



**Is It  
Tomorrow Yet?**



**“Covid-19 has infected the world with cosmopolitanism,  
while turning states against globalisation.”**

IVAN KRASTEV

*Is It Tomorrow Yet?*

*Paradoxes of the Pandemic,*

London et al.: Allen Lane 2020, p.71



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Photo: Jakob Polascek

## A Major Transformation

Most of us have always known it; others had to learn it the hard way last year: physical health is the most valuable asset in our lives. In 2020, people in Europe and around the world faced the biggest health crisis since World War II and the first pandemic since the Spanish flu about a hundred years ago. Millions of people have died and many more have fallen ill. By the time this report is published, in the first half of 2021, we're still not quite out of the woods. Due to the restrictions needed to contain it, the health crisis soon became an economic crisis with far-reaching economic and social consequences.

As a result, we learned that financial health is the second most valuable asset for us individually but also for entire societies. Physical and financial health are also closely intertwined. Illness often leads to economic hardship, and financial worries often trigger physical or mental problems. In both cases, prevention is the best medicine.

At this time when the coronavirus pandemic unexpectedly left masses of people unemployed or in a precarious economic situation, ERSTE Foundation took a major step forward in its focus on "financial health". Together with key stakeholders, we set up the Foundation for Economic Literacy last year to help enhance general economic literacy throughout Austria and integrate economic and financial education into school curricula. Economic literacy is the primary factor in providing for a financially healthy life.

In addition to threatening our health and the economy, the coronavirus pandemic also had a major impact on other spheres of life. As a result of emergency decrees, we had to accept severe restrictions to fundamental democratic rights:

freedom of movement, freedom of assembly, the right to education and the right to meet other people, especially those closest to us, were temporarily suspended. Entire industries suffered enormous economic slumps due to imposed closures. The dynamics of globalisation suddenly had a downside: chains of infection stretched across continents, while supply chains were abruptly disrupted. With borders closed, important goods were unavailable in the short and medium term. Theatres, museums, and concert halls remained empty, and access to culture was blocked.

At the same time, many of us were amazed to see what is possible when things get serious. The crisis gave an enormous boost to digitalisation, which enabled bridging solutions for home schooling

and working from home, but also innovative formats of collaboration and tools for maintaining access to arts and culture. Systemically important services continued to run smoothly, cashless payment was increasingly accepted, and medical research delivered results in record time. The most frequently cited positive effect of the Covid-19 crisis is the seven per cent (2.4 billion ton) drop in global CO<sub>2</sub> emissions in 2020 compared to the previous year.

We are witnessing a major transformation in society. After overcoming the pandemic, we will not return to a pre-crisis state. ERSTE Foundation and the entire civil society, but also banks, must and will seize the opportunities that this crisis presents. The digital world must also be accessible to NGOs, for example (something we are working on with the start-up Two Next). In view of the solutions we urgently need to tackle the climate crisis and the social and societal upheavals in its wake, the foundation will have to break new ground

*Financial health is the second most valuable asset of our life.*

both as a partner of committed NGOs and social enterprises and as a responsible shareholder of Erste Group.

For Erste Group, the pandemic has shown the importance of providing face-to-face customer support and individual solutions in crisis situations. Apps are not the answer to everything. Financial service providers will have to provide even more individually tailored services in the future if they want to survive. In its role as owner, ERSTE Foundation will ensure that the business purpose of its bank combines effectiveness and public spirit. In return, it enables one of the largest financial service providers in Central and Eastern Europe to rely on a solid ownership structure in uncertain times.

During the pandemic, banks played a key role in disbursing government subsidies to the business sector, and they will be needed as competent partners in the coming period to handle the huge investment volumes provided by the European Green Deal and other stimulus programmes designed to help businesses emerge from the crisis stronger and sustainably. At the same time, banks are under close scrutiny from regulators. Early on, the European Central Bank recommended that banks suspend or limit dividend pay-outs for 2019 and 2020. ERSTE Foundation had sufficient reserves to cushion the loss of its dividend payment in 2020 and was even able to provide special grants to NGOs that were hit particularly hard by the pandemic.

Erste Group already made sufficient provisions for possible loan losses at the beginning of the pandemic. The good news is that the prospect of the development of life-saving vaccines in record time was enough to stimulate economic growth in many industries and many countries in Central and Eastern Europe. We are confident about the economic future of Erste Group and ERSTE Foundation after the pandemic is over.

The ERSTE Foundation supervisory board's decision to appoint a health expert to the foundation's managing board in March 2020 – even before the World Health Organisation had declared the Covid-19 crisis a pandemic and Austria had announced the first lockdown – was indeed a timely move. Eva Hörtl, an occupational health

practitioner who heads Erste Group's health centre, has been contributing her expertise on physical and financial health to the ERSTE Foundation board, as well as her knowledge of the impact of social problems on individual people's health and the resilience of social groups. She is head of the scientific advisory board of the Austrian Academy of Occupational Medicine and Prevention and was also appointed a spokesperson for the "Österreich impft (Austria vaccinates)" initiative, which provides information to the population about the benefits and risks of coronavirus vaccination, in early 2021.

I was deeply saddened by the completely unexpected passing of Peter Pichler. He was a particularly committed member of the supervisory board whose valuable contributions based on many years' expertise as an entrepreneur have greatly benefited our work. We miss his voice and his wise observations. As planned for some time, Philipp Thurn und Taxis was appointed a member of the supervisory board at the association's meeting on 30 November 2020. I am very much looking forward to working with him.

I would like to sincerely thank Mario Catasta (CEO) and Boris Marte (Deputy CEO) as well as Eva Hörtl and Franz Portisch and all employees for their work in this extraordinary year and hope you, and all of us, will stay healthy – both physically and financially.

#### **Andreas Treichl**

Chairman of the Supervisory Board

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#### **Supervisory Board Members**

Andreas Treichl  
Manfred Wimmer  
Bettina Breiteneder  
Ilse Fetik  
Maximilian Hardegg  
Barbara Pichler  
Johanna Rachinger  
Philipp Thurn und Taxis  
Markus Trauttmansdorff

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The managing board of ERSTE Foundation: Mario Catasta (CEO), Eva Höltl, Franz Portisch, Boris Marte (dep. CEO)  
Photo: Peter M. Mayr

## A Year Like No Other

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van Krastev sees a paradox in the coronavirus pandemic's impact on the world ("Is it tomorrow yet?"): although in 2020 we were supposed to keep as much distance from each other as possible and borders were closed temporarily, we all felt more than ever, perhaps for the first time in history, that we are inhabitants of one world, fatefully connected, united in the fight against the virus. We are facing the same crisis all over the world, even though it does not have the same consequences for everyone. Therefore, many reviews of 2020 will probably be much alike. This is our take on the situation as we look back on a year like no other.

At the beginning of the year, we at ERSTE Foundation felt encouraged by the inspiring ideas for a sustainable future that the guests of our 200th anniversary lecture series had presented us the year before. We were eager to share these thoughts with our colleagues at the European Foundation Centre conference that we were to host in Vienna in May. The conference, entitled "Foundations and The New Normal", obviously had to be postponed until 2021. Meanwhile a new normal became reality when the coronavirus pandemic broke out in March, massively impacting ERSTE Foundation's work in multiple ways. Our staff worked from home for most of the year, something we were well prepared for in technical and organisational terms. We also did everything possible to ensure

safe and continued cooperation with the numerous initiatives and partner organisations, while we – like many others – had to prepare for times of financial uncertainty. From the first moment of the crisis, our aim was to lay the foundation for a new beginning.

*From the first moment of the crisis, our aim was to lay the foundation for a new beginning.*

Many projects were unable to implement their programmes as planned. For example, cultural venues in most European countries were closed for months to

reduce infection levels. Artists, project managers, journalists, scholarship holders, lecturers and others involved in programmes were unable to travel at all or could do so only to a very limited extent. Conferences, exhibitions, seminars, and similar events were cancelled or moved online. Even **Zweite Sparkasse** now shifted to providing customer services online. At the same time, the NGO sector struggled with similar economic problems as the for-profit sector, but was offered much less government compensation aid, or none at all, in many countries. Moreover, social inequality was exacerbated: sudden joblessness or unemployment, precarious living conditions, parents and children struggling with home-schooling, crises in the care sector and severe or even fatal courses of the disease abruptly aggravated the problems of (potential) clients of many NGOs.



As a direct response to this situation, ERSTE Foundation implemented measures as early as spring 2020 that were specifically tailored to civil society actors coping with the pandemic. In April 2020, ERSTE Foundation set up the **CEE Solidarity Fund** as an unbureaucratic hardship fund for small to medium-sized NPOs in Central and South-Eastern Europe. Furthermore, Erste Group and ERSTE Foundation launched a comprehensive social banking initiative providing a total of around EUR 25 million in liquidity to non-profit organisations in Austria, Croatia, the Czech Republic, Hungary, Romania, Serbia and Slovakia, with ERSTE Foundation covering the interest payments due in 2020. Many projects also reacted quickly. In April 2020, for example, the journalistic platform **Reporting Democracy** called on journalists to report on how the pandemic was reshaping politics and society in Central, Eastern and South-Eastern Europe.

In parallel to the rapid responses to the crisis, work continued on long-term projects. With **Two Next** we launched a limited company that will help non-profit organisations offer digital products and services in areas that the pandemic has put into the spotlight: care and financial inclusion. Drawing on our long experience with FLiP, we were able to forge a new alliance with key stakeholders of the Austrian social partnership to launch the **Foundation for Economic Literacy**, which aims to help integrate financial and economic education in Austrian school curricula in the future.

The pandemic has tended to sideline other events that also deserved our attention in 2020. The conditions in the refugee camps on the island of Lesbos, which is to say on European Union soil, and in Bosnia remained unresolved throughout 2020 and call urgently for new solutions on how Europe deals with asylum and migration. Gerald Knaus, long-time partner of ERSTE Foundation and **Europe's Futures** fellow, seeks to break the deadlocked debate. He presented his book *Welche Grenzen wollen wir?* at ERSTE Foundation in autumn and then personally handed a copy to Austrian President Alexander van der Bellen.

However, we have also seized the time to focus on the future and engage in “innovation dialogues” with our partner network. What lessons can we learn from the health crisis? Which lessons will remain relevant in the longer term? How will we as a society and economy be able to engage with nature in a new way? Are we ready to live and do business in a decarbonised world? 2020 has again impressively demonstrated that times are changing and that as a foundation whose mission calls for a long-term perspective, we will have to deal with these questions for even longer. This also includes finding ways to tackle the challenges of the future in strong democracies. In this context it is appropriate that as part of the **Solidarity Belarus** residency programme, which was set up at short notice (with [tranzit.at](https://www.tranzit.at)), we were able to invite activists and artists from Minsk to come to Austria, allowing them to take a moment to recover and recharge.

At the beginning of 2021 we were filled with hope at the prospect of an effective vaccine against the pandemic. At the same time, we will feel the economic and social consequences of this crisis for a long time to come. It is also up to us to learn the right lessons from it and translate them into ideas and concepts for shaping the future. In any case, we will not be able to return to pre-pandemic normality. Let's not allow the experience of living through a global crisis go to waste, for the challenges in the near future will be even more demanding. We will continue to use ERSTE Foundation's distinctive identity and the freedom to manoeuvre it provides to help contribute to a better life!

**Mario Catasta**  
CEO

**Eva Höltl**  
Board Member

**Boris Marte**  
Deputy CEO

**Franz Portisch**  
Board Member

# ERSTE Foundation: Two Important Tasks

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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.

## **Dividend suspended due to Covid-19 crisis**

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.

Due to its excellent performance in 2019, Erste Group had originally announced to distribute a dividend of EUR 1.50 per share. Before the general shareholders' meeting could give its consent in 2020, the European Central Bank (ECB) announced that it would not be approving any dividend payments by banks until at least October 2020 due to the stresses that it expected the financial sector to be put under as a result of the Covid-19 crisis. As a result, the general shareholders' meeting was postponed until November, when a dividend of EUR 0.75 per share was passed. Yet the ECB prohibited the distribution of that dividend again. A possible dividend is now expected after the general shareholders' meeting in May 2021.

However, given that ERSTE Foundation managed to build free reserves of over EUR 200 million in recent years as a result of good dividend income, grants to beneficiaries will be distributed as planned. Beneficiaries that are entitled to receive grants are limited to non-profit, charitable and religious organisations, while individuals and commercial enterprises are excluded. Hence, the projects that ERSTE Foundation initiates and helps to develop are always carried out with partners or have beneficiaries that are affiliated with this group.

## **Syndicate's participating interest in Erste Group grows slightly**

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. The syndicate slightly increased its stake in Erste Group last year by buying shares through the savings bank group in early 2020.

These agreements entitle ERSTE Foundation to influence how contracting partners vote at supervisory board elections. In addition, the agreement between CaixaBank S.A. and ERSTE Foundation gives CaixaBank S.A. (which has a 9.9% participating interest in Erste Group Bank AG) the right to nominate two members of Erste Group Bank AG's supervisory board. The savings bank group, which collectively holds a syndicated stake of around 6.4%, has the right to nominate one member of Erste Group Bank AG's supervisory board. Thanks to these agreements, Erste Group has a stable group of shareholders that controls around 30.8% of its shares. This enables one of the largest retail banks in Central and Eastern Europe to rely on a solid ownership structure.

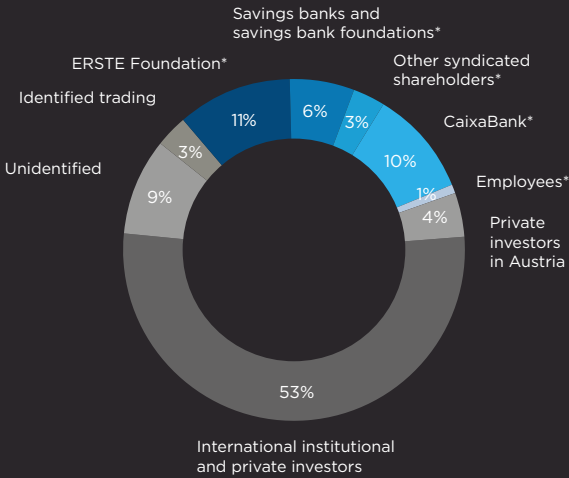
In the past, ERSTE Foundation supported Erste Group in its regional and national investments and therefore repeatedly participated in Erste Group's capital increases, consequently incurring liabilities. ERSTE Foundation's debt currently stands at EUR 220 million. ERSTE Foundation currently has a direct stake in Erste Group of 11.25%.

## **Erste Group share**

The start into the year was promising, and the Erste Group share reached its highest closing price at EUR 35.60 on 12 February. As international equity markets and, in particular, bank shares slipped in the first quarter due to the Covid-19 induced crisis, the Erste Group share likewise suffered a setback by more than 50%. The lowest closing price of the Erste Group share in 2020 was at EUR 15.34 on 3 April. The share then recovered half of the losses previously sustained but recorded renewed setbacks in the third quarter. The gains of the two final trading months of the year offset only part of the losses posted previously.

**Shareholder structure as of 31 December 2020  
by investors (in %)**

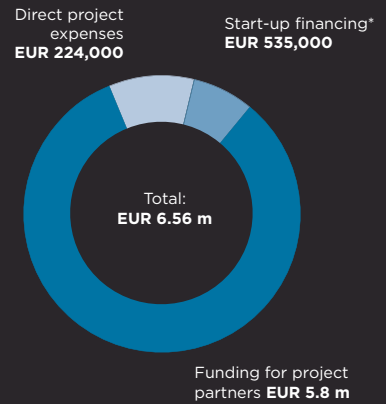
Total number of shares: 429,800,000



\* ERSTE Foundation controls 30.9% of shares in terms of the voting rights at Erste Group's supervisory board elections (including 19.5% from the shares of CaixaBank S.A., the savings banks, the private savings bank foundations, Wiener Städtische Wechselseitiger Versicherungsverein and Erste Employees Private Foundation) and directly holds 11.25% of Erste Group.

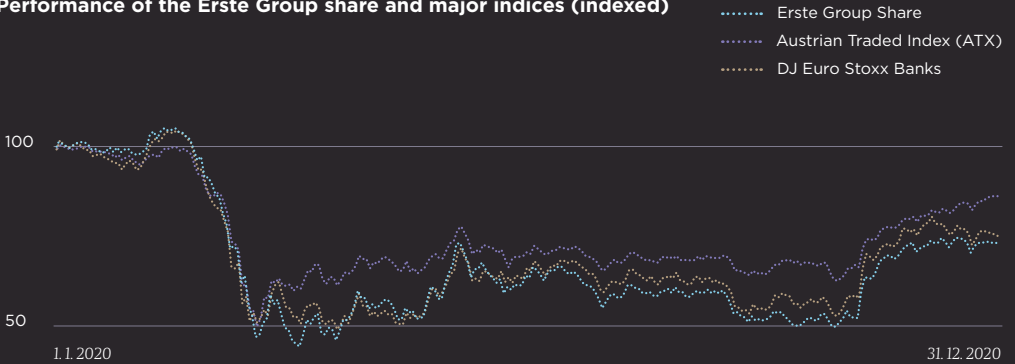
**Project implementations  
and grants 2020**

79 implemented or supported projects



\* Two Next GmbH

**Performance of the Erste Group share and major indices (indexed)**



The Erste Group share closed the year at a price of EUR 24.94, down 25.7% from year-end 2019. The focus of market participants was on the impacts of the declining economic activity in Central and Eastern Europe amid the pandemic, above all on the development of lending volumes and operating income as well as risk provisions.

Covid-19-related factors (including in particular fiscal policy support measures, moratoria on loan repayments, subsidised and guaranteed loans, interest rate cuts, quantitative easing, restrictions on dividend payments, easing of capital requirements) were generally among the key issues of the year.





# **Solidarity in Times of Crisis**

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Be responsible, wear your mask!  
And be conscientious and trash  
them properly!

# Covid-19 – Trash 20/21

Photo project by Dejan Petrović

Keys, wallet, and... a protective mask, things you make sure not to forget when leaving home. No matter what colour, fabric and level of protection, masks have become part of our daily routine. Neatly packed in small protective bags, they are part of us, like underwear, socks, shoes. We wear them for a short or long time, but eventually we replace them with a fresh, crisp, newly unpacked one. And what do we do with the old one? Most of us, most of the time, find a proper trashcan and lay our protector in its final resting place. Others carelessly throw them around, making protective masks a new type of trash. This project collects the photos of the masks that did not find their final resting place but are roaming the streets, yards, forests, rivers... of the world, making this the new trash of the 21st century.

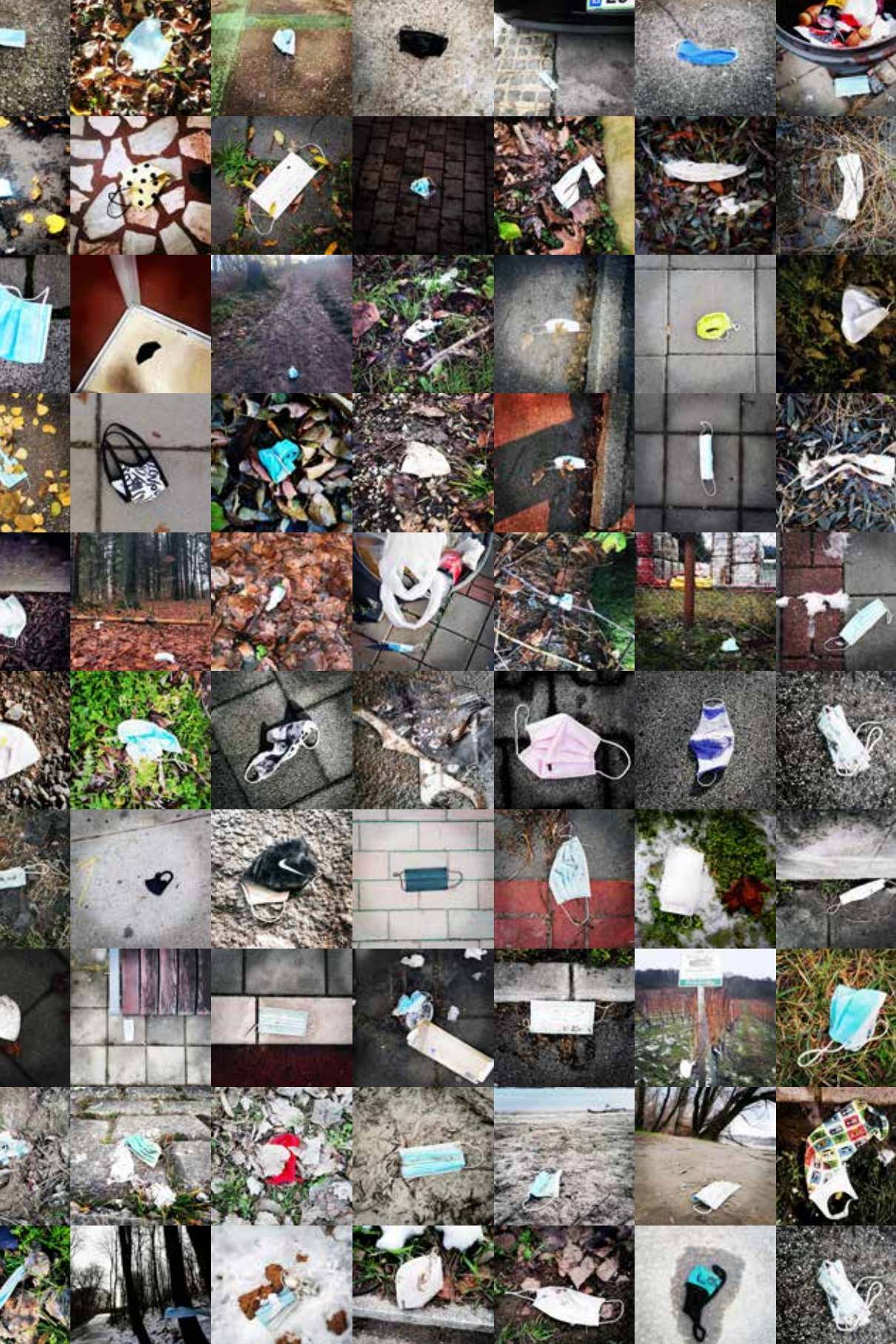
Starting with one photo from the Serbian capital Belgrade, this continuous project has collected over 300 photos of the masks that pollute our environment around the world: Finland, Ukraine, Switzerland, Serbia, Austria, Bosnia, Poland, Germany, Romania, USA, Croatia, Slovenia, Hungary...















Symbiosis Foundation, Hungary, photo: Symbiosis



Agro - drevinový ekosystém BBSK, s.r.o., Slovakia, photo: Agro



Mother-of-Pearl - Association of Disabled People, Hungary, photo: Mother-of-Pearl

# Erste Group and ERSTE Foundation supported NPOs with bridging loans

The coronavirus pandemic has not only severely impacted public budgets, private individuals and businesses, but also the NGO sector. While civil society organisations have been struggling with similar problems as the for-profit sector, in most countries they were offered much less state compensation aid or none at all. As a direct response to this situation, ERSTE Foundation implemented measures as early as spring 2020 that were specifically tailored to civil society actors coping with the pandemic.

In 2020, Erste Group and ERSTE Foundation launched a comprehensive social banking initiative providing a total of around EUR 25 million in liquidity to non-profit organisations in Austria, Croatia, the Czech Republic, Hungary, Romania, Serbia, and Slovakia. Through its subsidiary banks, Erste Group granted loans at particularly favourable terms to bridge the liquidity gap. ERSTE Foundation supported the social institutions that took out the loans by covering interest payments for the newly concluded financing arrangements until the end of the crisis year. The aim was to support non-profit institutions in overcoming financial bottlenecks caused by the coronavirus crisis. In Austria, for example, these loans were offered to all registered non-profit associations and foundations in the health, care and social care sectors. The non-profit organisations could apply for a bridging loan of up to EUR 300,000.

## **What was the impact of these loans? A few comments from borrowers:**

### **Gabriella Miklós, Symbiosis Foundation**

“Although Covid-19 restrictions did not affect the possibility to work outdoors, the purchase of protective equipment and other farming and construction supplies was a great financial burden for us. Yet, thanks to the interest free loan provided by Erste Bank Hungary, we were able to ensure the wellbeing of those 40 people living at the residential houses at the farm and avoid any illness during the pandemic. Moreover, we continued building another guesthouse, which will not only fulfil the needs of families with disadvantaged children, but also allow them to earn money and become taxpaying citizens of our community.”

