“If you want truth, you have to create it. You have to manufacture it.”

TIMOTHY SNYDER

Quote from the interview between ERSTE Foundation CEO Boris Marte and Timothy Snyder, professor of history at Yale University, in February 2021 as part of the video series The Call. See page 12 in this Annual Report for excerpts from the conversation.

See the full video – “For a moral commitment to factuality”, The Call with Timothy Snyder – here: bit.ly/3MpH9dh
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By the time you read this, the worst of Covid may hopefully be behind us. But even if the Covid-19 pandemic is soon to turn into a less-threatening endemic, for many it will not be over yet. “It’s not over ‘til it’s over” does not apply here. The pandemic and the measures taken to contain it, as necessary as they have been, have left their mark. They have threatened livelihoods, had an acute and long-term impact on our physical and mental health, polarised public debate, diminished educational opportunities, and they will keep us all busy for a long time to come as we repay the debts we have incurred. Governments are still in a state of emergency, in a sense. The global economy, too, must reorganise its structures. We are facing supply chain problems, cross-sector staff shortages, skyrocketing energy prices and soaring inflation resulting from all this. Geopolitics is bringing out the big guns not only in Ukraine and is thus once again taking up a clear position in Europe.

The pandemic has held a magnifying glass to what happens to societies that are abruptly shaken by major crises. As thrilled as we were in early 2021 about the record development of effective vaccines, we were just as disillusioned at the end of the year when we realised that a small but vocal part of the population in many countries did not share the scientific view that vaccines offer a way out of the pandemic. Fear and confidence were fiercely pitted against each other. As if all that were not enough, major weather-related disasters in 2021 reminded us once again of the urgency of tackling the climate crisis.

In recent years, we have seen shifts in fundamental social, technological, political and ecological parameters and so much of what we took for granted – trust in science, in peace in Europe, in a secure future – has been lost. The magnitude of the task, the force of this transformation, calls for radical approaches. But this is precisely where ERSTE Foundation’s purpose comes into play. Through our networks we have already succeeded in finding the right answers to topical issues on previous occasions. And so, from our point of view, 2021 was one of the most productive years in a long time.

To boost science, we have stepped up investment in research. For instance, we aim to broaden the foundation’s core competence with regard to “Financial Health for All”. We are collaborating with the University of Tartu (Estonia) to conduct a major three-year study on financial well-being in Central and Eastern Europe. Fifteen years ago we founded Zweite Sparkasse (see p. 52), a bank for people in difficult financial situations, and five years ago we opened the Erste Financial Life Park, FLiP, (see p. 38) to address the lack of knowledge
on money matters among young people. Both projects have been very well received, prompting changes in society. The EU Commission has even taken up the idea of Zweite as a role model to introduce a legal provision giving every citizen access to a bank account.

Why do we focus so much on financial education? Because everyone’s financial health is crucial to being able to cope well with coming crises. The Foundation for Economic Literacy, which we co-founded, took up its work last year. It will bring economic and financial education to schools. Even the ministry of finance has started to embrace financial literacy in Austria, which shows that our previous measures to raise awareness have not been in vain.

To better understand the current geopolitical shifts, the Europe’s Futures Fellowship, a collaboration with the Institute for Human Sciences, brings together the best minds to reflect on how a sovereign European Union can hold its own today and contribute to dialogue between East and West and the positive development of the Central and Eastern European regions.

Our own lab, TWO NEXT, which develops digital innovation skills for pressing social issues, worked on two topics in 2021 that have become even more important in post-pandemic times: supporting family caregivers and financial inclusion.

We urgently need to build regenerative economic and social models that will also enable future generations to lead a (better) life in harmony with nature. Foundations in particular can afford the courage to take risks and look far ahead; they can be innovative, react flexibly and choose their tasks according to the urgency of the problems to be tackled. It’s imperative that we all pull together and forge new alliances. To this end, we spent three days mulling over the next steps with regard to the climate crisis, democracy development, society and philanthropy at the largest meeting of European foundations in Vienna in October 2021. The energy, the will to act and the opportunities to do so were palpable.

New managing board

2021 was just as important for ERSTE Foundation’s programme and activities as it was for its governance. In the second half of the year, we extended and strengthened our managing board. Mario Catasta, whom I would like to thank most sincerely for everything he has done for Erste Group and ERSTE Foundation, and Franz Portisch, who has accompanied ERSTE Foundation’s development in various positions from the outset, moved from the foundation’s managing board to its supervisory board. The supervisory board appointed the previous deputy chairman, Boris Marte, as the new CEO. He is assisted by Eva Höltl, who has been a board member since 2020, Wolfgang Schopf, who has taken on the role of chief financial officer (CFO), and Martin Wohlmuth, executive director and head of finance and organisation since 2016 who completes the new four-member team. Under his leadership as COO on ERSTE Foundation’s managing board, the foundation will continue its tasks as the coordinator of the core shareholder syndicate.

All the same, I would like to explicitly thank all the staff members for their work in what has once again been a challenging year and hope we will all stay healthy and be able to respond vigorously and successfully to the challenges ahead.

Andreas Treichl
Chairman

Supervisory Board Members

Andreas Treichl (Chairman)
Bettina Breiteneder
Mario Catasta
Maximilian Hardegg
Barbara Pichler
Franz Portisch
Johanna Rachinger
Philipp Thurn und Taxis
Markus Trauttmandorff
Manfred Wimmer
Kurt Zangerle
Manufacturing Truth is the motto of our 2021 Annual Report. If this makes you raise your eyebrows, you have a good feeling for language. This statement – which we actually want to be read as an imperative, as a request with an invisible exclamation mark! – indeed sounds a bit like “fabricating alternative facts”. Manufacturing Truth sounds like the opposite of what it means: it suggests the search for a “different” truth, scepticism about scientific findings and well-founded news, which more and more people now feel the need to express aloud. Among a small minority, there has long been a faint distrust. Truth in the singular seems to have shifted sides years ago. Adherents of deconstructivism already share a general suspicion that truth is what used to be called “knowledge of domination”.

Last year, American historian Timothy Snyder explained to us in detail that this is not true (see p. 12). He contradicts the postmodern view “from the 20th century” that there can only be truth in the plural because, in his view, this would lead to the dissolution of any sense of community and to isolation, leaving everyone vulnerable to the encroachments of unbridled power. He argues that the 21st century has shown that, for democracies to work, public debate must be based on facts. Factuality, a truth accepted by all, does not fall from the sky, however. It must be, indeed, produced, at times in painstaking ways. Scientists must be able to experiment and publish their findings without hindrance; journalists must be able to research and communicate; teachers should be able to teach verified knowledge, and artists should be able to question old certainties; they should have places to think, to create, to perform. Today more than ever, we need economists and ecologists who are able to conduct research in the field and in the library, entrepreneurs who develop innovations for the good of society. Philosophers and IT specialists will have to equip artificial intelligence with well-founded criteria of what is right or wrong.

Foundations, on the other hand, can enable and promote the production of facts, of basic knowledge, of agreements on correct choices, of protected spaces, of art, and of truth. That is why we exist. Nothing describes, explains, communicates and questions itself automatically. Manufacturing truth, by the way, is much more difficult than simply inventing something out of thin air. Facts have to be verified, and assertions have to be proven. That is hard work. Contexts are often complex and solutions for the future are not easy to find.

To this end, ERSTE Foundation has founded the start-up Two Next, for example, to enable
access to learning experiences for non-profit organisations that seek to offer digital products and services. Since 2021 Two Next has been particularly focusing on care and family caregivers as well as financial inclusion. A conference on family carers was held in early 2022, and a digital solution addressing this target group is being prepared. This work is still ongoing, so more on this in a year’s time.

Diverse, inclusive solutions that consider as many different aspects as possible – particularly solid truth, so to speak – emerge when they interact with numerous others, through controversial debate and in cooperative endeavours. To enable this, we build stable networks with our partner organisations that can inspire and support each other. After a year and a half of pandemic-related delay, it was so good to be able to finally welcome our European foundation colleagues as our guests from 18 to 20 October 2021. The European Foundation Centre held its first annual conference in Vienna (and – due to its subsequent merger with the umbrella organisation of national European foundation associations, Dafne, to become Philea – also its last). After more than two years, during which foundations mainly relied on video calls to communicate, we were finally able to meet face to face again and share a sense of new beginnings with fantastic speakers and 400 fully vaccinated and tested participants. See page 26 for a review of this event on important topics such as climate, society, democracy and philanthropy, which was wonderful and enriching in every sense.

What we found particularly fascinating during the numerous conference discussions was that practically all foundations are currently in the midst of radical changes. The pandemic and its enormous impact on individuals, society and politics, but also increased awareness of how difficult it is to move towards a CO2-neutral future as soon as possible, naturally also have an impact on the philanthropy sector. As we see innovation as a task for the future, we too have initiated an internal strategy process. ERSTE Foundation, Erste Group’s main shareholder, is of particular significance for the orientation of its bank and the societal questions of our time. We need to develop feasible ideas and solutions and start processes that will lead us into a good future. To do so, we want to redefine ERSTE Foundation’s historical core narrative, while adjusting our objectives and developing new fields of action. In view of dramatic societal, economic, technological and ecological changes, we want to rethink ERSTE Foundation’s role in civil society and as the main shareholder of Erste Group. Only if we succeed in achieving a sustainable impact in this dual role will we continue to live up to the foundation’s founding idea. Find out more on page 19.

As a foundation watching over the thriving of a bank that is over 200 years old, we also stand firmly behind the following message: 1 + 1 = 2! We’ll still have to work on the big equations for a good life for future generations. And we’ll have to work hard. But we know the laws of mathematics and many other methods of how to read the world, to understand it and then to make it better for everyone. It is up to us to find the best solutions.
ERSTE Foundation: Two Important Tasks

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

Erste Group reinstates dividend payment
In order to serve the common good, ERSTE Foundation strives to invest part of its dividend from its stake in Erste Group Bank AG (“Erste Group”) in philanthropic projects. Each year, the bank’s managing board submits the proposed dividend payment for approval at the general shareholders’ meeting.

In 2020, the European Central Bank (ECB) issued a recommendation for European banks to only pay a limited dividend until autumn 2021 due to the stresses that it expected the financial sector to be put under as a result of the Covid-19 crisis. Hence, Erste Group distributed a dividend of only 50 cents per share in May 2021. After the ECB’s recommendation expired, Erste Group held an extraordinary shareholders’ meeting at which a supplementary dividend of an additional one euro per share for fiscal year 2020 was approved. ERSTE Foundation used this dividend income for two main purposes: to finance ongoing operations and ERSTE Foundation grants and, on the other hand, to repay a 20 million-euro loan that the foundation had taken out in 2020.

Changes to Erste Group’s holding structure
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”), the main shareholder of Vienna Insurance Group, Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung (VIG), and CaixaBank S.A. The latter sold its 9.9 per cent stake in Erste Group on the market in November 2021, with VIG acquiring one percentage point. The syndicate agreement with CaixaBank S.A. has thus expired.

As a result, the remaining syndicate holds 21.9 per cent of Erste Group’s share capital at the end of 2021. This means one of the largest retail banks in Central and Eastern Europe will continue to be able to rely on a solid ownership structure. The agreements entitle ERSTE Foundation to influence how contracting partners vote at supervisory board elections. The savings banks group, which collectively holds a syndicated share of around 6.4 per cent, has the right to nominate one member of Erste Group’s supervisory board.

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 200 million euros. ERSTE Foundation currently has a direct stake in Erste Group of 11.25 per cent.

Erste Group share
In the year ended, the Erste Group share rose 65.8% after having lost more than a quarter of its value in the preceding year. This was the second-strongest gain in the share’s track record since 1997 – in 2012 it had posted a 76.8% rise. The share price climbed from EUR 24.94 at year-end 2020 to a closing price of EUR 41.35 at year-end 2021. It marked its low at EUR 24.80 on 5 January 2021 and its high of EUR 41.95 on 11 November. In addition to the general uptrend in bank share prices, this performance was driven by an operating result that beat consensus estimates, asset quality development and risk provisions that were significantly better than expected at the onset of the crisis and an improved economic outlook in the Central and Eastern Europe core markets. The return to a progressive dividend policy was also appreciated by market participants.
Shareholder structure as of 31 December 2021
by investors (in %)
Total number of shares: 429,800,000

* ERSTE Foundation controls 21.9% of shares in terms of the voting rights at Erste Group’s supervisory board elections (including 10.7% from the shares of 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 2021
71 implemented or supported projects

| Funding for project partners | EUR 5.7 m |
| Start-up financing* | EUR 1.9 m |
| Direct project expenses | EUR 0.4 m |
| Total: | EUR 8 m |

* Start-up funding was provided to Two Next GmbH and Erste Social Finance GmbH.

Performance of the Erste Group share and major indices (indexed)
Working on the Present and the Future
For a Moral Commitment to Factuality

Boris Marte, CEO of ERSTE Foundation, in conversation with historian Timothy Snyder
As part of the video series The Call (see also p. 122), ERSTE Foundation CEO Boris Marte spoke to renowned historian Timothy Snyder last year. They discussed “Trumpism”, semi-authoritarian regimes, the limits of the digital world, the power of new media and, last but not least, the need for a moral commitment to truth in the 21st century. Snyder, professor of history at Yale University and author of Our Malady, On Tyranny, The Road to Unfreedom, Black Earth and Bloodlands, has received the literary award of the American Academy of Arts and Letters, the Hannah Arendt Prize for Political Thought and the Leipzig Book Award for European Understanding for his work. At the invitation of ERSTE Foundation, he gave a much-acclaimed “Speech to Europe” on Vienna’s Judenplatz as part of the Wiener Festwochen festival on 8 May 2019. Below are excerpts from the conversation, which was first published in Tipping Point, ERSTE Foundation’s online magazine, on 11 March 2021.
Boris Marte: Tim, you must be a happy person these days because history is basically happening every day. How do you work as a historian in that sense? How can history help us towards a better future?

Timothy Snyder: That’s a big question about history and I’m really happy to have it, because it’s such a valorising question. I should say that from the point of view of a practising historian, that’s not how life feels. Life doesn’t really feel like people are paying a lot of attention to the humanities or to historians. On the contrary. I think one of the ironies of this moment, the early 21st century, is that history is so palpably necessary to explain what’s going on. And yet at the same time, it’s generally dismissed. You’re constantly dealing with the refrain of “Can you really make a comparison?” or “Can you really make that analogy?” All of those reflexes are basically ways that people have of not thinking about the past, of claiming that the present moment is exceptional, that nothing like it has ever happened before. The problem with that kind of thinking is that it then enables everything. It disempowers everyone, because if everything is always new and different, that just means that whoever happens to have power now can do what they want without any argument, without any reason, without anyone taking time to think. Historians say: “No, this is not entirely new. Nothing is entirely new. Everything has some resemblance to something else. Everything comes out of something else.” And if we take a deep breath and think about the plausible resemblances and some of the continuities, then we see what we don’t see. Then this present moment, which was presented to us as shocking and new and demanding an immediate response by the person in power, starts to look different. And from that, when it starts to look different, you start to get traction and then you can start to act. So that’s how history can help.

But how does this play into a kind of collective discourse in a democracy so that people have a chance to learn? How do we make sure that this knowledge is part of public debate, in order for democracy to work in our times?

This is the revelation of the 21st century, that you have to make a value commitment to factuality. In the late 20th century, people who considered themselves to be supporters of democracy or human rights would very often take the position that we don’t have to be sure about what the truth is. There really isn’t any truth. In fact, part of our very individual subjectivity, the thing we’re protecting, is that we all have a different perception of the world. So, who is to say what truth is?

But it turns out that that position is actually fundamentally disempowering because if there is no truth to strive for, all that’s left at the end of the day is money and power, is the ability to make a spectacle to convince people very quickly and to move on through the rubble to the next thing that you want to do. In order to empower people, you have to say that there actually is a real world. And that real world is the place where you can stand up to other people, to institutions.
and to governments. You can’t stand up to the government, to corporations, to power, in a fake world. So, there has to be a value commitment and an institution. We have to say, look, factuality doesn’t arrive naturally. And this is a revelation of the 21st century, too. We would like to think that the free market and normal human exchange will make the facts rise to the top. But it doesn’t. If you want truth, you have to create it. You have to manufacture it.

Going back to your first question, the important truths are the things that are happening every day that we don’t see. The pollution, the inequality or the new pandemic, which doesn’t get covered by the newspapers in America, because there are no newspapers to cover it. These are the things that you have to have facts for and those facts have to be produced, they’re not just there. And that means you have to have producers, you have to have local journalists, people who actually are paid to do this job. But in Russia and in my country, that job has basically disappeared and when that job disappears, what you lose is the facts and then you lose the faith in facts. Then you find yourself in this weird quasi authoritarian situation, where anything goes. There has to be a moral commitment to factuality on the left, on the right, in the centre, and we have to do what it takes to support institutions, especially local journalists, which keep producing facts day after day.

In an age where Big Tech’s priority is to feed their business, the dependency of democracy on Big Techs is the driving force. Getting Trump out of Twitter was a shocking moment because it showed the dependency of our democracies on a handful of different channels which give you access to the people. The other access channels are not there anymore. Where do we go from here?

Going back to your very first question about what history is good for: history is good for things like this. History is a good way to think about new media. New media are always shocking. The printing press cost Europe about a third of its population in religious wars before you got the printing press sorted out into the idea of a book with copyright and verifiability.

“In order to empower people, you have to say that there actually is a real world.”
“Rather than being people who are seeking the truth, we ourselves all become the objects of constant searching.”

The radio was used by the Nazis. They saw it as a great opportunity to get the same message across to every household. And so the same goes for the Internet. We shouldn’t think we’re rational people and therefore we’re going to use this high-tech rationally. Nothing in history suggests that. Everything in history suggests that whenever there is a new medium that’s powerful, people use it to do crazy things for a really long time. That’s where we are with the Internet.

The Internet is like this new drug which we’ve only had for half an hour and we’re still experimenting with it. So what history says is, we don’t really have 150 years this time. We can’t afford to go through another 150 years of religious wars. We have to get our minds around this in the next few years. And what history also says is that media end up having rules. All this happy talk around the Internet that you can simply not regulate it, that it’s like the laws of the market and freedom and so on, that’s just not true. Any new medium will eventually have its own rules and the question is: what rules do we want to have? I don’t have any problem with Twitter and Facebook giving Trump access on Thursday or not giving him access at all. Because I don’t think there is a moral question there. The question is: why do so few media have so much power? The real question is not our access to information, it’s their access to us. And that’s what worries me. Rather than being people who are seeking the truth, we ourselves all become the objects of constant searching. The issue is not whether Trump is on Twitter or not. I mean it’s a relief that he’s not, of course, but the issue is that these companies have so much central power over what we end up seeing or not seeing.

Some European countries were happy about “Trumpism”; some European countries look at Putin in the same way and are developing their own semi-authoritarian regimes. The European Union has lost credibility there, too, because these countries are all members of the EU. It is so hard to explain to a country in the southern Balkans that if you want to become a member, you have to accept our values, when inside the EU you have states that don’t accept those basic values that the EU was built on. So, how do you see this development?

I think here you have an opportunity for a discussion between some of the European capitals and the new American administration. Because the foreign policy concept of the new American administration is democracy. And in some measure Hungary and Poland took cover behind the Trump administration. In particular the connection between the Hungarian government and the American government under Trump was quite intimate, with the Trump people actually doing the learning rather than the teaching in that connection. I think there is a conversation to be had now between some of the European capitals.
and the Americans about this, about how you democratisate. I agree with you: it’s a shame that the European Union only has democratisation incentives when you’re trying to join it. But once you’re in it, you can more or less do whatever you want. Intelligent politicians like Mr Orbán figured out just how far you can take this logic. I don’t have an easy answer for that, because, in my view, the politics of the EU is more important than the economics. But that’s not how the EU is set up now. It’s actually an existential question for the EU. I think you’re right to be concerned about it because, in my view, the EU has a kind of power around the world because of the way it’s seen. That’s true in the US, it’s true in Belarus, Ukraine and in Russia. And you don’t try to have that power, you just have that power. Let’s say you get up to three authoritarian regimes in the European Union; I think you would then lose that power.

Even here I’m not without hope. One of the interesting things about Russia and Belarus is that these are so obviously domestic movements. The irony is that the Russians spent years explaining how any kind of democratic opposition that post-Soviet states face is the result of American interference. Then they have a President Trump who agrees with them and says, “Yeah, it was all a plot by us. People don’t like democracy. We won’t be doing anything now. I, Trump, actually quite like you, Putin. I think your regime is great.” And precisely at that moment, you then have these tremendous pro-democracy movements in Belarus and Russia, which just shows that these things aren’t all machinations by America or the EU. Our reputation matters more than our direct actions, far more. But also something more fundamental, which is that people actually like democracy. We’re right to bemoan developments in the US, in Hungary and in Poland, but on the other side of the balance, there is Slovakia, Belarus and Russia. There are places where you can see that despite the spread of authoritarianism in these last 15 years, actually democracy appeals to people. People want to be represented. And that’s a good reminder because I feel part of the problem with the EU and with the Americans is that we’ve all got a little bit cynical about democracy. We’ve kind of stopped believing in ourselves, and so it’s good to have refreshing voices from beyond who remind us: democracy is something you make sacrifices for. That’s not something you take for granted.
Extraordinary Times
Call for Extraordinary Measures

With WERKRAUM 21, ERSTE Foundation launched a continuous strategy process in 2021 and set out to find extraordinary solutions in times of great upheaval.

