.4 Investments

Investments (debt securities and other fixed-rate securities, shares and other variable-yield investments) are valued at initial value, grouped with the financial assets that they pertain to, and valued at the lower market value in the event of a probable permanent impairment (moderate lower of cost or market rule).

Investments are grouped according to the organisational guidelines passed by the managing board.

Regarding fixed-interest securities with characteristics of a financial asset, if the initial value is higher than the repayment amount, the difference is written down pro-rata temporis pursuant to section 56,
paragraph 2 of the BWG. There is no possibility of a pro-rata temporis write-up of differences pursuant to section 56, paragraph 3 of the BWG.

If, during a subsequent fiscal year, the reasons for write-down to the lower market value no longer apply, the write-down loss is reversed.

The market value is the amount that can be obtained from the sale of a financial instrument on an active market, or the amount that would be paid to purchase the same. Market prices were used for the valuation if they were available. Valuation models, especially the present value method, were used if market prices were not available.

2.2.5 Intangible assets and tangible assets

Intangible assets and tangible assets were valued at their cost of acquisition or production, less scheduled linear amortisation or depreciation. Amortisation and depreciation periods have not changed during the reporting year and are

- four years (25%) for intangible assets,
- between four and 15 years (between 25% and 6.67%) for other tangible assets.

Low-value assets were depreciated in full in the year of acquisition and recorded as disposals.

2.2.6 Liabilities

Liabilities were recognised at the amount to settle the obligation.

2.2.7 Provisions

Provisions were measured at the best estimate of the amount to settle the obligation.

Other provisions with a remaining term of more than one year are discounted at a market interest rate, which is the rate at which a company with a high credit rating can procure debt.

3 Deviations from Accounting and Valuation Principles

No changes were made to the accounting and valuation principles versus the previous year.

4 Details on the Balance Sheet

Accrued interest is allocated to individual balance sheet items in the financial statements. The figures in the following notes exclude accrued interest.

4.1 Breakdown of receivables and payables by maturity

Breakdown by residual terms of loans not repayable on demand, deposits not payable on demand, and obligations to credit institutions and non-banks not repayable on demand:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>TEUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Obligations not payable on demand</td>
<td>200,000,000.00</td>
<td>200,000</td>
</tr>
<tr>
<td>More than 1 year up to 5 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2 Amounts owed to or from affiliated companies and companies linked by virtue of an equity interest

<table>
<thead>
<tr>
<th></th>
<th>Affiliated companies</th>
<th>Companies linked by virtue of an equity interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>TEUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Debt securities</td>
<td>0.00</td>
<td>0</td>
</tr>
</tbody>
</table>
4.3 Relations to affiliated companies

Relations to affiliated companies were managed within the standard industry framework.

4.4 Participating interests and shares in affiliated companies

Participating interests and shares in affiliated companies comprise shares in the following key companies and show the following shareholders’ equity and results according to the most recent financial statements available to us:

<table>
<thead>
<tr>
<th>Company and headquarters</th>
<th>Total equity (of which, indirect) in %</th>
<th>Shareholders’ equity EUR</th>
<th>Last result EUR</th>
<th>Financial report by year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erste Group Bank AG, Vienna</td>
<td>11.25% (4.89%)</td>
<td>8,331,638,427.72</td>
<td>1,327,101,983.83</td>
<td>31.12.2019</td>
</tr>
<tr>
<td>Erste Social Finance Holding GmbH, Vienna</td>
<td>40%</td>
<td>4,635,246.54</td>
<td>-24,322.12</td>
<td>31.12.2018</td>
</tr>
<tr>
<td>Fund of Excellence Förderungs GmbH, Vienna</td>
<td>42%</td>
<td>-803.32</td>
<td>-82,484.70</td>
<td>31.12.2018</td>
</tr>
<tr>
<td>Sparkassen Beteiligungs GmbH &amp; Co KG, Vienna</td>
<td>50.95%</td>
<td>1,187,113,394.68</td>
<td>42,607,903.52</td>
<td>30.06.2019</td>
</tr>
<tr>
<td>Sparkassen Beteiligungs GmbH, Vienna</td>
<td>100%</td>
<td>60,750.57</td>
<td>-1,565.71</td>
<td>31.12.2019</td>
</tr>
</tbody>
</table>