### **Milan Vano, Agro – drevinový ekosystém BBSK, s.r.o.**

“As a social enterprise, our aim is to contribute to food sovereignty, vocational education of students, employment of disadvantaged and vulnerable people as well as to regional development. Thanks to the interest-free loan from Slovenská sporiteľňa we were able to avoid extra costs to our cash-flow and to further develop our business – also in times of a global pandemic.”

### **Ákos Tóbiás, Mother-of-Pearl Association of Disabled People**

“We started working with Erste Bank Hungary in the beginning of 2020 to finance our new housing project for people with autism. Yet, with the pandemic we were challenged with extra difficulties as well as additional costs for hygienic measures. The interest-free loan has helped us to free up some capital, which we could then use to invest in two new dryers.”

# CEE Solidarity Fund

In April 2020, ERSTE Foundation set up the CEE Solidarity Fund as an unbureaucratic hardship fund for small to medium-sized NPOs in Central and South-Eastern Europe.

Civil society in Central and South-Eastern Europe is particularly challenged even under normal circumstances. The Covid-19 crisis has further exacerbated these challenges. ERSTE Foundation set up the CEE Solidarity Fund in April 2020 to provide quick and unbureaucratic help in the first particularly uncertain weeks of the crisis. The fund offered a total of EUR 350,000, enabling 68 organisations to overcome liquidity shortages due to Covid-19, transfer their activities to the online world, secure jobs for employees and provide crisis support for disadvantaged communities, for example by introducing hygiene measures. Organisations that were part of the NGO Academy's active group of participants were eligible to apply. The NGO Academy is a joint project of ERSTE Foundation and the Competence Centre for Nonprofit Organisations and Social Entrepreneurship at Vienna University of Economics and Business. It was founded in 2013 with the aim of strengthening the civil society sector in Central and South-Eastern Europe by providing further educational opportunities.

Some of those supported by the CEE Solidarity Fund talk here about their experiences in this difficult year.



## How is civil society coping with the pandemic in Central and Eastern Europe?

A crisis is first and foremost a crisis. The paradox of the pandemic is that we are supposed to deal with it by staying at home and reducing our contacts, and that it thrusts us back within the borders of the nation state, even though the virus knows no borders or social barriers and the battle can only be won by joint efforts. Unfortunately, Covid-19 narrows our focus and closes borders. The voices from the NGO Academy aim to illustrate how civil society in CEE has coped with the situation.

Everywhere the lockdown repercussions were worse than in Austria, where NGOs were able to rely on state support. Everywhere the necessary protective measures and increasing demand for social services created additional costs for NGOs. Hardship and inequality increased due to the pandemic. The NGOs' revenues collapsed because events had to be postponed or cancelled, and because private donations and membership fees stagnated, without this being compensated in any way by the state or foundations.

Many NGOs demonstrated admirable creativity, using the crisis as an opportunity – to invest in digitalisation, provide new services, and develop new fundraising approaches. For others, however, it remained and still remains a crisis. It is precisely in times of crisis that we need projects like the NGO Academy, which transcends borders, transfers knowledge, facilitates exchange and enables the voices from the region's NGOs to be heard.



**MICHAEL MEYER** is Head of the Institute for Nonprofit Management and the Competence Centre for Nonprofit Organisations and Social Entrepreneurship of Vienna University of Economics and Business



eematico offers educational programmes for children that help them develop the life skills needed for the 21st century.



They enhance their skills through experiential learning including play, building and do-it-yourself projects – as here at summer camp – using special teaching materials. Photos: eematico

**Ion Neculai, eematico Research, Romania:**

“One of the hardest hit was the education sector due to the difficulties of transferring their activities online. The lack of infrastructure in disadvantaged communities has made it impossible to implement online solutions. NGOs also have encountered resistance in the use of technology for education – either from teachers or even students. Some organisations have shifted to healthcare – providing medical supplies – to survive. eematico Research had to let go two thirds of its team and infrastructure. But we survived.”





The Hungarian Civil Liberties Union (HCLU) works to ensure that everyone in Hungary is informed about their fundamental human rights and empowered to enforce them against undue state interference. Photos: HCLU



**Réka Eszter Velényi, Hungarian Civil Liberties Union, Hungary:**

“On the one hand, the fields where NGOs usually work (and where the state would have responsibilities) expanded massively and quickly (i.e. digital education in highly disadvantaged areas of the country or patients’ rights). Thus the workload of certain NGOs has increased massively. On the other hand, the awareness of those issues has been raised as well and in spite of massive media noise, civil society was able to reach more and more constituencies.”



A Vatra staff member distributes food packages to needy women during the pandemic. Photo: Vatra

**Adena Vangjeli, Psycho-Social Centre “Vatra”, Albania:**

“The pandemic has brought economic consequences that have directly affected victims of trafficking and violence. Many women who are being supported by Vatra Centre have lost their jobs temporarily or permanently. This has made it difficult for them to provide basic living conditions.”

Together again at last: young clients of Speranta Association meet at the botanical gardens after being isolated for three months due to the pandemic. Photo: Speranta Association



**Gheorghe Zastavnețchi, Asociația Obștească Centrul “Speranța”, Republic of Moldova:**

“The funds for projects unrelated to Covid-19 have been reduced, so some organisations have had to change their directions of activity depending on the available funds. Other organisations became financially very vulnerable and had to lay off some of their staff. Many organisations have had to close. The most affected are those that provide direct services (counselling, therapies, day centres).”



In 2020, the SOLIDARNA team and the Croatian population had to deal not only with the pandemic, but also with severe earthquakes. These members of the SOLIDARNA team worked on Fund 5.5 to support people after the crisis that followed the earthquake in Zagreb on 22 March 2020, which hit Croatia in the middle of the first lockdown. More than 80 families received financial aid to rebuild their homes. The fund was reactivated in December 2020 after an earthquake hit Sisak, Petrinja, Glina and the surrounding villages. So far, 1.8 million euros have been raised for relief and recovery projects in the region. Photo: SOLIDARNA

**Ivan Blažević, SOLIDARNA – Foundation for Human Rights and Solidarity, Croatia:**

“SOLIDARNA is also a crisis response organisation, so we were expected to start working immediately on the issues related to the pandemic without any prior funding. Also, SOLIDARNA has a fund that offers financial help to victims of domestic violence. We have seen an increase in requests from victims, but private, public and corporate donors didn’t see the problem of domestic violence as a priority.”



In 2020, the Forum Youth and Informal Education in Podgorica organised an event with government officials, young people from different municipalities and decision-makers to discuss the role of young people in preventing and combating violent extremism. Photo: Katica Nišavić

**Elvira Hadžibegović Bujanja, Forum Youth and Nonformal Education, Montenegro:**

“We launched a joint initiative on building digital competences of the whole youth sector, while also supporting the teachers that work with children with special educational needs. Like others we faced inevitable postponement of project activities, which provoked an extended lack of funding. Most of the Western Balkan NGOs do not have operational grants; they operate project based, which will prove to be a huge challenge to the sustainability of the sector.”



OZ Barlička looks after senior citizens and also cares for young people with health impairments. Photos: OZ Barlička

**Lukáš Kvokačka, OZ Barlička, Slovakia:**

“We mirrored everything from shock, anxiety and overreaction to worried acceptance. Our day-care centre was paused, and our senior home is isolated. Many ask: ‘How many people were killed by the virus in your home?’; however, we can see that loneliness is an invisible killer as well.”





Children mentored by the Genesis project Banja Luka produced one-minute films during the lockdown. Above: screenshot of the film "For Happiness We Need So Little" by Amna Sijah; right: screenshot of the film "Alone We Can Do So Little" by Sara Grizic. Both girls are from Novi Travnik.



**Dijana Pejić, Genesis Project, Bosnia and Herzegovina:**

"Covid-19 pandemic measures are pretty relaxed (to put it nicely) in Bosnia and Herzegovina. After the first lockdown, NGOs had to decide whether they would continue their work online or go back to offline. Those organisations which insisted on safer online settings faced significant difficulties. People throughout the country were tired of Zoom or MS Teams seminars. Online events suffered from a loss of participants. This had negative repercussions for the projects: many of them were stopped in the middle of implementation due to the lack of beneficiaries. However, organisations which decided to go back to offline work had to fear a Covid-19 infection. Some beneficiaries refuse to wear masks and do not 'believe' in Covid-19 (in Bosnia, we have a lot of them)."

Asocijacija za Afirmaciju Kulture is an initiative that aims to promote a positive attitude towards culture in all aspects of daily life. The concluding festivities of the Lighthouse of Knowledge project were held in Vršac in November 2020, with numerous former participants attending. Photo: AAK



**Andrej Balanč, Association for Affirmation of Culture, Serbia:**

"We managed to keep our people and our beneficiaries safe by transferring as many activities as possible to the online environment. (...) We did manage to successfully finish all our projects and even more, we had organisational growth at the end of the year, not as planned but in those circumstances, we are more than proud and happy with our achievement."



Bazil Bazinato, Ulyana Nevzorova, Anna Chistoserdova, Valentina Kiselyova

# Solidarity Belarus

## An Artist-in-Residence programme by tranzit.at and ERSTE Foundation

In Belarus, peaceful protesters and activists have been arrested every day since the rigged presidential elections took place in August 2020. Undauntedly, the Belarusian people have been fighting for their political freedom. Many people close to the **tranzit.at** network, which is supported by ERSTE Foundation, were detained, among them many artists, curators and philosophers. To express their solidarity, tranzit.at and ERSTE Foundation launched the **“Solidarity Belarus” Artist-in-Residence programme** in autumn 2020 and invited four people from Belarus’ cultural field to Vienna’s **Q21/MuseumsQuartier**.

In December 2020 and January 2021, the participants were given the opportunity to recover from the ordeals of the political situation in Belarus and to return their focus to their work and research, or to take a break from the strenuous daily routine of art production. The selection process was carried out by an international jury.

The “Solidarity Belarus” Artist-in-Residence programme at Q21/MuseumsQuartier in Vienna further broadens the long-term cooperation between tranzit.org and ERSTE Foundation.

### Guests in 2020

#### **Bazil Bazinato**

is an artist, researcher and activist from Molodechno, a city near Minsk. He places socially critical sculptures, murals and installations in public spaces and works with interaction practices and forms of perception. For him, these spaces are now occupied by the police and violence and are being misused for political actions against protesters.



[bazinato.carbonmade.com](https://bazinato.carbonmade.com)

#### **Anna Chistoserdova and Valentina Kiselyova**

are the founders and directors of the «Ÿ» contemporary art gallery, one of the most important non-commercial exhibition spaces in Minsk. The «Ÿ» gallery is a space for the creative and intellectual Belarus, a free platform for local and international cultural dialogue. The gallery was closed in 2020 due to the pandemic and the political situation in Belarus.



[en.ygallery.by](https://en.ygallery.by)

#### **Ulyana Nevzorova**

is an artist who began making films, videos and reports during the protests in Minsk, which she distributed anonymously for fear of repression. In her work, she critically comments on the government and its power politics.



[behance.net/UlyanaNevzorova](https://behance.net/UlyanaNevzorova)



My name is Ulyana Nevzorova. I live and work as a visual artist in Minsk, the capital of Belarus. In my most recent works, I try to process the political events in my country. I've spent my whole life in a dictatorship. At this point, my role as a citizen and my artistic practice overlap. Here are some examples of my actions from last year.

# STREET ART BATTLE

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1

This graffiti was painted on a transformer house in a residential area of Minsk. I didn't make it myself, but I've always been very interested in street art. I photographed the work to archive it, because all graffiti in Belarus are painted over by the municipal utilities company. That's censorship in public spaces, so to speak. I wanted to save this image from oblivion with my camera.



# 2

This is what it looks like when the municipal utilities company detects protest graffiti and paints over it.



# 3

When my sister and I noticed the overpainting, we decided to contribute and change the mural further. The white-red-white flag, the former national flag that Lukashenko abolished in 1995, is a symbol of the opposition and the current protests.



4

The red and green flag, which has been the Belarusian national flag since 1995, represents Lukashenko's regime. This is how an unknown person reacted to our intervention and painted over the protest flag.



5

The answer from my sister and me came promptly.



6

This version of the painting was damaged in a rather brutal way.



7

**STRIKE**

Subsequently, we completed the scratched picture with information about the strikers and persecuted people of the protest movement in Belarus. We counted more than 14,000 detainees, more than 450 allegations of torture, 6 deaths of protesters and 0 cases filed against police officers.

# FREEDOM FOR BELARUS!



The residents of Belarus received the following text message from the government:

*"Dear citizens! The Ministry of Internal Affairs informs you that any form of graffiti and painting in public spaces will result in criminal prosecution and up to 12 years in prison."*

In response to this notification, I graffitied the content of the text message in a public place in Minsk, adding the protesters' motto: Жыве Беларусь! (Freedom for Belarus!).



This action took place in a Minsk underground train.

The sheet of paper reads:

**"THIS POSTER MIGHT BECOME THE  
REASON FOR MY DETENTION."**

And this is a fact.



People holding something in their hands during a protest – a poster, a flag, no matter what it was or what message it conveyed – were primarily targeted by the police and were the first to be attacked. That's what I wanted to address with my action.

The action did not take more than a minute. That's how long the train takes from one station to the next. But a lot happened during that time. My action became a real happening. I stood there silently while my sister filmed. There were many reactions, some positive, others negative, culminating in a brawl. My sister was even attacked.

Suddenly the man behind me, who was not part of my team at all, pulled the white-red-white flag with the old national emblem of Belarus out of his pocket and thus brought my action to a coherent conclusion.

But the action did not end there. My sister was prosecuted by the authorities for this alleged administrative offence. On 12 November 2020, my flat was searched in connection with the criminal proceedings against my sister Maria Kalenik under Article 342, para. 1. Maria is incarcerated as a political prisoner to this day.

During the house search, the poster was found and confiscated. Before she was arrested, Maria said that the poster belonged to her. The text "This poster might become the reason for my detention" was recorded in the report – and has therefore gone down in police history. As the proceedings against my sister are still ongoing, the poster is still confiscated and kept by the investigating authorities. But I haven't lost hope that it will return to me once more.

Scan to see video



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.



# Financial Health For All

# **We Are All Part of the Economy**

A foundation for economic literacy has been set up in Austria

Economic and financial literacy is a key skill and should therefore be a main feature of education in the twenty-first century. Everyone should be empowered to participate maturely, independently, responsibly and competently in developing and shaping the economy – and by extension, society as a whole. However, Austrians lack important knowledge about the basic vocabulary and workings of economic and financial life. Academic studies of the status quo confirm this.

The shared goal of making economic literacy a key feature of education in Austria brought together the Chamber of Labour, ERSTE Foundation, the Federation of Austrian Industries, the Innovation Foundation for Education, the MEGA Foundation for Education, the central bank of Austria (Oesterreichische Nationalbank), and the Austrian Economic Chambers. These seven partner organisations have formed a pioneering alliance that is mobilising and pooling resources for strengthening general economic literacy throughout Austria – and in December 2020, they established the Foundation for Economic Literacy (Stiftung für Wirtschaftsbildung).

The new foundation's goal is to sustainably, effectively and systematically integrate economic literacy into general education both within and outside of schools. It is working closely with the education ministry so that it can incorporate the latest developments in curricula and teaching principles into its work. It is also addressing important questions, such as: How can we improve economic literacy for Austrians both within and outside of schools? What economic knowledge and skills will help pupils to better assess and successfully deal with everyday situations? How can we ensure that pupils leave school with more practical economic knowledge? How can we incorporate these approaches into our education system?

The seven partners encompass a diverse range of perspectives, which means that the foundation has a sustainable institutional basis and can address many different issues. As part of an innovative, interorganisational project, the partners will also create an extensive platform for economic literacy that brings together their existing activities in the field. The foundation's work focuses on three areas: anchoring economic literacy in the mainstream education system, providing support for teachers, and building awareness among the relevant stakeholders.



Founded in 2016, the Erste Financial Life Park (FLiP) teaches young people “that everyone is part of the economy in one way or another”. Photo: Marlena König

**Maribel Königer spoke about the new initiative with Andreas Treichl, chairman of the supervisory board at ERSTE Foundation and the representative of ERSTE Foundation on the supervisory board of the Foundation for Economic Literacy.**

**Given that financial and economic literacy is so important, why do you think we are so far behind on it?**

The lack of financial and economic literacy being taught in schools is definitely not a new problem – it’s been an issue in Austria for a long time. I think that the topic just wasn’t given enough attention in the past. Fortunately, though, recent years have seen a rapid rise in the awareness that something needs to be done. A wide range of civil society groups are now engaging with it, and all from very different perspectives. Policymakers are also starting to feel a much more urgent sense that action is required. Now we have the opportunity to address the issue and actually do something about it.

**Why has this alliance succeeded now? Was there a specific trigger?**

Financial and economic literacy doesn’t inspire the same emotional response in people as the environment does. I don’t think it will be possible to establish the equivalent of Fridays for Future for financial literacy. But I do think that policymakers have sensed that more and more people are engaging with the topic. And it’s a very serious one: low levels of economic and financial literacy are a major contributing factor to the much-talked-about, widening gap between rich and poor.

**The Financial Life Park (FLiP) opened at Erste Campus almost five years ago. What’s been your experience of teaching financial literacy to pupils there?**

It’s shown us what happens when – and FLiP does this extremely well – you teach young people about finance and the economy in a way that’s tailored to them. The young people realise that the topic is more interesting and more important than they thought, and much easier to understand than they feared. It’s just about finding the right methods, the right resources and the right teachers. At FLiP, we show young people that the economy isn’t a closed community that they have to learn about from the outside, but rather that we are all part of the economy in one way or another. The idea is to help them understand that they should know as much about financial health as they do about physical and mental health.

**How exactly will the Foundation for Economic Literacy develop these formats for pupils, and how will they be implemented in the state school system?**

First of all, I think it's wonderful that such a wide-ranging and diverse group of organisations has decided to come together and address this topic. We're working alongside the Economic Chambers, the Chamber of Labour, the Nationalbank, the Federation of Austrian Industries, and two private foundations. So we basically cover all the stakeholders. The foundation initially has funding for three years, and our priority for this period is to develop a system for training teachers. We're also going to launch pilot projects in a number of schools. It would be great to reach a stage relatively soon where financial and economic literacy trials are underway in schools in every state. We're focusing on lower secondary school – so that's 10 to 14-year-olds – because we believe that this is a key age for learning about the economy and finance.

**What would be a good benchmark for measuring whether the public's economic literacy has improved or is sufficient? Ownership of shares? Debt levels? Private pensions?**

There are lots of ways to measure economic and financial literacy, including the ones you mentioned. However, a lack of share ownership doesn't indicate that there's a problem with economic literacy – there are many reasons for it. That said, the composition of people's assets does reflect levels of economic knowledge. But it also depends on what products are available. The situation is similar with debt levels. In ten years' time, we won't be able to say: Austrians are now more literate, so we've got lower levels of private debt. Better financial literacy will, however, be visible in the fact that dubious financial services providers, fraudsters, scammers, pyramid schemes and the like will find it much harder to palm their products off on people. A decline in this type of thing would be a good sign. Ultimately, people's knowledge will be measured in surveys.

**Will banks be happy about more-literate customers? If the public knows less, the banks stand to earn more money – from accounts that are always overdrawn, for instance. Literate customers are likely to be more critical.**

This is an important point. Of course it's easier to sell something to a financially illiterate customer than to someone who knows their stuff. But if banks keep operating like that, they'll make themselves meaningless and cease to exist. Banks should take care of their customers' financial health.



Education Minister Heinz Fassmann (centre) showed his support for the founders of the Foundation for Economic Literacy on 15 December 2020. From the left: Georg Knill (Federation of Austrian Industries), Robert Holzmann (Austrian National Bank), Mariella Schurz (MEGA Foundation for Education), Günter Thumser (Innovation Foundation for Education), Renate Anderl (Chamber of Labour), Harald Mahrer (Austrian Economic Chambers), Andreas Treichl (ERSTE Foundation) Photo: APA Fotoservice / Ludwig Schedl



Andreas Treichl, president of the supervisory board of ERSTE Foundation and supervisory board member of the Foundation for Economic Literacy at the press conference to mark its founding in December 2020. Photo: APA Fotoservice / Ludwig Schedl

**As a non-profit foundation, the Foundation for Economic Literacy also shows how private money can help to shape society. In Austria, though, foundations and private funding for the common good are more exotic topics than financial literacy, wouldn't you say?**

The Foundation for Economic Literacy won't be able to solve the problem of non-profit foundations in Austria. Even in this current constellation, we're seeing that some representatives of the public sector still have a degree of mistrust towards non-profit foundations that are funded by private-sector money. We still have work to do to wash off the negative image that came from the self-interested private foundations of the 1990s and still hangs over today's non-profit foundations. But if you look at who has addressed the topic of economic and financial literacy over the past year, you can see that we've achieved a great deal. Five years ago, no one had heard of this field, and now an awful lot of people are talking about it – thanks in part to the Foundation for Economic Literacy. So we have actually achieved a small Fridays-for-Future moment.



[stiftung-wirtschaftsbildung.at](http://stiftung-wirtschaftsbildung.at)

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## FOUNDATION FOR ECONOMIC LITERACY

**Founded on** 15 December 2020

### Partners

Chamber of Labour, ERSTE Foundation, Federation of Austrian Industries, Innovation Foundation for Education, MEGA Foundation for Education, Austrian National Bank, Austrian Economic Chambers

### Budget

EUR 1.4 million annually (EUR 4.2 million secured)

### Duration

Initially three years, with the possibility of an extension

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# FLiP Entrepreneurship Challenge

E-Learning course for children and young people on “Entrepreneurship”



Using creativity and empathy to make the world a somewhat better place: that's what children and young people can learn in Erste Financial Life Park's new online Challenge. The Challenge focuses on Design Thinking, an innovation method. This approach is based on the assumption that problems can be more successfully solved when many different people combine their creativity. The aim is for children and young people to apply this method to gain experience in entrepreneurial thinking in a light-hearted way and learn to take action themselves. For example, they can use the challenge to tackle practical issues such as: "How could we make it easier for new pupils to settle in at our school?", or "How could the nearby park be made more attractive for children?" Children and young people are challenged to work together in small groups to form new ideas and use them as a basis for developing initial prototypes. The intention is for children and young people not only to learn entrepreneurial thinking, but also to develop their enjoyment of working in a team.

The Challenge starts at [www.FLiPchallenge.at](http://www.FLiPchallenge.at) and is then carried out in a specially designed app alone or in a group. Before the young participants get started, brief informative texts, videos and animated graphics explain how Design Thinking works and what this innovation approach entails. To enable the young people to activate their own creativity, the website provides a skills check, where pupils can think about their own strengths and abilities, and very concrete step-by-step instructions on the practical implementation. The Entrepreneurship Challenge was developed jointly by ovos, experts in e-learning, and the Initiative for Teaching Entrepreneurship (IFTE).

FLiP's digital provision has been supplemented by the FLiP Challenges since 2018. The e-learning courses enable sustainable learning and use gamification to make learning about finance fun. Following the Financial Life Challenge and the Investment Challenge, the Entrepreneurship Challenge is now Erste Financial Life Park's third online Challenge. The app is designed for 12 to 16-year-olds. It is free of charge and can be used in or outside the school setting.



## CONTENTS OF THE FLIP BOX

- Configurator: Budget planning and spending distribution in Austria
- Reality Check: Quiz to check comprehension of basic terminology
- Tresor: Price and value
- Opinion Forum: Learning and understanding how opinions are formed
- Getting Global: International production chains and impacts of purchase decisions



### FLiP Box

For those who don't have the opportunity to enjoy a FLiP Tour in Vienna, the FLiP Box provides an analogue alternative. The FLiP Box contains all the materials needed to bring the FLiP stations Configurator, Reality Check, Tresor (vault), Opinion Forum and Getting Global directly into the classroom or seminar room. Rather than communication taking place digitally via a tablet, the format pursues an analogue, playful approach that leaves plenty of scope for communicating the topics.

The workshops are offered by participating savings banks and FLiP. In the first round, 17 savings banks have ordered FLiP Boxes. The production and training sessions for trainers has been postponed due to the pandemic.

### FLiP – content development

Although FLiP was closed for most of 2020 and only a few tours could take place, content development was actively pursued. The Getting Global station was expanded with an exciting topic block on nutrition. A wide range of aspects and controversies on this subject unfolds on a globe consisting of monitors. As visitors walk around the station, they can follow global connections and economic influencing factors. Through this, they become aware of where the food we buy comes from and is produced, and of the impacts of intensive livestock farming, monocultures and over-fishing. They realise that in our globalised world, their actions and purchase decisions have consequences for people and the planet.