In 2006, ERSTE Foundation started its philanthropic operations under the sign of the bee, the historical heraldic animal of the savings banks. In 2018, the United Nations proclaimed 20 May as “World Bee Day” to celebrate the importance of bees for our ecosystem and economy. This is something we acknowledge, which is why we wish to emphasise the special meaning of ERSTE Foundation, the main shareholder of Erste Group, for the orientation of its bank and the societal issues of our time. We must develop reality-proof ideas and solutions and start processes that will guide us into a good future. In March 2021, we gave this vision time, space and a name: WERKRAUM 21.

WERKRAUM 21 is an ERSTE Foundation initiative and the first step in a profound strategy process that is yet to be completed, with results expected in mid-2022. WERKRAUM 21 is both a digital and an analogue space, aiming to newly define the historical core narrative of ERSTE Foundation. But that’s not all: we want to direct the bee into the future by adjusting the programmatic intention of ERSTE Foundation and developing new fields of action. With regard to the dramatic societal, economic, technological and ecological changes we are experiencing, we want to focus on the dual role of ERSTE Foundation both as an actor within civil society and as the main shareholder of Erste Group. Only by achieving a sustainable impact in both of these functions will we continue to live up to the underlying principles of our foundation in future.

The view and expertise from outside

All of this is aimed at creating a new cognitive network and innovative spaces for cooperation with a number of renowned experts in the framework of workshops, lectures and debates. A group of exceptional personalities from the fields of economics, science and innovation continuously accompanied ERSTE Foundation in this process and dealt with the questions we posed from their respective viewpoints. In a first series of lectures in May, four aspects were explored in depth. Social scientist Wolfgang Lutz, founding director of the Wittgenstein Centre for Demography and Global Human Capital in Vienna, spoke in an online forum to other experts and ERSTE Foundation staff and stakeholders about “The Socio-Demographic Future of CESEE in a Global Context”. He considered the distinction between risk mitigation and adaptation to be crucial for dealing with climate change.

Judy Dempsey, Europe’s Futures Fellow 2020/2021 (see also p. 86), long-time journalist for The New York Times and the Financial Times among other publications, Senior Fellow at Carnegie Europe and editor-in-chief of its Strategic Europe blog since 2012, gave a lecture focusing on the question: “Is the Future Fitness of the EU Dependent on the Future Fitness of CEE?” In the end, she sees the problem but also the solution in historical amnesia. “If the past is not an issue, it is impossible to address the present or the future.”
Annamaria Lusardi, the world’s leading expert in financial literacy, was very specific. She is a professor of economics and accountancy at George Washington University and the founder and academic director of the Global Financial Literacy Excellence Center (GFLEC). Financial health is like water, she said, summarising her plea “Walk the Talk: What Really Defines a Financial Health Company?” for more financial education. The system needs it to “flourish” – the buzz of the bee resonating in her remarks.

The concluding lecture analysed the current state of the pandemic. Barbara Prainsack, a professor and head of the Department of Political Science at Vienna University, is a member of the Austrian Bioethics Commission and of the European Group on Ethics in Science and New Technologies, which advises the European Commission. Her presentation, titled “The Pandemic Within – Policy Making for a Better World”, was intended to encourage discussion. Her message was as clear as it was challenging. “It is difficult to change the world because our lives are complex and interwoven. We can’t protect the environment without changing the way we do business, the way we work, the way government works.”

The lectures were followed by intensive networking with the other experts in workshops and reflection groups. At the end of the year, the results flowed into the next stage of the strategy process, which is to be provisionally completed in 2022, as the rapidly changing circumstances will not allow us to put a definitive end to the adaptation process. To be continued in the 2022 Annual Report.
“We have been thinking about how to start a process like this for a long time. And how to integrate people into this process in such a way that they not only participate, but also feel that they can share their innermost thoughts and dreams, so that we have these discussions on a much deeper and more profound level. Everything is at stake. We need to talk about our attitudes and we need to bring ourselves into play, and by “we” I mean us as individuals and also us as an organisation, as a foundation and as a bank. The foundation needs to find its place in history so it can adapt to the new situation. And this mind shift has to take place, because we cannot assume that just because something sounds unrealistic today, it is unreal. Let’s think back two or three generations. The situation we live in today was but a utopia for them. To really boil it down to the essence: we need to brace ourselves to go through the valley of transformation. In the discursive exchange with experts, the formats of which have changed again and again over the past year, I’m interested in the following: Have we figured out how we’re going to master this transformation? Are we prepared? Do we have the necessary material? Have we made structural decisions? Do we have the right people in our team? Can we see this through? We need to be prepared. Let us raise the bee’s wings together and launch it into the 21st century.”
“Health is about finding balance. The foundation keeps a balance of goals: economic, social and ecological goals. But balance is also required between the individual and the community.”

Monika Hoffmann is a co-founder and managing partner of viable, the innovation consulting company. As a corporate and turnaround manager, she has managed a two billion euro revenue business, built up a strategy development team for OMV and worked as a management consultant for McKinsey & Company for several years. She started her career in investment banking and holds an MBA from Harvard Business School.

“Health is about finding balance. The foundation keeps a balance of goals: economic, social and ecological goals. But balance is also required between the individual and the community.”

Alois Flatz is a company builder and venture investor with more than 25 years’ experience in private equity, investment management and sustainability. He co-founded the Dow Jones Sustainability Index and was an advisor to Al Gore and his company Generation Investment Management. He co-founded and developed several financial services providers pursuing sustainable investment strategies.

“We can only be successful with movements such as Fridays for Future if we decentralise their organisation. It will take flexibility, speed and adaptability as so many things are happening at once. This means that I must allow little movements to form within an organisation.”

Charly Kleissner is a pioneer and ambassador for impact investing. Holder of a doctor's degree in computer science, he is co-founder of Toniic, a global network of impact investors. His goal is to change the economic and financial system in such a way that it will serve humanity and the planet instead of just itself. In 1993, Kleissner joined NeXT and worked closely with Steve Jobs on the OS X operating software, which is still used for Apple devices today.

“We will have to figure out a holistically sustainable path. How can we meet the demands of a growing population on a planet with limited resources – in terms of environmental, financial and spiritual needs?”

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“Find the moment to set up your own thing and learn from others. Be confident enough to do something different. Europe needs such a foundation.”

“In future, a brand will be more about stance than its presentation. The stance remains the same, but the presentation will change.”

“A more sustainable world does not need uncoordinated instruments by political actors. It will take a change in the way all economic players act. It will be important for us to take a participative approach to realising our goals.”

**Johanna Mair** is professor of organisation, strategy and leadership at the Hertie School in Berlin. She is also distinguished fellow at the Stanford Center on Philanthropy and Civil Society, academic editor of the Stanford Social Innovation Review and co-director of the Global Innovation for Impact Lab. She was a highly committed member of the ERSTE Foundation Advisory Board and is currently on the Advisory Board of FLiP (Erste Financial Life Park).

**Tom Wallmann** is a marketing and communication advisor for various brands. He was global marketing director of Marc O’Polo from 2012 until 2018. Since 2018, he has been the managing owner of Tom Wallmann Consulting and a founding partner of Trampoline / Born to Protect Creativity. Tom Wallmann also serves on the Board of Advisors of viennacontemporary.

**Sigrid Stagl** is a full professor who has conducted research in ecological and environmental economics, labour economics and macroeconomics in the US, UK and Austria for 20 years. She heads the Department of Socioeconomics and serves as the co-director of the Competence Center StaR (Sustainability Transformation and Responsibility) at Vienna University of Economics and Business.
FROM CRISIS TO OPPORTUNITY
HOW CAN PHILANTHROPY ACCELERATE SUSTAINABLE CHANGE?

EFC ANNUAL CONFERENCE
VIENNA
18 - 20 OCTOBER 2021
Over 400 key figures from the world of philanthropy gathered for the first time in over two years at the European Foundation Centre’s (EFC) 31st Annual Conference on 18-20 October 2021 in Vienna, hosted by ERSTE Foundation and several other leading philanthropic organisations from the region. After two years apart and a global pandemic that has had an unparalleled impact on the fabric of the world as we know it, the conference offered a chance to explore how philanthropy can build on the momentum of the innovations of the past two years to help accelerate real sustainable change, not in the distant future, but right here and now.
Due to the pandemic, the conference was the first opportunity for Delphine Moralis, who has been the EFC’s new executive director for a year, to get to know the members of the association personally.
The conference – held under strict measures to prevent the spread of the pandemic and with a limited number of participants – played host to two plenary sessions, 16 parallel sessions, and 17 Coffee House Talks showcasing some of the very best examples of philanthropy in action, in and around Vienna.

Conference highlights

Across the plenaries, sessions and discussions during the conference, several themes emerged again and again. Participants recognised the critical need for diversity within the sector to bring new ideas and different imaginations to the table. They called on philanthropies to “shift the power” through more participatory grantmaking and increased engagement with local movements and people on the ground. Delegates embraced the concept of intersectionality, emphasising an ecosystem approach involving a range of partners from all sectors. Finally, running through the three days was a feeling that now more than ever philanthropy needs to walk the talk – time is simply running out, especially when it comes to climate change.

“Coming out of the lockdown phase of the Covid crisis, and meeting face-to-face for our annual conference for the first time in over two years, gave us a real sense of urgency in tackling the issues confronting us – from the climate to societal issues to threats to democracy,” said Delphine Moralis, EFC Chief Executive. “But there was also a palpable sense of hope, of agency over these three days, a sense that working together we can, on a real and practical level, unleash the full potential of philanthropy at this critical time.”

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Delphine Moralis
Kumi Naidoo, Global Ambassador of Africans Rising for Justice, referred to Martin Luther King’s notion of creating a “movement of maladjustment”, urging philanthropy to be courageous and refuse to adjust to a world in which social and economic injustice are acceptable. When it comes to the challenges we face, especially the climate crisis, he said philanthropy must not repeat the mistakes made in the context of the 2008 financial crisis. Back then the focus was on systems recovery and maintenance. What is needed now is wholesale systems redesign, starting with listening to and involving people on the ground. The power and agency of ordinary people is far greater than any amount of money controlled by philanthropy.

Boris Marte, CEO of ERSTE Foundation, picked up on the theme of risk, saying that the privilege enjoyed by the philanthropic sector brings a responsibility to take risks. He urged delegates not to fear taking risks and failing, but rather to embrace the learning that emerges.

Plenary speakers challenged delegates to be bold and to think and act differently.
Anne-Birgitte Albrectsen, CEO of LEGO Foundation, highlighted that the NGO, philanthropy, corporate and political sectors share many values. Joining up those value sets as partners is essential to solving the problems we face as a society. Albrectsen pointed out the vast untapped potential of philanthropy as providers of risk capital, urging delegates to be the risk-takers that are so needed now. She stressed that, to achieve their missions, philanthropic organisations must embrace diversity, both internally and when it comes to partners and stakeholders, bringing in and seeking out voices and viewpoints other than the ones that have traditionally typified the philanthropic sector.

Andreas Treichl, Chairman of ERSTE Foundation, called on all sectors of society to make the climate crisis their top priority. Making the changes needed will bring unavoidable social and economic consequences. But philanthropy can step in to mitigate this damage. Treichl said that the corporate world must be made to understand its responsibility for the environment and toward society, and philanthropy must engage with the corporate sector on climate, as each sector alone is not strong enough to tackle the climate crisis.

EFC President Angel Font pointed out that the conference could only take place face-to-face due to the development of Covid vaccines, and that a few small but critical grants from foundations in the early days of research on mRNA vaccines made this possible. He stressed this as a prime example of the catalytic effect that philanthropy can have, and as an example of the fundamental importance of cross-sectoral partnerships in bringing real solutions. He urged delegates to find those points of impact where targeted, strategic funding can bring true change down the road.
The four moderators of the thematic tracks clockwise from top left: Lakshmi Sunderam (openDemocracy), Lucy Bernholz (Digital Society Lab/Stanford University), Liz McKeon (IKEA Foundation) and Claire Boulanger (Fondation de France).
Four tracks: Climate, Democracy, Philanthropy and Society

The discussions throughout the three days of the conference took place along four conference tracks: Climate, Democracy, Philanthropy, and Society. Sessions touched on topics from the fashion industry’s impact on climate and society; to digitalisation; to the importance of independent media in an age of disinformation and democratic erosion; to empowering people and grassroots movements, among many others.

Climate

Liz McKeon, Portfolio Lead Climate Action at IKEA Foundation, moderated this track, which aimed to engage, motivate and rally around the possible in this decisive decade where actions taken by markets, governments and citizens will determine liveability on our planet for the next century. At the start of the conference, McKeon framed the discussions along three lines: How can the philanthropic sector do better than channelling only two percent of its funding toward climate issues, a statistic revealed by a recent EFC mapping on environmental funding in Europe? How can foundations connect the dots, in an intentional way, between climate and all of the other issues we face, including refugee issues, homelessness, nutrition, and children’s rights, among many others? How can philanthropy ease “climate anxiety” among young people, and harness the creativity, stewardship and resilience of the young to tackle climate change? Wrapping up the track at the Closing Plenary, McKeon stressed the importance of recognising how interconnected we all are, and how we cannot make progress alone. She urged participants to take forward the collaborative energy shown over the conference and become sense-makers that are not afraid to be bold.

Democracy

Moderated by Lakshmi Sundaram, Executive Director of openDemocracy, the Democracy track gave participants a chance to examine how philanthropy can address the grave challenges facing democracy in the post-Covid world, through widening and deepening civic participation, and tackling the spread of misinformation and the need to support independent media. At the Opening Plenary, Sundaram highlighted stress factors for democracy today, including attacks on the media, misinformation, politically motivated assassinations and the blocking of civil society efforts, which usually has an outsized impact on marginalised groups. She saw the sessions in this track as an opportunity to discuss ways to push back on these factors and map out how philanthropy can get democracy back on track. At the end of the conference, Sundaram pushed delegates to infuse a sense of urgency in their actions, and to understand that foundations are political actors, whether they want to be or not. She stressed that philanthropy must approach the issues it works on with a new and deep awareness of how these issues affect marginalised groups differently. Finding ways to translate high-level goals into concrete action is critical.
Philanthropy

Lucy Bernholz, Senior Research Scholar and Director of the Digital Society Lab at Stanford University, guided delegates through the Philanthropy track, which considered philanthropy’s actions at three levels of analysis: philanthropy’s legitimacy within democracies, its responsibilities regarding closing civic space (especially where digital dependencies play a role), and the behaviours and practices that individual foundations mainstreamed during the pandemic, which offer new opportunities for the future. Bernholz’s main message to participants at the close of the conference was to be uncomfortable. The pandemic generated a sense of unfamiliarity with things we had previously taken for granted. She urged philanthropy to use this discomfort to work and think in new ways. She also stressed the critical importance of facing up to the fact that there are organised and active forces pushing against the change philanthropy wants to make. In all of this, Bernholz said it is essential that foundations go out into the world and get invited to the tables at which they are not currently sitting. They must seek to contribute where change is already happening, where work is already underway, where people are striving to realise the brilliant ideas they have about creating a positive future for themselves. As philanthropists, setting your own table and inviting people to it is the wrong way to go.

Society

Claire Boulanger, Solidarity Expert at Fondation de France, moderated the Society track. As the number of private and corporate foundations across Europe has more than doubled over the last decade, philanthropy is becoming a more prominent actor in social cohesion and social experimentation at national and local level. The Society track explored how foundations can foster dialogue and connection, empower the most vulnerable people and accelerate transition towards more sustainable models. At the Opening Plenary, Boulanger said the sessions in this track were an opportunity to identify the dividers and connectors in these issues, and how philanthropy can leverage these to build bridges and engage. At the close of the conference, Boulanger emphasised the energy and inspiration over the course of the three days, and urged delegates to take this forward. She stressed the importance of empowerment and participation of partners with lived experience of the issues philanthropy is tackling. Polarisation also emerged across the discussions in this track as an area that needs attention from philanthropy.
Kenan al Baredi

A refugee story
Another highlight of the conference came at the Opening Plenary, held at the Gartenbaukino, an iconic Viennese cinema. Conference host Franz Karl Prüller, Senior Advisor at ERSTE Foundation, introduced Andreas Treichl, Chairman of ERSTE Foundation, and Kenan al Baredi, an immigrant from Syria and the star of the award-winning trailer for the conference. Kenan told his story of coming to Austria as a refugee, and how he was now finishing up his university degree in biomedical sciences.

Coffee House Talks
One afternoon of the conference was devoted to 17 Coffee House Talks, a chance for delegates to go out into Vienna and experience local initiatives first-hand around social housing, social entrepreneurship, urban development and democratic culture, to name a few. All of the talks were led by experts and local actors, and several involved visits to a traditional Viennese coffee house.

Mayors of Budapest and Riga on nurturing democracy in their cities
Two mayors of cities in countries facing challenges to their democracies addressed delegates, linking their views and experiences with the issues and themes of the conference. The mayor of Budapest, Gergely Karácsony, spoke of the “Pact of Free Cities”, a cooperation launched in 2019 among the mayors of Prague, Bratislava, Warsaw, and Budapest. This pact, which now has signatories from around the world, confirms the commitment to democracy and the rule of law, and offers a space for exchange on the issues of urban development and mitigation of the effects of climate change. Mayor Karácsony pointed to the great potential for philanthropy as a partner to cities, and gave the example of the Open Society Foundations providing free Covid testing to the citizens of Hungary when the federal government refused to do so. Mārtiņš Staķis, the mayor of Riga, spoke of his conviction that city administrations are key players when it comes to engaging citizens in the democratic process. He told of how he had restructured the central municipal administration by creating neighbourhood centres with coordinators and their teams working directly with neighbourhood residents. He has also created a new programme to support civil society in the city as he believes that only civically active cities can be prosperous. Regarding climate, he stressed that good urban governance is not possible without attention to climate issues.

All photos in this chapter: eSel.at/Lorenz Seidler
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
#WissenMachtSicher*

The Financial Life Park (FLiP) celebrated its fifth anniversary in 2021 with a study on young people’s financial literacy.

“It would be easy to cheat me, because I have no idea how much rent is normal, how much you pay for a car, etc. I lack the context.”

“I know how to save money, but then I suddenly spend it without really realising it.”

“Financial literacy helps you, at least as an adult, not to be completely helpless, with no clue about all the financial options available to you.”

* Knowledge Provides Security
To mark its fifth anniversary in October 2021, the Financial Life Park, or FLiP, commissioned an independent study to examine where young people see deficits in their basic knowledge of economics and money management. This participatory youth report, funded by ERSTE Foundation, was produced by the independent organisation YEP (Youth Empowerment & Participation) - Stimme der Jugend in cooperation with FLiP in 2021. The YEP youth report #WissenMachtSicher (“Knowledge Provides Security”) explores the question as to what young people expect of the impact-oriented financial education of the future. More than 800 young people aged 14 to 20 participated in the YEP youth report #WissenMachtSicher throughout Austria, contributing both online and offline. The report was compiled from their perspectives, assessments, ideas and needs. Playful democracy-building workshops were held in all regions of Austria; attention was paid both to the representation of urban and rural areas and to a wide diversity of school types in order to reflect Austria’s entire educational landscape in the report.

The study’s key findings are:

Students consider financial education to be very important, but they have little confidence in the future and many don’t see themselves in an active role because they have too little knowledge and no one to discuss financial matters with.

Around 50 per cent of students feel hardly or not at all prepared for the future when it comes to financial literacy.

For young people, having “a good handle on money” implies being aware of and able to control their consumer behaviour as well as being familiar with and knowing how to use savings and investment products.

Young people have a strong desire to get a better grasp on money. This particularly applies to income opportunities in different professions, and acquisition costs as well as running costs of consumer goods.

Young people want to ask fundamental questions about financial policy, learn more about the background of our current financial system and also take a critical look at the system.

Young people want to understand everyday administrative tasks: administrative tasks and bureaucratic processes are some of the biggest causes for uncertainty among young people.

Young people identify three sources of financial education: schools, family and the Internet.

Young people see schools as the most important place for developing future financial skills. Compulsory schooling reaches all young people regardless of their family background and schools can provide accurate, independent information.

Currently, schools would receive an average rating of “satisfactory” for their financial education provision.

One third of young people say they talk very little or not at all about money at home.

Young people want to increase their financial capability through practical experience, by trying things out for themselves and through direct contact with trustworthy experts.

A study conducted by ASB Schuldnerberatungen GmbH in 2020 showed that a quarter of the clients of debt counselling centres in Austria are under 30 years old and have consumer debts of about 30,000 euros.