The book value of participating interests in the amount of EUR 326,415,467.32 (previous year: TEUR 318,064) is composed of EUR 1,804,199.63 on the 40% stake in Erste Social Finance Holding GmbH, reduced by EUR 31,348.57 through a devaluation as at 31 December 2019; of EUR 16,800 on the 42% stake in Fund of Excellence Förderungs GmbH, which received a shareholder contribution of EUR 102,900.00 in 2019 that was, however, immediately again written off, and of EUR 324,594,467.69 (previous year: TEUR 316,212) on the stake in Erste Group Bank AG, which increased through the acquisition of 450,000 shares with a book value of EUR 15,012,354.58 and reduced through a further transfer of 1,000,000 shares with a book value of EUR 6,630,000.00 to Sparkassen Beteiligungs GmbH & Co KG. This book value represents total holdings of 27,361,956 Erste Group Bank ordinary shares, which are managed – depending on their acquisition period – in three different custody accounts at different acquisition costs and which represent 6.37% (previous year: 6.50%) of the share capital as of 31 December 2019. The market value of this participating interest was EUR 918,267,243.36 at the end of the year as calculated from the closing price of EUR 33.56 on the Vienna stock exchange.

As ERSTE Foundation is not a superordinate credit institution (credit institution or financial holding company) in relation to Erste Group Bank AG, which would constitute a credit institution group for the purpose of section 30, paragraph 1 of the BWG, there is no need to include ERSTE Foundation in the companies to be consolidated according to the BWG. No consolidated accounts need to be prepared under commercial law either according to section 244 of the UGB.

The “shares in affiliated companies” item on the balance sheet shows the participating interest in Sparkassen Beteiligungs GmbH & Co KG with a book value of EUR 314,320,028.78 (previous year: TEUR 307,690), increased through a further transfer of 1,000,000 Erste Group Bank AG shares with a book value of EUR 6,630,000.00, for a total of 21 million EGB shares (previous year: 20 million shares). ERSTE Foundation indirectly holds 4.89% of Erste Group Bank AG's share capital via Sparkassen Beteiligungs GmbH & Co KG (previous year: 4.65%). ERSTE Foundation therefore directly controls 11.25% as at 31 December 2019 (previous year: 11.15%). The shareholder agreement (Preferred Partnership Agreement) between Caixabank S.A. and ERSTE Foundation in 2009 was renewed on 15 December 2014. It shows Caixabank S.A. joining the alliance of core shareholders, which also includes ERSTE Foundation, the savings banks, their foundations, and Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group. As at 31 December 2019, Caixabank S.A., headquartered in Spain, held 42,634,248 shares (previous year: 42,634,248 shares) in Erste Group Bank AG, which is equivalent to 9.92% (previous year: 9.92%) of Erste Group Bank AG's share capital. Along with its syndicate partners, ERSTE Foundation directly and indirectly controlled 30.39% of Erste Group Bank AG's share capital (previous year: 29.99%).

The average valuation rate per Erste Group share for the shares that ERSTE Foundation holds directly and indirectly in the form of its stake in Sparkassen Beteiligungs GmbH & Co KG was EUR 13.21 as at 31 December 2019.

The 100% stake in Sparkassen Beteiligungs GmbH, founded in 2011, has a book value of EUR 35,000.00.
4.5 Transactions with related companies and persons

There were no transactions with related companies and persons that were significant or unusual for the market.

4.6 Investments

Asset item 5 contains securities admitted to trading on the stock exchange, participating interests and shares in affiliated companies, which are categorised as follows:

<table>
<thead>
<tr>
<th>Admitted to trading, Of which are valued as</th>
<th>Listed</th>
<th>Not listed</th>
<th>Fixed assets</th>
<th>Other valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities and other fixed-income securities</td>
<td>EUR 6,597,025.00</td>
<td>EUR 0.00</td>
<td>EUR 6,597,025.00</td>
<td>EUR 0.00</td>
</tr>
</tbody>
</table>

4.7 Differences for debt securities and other fixed-income securities

The initial values of debt securities and other fixed-income securities were partially lower than the sum payable at maturity, with the remaining difference being EUR 552,975.00.

4.8 Debt securities maturing in the following year

Of the issued, marketable debt securities, EUR 0.00 will mature in the following year (previous year: TEUR 30,000).