In addition to the above, two new special tours were developed in 2020 to expand the FLiP Tours on offer. In order to actively counter poverty among elderly women, FLiP offers a tour focusing on the topic for this target group: a tour for women of 18+ that aims to increase their awareness of their social and professional situation in Austria. The tour impressively demonstrates the need to take action in good time to ensure financial provision and security.

The impacts of the coronavirus crisis are the focus of a special FLiP Tour related to Covid-19. It emphasises the importance of forward-looking financial planning in a situation like a pandemic, in which many people's financial resources are restricted. However, the coronavirus crisis is also a challenge for the national budget, because dealing with the pandemic requires immense financial resources. The special tour also offers precise, easy-to-understand information on state finances and national debt.

### **Geld im Griff – financial education in German lessons**

Volume 3: job search

The idea for *Geld im Griff* ("Getting a Handle on Money") comes from Sweden. These language lessons include an important extra: acquiring knowledge about the country and society. FLiP and the association The Connection have joined forces to develop teaching materials for German courses targeted especially at young migrants. In addition to learning the language, participants are also taught financial and consumer skills, which are crucial for coping with everyday life at work or when dealing with public authorities. After the first two volumes, *Mein Geld* ("My Money") and *Wohnungssuche* ("Finding a Place to Live"), the third chapter was published in 2020, giving step-by-step guidance to people seeking their first job. Initially, the learning materials were intended to help young migrants make a new start and learn the language, but the materials are also very well received in regular classes because they are varied, playful and true to life.

Documents can be ordered free of charge at [www.theconnection.at/geldimgriff](http://www.theconnection.at/geldimgriff) and are also available for download at [www.financiallifepark.at/geldimgriff](http://www.financiallifepark.at/geldimgriff).



# Zweite Sparkasse Expanded its Range of Services in Vienna

It became easier to get a managed account from Vienna Debt Counselling Service in 2020, and there is now a microloan for people looking for housing.

Covid-19 was also a challenge for Zweite Sparkasse and its customers. On the one hand, branch opening hours were repeatedly affected by government restrictions such as lockdowns and social distancing rules. On the other hand, many volunteer employees belong to the older generation and had to be specially protected as they belong to an at-risk group. At the same time, the bank for the unbankable has to prepare for an increase in demand for its services due to economic stagnation and high unemployment in Austria in the wake of the measures taken to fight the pandemic. Even after the pandemic ends, many people in Austria will unfortunately not be able to live a normal life for a time given that half a million unemployed and many people in short-time work are in danger of losing their financial footing. The statutory debt moratorium, which expires in 2021, will further aggravate the situation.

## **Service centre at Schweizergarten park**

With this in mind, one of the most positive developments was the opening of the new premises for Betreutes Konto (Managed Account) of Vienna Debt Counselling Service, in the Zweite Sparkasse building in Vienna at the pavilion at Schweizergarten park, on 11 September 2020. In addition to Vienna City Councillor for Social Affairs, Peter Hacker, and Anita Bauer, managing director of the Vienna Social Fund, Chamber of Labour President Renate Anderl, Education Director Heinrich Himmer and Christian Neumayer, managing director of Vienna Debt Counselling Service, the entire board of Zweite Sparkasse was represented by Günter Benischek, Brigitte Guttmann and Gerhard Ruprecht. The event also honoured the first young people to successfully complete the *Finanzführerschein* (financial driving licence), which was launched in February 2020. This training programme from Vienna Debt Counselling Service provides pupils with practical knowledge in the realm of money.

“Having the Vienna Debt Counselling Service’s Betreutes Konto in-house creates a large number of synergies, saves customers time and guarantees a stimulating conversation between the Betreutes Konto staff and Zweite Sparkasse,” Günter Benischek said. In order to offer the best possible service to customers, Zweite Sparkasse aligned its opening hours with those for the Betreutes Konto section. The managed account is a service that Vienna Debt Counselling Service provides in cooperation with selected banks. Zweite Sparkasse is its main partner in this regard. The target group for the managed account are people who tend to be in a care relationship with a social institution and have difficulty identifying and meeting their financial obligations, which puts them at risk of becoming homeless.

## **Housing microloan**

Also at risk of homelessness are people who wish to rent a flat and are either living on low income or government transfers, and therefore have difficulty making the one-time payments that are usually required when taking such a step. Since the end of 2020, Zweite Sparkasse’s housing microloan has made it possible for people with minimal resources to pay a security deposit and buy kitchen fittings from an outgoing tenant, which enables them to move into their own flat. The loans have a maximum amount of EUR 5,000 and a term of five years. Caritas brokers the transactions. The current financing volume of EUR 300,000 is fully secured by a guarantee from ERSTE Foundation. For the time being, housing microloans will be granted exclusively in Vienna.



Anita Bauer, managing director of the Vienna Social Fund, Education Director Heinrich Himmer, Vienna City Councillor for Social Affairs, Peter Hacker, and Chamber of Labour President Renate Anderl congratulate two graduates of the *Finanzführerschein* (financial driving licence) programme. Photo: FSW



Some of the team of the Vienna Debt Counselling Service with Anita Bauer (r.), managing director of the Vienna Social Fund. Photo: FSW

## Die Zweite SPARKASSE

Die Zweite Sparkasse is a bank that does not aim to make a profit. 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 and Sparkassen's online banking service, George. In cooperation with Wiener Städtische Versicherung, the bank also offers free accident insurance and a legal advice service, available once per quarter. Other offers include the managed account and housing microloan. Zweite Sparkasse had 8,648 customers at the end of 2020. The number of managed accounts increased by 21.5% to 1,334. 2,465 customers are currently in the start-up phase and benefiting from a nearly free account. Zweite Sparkasse has served 20,583 customers since it was founded. 1,108 new customers were added in 2020. 4,335 customers have taken the step back to an account at a conventional bank since 2011, including 264 customers in 2020.



# At the Heart of Responsible Banking

Social banking has been written into ERSTE Foundation's DNA from the very beginning.

From 1819 on, the Erste Österreichische Sparkasse focused on those people who had no or only very limited access to financial services. Financial inclusion and the creation of a certain material security also for those with very small incomes and no financial reserves became the hallmark of savings bank activities. ERSTE Foundation has inherited this orientation and actively involves Erste Bank Group and civil society partners in living this responsibility of creating a positive future for all.

Over the last 15 years we have been jointly building structures and services, first in Austria with Zweite Sparkasse and subsequently in all the countries where Erste Group is present. We have encouraged and supported Erste Group since 2006 in developing inclusive financial services and products that enable different groups of clients to fulfil their potential and become active members of our societies.

**People at risk of poverty** are supported with financial advice and the opportunity to open cheque and savings accounts and receive small loans in emergency situations or to pay off loan sharks whose victims they have become. A specific programme enables Roma families in Eastern Slovakia to benefit from guaranteed housing loans to build decent, safe houses for themselves.



In eastern Slovakia, the residents of the village of Rankovce, which is mostly inhabited by Roma families, built houses for themselves and their neighbours with the help of microcredits from Slovenská sporiteľňa, a lot of initiative and support from the NGO Project DOM.ov. From the left: coordinator for savings and loans Vlado Frický, construction coordinators Jozef Gajdoš and Ľuboš Zuskár, construction instructor Ondrej Sameľ and client Adriana Flitárová on the village street, which is now lined with their new homes. Photo: Lukáš Klčo

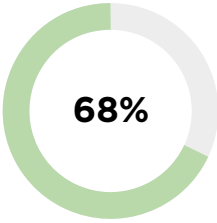
## Impact on people in financial difficulties



**19,433**  
supported clients



**68%**  
received personal advice



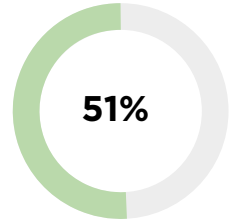
**76%**  
can now regularly pay their bills



**74%**  
of all clients feel less stressed



**84%**  
now view their future more positively



**51%**  
improved their financial situation

**NGOs and other non-profits** are serviced with loans to scale, extend and improve their services and businesses or to invest in capital goods to broaden their material base. For those receiving public funding but lacking pre-financing capacities, bridge loans are provided to cover funding gaps created by the late arrival of public funds. During the Covid-19 pandemic, ERSTE Foundation worked with Erste Group to create emergency loans for social service NGOs for which ERSTE Foundation is taking over interest payments until September 2021 to ease the financial burden of these organisations (see page 16).

## Impact of empowering social organisations



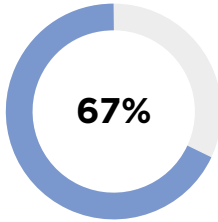
**602**  
financed clients



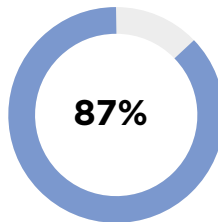
**2,613**  
education participants



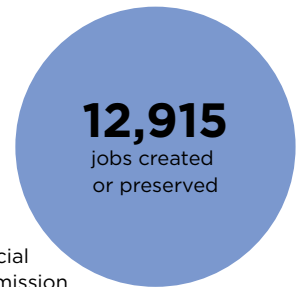
**71.6**  
million EUR  
loans disbursed



**67%**  
are in a better economic situation than before



**87%**  
better fulfil social impact goals/mission

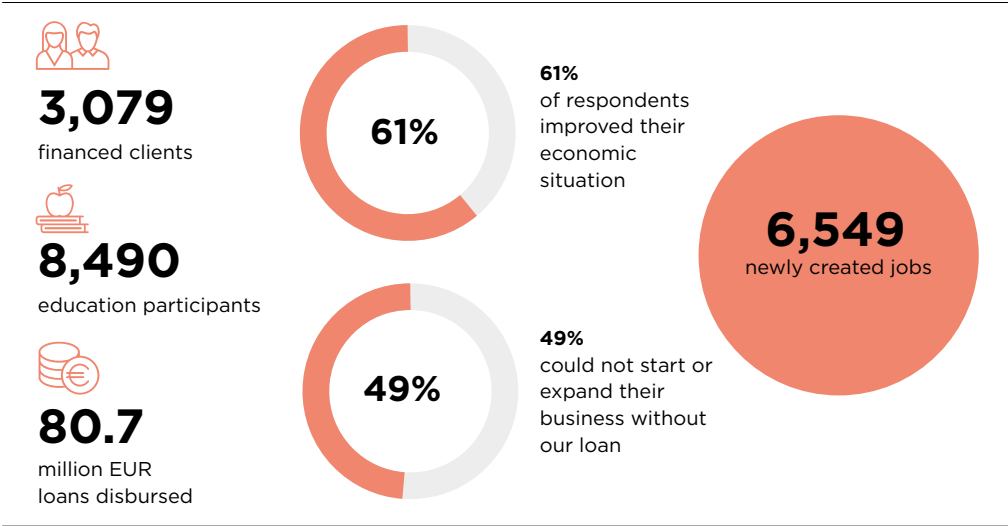


**12,915**  
jobs created or preserved

Loan and financial training services are available for **start-ups** and in particular **social enterprises**, enabling them not only to start a business but also to receive coaching, mentoring and financial knowledge that helps them in building up solid and viable economic activities.

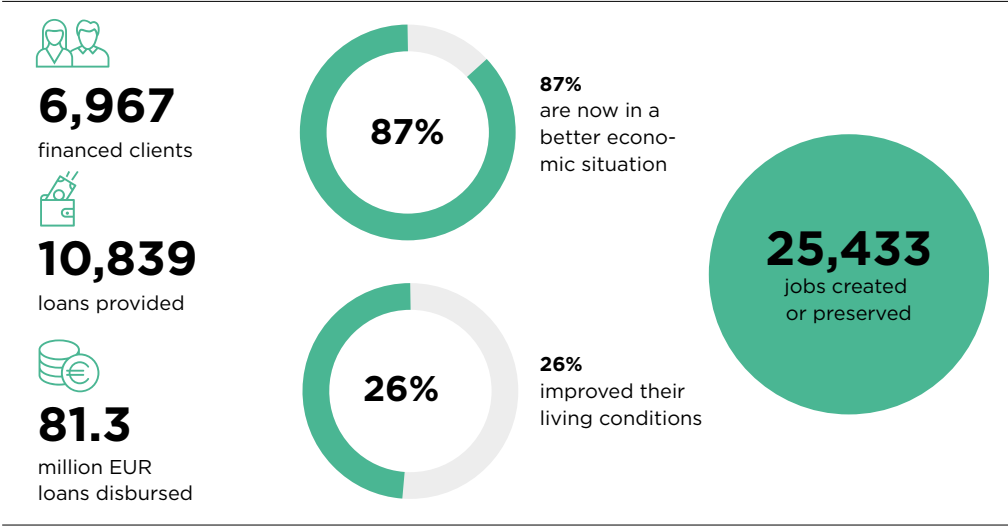


Impact on new entrepreneurs



**Micro-enterprises and small farmers** receive microloans to grow their business and improve their income and with it their social and health situations.

Impact of supporting microfinance businesses



These financial services provided by Erste Group's members in eight countries in Central and South-Eastern Europe are complemented and in parts enabled by ERSTE Foundation providing guarantees for loans or training courses for entrepreneurs and NGO staff. We are also committed to further exploring the possibilities and challenges for social banking in the Central and South-Eastern European region together with our colleagues from Erste Social Finance. We also work with them to introduce new services and products, reflecting the emerging and changing needs of societies and people in new and difficult situations in our region.

Stefan Buciu and Rastislav Blažej have both been at the forefront of developing and delivering financial services to those who are not usually in the focus of retail banks. We asked them about their personal motivation, their successes and what they still want to achieve.

**Franz Karl Prüller was talking to Stefan Buciuc, CEO of Banca Comerciale Romania Social Finance (BCRSF), and Rastislav Blažej, Head of Social Banking, Slovenská Sporiteľňa.**

### **What is your personal motivation for working with social banking?**

**Stefan Buciuc:** From my earliest professional life, I wanted to work for the common good. I have been involved for many years in the grass roots organisation “Let’s Do It Romania”, the biggest social movement in Romania, which brought together more than 1.9 million volunteers involved in civil activities across the whole country in the last ten years (e.g. environmental actions – clean ups, education, circular economy). When I saw that Erste Bank is more involved with societal projects than any other bank in Romania, I thought that this would be my dream job. The fact that the bank was willing to put resources into social development fitted my own intentions and expectations like a glove.

**Rastislav Blažej:** After 13 years in “standard” banking I wanted to get away from promoting services only to boost consumption; I wanted to see a more positive effect of money on our society. I wanted to use my skills in banking to serve society and by coincidence I found that Erste Bank had exactly this in its statement of purpose, so I started my personal journey with social banking in Erste. To sum up, I had three personal motives: to make the world a better place, to use my skills as a banker for this, and to have found the right partner in Erste Bank as it was supporting the issues I cared about. There were good people around, their work had good effects and it all made sense to me.

### **What can social banking do and why is it important for Erste Group?**

**Stefan Buciuc:** Societies in Central and Eastern Europe still face difficult transformation processes after the communist regimes ended more than 30 years ago. A lot still needs to be done: we are low in the fulfilment of the SDGs (no. 30 from 31 countries), we do not invest in R&D and have very little investment in environmental actions, the gap between rural and urban populations is huge and still growing, people still live in very poor housing situations and the whole society and economy suffers from corruption. Social banking with its social profit motive has an important role to play in improving these situations and helping individuals to live decent lives. Our services and examples can help to improve the environmental and social awareness of the entire Erste Group, including its gender and diversity action. The support we can give to individuals and organisations enables our customers to benefit from EU support programmes, which we can access for them. We enable sustainable developments, including in rural areas of the country where commercial banks will not go, and everywhere we work we bring awareness that it is the triple bottom line that matters for a liveable future for all of us: besides financial profit we must realise the principles of ESG (Environmental and Social Governance) if we want to remain a viable and thriving bank, truly serving its customers for many years to come.

**Rastislav Blažej:** I think there are three important points: Firstly, we – Erste Group – should live our purpose! It is not enough to write nice sentences in a book; our purpose should be our daily life. Even if it is a small unit, I see Social Banking as the research and development centre of Erste Group for finding ways to realise our purpose. Secondly, every single person whom we can help with our services counts. We have found a sustainable way to do this; we are not losing money but are breaking even with Social Banking. And thirdly, in the long term, we are changing the DNA of Erste Group and its employees. They see what we in Social Banking can do for the customers: how we can be flexible in answering their needs, and it can change their view of how we as a bank could treat our clients. This changes our culture and makes us truly live our purpose. Colleagues in the bank need to see that we are living what we say: if our employees can see what we are doing they can transmit this to other customers of the bank and these in turn can bring this into society as a whole: this will change how we are perceived by the general public.



*“Our services and examples can help to improve the environmental and social awareness of the entire Erste Group, including its gender and diversity action.”*

Stefan Buciuc

## What are you particularly proud of achieving?

**Stefan Buciu:** I am very proud that we did not stop our services during the pandemic; we continuously related with and visited our clients (even the most affected industries like HoReCa – suppliers for hotels and restaurants). Our clients have no reserves and the pandemic put them in extremely difficult situations: we supported them in their rural and small town settings and clearly made a mark of being a caring and customer oriented service. I am also very proud of the attitude of our staff: they managed to stay close to clients, visiting them and helped with advice and flexible measures to cushion the effects of the pandemic. A great achievement was the introduction of the professional conversion programme: we could help people who had lost their jobs to re-orient themselves and learn new professions. And finally I am proud that together with ERSTE Foundation we could support NGOs with emergency loans from which many social service organisations benefited during 2020 and also now in 2021.

*“We have seen that the social economy as promoted and supported by the foundation has proven to be more resilient in a crisis such as the present one than the purely profit oriented economy.”*

Stefan Buciu

**Rastislav Blažej:** I am happy that Social Banking exists after we started it 2014 in SLSP and I am proud of the people who run it, not just in Slovakia but in the whole group: it is a great and dedicated group of people! I am proud that its existence is also recognised by big corporate customers as well as by important institutions like the Ministry of Finance, Ministry of Social Affairs, the American Chamber of Commerce and the UK Embassy. They all are astonished when they hear about the Roma Housing project or our employment support scheme and ask me: Does this really work in the bank? Is it supported by shareholders? What makes me proud is that colleagues in the bank become involved, that others in the bank want to help our Social Banking clients, even if they have other KPIs and goals. They are personally involved in this effort. Risk, retail, and back-office colleagues are helping to find individual solutions for our customers, showing that they care.

## How do you see ERSTE Foundation's role in social banking?

**Stefan Buciu:** We need the foundation to create an image of the future: to think ahead and to provide the necessary impetus because we have seen that the social economy as promoted and supported by the foundation has proven to be more resilient in a crisis such as the present one than the purely profit oriented economy. The foundation brings a different way of caring and working than the old purely commercial/capitalist system. Together with the foundation we can create a different picture of the future, a future where we are also differently linked with civil society and the EU, where schemes for networking, guarantees and support take on more importance than mere funding facilities. As a shareholder and partner of the bank, the foundation really is the central point and has a pivotal role to play in creating this better future for all in our region.

**Rastislav Blažej:** ERSTE Foundation was one of the triggers why I joined Erste Group: I saw that there was something behind the group that was different from other banks, something that gave it purpose and values: a shareholder who had an interest in ensuring that what the bank said about these things was not just words but that it meant what it said. ERSTE Foundation therefore is for me the enabler of Social Banking in Erste Group as a way of guaranteeing the fulfilment of purpose. Whether ERSTE Foundation does enough to further this I cannot judge, but I see results coming, maybe slow and small but in the end, it will change the bank and the world for impacted clients. If it were up to me, I would say that the foundation should adopt more assertive ways to bring about these effects in Erste Group.

## What is missing, what still needs to be done to fulfil social banking's full potential?

**Stefan Buciu:** We need to be more daring! We – the social bankers – should be at the forefront of changes and take more risks. We should be able to fail, should have the courage to make mistakes and to stand up again, learn from them and become better and move forward with our customers and the entire bank. So often when you fail your energy retreats back into a shell. But we should be able to do the contrary: out of the difficulties and failures encountered we should get the energy to go out, to innovate and support. Aiming to change society requires us to take risks – that's what social impact organisations are for!

**Rastislav Blažej:** When I started social banking my intention was to do things that were good for society. This could also include working with and for communities, for the environment and other activities. So I am now looking towards broadening what we do. We have shown that we can work sustainably so now we should move ahead. I would call for more appetite to scale up. There is a market and a demand for services and products like this and we have the government's support for this work. My vision is to make this not twice as big but 20 times, maybe even 200 times bigger than what we are doing now. A lot of people are not financially healthy; impact economy entrepreneurs (social, circular, green topics) want to set up and scale their businesses; people need decent and affordable housing, and access to health services. In all this we can help, stepping out of our box and creating tailored solutions, not only regular banking services and products. People and technology are the main enablers of these developments, in my opinion. I think that we are ready to increase our impact in our societies and with that, also to bring positive results for our shareholders. With the journey we already started, we can become a European role model in our approach to the Sustainable Development Goals and ESG. Maybe we should pragmatically step into this responsibility and take a clear position because it is not just about marketing or glossy brochures but about real action and the fulfilment of what we are supposed to be.



*“My vision is to make this not twice as big but 20 times, maybe even 200 times bigger than what we are doing now.”*

Rastislav Blažej



[bcr-socialfinance.ro](https://bcr-socialfinance.ro)



[slsp.sk/sk/biznis/zaciname-podnikat/krok-za-krokom](https://slsp.sk/sk/biznis/zaciname-podnikat/krok-za-krokom)



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.





# Empower Those Who Care

# It Starts in the Analogue World

Two Next start-up supports digital transformation of the social sector



**Maribel Königer**

Director of Communications, Journalism, and Media at ERSTE Foundation

**Georg Spiel**  
Chairman of the pro mente group in Carinthia and managing director of pro mente: kinder jugend familie GmbH



**Nicole Traxler**

Managing director of Two Next

When talking about the few positive effects of the 2020 pandemic, the most often cited is the boost it gave to digital transformation at all levels of work and social life thanks to distance rules, teleworking and video conferencing.

But while incubators and accelerators of the not-so-new new economy have long been searching for scalable digital business ideas to unlock growth opportunities, parts of the non-profit sector still seem to view the office computer as the latest tool in the toolbox.

But is this really true? Initiatives like Two Next GmbH, which was founded by ERSTE Foundation, develop digital solutions for social problems in collaboration with partners and support non-profit organisations in digitalising their services.

**Maribel Königer spoke with Nicole Traxler, managing director of Two Next, and Georg Spiel, chairman of the pro mente group in Carinthia and managing director of pro mente kinder jugend familie GmbH, about the opportunities that digitalisation offers in the social sector and the obstacles that have to be overcome.**

# TWO NEXT

**Long before the past year when working from home, online shopping and teleconferencing became the norm for most of us, ERSTE Foundation launched the first initiative for digital projects in the social sector in 2016. At the time, it was called BeeTwo. In 2020, BeeTwo became Two Next. Why the renaming and where does Two Next stand today?**

**Nicole Traxler:** In 2016, we were among the pioneers in developing digital tools to solve social problems and first had to feel our way forward together with the NGOs: what is possible at all and, more importantly, *how* is what possible so that in the end problems are really solved? We have professionalised our organisational structures and our services over the last two years. After two successful *Innovation Labs*, this development resulted in a focus on care and financial inclusion. Now we feel we have found our feet in our setting, so we wanted to express this by giving it a more distinctive look and feel.

**Mr Spiel, you have long completed the institution building process, and the pro mente group in Carinthia is an organisation with a successful history. What target groups do you work with and what services do you offer?**

**Georg Spiel:** The pro mente group in Carinthia comprises several health and social services providers that offer evidence-based, innovative and individualised services to people with mental health problems, impairments or illnesses and their relatives. pro mente kärnten, the oldest operation, recently celebrated its 40th anniversary, and pro mente: kinder jugend familie has been operating for 20 years. The rehabilitation clinic – the newest of our three businesses – was set up in 2002. The specific feature of our services – and I use the plural here deliberately – is that we offer a great variety of decentralised and community-based services. We reach out to toddlers, children and adolescents, as well as adults and the elderly; there are services for people with mental health problems or illnesses, but also services for people with disabilities. They range from counselling, outpatient care, and providing structured day schedules for activities to full inpatient treatment. In a nutshell, the pro mente group offers a wide variety of care and support services in 56 facilities in almost all districts of Carinthia.

*The app is intended to be a daily companion and support clients as well as counsellors and therapists.*

Georg Spiel

With such an impressively diverse range of care services as those offered by pro mente and other organisations, personal contact with clients is clearly the core of the service. What can digital applications actually do in this field?