The Erste Financial Life Park (FLiP) is Austria’s most prominent financial education project. An interactive tour provides young people with the skills and competencies they need to make financial decisions in their lives. With its services, FLiP promotes financial self-responsibility, takes measures to avoid over-indebtedness and thus contributes to preventing poverty.

YEP (Youth Empowerment & Participation) - Stimme der Jugend (Voice of Youth) is an independent organisation and a social enterprise that aims to empower young people to get more actively involved; it works completely independently of party politics in order to bring in the authentic voice of youth. To this end, YEP partners with innovative organisations, companies and institutions to set up inclusive (youth) participation processes, thus creating new opportunities for participation.
60%+ of young people said they knew little or nothing about financial literacy.

20% of young people have already been worried about not being able to pay back money they have borrowed.

How much do you know about financial literacy?

How much do you know about financial literacy?

(Scale: 1-5; 1 = “I know nothing about financial literacy”, 5 = “I know a lot about it”)

Have you ever been worried about not being able to pay back money you borrowed?

15.5% Yes, I have been worried about that.

4.5% Yes, I’ve often been worried about that.

21.8% No, because I’ve never borrowed money.

58.2% No, that has never happened (I only borrow money if I can pay it back).
Topics that young people consider to be exceptionally important and the order in which they prioritise these topics:

1 Taxes
How do taxes work, what taxes exist and what do you have to pay and when?

2 Work environment, salary & career guidance
How much will I earn in different professions? What can employees expect?

3 Budget and fixed costs
How do I manage my money? What costs must I anticipate?

4 Contracts
What should I look out for when signing a mobile phone contract or a rental agreement, for example?

5 Security and subsidies
How do I get help from the state? How do the public employment service, housing subsidies and education subsidies work?

6 Investments
What can you do with your money to make sure it’s used well?

7 Money and climate/sustainability
What does money have to do with sustainability and the climate crisis? How can I invest sensibly?

8 Banks and the like
What do banks and other financial institutions do?
ERSTE Foundation has long promoted the development and expansion of social banking services to solve social challenges in Central and Eastern Europe. As the main shareholder of Erste Group, one of the largest banks in the region, we see this as one of our core competencies. Erste Group’s social banking clients are start-ups, small businesses, social organisations and low-income earners who usually do not have access to help from banks. We are therefore investing in the development of impact-centred financial products in Erste Social Finance Holding (ESFH), an impact investment company specialising in social banking that has evolved out of Erste Group.

In 2021 ERSTE Foundation participated in a capital increase in ESFH amounting to 940,000 euros. Franz Karl Prüller speaks with the managing director of ESFH, Peter Surek, about how the potential and performance of social banking offers have changed in recent years.

An example from Slovakia shows the dimensions that innovative and committed social banking can take on today. Alexandra Christandl reports on a project of Erste Group’s Slovakian subsidiary, Slovenská sporiteľňa (SLSP), that points the way for the entire region. In a time of rapidly rising housing costs, the Social Banking Department of SLSP, headed by Rasťo Blažej, along with ESFH, enables people to live in dignity according to the principle of “housing first”. In so doing, countries like Slovakia are testing the development of a market-financed system of affordable rental housing.
We can help social organisations to scale, to grow, to provide more impact

Franz Karl Prüller, Senior Adviser to the Board of ERSTE Foundation, in conversation with Peter Surek, Managing Director of Erste Social Finance Holding, about the character and potential of social banking.

Franz Karl Prüller: Looking back at 2021: what were the most important achievements of Erste Group’s Social Banking?

Peter Surek: The most important thing for us was that we could stand by our clients during these difficult Covid times. We provided more than 2,000 loans worth 40 million euros in 2021. Thanks to support from ERSTE Foundation, we were also able to provide special Covid emergency loans at zero interest rates to the non-profit sector. And we have increased our mentoring for clients in difficult financial situations. All this demonstrated that we are not only there in good times but also support our clients during bad times. Secondly, we were able to launch and scale significant new initiatives that are problem-oriented, impact-centred and require specially prepared financial solutions.

We started impact projects focused on housing: in our company Dostupný Domov (“Affordable Home”) in Slovakia we now own approx. 70 apartments, which are being rented via NGOs to people in need (see page 48). In Austria we have also extended housing micro-loans (Kautionskredite) and continued the initiative for people in difficult housing situations by providing 200 apartments. In Hungary we achieved an interesting development with a social housing project, focusing on financing home improvements for people with very low incomes. In Serbia we were able to scale a new impact-oriented project called Nase Selo (“Our Village”), cooperating with a corporate client to help revive remote agricultural villages. And finally we launched our Quasi Equity programme, providing mezzanine capital for growing social organisations and social infrastructure projects. This is our first small step in the direction of impact investing; we were able to realise the first two transactions of this product in 2021.

Looking at the last ten years: are you satisfied with the development of social banking services and products in Erste Group?

I am rarely fully satisfied as I am always striving for more, for better, but I admit that we get plenty of positive feedback from people involved in our initiatives: firstly and very importantly from our clients, who feel supported and taken seriously. We also had very positive reactions from organisations in the field of social finance or impact investing. And of course the very encouraging reaction of the European Commission in the form of personal praise directly from Commissioner Nicolas Schmit on the occasion of the launch of our Quasi Equity pro-
gramme. I think this is proof that we are on the right path. Looking back over the last ten years, we can see how we have helped to develop the market: there was no market for financing social organisations, for financing entrepreneurs in the initial stages, or for financing and supporting people in difficult economic or social situations. We have developed these markets together with our clients and at the same time we have shaped our bank. We can confidently say that currently all senior management is convinced that social banking really makes sense, that it can have an impact on societies with its solid business and financial model.

You have a lot of experience in and a large international network of social banking initiatives: where do you see good practice models that could be inspirational for further developing social banking in Erste Group?

On our peer level we see the big players like Micro Bank belonging to Caixa Group in Spain and the French savings banks or BNP Paribas, which also provide micro finance and impact finance. We are in touch with multiple microfinance companies and impact funds in the region and exchange views on different practices and experiences. Our advantage, compared to others, is that we have a very strong bank behind us, backing our activities with a robust regional presence and solid balance sheet. In contrast to many impact funds or microfinance companies we therefore don’t need to focus on raising money first and then deploying it: we have funding available from within Erste Group which we can deploy directly to our clients. The second big support and advantage is to have the backing of our largest shareholder, ERSTE Foundation, for various educational activities which the foundation is co-financing. The foundation is also helping us to design innovative schemes for financial and non-financial services, for example the interest-free loans during the Covid pandemic or the special guarantees scheme we are currently preparing for our clients.

From your experience, what are the main social and economic challenges the CEE region faces where social banking could provide a response with products and services?

When we started our social banking activities shortly after the financial crisis, the number one problem was very high unemployment rates, especially among young people. In the Balkan countries it stood at 40 per cent! This was where our activities started: focusing on micro finance and start-up finance for small enterprises so they could create jobs. Today we see fast-rising property prices as a significant challenge in society, as it is becoming a real problem for people with not only lower but also middle incomes to find affordable housing. In the last five years property prices in some of our markets increased by almost 100 per cent and despite low interest rates and slightly rising incomes, people have problems buying property. That’s why we started our social housing programme.

First, we supported people at the lowest income level who are excluded from decent housing and we are now developing a broader and bigger initiative to provide affordable housing in the region. The other issue concerns not only Eastern
Europe but also the West. We need high investments in social care in CEE because the burden of caring for older people can no longer be carried by families alone. We need institutionalisation and adequate support for this – here too, impact-oriented finance can play a significant role. The third topic is access to education. Many people can’t afford re-training or students cannot continue their studies, so we are exploring options for financial solutions for skills training and education.

Does social banking have to be banking? Or can you imagine other financial or non-financial services to address social needs in our societies?

When we talk about Erste Social Banking we are using our key competence as bankers to deliver the impact. Of course finance is only a small piece of the puzzle in finding solutions for the challenges in society. But the finance sector has the potential to empower organisations and individuals who have solutions to societal problems. With our financial products and financial intermediation we should and can help them to scale, to grow, to provide more impact. At the same time many of the organisations need non-financial support in training, capacity building and knowhow transfer, which we in social banking can also provide.

How do you see the collaboration of ERSTE Foundation and Erste Group in jointly creating services and products that can address social needs and challenges?

We are in a unique position within the whole social finance sphere in Europe, having both a solid bank and a strong foundation with its philanthropic impact and active shareholder role in the bank. This gives us opportunities to develop solutions which neither the bank nor the foundation would be able to deliver alone. We are talking about new instruments which are emerging under the term “blended finance”, where concessionary philanthropic capital can help to de-risk and thus unlock commercial capital for certain projects which cannot be financed purely by commercial means. Another instrument is guarantees which philanthropic or public institutions can provide for banks to be able to go into areas and take risks which they normally wouldn’t be able to tackle. We also combine educational activities with financing, which is our recipe for the very good results concerning non-performing loans in social banking: financial support should always be given in combination with training. So from the perspective of our unique institutional link, I am very optimistic that we can develop these solutions further and with them, really scale our joint impact.
Housing project in Slovakia helps vulnerable people find a new home

Alexandra Christandl

In partnership with the public sector and social organisations dealing with clients in difficult life situations, Slovenská Sporiteľňa (SLSP)’s Social Banking developed an innovative concept of affordable housing. Besides helping clients find a new home, the concept has received lots of public attention as SLSP is the first bank in Slovakia to issue a social bond to finance affordable housing.

In 2020 SLSP partnered with Slovak Investment Holding and SLSP Foundation to establish a company called Dostupný Domov (Slovak for “affordable home”), which buys scattered flats on the secondary and primary market. It then rents them out below market price to social organisations that care for vulnerable people without homes, offering those people both social assistance and affordable accommodation. This “housing first” approach integrates people without a home by providing them with a decent flat in a safe neighbourhood.

The focus is on offering affordable housing to disadvantaged and vulnerable people, such as abused mothers and their children, families at risk of losing their home and children from foster homes who have reached adulthood. To achieve this goal, SLSP’s Social Banking works with non-profit social organisations, foundations, and municipalities to determine the housing needs of those beneficiaries. They have already made 71 flats available.

“In Social Banking we develop solutions that deal with societal challenges in a financially sustainable way. At Dostupný Domov, we plan to reach a stock of around 1,500 flats within the next five years. We hope to achieve this with additional equity from Erste Social Finance Holding, Slovak Investment Holding and the social bond. This will enable us not only to buy suitable flats on the market, but also to participate in small real estate development projects,” says Rasto Blažej, Head of Social Banking at SLSP.

Investing money for a good cause and a modest return

SLSP has issued social bonds worth nine million euros to finance affordable housing for socially disadvantaged people in Slovakia. Fortunately, social housing is a topic that is easy to explain, plus it involves low risk for investors. While the bond is primarily sold to private banking clients, it is also available to Slovakian retail clients via online banking. The bond’s nominal value starts at 1,000 euros, which puts it within reach for small investors.

Here are two short examples to show the impact this project is having. After giving birth to her second child, a young mother suffering from domestic abuse went from the maternity ward back to the crisis centre along with her newborn baby and five-year-old daughter. They were only supposed to be living there temporarily. Thanks to the affordable housing initiative, she got her own place, where the three of them moved in together. In another example, a 10-year-old boy and his mother, who had been living in shelter homes for several years, found a new place to live.

Find out more about the housing project at slsp.sk
bit.ly/3xiaLoN
“In the next five years we plan to reach a stock of around 1,500 flats.”

Rastko Blažej, Head of Social Banking at Slovenská Sporiteňa

The flats in the affordable housing project in Slovakia are renovated and have basic furnishings, so you can move in immediately and feel at home. Photos: Dostupný Domov
Zweite Sparkasse: 15 Years of a Bank Like No Other

Austrian social banking pioneer celebrated its anniversary

Zweite Sparkasse (Second Savings Bank) is Austria’s only social bank. It was founded in 2006 to help thousands of people who had been rejected by their banks because of their difficult financial situation, providing them with an account and enabling them to access up-to-date financial infrastructure. The project was initiated by ERSTE Foundation, which also provided the founding capital of 5.8 million euros. A national survey carried out prior to establishing the bank showed that people did not believe Erste Bank was capable of taking on such an initiative. Some savings bank representatives, on the other hand, were concerned that the clientele addressed by this new “bank for the unbankable” could cast a negative light on the sector. They couldn’t have been more wrong.
There has hardly been another event in the Austrian banking sector during the past 15 years that has generated so much media coverage and such a positive media response as the development of Zweite Sparkasse. Its founding and establishment were pioneering achievements that attracted worldwide interest. It can also claim to have drawn attention to the problems of people without access to an account and to have contributed to an EU-wide directive known as the right to an account. What’s more, the European Commission has repeatedly praised the Austrian savings bank as an “exemplary initiative”.

Zweite Sparkasse revived the savings banks’ 200-year-old founding idea of providing access to banking services to people who would otherwise have been denied such services. It is open to customers no other bank will accept. Its motto became, “Because sometimes you just can’t do it on your own”. Not only does it provide customers with an account; it also gives them back their dignity. Zweite Sparkasse is not sales- or profit-driven. Its 360 voluntary staff members contribute their banking experience at seven branches throughout Austria free of charge in their spare time. They offer advice and support to customers for as long as necessary – as equal partners in the process. The voluntary staff members’ work is of equal value too. There are no hierarchies; just well-defined responsibilities and an honorary management board, which handles external responsibilities. A network of NGOs primarily consisting of debt counselling services recommends customers to the bank.

Their common goal is to quickly lose their customers, i.e. to make them fit for the world of conventional banking. Since its founding, Zweite Sparkasse has given more than 20,000 people and their families a second chance and new hope. About 4,500 customers have successfully switched to other savings banks and are now valued customers of the savings banks group.

Debt prevention and managed account

Zweite Sparkasse has continuously expanded its range of services over the years. It joined forces with an organisation called Jugend am Werk (“youth at work”) and the Austrian Debt Counselling Service in 2010 to launch financial education workshops for young people. Rather than helping the victims of financial accidents, their aim was to prevent such accidents from happening in the first place. Ever since, experts from Zweite Sparkasse have been meeting with young people to prevent them from ever becoming customers of Zweite Sparkasse. They educate them on money matters and make them aware of debt traps in day-to-day life. The Financial Life Park, or FLiP (see page 38), learning centre has been part of the workshops since its inception too. However, most workshops have been held online during the past two years due to the measures taken to contain the Covid pandemic.

An additional service, the managed account, was introduced in 2016, which is provided by Vienna Debt Counselling Service in cooperation with selected banks, with Zweite Sparkasse being the main contractual partner. The managed account is intended for 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. Over 2,000 people have already used this service. Since the end of 2020, Zweite Sparkasse’s housing microloan in Vienna 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.
Change to the management board

Robert Schmidbauer, Head of Group Secretariat at Erste Group, Head of Erste Bank Austria’s legal department and a volunteer at Zweite since 2019, was appointed to the management board by the Savings Banks Advisory Board of Zweite Sparkasse as of 1 July 2021. Schmidbauer succeeds Gerhard Ruprecht, who had been a member of the management board since Zweite Sparkasse was founded in 2006 and retired as scheduled on 30 June 2021. Günter Benischek expressed his gratitude to Gerhard Ruprecht, saying: “Gerhard has left his mark on Zweite Sparkasse during 15 years of voluntary service on the board. He has always been there for Zweite – his bank – and will continue to support it in future as an ordinary employee. We’re lucky to have him.”
“Cost and savings targets and time limits are, and will be, of no concern to us.”

Maribel Königer has handled media enquiries and external PR since Zweite Sparkasse opened. She spoke with CEO Günter Benischek:

Maribel Königer: The first 15 years of Zweite Sparkasse really seem to have flown by. I remember the opening ceremony with Austrian President Heinz Fischer on 21 November 2016. But the most important question when celebrating an anniversary is, what's next? Where will Zweite be in 15 years?

Günter Benischek: It would be presumptuous of me to speculate on how Zweite Sparkasse will develop in the next few years. Will we still exist at all? Are we a bank for customers who fall under the increasingly strict radar of the European Central Bank and who are no longer served by any normal bank? Are we a bank for the social sector? Can we export our successful model to other countries – and will there be a Zweite branch wherever there is Erste Bank?

True. Nobody can plan for the next 15 years – but maybe we can predict the future for the next few years?

One thing is certain: there will be greater need for our services as a result of the pandemic. The social implications of this pandemic are not fully visible yet and will keep us very busy for at least two years to come. Unfortunately, it is also certain that some of our colleagues from Zweite Sparkasse’s founding generation will no longer be available soon. In the next 15 years we will be facing a generational shift, which we are already preparing for today. We must stick to our volunteer system. That's what makes our bank so valuable. For that reason, everyone at Erste Bank and the savings banks should be able to gain experience with and in Zweite Sparkasse in future. We are specifically focusing on trainees and young executives and will also allow other work practices (e.g. working from home) in future. Some of our financial education workshops are already held online, which is why we will also offer them to NGOs outside of Vienna. This will open up new opportunities for our colleagues in the federal states to work with us.

Will the range of products offered by Zweite Sparkasse change?

The private payment account will remain our key product. Zweite Sparkasse will always offer services and advice to people who do not (or no longer) get adequate support in the conventional banking world.

Is there anything you still wish for that could be fulfilled in future?

We want to offer our services throughout Austria with our branches and correspondent savings banks. We would still like to set up a branch in Vorarlberg.

What obstacles do you expect?

One challenge we’ll be facing in the next few years will certainly be that savings bank processes are becoming more standardised, making exceptions increasingly difficult and expensive. At the same time, we have, to some extent, no use for standard processes, nor can we afford them. At Zweite Sparkasse, we are trying to harmonise processes. We want to continue to devote all our time to our customers. Cost and savings targets and time limits are, and will be, of no concern to us. We’ll remain a small yet very valuable bank for the savings bank sector and for Austria. Such a bank will still be needed in 15 years.
Andreas Treichl  
President of the Savings Banks Advisory Board of Zweite Sparkasse, Chairman of the Supervisory Board of ERSTE Foundation

“The last 15 years have shown me how powerful the 200-year-old idea of helping people who can no longer help themselves is – and, unfortunately, how relevant that idea still is today. Zweite’s high degree of relevance is due to the fact that we don’t just offer an account; we create a trusting, caring environment. This shows how important a compassionate approach to money matters is.”

Alexander Maly  
Qualified social worker, retired supervisory board member, consultant at Vienna Debt Counselling Service, lecturer at FH Campus Vienna

“People at the lower end of their financial capabilities tend to have particular problems with the latest developments regarding money, credit and banks … Zweite Sparkasse helps these people focus on what is really important and mitigate the ‘undesirable side effects’ of all these changes. Additionally, the employees of Zweite Sparkasse paint an important ‘second picture’ of the social function that a bank can have.”

Franz Portisch  
Secretary General of the Austrian Savings Banks Association

“The idea of founding Zweite Sparkasse … was unique 15 years ago. Supported exclusively by voluntary staff, it offers people in financial need a basic account at no charge in combination with comprehensive advice as equal partners and with a great deal of empathy. It is fully in line with the savings banks’ founding idea of giving all people access to greater prosperity and enabling them to take control of their financial health.”
“Zweite was the first project that the foundation helped bring to life. With 5.8 million euros in founding capital, Zweite Sparkasse is also the largest investment we have ever made by far. The past 15 years have shown that it was one of the most meaningful too ... The circle of NGOs that attend to customers has not only grown enormously over the years, but it has also turned into a network for innovations, without which Zweite could not exist.”

“Over the past 15 years, Zweite Sparkasse has become an integral part of the Erste family. The deep personal commitment of our employees has made it the bank it is today: an initiative of the savings banks group that we are proud of every single day. While the social challenges our society faces change over time, they do not become any smaller. And so Zweite will still be very busy with its mission of leaving no one behind in future.”

“The founding of Zweite Sparkasse is an unprecedented commitment in the fight against poverty ... Debt counselling is a cornerstone in the fight against personal financial hardship. We are therefore the point of contact for all those who cannot find a way out of hardship on their own. I hope that in future Zweite will no longer be needed at all. But until then, there’s still a lot of work ahead of us as we help people get back on their feet financially.”

“I had the pleasure and privilege of developing Zweite Sparkasse from the outset, so I’m particularly proud of the commitment and ongoing enthusiasm of its employees and board members, as well as the staff at Erste Bank supporting us, who are dedicated to the Zweite Sparkasse mission.”
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
Dr Eva Höltl, an occupational physician, has been a member of ERSTE Foundation’s managing board since March 2020. In her primary role, she has headed the health centre of Erste Bank Austria, the Austrian subsidiary of Erste Group, of which ERSTE Foundation is the main shareholder, for 15 years. In this role, she was also responsible for pandemic management at the bank. Eva Höltl was also one of the spokespersons for the initiative Österreich impft (“Austria Vaccinates”) in 2021, and she is now vice-chair of the expert committee for psychosocial health on the Supreme Medical Council, the most important advisory body to the Austrian minister of health. At ERSTE Foundation, she is involved, among other things, in the development of a digital application to make everyday life easier for people caring for loved ones, which is to be brought to market maturity in 2022 by the ERSTE Foundation subsidiary Two Next in cooperation with social organisations.
Maribel Königer: I remember it well: Your first official day at ERSTE Foundation was shortly before the start of the first Covid-related lockdown. What is your impression of the foundation after more than two years now?