4.9 Subordinated assets

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Debt securities</td>
<td>6,597,025.00</td>
</tr>
</tbody>
</table>

The following assets were subordinate in affiliated companies and companies linked by virtue of an equity interest:

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Debt securities</td>
<td>6,597,025.00</td>
</tr>
</tbody>
</table>

4.10 Fixed and long-term assets

The statement of changes in fixed and long-term assets can be found on the following page.
### Statement of changes in fixed and long-term assets (Part 1 - initial value)

<table>
<thead>
<tr>
<th>Description</th>
<th>Initial value as at 1.1.2019</th>
<th>Other 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Treasury bills and similar securities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Loans and advances to credit institutions</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Loans and advances to customers</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>d) Bonds and other fixed-income securities</td>
<td>9,184,525.00</td>
<td>0.00</td>
</tr>
<tr>
<td>e) Shares and other variable-yield securities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,184,525.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Participating interests</strong></td>
<td>318,322,913.11</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Shares in affiliated companies</strong></td>
<td>307,725,028.78</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Goodwill, added value from mergers</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Other</td>
<td>520,447.90</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>520,447.90</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Land and buildings</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Plant and equipment</td>
<td>613,119.01</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Leased assets</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>613,119.01</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Shares in controlling company</strong></td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total fixed and long-term assets</strong></td>
<td>636,366,033.80</td>
<td>0.00</td>
</tr>
<tr>
<td>Description</td>
<td>Additions 2019</td>
<td>Disposals 2019</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Treasury bills and similar securities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Loans and advances to credit institutions</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Loans and advances to customers</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>d) Bonds and other fixed-income securities</td>
<td>9,184,525.00</td>
<td>0.00</td>
</tr>
<tr>
<td>e) Shares and other variable-yield securities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>9,184,525.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Participating interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15,115,254.58</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>307,725,028.78</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Goodwill, added value from mergers</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Other</td>
<td>520,447.90</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>520,447.90</td>
<td>0.00</td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Land and buildings</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Plant and equipment</td>
<td>613,119.01</td>
<td>160,100.70</td>
</tr>
<tr>
<td>c) Leased assets</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>613,119.01</td>
<td>160,100.70</td>
</tr>
<tr>
<td>Shares in controlling company</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>636,366,033.80</td>
<td>15,275,355.28</td>
</tr>
</tbody>
</table>
## Statement of changes in fixed and long-term assets (Part 2 - accumulated depreciation and book values)

<table>
<thead>
<tr>
<th>Description</th>
<th>Accumulated write-downs as at 1.1.2019</th>
<th>Write-downs 2019</th>
<th>Write-ups 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Treasury bills and similar securities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Loans and advances to credit institutions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Loans and advances to customers</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>d) Bonds and other fixed-income securities</td>
<td>75,383.39</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>e) Shares and other variable-yield securities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>75,383.39</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Participating interests</td>
<td>258,451.80</td>
<td>134,248.57</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Goodwill, added value from mergers</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Other</td>
<td>339,580.90</td>
<td>74,816.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>339,580.90</td>
<td>74,816.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Land and buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Plant and equipment</td>
<td>165,687.01</td>
<td>65,449.70</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Leased assets</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>165,687.01</td>
<td>65,449.70</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in controlling company</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total fixed and long-term assets</td>
<td>839,103.10</td>
<td>274,514.27</td>
<td>0.00</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>----------------------------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>EUR</td>
<td>EUR</td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Treasury bills and similar securities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Loans and advances to credit institutions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Loans and advances to customers</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>d) Bonds and other fixed-income securities</td>
<td>75,383.39</td>
<td>0.00</td>
<td>6,597,025.00</td>
</tr>
<tr>
<td>e) Shares and other variable-yield securities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>75,383.39</td>
<td>0.00</td>
<td>6,597,025.00</td>
</tr>
<tr>
<td>Participating interests</td>
<td>258,451.80</td>
<td>134,248.57</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>339,580.90</td>
<td>74,816.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>0.00</td>
<td>74,816.00</td>
<td>0.00</td>
</tr>
<tr>
<td>a) Goodwill, added value from mergers</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Other</td>
<td>339,580.90</td>
<td>74,816.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>339,580.90</td>
<td>74,816.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>a) Land and buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b) Plant and equipment</td>
<td>165,687.01</td>
<td>65,449.70</td>
<td>0.00</td>
</tr>
<tr>
<td>c) Leased assets</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>165,687.01</td>
<td>65,449.70</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in controlling company</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total fixed and long-term assets</td>
<td>839,103.10</td>
<td>274,514.27</td>
<td>76,866.90</td>
</tr>
</tbody>
</table>
4.11 Interim corporation tax pursuant to section 22, paragraph 2 of the Corporation Tax Act (KStG)

The Republic of Austria owes EUR 8,135,286.99 from the settlement of interim corporation tax.