**Nicole Traxler:** Digitalisation – like any social service measure – is a means to an end. It cannot replace personal contact, but it can, for instance, establish contact where none would otherwise be possible. During the pandemic we saw that the only way to stay in touch with others was through video conferencing and social media – often because we had no other choice. Similar tools are already being used in telemedicine and telecare. Digitalisation, however, can also give people access to areas that would otherwise be inaccessible to them. For instance, we developed **Frag Tobi** (“Ask Tobi”) with the service provider

Lebenshilfen Soziale Dienste. Making use of existing search portals, the avatar offers simple, low-threshold access to web searches to people with cognitive impairments by helping them enter data and retrieve results. Then there are people who do not get support and information because topics are badly presented, and support services are difficult to understand. People often feel ashamed, and some are reluctant to talk about their problems and find it difficult to accept help. An app or website is an easy way to reach people at home within their familiar surroundings, so they don’t have to go to a counselling centre but can try out a support system – unnoticed by friends, neighbours and family members. For example, **Rat auf Draht** supports overstretched parents with targeted information on the parents’ page [www.elternseite.at](http://www.elternseite.at). We are currently collaborating with Caritas Vienna and the Ludwig Boltzmann Institute for Digital Health and Patient Safety on a project aimed at relieving the pressure on people caring for family members. Here, too, the low-threshold digital services constitute its decisive advantage.



Most organisations have an idea, or at least a sense, of which topics and problems digitalisation could provide a partial solution for and how it could be used.

Nicole Traxler

### What prompted pro mente to participate in the Two Next *Innovation Lab*?

**Georg Spiel:** We have been exploiting the potential of digitalisation for several years to improve our services and make them more efficient. One specific initiative is designed to provide digital services for patients and clients. We applied to Two Next to jointly develop digital support systems for people with mental health problems and illnesses.

**The app you developed as part of the *Innovation Lab* is called *Coach yourself*. A mental health tracking tool. What can this application do for users? Who are the people who use it and how do they benefit from it?**

**Georg Spiel:** Both experience and research show that people with mental health problems or illnesses often need special support in between individual therapy sessions. The app is designed to enable users to monitor their state of mind, including their mood and their (everyday) activities, and provides suggestions on how to better deal with problems that arise. The app also helps people decide when and how to get professional help when their own coping strategies are exhausted. The app is intended to be a daily companion and support clients as well as counsellors and therapists, who can use it to get a reliable picture of how their clients are living their lives. It goes without saying that the data belong to our clients and patients. The app enables clients and carers to jointly agree on coping strategies and interventions to be used. So it starts in the analogue world.

**Do most organisations already have specific ideas for applications when they contact you or is it one of Two Next's tasks to show to what extent digital applications can make life easier for clients or employees of an organisation?**

Screenshots of the app **Coach Yourself**, a cooperative project by pro mente and Two Next; design and development in collaboration with v\_labs.





# 2 ▶



**Nicole Traxler:** Just like pro mente, most organisations certainly have an idea, or at least a sense, of which topics and problems digitalisation could provide a partial solution for and how it could be used. We accompany them from defining the problem to developing a first prototype as a tangible solution concept. We continue to encounter various obstacles in the process. The field is relatively new, and organisations still have rather limited knowledge and experience. They also lack access to networks. Therefore we also support NGOs in building knowledge and networks. The relatively high development and design costs are also a major obstacle to

taking the first steps towards digital transformation. With the support of ERSTE Foundation, we can alleviate these costs during the first steps, making it easier for them to delve into the topic. In any case, there is great interest in our work. Many renowned non-profit organisations, particularly from Austria, have participated in the *Innovation Lab* over the last two years: along with pro mente research, these included the Arbeiter-Samariterbund Österreich, Caritas of the Archdiocese of Vienna, Lebenshilfen Soziale Dienste, SOS Children's Villages, Lebenshilfe Salzburg, Caritas St. Pölten, NARKO-NE from Bosnia and Volkshilfe Wien.

**pro mente** had been planning the application you developed with Two Next for quite some time, but looking back, a self-coaching app would have been a tool we could all have put to good use during the lockdown of the pandemic year. What is the current status of the product in spring 2021? Will we be able to use it soon?

**Georg Spiel:** It was certainly a great challenge to develop this app in 2020. On the other hand, as you rightly say, the importance of this service became all the clearer in times of increased isolation. The prototype is finished, and we are already planning to use it in different care settings this spring to learn from experience and to further develop the app. The prototype is only the beginning of a development with a lot of potential. It may be a good idea to modify the app for children and adolescents or for people with chronic illnesses.

An app or website is an easy way to reach people at home within their familiar surroundings.

Nicole Traxler

**How has Two Next performed during this strange year? What did you have to struggle with most?**

**Nicole Traxler:** 2020 posed a challenge but also opened up new opportunities and greatly affected us as an organisation. As a team, we have been working mostly from home since March 2020. We have established new processes of cooperation, for example holding daily team

check-ins in the mornings. We've learned just what's possible online – and where the limits are. We had to interrupt our innovation programme in April because some of our participants had reduced working hours or were developing new corona-related projects. So we used the summer to introduce a new format: as part of the *Summer Sprints* we offered training sessions in user-centred innovation, agile project management and software development to ERSTE Foundation's NGO networks. In autumn we went back to working online. Funnily enough, this was also a new experience for us, which will certainly influence our processes in the long term. We have already started two new, completely digital projects. What is more, the pandemic and the crisis that followed have further highlighted social deficiencies, for example in the care system – which has prompted us to make care a focal point. We want to specifically focus on the largest class of carers: people caring for family members. We are already working on a project to relieve them from the pressures of providing constant care, with the support of the Austrian Research Promotion Agency (FFG) and with a network of non-profit organisations.

**Mr Spiel, how do you see the role of Two Next in retrospect? What was helpful, and what do you think can still be improved?**

**Georg Spiel:** Basically, we wouldn't have been able to develop **Coach yourself** without Two Next. We have greatly benefited from Two Next's organisational and innovation strategy, as well as from their software expertise. We profit from the fact that the app can be further developed to include many more features such as digital counselling and digital therapy for various client groups. For us, this initiative enabled us to delve into what I like to call "e-mental health".

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## Examples of apps or web-based applications developed with the support of Two Next (all in German):

### **Frag Tobi!**

The Austrian web app supports internet searches, suggests interesting topics and is fully accessible.

**frag-tobi.at**



### **Elternseite (parents' page)**

Austria's first online counselling services for parents and everyone involved with children. Counselling is provided individually via video, audio and live text chat channels.

**elternseite.at**



The **Coach yourself. A mental health tracking tool** app is still being developed.

**promente-kaernten.at**



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.

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# Preserve a Democratic Europe

# Europe's New Territorial Politics

## or The Uneven Spaces of Living, Breathing, Moving, Dying

by Niccolo Milanese

Europe's Futures Fellow 2019/2020

Europe's political geography is famously uncertain and contested. The luxury and burden of being the only continent to have given itself its own name is that its borders are undefined, and European history as a whole – both “internally” and “externally” – can be narrated as an infamous series of actions claiming, rejecting, defending or dividing lands, roots, cultures, names and symbols which can all potentially be associated with it. To tell such a history we would certainly need at least two narrators, a “European” and a “non-European”, if only it were possible to identify *a priori* who is who. Riven through with this inescapable history, *acting in Europe's name* always risks *taking sides*, but also risks the apparent fragility of irresolvable internal contradictions, the presence of apostates, renegades and rebels in the ranks. Is there some way of thinking territory beyond these military metaphors?

As a peace-project, the European Union – that celebrated “unidentified political object” – makes a strong and justified claim to overcoming border conflicts and broader territorial conflicts, at least in its “heartlands”, and above all between France and Germany. Through various forms of integration (functional, energy-related, judicial, monetary, educational, etc.) it displaced and decentred the causes of these conflicts, turning what was a matter of foreign policy, military power and *realpolitik* into administrative and legal wrangling over competences in a stratified but convergent landscape of political authority.

The preconditions for this integration were multiple: including at its beginning the devastation of post-war Europe and the imperative to rebuild; access to European colonies and their resources; ongoing relatively secure sources of energy and industrial materials and climate stability; overarching American military protection; privileged access to international financial markets and long periods of global economic growth.

*Is there some way of thinking  
territory beyond these military  
metaphors?*

If geopolitics was highly present in the first decades of European integration up until 1989, the collapse of the Soviet Empire and “re-unification” enabled the European Union to narrate its teleology as one of “ever closer union” coupled with enlargement to the East. Those territorial conflicts that still persisted unresolved, notably at the retreating Eastern frontier, were to be dealt with “later”. The ferocity of the Yugoslav wars was quickly dissociated from the name “Europe” – the Balkan peninsula positioned once again as a place Europe had not yet reached, allowing Western European majorities to continue to endorse the unblemished narrative of the new Europe reborn pristine and unconflicted. The “hour of Europe” was in the future.

The under-told history of these first decades of European integration is the displacement of Europe's colonial concerns. The EEC included the founding member states and the colonial possessions of the member states, and a primary concern of many of those involved in promoting this was the unification and preser-





Niccolò Milanese. Photo: IWM

vation of European colonies, above all through the geopolitical concept of “Eurafrica”. If African national independence politically introduced distance between European and African power, economic relationships of dependence and clientelism continued as closely as before, as the world went from an explicitly colonial logic towards global capitalism and its imagined flat and frictionless landscape of equal national independence. Sublimated in narratives of economic progress or humanitarian aid, outsourced to corporations and companies – a history of violence and brutality which was consigned to the past even as it was continuing – Europe’s relationship with its colonies became a separate issue from its internal affairs in the public eye, such that the new Europe could again appear pristine and blameless.

These macro-spatial transformations, rescalings and reorganisations may seem abstract or distant but had everything to do with the places in which individuals conceived themselves as belonging, as being-with-others and at home. If one way of looking at globalisation or advanced capitalism is the “annihilation of space by time”, political space is the most resistant and multidimensional. New teleologies of European integration, economic growth and human rights – which could form the basis of life-projects and imagined futures for new generations – ran up against the prickly defence of privileges, advantages and domination in complexified and culturally-charged class struggles, in which the subordinate classes were almost invariably put at a disadvantage by their heterogeneity.

At the beginning of the 21<sup>st</sup> century, across Europe and its uncertain frontiers, space was experienced differently by different groups and individuals, in function of their access to, exclusion from and appropriation of the technologies, legal regimes and work, family and social relations that cross borders. Through the multiple and interlocking crises that emerged over the first decade of the new millennium, the gulf between the smoothing legal representation of the European order and the material, social and cultural disorder became unmissable, but the mapping of these divergences became more complex by the day. Not only, to take a simple example, did European countries start to diverge socio-economically through the financial crisis starting in 2008, but intermingled populations with connections and dependencies across borders were also affected asymmetrically, in such a way that any “nationalised” mapping or statistical representation is inadequate, but a non-national, continent-wide mapping would also miss out the essential intermediaries of the member states and individual connections with them.

From the Lisbon Treaty in 2007, the European Union started again to have a more explicit “geopolitical” ambition, firstly personified in the “High Representative”, but also in the provisions for defence cooperation which would be taken up later. If the response to the Twin Towers terrorist attacks that opened the millennium had already shown the potentials for a divergence between the United States of America and some major European military powers, the second decade of 2000s revealed a dramatically changing geopolitical landscape: the American “pivot” towards Asia and less cer-



Niccolo Milanese. Photo: IWM

tainty about American defence of Europe, more insecurity over energy sources and exacerbated energy and resource wars in the neighbourhood, the overthrow of North African dictators who had been European clients, increased migration flows, radical acceleration in technological development and its impacts on interpersonal relations, economic flows and cultural production of symbols, combined with a resurgence of revisionist historical narratives challenging the fundamentals of a liberal order. All of these phenomena and more had their macro and micro scales, as discernible traits of the overall panorama and the individual lived experience in the world. Together, they were undermining and removing many of the preconditions the European unification project supposed, and their concatenation demanded a step-shift in the meaning and intensity of the project itself.

The most recent European Commission, with its “geopolitical” aspect to every portfolio, and its preoccupation with the European “way of life”, with the Green Deal, with the Digital Age, with demography and even with a specific commissioner responsible for “Crisis Management”, belatedly took account of many of these changed conditions, even if in its insistence on the *newness* of its geopolitical reach in a continent which has always had a geopolitics, it contributed to the continued eclipsing of the underlying and longstanding interactions and interdependencies between Europe and the outside world, and the historical and ethical blindness to its responsibilities which results (visible in the tendency for Europe’s geopolitical turn to reinforce its exclusivity, its shielding and its narrowing conception of self-interest and power-projection).

Just as the Commission was beginning to address itself to this transforming world, the coronavirus crisis accelerated, exacerbated or undermined some of the trends of the changing global landscape the European governments as a whole had prepared themselves for. If it is still too early in the crisis to fully chart this new landscape, some key features can be seen. The virus itself, its extraordinary contagiousness and speed of transmission across the planet, and its direct attack on the interface between our bodies and our environment, as we breathe, operates a profound transformation of our phenomenological experience of space. Quite apart from the physical distancing, isolation and masking that populations have temporarily endured, our representation of our space has come under exacerbated tension. On the one hand, we see the intensification of our international connections, aware as we are that a flare-up in one part of the world, amongst *them*, *over there*, may quickly have its consequences for *us*, *here*; our ceaseless comparisons about the intimate details of everyday life in other countries (how often are they allowed outside? with whom? for how long may children go to school? etc.). On the other hand, we experience our preoccupation with our personal spaces, keeping our hands clean, disinfected, our alertness to the smallest signs of possible illness, our intensified relations with our most intimate personal connections, and a prolonged meditation on our own mortality.

How this experience of tension will mark durably our conceptions of the space we are in is as yet unknown, and will have its diversities, but these already interact and intersect with other

aspects of our lives. Housing and working conditions have been repoliticised under new aspects of risk and safety than those that emerged from the sub-prime, financialised crisis of 2008. More generally, *who* is allowed to breathe freely, and who suffocates, whether under exposure to illness and pollution or under police duress, tear gas or racist hatred has emerged as a crucial thematic for our present and future. *Who* is tested, *who* is experimented upon, *who* is isolated and restricted and *who* can circulate, *where* and *when* are the crucial political questions of our collective recomposition, neither unprecedented nor non-existent in our previous situation, but made more acute in the new reality.

*Over the first months of 2020, the European spatio-temporal settlement was temporarily upended.*

What is more, the social distancing measures have challenged what in many cultures is the fundamental link between humans and the earth – the burying of bodies – which, in the case of those who are suspected to have died with the virus, became a relationship between the isolated individual and the authorities, rather than a relationship between families and the earth. Such experiences recall previous epidemics, but also more recent war-time conditions in Europe. In some places like Milan, families are now going through the procedures highly familiar in post-war situations of identifying, exhuming and re-burying bodies buried in anonymous graves.

Over the first months of 2020, the European spatio-temporal settlement was temporarily

upended: some dormant border conflicts suddenly re-emerged, if only briefly (for example in Alsace at the Franco-German border), European countries rediscovered new geopolitical alliances (e.g. the extraordinary moment when Italians were celebrating Chinese solidarity and condemning lack of European solidarity), the temporal horizon of European teleology partly disappeared, because no one knows what is “after”. Such a hiatus can

have some rare beneficial effects, such as opening of accession processes for North Macedonia and Albania, which now hardly seems like a decisive political battle over Europe’s future given the scale of coronavirus.

Coming out of the first stages of the pandemic, the European authorities attempted to appear ahead of the game, whilst restoring some “normality” of time, to use the precipitous experience several countries felt of the ground suddenly disappearing from under them to propose a leap forward of sorts: the “Next-Generation” European project announced by the Commission. In presence of danger, the European project accentuates its teleological promise, but at what price of forgetting this time? The repressed or obliterated does not disappear, nor does it only belong to history as a site for learning, but concerns ongoing relations between individuals, between countries, between continents, each relationship with its inescapable demands of equity.

It would be too simplistic to say that the European spatio-temporal order has been either reborn or undone: there is no simple return to a status quo ante or a new-old nationalisation, just as there is no passage to an elevated European plane. The politics of the past and ideologies like nationalism are forced to readapt and redeploy themselves as teleological interpretations of the new territory of the present, and continue to confound optimistic predictions by doing so more adeptly than socialist and internationalist ideas. We are left with a variegated and subtle landscape of political contests over different aspects of Europe's territoriality, and these contests take place both in the formal sphere of politics, but also in myriad "informal" ways including people moving or not moving. A rich social conception of Europe's morphology is necessary to navigate this politics as well as renew it; without this, European politics remains epiphenomenal to the vital functions of the polity of bodies: their unequal capacities to live, breathe, move and die depending on their envioning conditions. We know from historical experience the dangerous ways these particular thematics can be deployed by fascist agitators in the direction of death, and so it is incumbent to develop a multiplicitous and vivacious politics of the territory focussed at once on justice and the celebration of difference.



Europe's Futures is a collaboration between ERSTE Foundation and the Institute for Human Sciences to develop new perspectives for a re-strengthened, united, and democratic Europe by engaging 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.

Europe is living through its most dramatic and challenging period since World War II. The European project is at stake and its liberal democracy is being challenged from both inside and outside. There is an urgent need from all quarters of state and non-state actors to address the burning problems to buttress what has been painstakingly achieved through the political peace project.

Since 2018, each year six to eight leading European experts have taken up engagement at the Institute for Human Sciences in Vienna. Europe's Futures creates a platform of voices presenting ideas for action whose goal is to reinforce and project forward a vision and reality of Europe. The programme is an endeavour based on in-depth research, concrete policy proposals, and encounters with state and civil society actors, public opinion and media. It is directed by Ivan Vejvoda.

[europesfutures.eu](http://europesfutures.eu)



## Fellows 2019/2020



**Isabelle Ioannides** is a Senior Associate Researcher in the Institute for European Studies and a scholar in the Department of Political Science at the Free University of Brussels. She currently works as a policy analyst in the European Parliamentary Research Service of the European Parliament, where she engages in policy development and research in support of the legislative oversight that parliamentary committees and subcommittees conduct on EU external action. Her publications examine EU peacebuilding and statebuilding in transitional societies, including the governance of the security sector, and EU crisis management, concentrating on EU performance in the Western Balkans and the Middle East & North Africa region.



**Leszek Jazdzewski** is a Polish columnist and activist. In 2008, he founded LIBERTÉ! - the journal, web portal and foundation where he still works as editor-in-chief. As a liberal opponent of nationalist and conservative tendencies, he co-launched the campaign Świecka Szkoła (Secular School). He is the creator of the Igrzyska Wolności (Freedom Games) project, a council member of the European Forum for New Ideas, a Marshall Memorial Fellow, and has been appointed one of 25 young leaders for the next 25 years by the Teraz Polska ("Poland Now") foundation.



**Nicole Koenig** is deputy director of the Jacques Delors Institute Berlin. She leads the institute's research on EU foreign and security policy, institutions and democracy, and migration. Prior to that, Nicole worked for various European think tanks and universities including the Trans European Policy Studies Association in Brussels, the Istituto Affari Internazionali in Rome, the Institute for Advanced Sustainability Studies in Potsdam and King's College in London.





**Péter Krekó** is director of the Political Capital Institute in Budapest, a non-resident fellow at Johns Hopkins School of Advanced International Studies Bologna Institute for Policy Research, and senior lecturer at the Social Psychology Department of the Eotvos Lorand University of Sciences in Budapest. His interests include conspiracy theories and fake news, the institutional influence of the Kremlin in Europe, and political populism and tribalism in Europe. He is a team member of the project Closing Space in Civil Society, run by the Washington-based think tank Center for Strategic and International Studies (CSIS).



**Grigorij Mesežnikov** is a political scientist and the president of the Institute for Public Affairs. He has published expert studies on party systems' development and political aspects of transformation in post-communist societies, illiberal and authoritarian tendencies, populism, radicalism and nationalism, in various monographs, collections and scholarly journals in Slovakia and other countries. He regularly contributes analyses of Slovakia's political scene to domestic and foreign media.



**Bernd Marin** is director of the European Bureau for Policy Consulting and Social Research in Vienna. Between 1981 and 2019, Bernd was visiting professor and gave lectures in many of the most renowned universities and research centres worldwide. He also served as a policy advisor to various governments, NGOs, and inter-governmental organisations. His recent books include *The Future of Welfare in a Global Europe* and *Welfare in an Idle Society? Reinventing Retirement, Work, Wealth, Health, and Welfare*.



**Niccolo Milanese** is director of European Alternatives, a poet and a philosopher living in Paris, born in London to Italian and British parents. Besides from European Alternatives, he has been involved in the founding of numerous political and cultural organisations, magazines and initiatives on several sides of the Mediterranean, including Civil Society Europe in which he currently chairs the civic space and fundamental rights working group. He regularly acts as a consultant for cultural, educative and political institutions and activist groups on cultural mediation and artistic innovation, citizenship and political theory beyond borders, generational trends and organisational design.



**Alida Vračić** is a political scientist and co-founder and executive director of Populari, a Western Balkans think tank specialising in the post-conflict state building processes of democratisation, good governance and migration. She regularly presents her work at all major European capitals and has been cited as a regional expert in numerous Balkan and European media – *The New York Times*, *The Economist*, *Frankfurter Allgemeine Zeitung*, *Neue Zürcher Zeitung*, *Der Standard*, *Reuters*, *Deutsche Welle* – as well as North American news outlets.



**Ivan Vejvoda** is head of Europe's Futures at the Institute for Human Sciences (IWM) in Vienna. Before joining the IWM as a Permanent Fellow in 2017, he was senior vice president for programs at the German Marshall Fund (GMF) of the United States. From 2003 until 2010, he served as executive director of GMF's Balkan Trust for Democracy. He came to GMF in 2003 after distinguished service in the Serbian government as a senior advisor on foreign policy and European integration to Prime Ministers Zoran Djindjic and Zoran Zivkovic. Prior to that, he served as executive director of the Belgrade-based Fund for an Open Society and held various academic posts in the United States and the U.K. Ivan Vejvoda was a key figure in the democratic opposition movement in Yugoslavia during the 1990s, and has published widely on the subjects of democratic transition, totalitarianism, and post-war reconstruction in the Balkans.

# Media Freedom: Few Good Stories to Tell

From the trend report on press freedom  
for Reporting Democracy

Governments across Central and South-Eastern Europe have stepped up their efforts during the pandemic to exert more control over the independent media, using a variety of means, in a bid to control the narrative. Nimble, tech-savvy, often crowdfunded media start-ups are filling the void.

The Mapping Media Freedom project of the European Centre for Press and Media Freedom (ECPMF) identifies limitations, threats and violations faced by media workers in 43 countries. The latest monitoring report, covering the period between July and October 2020, recorded 111 alerts across Europe, of which 53 occurred in the region of Central and South-Eastern Europe. The majority of the alerts concerned psychological or physical threats; less frequent, but still widespread, were threats of legal action and censorship.

The politicisation of the public and independent media in Central and South-Eastern Europe is a long-term trend that has picked up over the last couple of years. According to Reporters Without Borders' World Press Freedom Index, Hungary has experienced a dramatic drop of 16 places in the index since 2018, Serbia a fall of 17 places and the Czech Republic six places. Bulgaria languishes in 111th place on the index, by far the worst score in the EU and second only to Belarus in Europe.

The pandemic has provided an opportunity for the nationalist-populist governments in the region to exert more control over the media. Hungary, generally accepted to be the EU's most egregious media freedom abuser, has a modus operandi that involves the concentration of media in the hands of allies of the government. "The plurality of the media market is at high risk in Hungary. Independent media outlets face systemic obstruction and intimidation," the European Commission wrote in its inaugural Rule of Law Report published in October 2020.

*"To prosper, democracy needs a certain kind of public sphere, one in which citizens and their representatives engage in vigorous argument on the basis of shared facts. Restoring that kind of public sphere is now a central task for the renewal of liberal democracy."*

Timothy Garton Ash, historian,  
*The Guardian*, 8 February 2021

Oligarchs and politicians often cooperate to control the narrative and critical voices. This is especially true for powerful ruling parties, which attempt to translate their strong position in politics into more favourable coverage and control over the media. Politicians and oligarchs increasingly use so-called SLAPP suits to legally challenge critical reporting, resulting in costly and prolonged court hearings. This ultimately encourages self-censorship by journalists as a way to stay out of trouble. The takeover of independent media by government allies and state companies will also have a chilling effect on critical coverage.

There are growing calls by independent media watchdogs for the EU and international groups/governments to step in. The latest came from a group of 17 organisations that wrote an open letter to MEPs, ahead of a 10 March 2021 debate in the European Parliament on media freedom in Poland, Hungary and Slovenia, calling for the European Commission to act.