Eva Hölzl: First of all, I would like to say that I have always followed ERSTE Foundation and its activities with great interest. So I am very happy to be part of it now. It’s true that I joined the board at the beginning of this pandemic. It was and is a medical challenge that demanded a lot of strength and time from those of us at the health centre and from me in particular. At the beginning, I did not have the time to be as involved in the foundation as I would have liked. On the other hand, many questions arose during this pandemic that are classic foundation issues. For example, how can we address groups of people that we could not reach easily before the pandemic, such as young people and people who do not have access to conventional information channels? That was a problem when it came to contact tracing. The quarantine regulations showed that some Erste Bank employees live in very cramped conditions. What were we to say, before there were vaccinations, to an apprentice who lived in a small apartment with their parents, grandparents or parents-in-law? I believe the social side was one of the biggest challenges of the pandemic. It is impossible to only deal with the pandemic as a medical issue. We have to keep a close eye on the social aspects too.

This is a good bridge to ERSTE Foundation and its work...

That’s right. It shows how important their work is. The team had already done fantastic work in the social sector in 2020. For example, it provided first aid immediately. NGOs were able to continue their activities in the region thanks to its rapid support. Although it is too early for a final assessment today (ed. note: this interview was conducted in February 2022), it can be said that while there were many irritations and ambiguities, many things also worked out well. The foundation’s response to the pandemic was quick and proactive. The major challenges were tackled immediately. For example, the care situation, which was already bad before, deteriorated massively in the wake of the pandemic. There were phases where it almost collapsed and civil society was extremely challenged to intervene in a supportive way. The foundation found very good answers in that regard.

We will come back to that later. But returning to your statement that the pandemic can’t just be managed medically. What else would you say is important?

I became an occupational physician, not a family doctor, because medical, social, economic and ecological aspects are closely intertwined. We always have to look at every aspect, even the connection between the emergence of pandemics...
In Austria, vaccination against the coronavirus started on 27 December 2020 at the Kaiser Franz Josef Hospital in Vienna. Christoph Wenisch, the head of the infection department, is happy about his vaccination and the success of science. Photo: Georges Schneider/APA/picturedesk.com

and human intervention in nature and wildlife habitats, for example. If we only focus on one aspect, we will not come up with good solutions for people. We may be able to avert an acute medical threat. But you can only really help if you understand that behind a medical threat there is always a social threat. There are people who are worse off, who are disadvantaged, who do not have easy access to information. So the timing of my start at the foundation may have been an inopportune one, but in retrospect it was also a very important one for me. With the pandemic, what I had always sensed suddenly came true: that social medicine interests me even more than acute medicine. From that point of view, it is a privilege that I can cultivate these two fields of interest equally.

Looking back, what has gone well and what has gone less well so far in dealing with the pandemic?

The pandemic has brought to light a major issue that has unfortunately remained unresolved and will continue to occupy us for a long time: health literacy. How can we succeed at familiarising people with the possibilities of medicine in times when the answers are unclear, researchers don’t yet know the only way out, information is constantly changing and fear is the predominant feeling? We have already forgotten that at the beginning of the pandemic there was no way to cure the disease, no vaccination, just serious illness. We had staff members at the bank who did their job on site every day, some of whom travelled by public transport. At the beginning, we didn’t even know whether masks protected us – that’s unimaginable today.

How did you proceed?

First we had to organise how we work together, how we work with clients, how we share information. We already had above-average know-how and well-developed digitalisation. That helped us enormously. Without it we couldn’t have even continued our work at the foundation and the bank. But it also showed us that there are many areas that are not digitised, where people have to work on site. Of course, those colleagues were afraid of catching the disease or passing it on to people close to them. There were so many questions; the situation was highly complex. So we quickly started to consistently communicate in a way that we thought most staff would easily understand. From March 2020 to the present, we have been sharing the latest data with our staff, almost every week. In medicine, as in the natural sciences, data is the best knowledge we have at any given time. We told them that. When the vaccines became available, we explained to our staff not only that the vaccines are effective and safe, but also how these technologies work, and especially how medicines are approved. Like, what is marketing authorisation, what is conditional authorisation, what is emergency authorisation.

Why did you do that?

This was a key moment in our success. From the beginning, we had the hypothesis that trust in the authorities and institutions that approve and recommend the vaccinations is crucial. Or to put it another way, mistrust in these institutions can be very dangerous. For a long time, it wasn’t clear how long the vaccines would offer protection or how they would work against mutations.
We tried to communicate the information that was available in such a way to make it clear to people that this is the state of knowledge today, and certain things are indisputable while other things we simply don’t know yet.

In my opinion, this very honest and transparent form of information led to our colleagues at the bank and the foundation being well informed about the vaccinations. This credibility ensured that we had an extraordinarily high level of compliance with the measures and very high vaccination rates relatively quickly. In addition, we always tried to reach out to the staff who were afraid and worried. Because it’s legitimate to be worried too. We have focused on information and data. Since March 2020, the bank has had a hotline staffed by a doctor seven days a week. This was important because the public hotlines were overloaded and employees had urgent questions.

Nevertheless, some people feel it is an intrusion to go along with the pandemic prevention measures. How should one react to that?

What we are seeing now, what some people call a split in society, can easily be explained by people growing weary of the situation. For two years now, we have been hearing about nothing but the pandemic. And no one understands as well as I the wish to just be done with it (laughs). But the vast majority is very grateful to have the vaccines, which definitely protect us from getting seriously ill. Of course, the crucial question is, how can communication work without there being winners and losers, without radicalising people, without having people ignore the facts because they are so frustrated? How do we communicate without suddenly marginalising our colleagues because they make decisions that are not the ones we would make, just because we want it all to be over with? But we have also learned a lot. Some of it has probably made us more robust and will help us in future. We have seen that we can do the right thing in adverse circumstances and communicate well. And we have seen what happens when we fail to do so.

What will be the biggest hurdle we have to overcome in this future that we are now better equipped for?

Within a year, we have succeeded in developing a completely new vaccine against an unknown virus. For me as a medical doctor, that is an incredible scientific achievement, despite the preliminary work, which I am of course aware of. Now we have an effective vaccine, and in some countries there is massive conflict, even riots, because people don’t believe that the vaccine will help us. There is a deep scepticism that progress – not just in medicine – will benefit us all. I see a big challenge in explaining research that is moving ever faster and getting ever more complex in a way that serves as many of us as possible. People need to understand that innovation can and will help cure not only pandemics but also other serious diseases.

We need to build trust that research is there to make all our lives better and easier in many ways. Nor should it be seen as a contradiction when the people who discover something beneficial or companies that produce it make money from it. We need to look closely at how the good life that research and innovation are supposed to bring us can become a reality for every individual.
Otherwise, the group of those who are against it will get bigger and bigger because they feel left behind. In my view, this has not been done well in every area, and Austria and some Eastern European countries have handled it worse than some other places. I also found it particularly low to instrumentalise people with concerns to forward political interests. For me, as an occupational physician and board member of ERSTE Foundation, the all-important question is, how can we better reach groups that have rejected research and progress to an almost dangerous extent? How can you succeed at that?

It’s important to learn from the best. Trust in science is related to trusting that its findings will be adequately implemented. And that brings us to politics, because that’s where the decisions are made. In the Scandinavian countries we see that the greater the trust in politics is in general, the greater the trust that the measures taken are the right ones. It is particularly unfortunate that we do not reach many people from socio-economic risk groups in Austria. This is partly due to a lack of language skills, but also to fears that we know too little about to be able to address adequately. In future - hopefully not in the form of pandemics - we will have more situations in which it is important that people get good information in order to be able to make the right decisions.

Critical attitudes will remain, though, and they should, right?

Of course, it’s not about everyone thinking and deciding the same way. I think diversity is important. Everyone has to answer questions of how they want to live and how much progress they want to allow into their life for themselves. What I think everyone can agree on is that we will be better off when the pandemic is over. The path we are on now isn’t so bad. Everything now that serves to convince people and not to divide them more makes sense and will help us in the end. Nevertheless, it would be fatal if trust in science and research were to be completely eroded. This is certainly a task for policymakers, but it can also be a task for foundations. In Central and Eastern Europe in particular, we have been seeing for some time how the political culture has changed for the worse, and we are thinking about how to support civil society there. This isn’t limited to the pandemic. The bank strives for prosperity for all, and the foundation has a special interest in a functioning dialogue within a democratic public.

As already mentioned, care is one of the major social issues and one of the foundation’s core work areas. What else can you tell us about that?

This is close to my heart because it’s so important. I’ll give a brief explanation of how I got to this point. I have been managing Erste Bank’s health centre for 15 years, and I am often confronted with the fact that our employees are no longer able to cope with the demands of their professional and personal life due to an illness or sick relatives. This partly has to do with changes in social structures and greater mobility. We no longer have large families to cushion life’s blows. There are more and more single parents, and many, whether in the city or in the country, who try to reconcile competing demands. Working people, meaning the 18 to 65 age group, have parents who at some point will need care. Some live in...
other federal states, one parent dies or gets hospitalised, dementia is on the rise. And then things get away from them relatively quickly. In Austria, a country of nine million people, there are one million family carers! That’s a huge number. You can calculate how many of the 8,500 employees at our bank in Austria and at the foundation are affected.

The issue of care has been getting the urgent attention it deserves since the pandemic exposed its weaknesses. Why didn’t that happen sooner?

Unfortunately, care was a difficult issue long before the pandemic. On the one hand, the organisational and bureaucratic aspects are highly complex. On the other hand, the topic is frightening because the burden on carers can increase over an extended period and because at some point the life of the person receiving care comes to an end. The scope of care varies widely from case to case. Some people do not even consider themselves carers when they look after their frail grandmother after work. Supporting these incredible numbers of people as they care for their relatives, making it possible in the first place, is so important. Because if such care had to be provided exclusively by external parties, the system would quickly collapse. The pandemic showed us what happens when day care facilities are forced to close and family members of patients with dementia, for example, have to balance taking care of them all day with working from home. That was very difficult. That’s where we want to start.

What exactly is the solution you’re working on?

We are using our expertise in digitalisation to create a tool – an app – for people caring for family members that quickly and comprehensively provides them with the information they need. It sounds simple, but many have tried and failed at it. The question of what information carers really need isn’t that easy. And the application needs to be extremely easy to use – anyone who can use a smartphone should be able to use the app too. The lower a person’s socio-economic status, the greater their quantitative care provision. In other words, those who work in low-paying jobs or part-time end up spending the most time providing care. We know from other studies that the more information a carer has, the more secure he or she feels and the more willing he or she is to provide care. Another critical point is data protection. When digitalising social projects, pioneering work has to be done to clarify data protection issues. Of course, all major care institutions are involved, because they have to use the tool later and they have the expertise. Clara, as the app is being called for now, is meant to complement and facilitate their work. It’s great that I can contribute to this with ERSTE Foundation, so family carers can get clear answers to important questions from experts on their smartphones. Questions like, how do I go about this? What do I need to provide care? What can I do? What’s available? How much does care cost? Who can I talk to about this topic?
Hammering Away at Success

Victor Clopotar is a Romanian coppersmith. Thanks to support of co/rizom, the traditional cauldron maker was discovered by the international design world.

Portrait by Karin Pollack
Images by Pauline Thurn und Taxis and Matei Plesa
It is a cool morning but the sun is already rising over the houses in Brateiu, Romania. Somewhere a cockerel is crowing. Victor Clopotar walks across his yard carrying a big pile of branches. “I’m Victor,” he says cheerfully. He likes it when people drop by to watch him work. Victor is a calderar, as the coppersmiths of the Roma community have been called for centuries. Once there used to be many of them here in the village, he says, but today there are only a few left who work in the trade.

The fire is lit and burning properly, but the embers are not yet hot enough. In the meantime, Victor cuts discs out of copper plate. He will use hammer and anvil to shape gracefully curved bowls from this hard material. Rather than confining himself to making the rustic household items typical of the area, Victor now creates objects that cause a stir at big international design fairs. “Making new things has always filled me with excitement,” he says, recalling how it all began seven years ago.

It was through Mesteshukar ButiQ (MBQ), an initiative supported by ERSTE Foundation, that Victor Clopotar met international designers. His work immediately attracted their attention. Initially, traditional pieces were stripped of their rustic elements, but owing to his skills, they soon developed plenty of ideas together. “His talent is phenomenal – both his three-dimensional imagination and his absolute precision.”

Today, on this sunny morning, Victor Clopotar will again push the limits of his skills. Once the copper sheet has been heated over the fire, he sits down on his stool and glances at the sketch beside him. Using hammer and anvil he will transform the sheet into a bulbous, delicately curved object. Again and again he will bring his workpiece back to the fire to make it “malleable like clay,” he explains. This process may have to be repeated up to 70 times, because much of what Clopotar makes takes thousands and thousands of strokes to satisfy his standards before he considers it finished.

The collections he has created over time have caused a sensation at international fairs in Paris, Milan or New York in recent years. It makes him proud – and self-confident – that objects by a Romanian artisan from Brateiu are celebrated in the big metropolises.
Despite his success, Victor Clopotar has retained a strong sense of tradition. As is customary here for the calderar, he always wears pleated trousers, a colourful jacket and a hat at work. Working with MBQ has led to collaboration with co/rizom, an initiative of ERSTE Foundation that aims to open up new career paths for craftspeople. The co/rizom team, consisting of Andrei Georgescu, Alina Serban and Nadja Zerunian, now wants to help the Romanian coppersmith set up his own small business. Victor Clopotar, who only went to school for a few years, understands how professional production, marketing and distribution work. And indeed the process of developing his business is far advanced. He knows that material costs have to be calculated and that every collection first needs prototypes. This allows him to calculate material and costs, which in turn is important for pricing and distributing his goods. Victor Clopotar knows that he has to make it beyond the borders of Transylvania.

The co/rizom team has recommended the Romanian coppersmith to Homo Faber, an initiative of the Michelangelo Foundation to promote Europe’s most talented artisans. In April 2022, his work will be on display in Venice as part of the Next of Europe exhibition. The Italian foundation is committed to preserving traditional craftsmanship. Coppersmithing has become a rare craft in the industrialised world.

So Victor Clopotar is also someone who preserves old cultural techniques. He learned how to forge trays, jugs and copper stills from his ancestors and hopes that his son will one day take his place. “People die, but they don’t vanish into thin air, they leave something behind for the next generations,” says the 37-year-old. And thanks to partnering with co/rizom, he has prospered in a modest way. Last year, he was able to set up a small workshop where he can work even when it’s raining. He doesn’t always use wood for heating, but sometimes has a gas bottle ready, because it’s quicker. He also bought a car, which makes it easier to transport his goods.

He has plenty of ideas for the future: with the help of co/rizom, Victor now wants to launch his own label, VCR, which stands for “Victor Clopotar Romania”. He would like to design his own collections rather than always doing commissioned work, as he has done so far.

“Clack, clack, clack!” The metallic sounds reverberate across the courtyard in Brateiu. When the rhythmic knocking stops for a moment, it’s only because Victor is appraising his work, checking whether what he is doing is good enough. “Without you, I would have never known what I can achieve,” he says, and resumes his work.

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coirizom

coirizom enables traditional crafts to access a globalised market. A digital tool breaks down complex processes and structures them into seven simple steps, from adapting tested processes for developing social enterprises and products to adapting appropriate strategies for marketing and branding. Artisans organised in small social enterprises can use this tool to compete with large retail groups as reliable and trustworthy suppliers. This ensures their financial stability and enables them to lead a solid, self-determined financial life. Currently, craftspeople from Albania, Austria, Bosnia and Herzegovina, Georgia, Hungary, Romania, and Uzbekistan are participating in the programme.
We believe that the European idea is worth fighting for.

Complex problems such as the climate crisis, the negative consequences of globalisation and radical changes in the presence and use of media and information have aroused fears and pessimism in many people. New rifts between East and West appear to be opening up.

Simple solutions sound tempting but make the situation worse. We aim to bring together the best brains and political decision-makers, promote first-rate journalism in the public interest and help shape the debate about a resilient, democratic, united Europe.
Preserve a Democratic Europe
In 2006, Javier Solana, the then head of the European Union’s (EU) diplomacy, proclaimed that Europe’s mission was to become “a global power, a force for good in the world”. Just two years before the economic meltdown, the EU, gazing at the world through rose-tinted glasses, pledged to transform its neighbourhood into a “circle of friends”. Today, those rose-tinted glasses have largely been cast aside: with the Covid-19 pandemic still raging, a looming migration crisis driven by the “ring of fire” beyond the EU’s borders, and the global rise of authoritarianism, most Europeans look at the international arena with angst. Notwithstanding this grim reality, the EU’s goal remains the same as what it was 15 years ago. Like its predecessors, today’s EU Commission under President von der Leyen aspires to be “geopolitical” by projecting the EU’s interests and values onto the world. The key difference today, however, is that more than anything, the Trump presidency has made Europeans realise that unconditional reliance on the United States is a thing of the past. Hence, the EU seeks to claim its spot as a bona fide global player.

Turning to history offers lessons on how the EU can achieve this goal. Two centuries ago, in a message to Congress on 2 December 1823, US President James Monroe let the whole world know that “the American continents...are henceforth not to be considered as subjects for future colonization by any European powers.” The Monroe Doctrine declared the Americas off limits to Britain, France, or any other outside power. Ever since the break-up of the Soviet Union in 1991, Russia has tried, with varying success, to assert its influence over what it calls “the near abroad”, and to keep away the West. China is pursuing similar goals in parts of Asia. Indeed, a cursory look at history suggests that no great power has managed to propel itself onto the global stage without first establishing its writ over its periphery.

For years, the EU has pursued a working policy geared towards that goal: enlargement. From six members in the 1950s, the Union has grown to 27, a testament to its power of attraction. But unlike other great powers, the EU’s strategy combines geopolitics with transformative aspirations. Anchoring democratic change in Southern and then Eastern Europe chimed in with the strategic objective of unifying the continent. Political elites and societies at large looked at “Europeanisation”, meaning joining the EU, as a sure-fire way to transition from authoritarianism, whether right wing or communist, to a liberal democracy.

Non-enlargement doesn’t work

Today, however, enlargement is in a profound crisis. The EU pays lip service to its commitment to the Western Balkans. Whereas in the past, the membership negotiations lasted from two to eight years, accession talks with so-called “frontrunners” Montenegro and Serbia are proceeding at a discouragingly slow pace. Podgorica has been negotiating for more than eight years, and Belgrade for six. Other membership hopefuls such as North Macedonia and Albania are struggling to even begin the process, while Bosnia and
Herzegovina and Kosovo are lagging hopelessly behind. Citizens of Kosovo are the only ones in the Balkans who still need a visa to travel to the EU.

Yet it’s not just the speed of the EU expansion, which is an issue, but also its content. Faced with the illiberal turn in Hungary and Poland, star performers in the 2004 enlargement, politicians in EU countries are questioning the wisdom of welcoming Balkan semi-democracies. For leaders like French President Emmanuel Macron, the EU’s internal consolidation trumps expansion as a priority.

This hands-off attitude empowers other member states to hijack enlargement. Bulgaria did not face sufficient pressure, even from pro-enlargement Germany, to drop its December 2020 veto on North Macedonia’s accession negotiations. This is because the EU feels it has bigger fish to fry: the new budget and the spat with Warsaw and Budapest over strings attached to it, responding to geopolitical challenges coming from Turkey, Russia or China, or reaching an agreement on the common migration policy. Those were just a few examples; the list of priorities that precede enlargement to the Western Balkans continues far beyond that.

The trouble is that a de facto policy of non-enlargement has become a self-fulfilling prophecy. The more disengaged the EU, the less likely it is that political elites in the Western Balkans will heed the EU’s precepts. At the same time, dwindling commitment to democratic reform in the candidate countries only justifies Brussels’ unwelcoming attitude. The result is a contradictory situation. On the one hand, the region is already deeply integrated into the European marketplace and benefits from privileged access to the EU – in terms of trade, but also, to a degree, the movement of people. On the other hand, the Western Balkans are plagued by a return to authoritarianism and rampant nationalism. The rule of law is at best precarious. In 2018, international watchdog Freedom House downgraded Serbia to “partly free”. President Aleksandar Vučić has gradually dismantled all the checks and balances that were painstakingly established in the first twelve years of post-Milošević democracy before his party came to power. Because of this, the EU vision, already under attack within the Union itself, lies in tatters in the Balkans. The EU’s perceived readiness to let Vučić and other autocrats off the hook is turning the most progressive parts of Western Balkan societies against the EU because, in their eyes, such (in)action by the EU undermines the Union’s claims of upholding democratic and liberal values.