As of preparing the financial statements, no prediction can be made as to whether or when the non-interest-bearing amount owed by the Republic of Austria from the prepayment of interim corporation tax can be offset against capital gains tax on grants. For this reason, the value of the amount has been adjusted to 50%.

The nominal amount receivable for unsettled interim corporation tax payments is EUR 119,416.81 (previous year: TEUR 82).

4.12 Obligations to affiliated companies

There were no significant obligations to affiliated companies not shown in the balance sheet.

4.13 Operating leases and rental obligations

For the following fiscal year, there are obligations of EUR 290,268.58 (previous year: TEUR 284) regarding leased tangible assets not listed on the balance sheet. These obligations amount to EUR 1,451,342.90 for the next five years (previous year: TEUR 1,420).

4.14 Other liabilities

Other liabilities included the following significant individual items:

<table>
<thead>
<tr>
<th>Date</th>
<th>EUR</th>
<th>TEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Outstanding amounts</td>
<td>298,766.01</td>
<td>191</td>
</tr>
<tr>
<td>Amounts owed to grants</td>
<td>4,024,381.78</td>
<td>3,283</td>
</tr>
</tbody>
</table>

4.15 Deferred taxes arising from the conversion of legal form from Anteilsverwaltungssparkasse to the private foundation

Pursuant to section 13, paragraph 5(1) of the KStG, the conversion of legal form from the Anteilsverwaltungssparkasse to ERSTE Foundation is considered to have taken effect at the end of the conversion date, that is, as of 1 April 2003. The conversion date is the day on which the final balance sheet of the Anteilsverwaltungssparkasse was prepared according to section 27a, paragraph 6 of the SpG.

Pursuant to section 13, paragraph 5(2) of the KStG, the tax liability resulting from the conversion (for the differences between the taxable book values and the current values of the individual assets on the final balance sheet of the Anteilsverwaltungssparkasse) can be partially deferred until ERSTE Foundation assets are sold or otherwise disposed of, provided a corresponding application has been filed. This application was filed with the 2003 tax return.

The difference on the list results from the difference between the commercial value and the taxable value of Erste Bank der oesterreichischen Sparkassen AG (now Erste Group Bank AG) ordinary shares before the conversion and was calculated as follows:

The taxable value of Erste Bank der oesterreichischen Sparkassen AG shares was EUR 31.48 per share before the conversion (EUR 7.87 after the share split). The commercial value of the shares was calculated as the six-month average from October 2002 to March 2003, or EUR 61.10 (EUR 15.28 after the share split). The difference of EUR 29.62 (EUR 7.41 after the share split) was recorded as the difference for 19,831,809 shares (or EUR 587,418,182.58). Disposals in 2004, 2005, 2010, 2011, 2012, 2013 and 2014 and 2015 reduced this to EUR 294,895,657.74. The difference for 1,500,000 shares was taxed in 2003.

ERSTE Foundation generates income primarily from capital and other income from the disposal of participating interests that, according to section 13, paragraph 3 of the KStG, are subject to interim tax of 12.5% up to and including 2010 and interim tax of 25% from 2011 (previous year: 25%). No interim tax is collected if ERSTE Foundation makes grants on which it pays capital gains tax. An evidence account needs to be kept for interim tax paid and interim tax credits; the amount in this account is EUR 8,135,286.99 as at 31 December 2019.
4.16 Other provisions