The European Commission's inaugural report on the state of the rule of law in the bloc in 2020 showed major shortcomings, especially in Poland and Hungary, but also in other countries in the region. 2021's report, expected in July, will provide a clearer picture on developments in media freedom during the pandemic. Despite the relative clumsiness of EU processes, action to protect media freedom is on its way. However, it is unclear how significant this will be and whether it can stop media freedom abusers from continuing their efforts to crush the independent media.

While the internet has aided malign media influences like disinformation and fake news, it has also enabled the building – often using crowdfunding – and operation of new nimble, tech-savvy investigative outlets, which are increasingly becoming the main voices holding governments in the region to account. There is a growing number of digital initiatives by the EU and NGOs to provide funding for media start-ups. According to the European Commission in February 2021, there are currently 18 projects, either ongoing or in preparation, representing close to 20 million euros in EU funding. The Commission wants to increase funding and ensure long-term support for these types of projects under the next Multiannual Financial Framework, which for the first time may have a dedicated envelope for media pluralism, journalism and media literacy of at least 61 million euros under Creative Europe.

This article is an excerpt from the latest trend report on media freedom in CEE by Pavel Hanosek for Reporting Democracy. The full trend report 2021 can be found here:

[balkaninsight.com/2021/04/14/media-freedom-few-good-stories-to-tell/](https://balkaninsight.com/2021/04/14/media-freedom-few-good-stories-to-tell/)



In 2019, ERSTE Foundation and the Balkan Investigative Reporting Network (BIRN) co-founded a cross-border journalistic platform: 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. Each spring, journalists and experts identify key trends likely to have a lasting impact by analysing the past developments in the region.

[reportingdemocracy.org](https://reportingdemocracy.org)





Gerald Knaus during a presentation of his book at ERSTE Foundation on 19 October 2020. Photo: Marcel Billaudet

**Süddeutsche Zeitung**

“Will this book make a difference? Much will be gained if everyone who wants to have a say in and contribute to the migration debate reads it.”

**Frankfurter Allgemeine Zeitung**

“Anyone who reads this book will no longer be surprised that state premiers like Winfried Kretschmann or Armin Laschet, CDU leader Annegret Kramp-Karrenbauer and also the BAMF [Federal Office for Migration and Refugees] management seek advice from Knaus.”



[grenzen.eu](https://grenzen.eu)



# Gerald Knaus: Empathy And Control Are Not Mutually Exclusive

On 19 October 2020, the Austrian migration expert Gerald Knaus presented his new book on flight and migration, *Welche Grenzen brauchen wir?* [What Borders Do We Need?], to media representatives in Vienna.

*In 2019, a total of around 100,000 people made an unregulated entry into the European Union via the Mediterranean Sea. That's an average of 280 people a day. Is that too many? Are the numbers soon going to explode? Should they be stopped, and what measures are permitted to do so? Who has the right or the duty to make such decisions?*

These questions, albeit fundamental, have been left unanswered for too long. Gerald Knaus puts them – and several more – at the beginning of his book *Welche Grenzen brauchen wir? Zwischen Empathie und Angst – Flucht, Migration und die Zukunft von Asyl* [What Borders Do We Need? Between Empathy and Fear – Flight, Migration and the Future of Asylum], published in German by Piper in October 2020. For many years, Knaus has been quoted in the media as an expert on migration and asylum. Governments and international institutions also listen to him and he is particularly appreciated for his ability to combine great expertise with an understanding of the viewpoints on both sides of what has become a rather confused discussion.

Compassion, empathy and the willingness to help refugees in need seem to be in obvious conflict with the need for security and control over one's own life – not only within European societies, but often also in the hearts of their citizens. Gerald Knaus is convinced “that it must be possible to control Europe's borders while respecting human dignity”. For him, zero deaths in the Mediterranean cannot be the only goal. “Successful policies must always present solutions capable of winning a majority,” said Knaus when presenting his book to selected media representatives at ERSTE Foundation in Vienna on 19 October 2020.

*What Borders Do We Need?* not only sums up all the arguments of the current debate and questions well-known beliefs such as maritime rescue operations being a “pull factor”, the injustice of the Dublin system or the link between demography, climate and migration. In chapters on the Vietnamese boat people of the 1970s or the Cuban bolseros of the 1990s, Knaus reminds us that neither flight nor demarcation, neither clever nor brutal border management, nor the debate on the universality of the right to asylum are new. He finds examples to learn from in Canada, Australia, West Africa, Southeast Asia, Ukraine, Turkey, Libya and Morocco, among others.

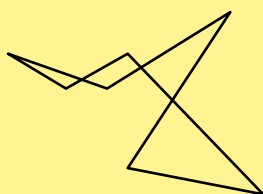
The question of why we should make the case for humane European Union borders is clearly answered. The right to asylum and humane forms of migration are each a *pars pro toto*. Knaus points out that human rights as such are by no means set in stone. “All values are transient if they are not defended.” In view of today's situation in the Mediterranean, our societies must ask themselves, “Who are we? Who do we want to be?”

**Gerald Knaus**, who now lives in Berlin, is founding director of the European Stability Initiative (ESI) think tank. He studied philosophy, politics and economics in Oxford, Brussels and Bologna, is a founding member of the European Council on Foreign Relations and was Associate Fellow at the Carr Center for Human Rights Policy at Harvard University's Kennedy School of Governance in the USA for five years. In 2018/2019, Gerald Knaus was a Fellow of Europe's Futures – Ideas for Action, a project of ERSTE Foundation with the Institute for Human Sciences (see p. 62). ERSTE Foundation has also been a partner of the European Stability Initiative for many years.

We believe that culture is a central part of our identity.

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.



# **Protect Contemporary Culture**

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AWARD FOR  
CULTURE AND  
THEORY

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# Edi Hila: A Tent on the Roof of a Car

We are living in the times of people's displacement from the south to the north. Emigration is an indicator of great contradictions and differences that exist between these two worlds. In the cycle "A Tent on the Roof of a Car", there is a reflection taking place about the Tent as the world's oldest house, considering it as moving architecture; similarly to the car, it is also an object in motion. For the sake of this functional similarity, the metaphor of the tent on the car remains organically connected to the idea of migratory movement. Whereas the tent comes from antiquity in the form of "poetic" thinking, the new aesthetic cannot be anything else but that of the car. Attempting to achieve the highest standards of perfection, Le Corbusier compared the Parthenon to a 1921 sports car. While in the new migratory reality, the Tent comes as a suggestion of a new way of life, as a temporary, unsustainable solution, always in motion.



## **EDI HILA**

from: "Edi Hila", eds. Joanna Mytkowska, Kathrin Rhomberg, Erzen Shkololli.  
Berlin: Sternberg Press, 2020



*A Tent on the Roof of a Car, 2017*  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 125 × 220 cm



*Icy Tent*, 2017  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 110 × 210 cm





*Awakening*, 2017  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 114.5 × 208 cm

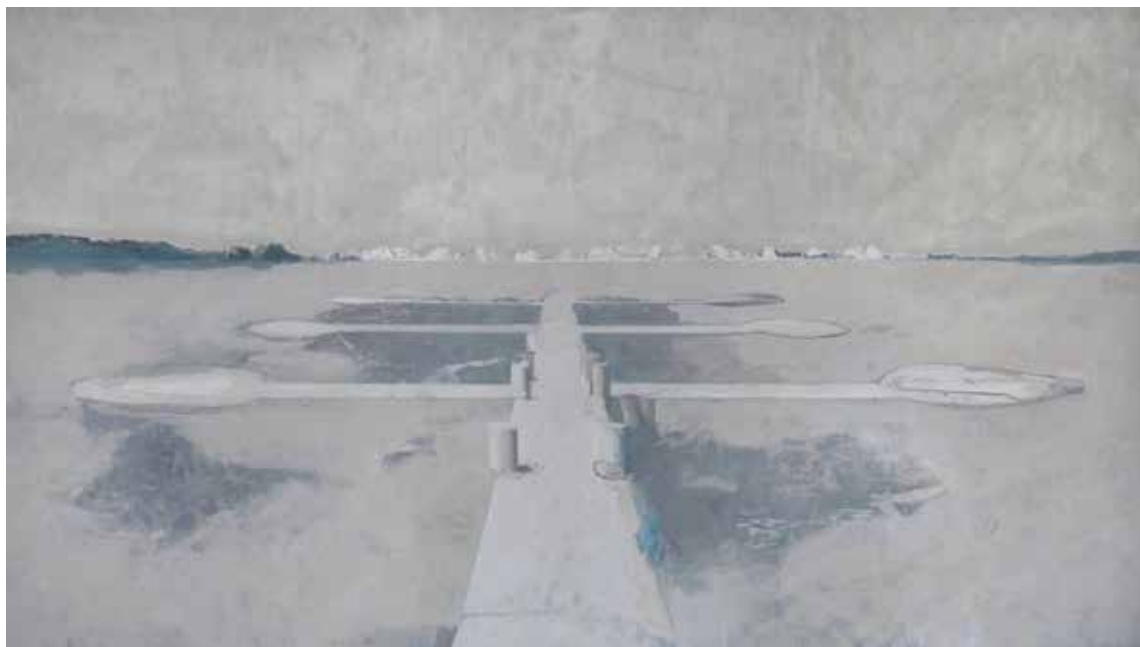




*Open Door*, 2017  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 148 × 200 cm



*Witness*, 2016–2017  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 147 × 196 cm



*Newcomers*, 2017  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 135 × 238 cm



*Discovery*, 2017  
from the series "A Tent on the Roof of a Car",  
oil on canvas, 139 × 212 cm

Edi Hila is one of the most important Eastern European artists of his generation. Born in 1944 in Shkodra, he today lives and works in Tirana. In 1972 Hila was banned from working as an artist because of his painting "Planting of Trees" and sentenced to re-education at a chicken farm at the outskirts of Tirana. There he secretly documented his observations with drawings. Starting from the 1990s Hila attended more to painting, which was very much influenced by his visits to Florence and the art of the Italian Renaissance. He primarily works in series, whose topics he carefully selects and that are often depicting the sociopolitical transformations in Albania after the fall of the regime of Enver Hoxha.

The series "A Tent on the Roof of a Car" from the Kontakt Collection was part of the monographic exhibition of works by Edi Hila, presented at the Museum of Modern Art in Warsaw from 2 March to 6 May 2018 and at Tirana's National Gallery of Arts from 24 May to 29 July 2018, as well as the Edi Hila exhibition *Der Klang der Tuba* at the Vienna Secession from 18 September 2020 to 7 February 2021.





Zdenka Badovinac receives the Igor Zabel Award for Culture and Theory 2020. Photo: Nada Žgank



# The Igor Zabel Award for Culture and Theory 2020 Went to Ljubljana!

Zdenka Badovinac, once a colleague of Igor Zabel, has been honoured among other things for her outstanding performance as long-time director of Moderna galerija.

On 4 December 2020, Zdenka Badovinac, curator, art historian, writer, and long-time director of the Moderna galerija, received the Igor Zabel Award for Culture and Theory 2020. The jury awarded her the prize “for her outstanding institutional leadership as the director of the Moderna galerija/Museum of Modern Art and the Museum of Contemporary Art Metelkova (+MSUM) in Ljubljana as well as for her radical curatorial work and significant contributions as a writer and editor to international discourses on the geopolitics of contemporary art in Eastern Europe and global art history. Zdenka Badovinac is one of the most important and rigorous locally rooted and globally connected professionals in the field of cultural production in recent decades.”

The award has been conferred biennially since 2008. It acknowledges exceptional achievements of curators, art historians, theorists, art writers, and critics whose work supports, develops or investigates visual art and culture in Central, Eastern and South-Eastern Europe. The award is an initiative of ERSTE Foundation and organised by the Igor Zabel Association for Culture and Theory (Ljubljana). It is named in honour of the distinguished Slovenian curator and art historian Igor Zabel (1958-2005).

The award is not by application. An international jury selects the laureate, based on the proposals given by ten nominators. In addition to the award of EUR 40,000, three working grants of EUR 12,000 each are awarded, two by the jury, one by the laureate. Endowed with total prize money of EUR 76,000, the Igor Zabel Award represents one of the most generous and prestigious prizes for cultural activities related to Central, Eastern and South-Eastern Europe.

On 27 November 2020, the discussion *Borderline Syndrome and Energies of Defence* kicked off the programme of the award days. Twenty years after Ljubljana hosted the European Biennial of Contemporary Art Manifesta 3 – for which Igor Zabel acted as coordinator – Šejla Kamerič, Renata Salecl, and Kathrin Rhomberg looked at its central theme through the lens of today's realities. The international conference *The Entire World as Our World*, prepared in collaboration with Moderna galerija, Ljubljana, was held on 3 and 4 December. Speakers included T. J. Demos, Boris Groys, Ade Darmawan/ruangrupa, Apolonija Šušteršič, Alberto Toscano, and Alenka Zupančič. On the evening of 4 December, the award ceremony of the Igor Zabel Award for Culture and Theory 2020 was broadcast online for the first time.

The jury consisted of Šejla Kamerič (artist, Sarajevo), Antony Gardner (art historian, Oxford), Franciska Zólyom (curator and director of the GfZK – Galerie für Zeitgenössische Kunst Leipzig).



Moderator Ksenija Horvat, Zdenka Badovinac, and Urška Jurman of the Igor Zabel Association for Culture and Theory during the award ceremony. Photo: Nada Žgank

The 2020 nominators were: Pawel Althamer (artist, Warsaw), Nataša Petrešin-Bachelez (curator, writer, editor, Paris/Ljubljana), Vjera Borozan (art historian, curator, Prague), Mira Gakjina (curator, director of the Museum of Contemporary Art, Skopje), Herwig Höller (art writer, Moscow/Graz), Eva Khachatryan (curator, Yerevan), József Mélyi (art historian, critic, Budapest), Deimantas Narkevičius (artist, Vilnius), Sven Spieker (editor, ARTMargins, Los Angeles/Berlin), and Raluca Voinea (curator, Bucharest).

## Grants 2020

The jury also selected the recipients of two grants. The third grant was named by the laureate. The 2020 Igor Zabel Award Grant recipients selected by the jury were:



Photo: Slavcho Dimitrov

**Slavcho Dimitrov** (Skopje), activist, cultural theorist, and curator

Slavcho Dimitrov received an Igor Zabel Grant in recognition of his contributions to reimagining the cultural and social life of the Western Balkan region, and for bringing LGBTQIA+ and women's rights and struggles to the heart of that vision.



Photo: Katalin Erdődi

**Katalin Erdődi** (Vienna/Budapest), curator, dramaturg, and cultural worker

The second Igor Zabel Grant went to Katalin Erdődi in recognition of her locally embedded and inclusive curatorial practice, distinguished by its scope as well as its critically reflexive and joyful qualities. Informed by a variety of artistic and activist methods, her work aims to enhance bottom-up social participation and cross-disciplinary collaboration, trigger processes of democratisation, and raise ecological awareness.

The third grant recipient, selected by the laureate, Zdenka Badovinac, was:



Photo: Ivana Bago

**Ivana Bago** (Zagreb), curator, art historian, and art writer

Ivana Bago received the Igor Zabel Grant in recognition of her excellence and insistence on the art historical research, writing, and exhibiting of Yugoslav and Eastern European art in the past decade as well as for her remarkable contribution to the formation of new approaches to writing and curating in this region.

## Previous award recipients

The first award was given in 2008 in Ljubljana, the city where Igor Zabel lived and worked. It went to the Croatian curatorial collective **What, How & for Whom (WHW)**, currently the artistic directors of Kunsthalle Wien. The art historian **Piotr**

**Piotrowski** (1952–2015) received the award in 2010, the North-Macedonian art historian and curator **Suzana Milevska** in 2012. In 2014, the Russian curator and author **Ekaterina Degot**, currently director and chief curator of steirischer herbst in Graz, received this accolade. The Russian curator and author **Viktor Misiano** was an award winner in 2016. **Joanna Mytkowska**, the Polish art historian, curator and director of the Museum of Modern Art in Warsaw, received the Igor Zabel Award 2018.

### About Igor Zabel

During his entire professional life, Igor Zabel (1958–2005) was actively involved in many fields of theory and culture – as an art historian, modern and contemporary art curator, writer, literary and art critic, columnist and essayist, translator, and mentor for new generations of curators and critics of contemporary art. As an art historian and curator of Ljubljana's Moderna galerija, Zabel contributed importantly to the proper historical placement of historical avant-gardes and neo-avant-gardes as well as to contemporary artistic practices in Slovenia and the broader region. His writings represent significant contributions to discourses on the geopolitics of art in Eastern Europe.



igorzabel.org



The presentation of the Igor Zabel Award for Culture and Theory 2020 was broadcast online due to the pandemic.  
Photo: Nada Žgank





# **ERSTE Foundation Network**

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# What Happened in 2020 in ERSTE Foundation's Network?



Jakob Lena Knebl and Ashley Hans Scheirl. Photo: HBF/Trippolt

## JANUARY

### Maribel Königer and Dragana Crvenica receive PRO PR Globe Award 2020

The winners of the PRO PR Globe Awards 2020, which extend beyond South-Eastern Europe, were announced on 13 January. Maribel Königer, head of Communications, Journalism and Media at ERSTE Foundation, is among the 27 awardees. The prize also went to communication and PR managers of the European Commission, the EU Delegation to Serbia, the government of Montenegro, the Prado Museum in Madrid, Microsoft, Al Jazeera Balkans and the University of Mostar. Dragana Crvenica, head of the Communications Department of Erste Bank AD Podgorica, also gained an award. The PRO PR GLOBE AWARDS honour individuals who “contribute through their work to a better perception and positioning of the public relations profession on a local and global level”. Unlike standard awards in this sector, they are given to individuals rather than projects. Winners are nominated by former recipients of the award; the selection committee consists of renowned European and regional PR experts and there are no application fees. The award ceremony scheduled for the end of March was postponed to 2021 due to the pandemic. Congratulations!

## FEBRUARY

### Jakob Lena Knebl and Ashley Hans Scheirl represent Austria at the 59th Venice Art Biennale in 2020

On 25 February, then State Secretary for Culture Ulrike Lunacek announced that Jakob Lena Knebl and Ashley Hans Scheirl would jointly stage the Austrian Pavilion for the 59th Venice Art Biennale in 2021, with Mumok director Karola Kraus as the curator. The biennial was later postponed to 2022 due to the coronavirus pandemic. Following a new selection procedure, a committee of experts made their choice from a total of 60 submissions. Ashley Hans Scheirl's works are playful, shrill and sensuous, combining abstract and figurative forms of expression with queer sexuality and text fragments on philosophy and economics. Her works thus represent a new and significant development within Austrian art at the interface between painting, performance and film. After years in New York and London, the artist, who was born in Salzburg in 1956, now lives in Vienna, where she holds a chair in Contextual Painting at the Academy of Fine Arts. In 2012, Scheirl participated in the world's most important exhibition of contemporary art, documenta 14 in Kassel and Athens. Several of Scheirl's artworks are housed in the Kontakt Collection of Erste Group and ERSTE Foundation. Scheirl realised her first public art project for the Erste Campus. She received the Austrian Art Award for Visual Arts in 2019.





## Rosa Balfour becomes director of Carnegie Europe



Photo: Rosa Balfour

In April 2020, Rosa Balfour, Europe's Futures Fellow 2018/2019, became director of the European Chapter of the Carnegie Endowment for International Peace in Brussels, an organisation often deemed the world's leading think tank. As an ERSTE Foundation and IWM Fellow, Rosa Balfour analysed how the dismantling of democracy affects Europe's position in the world and its alliances. Balfour's fields of expertise are primarily European politics, institutions, and foreign and security policy. With her expertise, she identifies challenges for the EU that were further exacerbated by the pandemic. In this important position, she can now make the case for a strong European future at institutional level.

## MAY

### Gordana Igrić and BIRN receive Press Freedom Award – A Signal for Europe

The Balkan Investigative Reporting Network BIRN, a long-time partner of ERSTE Foundation, and its founder Gordana Igrić received the Press Freedom Award – A Signal for Europe for its "courageous journalism". The award is announced annually by Reporters Without Borders (Reporters sans frontières, RSF) Austria on 3 May, World Press Freedom Day. Igrić, who had reported on war crimes during the bloody conflicts as Yugoslavia disintegrated in the 1990s, founded the Sarajevo-based Balkan network for investigative journalism in 2004. Today, there are BIRN offices in Albania, Bosnia-Herzegovina, Kosovo, North Macedonia, Romania and Serbia. Together with ERSTE Foundation, BIRN founded the journalistic platform Reporting Democracy (p. 66). Reporters Without Borders Austria regards Igrić's activities as "unbelievable pioneering work" and a "masterpiece". Following Igrić's credo, BIRN also cam-

paigns for human rights, democracy, and justice for the victims of war crimes in the Balkan region, RSF said. "This is democratic journalism at its best." The Press Freedom Award, which has been offered since 2002, is endowed with EUR 4,000 and was awarded in an online ceremony this year due to the pandemic. Laudators were RSF Austria President Rubina Möhring and Wolfgang Petritsch, a foreign policy expert who specialises in South-Eastern Europe. Congratulations to Gordana Igrić and the entire team at BIRN!



### DOM.ov wins SozialMarie 2020

An international expert committee awarded the EUR 15,000 main prize of SozialMarie 2020 to Project Home in an award ceremony broadcast online on 1 May. The Slovakian project is co-sponsored by ERSTE Foundation as part of Erste Group's Social Banking programme. The NGO DOM.ov oversees a self-help programme aimed at strengthening the social and professional integration of Roma families, who build their own homes. Close cooperation between the local communities and Erste Group subsidiary Slovenská Sporiteľňa is what makes this project special. Our congratulations go to Marián Zeman from DOM.ov and our colleagues from Slovenská Sporiteľňa's Social Banking programme and its manager, Rasto Blazej!



From left: Marián Zeman, director of DOM.ov, Wanda Moser-Heidl, founder of Unruhe Privatstiftung, Jana Pleuková, project manager at DOM.ov. Photo: Igor Kocian



OFF-Biennale Budapest team and ruangrupa's Farid Rakun in Budapest. Photo: Barnabas Neogrady-Kiss

JUNE

### **OFF-Biennale Budapest appointed to *lumbung* of documenta fifteen**

On 19 June, the OFF-Biennale Budapest, funded by ERSTE Foundation, announced that it had been invited to participate in documenta fifteen. documenta fifteen will take place in Kassel from 18 June to 25 September 2022 and will be curated by the ruangrupa collective from Jakarta. Their concept envisions an international network of local, community-based organisations from the arts and other cultural contexts and can be paraphrased with the Indonesian term *lumbung*, which translates as a rice barn where crops produced by a community are stored as a common resource. It is based on the principles of collectivity, resource building and equal sharing. The OFF-Biennale and 13 other organisations comprise the team that is set to lead documenta fifteen's international *lumbung*.

### **Ivan Vejvoda appointed head of the governing board of Belgrade's Institute for Philosophy and Social Theory**

The Institute for Philosophy and Social Theory in Belgrade, Serbia's leading social sciences institute, has had to defend itself since early 2019 against attempts by the Serbian government to put it on a political leash. The institute has a long history of liberal thinking that goes back to the Yugoslav 1968 movement. Its clear positioning as an international dialogue partner is a thorn in the side of nationalist forces and the ruling party of Serbian president Aleksandar Vučić. The situation escalated in the summer of 2020 when the chairman of the institute's governing board was to be appointed by the prime minister by decree, namely a candidate without qualifications but close to the Progressive Party. The institute was in danger of being reduced to a branch of the ruling party.

Eventually, more than 400 leading international academics signed a letter in support of the institute to attract world media attention. Signatories included Jürgen Habermas, Noam Chomsky, Axel Honneth, Judith Butler, Étienne Balibar, Antonio Negri and Yanis Varoufakis, among others. Faced with increasing international protest the Serbian government finally relented and appointed Ivan Vejvoda, head of the Europe's Futures project (p. 65) at the Institute for Human Sciences, as chair of the governing board on 4 June 2020. Vejvoda was the preferred candidate of the institute's staff.



Ivan Vejvoda. Photo: Christian Fischer/IWM

### Felwine Sarr moves to Duke University

Felwine Sarr, guest speaker at ERSTE Foundation's Tipping Point Talks 2019, left Gaston Berger University in Senegal to take up a post as Anne-Marie Bryan Distinguished Professor of Romance Studies at Trinity College of Arts and Sciences at Duke University in North Carolina/USA on 1 July 2020.