**Dealing with authoritarian backsliding**

The critical lesson from previous Central and Eastern Europe enlargements is that European integration works as an amplifier. In the 1990s and 2000s, it helped lock in reforms which were driven internally rather than from outside. In the 2010s, sadly, the EU legitimised and bankrolled governments undermining liberal democratic
principles, as shown most vividly by Viktor Orbán’s rule in Hungary. Similarly and more recently, in the Western Balkans the EU is morphing into a pillar of the authoritarian status quo. As a result, pro-democratic forces in the Western Balkans find themselves in the difficult position of excusing Brussels’ co-operation with predatory elites, or desperately looking for elusive alternative transformational models where Europe is absent. Depopulation and outmigration is also taking a further toll on internal momentum for change.

Democratic backsliding coupled with state capture opens the door for the EU’s rivals, such as Russia, Turkey, and China, to assert their influence over the Balkans. In general, Balkan leaders favour the Russian, Turkish, and Chinese presence over the EU because it translates into fresh rent opportunities. Links to Moscow, Beijing, or Ankara also increase incumbents’ leverage vis-à-vis the EU, by playing up their countries’ geopolitical value in the struggle between Europe and its competitors. The dilution of the EU’s demands for changes in areas instrumental to the exercise of power, be it the media, the judiciary, police or public sector employment, is a concession Western Balkan elites are evidently willing to accept. Facing democratic backsliding in Hungary or Poland, or in the Western Balkans, the political elites leading the EU have drawn two main conclusions: first, that the 2004 enlargement happened too early, and second, not to repeat this same “error” in the Western Balkans. Yet apart from introducing new hurdles for evaluating a prospective country’s preparedness to join the Union, the EU hasn’t found a solution to the democratic deficit problem in candidate countries. The length of the accession negotiations will not ensure institutional consolidation and strengthen the rule of law.

Importantly, the resurgence of authoritarianism inside the EU is not proof that enlargement did not work. It cannot be denied that EU enlargement transformed the economies and societies in Poland, Hungary, and the rest of Central and Eastern Europe. But the hope that the EU could remedy all domestic ills and deficits on its own was hopelessly naïve to begin with. For the EU to deliver on its promise of democratic consolidation, the accession process has to work in tandem with domestic forces, not work against them.

Qualified majority voting and people power

One solution touted by the locals in the Western Balkans is to beef up regional integration as a means to boost economies while preparing Western Balkan countries for eventual EU membership in 10 to 15 years’ time. A so-called “mini-Schengen” has become a buzzword over the past few years, with Serbia, North Macedonia, and Albania throwing their weight behind it. As noble an objective as regional cooperation is, it will not deliver robust economic growth, much less fix democratic malaise. In fact, the Western Balkans have already liberalised trade in goods to a great extent, after more than two decades of EU-promoted initiatives overseen by multilateral bodies such as the Central European Free Trade Agreement or the Sarajevo-based Regional Co-
operation Council (RCC). Mini-Schengen could remove some non-tariff barriers, but it will not improve the rule of law or democratic accountability, which is a sine qua non for long-term growth. Similar regional initiatives are welcome but are not a substitute to complete EU accession of all Western Balkan countries.

The geopolitical imperative for the EU to establish primacy over its periphery requires expediting enlargement. The challenge, however, is how not to undermine reforms in candidate countries by opening the gates of EU membership. Until now, the EU has not been able to formulate a transformational model fit for the job. Cosmetic changes such as the Revised Enlargement Methodology, strong-armed by the French at the beginning of 2020, will not halt authoritarian backsliding in the Western Balkans, but will likely only prolong the accession talks. Any tweak to the content or structure of the accession negotiations is meaningless without a thorough reform of the decision-making process guiding it.

At present, unanimity in the accession process makes it impossible to reward democratic front-runners, such as North Macedonia, but also punish the laggards such as Vučić’s Serbia. Unanimous voting to approve a country’s every step along the way to EU membership gives an easy excuse for individual member states to put a brake on accession because of bilateral disputes or their own domestic politics. Unanimity also makes it hard to sanction backsliders. The rule whereby all 27 member states have to endorse a decision makes the so-called “reversibility clause”, the hallmark of the new European Commission’s methodology on enlargement, a toothless stalling exercise. The European Parliament has already voted twice to formally suspend accession negotiations with Turkey – in 2017 and March 2019. The European Commission and the Council have not followed suit. The chances to punish Western Balkan authoritarians are even slimmer.

Attempting to transform the Western Balkans while finding it difficult to rein in the EU’s own autocrats such as Orbán resembles a futile exercise of painting the ceiling of your apartment to cover the water leak from your upstairs neighbour instead of repairing his sink. Balkan strongmen have learned from neighbouring Hungary a lesson or two on how to practise state capture without inviting European sanctions. Should the EU prove unable to help Hungary’s democratic renewal, it will stand no chance in the Western Balkans. The way forward is to introduce qualified majority voting in the enlargement negotiations, but also fully implement the mechanism linking the disbursement of funds from the EU budget with adherence to the rule of law.

If the EU’s celebrated transformative power is to produce positive outcomes, reforming the decision-making in the accession talks has to be matched by a grassroots impulse from the Western Balkans. That means civil society actors must demand clean politics in their countries and push for change, including through participation in electoral politics. There are a number of encour-
Examples in the wider EU area, from Slovakia to Romania to North Macedonia. A workable enlargement policy should develop mechanisms to directly empower genuinely pro-European forces: rhetorically, by calling out state capture, but also materially through investing into civic institutions and media content whose mission is to hold power-holders accountable. Even with Trump in power, the US set a good example to that effect by restarting Radio Free Europe in Hungary, Romania, and Bulgaria.

**Getting priorities straight**

Attempts to foster accountability and the rule of law in the Western Balkans should not hamper the EU’s other goal: establishing a free and democratic Union from the Atlantic to the Black Sea. The comparative examples of Orbán’s Hungary and Vučić’s Serbia suggest that countering authoritarian backslide is no easier outside the EU than it is within the Union. Non-enlargement cannot cure state capture in the Western Balkans either. Taking in deficient democracies may wreak less damage on the EU’s long-term interest than indefinitely postponing accession. Of course, there should be precautions and safeguards. To make sure that the six new potential members (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) do not disrupt the already complicated EU internal decision-making processes, their voting rights could be limited until they meet democratic and rule-of-law standards.

Whether officials in Brussels – or Paris and Berlin for that matter – like it or not, "geopolitical Europe" is first tested in the Western Balkans. To demonstrate that its actions and commitments make a difference internationally, the EU should first secure its objectives and assert its role in its own backyard—or perhaps more accurately, its courtyard, given the Western Balkan’s location vis-à-vis the rest of the Union. Only then will Europe be able to pull it off in the wider neighbourhood or indeed on the global stage.
Ioannis Armakolas is a politics professor, think-tank actor and top Greek expert on South-Eastern Europe. During his fellowship, Ioannis undertook the first comprehensive analysis of the Prespa Agreement, which settled the so-called Macedonia name dispute. The analysis aims to understand the dynamics of settlement of the Greece-North Macedonia dispute and to draw lessons for the EU about the nature of Balkan disputes, their potential for settlement as well as the role European diplomacy and influence can play in near future. Ioannis is tenured Assistant Professor in Comparative Politics of Southeast Europe at the Department of Balkan, Slavic and Oriental Studies, University of Macedonia. He is also a Senior Research Fellow at the Hellenic Foundation for European and Foreign Policy and leads its Southeast Europe Programme. Ioannis is the editor-in-chief of Southeast European and Black Sea Studies.

Dimitar Bechev is among leading European experts on Turkey’s and Russia’s influence in Europe and the Mediterranean. As a Europe’s Futures Fellow, Dimitar explored the international politics of Europe’s periphery, where states and elites (of candidate countries) have been objects of actors higher in the international hierarchy (EU, US, Russia, Turkey, etc.), but have also been adept at manipulating power dynamics to their advantage. Dimitar is a visiting scholar at Carnegie Eu-

Srdjan Cvijic is a prominent human rights expert and academic focusing on the Western Balkans. Srdjan’s engagement as Europe’s Futures Fellow was focused on the example of the democratic transition of Serbia from toppling Milošević in 2000 until the Covid-19 pandemic – demonstrating how the inability of the post-authoritarian governments to build a relationship of confidence with the citizens had a detrimental impact on the success of Serbia’s democratic experiment. Srdjan is a Senior Policy Analyst in the Open Society European Policy Institute in Brussels. He leads the Open Society Foundation’s advocacy in Europe on several foreign policy portfolios, including EU enlargement, Western Balkans, Turkey and North Africa. He has published extensively, in both academic and policy format, on EU foreign relations and the politics of the Balkans.

Europe’s Futures Fellows 2020/2021
Julia De Clerck-Sachsse is an Oxford scholar, diplomat and former advisor to EU High Representatives Ashton and Mogherini. As a Europe’s Futures Fellow, Julia explored how communications experts in Brussels construct European narratives at a time when European integration is increasingly challenged. In light of the current changes to political discourse, be that through social media or the populist challenge, Julia looked in particular at the role of appealing to emotions rather than rationally based communication. The aim is to highlight the importance of narrative-making in the EU in order to sustain its work on fostering democracy both within and outside the Union.

Judy Dempsey is one of the loudest voices in the European civil sector, a former journalist and the author of The Merkel Phenomenon. Taking a broader political look at democracy regression, as Europe’s Futures Fellow Judy investigated rule-of-law developments in Poland and the challenge they pose to the European Union. Judy is a Senior Fellow at Carnegie Europe and editor-in-chief of the Strategic Europe blog. She has worked for the International Herald Tribune and the Financial Times, reported for the Irish Times and the Economist, and has contributed to several books on Eastern Europe.

Kapka Kassabova is a Sofia-born, internationally recognised writer studying the Balkans and the author of the highly acclaimed To the Lake. She joined the Europe’s Futures fellowship to research and write pieces for a book in progress titled Elixir. It will focus on life in mountain villages in southern Bulgaria as microcosms of a geopolitically and economically marginalised Europe today, asking some urgent questions about inequality and double standards and what this says about the much-vaunted European values today: what are the connections between environmental health, human health, cultural syncretism and its relationship to tolerance, and is there such a thing as a modern European quasi-slave labour market?
**Teresa Reiter** While considering the EU a peace project unprecedented in history, Teresa focused her work as Europe’s Futures Fellow on understanding less than perfect elements of the EU’s peacekeeping track record in the Western Balkans and specifically the Austrian approach to teaching the history of the Balkan Wars of the 1990s in the country’s secondary schools. Teresa is a journalist by training and a foreign and security policy expert. She has reported on European and foreign affairs for various European media, and has worked as a policy advisor for NEOS, the liberal party in the Austrian Parliament where she covered foreign and European policy, migration, defence and development cooperation. In 2019 she stood as a candidate in the elections to the European Parliament.

**Alison Smale** The founding editor of the International New York Times and former UN Under-Secretary General used the Europe’s Futures fellowship to examine the media sector in Eastern and Central Europe today – is it sufficiently open, probing and independent to give readers, viewers and users the news they need and the tools and analysis to assess the impact of events? – against the backdrop of 30 years of democratic development in the region. Alison is a journalist and editor who started her career in different functions with The Associated Press in Bonn, Moscow and Vienna, before she joined The New York Times and later the United Nations as Under-Secretary General for Global Communications.

**Ivan Vejvoda** is Head of Europe’s Futures at the Institute for Human Sciences (IWM) in Vienna, where he is also the Acting Rector since September 2021. 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 Đinđić and Zoran Živković. Prior to that, he served as executive director of the Belgrade-based Fund for an Open Society. 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.
No Wo/man
Is an Island ...

Observations by Sandra Bojanić
It takes time to reach an island. And it takes energy and will to name it. Then the name is hard to pronounce: Cres.

Cres, a widespread name for ancient Greeks (Χέρσο, Chersos), just a dry land and haven for wanderers. A voiceless alveolar affricate, this “ts” (as in “tsar”), lacks more vowels to slide smoothly into the rolling “r”. The name resists, and it takes time to reach the island. Once in the place, it is hard to leave.

We inaugurated our Center for Advanced Studies Southeast Europe at Moise Palace in the city of Cres in October 2019, with a wonderful lecture by Bernard Stiegler. Before the pandemic, he presciently warned that “(f)aced with systemic risks, we need to invent systemic replies”. This is “possible only as a protection, cultivation and participation of knowledge”. The “systemic risks” Stiegler referred to were, and still are, the multiple and complex ecological, economic, political and health crises spreading through the globe, and accelerating, as a result of a flawed international institutional design which allowed the conditions conducive to such compound threats and injustices to flourish.

How do we change the system? What do we need to respond to its risks? Where are we heading? And what if, in line with the poet, being “a part of the main; if a clod be washed away by the sea”, we feel and finally receive the message that we are “the less”. All this at once and on an island in the northern Adriatic, with a swift missive that it is necessary to stop, stay still for a very brief moment, in the Tramuntana labyrinth. To remain still in order to perceive movements of the Earth and all its shakes.

Cres is the biggest island in the archipelago and the least populated. Winters are windy and, like in Venice, acqua alta reminds us that before reaching dry land, swimming for a while provides good comfort. We came to the island from the mainland and brought with us the wish to redesign structure and function to enable the cosmopolitical community to emerge and cooperative heterogeneity to thrive.

This “we” includes over seventy young scholars that the centre has welcomed in more than six years since it was launched, allowing them to imagine renewed research and an engaged community. Sometimes this renewal was carefully planned and thought through in the form of an “anti-event”: like 2020’s proliferation of remote interaction and the corresponding isolation, passive viewing, and detachment, when we had intended to cherish this time together in person and use it to work together at Moise Palace on the island. The core of our anti-event was not presenting our research in its “best stage”, as one would at an important event, but using our time in one space and place to change works in progress for the better with the help of our colleagues and friends. We also went ahead, prudently responding to all that the epidemiological situation demanded; accepting, yet with a critical stance, the fact that the state decided on our behalf whether we were to move freely.

Constantly reminded that the “protection, cultivation and participation of knowledge” is not given but earned patiently, our community of young researchers, scholars, and activists practice all this at once: to live decently in a time that is out of joint and actively await the moment for the right action.
Moise Palace, a five-hundred-year-old patrician house in the historic centre of Cres, is a listed building. All photos on this double page: CAS SEE

Sanja Bojanić is a researcher immersed in the philosophy of culture, media, and queer studies, with an overarching commitment to comprehending contemporary forms of gender, racial, and class practices, which underpin social and affective inequalities specifically increased in modern societal and political contexts. She teaches at Rijeka’s Academy of Applied Arts.
The Center for Advanced Studies Southeast Europe (CAS SEE) was established in 2013 as an organisational unit of the University of Rijeka specialising in social sciences and humanities. The vision of the centre is to promote freedom of research and ensure the necessary prerequisites for innovative, intellectual, and scientific development. The CAS SEE is located at Moise Palace, a Renaissance building in the northern Adriatic, on the island of Cres. This registered heritage site, a five-hundred-year-old patrician townhouse, offers a singular venue for critical thinking and innovation.

ERSTE Foundation has multiple roles in relation to CAS SEE, being one of the main founding partners and supporters of the initiative, as well as actively participating in developing and steering the activities and programmatic development of the centre. Hedvig Morvai, ERSTE Foundation’s Director of Strategy and Europe, is the Chair of the International Board of Patrons of CAS SEE. We have supported the operations of CAS SEE since 2013 by contributing to its annual fellowship programme for young researchers. In 2021, we established our flagship seminar at Moise Palace in the framework of Europe’s Futures – Ideas for Actions (see page 86).
Ten Takeaways for Funders of Independent Media

How can philanthropy sustain independent journalism in a time of crisis?

Here are ten takeaways from the discussion summed up by Timothy Large, IJ4EU Programme Manager at the IPI.

1. Funders should take an ecosystem approach to supporting independent media, with systemic collaboration between philanthropic institutions, governments, investors and other players.

2. Funders should prioritise long-term, operational support over short-term, project-related funding.

3. Governments should put more taxpayer money into supporting independent media without compromising editorial independence. The Forum on Information and Democracy recommends 0.1 percent of annual gross domestic product.

4. Wealthy nations should spend more of their overseas development assistance budgets on core support for independent media. The International Fund for Public Interest Media recommends one percent of ODA budgets.
5. Donors should reduce the bureaucratic burdens on independent media outlets that receive funding.

6. Philanthropic institutions should help media organisations learn to fundraise for themselves.

7. Funders should provide more money for legal assistance to help counter litigation aimed at silencing independent media.

8. Funders should not neglect local media and smaller, niche outlets.

9. Philanthropic institutions should strive to bring other actors into the blend, including civil society organisations and impact investors.

10. Funders should not glorify philanthropy or overstate its potential to bring about media sustainability, especially in environments hostile to independent journalism.
As the challenges facing newsrooms multiply, how can philanthropy help independent media “keep the lights on” without creating dependence or causing collateral damage? As donor budgets tighten, how can funders ensure the media landscape is pluralistic and free from interference?

Donors, journalists and media development specialists joined forces in Vienna to wrestle with those questions and more during a roundtable discussion at the International Press Institute’s 2021 World Congress. Their goal: to hammer out recommendations for philanthropic institutions with a mission to support journalism.

The discussion was moderated by Marius Dragomir, Director of the Center for Media, Data and Society at Central European University, and Maribel Königer, Director of Communication, Journalism and Media at ERSTE Foundation, editor-in-chief of the foundation’s online magazine and responsible for ERSTE’s programmes supporting investigative journalism in Central, Eastern and South-Eastern Europe.

Participants included representatives from the Forum on Information and Democracy, the Global Forum for Media Development, the International Fund for Public Interest Media, the Open Society Foundations, the Fritt Ord Foundation, the Limelight Foundation, Porticus, Civitates, the Konrad Adenauer Foundation, the Media Development Investment Fund, Eurozine, the Balkan Investigative Reporting Network, Reporting Democracy, the European Commission, and the International Press Institute.

Sustainable Financing of Media: How Can Philanthropy Help?
was jointly organised by the International Press Institute and ERSTE Foundation.
The IPI World Congress 2021 took place from 15–17 September 2021 in Vienna.
Reporting Democracy represents ERSTE Foundation’s engagement to support independent critical journalism. Together with the Balkan Investigative Reporting Network we have co-founded this cross-border journalistic platform. Independent journalists research and address the topics, trends and events that are shaping the future of democracy in Central, Eastern and South-Eastern Europe. Reporting Democracy publishes reports, interviews and analyses by correspondents from 14 countries. Journalists on the ground receive commissions and grants for in-depth reports and research. All articles are published in English. Most of them are also translated into the respective national language and, thanks to a growing network of local media partners, are published by multiple outlets. A broad spectrum of experts from politics, society and academia comment on current issues within a geographical area that spans Central and Eastern Europe and the Balkans, from the Baltic to the Aegean.

Civitates aims to establish a strong cohort of independent, public interest journalism organisations which defend democracy in Europe by exposing abuses of power and drivers of polarisation and defending a space in which all voices are heard. It should help bring substantial funding into the sector, while providing structural, core support for the committed but stretched organisations that exist in this space. Civitates grants totalling 2,467,000 euros are allocated to 11 independent public-interest journalism organisations across Europe for a period of three years. A selection committee comprising Civitates foundation partners and advised by a diverse experts group has chosen the following organisations whose funding period started in 2021: 444.hu, Direkt36 (both Hungary), IPRI - Investigative Reporting Project Italy, Stichting Bellingcat (Netherlands), Fundacijia Pismo, OKO (both Poland), Divergente (Portugal), Átlátszó Erdély, Press One (both Romania), Pod črto (Slovenia), and Civio (Spain).
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 history.

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
Bratislava – Vienna: Asynchronous Neighbours

On Roman Ondak’s SK Parking intervention

By Wolfgang Kos
In 2001 Vienna was the perfect setting for an intriguing time-space intervention with cars serving as visual aids. Today *SK Parking* is considered one of the most precise works of art conveying the psycho-topographical sentiment between East and West. Twelve years after the “opening”, which was also euphorically embraced by the cultural scene, the Slovak conceptual artist Roman Ondak visited nearby Vienna, a city so close yet so far away. Even back then, his intervention had a melancholic feel because in 2001 it was already noticeable that, after a phase of short-lived curiosity, the enthusiasm of the so-called “Eastern artists” towards the West had been pigeonholed by the international art world as a merely peripheral phenomenon.

Ondak’s projects are characterised by their ability to create situations. In the words of curator and theorist Igor Zabel, they create a “constellation of things, people and spaces that basically deviates from what is expected and taken for granted”. “The story is already there” before he starts a project, the artist once said. He then has to illustrate it with formal and non-verbal means. When Ondak tests demarcation lines and transitions, as in *SK Parking*, he does not do so in an abstract no-man’s land but by carefully examining real and often paradoxical spatial relationships.