The following shows changes in the provisions balance during the 2019 fiscal year:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for severance payments</td>
<td>14,000.00</td>
<td>9,795.62</td>
<td>4,204.38</td>
<td>0.00</td>
<td>(0.00)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for taxes including deferred taxes</td>
<td>312,782.45</td>
<td>412.00</td>
<td>34.51</td>
<td>0.00</td>
<td>312,335.94</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for personnel</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor’s remuneration</td>
<td>13,000.00</td>
<td>10,738.25</td>
<td>2,261.75</td>
<td>13,000.00</td>
<td>13,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>223,028.00</td>
<td>172,716.46</td>
<td>50,311.54</td>
<td>192,085.27</td>
<td>192,085.27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>562,810.45</strong></td>
<td><strong>193,662.33</strong></td>
<td><strong>56,812.18</strong></td>
<td><strong>205,085.27</strong></td>
<td><strong>517,421.21</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.17 Provisions for taxes

Deferred tax liabilities arising from previous year of EUR 312,665.00 relate, on the one hand, to current tax in 2018 utilised in 2019 and, on the other hand, to operating expenses subsequently recognised during 2013-2015 that had been de-recognised as part of the 2008-2012 tax audit (completed in 2015). Any resulting back payments were recognised as a provision in 2018. The legal view of the tax audit was thus followed when calculating the tax expense, but its contents are not made public by ERSTE Foundation and are currently subject to legal appeal.

The deferred taxes are based on temporary differences regarding accruals of other operating income, which are taxable pursuant to section 29 of the EStG. The provision for deferred taxes had a book value as at 31 December 2019 of EUR 82.94 (previous year: EUR 117.45).

4.18 Breakdown of capital reserves

Committed reserves were allocated to capital reserves as part of the change in legal form in 2003. This capital reserve balance results from assets originally endowed to ERSTE Foundation and is to be retained pursuant to section 27a (4), line 4 of the SpG. The balance may be reduced to cover disposal losses connected with the originally endowed assets or any income tax arising from conversion or disposal gains on those same assets.
5 Cash Flow Statement

<table>
<thead>
<tr>
<th>Item</th>
<th>2019 EUR</th>
<th>2018 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the year</td>
<td>56,147,089.25</td>
<td>46,436,640.99</td>
</tr>
<tr>
<td>+/- Gains/losses on investments</td>
<td>12,116.61</td>
<td>16,752.14</td>
</tr>
<tr>
<td>+/- Value adjustments in loans and advances to customers</td>
<td>0.00</td>
<td>214,527.96</td>
</tr>
<tr>
<td>+/- Value adjustments in financial fixed assets</td>
<td>134,248.57</td>
<td>258,451.80</td>
</tr>
<tr>
<td>+/- Depreciation (operating)</td>
<td>140,265.70</td>
<td>139,892.58</td>
</tr>
<tr>
<td>+/- Addition of non-current provisions</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+/- Taxes</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>= Operating cash flows</td>
<td>56,433,720.13</td>
<td>47,066,265.47</td>
</tr>
<tr>
<td>+/- Increase/decrease in inventories, trade debtors, and other assets</td>
<td>-91,368.27</td>
<td>300,137.46</td>
</tr>
<tr>
<td>+/- Increase/decrease in creditors (without banking liabilities and notes payable) and other liabilities</td>
<td>1,995,155.80</td>
<td>-299,009.24</td>
</tr>
<tr>
<td>+/- Increase/decrease in short-term provisions</td>
<td>-45,389.24</td>
<td>349,380.70</td>
</tr>
<tr>
<td>= Cash flows from operating activities</td>
<td>58,292,118.42</td>
<td>47,416,774.39</td>
</tr>
<tr>
<td>+/- Payments for investments in fixed assets</td>
<td>-160,100.70</td>
<td>-34,369.58</td>
</tr>
<tr>
<td>+/- Investment in shares and other variable-yield instruments</td>
<td>2,500,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+/- Acquisition/disposal or non-cash issue of EGB shares</td>
<td>-8,382,354.58</td>
<td>0.00</td>
</tr>
<tr>
<td>Sparkassen Beteilungs GmbH &amp; Co KG non-cash issue</td>
<td>6,630,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Acquisition/disposal of EGB shares</td>
<td>-15,012,354.58</td>
<td>0.00</td>
</tr>
<tr>
<td>+/- Gains from disposal of EBG shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- Investment in shares in affiliated companies</td>
<td>-102,900.00</td>
<td></td>
</tr>
<tr>
<td>+/- Acquisition/disposal of non-cash issue of EGB shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erste Social Finance Förderungs GmbH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund of Excellence Förderungs GmbH</td>
<td>-102,900.00</td>
<td></td>
</tr>
<tr>
<td>+/- Investment in shares in affiliated companies</td>
<td>-6,300,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+/- Sparkassen Beteilungs GmbH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- Sparkassen Beteilungs GmbH &amp; Co KG</td>
<td>-6,300,000.00</td>
<td></td>
</tr>
<tr>
<td>= Cash flows from investing activities</td>
<td>-12,775,355.28</td>
<td>-34,369.58</td>
</tr>
<tr>
<td>+/- Deposits/payments from discharging/taking on banking liabilities</td>
<td>-25,000,000.00</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>+/- Securitised liabilities</td>
<td>-30,000,000.00</td>
<td>-30,000,000.00</td>
</tr>
<tr>
<td>= Cash flows from financing activities</td>
<td>-55,000,000.00</td>
<td>-25,000,000.00</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of Dritte Stiftung</td>
<td>-7,716,787.95</td>
<td>-5,846,082.79</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>-17,200,024.81</td>
<td>16,536,322.02</td>
</tr>
<tr>
<td>+/- Change in cash and cash equivalents from exchange rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance of liquid resources at the beginning of the period</td>
<td>25,381,263.74</td>
<td>8,844,941.72</td>
</tr>
<tr>
<td>Balance of liquid resources at the end of the period</td>
<td>8,181,238.93</td>
<td>25,381,263.74</td>
</tr>
<tr>
<td>Total change in cash and cash equivalents</td>
<td>-17,200,024.81</td>
<td>16,536,322.02</td>
</tr>
</tbody>
</table>