Felwine Sarr at the ERSTE Foundation Tipping Point Talks.  
Photo: APA-Fotoservice/Jacqueline Godany

### Come Closer - Biennale Matter of Art Prague

The first biennial Ve věci umění / Matter of Art was shown from 22 July until 15 November 2020 in Prague. This newly established international biennial of contemporary art was organised and realised by tranzit.cz as a large international public platform for avant-garde art practices. The show suffered from harsh restrictions due to the Covid-19 pandemic. Nevertheless, a comprehensive accompanying programme offered a multitude of events. Over 45 artists presented over 100 artworks – among them 13 new and especially commissioned artworks – on five locations: at Prague City Gallery, Prague Market, Panorama Hotel Praha, DBK shopping centre, and Nádraží Holešovice metro station. The catalogue *Come Closer. The Biennale Reader* was published by Sternberg Press.



Atelier of Mothers Artlovers - A temporary community space organised in the course of the biennial at the Prague Market in Holešovice. Photo: Tereza Havlíčková



Ivan Krastev receives the award from the managing director of Allianz Kulturstiftung, Esra Küçük. Laudator Shalini Randeria can be seen on the right. Photo: David Ausserhofer/Allianz Kulturstiftung

SEPTEMBER

### Ivan Krastev receives the Jean-Améry Prize for European Essay Writing 2020

The Allianz Kulturstiftung and the Klett-Cotta publishing house awarded the Jean-Améry Prize for European Essay Writing 2020 to the outstanding intellectual and publicist Ivan Krastev. The jury – chaired by Robert Menasse – released the following statement regarding its decision to award Krastev the EUR 15,000 prize: "The clarity of thought against the commitment of time: this is one of the things Ivan Krastev and Jean Améry have in common. In his approach to our present, Krastev undermines discursive surfaces, in the spirit of Jean Améry's concept of enlightenment, in order to focus attention on what is repressed and beyond repair, making it all the more important to keep it in mind. In his work, he meticulously examines the question of what democracy and liberalism mean beyond mere rhetoric, making it clear that they can only be sustained if it is understood anew, time and again, that freedom is always and exclusively freedom for those who think differently." The other jury members were author and historian Philipp Blom, writer Ulrike Draesner, literary critic Katja Gasser, publisher and poet Michael Krüger and literary scholar Thomas Strässle. The award ceremony was originally planned for May but had to be cancelled due to the pandemic. The prize was finally handed over to Ivan Krastev, the inventor of Europe's Futures who is also on its advisory board, in Berlin on 17 September. This year's annual report also owes its motto to him. Congratulations to Ivan Krastev!

### Reagan-Fascell Democracy Fellowship for Péter Krekó

The director of the Budapest Political Capital think tank, Péter Krekó, took up one of the world's leading fellowships for applied political science, the Reagan-Fascell 2020 Fellowship of the U.S. National Endowment for Democracy, in autumn 2020. As Europe's Futures Fellow 2019/20 (see also p. 64 and p. 94 – The Call) he developed the concept of the theory and practice of tribalism in modern politics. Like Gerald Knaus, Péter Krekó was also massively attacked and defamed by Hungarian media in 2020 because of his critical statements. Krekó, a professor of social psychology and one of Hungary's leading political analysts, publicly questioned the Hungarian government's policies and its suspension of rule-of-law provisions during the pandemic. By December 2020, the smear campaign had reached its peak and led to a response from the international public, the media and politicians in his defence. More than a hundred renowned academics from Europe and the United States publicly expressed their solidarity.



Péter Krekó. Photo: IWM

### Gerald Knaus: *Welche Grenzen brauchen wir?*

Gerald Knaus, founder of the European Stability Initiative, long-time project partner of ERSTE Foundation and Europe's Futures Fellow 2018/19, has published his thoughts on migration: *Welche Grenzen brauchen wir? Zwischen Empathie und Angst – Flucht, Migration und die Zukunft von Asyl* (Munich: Piper, 2020). On 19 October 2020, he presented his book to Austrian media at ERSTE Foundation in Vienna (see also p. 68) and subsequently handed a copy to Austrian Federal President Alexander van der Bellen at the Hofburg.

In Hungary, pro-government media launched a smear campaign against Knaus in 2020. In a paper prepared with Piotr Buras as part of the Europe's Futures Fellowship 2018/2019, he put forward a proposal on how to preserve the rule of law in European Union countries with the help of the jurisprudence of the European Court of Justice (see also p. 97 – The Call).

### NOVEMBER

### BIELA KOCKA<sup>4</sup> Award for *KERES KULTURA! / WE CREATE CULTURE!* and *Golden Times*

The BIELA KOCKA<sup>4</sup> award is a prize offered by the Council of Galleries of Slovakia. The winners were announced for the fourth time on 5 November 2020. The prize was awarded to gallery activities of the year 2019 in five competition categories.

The winner in the "Curatorial Projects" category was the exhibition *KERES KULTURA! / WE CREATE CULTURE!* (contemporary art and Roma identity), curated by Petra Hanáková and Emília Rigová from the Central Slovakian Gallery and supported by ERSTE Foundation.

In the category "Independent Project" for galleries and cultural centres not belonging to the Council of Galleries of Slovakia, the exhibition *Golden Times* at Jozef Kollár Gallery, curated by Lucia Tkáčová (HIT Gallery at GaJK), won first prize. Co-curator of the project was Mária Janušová. Janušová participated in tranzit's and ERSTE Foundation's Artist-in-Residence programme at Q21/MuseumsQuartier Vienna in January and February 2020. Mária Janušová was also involved in the exhibition *IT'S NOT OVER TILL IT'S OVER* (25.1. -11.4.2021) at Kunstverein Eisenstadt, which is funded by ERSTE Foundation and curated by Janušová and Barbara Horvath. Congratulations to all the winners!



Exhibition *KERES KULTURA! / WE CREATE CULTURE!*  
Contemporary art and Roma identity. Photo: Martin Deko





Andreas Treichl succeeds Franz Fischler. Photo: European Forum Alpbach/Luiza Puui

### Andreas Treichl appointed president of European Forum Alpbach

On 12 November, the president of the supervisory board of ERSTE Foundation was elected president of the European Forum Alpbach. The General Assembly of the European Forum Alpbach voted in favour of Andreas Treichl and his board of six international experts. He thus succeeded Franz Fischler as president of the EFA. "In 2020, all of us must be concerned about the future of the European Union. Twenty years ago, the EU was growing – and so was its significance in the world. Today, however, it is shrinking – as is its influence. Therefore, it is in our own interest to find the energy and courage to reverse this process and reaffirm Europe's place in the world," said the new EFA President Andreas Treichl.

### Peter Vandro, Rosa Bergmann and Ali Mahlodji are "Nachhaltige GestalterInnen 2020"

The "Nachhaltige GestalterInnen" ("Sustainable Shapers") were announced on 24 November. They include Peter Vandro from the Social Entrepreneurship Center at Vienna University of Economics and Business for founding and further developing the Social Impact Award. Vandro is also co-founder of the NGO Academy. Both projects are supported and co-founded by ERSTE Foundation. "Nachhaltige GestalterInnen 2020" are also Rosa Bergmann, founder of Vienna Hobby Lobby and winner of the Social Impact Award 2019, as well as Ali Mahlodji, trend researcher, youth ambassador, and founder of whatchado, thanks to which he won the Social Impact Award 2011. The award was created in 2009 by Lebensart Verlag / BUSINESSART magazine to put the spotlight on people who have done something outstanding in terms of sustainability. Congratulations to all awardees!

### Border by Kapka Kassabova wins Prix Nicolas Bouvier 2020

Kapka Kassabova's book *Border: A Journey to the Edge of Europe* won one of Europe's leading literary prizes, the Prix Nicolas Bouvier. The French edition is entitled *Lisière, Voyage aux confins de l'Europe*. The book also received a special mention from the Prix du Livre Européen jury. Born in Sofia in 1973, Kapka Kassabova now lives in the Scottish Highlands. She writes for *The Sunday Times*, *The Guardian* and *Vogue*, among others. She has been awarded the British Academy's Nayef Al-Rodhan Prize for *Border*. Kassabova is currently Europe's Futures Fellow (September 2020 – June 2021; see p. 62 for more about the project) at the Institute for Human Sciences in Vienna. Kassabova is devoting this time to her current book *Elixir* under the heading "People of the Mountain: Stories from a Balkan Ecosystem".

### DOM.ov receives Roma Spirit Award 2020 in Slovakia

After being awarded the SozialMarie in May, the social housing and social banking initiative Project Home won yet another accolade in 2020. The project was awarded the Roma Spirit Award in Slovakia on 9 December. Congratulations once more to Marián Zeman from DOM.ov and our colleagues from the Social Banking department of Slovenská Sporiteľňa, with its manager Rasto Blazej!



igorzabel.org

### The Igor Zabel Award 2020 visual identity wins prestigious design award

The visual identity of the Igor Zabel Award for Culture and Theory 2020, designed by Anja Delbello and Aljaž Vesel / AA, was awarded the Certificate of Typographic Excellence at the TDC67 Communication Design competition – congratulations to the team! The visual identity embraces the glitch that was 2020, taking advantage of our new-found web environment with the use of animation. Treating typography as an image, it distorts and pixelates, and even gets interactive on the website: visit [award.igorzabel.org](http://award.igorzabel.org) and use your cursor to change the distortion pattern.





The Covid-19 pandemic has fundamentally changed our lives, challenged social contracts and international relations, and shaken the economy. Governments, whether democratic or authoritarian, seem helpless. At the national level, we are witnessing the return of the strong state, which in turn poses new challenges for the European Union. At the same time, the coronavirus crisis is sparking debate and providing an opportunity for new mindsets and approaches. How fundamental and sustainable are these developments? Will society be different after the crisis is over?

The video series **The Call** is an attempt to better understand the political, cultural and social impact of the pandemic by talking to thinkers and doers from the ERSTE Foundation community and to risk a glimpse into the future.

# Hungary's pandemic power grab: what now?

The Call with Péter Krekó

On 30 March 2020, Hungary became the first democracy to fall victim to the coronavirus. With astonishing speed, the Hungarian parliament passed an emergency decree that granted Prime Minister Viktor Orbán extraordinary powers for an indefinite period of time and put in place severe restrictions on political freedoms in the country. At the time, the fear was that some of the controversial provisions – in critical areas such as freedom of the media, academic freedom, independence of the judiciary, immigration policy and counter-terrorism – would remain in place. To learn more about what Hungary's pandemic power grab was all about and what long-term consequences to expect, Jovana Trifunović made The Call with Péter Krekó, director of the Political Capital Institute in Hungary and Europe's Futures Fellow.



Scan to see  
video



## **Authoritarian leaders are not benefiting from the corona crisis.**

*The Call with Ivan Krastev*

*"Many people wrongly believe that authoritarian leaders are going to be the major beneficiaries of the corona crisis. This is not true for a very simple reason: the most important freedom that every authoritarian leader cares about is the freedom to choose the crises to which he responds. Because every dictator dreams of being God. And God never solves problems that he has not created himself."*

*Boris Marté made The Call to renowned political scientist and IWM Permanent Fellow Ivan Krastev to discuss his role as a public intellectual in times of crisis, the authority of science, trading freedom for safety and the danger of not taking risks.*



Scan to see  
video

# The revenge of the wild on humanity

## *The Call with Rosa Balfour*



Scan to see  
video

“We as human beings have forgotten that we’re part of nature. And ironically, this pandemic seems to be the revenge of the wild on humanity.” Hedvig Morvai made *The Call* to Rosa Balfour, director of Carnegie Europe, to talk about the impact of the pandemic on people and nature. We need to be aware, Rosa Balfour says, that we may be facing ominous times, yet there’s also enormous potential to do things differently. The European Union can take advantage of this pandemic to invest in the green economy and digital economy and to strengthen existing cooperation mechanisms.





Scan to see  
video

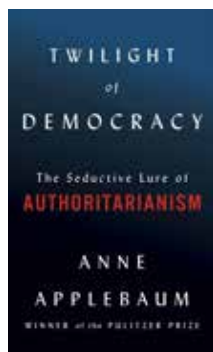
## Cut all the money!

### The Call with Gerald Knaus

*"In Poland, there is an existential threat, because the Polish government has created a judicial system like that in Venezuela. To stop this, we have one mechanism: the European Court of Justice in Luxembourg, but it needs to be backed up. It will issue judgements. The trouble is that Poland is likely to ignore those judgements. It's already doing so. And then the EU falls apart. So, what are we supposed to do? My recommendation was and still is: if a country does not respect the judgements of the European Court of Justice on the rule of law, we should cut all money until it does."*

Boris Marte made The Call to Gerald Knaus, migration expert and chairman of the European Stability Initiative (ESI), to talk about how it feels to be declared a public enemy in a European country, about the master-myth of mass migration, integration failures and challenges, the concept of humane borders as presented in his new book, as well as the current rule-of-law crisis in the EU.

A selection of interesting new additions to the ERSTE Foundation Library catalogue in 2020, compiled by the head of the library, Jutta Braidt



APPLEBAUM, ANNE

***Twilight of Democracy. The Seductive Lure of Authoritarianism***

New York: Doubleday, 206 pages.

In *Twilight of Democracy*, Applebaum contends that we should not be surprised by the rise of various forms of authoritarianism: political systems with radically simple beliefs are inherently appealing, especially when they benefit the loyal to the exclusion of everyone else. People don't just act ideologically, she claims in this captivating, elaborate essay, they are also practical, pragmatic and opportunistically inclined. Applebaum shows how conspiracy theories, political polarisation, social media and the longing for an idealised past are instrumentalised to change societies in Britain, the United States, Spain, Poland and Hungary.



BREGMAN, RUTGER

***Humankind: A Hopeful History***

(translated from the Dutch by Erica Moore and Elizabeth Manton). London, Oxford, New York, New Delhi, Sydney: Bloomsbury Publishing, 480 pages.

In his new book, historian and journalist Rutger Bregman examines human nature in depth. Contrary to what is assumed in the Western tradition of thought, Bregman argues that humans are not evil by nature. On the contrary, they are innately good. With that in mind, it seems possible to think of the world and the people in it in a completely new and fundamentally optimistic way – at least that is what Bregman suggests.





WIESBAUER, HEINZ

***Wilde Bienen: Biologie, Lebensraumdynamik und Gefährdung. Artenporträts von über 470 Wildbienen Mitteleuropas***

(2nd ed.). Stuttgart: Eugen Ulmer Publishers. 480 pages.

As a foundation with a bee in its logo, we also care about wildlife. This magnificent book introduces over 470 bee species from all genera found throughout Central Europe with photographs and brief portraits, providing insight into the biology and habitat requirements of wild bees. It also deals with the dramatic habitat changes and the resulting threat to wild bees. The book aims to show how we can protect and conserve wild bees in our cultural landscape and in public spaces.



ROSTEK, A., WEILER, T., WELLER, N., & WÜNSCHMANN, T.

***Belarus! Das weibliche Gesicht der Revolution***

Berlin: Edition.fotoTapeta, 272 pages.

*War does not have a woman's face*, Nobel Prize winner Svetlana Alexievich noted in her best-known book. According to this collection of writings on the precarious situation in Belarus, however, revolution seems to have a "woman's" face – at least that is what this anthology of numerous original contributions, poems, a chronicle and many other documents from the country suggests.



A selection of interesting new additions to the ERSTE Foundation Library catalogue in 2020, compiled by the head of the library, Jutta Braidt



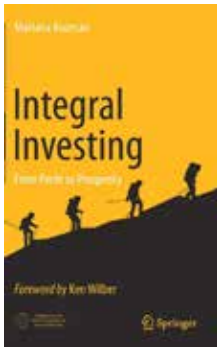
KNAUS, GERALD  
***Welche Grenzen brauchen wir? Zwischen Empathie und Angst – Flucht, Migration und die Zukunft von Asyl***  
Munich: Piper, 336 pages.

No other topic has influenced European politics in recent years as much as the debate on refugees, asylum and migration. Migration expert Gerald Knaus outlines what is really behind the debate and shows that humane borders are possible. Knaus explains why we often struggle with conflicting emotions – here empathy, there fear of losing control – and how to enable a policy that takes facts and emotions seriously. An important book, particularly against the background of Austria’s current deportation policy.



GRUNOW, HANS-WERNER  
AND ZENDER, CHRISTOPH  
***Green Finance. Erfolgreiche Schritte zur grünen Unternehmensfinanzierung***  
Wiesbaden: Springer Fachmedien, VIII, 68 pages.

The author outlines the development of green finance and shows how it differs from conventional financing. He describes cases where green finance has been implemented, relevant instruments and the processes to be used, as well as addressing the European Union’s Green Finance agenda. A short and snappy overview of sustainable corporate finance.



BOZESAN, MARIANA

***Integral Investing: From Profit to Prosperity***

Cham: Springer Nature, 265 pages.

Early-stage investors and entrepreneurs today face the dilemma of having to choose between profit and impact; between traditional, for-profit-only models on the one hand, and multiple-bottom-line structures with a positive social or environmental impact on the other. To help them, and in response to a time when climate change, exponentially growing technologies and Covid-19 are calling into question humanity's priorities, Bozesan proposes a new investment paradigm, namely *Integral Investing*, which incorporates and transcends the best practices of both traditional venture capital and impact investing.



FERGUSON, PETER

***Post-growth Politics. A Critical Theoretical and Policy Framework for Decarbonisation***

Cham: Springer, XIII, 197 pages.

Peter Ferguson uses a critical political economy approach to develop a set of historically and politically informed strategies for states to move towards a post-growth, decarbonised global economy. He examines the social and ecological costs of and limits to economic growth and finds that significant decarbonisation of the global economy can only be achieved by replacing conventional growth-based economies with an alternative post-growth economy.

A selection of interesting new additions to the ERSTE Foundation Library catalogue in 2020, compiled by the head of the library, Jutta Braidt



GÖPEL, MAJA  
**Unsere Welt neu denken. Eine Einladung**  
Berlin: Ullstein, 208 pages.

Our world is at a tipping point and we feel it. On the one hand, we're doing better than ever, but on the other hand, we see distortions, destruction and crises wherever we look. Whether it's the environment or society – our systems seem to be coming under stress simultaneously. We suspect that things will not and cannot stay the way they are. How do we find a way of life that reconciles the well-being of the planet with that of humanity? Where is the path between prohibitionist regimes and questions of guilt on the one hand and growth mania and technological promises on the other? Maja Göpel invites us to take a new and different look at this future.



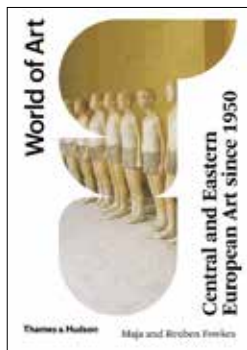
MAK, GEERT  
**Große Erwartungen: Auf den Spuren des europäischen Traums (1999–2019)**  
(translated from the Dutch by Andreas Ecke)  
(2nd ed.). Munich: Siedler, 640 pages.

From the shores of Lampedusa to Putin's Moscow, from stubborn Catalonia to the Muslim suburbs of Copenhagen: our continent is stretched to breaking point. Thirty years after the end of the Cold War, what has become of the old European dream – peace, freedom and prosperity – which is increasingly turning into a nightmare? Geert Mak picks up from his 2005 classic *In Europe* to explore, almost twenty years later, what has become of the great expectations of that time.



ROBINSON, KIM STANLEY  
***The Ministry for the Future***  
 London: Orbit, 563 pages.

This book by science fiction author Kim Stanley Robinson covers the topics of climate change, technology, politics and the human behaviour that drives these forces. His setting is, however, not a desolate, post-apocalyptic world; instead he imagines a future full of hope, where we have managed to overcome our challenges and to thrive.



FOWKES, MAJA  
 AND FOWKES, REUBEN  
***Central and Eastern European Art since 1950***  
 London/New York: Thames & Hudson, 224  
 pages.

Maja and Reuben Fowkes present outstanding artworks and major figures from across Central and Eastern Europe to reveal the movements, theories and styles that have shaped artistic practice since 1950. Tracing the upheavals in art movements during this time, from the short-lived unison of the Socialist Realist period to the incredible diversity of art in the post-communist era, they examine the repercussions of political events on artistic life – notably the uprisings in Hungary and Czechoslovakia, the Solidarity movement in Poland and the collapse of the communist bloc. Their main interest, however, is in the experimental art of the neo-avantgarde, which defied official agendas and engaged with global currents such as performance art, video, multimedia and net art.





**DIE ERSTE österreichische  
Spar-Casse Privatstiftung**

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**FINANCIAL STATEMENTS 2020**

**Balance sheet at 31 December 2020**  
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

ASSETS		EUR	EUR	TEUR 31.12.2019	TEUR 31.12.2019
1.	Cash in hand, balances with central banks		0.00		0
2.	Sovereign debt instruments and bills eligible for refinancing with central banks		0.00		0
	a) treasury bills and similar securities	0.00		0	
	b) other bills eligible for refinancing at central banks	0.00		0	
3.	Loans and advances to credit institutions		10,686,238.14		8,181
	a) repayable on demand	10,686,238.14		8,181	
	b) other loans and advances	0.00		0	
4.	Loans and advances to customers		306,125.00		0
5.	Debt securities and other fixed-income securities		6,633,291.67		6,634
	a) issued by public bodies	0.00		0	
	b) issued by other borrowers	6,633,291.67		6,634	
	of which: own debt securities	0.00		0	
6.	Shares and other variable-yield investments		0.00		0
7.	Participating interests		313,158,667.32		326,415
	of which: in credit institutions	311,354,467.69		324,594	
8.	Shares in affiliated companies		327,630,028.78		314,355
	of which: in credit institutions	0.00		0	
9.	Intangible fixed assets		35,350.00		106
10.	Tangible assets		615,177.00		542
	of which: land and buildings used by the credit institution for its own activities	0.00		0	
11.	Own shares and shares in a controlling company		0.00		0
	of which: par value	0.00		0	
12.	Other assets		4,847,733.59		4,691
13.	Subscribed capital called up but not yet paid up		0.00		0
14.	Prepayments and accrued income		46,188.13		42
15.	Deferred tax assets		0.00		0
TOTAL ASSETS			663,958,799.63		660,967
Off-balance-sheet items					
1.	Foreign assets		0.00		0

**Balance sheet at 31 December 2020**  
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

<b>LIABILITIES AND EQUITY</b>		<b>EUR</b>	<b>EUR</b>	<b>TEUR 31.12.2019</b>	<b>TEUR 31.12.2019</b>
<b>1.</b>	<b>Liabilities to credit institutions</b>		20,042,777.77		0
	a) repayable on demand	0.00		0	
	b) with agreed maturity dates or periods of notice	20,042,777.77		0	
<b>2.</b>	<b>Amounts owed to customers</b>		0.00		0
	a) savings deposits	0.00		0	
	of which:				
	aa) repayable on demand	0.00		0	
	bb) with agreed maturity dates or periods of notice	0.00		0	
	b) other liabilities	0.00		0	
	of which:				
	aa) repayable on demand	0.00		0	
	bb) with agreed maturity dates or periods of notice	0.00		0	
<b>3.</b>	<b>Securitised liabilities</b>		205,674,666.70		205,675
	a) debt securities in issue	0.00		0	
	b) other securitised liabilities	205,674,666.70		205,675	
<b>4.</b>	<b>Other liabilities</b>		3,617,382.99		4,482
<b>5.</b>	<b>Accruals and deferred income</b>		0.00		0
<b>6.</b>	<b>Provisions</b>		687,095.40		517
	a) provisions for severance payments	0.00		0	
	b) provisions for pensions	0.00		0	
	c) provisions for taxes	329,978.40		312	
	d) other	357,117.00		205	
<b>6a.</b>	<b>Funds for general banking risks</b>		0.00		0
<b>7.</b>	<b>Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013</b>		0.00		0
<b>8.</b>	<b>Additional Tier 1 capital pursuant to Part 2 Title I Chapter 3 of Regulation (EU) No 575/2013</b>		0.00		0
	of which: compulsory convertible bonds pursuant to §26 Banking Act (BWG)	0.00		0	
<b>8b.</b>	<b>Instruments without a vote pursuant to §26 Austrian Banking Act (BWG)</b>		0.00		0
<b>9.</b>	<b>Subscribed capital</b>		0.00		0
<b>10.</b>	<b>Capital reserves</b>		79,147,249.86		79,147
	a) committed	79,147,249.86		79,147	
	b) uncommitted	0.00		0	
	c) other restricted reserves	0.00		0	
	<b>Carryover</b>		<b>309,169,172.72</b>		<b>289,821</b>