In *SK Parking* the distance covered was 80 kilometres on the map. “Only” 80 kilometres, one should add. After the relationship between Bratislava and Vienna had been blocked during the Cold War and the historical neighbouring cities had become alienated from each other, people were perplexed to discover when the Slovak state was founded in 1994 that nowhere else in Europe are two capitals located so close to each other. Still, they had a long way to go before developing reasonably pragmatic, though not profound, relations.

Roman Ondak and his friends drove five Škoda cars of an older model from Bratislava to the Vienna Secession in 2001. At their place of departure, they represented poor normality in the context of continuously growing consumer desires, while on the streets of Vienna, they were likely to be met with pitying looks. The lacklustre cars were parked in the car park behind the Secession, where they remained frozen as a barely perceptible curiosity for two months. “In a way, I am curious,” says Ondák about *SK Parking*, “about what forms and situations we can all still perceive as art. At the same time, I’m trying to open up this space to people who are not familiar with art and to learn from them.”
While some passers-by did not actually notice the small vehicles with Slovakian licence plates abandoned in Vienna, others suspected them to be foreign, perhaps even illegal intruders in the well-ordered consumer metropolis of Vienna. Why didn’t they drive back across the border in the evening like the shabby, often stinking buses that carried curious day visitors from Slovakia to Vienna in the 1990s? Who had authorised their permanent parking on valuable private property in the first place?

Roman Ondak was familiar with commuting across borders and between systems. After having been denied admission for years, the artist, born in 1966, finally began his studies in art in 1988, when Socialist Realism still dominated Slovak academies. He graduated in 1994, shortly after the Fall of the Iron Curtain and a liberating revolution that was celebrated with an outburst of spontaneous enthusiasm at the Bratislava Art Academy. Ondak belongs to the first post-communist generation of artists in his country for whom the neighbouring western city of Vienna no longer was an inaccessible outside world that many of their predecessors and teachers had fled in provincial self-restraint. With short visits to Vienna, where they eagerly went to shop for ideas and finally experienced works by world stars up close in commercial and public art spaces, they could bring their knowledge of contemporary art, which they had previously acquired through surreptitious detours, up to date.

Similar to the Škoda expedition, this went unnoticed: without a friendly welcome, without substantial dialogue with the Viennese art community, which in turn considered itself too good to take a look at Bratislava or Budapest. Specialised art scouts like the Knoll Gallery or the Kontakt Collection of Erste Group and ERSTE Foundation were exceptions. Contacts that persisted were all the more valuable. In the nineties, Vienna thus became a bridgehead, at least temporarily. For Ondak, who has been represented by the Viennese gallery Martin Janda since 1996, the neighbouring city became a gateway to an international career. Even before the 2001 intervention in Vienna, his works had been on display in several Central and Western European cities.

*SK Parking* was Roman Ondak’s very personal contribution to the group exhibition *Ausgeträumt ... (End of a dream ...)*, which was by no means limited to studying the East. The installation used a specific model case to underline the burgeoning scepticism that curator Kathrin Rhomberg diagnosed with regard to upheavals across systems. In her lead text, she wrote that “after years of hope and confidence, our social and political reality is currently largely perceived with disillusionment”.

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Photo: Oliver Ottenschläger, © Kontakt Collection, Vienna
Roman Ondak, *SK Parking*, 2001,
Photo: courtesy of the artist

Roman Ondak, *SK Parking*, 2001,
Photo: Archive KHB / Martin Marenčin
This was true not only for the artistic utopia of a fruitful exchange between East and West, but more generally for the dream of a comprehensive democratisation process and an opening society. It had long become apparent that the transformation of the post-socialist countries of East-Central Europe was more abrupt and anti-social than had been hoped and determined by unrestrained deregulation and suddenly enforced neo-liberalism, with grotesque side effects.

In *SK Parking*, Ondak’s conceptual methods perfectly engaged with each other. What had begun as a subversive, mobile performance without an audience changed its aggregate state to temporarily solidify into a sculpture in public space. Afterwards, the props, the borrowed cars, were returned to their owners and disappeared again into everyday Slovakian traffic. What remained was a series of documentary, strangely ghostlike photographs. The work was subsequently consigned to memory as a symbol of a very special window of time.

Twenty years passed until the initiative surprisingly materialised again. After an unexpected re-enactment in front of the Kunsthalle building in Bratislava, the ensemble of tiny short-term extras was once again transferred to Vienna, where it became a permanent art object tagged with an inventory number. The reason for this reinstallation was the Kontakt Collection’s acquisition of five old Škodas that correspond to those used in *SK Parking*, hence quoting them. While the vehicles are not the originals (after all, their individual stories were irrelevant even in 2001), the aim is to reanimate the ideas and spirit of a historically relevant event.

In the interim, the permanent presentation of the aged Slovakian automobiles from another era that today have the look and feel of lovable vintage cars, are lined up in the underground car park of the Erste Campus – a somehow exotic installation amid heavy custom-er cars and company vehicles in shiny black managerial dress style. What is reflected beyond times gone by is the image of social asynchronicity. Because in the 1990s, contrary to Ondak’s late-communist Škodas, Bratislava too saw an increasing number of heavy vehicles of the latest design on its streets – fat SUVs and overpowered lavish black limousines as prestige symbols of a rising, financially strong class. By then, the shabby Škodas were already threatened with extinction.

**Wolfgang Kos** (born in 1949) is a Vienna-based historian, radio journalist and exhibition curator. He was an editor at ORF radio broadcasting from 1969 to 2003 (“Musikbox”, “Diagonal”, among other programmes) and director of Wien Museum from 2003 to 2015. From 1995 to 2010 he was a member of the Arts Council of the EVN Collection. At present, he focuses on art in the landscape. Most recently, he published *Der Semmering. Eine exzentrische Landschaft* (2021, Residenz Verlag).
“We aim to turn learning into an adventure”

Heide Wihrheim, project manager at ERSTE Foundation, talks to tranzit.hu director Dóra Hegyi about the new Space of Opportunity in Budapest.
The tranzit.hu art initiative opened the **Space of Opportunity**, a new space for culture in Budapest’s Józsefváros district, on 20 September 2021. The community space welcomes young people and offers them a diverse programme, inviting them to make art together, discuss philosophy or participate in movement classes. The aim is to help them become aware of their potential as responsible citizens and learn how to use it.

Dóra Hegyi: We call our new community space “space of opportunity” and it is in fact an empty room to be filled with ideas and programmes. For this purpose, we’ve rented an approximately 160 square metre space, which we have gutted down to the brick walls and renovated only minimally, at Práter utca 63. Formerly a beauty salon, it has five rooms with different functions. We have a library with a reading room, a gallery with a cinema, a kitchen/common room, a room for creative activities and a media room. We regularly offer a variety of workshops, for example on art, philosophy, movement and meditation, and organise public programmes such as discussions, screenings or exhibition projects. The initiative’s co-founders are cultural workers, all equipped with a dash of idealism and open to acting outside the rules of their profession and working in a transdisciplinary way. I think that’s a cornerstone: we’re not just involved in integration work or fighting for human rights; we want to use art and other creative activities as a vehicle to talk about important issues.

It sounds like the Space of Opportunity is also related to the current political situation in Hungary.

tranzit.hu has been engaged in contemporary art for 15 years. Like the other tranzit organisations, we regard contemporary art as a form of dialogue, a discourse to anticipate and highlight crises and bring taboo subjects to light. In recent years, we have often talked about the fact that the transition period of the former Eastern bloc is not over, as expected, but that the globalised world is changing. Economic crises, the climate crisis and, most recently, the Covid-19 pandemic are unsettling regions across the globe. The welfare state of the West no longer seems to offer protection, the democratic system is not stable, and value systems once considered dependable are no longer solid.
For more than a decade, Hungary has been dominated by anti-democratic policies that support power-hungry government allies through corruption, while abandoning the underprivileged and neglecting necessary parts of infrastructure in favour of unnecessary investments. An open society based on solidarity is being systematically dismantled and institutions of democratic control are being eliminated.

So that's why you initiated the Space of Opportunity?

Exactly. In a situation like this, it's extremely important to support young people, the generations of the future, and equip them with the methods and tools they need to be able to voice criticism and ask the right questions – skills that they do not learn in most schools. All young people need support to make their voices heard. However, we find it particularly important to empower those who are not given any "road maps", or guidance, from their families. We consider art and creativity to be the most suitable tools for this because they enable people to think out of the box and encourage them to question the status quo. We want to reach young people between the ages of 14 and 26, that is to say secondary-school pupils as well as young adults who are still searching for their place in life.

The space is located in the 8th district of Budapest. What is special about this area?

Józsefváros, or Joseph Town, is a very lively district and one of the city's most multicultural areas. It's also one of Budapest's poorest neighbourhoods, which was very neglected during the socialist era. There are many beautiful houses there, built around the turn of the 20th century, but progress on their renovation is very slow. Over the last ten years, infrastructure has been greatly improved, including two new metro stations, but people have remained poor or have been driven out of the area by gentrification. For the past two years, Budapest has had a progressive mayor, and the 8th district, too, finally has an open and forward-looking district administration. Today, there are social programmes aimed at integrating and supporting needy residents. The district authorities now recognise the work of citizens' initiatives, and we feel appreciated and welcome there.

Your activities are primarily intended for a young, socially disadvantaged audience. These young people are both overstrained and under-challenged; how do you manage not to lose them to their frustration but to win them over to the community?

In our experience, the young people we would like to motivate and support with our programme and ideas are the hardest to reach. Pupils from art schools or students looking for a sense of community and good conversation find it easier to access our programmes. We use different strategies to reach the "unmotivated" and "lost" so that they can hone their skills and make up for deficits. We aim to turn learning into an adventure for them; we want them to perceive participation as an inner need. We often have to approach them individually and then they bring their friends. But once they have found their way to us, they get inspired and are happy to stay. We also collaborate very well with schools, with whole classes being involved in a project.

“Once they have found their way to us, they get inspired and are happy to stay.”
Your first exhibition project, *Colonia Herbaria*, which opened in late 2021, is a successful example of a collaborative school project. You worked with a horticultural school to transform the Space of Opportunity into a botanical collection.

That’s right, for *Colonia Herbaria* we partnered with artists and young people to develop permanent installations for our space. Artist Kitti Gosztola and art critic Judit Árva, both co-founders of the Space of Opportunity, collaborated with students from a horticultural technical school. They talked about the history of houseplants and analysed how this was connected to the history of colonisation and housing. Then all the participants chose a particular plant and described its characteristics. This created a certain degree of identification, which enabled the students to talk about personal feelings and their relationship to the community. The plants were also treated as subjects. Young seedlings and potted plants, which we had collected through a public call, were installed in the rooms. They were given labels enabling us to hear their voices. A Monstera deliciosa, for example, let us know: “The holes in my leaves are wounds that never heal – but they still make me strong.”

“The holes in my leaves are wounds that never heal – but they still make me strong.”

Monstera Deliciosa in the exhibition *Colonia Herbaria*, 2021.
Photo: Zsuzsanna Simon
Dóra Hegyi is a curator and critic based in Budapest. Since 2005, she has been the director of tranzit.hu, a member of the Eastern Europe-based transnational network tranzit.org. She is an initiator, curator, and editor of exhibitions as well as educational, research, and publication projects that view art as a realm for critical debate which can mediate between different fields and disciplines and function as catalyst for change. Her recent projects as co-curator and co-editor include Creativity Exercises: Emancipatory Pedagogies in Art and Beyond (2014–2019), War of Memories (2015), Imagining Conceptual Art (2017), 1971 – Parallel Nonsynchronism (2018–2019), and Space of Opportunities (since 2019).
In 2021, tranzit.ro/București used the shop-window space on the ground floor of the building where it has its office as a temporary exhibition space. Paris Viitorului was inspired by the name of the street where it stands (Viitorului, meaning future) and by a series of references to cultural parallels between Bucharest and Paris in the 21st and 19th centuries. The space invited the display of artworks in a vitrine, examining the question of whether art is a commodity or a necessity during pandemic restrictions. Paris Viitorului – curated by the artist Raluca Popa and tranzit.ro/ București – is a gallery, a shop-window, a closet, a resonance box, a place of observation and anticipation, and an invitation to reflect upon the city as another world: a world of possibilities and imagination, of diverse familiarities, of critical positioning towards the past, of confidence in the future.

Paris Viitorului
Mihai Eminescu 182 /corner with Viitorului
Sector 2, Bucharest
The exhibition series “Crimes are abolished. Only passions remain.” took place from 20 September to 31 October 2021.
ERSTE Foundation Network
JANUARY

Gerald Knaus receives Bruno Kreisky Recognition Award 2020

The first day of the new year saw the announcement of the winner of the Bruno Kreisky Recognition Award 2020: It went to Gerald Knaus and his book Welche Grenzen brauchen wir? Zwischen Empathie und Angst – Flucht, Migration und die Zukunft von Asyl, published by Piper in 2020. The jury’s statement: “In this remarkable publication, Knaus analyses the state of democracy and how human rights are dealt with, examining flight and migration in the shadow of the situation of refugees on the Greek islands. The sociologist not only analyses the confused situation and political debate, but also takes a matter-of-fact and knowledgeable approach to searching for ways to enable an asylum policy that is both humane and pragmatic. Eschewing over-dramatising, he makes proposals for how to manage migration in Europe on the premise that migration without control is unrealistic and control without empathy becomes inhumane.” Congratulations! Gerald Knaus was Europe’s Futures Fellow 2018/19 at the IWM. For more on the project, see p. 86.

Eva Höltl becomes spokeswoman for Österreich impft campaign

Österreich impft (“Austria Vaccinates”), the nationwide campaign to raise awareness about coronavirus vaccination, was presented to the public on 11 January. Initiated by the Red Cross and supported by the Austrian federal government, the campaign aims to provide extensive and objective information about the advantages of coronavirus vaccination. The campaign’s five spokespersons, all highly respected experts in their respective fields, provide transparent and medically sound information on the effect, safety and importance of the vaccination. One of them is Eva Höltl, an occupational physician, member of the managing board of ERSTE Foundation, head of the scientific advisory board of the Austrian Academy of Occupational Medicine and Prevention, board member of the Austrian Society of Occupational Medicine and head of the Erste Bank health centre. By mid-2021, more than 200 institutions and organisations throughout Austria supported the campaign. See also interview pp. 62–67.

MARCH

Isabelle Ioannides joins ELIAMEP

The Hellenic Foundation for European and Foreign Policy (ELIAMEP) is the premier Greek foreign policy think tank: independent, non-governmental, non-profit, established in Athens in 1988. Its mission is to conduct policy-oriented research and provide policy makers, academics and the public at large with authoritative information and substantiated policy recommendations, to contribute to the development of evidence-based responses to major European and foreign policy challenges. Isabelle Ioannides (Europe’s Futures Fellow 2019/20) joins ELIAMEP in the role of Research Associate. More on Europe’s Futures Fellowship on page 86.

APRIL

Hungarian state television attacks Franziska Tschinderle

Hungarian television station M1 attacked Austrian journalist and author of ERSTE Foundation’s Tipping Point magazine Franziska Tschinderle by...
name in a report on its main news programme on 7 April. The journalist of the weekly magazine *Profil* had “provoked” MEPs from the Hungarian ruling party Fidesz “by asking questions”, it said. The three-minute broadcast on state television showed screenshots of e-mails that the journalist had sent to the Fidesz delegation in the European parliament. Among other things, the e-mails referred to an early April meeting of Hungary’s prime minister Viktor Orbán with the head of the Italian Lega party, Matteo Salvini, and Polish prime minister Mateusz Morawiecki regarding the creation of a new political alliance. Tschinderle had asked, among other things, why representatives of the French Rassemblement National and the Austrian FPÖ were not present at the meeting. The TV moderator commented on this by saying: “Only amateur journalists ask such questions.” Tschinderle told APA that she had the impression that the case was also perceived as a turning point by regime critics in Hungary, because now the mere asking of questions was being pilloried. “The most important thing is that journalists show their colours together. That doesn’t just affect me. Hungarian colleagues have to face this every day.” In Austria Tschinderle was backed by foreign minister Alexander Schallenberg (ÖVP), the Greens, the Social Democratic Party, the NEOS as well as the journalist organisations Reporters without Borders and Presseclub Concordia.

Franziska Tschinderle. Photo: Martin Valentin Fuchs

**goEast Film Festival: Award for Vera Lacková and her film *How I Became a Partisan***

The film *How I Became a Partisan* (Slovak Republic, Czech Republic, 2021) directed by Vera Lacková premiered at the annual goEast festival – picking up its first accolade in the process: the Cultural Diversity award, endowed with 4,000 euros. Congratulations! The jury said in its announcement on 26 April: “The film develops into a compelling personal journey through a practically unknown story. By connecting her family’s struggle for survival during World War II with her own experiences as a member of the Roma community today, Vera Lacková paints a picture that is human in all its facets, without false categorisations, one which reveals both the joy of family and the pain of systematic oppression.” goEast, a project of Deutsches Filminstitut & Filmmuseum, shows over 110 feature films, documentaries and short films from Central and Eastern Europe in Wiesbaden, Germany, every year.

Film still with Vera Lacková and Stanislav Míčev (the former general manager of the Slovak National Uprising Museum) from the film *Ako som sa stala partizánkou / How a became a partisan*. Photo: Petr Racek

**UnDoing Landscape at Erste Campus**

The exhibition *UnDoing Landscape* was created in connection with the seminar of the same name held by Adam Szymczyk at the Academy of Fine Arts Vienna, which was initiated by the Kontakt Collection and supported by ERSTE Foundation. The exhibition was shown in the window gallery of ERSTE Foundation on the Erste Campus between 28 April and 27 May. The seminar dealt with the notion of landscape. The experience of landscape is, by its nature, associated with diverse forms of perception and movement. The Covid-19 pandemic, however, prevented the students from having such experiences. Instead of walks and site visits, their engagement with the topic was limited to digital conversations with Adam Szymczyk and international artists. The students documented the outcome of this virtual exchange about landscape with silk-screen prints. On display were works by Viktoria Bayer, Anna Bochkova, Emma Carlén, Kristina Cyan, Louise Deininger, Marie Yaël Fidesser, Lisa Grosskopf, Anthia Loizou, Clemens...
Matschnig, Taro Meissner, Kamryn Pariso, Ursula Pokorny, Rasmus Richter, Olga Shapovalova, Rini Swarnaly Mitra and Kanako Tada.

**M A Y**

**Judy Dempsey has been awarded Ernest Udina Career Award 2021**

Judy Dempsey, Europe’s Futures Fellow 2020/2021 (see also page 86), has been awarded the Ernest Udina Prize to the European Trajectory 2021. Judy Dempsey is a well-known journalist who has covered mainly European affairs for the *Financial Times*, *The Economist*, the *International Herald Tribune* and *The Irish Times* and is now senior fellow at Carnegie Europe and editor-in-chief of its Strategic Europe blog since 2012. The jury values Judy Dempsey’s “capacity for analysis and didactic vocation”. The award, announced on Europe Day, 8 May, is supported by the Catalan Association of Journalists, the European Commission’s Representation in Barcelona, the European parliament’s Barcelona office, the Catalan government, the Barcelona City Council and Diplocat - the Public Diplomacy Council of Catalonia. Congratulations!

**JUNE**

**Luke Cooper publishes new book on authoritarian politics**

Luke Cooper (Europe’s Futures Fellow 2018/19) has presented his new book *Authoritarian Contagion. The Global Threat to Democracy*, published by Bristol University Press. Mary Kaldor, London School of Economics and Political Science, says: “A readable, fascinating and stimulating book. The concept of authoritarian protectionism offers a new conceptual framework through which to understand the contemporary spread of dangerous political phenomena.” And Paul Mason applauds: “A vital and compelling read. Luke Cooper warns that the struggle between democrats and authoritarians is far from over. In fact, it will define our politics for decades still to come.”

**“Alles Clara” wins Magenta TUN Challenge 2021**

Andreas Bierwirth, CEO of Magenta Telekom (right), hands over the prize money for the winning project of the Magenta TUN Challenge 2021 to Nicole Traxler, CEO of Two Next (left) and Christine Fichtinger, nurse (centre). Photo: Moni Fellner

The Clara app aims to connect people who take care of loved ones with professional advisors from the fields of nursing, social work and psychology, creating, for the first time, a digital interface between the informal and professional care sectors. With a brilliant pitch, this app of the future won the final at 4GameChangers on the Austrian private TV station PULS 4 on 11 June. Clara was the winning project of the Magenta TUN Challenge 2021. Congratulations!

The Magenta TUN, a technology and sustainability fund, awards 50,000 euros annually for innovations to solve environmental problems and for sustainable action. 42 innovative projects applied for the Magenta TUN 2021. Clara finished in first place and took home 20,000 euros. Thanks to Clara, highly experienced professional advisors will soon lend their support to family caregivers to personally discuss day-to-day issues in virtual counselling rooms, but also provide long-term assistance via chat, telephone, voice and image messages. Clara is being promoted in cooperation with Two Next.
a subsidiary of ERSTE Foundation, which contributes to solving social challenges with digital products and services.