6 Details on the Income Statement

6.1 Interest income and similar items
Interest received amounting to EUR 372,052.72 (previous year: TEUR 339) results primarily from income from fixed-income securities.

6.2 Interest expense and similar items
Interest expenses totalled EUR 6,387,280.47 (previous year: TEUR 6,776) and wholly relate to interest from borrowings with credit institutions and issued bonds.

6.3 Income from investments and participating interests
This item comprises the dividend payment of EUR 1.40 per share (previous year: EUR 1.20) from Erste Group Bank AG totalling EUR 38,096,738.40 (previous year: TEUR 33,495) and the income from the participating interest in Sparkassen Beteiligung drift GmbH & Co KG amounting to EUR 29,400,000.00 (previous year: TEUR 24,000).
6.4 Auditor expenses

Audit expenses for the 2018 year-end financial statements stood at EUR 10,738.25 (previous year: TEUR 13). A provision of EUR 13,000.00 was recognised for the 2019 fiscal year (previous year: TEUR 13). No other services were provided.

6.5 Allocation to retained earnings

Net income for the year of EUR 56,147,089.25 (previous year: TEUR 46,437) has already been fully allocated to year-end reserves.

6.6 Changes in ERSTE Foundation equity balance

<table>
<thead>
<tr>
<th></th>
<th>31/12/2019</th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed endowment as at 1 April 2003</td>
<td>79,147,249.86</td>
<td>79,147</td>
</tr>
<tr>
<td>Committed retained earnings as at 31 December 2018 (or 2017)</td>
<td>72,508,808.00</td>
<td>72,509</td>
</tr>
<tr>
<td>Plus allocations from 2003 to 2018 (or 2017)</td>
<td>340,254,769.68</td>
<td>293,818</td>
</tr>
<tr>
<td>Less grants from 2005 to 2018 (or 2017)</td>
<td>-91,208,697.86</td>
<td>-85,283</td>
</tr>
<tr>
<td>Foundation equity as at 1 January</td>
<td>400,702,129.68</td>
<td>360,191</td>
</tr>
<tr>
<td>Less grants in 2019 (or 2018)</td>
<td>-6,556,526.27</td>
<td>-5,926</td>
</tr>
<tr>
<td>Plus allocations in 2019 (or 2018)</td>
<td>56,147,089.25</td>
<td>46,437</td>
</tr>
<tr>
<td>Foundation equity per 31 December</td>
<td>450,292,692.66</td>
<td>400,702</td>
</tr>
<tr>
<td>Of which, committed reserves as at 31 December:</td>
<td>224,375,507.09</td>
<td>224,376</td>
</tr>
<tr>
<td>Of which, free reserves as at 31 December:</td>
<td>225,917,185.57</td>
<td>176,327</td>
</tr>
</tbody>
</table>

As at the balance sheet date of 31 December 2019 the equity balance of ERSTE Foundation stood at EUR 450,292,692.66 (previous year: TEUR 400,702) as shown above, without hidden reserves or hidden charges. This change in foundation equity results, on the one hand, from the allocation of 2019 net income of EUR 56,147,089.25 to free reserves and, on the other hand, from the appropriation of reserves in the amount of EUR 6,556,526.27 through grants to beneficiaries according to section 3 of the foundation’s articles of association.