**Balance sheet at 31 December 2020**  
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

LIABILITIES AND EQUITY		EUR	EUR	EUR	EUR
	Carryover		309,169,172.72		289,821
11.	Retained earnings		354,789,626.91		371,145
	a) statutory reserve	145,228,257.23		145,228	
	b) reserves provided for by the articles	0.00		0	
	c) other reserves	209,561,369.68		225,917	
	d) other restricted reserves	0.00		0	
12.	Reserve pursuant to §57-5 of Austrian Banking Act (BWG)		0.00		0
13.	Net profit or loss for the year		0.00		0
TOTAL LIABILITIES AND EQUITY			663,958,799.63		660,967
Off-balance-sheet items					
1.	Contingent liabilities		0.00		0
	of which:				
	a) acceptances and endorsements	0.00		0	
	b) guarantees and assets pledged as collateral security	0.00		0	
2.	Commitments		0.00		0
	of which: commitments arising from repurchase agreements	0.00		0	
3.	Liabilities arising out of fiduciary duties		0.00		0
4.	Own funds pursuant to Part 2 of Regulation (EU) No 575/2013		0.00		0
	of which: Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013	0.00		0	
5.	Own funds requirements pursuant to Art. 92 of Regulation (EU) No 575/2013		0.00		0
	of which: capital requirements pursuant to Art. 92-1 of Regulation (EU) No 575/2013				
	a) Common Equity Tier 1 core capital quota of 4.5%	0.00		0	
	b) Common Equity Tier 1 core capital quota of 6%	0.00		0	
	c) total capital ratio of 8%	0.00		0	
6.	Foreign liabilities		0.00		0

**Income statement for the year 2020**  
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

		EUR	EUR	TEUR Previous year	TEUR Previous year
<b>1.</b>	<b>Interest income and similar items</b>		299,774.26		372
	of which: from fixed-income securities	215,916.67		304	
<b>2.</b>	<b>Interest expenses and similar items</b>		6,257,519.47		6,387
<b>I.</b>	<b>NET INTEREST INCOME</b>		<b>- 5,957,745.21</b>		<b>-6,015</b>
<b>3.</b>	<b>Income from securities and participating interests</b>		0.00		67,497
	a) income from shares, other ownership interests, and variable-yield investments	0.00		0	
	b) income from participating interests	0.00		38,097	
	c) income from shares in affiliated companies	0.00		29,400	
<b>4.</b>	<b>Commission income</b>		0.66		0
<b>5.</b>	<b>Commission expenses</b>		39,768.84		46
<b>6.</b>	<b>Net loss on financial operations</b>		183.49		0
<b>7.</b>	<b>Other operating income</b>		4,823.09		0
<b>II.</b>	<b>OPERATING INCOME</b>		<b>- 5,992,506.81</b>		<b>61,436</b>
<b>8.</b>	<b>General administrative expenses</b>		3,859,852.41		5,003
	a) staff costs	1,666,005.09		1,472	
	of which:				
	aa) wages and salaries	1,251,677.23		1,101	
	bb) expenses for statutory social security contributions and compulsory contributions related to wages and salaries	322,274.43		275	
	cc) other social security charges	14,559.33		36	
	dd) expenses for pensions and assistance	55,803.16		48	
	ee) reversal/allocation of pension provision	0.00		0	
	ff) expenses for severance payments and contributions to severance and retirement funds	21,690.94		12	
	b) other administrative expenses	2,193,847.32		3,531	
<b>9.</b>	<b>Value adjustments in respect of asset items 9 and 10</b>		155,432.02		140
<b>10.</b>	<b>Other operating expenses</b>		204.00		0
<b>III.</b>	<b>OPERATING EXPENSES</b>		<b>4,015,488.43</b>		<b>5,143</b>
<b>IV.</b>	<b>OPERATING RESULT</b>		<b>- 10,007,995.24</b>		<b>56,293</b>

**Income statement for the year 2020**  
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

		EUR	EUR	EUR	EUR
<b>Carryover (IV. Operating result)</b>			- 10,007,995.24		56,293
11.	Value adjustments to loans and advances and allocations for provisions for contingent liabilities, commitments and securities held in the financial current assets		0.00		0
12.	Value re-adjustments to loans and advances and provisions for contingent liabilities, commitments securities held in the financial current assets		0.00		0
13.	Value adjustments to transferable securities held as financial fixed assets, participating interests and shares in affiliated companies		516,800.00		146
14.	Value re-adjustments to transferable securities held as financial fixed assets, participating interests and shares in affiliated companies		0.00		0
V.	<b>PROFIT OR LOSS ON ORDINARY ACTIVITIES</b>		- 10,524,795.24		56,147
15.	<b>Extraordinary income</b>		0.00		0
	of which: withdrawals from the special fund for general banking risks	0.00		0	
16.	<b>Extraordinary expenditures</b>		0.00		0
	of which: allocation to the special fund for general banking risks	0.00		0	
17.	<b>Extraordinary result</b> (subtotals from items 15 and 16)		0.00		0
18.	<b>Tax on profit or loss</b>		17,642.46		0
	of which: income related to deferred taxes	17,642.46		0	
19.	<b>Other taxes not reported in item 18</b>		0.00		0
19a.	<b>Profit or loss from demergers</b>		0.00		0
VI.	<b>PROFIT FOR THE YEAR AFTER TAX</b>		- 10,542,437.70		56,147
20.	<b>Changes in reserves</b>		- 10,542,437.70		56,147
	of which: allocation to reserves	0.00		0	
	reversal of reserves	0.00		0	
VII.	<b>PROFIT FOR THE YEAR AFTER DISTRIBUTION OF CAPITAL</b>		0.00		0
21.	<b>Profit brought forward from previous year</b>		0.00		0
22.	<b>Profits transferred on the basis of profit transfer agreement</b>		0.00		0
VIII.	<b>PROFIT OR LOSS FOR THE YEAR</b>		0.00		0



**Notes to the Financial Statements 2020**  
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

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# 1 General Information

## 1.1 Introduction

The 2020 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 3 (Changes to the accounting and valuation principles).

In addition, the changes in the general environment versus the 2019 financial statements due to the Covid-19 pandemic bear mentioning. On 11 March 2020 the WHO declared a public health emergency of global proportions in connection with the spread of Covid-19. This event has had a massive impact on people and companies across the world.

For ERSTE Foundation, the Covid-19 pandemic's impact led to a lack of income from its participating interest in Erste Group Bank AG after the bank followed the ECB's recommendation to suspend dividend distributions (ECB 2020/35). Total dividend income in 2020 stood at EUR 0 (previous year: TEUR 67,497). However, the going-concern assumption is not affected by these effects and remains appropriate.

## 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 Sparkassen 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 cost less depreciation, grouped with the financial assets that they pertain to, and valued at the lower stock exchange price or market value (fair value) in the event of a probable permanent impairment (moderate lower of cost or market rule).

Investments are grouped to current or financial assets 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 fair value no longer apply, the write-down loss is reversed.

Pursuant to section 189a(4) UGB, the fair value is the stock exchange price or market price; in the case of financial instruments whose market price cannot be readily determined as a whole, the value derived from the market prices of the individual components of the financial instrument or the market price for a similar financial instrument; if a reliable market cannot be readily determined for financial instruments, the value determined with the help of recognised valuation models and methods, provided that these models and methods ensure a reasonable approximation of the market price.

## **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. They 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

The following changes were made to the accounting and valuation principles versus the previous year:

Due to a uniform sector allotment, provisions for unused vacation time, in contrast to previous years, are no longer shown in Other liabilities (liability item 4) but in Other provisions (liability item 6).

### 4 Details on the Balance Sheet

The balance sheet values and shows individual balance sheet items according to section 2.

The figures in the following notes, however, show book values without pro rata 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:

	31.12.2020	31.12.2019
	EUR	TEUR
Obligations not payable on demand More than 1 year up to 5 years	200,000,000.00	200,000

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

	Affiliated companies		Companies linked by virtue of an equity interest	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	EUR	TEUR	EUR	TEUR
Amounts owed by customers	0.00	0	300,000.00	0
Debt securities	0.00	0	6,597,025.00	6,597
Other accounts receivable	84,524.13	0	0.00	0

#### 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:

Company and headquarters	Total equity (of which, indirect)	Shareholders' equity	Last result	Financial report by year
	in %	EUR	EUR	
Erste Group Bank AG, Vienna	11.25% (5.35%)	8,213,283,594.81	-118,354,832.91	31.12.2020
Erste Social Finance Holding GmbH, Vienna	40%	4,702,783.45	67,536.91	31.12.2019
Fund of Excellence Förderungs GmbH, Vienna	42%	74,711.69	-174,484.99	31.12.2019
Sparkassen Beteiligungs GmbH & Co KG, Vienna	50.50%	853,650,671.80	-280,553,556.08	30.06.2020
Sparkassen Beteiligungs GmbH, Vienna	100%	60,750.57	-1,565.71	31.12.2019
Two Next GmbH, Vienna	100%	313,997.56	-221,002.44	31.12.2020

The book value of participating interests in the amount of EUR 313,158,667.32 (previous year: TEUR 326,415) is composed of EUR 1,804,199.63 (previous year: TEUR 1,804) on the 40% stake in Erste Social Finance Holding GmbH, and of EUR 311,354,467.69 (previous year: TEUR 324,594) on the stake in Erste Group Bank AG, which reduced through a further transfer of 2,000,000 shares with a book value of EUR 13,240,000.00 to Sparkassen Beteiligungs GmbH & Co KG. This book value represents total holdings of 25,361,956 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 5.90% (previous year: 6.37%) of the share capital as at 31 December 2020. The market value of this participating interest was EUR 632,527,182.64 at the end of the year as calculated from the closing price of EUR 24.94 on the Vienna stock exchange.

As DIE ERSTE österreichische Spar-Casse Privatstiftung 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 42% participating interest in Fund of Excellence Förderungs GmbH was written down to EUR 0.00 in 2020 (previous year: TEUR 17) because it is restricting its business to existing contracts and has stopped taking on new business.

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 327,560,028.78 (previous year: TEUR 314,320), increased through a further transfer of 2,000,000 Erste Group Bank AG shares with a book value of EUR 13,240,000.00, for a total of 23 million EGB shares (previous year: 21 million shares). ERSTE Foundation indirectly holds 5.35% of Erste Group Bank AG’s share capital via Sparkassen Beteiligungs GmbH & Co KG (previous year: 4.89%). ERSTE Foundation therefore directly controls 11.25% as at 31 December 2020 (previous year: 11.25%). 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 2020, 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 31.16% of Erste Group Bank AG’s share capital (previous year: 30.39%).

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 2020.

The 100% stake in Sparkassen Beteiligungs GmbH, founded in 2011, has a book value of EUR 35,000.00.

With the memorandum of association of 19 February 2020, ERSTE Foundation founded Two Next GmbH and entered it in the commercial register on 5 March 2020. ERSTE Foundation holds 100% of this company. It received a shareholder contribution of EUR 500,000.00 in 2020, however, this was completely written off on 31 December 2020.

#### **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:

	Admitted to trading,			
	Listed	Not listed	of which are valued as	
			Fixed assets	Other valuation
	EUR	EUR	EUR	EUR
Debt securities and other fixed-income securities	6,597,025.00	0.00	6,597,025.00	0.00

#### 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 (previous year: TEUR 553).

#### 4.8 Financial instruments in fixed assets

31.12.2020	Book value EUR	Fair value EUR	Hidden charges EUR	Hidden reserves EUR
Debt securities and other fixed-income securities	6,597,025.00	7,173,565.00		576,540.00

31.12.2019	Book value TEUR	Fair value TEUR	Hidden charges TEUR	Hidden reserves TEUR
Debt securities and other fixed-income securities	6,597	7,263		666

The fair 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 are used for the valuation if they were available.

#### 4.9 Debt securities maturing in the following year

Of debt securities and other fixed-income securities, EUR 6,451,900.00 will mature in the following year (previous year: TEUR 0).

#### 4.10 Subordinated assets

	31.12.2020	31.12.2019
	EUR	TEUR
Debt securities	6,597,025.00	6,597

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

	31.12.2020	31.12.2019
	EUR	TEUR
Debt securities	6,597,025.00	6,597

#### 4.11 Fixed assets

The statement of changes in fixed and long-term assets can be found on the following pages.



**Statement of changes in fixed and long-term assets**  
**(Part 1 - initial value)**

Description	Initial value	Other	
	as at 1.1.2020	2020	
	EUR	EUR	
<b>Investments</b>			
d) Bonds and other fixed-income securities	6,597,025.00	0.00	
<b>Total</b>	<b>6,597,025.00</b>	<b>0.00</b>	
<b>Participating interests</b>	<b>326,808,167.69</b>	<b>0.00</b>	
<b>Shares in affiliated companies</b>	<b>314,355,028.78</b>	<b>0.00</b>	
<b>Intangible assets</b>			
b) Other	520,447.90	0.00	
<b>Total</b>	<b>520,447.90</b>	<b>0.00</b>	
<b>Tangible assets</b>			
b) Plant and equipment	771,736.20	0.00	
<b>Total</b>	<b>771,736.20</b>	<b>0.00</b>	
<b>Total fixed and long-term assets</b>	<b>649,052,405.57</b>	<b>0.00</b>	

**(Part 2 - accumulated depreciation and book values)**

Description	Accumulated write-downs	Write-downs	Write-ups	
	as at 1.1.2020	2020	2020	
	EUR	EUR	EUR	
<b>Investments</b>				
d) Bonds and other fixed-income securities	0.00	0.00	0.00	
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Participating interests</b>	<b>392,700.37</b>	<b>16,800.00</b>	<b>0.00</b>	
<b>Shares in affiliated companies</b>	<b>0.00</b>	<b>500,000.00</b>	<b>0.00</b>	
<b>Intangible assets</b>				
b) Other	414,396.90	70,701.00	0.00	
<b>Total</b>	<b>414,396.90</b>	<b>70,701.00</b>	<b>0.00</b>	
<b>Tangible assets</b>				
b) Plant and equipment	229,653.20	84,731.02	0.00	
<b>Total</b>	<b>229,653.20</b>	<b>84,731.02</b>	<b>0.00</b>	
<b>Total fixed and long-term assets</b>	<b>1,036,750.47</b>	<b>672,232.02</b>	<b>0.00</b>	

	<b>Additions</b>	<b>Disposals</b>	<b>Reclassification</b>	<b>Initial value</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>as at 31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	0.00	0.00	0.00	6,597,025.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,597,025.00</b>
	<b>0.00</b>	<b>0.00</b>	<b>-13,240,000.00</b>	<b>313,568,167.69</b>
	<b>535,000.00</b>	<b>0.00</b>	<b>13,240,000.00</b>	<b>328,130,028.78</b>
	0.00	0.00	0.00	520,447.90
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>520,447.90</b>
	158,029.02	19,957.87	0.00	909,807.35
	<b>158,029.02</b>	<b>19,957.87</b>	<b>0.00</b>	<b>909,807.35</b>
	<b>693,029.02</b>	<b>19,957.87</b>	<b>0.00</b>	<b>649,725,476.72</b>

	<b>Accumulated write-downs Disposals</b>	<b>Accumulated write-downs Reclassification</b>	<b>Accumulated write-downs</b>	<b>Book value</b>	<b>Book value</b>
	<b>as at 31.12.2020</b>	<b>as at 31.12.2020</b>	<b>as at 31.12.2020</b>	<b>as at 31.12.2020</b>	<b>as at 31.12.2020</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	0.00	0.00	0.00	6,597,025.00	6,597,025.00
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,597,025.00</b>	<b>6,597,025.00</b>
	<b>0.00</b>	<b>0.00</b>	<b>409,500.37</b>	<b>313,158,667.32</b>	<b>326,415,467.32</b>
	<b>0.00</b>	<b>0.00</b>	<b>500,000.00</b>	<b>327,630,028.78</b>	<b>314,355,028.78</b>
	0.00	0.00	485,097.90	35,350.00	106,051.00
	<b>0.00</b>	<b>0.00</b>	<b>485,097.90</b>	<b>35,350.00</b>	<b>106,051.00</b>
	19,753.87	0.00	294,630.35	615,177.00	542,083.00
	<b>19,753.87</b>	<b>0.00</b>	<b>294,630.35</b>	<b>615,177.00</b>	<b>542,083.00</b>
	<b>19,753.87</b>	<b>0.00</b>	<b>1,689,228.62</b>	<b>648,036,248.10</b>	<b>648,015,655.10</b>

**4.12 Interim corporation tax pursuant to section 22, paragraph 2 of the Corporation Tax Act (KStG)**

The Republic of Austria owes EUR 7,992,656.11 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 142,630.88 (previous year: TEUR 119).

**4.13 Obligations to affiliated companies**

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

**4.14 Operating leases and rental obligations**

For the following fiscal year, there are obligations of EUR 295,312.89 (previous year: TEUR 290) regarding leased tangible assets not listed on the balance sheet. These obligations amount to EUR 1,476,564.45 for the next five years (previous year: TEUR 1,451).

**4.15 Other liabilities**

Other liabilities included the following significant individual items:

	31.12.2020	31.12.2019
	EUR	TEUR
Outstanding amounts	150,101.21	299
Amounts owed to grants	3,362,346.42	4,024

**4.16 Deferred taxes arising from the conversion of legal form from Anteilsverwaltungssparkasse to 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, 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 7,992,656.11 as at 31 December 2020.

#### 4.17 Provisions for taxes

Deferred tax liabilities arising from 2018 of EUR 312,253.00 relate 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 2020 of EUR 17,725.40 (previous year: EUR 82.94).

#### 4.18 Other provisions

	EUR	EUR	EUR	EUR	EUR
	31.12.2019	Use	Releases	Allocations	31.12.2020
Provisions for taxes	312,335.94	0.00	0.00	17,642.46	329,978.40
Provisions for staff	0.00	0.00	0.00	58,117.00	58,117.00
Audit expenses	13,000.00	12,213.50	786.50	13,000.00	13,000.00
Administrative expenses	192,085.27	94,281.52	17,803.75	206,000.00	286,000.00
	<b>517,421.21</b>	<b>106,495.02</b>	<b>18,590.25</b>	<b>294,759.46</b>	<b>687,095.40</b>

#### 4.19 Breakdown of capital reserves and retained earnings

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 the private 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.

#### 4.20 Other off-balance sheet items

There are no off-balance sheet items and no off-balance sheet items that need to be disclosed according to section 237 paragraph 1(2) UGB that are required to evaluate the company's financial situation.

## 5 Cash Flow Statement

		2020 EUR	2019 EUR
	Net loss/income for the year	-10,542,437.70	56,147,089.25
+/-	Gains/losses on investments	0.00	12,116.61
+	Value adjustments in loans and advances to customers	0.00	0.00
+	Value adjustments in financial fixed assets	516,800.00	134,248.57
+	Depreciation (operating)	155,636.02	140,265.70
+	Addition of non-current provisions	0.00	0.00
+	Taxes	0.00	0.00
=	<b>Operating cash flows</b>	<b>-9,870,001.68</b>	<b>56,433,720.13</b>
+/-	Increase/decrease in inventories, trade debtors, and other assets	-466,661.33	-91,368.27
+/-	Increase/decrease in creditors (without banking liabilities and notes payable) and other liabilities	-1,222,909.48	1,995,155.80
+/-	Increase/decrease in short-term provisions	169,674.19	-45,389.24
=	<b>Cash flows from operating activities</b>	<b>-11,389,898.30</b>	<b>58,292,118.42</b>
-	Payments for investments in fixed assets	-158,029.02	-160,100.70
-	Investment in shares and other variable-yield instruments	0.00	2,500,000.00
+/-	Acquisition/disposal or non-cash issue of EGB shares	13,240,000.00	-8,382,354.58
	Sparkassen Beteiligungs GmbH & Co KG non-cash issue	13,240,000.00	6,630,000.00
	Acquisition/disposal of EGB shares	0.00	-15,012,354.58
	Gains from disposal of EBG shares		
+	Investment in shares in affiliated companies	0.00	-102,900.00
	Erste Social Finance Holding GmbH (formerly good.bee Holding GmbH)		
	Fund of Excellence Förderungs GmbH	0.00	-102,900.00
+/-	Investment in shares in affiliated companies	-13,775,000.00	-6,630,000.00
	Sparkassen Beteiligungs GmbH		
	Sparkassen Beteiligungs GmbH & Co KG	-13,240,000.00	-6,630,000.00
	Two Next GmbH	-535,000.00	
=	<b>Cash flows from investing activities</b>	<b>-693,029.02</b>	<b>-12,775,355.28</b>
+/-	Deposits/payments from discharging/taking on banking liabilities	20,000,000.00	-25,000,000.00
+/-	Securitised liabilities	0.00	-30,000,000.00
=	<b>Cash flows from financing activities</b>	<b>20,000,000.00</b>	<b>-55,000,000.00</b>
	<b>Grants</b>	<b>-5,412,073.47</b>	<b>-7,716,787.95</b>
	<b>Net change in cash and cash equivalents</b>	<b>2,504,999.21</b>	<b>-17,200,024.81</b>
-	Balance of liquid resources at the beginning of the period	8,181,238.93	25,381,263.74
+	Balance of liquid resources at the end of the period	10,686,238.14	8,181,238.93
	<b>Total change in cash and cash equivalents</b>	<b>2,504,999.21</b>	<b>-17,200,024.81</b>

## 6 Details on the Income Statement

### 6.1 Interest income and similar items

Interest received amounting to EUR 299,774.26 (previous year: TEUR 372) results primarily from income from fixed-income securities.

### 6.2 Interest expenses and similar items

Interest expenses totalled EUR 6,257,519.47 (previous year: TEUR 6,387) and wholly relate to interest from borrowings with credit institutions and issued bonds.

### 6.3 Income from investments and participating interests

Due to the ECB's recommendation to suspend dividend distributions (ECB 2020/35), Erste Group Bank AG did not distribute dividends in 2020. The previous year, dividend income from shares held directly totalled TEUR 38,097 (EUR 1.40 per share) and dividend income from shares held indirectly through the participating interest in Sparkassen Beteiligungs GmbH & Co KG amounted to TEUR 29,400.

### 6.4 Auditor expenses

Audit expenses for the 2019 year-end financial statements stood at EUR 12,213.50 (previous year: TEUR 11). A provision of EUR 13,000.00 was recognised for the 2020 fiscal year (previous year: TEUR 13). No other services were provided.

### 6.5 Allocation to retained earnings

The net loss for the year of EUR 10,542,437.70 (previous year: net income for the year of TEUR 56,147) was fully covered by year-end reserves.

### 6.6 Changes in ERSTE Foundation equity balance

	31.12.2020	31.12.2019
	EUR	TEUR
Committed endowment as at 1 April 2003	79,147,249.86	79,147
Committed retained earnings as at 31 December 2019 (or 2018)	72,508,808.00	72,509
Plus allocations from 2003 to 2019 (or 2018)	396,401,858.93	340,255
Less grants from 2005 to 2019 (or 2018)	- 97,765,224.13	- 91,209
Foundation equity on 1 January	450,292,692.66	400,702
Less grants in 2020 (or 2019)	- 5,813,378.19	- 6,556
Plus release in 2020 (or allocations in 2019)	- 10,542,437.70	56,147
Foundation equity on 31 December	433,936,876.77	450,293
Of which, committed reserves as at 31 December	224,375,507.09	224,376
Of which, free reserves as at 31 December	209,561,369.68	225,917

As at the balance sheet date of 31 December 2020 the equity balance of ERSTE Foundation stood at EUR 433,936,876.77 (previous year: TEUR 450,293) as shown above, without hidden reserves or hidden charges. This change in foundation equity results, on the one hand, from the release of free reserves for 2020's net loss of EUR 10,542,437.70 and, on the other hand, from the appropriation of reserves in the amount of EUR 5,813,378.19 through grants to beneficiaries according to section 3 of the foundation's articles of association.

## 7 Events after the Balance Sheet Date

In the first quarter of 2021, negotiations were successfully concluded on a partial extension until 2027 of the foundation's existing refinancing, which matures in 2022.

## 8 Liquidity

Due to the ECB's recommendation to suspend dividend distributions in 2020 (ECB 2020/35), the foundation did not collect any dividend income through Erste Group Bank AG in 2020. As a result, the foundation took out a loan of EUR 20 million with a maturity of one year with a large Austrian bank.

In the ECB's revised recommendation of 15 December 2020, it asked all banks to refrain from dividend distributions and share buybacks, or to limit such distributions, until 30 September 2021. The revised recommendation replaced the previous recommendation ECB/2020/35. Distributions are to be limited to the lesser of 15% of the cumulated profit for 2019-2020 or 20 basis points of the CET1 ratio. In accordance with this recommendation, Erste Group Bank AG announced that it would propose a maximum dividend of EUR 0.50 per share to the annual general meeting.