**Democracy workshop based on Austrian model to be launched in Slovakia**

The Austrian parliament, ERSTE Foundation and the Institute for the Danube Region and Central Europe (IDM) work with partner parliaments to set up democracy workshops for children and young people in Europe. The president of the Austrian National Council, Wolfgang Sobotka, and the president of the National Council of the Slovak Republic, Boris Kollár, signed a declaration of intent on 25 June. Based on the Austrian model, a democracy workshop is to be developed in Slovakia to promote democratic awareness among young people. In the democracy workshop, children between the ages of eight and 15 deal with topics such as democracy and parliament, participation, legislation, elections and the history of their country with visits from contemporary witnesses, as well as the topics of Europe and the media. On the initiative of the Austrian parliament and supported by ERSTE Foundation, similar institutions have so far been established in the national parliaments of Montenegro (2014) and Kosovo (2018/19). Together with IDM, implementation began in Albania and Northern Macedonia in 2020.

**JULY**

**Dimitar Bechev is visiting scholar at Carnegie Europe**

Dimitar Bechev (Europe’s Futures Fellow 2020/21, see also page 86) has been appointed visiting scholar at Carnegie Europe, one of the top European think tanks, with a work focus on Central, Eastern and South-Eastern Europe.

**Direkt36 reveals that Hungarian state uses spy software on citizens**

In July 2021, the Hungarian news portal Direkt36 published the first stories on the Pegasus Project. This international investigative journalism cooperation revealed government espionage on ordinary citizens. They were selected as possible targets of surveillance using Pegasus spyware developed by the Israeli company NSO Group. NSO markets its spyware for surveillance of “serious crimes and terrorism”. However, in 2020 a target list of 50,000 phone numbers was leaked to the French non-profit group Forbidden Stories and analysis revealed the list contained the numbers of leading opposition politicians, human rights activists, journalists, lawyers, and other political dissidents. Direkt36, a Hungarian grantee partner of Civitates, played an important role in the investigations. András Pethő, co-founder and editor of Direkt36: “This is one of the biggest stories ever for us. I am proud that we were – and still are – able to deliver these stories while working under immense pressure. We learned during the investigation that two of my colleagues at Direkt36 had been targets of a Pegasus surveillance themselves. The story reached a new level when a politician from Hungary’s ruling party acknowledged that the government had bought and used Pegasus spy software. The government has still not confirmed that they used it against journalists and opposition figures, but they haven’t denied it either.”

**AUGUST**

**First European Forum Alpbach under President Andreas Treichl**

The 2021 European Forum Alpbach (EFA) took place from 18 August to 3 September. The focus was on contributions to securing and financing the future of Europe, as well as the current climate crisis and the potential to use it as a steppingstone. “I am delighted with what we’ve put together this year. I can tell that people seem to be riding this new wave with us – because you can have quality discussions again,” said Andreas Treichl, who is also chairman of the supervisory board of ERSTE Foundation, summing up the first forum he presided over as president. The changes were plentiful: for the first time, the conference was held as a hybrid event. Most of
the programme took place on site in Alpbach and was broadcast digitally. The fact that more than 4,500 people from 62 countries attended the Forum’s approximately 240 individual events, despite Covid restrictions, shows that the hybrid concept, which became necessary due to the pandemic, proved its worth this year. The end of the year also saw a change at the top of the Forum and its foundation. Werner Wutscher, secretary general of the EFA, and Sonja Jöchtl, managing director of the European Forum Alpbach Foundation, were succeeded by Feri Thierry, long-time political consultant and former federal executive director of NEOS. In future, Werner Wutscher will devote more time to his entrepreneurial activities and will be co-opted onto the EFA board. Sonja Jöchtl will continue to work with the EFA on its programme content.

SEPTEMBER

Ivan Vejvoda appointed Acting Rector of the Institute for Human Sciences

Ivan Vejvoda, head of Europe’s Futures (see also page 86), has been appointed Acting Rector of the Institute for Human Sciences (IWM) as his predecessor Shalini Randeria takes over rectorship of the Central European University (CEU) – see her inauguration below in November.

viennacontemporary 2021 with new concept and new management

Austria’s largest contemporary art fair opened its doors in Vienna from 2 to 5 September, with ERSTE Foundation as its main partner. Under newly appointed artistic director Boris Ondreička, this year’s viennacontemporary was given a new, experimental format and deliberately ventured into the city, where it collaborated with the gallery festival curated by and selected Viennese galleries under the label invited by vc. At Alte Post in downtown Vienna, viennacontemporary presented a selection of 25 galleries from Central and Eastern Europe. Boris Ondreička was director of the art initiative tranzit.sk and curator at Thyssen-Bornemisza Art Contemporary in Vienna. The fair was turned into a non-profit organisation with a multi-member board to facilitate collaboration with other partners in the future. In addition to investor and majority owner Dmitry Aksenov, the board consists of Marta Dziewańska, curator at the Kunstmuseum Bern, Boris Marte, CEO of ERSTE Foundation, and brand consultant Tom Wallmann.

“Alles Clara” in the final of Get Active Social Business Award

Seven projects made it to the finals of the Get Active Social Business Award, among them the Clara app, initiated by Two Next to support family caregivers. The jury of the award, which finally went to the clothes trading app uptraded, consisted of representatives of initiator Coca Cola Austria, the NPO and SE Competence Center of the Vienna University of Economics and Business, Contrast EY Management Consulting, gabrарage upcycling design, 4GAMECHANGERS and media partner Der Standard.

SIA is “Inclusive Entrepreneurship Initiative of the Year 2021”

The work of more than 60 NGOs, businesses and individuals from across Central and Eastern Europe was recognised in Brussels on 15 September at the 2021 Emerging Europe Awards, the fourth edition of a programme that highlights best

Boris Ondreička and Markus Huber. Photo: Peroutka/Die Presse

The finalists of the Get Active Social Business Awards 2021. Photo: BEN DORO DAD Werbeagentur
practice, innovation and courage across the region. The incubator Social Impact Award, which is supported by ERSTE Foundation, was awarded “Inclusive Entrepreneurship Initiative of the Year 2021”. Congratulations!

Bellingcat wins two News and Documentary Emmys
Double recognition for a collective of independent journalists in Amsterdam: on 28 September, two awards of the most important television prize for news programmes and documentaries in the USA, the News & Documentary Emmy Awards, went to the TV station CNN and Bellingcat. A joint investigation between Bellingcat and The Insider, in collaboration with Der Spiegel and CNN, discovered voluminous telecom and travel data that implicates Russia’s Federal Security Service (FSB) in the poisoning of prominent Russian opposition politician Alexei Navalny. Bellingcat’s investigative team compiled a timeline of movements, phone calls and actions taken by FSB operatives and by Alexei Navalny’s team. CNN/Bellingcat received the awards in the categories “Outstanding Investigative Report in a Newscast” and “Outstanding Research: News”. Congratulations! Bellingcat is an independent international collective of researchers, investigators and citizen journalists based in the Netherlands. Since 2021 Bellingcat has been part of the first cohort of independent journalistic organisations funded by the foundation platform Civitates, of which ERSTE Foundation is also a member.

Supervisory board members Ilse Fetik and Barbara Pichler hand over donations
Ilse Fetik (BRV Erste Bank) and Barbara Pichler (BRV Erste Group), the supervisory board members delegated to ERSTE Foundation from the works councils of Erste Group and Erste Bank, symbolically handed over donations to four Austrian social organisations on 30 September, on behalf of ERSTE Foundation and in the presence of its senior advisor Franz Karl Prüller. With the special challenges posed by the pandemic in mind, the following four organisations and projects were selected. Volkshilfe Wien, represented by managing director Tanja Wehsely and works council chairwoman Heidemarie Supper, supports people in existential crises, financing necessary boiler/heating maintenance, issuing food vouchers, etc. The association Immo-Humana/Verein für Mütter in Not, represented by chairman and founder Georg Slawik, helps women and children who have experienced violence find housing. The Arbeiter-Samariter-Bund Österreich, represented by managing director Wolfgang Dihanits, fulfils “heart’s desires”, e.g. in cases of serious illness. SEED – Hier wachsen Ideen, represented by programme manager Georg Ruttner-Vicht, provides the necessary technical equipment for distance learning and funds creative projects for children that cannot be financed by schools. People’s life situations were movingly described by the representatives of the selected donor organisations during the cheque handover ceremony. All the NGO representatives emphasised the importance of this support and how much they appreciated ERSTE Foundation’s sign of solidarity with people’s social work in times of crisis. For Ilse Fetik, who retired at the end of the year, it was the last official appearance as a member of the supervisory board. We sincerely thank her for her many years of engagement in ERSTE Foundation’s wide range of tasks!

Zweite Sparkasse turns 15
Erste österreichische Spar-Casse, the first Austrian savings bank, was founded on 4 October 1819 for people who had previously not been considered as bank customers. And on 4 October 2006, history repeated itself: Zweite Wiener Vereins-Sparkasse, or Zweite Sparkasse for short, opened for people who need a second chance and an account to get back on their feet financially. In 2021 we celebrated the 15th anniversary of Zweite Sparkasse. Congratulations on the anniversary of the bank for the unbankable, which has continuously adapted its services to the needs of its customers since its inception. See also pp. 52–59. The voluntary managing board also welcomed a new member: in early July, Robert Schmidbauer succeeded Gerhard Ruprecht, who had been a member of the board since Zweite Sparkasse was founded in 2006 and who left the board after 15 years, as planned.
Erste Financial Life Park turns five
The Financial Life Park’s success story on the Erste Campus began with a lively opening ceremony on 28 October 2016. Five years have passed since then. Happy anniversary FLiP! More about the FLiP’s activities during the anniversary year on pp. 38–41.

Amanda Coakley awarded One World Media Fellowship 2021

Amanda Coakley (Europe’s Futures Fellow 2021/22) has been awarded the One World Media Fellowship 2021 for journalists and filmmakers presenting underreported stories from the Global South. Her story: communities in Tajikistan are seeing not only their livelihoods but their traditions being washed away as the majestic Fedchenko Glacier melts. Her ambition: report in depth and detail on stories that focus on the intersection of culture, climate change and conflict.

Shalini Randeria new rector of CEU

In a ceremony held in Vienna on 8 November, Shalini Randeria, former rector of the Institute for Human Sciences, was welcomed to her new post as rector of the Central European University in Vienna and Budapest. She is the first woman to take up the role since the university was founded 30 years ago. Shalini Randeria, professor of social anthropology and sociology at the Graduate Institute of International and Development Studies (IHEID) in Geneva and director of the Albert Hirschman Centre on Democracy at IHEID, succeeded Michael Ignatieff, whose term ended in July.

Olga Shparaga presents her new book in Vienna
Belarussian exile philosopher Olga Shparaga was invited to Vienna by tranzit.at on 19 November to present her current book Die Revolution hat ein weibliches Gesicht. Der Fall Belarus (Suhrkamp Verlag 2021) and report on current events in Belarus. Feminine, peaceful, post-national – this is how the author characterises the upheavals in her country, placing the events in the context of European and global emancipation movements. Olga Shparaga teaches philosophy at the European College of Liberal Arts (ECLAB) in Minsk. She is a member of the feminist group of the Coordination Council, the Belarussian opposition’s political body. With the support of tranzit.at the book will also be translated into Russian.

Kapka Kassabova wins Prix du Meilleur Livre Étranger 2021
Kapka Kassabova (Europe’s Futures Fellow 2020/21, see page 86) won the Prix du Meilleur Livre Étranger award for her book L’Écho du lac in the category best foreign non-fiction book in France in 2021. The award was presented in Paris on 25 November. Congratulations! About the book: “In my maternal line, I represent the fourth generation to emigrate.” To stop this spiral of exile, Kapka Kassabova sets off to the sources of her mother’s history, Lake Ohrid and Lake Prespa, the two oldest lakes in Europe, located in equal parts in North Macedonia, Greece and Albania. A long journey begins, retracing the footsteps of her ancestors.

RARE: Human Right Defenders meet in Vienna
Recharging Advocacy for Rights in Europe (RARE) is a new model to strengthen European civil society cooperation on rule of law, civic space, and fundamental rights which are under extreme pressure in many parts of the European Union. Seeing the demand for a new generation of human rights defenders, who are equipped with the skills and the solidarity network to combat these threats, the Hertie School, the Hungarian Helsinki Committee, and the Netherlands Helsinki Committee have launched RARE, a unique capacity and alliance-building project designed to create a stronger network of European human rights defenders, supported by ERSTE Foundation. Through a series of joint training sessions and advocacy work, RARE seeks to upskill and
empower 25 human rights NGOs from 13 EU member states. The programme combines a variety of networking and advocacy opportunities with key institutions supporting the work of human rights defenders in Europe. In November 2021, the participants met in Vienna and connected with the EU Fundamental Rights Agency, the OSCE Office for Democratic Institutions and Human Rights, and representatives of the Austrian government and parliament.

Sviatlana Tsikhanouskaya holds keynote at the Institute for Human Sciences

Visegrad Insight and the Institute for Human Sciences (IWM) organised a special event on the occasion of Sviatlana Tsikhanouskaya’s visit to Austria. What is the place of Belarus on the Western political agenda? How does the current situation impinge on future cooperation? These were the questions touched by the keynote speech of Sviatlana Tsikhanouskaya, leader of the Belarus opposition, at the IWM on 23 November. It was followed by a panel discussion including Franak Viačorka, foreign policy advisor to Sviatlana Tsikhanouskaya, Christian Ultsch, foreign editor at Die Presse, and Katherine Younger, research director of “Ukraine in European Dialogue”, IWM, moderated by Wojciech Przybylski, editor-in-chief of Visegrad Insight and Europe’s Futures Fellow. The event was organised under the auspices of the Europe’s Futures – Ideas for Action project, IWM’s strategic partnership initiative with ERSTE Foundation.

Quo Vadis, Aida? by Jasmila Žbanić wins European Film Award

The film drama Quo Vadis, Aida? was awarded Best European Film of the Year. The film by Bosnian director Jasmila Žbanić about the Srebrenica massacre was also awarded the Best Director prize while Jasna Đuričić won the Best Actress award. The European Film Academy announced the winner on 11 December in Berlin. Congratulations! Due to the pandemic, the gala was again presented as a hybrid event. Director Žbanić expressed her gratitude in a video clip and dedicated the film to the women and mothers of Srebrenica as well as their sons, husbands and fathers who were killed.
Talk Europe!
In 2021, we again asked key voices from our network to go in front of the camera and tell their story. We continued The Call, the video series we developed in the first year of the Covid 19 pandemic. It is an attempt to address the political, cultural and social changes of our time and to better understand them through conversations with thinkers and doers in our community.

After a pandemic break, the popular Talk Europe! series is back with two new episodes. We venture a look into the future of European foundations. We publish the self-produced videos in ERSTE Foundation’s online magazine Tipping point to stimulate dialogue within the Foundation’s community.
“The Green Deal mustn’t be sold on the element of fear”
The Call with Judy Dempsey

Boris Marte made The Call to the renowned journalist and author Judy Dempsey, to discuss solidarity, politics of fear, the new technological revolution, the flaws of the Green Deal, and youth as the main driving force in shaping our future.
“Revolutions are unbelievably disruptive and dangerous. And if they are to succeed, you really have to have your eye on the day after.”

The Call at tippingpoint.net
bit.ly/3wlJ1ld
“One of the ironies of this moment, the early 21st century, is that history is so palpably necessary to explain what’s going on. And yet at the same time, it’s generally dismissed.”
“For a moral commitment to factuality”  
The Call with Timothy Snyder

In the special edition of The Call world-renowned historian Timothy Snyder and Boris Marte talk Trumpism, semi-authoritarian regimes, the historic importance of pandemics, cyber-wars, limitations of the digital world, the power of new media – and the necessity of a moral commitment to factuality in the 21st century.
“Migration is evolution”
The Call with Kilian Kleinschmidt

Hedvig Morvai talked with the changemaker and switxboard founder Killian Kleinschmidt about the “new normal” we live in today, about networks, invisible communities and hidden opportunities, why we need to enable and not prevent migration and under which conditions our world will be able to survive.
“Many of us who talk about populations having to remain static where they are, enabling the people to stay where they are, have not understood how humanity actually evolved.”

The Call at tippingpoint.net
bit.ly/SMp41dg
“From crisis to opportunity”
A Talk Europe! special edition

For more than 30 years, the annual conference of the European Foundation Centre has addressed societal issues that are relevant to the future of Europe and the world at large, such as inequality, social injustice, and inclusive and participatory societies. Vienna hosted the conference for the first time in 2021 with ERSTE Foundation chairing the Programme Committee as well as the Host Committee. The video gathers many voices of the almost 400 participants.
“How can philanthropy build on the momentum of the innovations of the past two years to help accelerate real sustainable change, not in the distant future, but right here and now?”

Talk Europe! at tippingpoint.net
bit.ly/39qhKC3
“In the context of an existential crisis for humanity, foundations do have the opportunity and perhaps also the obligation to include the climate dimension in their work.”

Talk Europe! at tippingpoint.net
bit.ly/3yLCpLt
“Every foundation should care about climate”
Talk Europe! with Delphine Moralis

Delphine Moralis, Chief Executive of the European Foundation Centre (EFC), believes that foundations have a very important role to play in the current context, because of the pandemic and how it has aggravated inequality, because of the climate crisis and because of challenges with regard to democracy and society. Foundations, which have the opportunity to be risk-takers, innovators, bridge-builders, investors and ground-makers, really have a unique momentum to deploy their private resources strategically, to change and move our world and our societies in the right direction.
A selection of interesting new additions to the ERSTE Foundation Library in 2021, compiled and commented on by the head of the library, Jutta Braidt

SUBORNA BARUA
Principles of Green Banking: Managing Environmental Risk and Sustainability
Berlin/Boston, De Gruyter 2020, XXI, 139 pages

Environmental sustainability is perhaps the key societal challenge of our times. Achieving it will require a significant level of financing and investment, and here the role of the banking industry is fundamental. Banks can play a broader, far-reaching role by adopting environmental concerns in their internal and external business operations. *Principles of Green Banking* is a comprehensive account of the different aspects of green banking and offers theories and principles as well as practical how-to guidelines on adopting green banking practices.

KATE CRAWFORD
Atlas of AI. Power, Politics, and the Planetary Costs of Artificial Intelligence
New Haven and London, Yale University Press 2021, 327 pages

How is AI shaping our understanding of ourselves and our societies? Drawing on more than a decade of research, Kate Crawford reveals how AI is a technology of extraction: from the minerals taken from the earth and the labour exacted from low-wage information workers to the data obtained from every action and expression. This book reveals how this planetary network is fueling a shift toward undemocratic governance and increased inequity. Rather than taking a narrow focus on code and algorithms, Crawford offers us a material and political perspective on what it takes to make AI and how it centralises power. This is an urgent account of what is at stake as technology companies use artificial intelligence to reshape the world.
ACHIM ENGELBERG
An den Rändern Europas. Warum sich das Schicksal unseres Kontinents an seinen Außen­grenzen entscheidet
Munich, DVA 2021, 288 pages, German

How has Europe changed in recent decades if we look at it from its edges? Achim Engelberg has been travelling Europe’s external borders for many years, from Iceland to Sicily, from Spain to the Balkans, which became a more dangerous place after the Cold War. The 1990s were marked by the return of war, by economic shock waves that swept Eastern Europe and made Western Europe more antisocial. The many refugees from disintegrating states in the East and from the Balkans were unsettling. People started to die in the Mediterranean. 1989 did not see the end of history as postulated by Francis Fukuyama – rather, uncertainty and insecurity swept over proud and saturated Europe.

DANIEL GRŮŇ, CHRISTIAN HÖLLER, KATHRIN RHOMBERG
Vienna, Schlebrügge.Editor 2021, 221 pages

This publication maps, for the first time, the complex trajectory of the collective White Space endeavour, from its first appearance in 1973-74 and its transformation into a solo work by Stano Filko up until its final variation in 1982. This documentation of Daniel Grůň’s extensive research was initiated by the Kontakt Collection in 2015. It aims at putting White Space in White Space on the map of European art history, also compiling important contributions and texts by, among others, Jiří Valoch, Július Koller, Boris Ondreička, Vít Havránek, Ješa Denegri, Noit Banai and Lisa Grünwald.
MAJA AND REUBEN FOWKES, ILONA NÉMETH (eds.)
Iłona Németh – Eastern Sugar
Berlin: Sternberg 2021, 303 pages

Eastern Sugar was the name chosen by Générale Sucrière and Tate & Lyle for their joint venture to acquire sugar factories across Central Europe after the fall of communism in 1989. In the mid-2000s, the Franco-British consortium cashed in its investment to take advantage of a European Union compensation scheme and permanently shut down its sites. This book takes as its starting point artist Iłona Németh’s extensive research into the history of sugar production in the region, from its beginnings in the early nineteenth century, when northern sugar beet emerged as a competitor to southern sugar cane, to the social impact of the rapid decline of the industry in the era of peak globalisation. Eastern Sugar presents a surprising exploration of the microcosm of the mechanisms of post-communist transition through critical texts, conversations, and artistic interventions. The publication was supported by ERSTE Foundation.