7 Events After the Balance Sheet Date

After the balance sheet date on 31 December 2019, an event was triggered by the outbreak of the COVID-19 virus that was declared by WHO on 11 March 2020 to be a pandemic and a public health emergency of global proportions. This event is having a massive impact on people and companies across the world.

The effects of the COVID-19 crisis represent events with financial implications that were not considered in the annual financial statements as at 31 December 2019, in line with the cut-off principle. The going-concern assumption is not affected by these effects and remains appropriate. The resulting financial effects could not be reliably estimated at the time the financial statements were prepared and were therefore not included.

8 Liquidity

In the 2019 fiscal year, a bond and a loan totalling EUR 55.0 million were able to be repaid by way of the liquidity surplus from 2018 and EUR 67.5 million of dividends received from Erste Group Bank AG.

Due to the current situation regarding the COVID-19 pandemic, Erste Group Bank AG has decided to postpone the date of the annual general meeting and reconsider the level of the planned dividend payout of EUR 1.50 per share.

To ensure adequate liquidity, the foundation has a credit line with a major Austrian bank under which up to EUR 35 million can be drawn on at any time.
9 Details on Boards and Staff

9.1 Number of staff
The foundation had an average of 15.68 staff (previous year: 14.62). This equates to a total of 20 employees (previous year: 17).

9.2 Expenditure for severance payments and pensions
A provision in the amount of EUR 0.00 (previous year: TEUR 14) was recognised for voluntary severance payments during the 2019 fiscal year.

9.3 Board remuneration
According to section 13 of the foundation’s articles of association, the members of the foundation’s managing board receive remuneration consistent with their tasks and with the situation of ERSTE Foundation, the amount of which is to be determined by the supervisory board, unless the member of the foundation’s managing board receives regular remuneration from Erste Group Bank AG or from one of the companies it controls.

Total remuneration for members of the managing board amounted to EUR 196,761.84 (previous year: TEUR 197). No remuneration was paid to former members of the managing board or their heirs.

Total remuneration in 2018 for members of the supervisory board amounted to EUR 77,500.00 (previous year: TEUR 81). For 2019, a EUR 80,000.00 provision was recognised (previous year: TEUR 90).

9.4 Names of board members
The following persons were active as members of the managing board:

Dr Mario Catasta, Chairman of the Board
Boris Marte, Deputy Chairman of the Board
Franz Portisch
Dr Eva Höltl, from 1 April 2020

The following persons were active as members of the supervisory board:

Andreas Treichl, Chairman of the Supervisory Board from 1 January 2020
Dr Manfred Wimmer, Chairman of the Supervisory Board until 31 December 2019
         Deputy Chair of the Supervisory Board from 1 January 2020
Dr Johanna Rachinger, Deputy Chairwoman of the Supervisory Board until 31 December 2019
         Member of Supervisory Board from 1 January 2020
Maximilian Hardegg
Ilse Fetik
Barbara Pichler
Dr Peter Pichler
Dr Markus Trauttmansdorff
Bettina Breitender

The general assembly was made up of 117 members (previous year: 118) and 35 honorary members (previous year: 33).

Association director: Rector Emeritus Prof. Georg Winckler until 5 December 2019
Managing association director: Maximilian Hardegg from 6 December 2019
Association Members of
“DIE ERSTE österreichische Spar-Casse Privatstiftung”

(as at 31 Dec 2019)

ANGYAN Dr Thomas
ATTEMES Mag. Dr Johannes
ATTENSA Mag. Ing. Oliver
BADELT Univ. Prof. Dr Christoph *
BARTENSTEIN MA MMag. Dr Ilose *
BERCHTOLD-OSTERMANN Mag. Dr Eleonore *
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