ERSTE Foundation managed to build free reserves of over EUR 200 million in recent years as a result of dividend distributions. Consequently, it can distribute planned and approved grants to beneficiaries as planned.

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. Hence there is sufficient liquidity to service all liabilities and conduct planned activities for all of fiscal year 2021.

## **9 Details on Boards and Staff**

### **9.1 Number of staff**

The foundation had an average of 18.5 staff (previous year: 15.68). This equates to a total of 24 employees (previous year: 20).

Of these, three staff were reimbursed for expenses at other companies (previous year: 0). This reimbursement is shown in item 8 on the income statement.

### **9.2 Loans to the managing board and supervisory board**

No members of the managing board or supervisory board had any outstanding loans or advances.

### **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 309,038.97 (previous year: TEUR 197). No remuneration was paid to former members of the managing board or their heirs.

No remuneration was paid to members of the supervisory board in 2019 (previous year: TEUR 78). There is a EUR 190,000.00 provision for 2019 and 2020 (previous year: TEUR 80).

### **9.4 Names of board members**

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

Dr Mario Catasta, Chair of the Board

Boris Marte, Deputy Chair of the Board

Franz Portisch

Dr Eva Hörtl, from 1 April 2020

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

Andreas Treichl, Chair of the Supervisory Board

Dr Manfred Wimmer, Deputy Chair of the Supervisory Board

Dr Johanna Rachinger

Bettina Breitender

Ilse Fetik

Barbara Pichler

Maximilian Hardegg

Dr Markus Trauttmansdorff

Dr Peter Pichler, until 8 November 2020

Philipp Thurn und Taxis, from 1 December 2020

The general assembly was made up of 112 members (previous year: 117) and 36 honorary members (previous year: 35).

Association director: Andreas Treichl, from 1 July 2020

Managing association director: Maximilian Hardegg, until 30 June 2020



# STATUS REPORT 2020

## 1 Economic Environment

Covid-19 triggered the worst global recession in decades in 2020. The crisis that followed led to an unprecedented economic collapse with dramatic consequences for developed and developing countries. Economic output declined in more than 85% of the world's countries. Policymakers enacted extraordinary measures to protect people and national healthcare systems, the economy, and the financial system. To prevent an uncontrolled spread of the virus, most countries imposed a strict lockdown in the first half of the year, followed by additional lockdowns in the last quarter of the year as infection rates rose again in the fall and winter. To limit the immediate economic damage, governments relied on measures such as government-guaranteed loans, payment deferrals for individuals and companies, and support from hardship funds. Central banks around the world loosened their monetary policy and the G10 countries expanded their balance sheets by nearly<sup>1</sup> EUR 6.5 trillion. More than 20 central banks in emerging markets conducted bond purchases for the first time. In addition, fiscal policy measures supported households and companies worldwide with a total of<sup>2</sup> EUR 10.5 trillion.

Economic activity dropped sharply in most countries. With a 3.4%<sup>3</sup> decline in real GDP, the United States came through the crisis better than Japan or the European Union. Important European economies like Italy and France posted double-digit drops in GDP. China performed better than other large economies in the developing world. After a slump in the first quarter of 2020, the Chinese economy bounced back with more vigour than most other countries after easing the restrictions from its first lockdown. Real overall GDP rose by 2.3% in<sup>4</sup> China. All other large developing countries, like India, Brazil, Russia, and Turkey, sustained significant losses. India's economy was hit particularly hard, experiencing its first recession in 40 years. The Russian economy suffered both from the Covid-19 crisis and low oil prices. The economies of Central and Eastern Europe were damaged to a similar degree by the crisis that the virus unleashed. Overall real GDP fell by 3.54%<sup>5</sup> worldwide.

In the United States, economic developments were dominated by Covid-19, rising tensions between the USA and China, and November's presidential election. In April and May, economic output slumped due to the coronavirus crisis, causing the unemployment rate to rise significantly for a time. It hit a high of over 14% in April<sup>6</sup>. However, thanks to robust domestic demand, an improving labour market, very loose monetary policy, and strong fiscal stimulus, the economy quickly began to recover. At the end of the year, unemployment had fallen to 6.7%<sup>7</sup>. Core inflation remained below the US central bank's (Fed) target of 2%. In March 2020, the Fed cut its key interest rate to zero and launched a new round of quantitative easing. It included purchases of USD 700 billion of government bonds and mortgage-backed securities (MBS) in response to the slowing economy. Overall, the US economy declined by 3.4% in 2020.<sup>8</sup>

The crisis hit the euro area hard too. At 7.2%<sup>9</sup>, the decline in economic output was more pronounced than in other developed regions of the world. The measures taken in response to the Covid-19 pandemic – national lockdowns, school closures, and entry restrictions – caused severe disruptions to economic life. Tourism, in particular, was affected and was shut down almost entirely for several months during the year. In Italy, France, and Spain, where tourism plays a very important role, the weakened economic situation led to a double-digit decline in real GDP. On the other hand, Germany, the largest economy in the eurozone, performed much better, mainly thanks to strict crisis management and a greater emphasis on manufacturing. Unemployment rates rose in European countries. In most eurozone countries, governments launched extensive programmes with government loan guarantees to keep access to bank credit open for businesses. The European Central Bank (ECB) unveiled a new Pandemic Emergency Purchase Programme (PEPP) to counter serious risks to the monetary policy transmission mechanism and the negative outlook for the euro area. That programme, with a volume of EUR 1.85 trillion,<sup>10</sup> was extended until March 2022. In

1 IMF: <https://www.imf.org/-/media/Files/Publications/GFSR/2020/October/English/foreword.ashx> (Downloaded on 19 February 2021, conversion rate of 1 EUR=1.147 USD)

2 IMF: <https://www.imf.org/-/media/Files/Publications/GFSR/2020/October/English/foreword.ashx> (Downloaded on 19 February 2021, conversion rate of 1 EUR=1.147 USD)

3 IMF: <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update> (Downloaded on 19 February 2021)

4 IMF: <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update> (Downloaded on 19 February 2021)

5 IMF: <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update> (Downloaded on 19 February 2021)

6 US Labor Statistics: <https://www.bls.gov/news.release/pdf/empst.pdf> (Downloaded on 19 February 2021), page 1

7 US Bureau of Labor Statistics: <https://www.bls.gov/news.release/pdf/empst.pdf> (Downloaded on 19 February 2021), page 9

8 IMF: <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update> (Downloaded on 19 February 2021)

9 IMF: <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update> (Downloaded on 19 February 2021)

10 ECB: <https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html> (Downloaded on 19 February 2021)

addition, the ECB increased its targeted longer-term refinancing operations (TLTROs) to make low-interest loans available to credit institutions. 388 banks drew down a total of EUR 1.7 trillion.<sup>11</sup> The ECB left its discount rate at zero.

Against this backdrop, the Austrian economy suffered severe losses as well. The pandemic containment measures and the lockdown in the spring led to a sharp drop in private consumption and thus to a decline in GDP. Investment activity also dropped significantly. In the third quarter, a strong economic upswing set in. The easing of travel restrictions, but especially above-average domestic tourism in the summer, led to a partial recovery of the economically important tourism sector. The number of overnight stays was 15% below 2019 levels in July and August, following declines of 60% to 90% in May and June. The unemployment rate rose significantly in the first half of the year to 6.2% in June and averaged 5.3%<sup>12</sup> for 2020 as a whole. Short-time work schemes helped mitigate the impact of the economic downturn on the labour market. The crisis triggered by Covid-19 abruptly ended the favourable development of Austria's public finances. In March, the Covid-19 Crisis Recovery Fund was launched, providing financial support for such things as strengthening the health care system, subsidising fixed costs, and short-time work. Tax deferrals and government guarantees for loans also helped to avoid liquidity bottlenecks for companies. The general government deficit amounted to 8.9%<sup>13</sup> of GDP. Public debt as a percentage of GDP increased significantly to 84.4%.<sup>14</sup> As a result of the sharp economic downturn and the decline in energy prices, inflation fell from over 2% at the beginning of the year to 1.2%<sup>15</sup> at the end of the year. Overall, inflation averaged 1.4%<sup>16</sup> in 2020. Real GDP fell by 7.2%,<sup>17</sup> and per capita GDP decreased to EUR 42,000<sup>18</sup> at the end of the year.

The economic situation in Central and Eastern Europe was challenging too. Consumption and investment activity declined significantly, while exports and imports shrank by double-digit percentages. Manufacturing and exports play a major role in the economies of Central and Eastern Europe, and this contributed significantly to the economic downturn they experienced during their spring lockdowns. After an unprecedented decline in economic activity, the CEE region experienced a very rapid economic recovery. The second wave of lockdowns affected the region's economies to a much lesser extent thanks to the resilience of industrial production. This was due to the fact that manufacturing did not shut down and foreign demand remained strong. Serbia performed best, with only a moderate decline in GDP in 2020. GDP slumped the most in Croatia due to the country's high dependence on tourism. Unemployment rates rose in CEE but remained low compared to many Western European countries. CEE labour markets also benefited from government support programmes and the widespread use of short-time work. Due to lower revenues and higher expenditures, government deficits widened in the region. CEE currencies remained weak throughout the year, with the Hungarian forint repeatedly nearing all-time lows. Despite the currency effects, inflation remained relatively moderate. Numerous central banks in the region lowered their key interest rates during the year. The Czech National Bank made the largest rate cuts. Hungary, Romania, and Serbia also reduced their key interest rates. Overall, the economies of the CEE region contracted between 8.8%<sup>19</sup> in Croatia and 1.1%<sup>20</sup> in Serbia in 2020.

11 Euromoney: <https://www.euromoney.com/article/280nvn47uuu2gasjb5534/banking/european-banks-head-for-a-funding-cliff-thanks-to-tltro-iii> (Downloaded on 19 February 2021)

12 Statistics Austria: [http://www.statistik.at/wcm/idc/idcplg?IdcService=GET\\_PDF\\_FILE&RevisionSelectionMethod=LatestReleased&dDocName=055370](http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=055370) (Downloaded on 19 February 2021)

13 Oesterreichische Nationalbank: [https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria\\_oct-2020.pdf](https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf) (Downloaded on 19 February 2021), page 4

14 Oesterreichische Nationalbank: [https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria\\_oct-2020.pdf](https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf) (Downloaded on 19 February 2021), page 4

15 Statistics Austria: [http://www.statistik.at/wcm/idc/idcplg?IdcService=GET\\_PDF\\_FILE&RevisionSelectionMethod=LatestReleased&dDocName=022832](http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=022832) (Downloaded on 19 February 2021), page 4

16 Statistics Austria: [http://www.statistik.at/wcm/idc/idcplg?IdcService=GET\\_PDF\\_FILE&RevisionSelectionMethod=LatestReleased&dDocName=022832](http://www.statistik.at/wcm/idc/idcplg?IdcService=GET_PDF_FILE&RevisionSelectionMethod=LatestReleased&dDocName=022832) (Downloaded on 19 February 2021), page 4

17 Oesterreichische Nationalbank: [https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria\\_oct-2020.pdf](https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf) (Downloaded on 19 February 2021), page 4

18 Oesterreichische Nationalbank: [https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria\\_oct-2020.pdf](https://www.oenb.at/dam/jcr:370f2792-c563-4471-93d7-f6530d6c29e0/facts-on-austria_oct-2020.pdf) (Downloaded on 19 February 2021) and Statistics Austria: <https://statcube.at/statistik.at/ext/statcube/jsf/tableView/tableView.xhtml> (Downloaded on 19 February 2021)

19 European Commission: [https://ec.europa.eu/eurostat/databrowser/view/NAMQ\\_10\\_GDP\\_\\_custom\\_589433/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/NAMQ_10_GDP__custom_589433/default/table?lang=en) (Downloaded on 19 February 2021), calculated based on Q1-Q3 2020 figures

20 Statistical Office of the Republic of Serbia: <https://www.stat.gov.rs/en-US/vesti/20201230-ekonomska-kretanja-2020> (Downloaded on 19 February 2021)

## 2 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. ERSTE Foundation invests a portion of its dividends in regions in which Erste Group operates. Its goals are supporting those who assist socially disadvantaged groups, financial health for all, defending democracy in Europe, and creating space for contemporary culture.

In the process, the foundation acts as an innovative engine, networking stakeholders and supporting knowledge transfer within the countries of Central, Eastern and South-Eastern Europe – on the premise that as many people as possible should take part in the public debate concerning the right path for necessary societal change and that arguments should be comprehensible for everyone. The foundation strengthens initiatives for change and contributes to further developing civil society and progress in the region. As the main shareholder of Erste Group, it protects the group's shareholder structure and, in so doing, ensures that an adequate portion of the foundation's equity remains available for its funding goals.

The year 2020 was shaped by the impact of the coronavirus pandemic beginning from March. It had serious consequences for multiple aspects of the foundation's work. Many projects could not implement their programmes as planned. For example, cultural venues in many European countries were closed for months in order to reduce the number of infections in the population. Artists, project managers, journalists, and other programme participants were often unable to travel. Conferences, exhibitions, seminars, and similar events either had to be cancelled or held online. At the same time, although the NGO sector was affected by similar economic problems as the for-profit sector, many governments offered it significantly less compensatory aid – or none at all. In the societal sphere, inequality, precarious living circumstances, and educational poverty became worse. This has meant that the needs of clients and potential clients of many NGOs have grown.

As a direct response to this situation, the foundation implemented three measures in the spring of 2020 that were specially tailored to actors in civil society during the pandemic. In April 2020, ERSTE Foundation created the **CEE Solidarity Fund**, a nonbureaucratic hardship fund for small and medium-sized NPOs in Central and South-Eastern Europe. In addition, a comprehensive social banking initiative of Erste Group and ERSTE Foundation provided a total of around EUR 25 million in liquidity for non-profit organisations in Austria, Croatia, the Czech Republic, Hungary, Romania, Serbia, and Slovakia. In the process, Erste Group enabled soft loans via its subsidiary banks to bridge liquidity shortfalls. ERSTE Foundation covered interest payments due in 2020. **Reporting Democracy (RD)** is a cross-border journalistic platform financed by ERSTE Foundation that is dedicated to the question of where democracy is headed in large parts of Europe. In April 2020, RD issued a call for articles that show how the pandemic is changing policy and society in Central, East, and South-Eastern Europe.

### Empower those who care

The **NGO Academy** conceived of a new programme in 2020: the **Professional Master Social Innovation & Management**, which will be offered at the Executive Academy of the Vienna University of Economics and Business. It will be closely tied to the programmes and content of the NGO Academy and, for the first time ever, will enable participants to obtain a university degree. As a result, the NGO Academy will offer another continuing education format for the third sector from 2021 in addition to the low-threshold **Regional Programme** and the **Social Innovation and Management Programme**. Building on experiences from the preceding four years, ERSTE Foundation created **Two Next** in 2020. A limited liability company (GmbH), it offers non-profit organisations access to learning experiences in order to offer digital products and services. In so doing, it collaboratively initiates digital approaches to solve relevant societal problems. The company focuses on care, family caregivers, and financial inclusion.

### Financial health for all

The drastic measures taken by many European governments to combat the spread of the coronavirus have made physical, mental and financial health the most important topic in policy and public debate. ERSTE Foundation has a wealth of experience in these areas thanks to projects like **Zweite Sparkasse**, **Financial Life Park** and various **social banking projects**, and it drew on this experience

for its plan to make business education a key component in Austrian curricula. To achieve this goal, it founded the **Foundation for Economic Literacy** on 15 December 2020. In an unprecedented alliance, the Chamber of Labour, ERSTE Foundation, the Federation of Austrian Industries, the Innovation Foundation for Education, the MEGA Foundation for Education, Oesterreichische Nationalbank, and the Austrian Economic Chambers are mobilising and pooling their resources to strengthen broad-based general business education in Austria.

### **Preserve a democratic Europe**

**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 third generation of fellowship-holders in 2020. Gerald Knaus, a first-generation fellowship-holder, presented his book, *Welche Grenzen brauchen wir?* ("What Borders Do We Need?") to the media and the president of Austria, Alexander van der Bellen, at ERSTE Foundation in autumn. Civitates, an international philanthropic initiative for democracy and solidarity in Europe, which ERSTE Foundation has been involved in from the beginning, successfully concluded the first call for proposals for its third and, for now, final subfund to support public interest journalism.

### **Protecting contemporary culture**

The seventh **Igor Zabel Award for Culture and Theory** was awarded in 2020. The award ceremony was held in Ljubljana and attended by an online audience. The award went to Zdenka Badovinac, the long-time director of Moderna Galerija in Ljubljana. The first biennial **Ve věci umění / Matter of Art**, organised by tranzit.cz, took place in Prague under tight pandemic-related restrictions. At the end of the year, two artists and two curators from the protest-wracked city of Minsk accepted an invitation from ERSTE Foundation and tranzit.at and spent two months in Vienna thanks to the short-term residency programme **Solidarity Belarus**.

## **3 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 ERSTE Foundation's key asset. This creates an income dependency on dividends distributed by Erste Group Bank AG and an associated risk of suspended dividends. This risk materialised in fiscal year 2020 when no dividends were paid to ERSTE Foundation on the basis of the ECB's recommendations to credit institutions on dividend distributions.

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. A sufficient line of credit is available in the form of a cash advance to bridge any short-term liquidity bottlenecks until a dividend is paid.

There is no foreign currency risk and no credit risk from debtors.

## **4 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.

### **4.1 BALANCE SHEET**

Total assets grew during the reporting period by TEUR 2,992 from TEUR 660,967 to TEUR 663,959.

## 4.1.1 ASSETS

### Loans and advances to credit institutions

Demand deposits amounting to TEUR 10,686 (previous year: TEUR 8,181) were held with Erste Bank der oesterreichischen Sparkassen AG.

### Loans and advances to customers

Erste Social Finance Holding GmbH, in which ERSTE Foundation has a participating interest, was granted a loan of TEUR 306 (including accrued interest) (previous year: TEUR 0) in 2020 to carry out the Ministry of Social Affairs' Social Impact Bond – Perspektive: DIGITALISIERUNG.

### Investments

This item amounting to TEUR 6,634 (previous year: TEUR 6,634) consists of debt securities (investments) from Erste Group Bank AG.

### Participating interests

This item decreased by TEUR 13,257 and stands at TEUR 313,159 (previous year: TEUR 326,415). This is due to valuations of Fund of Excellence Förderungs GmbH as well as the transfer of two million Erste Group Bank shares to Sparkassen Beteiligungs GmbH & Co KG.

ERSTE Foundation directly held 25,361,956 shares (previous year: 27,361,956 shares) in Erste Group Bank AG as at the balance sheet date, with a book value of TEUR 311,354 (previous year: TEUR 324,594). Along with its syndicate partners and Sparkassen Beteiligungs GmbH & Co KG, the foundation directly and indirectly controlled 31.16% (previous year: 30.39%) of Erste Group Bank AG's share capital. The average book value of directly held shares is EUR 12.28 per share (previous year: EUR 11.86).

The participating interests item also includes holdings in Erste Social Finance Holding GmbH (40% stake), with a book value of TEUR 1,804 (previous year: TEUR 1,804), and Fund of Excellence Förderungs GmbH (42% stake), which has a book value of TEUR 0 (previous year: TEUR 17).

### Shares in affiliated companies

ERSTE Foundation holds 23 million of its Erste Group Bank shares (previous year: 21 million shares), or 5.35% (previously 4.89%) of Erste Group Bank AG's share capital, via Sparkassen Beteiligungs GmbH & Co KG, valued at TEUR 327,560 (previous year: TEUR 314,320).

This item also includes the shares in Sparkassen Beteiligungs GmbH valued at TEUR 35 (previous year: TEUR 35) and in Two Next GmbH valued at TEUR 35 (previous year: TEUR 0), which ERSTE Stiftung founded in 2020.

### Other assets

This item amounts to TEUR 4,848 (previous year: TEUR 4,691) and primarily comprises a receivable from taxation authorities, which stands at TEUR 3,996 (previous year: TEUR 4,068) from the evidence account for interim tax.

## 4.1.2 LIABILITIES AND EQUITY

### Liabilities to credit institutions

As of 31 December 2020, this item had a book value of TEUR 20,043 (previous year: TEUR 0). 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 2020. This item includes accrued interest of TEUR 43.

### Securitised liabilities

This balance sheet item remained unchanged from the previous year and has a book value of TEUR 205,675 (previous year: TEUR 205,675). This item includes accrued interest of TEUR 5,675.

### Other liabilities

This item amounting to TEUR 3,617 (previous year: TEUR 4,482) contains grants promised but not yet dispersed of TEUR 3,362 (previous year: TEUR 4,024) as well as other liabilities of TEUR 255 (previous year: TEUR 458).

## **Provisions**

Provisions of TEUR 687 (previous year: TEUR 517) relate to TEUR 330 of taxes (previous year: TEUR 312) as well as staff and other costs totalling TEUR 357 (previous year: TEUR 205).

## **Reserves**

Foundation equity (capital reserves and retained earnings) stands at TEUR 433,937 (previous year: TEUR 450,293) as at 31 December 2020 after grants to beneficiaries totalling TEUR 5,813 (previous year: TEUR 6,557) and after the release of reserves for the net loss for 2020 totalling TEUR 10,542 (previous year: allocation to reserves of TEUR 56,147).

The free reserve as of the balance sheet date includes EUR 3,015,886.41 in unused funds from grant budgets in previous years. These are available for grants in 2021 in addition to the current 2021 budget.

## **4.2 INCOME STATEMENT**

ERSTE Foundation's main sources of income during the last fiscal year stemmed from interest from the investment of foundation assets. Specifically, this consisted of TEUR 299 of interest income in the 2020 fiscal year. On the ECB's recommendation, Erste Group Bank AG made no dividend distributions in 2020 (previous year: TEUR 67,497).

### **Net interest income**

This item had a surplus of interest payable over interest received amounting to TEUR 5,958 (previous year: TEUR 6,015).

### **Operating income**

This item (including net interest income mentioned above) had a negative balance amounting to TEUR 5,993 (previous year: positive TEUR 61,436).

### **Operating expenses**

This item totalling TEUR 4,015 (previous year: TEUR 5,143) consists of staff costs of TEUR 1,666 (previous year: TEUR 1,472), administrative expenses totalling TEUR 2,194 (previous year: TEUR 3,531) and write-downs totalling TEUR 155 (previous year: TEUR 140).

### **Revaluation of securities valued as financial instruments as well as of participations and holdings in affiliated companies**

This item stands at TEUR 517 (previous year: TEUR 146), due to the devaluation of Fund of Excellence Förderungs GmbH and Two Next GmbH.

### **Taxes**

This item contains income tax totalling TEUR 18 (previous year: TEUR 0).

### **Loss for the year**

Free retained earnings were liquidated to cover 2020's net loss of TEUR 10,542.

## 5 Outlook for 2021 and Events after the Balance Sheet Date

The core shareholder syndicate, which consists of ERSTE Foundation, the savings banks and their joint subsidiary, Sparkassen Beteiligungs GmbH & Co KG, Erste Mitarbeiterbeteiligung Privatstiftung as well as CaixaBank S.A. and Wiener Städtische Wechselseitiger Versicherungsverein, slightly increased its stake in Erste Group Bank AG in 2020, by transferring additional Erste Group shares belonging to the savings banks and ERSTE Foundation to Sparkassen Beteiligungs GmbH & Co KG. The total stake now stands at just above 30%.

Most liabilities are long term (residual term of one year; total term of five years); negotiations to extend liabilities are underway.

Due to the ongoing Covid-19 crisis, the ECB released a revised recommendation asking banks to limit dividend distributions until 30 September 2021. Distributions are to be limited to the lesser of 15% of the cumulated profit for 2019-2020 or 20 basis points of the CET1 ratio. Erste Group Bank AG announced it will reduce its dividend to EUR 0.50 per share. Payment of the dividend is planned for the first half of 2021 but is subject to the ECB's go-ahead.

For 2021, the decision was made to keep the grant budget of EUR 7.5 million unchanged versus 2020 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, 26 April 2021

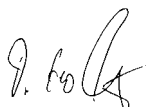
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Deputy Chair



Dr. med. Eva Hörtl  
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Mag. Franz Portisch  
Board Member



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(as at 31 Dec 2020)

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\* = inactive

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#### Honours 2020

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(as at 31 Dec 2020)

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Barbara Pichler  
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Johannes Steiner, Office Manager  
Lubica Vopičková, IT Coordinator and Accounting Administrator  
Elias Wyschata, Office Manager  
Eva Zalesky, Board Meeting Manager



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