BYUNG-CHUL HAN
Infokratie. Digitalisierung und die Krise der Demokratie
Berlin, Matthes & Seitz, 2021, 88 pages, German

Digitalisation is advancing inexorably. We are dazed by the communication and information frenzy. At the same time, we feel powerless in the face of the tsunami of information that is unleashing deformative, destructive forces. Digitalisation is now also taking hold of the political sphere and causing massive distortions in the democratic process. Election campaigns are being waged as information wars with every conceivable technical and psychological means. Social bots, automated fake accounts in social media, spread fake news, agitation and hatred, influencing the formation of political opinion. Troll armies intervene in election campaigns with targeted disinformation. Conspiracy myths and propaganda dominate political debate. Byung-Chul Han’s new essay describes today’s crisis of democracy by tracing it back to the digital structural transformation of the public sphere. Han gives the crisis a name: infocracy, locating it in the information regime as a new form of rule.
DANIEL R. HEADRICK
Macht euch die Erde untertan.
Die Umweltgeschichte des Anthropozäns
translated from the English by Martin Richter,
Darmstadt; wbg Theiss 2021, 638 pages, German

What in the Bible’s Book of Genesis (1:28) is sold as the Creator’s mandate to humans – “fill the earth and subdue it”, the agricultural cultivation of the planet and the use of its resources – today has dramatic consequences. Floods, epidemics, droughts, species extinction ... Daniel Headrick chronicles the pervasive consequences of the imperative of this claim, documenting them in a globe-spanning history of the great man-driven transformation. THE book on environmental history!
The original English edition was published by Oxford University Press in 2019 under the title Humans versus Nature and is available in electronic format.

ESTELLE HERLYN,
MAGDALÈNE LÉVY-TÖDTER (eds.)
Die Agenda 2030 als Magisches Vieleck der Nachhaltigkeit. Systemische Perspektiven
Wiesbaden, Springer Fachmedien 2020, XVI, 340 pages, German

This book takes a systemic look at the Agenda 2030 and the 17 Sustainable Development Goals. The Agenda aims to bring the world into a permanently sustainable state in which planetary boundaries are respected and the needs of all people are met. In this context, the state of the overall system or of a subsystem can be described with five system parameters: world population size, GDP, distribution of wealth, resources needed relative to resources available, and technological progress. The book takes individual fields of action, using them to flesh out the Agenda’s global scope and distributed responsibilities – from the global to national levels, across classic policy departments and across different groups of actors in politics, business and civil society.
A selection of interesting new additions to the ERSTE Foundation Library in 2021, compiled and commented on by the head of the library, Jutta Braidt

KATAPULT (ed.)
102 grüne Karten zur Rettung der Welt
Berlin, Suhrkamp 2020, 203 pages, German

How much tropical forest does the Earth lose every year? Which city invests the most in cycle paths? How well are countries implementing the Paris Climate Agreement? How hot will it be in Oslo in 2050? And the fundamental question: does each individual determine the future of the world, or is it primarily up to politics? The answers to these and many other questions can be found in the startling, illuminating and also encouraging maps of Germany’s most innovative magazine. “The graphics rely on the principles of brevity, surprise and humour. For example, a world map with oceans full of red dots looks like it is soaked in blood. There are only four black dots on the coasts, which are the four people who died in shark attacks in 2018.” (goethe.de/rosinenpicker)

VIKTOR MARTINOWITSCH
Revolution
Novel
Translated from the Russian by Thomas Weiler, Dresden et. al., Voland & Quist 2021, 400 pages, German

After Paranoia (2014) and Mova (2016), the new novel by Belarusian writer Victor Martinovich was published in early 2021. Despite its title, this publication is not about the current protests in Martinovich’s home country. Rather than an anti-Lukashenka revolution book, this is a dystopia with thriller and political elements. This is the story of Mikhail German, who, corrupted by life in contemporary Moscow, first works as a lecturer in architectural semiotics, then makes a career for himself and finally joins a post-Soviet underground organisation with secret service methods. It’s allusive and witty, and excellently translated into German by Thomas Weiler.
Money without the need to work? Just like that? And who is going to pay for it? These are just a few questions that arise when reflecting on unconditional basic income - questions that are more relevant than ever given the consequences of the Coronavirus crisis. Barbara Prainsack provides the answers, eschewing ideologies. The internationally renowned expert on technology policy explains key terms in an understandable way, exposes false arguments and sheds light on how implementation can be successful in Austria, Germany and Europe. A guide for tomorrow’s social system that focuses on one question: how much are we still worth in the era of digital transformation and far-reaching changes? The answer concerns us all.

Focusing on finance and business, the author sets the pandemic story in a frame that casts a sobering new light on how unprepared the world was to fight the crisis, and how deep the ruptures in our way of living and doing business are. The virus has attacked the economy with as much ferocity as it has our health, and there is no vaccine to address that. Tooze shows how social organisation, political interests, and economic policy interact with devastating human consequences, from your local hospital to the World Bank. He moves fluidly from the impact of currency fluctuations to the decimation of institutions – such as health-care systems, schools, and social services – in the name of efficiency.
DIE ERSTE österreichische Spar-Casse Privatstiftung

FINANCIAL STATEMENTS 2021
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<tr>
<td>3. Loans and advances to credit institutions</td>
<td>29,154,120.90</td>
<td>10,686</td>
<td></td>
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<tr>
<td>a) repayable on demand</td>
<td>29,154,120.90</td>
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<tr>
<td>b) other loans and advances</td>
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<td>0.00</td>
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<td>4. Loans and advances to customers</td>
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<td>6,633</td>
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<td>b) issued by other borrowers</td>
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<td>6,633</td>
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<td>6. Shares and other variable-yield investments</td>
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<td>7. Participating interests</td>
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<td>8. Shares in affiliated companies</td>
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<td>0.00</td>
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<td>9. Intangible fixed assets</td>
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<td>10. Tangible assets</td>
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<td>of which: land and buildings used by the credit institution for its own activities</td>
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<tr>
<td>11. Own shares and shares in a controlling company</td>
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<tr>
<td>of which: par value</td>
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<td>12. Other assets</td>
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<td>13. Subscribed capital called up but not yet paid up</td>
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<td>14. Prepayments and accrued income</td>
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<td>15. Deferred tax assets</td>
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<td><strong>TOTAL ASSETS</strong></td>
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**Off-balance-sheet items**

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## Balance sheet at 31 December 2021
### DIE ERSTE österreichische Spar-Casse Privatstiftung

### LIABILITIES AND EQUITY

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<td>of which:</td>
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<td>aa) repayable on demand</td>
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<tr>
<td>bb) with agreed maturity dates or periods of notice</td>
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<tr>
<td>b) other liabilities</td>
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<tr>
<td>of which:</td>
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<tr>
<td>aa) repayable on demand</td>
<td>0.00</td>
<td>0</td>
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<tr>
<td>bb) with agreed maturity dates or periods of notice</td>
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<td>3. Securitised liabilities</td>
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<tr>
<td>d) other</td>
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<td>7. Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Additional Tier 1 capital pursuant to Part 2 Title I Chapter 3 of Regulation (EU) No 575/2013</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: compulsory convertible bonds pursuant to § 26 Banking Act (BWG)</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8b. Instruments without a vote pursuant to § 26a Banking Act (BWG)</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Subscribed capital</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Capital reserves</td>
<td>79,147,249.86</td>
<td>79,147</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) committed</td>
<td>79,147,249.86</td>
<td>79,147</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) uncommitted</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) other restricted reserves</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carryover</td>
<td>289,624,693.70</td>
<td>309,169</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Balance sheet at 31 December 2021
### DIE ERSTE österreichische Spar-Casse Privatstiftung

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carryover</td>
<td>289,624,693.70</td>
<td>309,169</td>
</tr>
<tr>
<td>11. Retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) statutory reserve</td>
<td>145,228,257.23</td>
<td>145,228</td>
</tr>
<tr>
<td>b) reserves provided for by the articles</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>c) other reserves</td>
<td>242,295,503.39</td>
<td>209,562</td>
</tr>
<tr>
<td>d) other restricted reserves</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>12. Reserve pursuant to 9 57-5 Banking Act (BWG)</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>13. Net profit or loss for the year</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>677,148,454.32</td>
<td>663,959</td>
</tr>
</tbody>
</table>

### Off-balance-sheet items

1. Contingent liabilities | 0.00 | 0 |
   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 ratio | 0.00 | 0 |
   b) Tier 1 capital ratio | 0.00 | 0 |
   c) total capital ratio | 0.00 | 0 |

6. Foreign liabilities | 0.00 | 0 |
### Income statement for the year 2021

**DIE ERSTE österreichische Spar-Casse Privatstiftung**

<table>
<thead>
<tr>
<th></th>
<th>EUR</th>
<th>EUR</th>
<th>TEUR Previous year</th>
<th>TEUR Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Interest income and similar items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: from fixed-income securities</td>
<td>73,007.39</td>
<td></td>
<td>216</td>
<td></td>
</tr>
<tr>
<td><strong>2. Interest expenses and similar items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I. NET INTEREST INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Income from securities and participating interests</strong></td>
<td>49,542,934.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) income from shares, other ownership interests, and variable-yield investments</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) income from participating interests</td>
<td>38,042,934.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) income from shares in affiliated companies</td>
<td>11,500,000.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Commission income</strong></td>
<td>0.31</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5. Commission expenses</strong></td>
<td>19,892.27</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6. Net loss on financial operations</strong></td>
<td>32.81</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7. Other operating income</strong></td>
<td>1,706.32</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>II. OPERATING INCOME</strong></td>
<td><strong>43,395,403.59</strong></td>
<td><strong>−5,993</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>8. General administrative expenses</strong></td>
<td>4,660,198.98</td>
<td>3,860</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) staff costs of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>aa) wages and salaries</td>
<td>1,915,569.63</td>
<td>1,666</td>
<td></td>
<td></td>
</tr>
<tr>
<td>bb) expenses for statutory social security contributions and compulsory contributions related to wages and salaries</td>
<td>340,288.65</td>
<td>322</td>
<td></td>
<td></td>
</tr>
<tr>
<td>cc) other social security charges</td>
<td>15,825.88</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>dd) expenses for pensions and assistance</td>
<td>59,980.62</td>
<td>56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ee) reversal/allocation of pension provision</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ff) expenses for severance payments and contributions to severance and retirement funds</td>
<td>91,906.87</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) other administrative expenses</td>
<td>2,744,629.35</td>
<td>2,194</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>9. Value adjustments in respect of asset items 9 and 10</strong></td>
<td>116,061.98</td>
<td>155</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10. Other operating expenses</strong></td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>III. OPERATING EXPENSES</strong></td>
<td><strong>4,776,260.96</strong></td>
<td><strong>4,015</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IV. OPERATING RESULT</strong></td>
<td><strong>38,619,142.63</strong></td>
<td><strong>−10,008</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Income statement for the year 2021
**DIE ERSTE österreichische Spar-Casse Privatstiftung**

<table>
<thead>
<tr>
<th></th>
<th>EUR</th>
<th>EUR</th>
<th>EUR</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carryover (IV. Operating result)</strong></td>
<td>38,619,142.63</td>
<td>-10,008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Value adjustments to loans and advances and allocations for provisions for contingent liabilities, commitments and securities held in the financial current assets</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Value re-adjustments to loans and advances and provisions for contingent liabilities, commitments and securities held in the financial current assets</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Value adjustments to transferable securities held as financial fixed assets, participating interests and shares in affiliated companies</td>
<td>217,862.07</td>
<td>517</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Value re-adjustments to transferable securities held as financial fixed assets, participating interests and shares in affiliated companies</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>V. PROFIT OR LOSS ON ORDINARY ACTIVITIES</strong></td>
<td>38,401,280.56</td>
<td>-10,525</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Ordinary income</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: withdrawals from the special fund for general banking risks</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Ordinary expenditures</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: allocation to the special fund for general banking risks</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII. PROFIT OR LOSS FOR THE YEAR AFTER DISTRIBUTION OF CAPITAL</strong></td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Changes in reserves</td>
<td>38,418,596.93</td>
<td>-10,542</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: allocation to reserves</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>reversal of reserves</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VIII. PROFIT OR LOSS FOR THE YEAR</strong></td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Profit brought forward from previous year</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Profits transferred on the basis of profit transfer agreement</td>
<td>0.00</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements 2021
DIE ERSTE österreichische Spar-Casse Privatstiftung
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1.3 Liability of ERSTE Foundation for Sparkasse AG

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2.2 Valuation principles

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4.16 Deferred taxes arising from the conversion of legal form from Anteilsverwaltungsparkasse to private foundation

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9.2 Loans to the managing board and supervisory board

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9.4 Board remuneration

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1 General Information

1.1 Introduction

The 2021 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 ongoing changes in the general environment 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 due to the ECB’s urgent recommendation to suspend dividend distributions until 30 Sep 2021 (ECB 2020/62). Total dividend income in 2021 stood at EUR 49,542,934.00 (previous year: TEUR 0). 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 Sparkasse AG

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

2 Details on the Accounting and Valuation Principles

2.1 Fair presentation

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

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

The principle of prudence was also applied.

2.2 Valuation principles

2.2.1 Foreign currency debtors and creditors

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

Currency conversion income was recognised in the income statement.
2.2.2 Participating interests and shares in affiliated companies

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

2.2.3 Accounts receivable

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

2.2.4 Investments

Investments (bonds and other fixed-rate securities, shares and other variable-yield investments) are valued according to their allocation to financial assets and depending on whether they are accounts receivable and financial instruments similar to accounts receivable (‘FFIs’) for the purpose of AFRAC Opinion 14:

- Investments that are FFIs are valued at amortised cost less impairments resulting from default risks. FFIs are debt instruments that are intended to be held to maturity and whose value is not potentially affected by risk and return structures that differ significantly from the default risks of the instrument.
- Debt instruments held as fixed assets that are not FFIs are valued at amortised cost and written down to the lower fair value in the event of permanent impairment (‘moderate lower of cost or market rule’).

Investments are grouped to current or financial assets or to FFIs 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:

Investments categorised as accounts receivable and financial instruments similar to accounts receivable were initially valued at amortised cost less impairments from default risks.

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:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Obligations not payable on demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 3 months</td>
<td>200,000,000.00</td>
<td>0</td>
</tr>
<tr>
<td>More than 1 year up to 5 years</td>
<td>0.00</td>
<td>200,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Affiliated companies</th>
<th>Companies linked by virtue of an equity interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Amounts owed by customers</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Bonds</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>1,901.13</td>
<td>85</td>
</tr>
</tbody>
</table>

4.3 Relations to affiliated companies

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

4.4 Participating interests and shares in affiliated companies

Participating interests and shares in affiliated companies comprise shares in the following key companies and show the following shareholders’ equity and results according to the most recent financial statements available to us:
<table>
<thead>
<tr>
<th>Company and headquarters</th>
<th>Total equity (of which, indirect)</th>
<th>Shareholders’ equity</th>
<th>Last result</th>
<th>Financial report by year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erste Group Bank AG, Vienna</td>
<td>11.25% (5.35%)</td>
<td>EUR 9,354,406,875.26</td>
<td>EUR 1,782,522,253.51</td>
<td>31.12.2021</td>
</tr>
<tr>
<td>Erste Social Finance Holding GmbH, Vienna</td>
<td>40.00%</td>
<td>EUR 4,708,348.22</td>
<td>EUR 5,564.77</td>
<td>31.12.2020</td>
</tr>
<tr>
<td>Sparkassen Beteiligungs GmbH &amp; Co KG, Vienna</td>
<td>50.50%</td>
<td>EUR 1,216,011,588.13</td>
<td>EUR 287,105,082.68</td>
<td>30.06.2021</td>
</tr>
<tr>
<td>Sparkassen Beteiligungs GmbH, Vienna</td>
<td>100.00%</td>
<td>EUR 53,716.94</td>
<td>EUR -2,285.44</td>
<td>31.12.2021</td>
</tr>
<tr>
<td>Two Next GmbH, Vienna</td>
<td>100.00%</td>
<td>EUR 313,997.56</td>
<td>EUR -221,002.44</td>
<td>31.12.2020</td>
</tr>
</tbody>
</table>

The book value of participating interests in the amount of EUR 314,332,705.25 (previous year: EUR 313,159) is composed of EUR 2,978,237.56 (previous year: EUR 1,804) – increased on the one hand by a shareholder contribution of EUR 940,000.00 in 2021 and on the other hand by a write-up of EUR 234,037.93 carried out on 31 December 2021 – from the 40% stake in Erste Social Finance Holding GmbH, and EUR 313,544,677.69 (previous year: EUR 311,354) from the stake in Erste Group Bank AG. 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: 5.90%) of the share capital as at 31 December 2021. The market value of this participating interest was EUR 1,048,716,880.60 at the end of the year as calculated from the closing price of EUR 41.35 on the Vienna stock exchange.

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

The 42% participating interest in Fund of Excellence Förderungs GmbH was written down to EUR 0.00 in 2020 (previous year: TEUR 0) 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 327,560) for a total of 23 million EGB shares (previous year: 23 million shares).

ERSTE Foundation indirectly holds 5.35% of Erste Group Bank AG’s share capital via Sparkassen Beteiligungs GmbH & Co KG (previous year: 5.35%). ERSTE Foundation therefore indirectly controls 11.25% as at 31 December 2021 (previous year: 11.25%). Prior to its divestment on 4 November 2021, CaixaBank S.A. held 9.92% of the share capital of Erste Group Bank AG and formed a syndicate with other core shareholders of the bank in accordance with the shareholders’ agreement (Preferred Partnership Agreement). Following the divestment, this alliance of core shareholders comprises ERSTE Foundation, the savings banks, their foundations, and Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group. On 9 November 2021, the latter increased its stake by 1.00% to a total of 4.08% (previous year: 3.08%) of the share capital of Erste Group Bank AG and therefore holds 17,532,884 Erste Group Bank AG shares (previous year: 13,234,884). Along with its syndicate partners, ERSTE Foundation directly and indirectly controlled 22.25% of Erste Group Bank AG’s share capital (previous year: 31.16%).

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 2021.

This item also includes the 100% stakes in Sparkassen Beteiligungs GmbH and Two Next GmbH, each of which has a book value of EUR 35,000.00 (previous year: TEUR 35). Two Next GmbH received a shareholder contribution of EUR 1,000,000.00 in 2021, however, this was completely written off on 31 December 2021.

### 4.5 Transactions with related companies and persons

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

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

<table>
<thead>
<tr>
<th>Admitted to trading,</th>
<th>MOB</th>
<th>NT</th>
<th>of which are valued as</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>EUR</td>
<td>EUR</td>
</tr>
<tr>
<td>Bonds and other fixed-income securities</td>
<td>345,125.00</td>
<td>0.00</td>
<td>345,125.00</td>
</tr>
</tbody>
</table>

4.7 Differences for bonds and other fixed-income securities

The initial values of bonds and other fixed-income securities were partially lower than the sum payable at maturity, with the remaining difference being EUR 4,875.00 (previous year: TEUR 553).

4.8 Financial instruments in fixed assets

<table>
<thead>
<tr>
<th>31.12.2021</th>
<th>Book value</th>
<th>Fair value</th>
<th>Hidden charges</th>
<th>Hidden reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and other fixed-income securities</td>
<td>345,125.00</td>
<td>351,545.00</td>
<td>0.00</td>
<td>6,420.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31.12.2020</th>
<th>Book value</th>
<th>Fair value</th>
<th>Hidden charges</th>
<th>Hidden reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and other fixed-income securities</td>
<td>6,597</td>
<td>7,174</td>
<td>0</td>
<td>577</td>
</tr>
</tbody>
</table>

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. In the absence of market prices, valuation models, particularly the present value method, were used.

4.9 Bonds and other fixed-income securities maturing in the following year

Of bonds and other fixed-income securities, EUR 145,125.00 will mature in the following year (previous year: TEUR 6,452).

Of the marketable bonds issued, EUR 200,000,000.00 (previous year: TEUR 0) will mature.

4.10 Subordinated assets

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Bonds and other fixed-income securities</td>
<td>145,125.00</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Bonds and other fixed-income securities</td>
<td>145,125.00</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Bonds and other fixed-income securities</td>
<td>6,597,025.00</td>
<td>0.00</td>
<td>200,000.00</td>
<td>6,451,900.00</td>
<td>345,125.00</td>
</tr>
<tr>
<td>Total</td>
<td>6,597,025.00</td>
<td>0.00</td>
<td>200,000.00</td>
<td>6,451,900.00</td>
<td>345,125.00</td>
</tr>
<tr>
<td>Participating interests</td>
<td>313,568,167.69</td>
<td>0.00</td>
<td>940,000.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td>328,130,028.78</td>
<td>0.00</td>
<td>1,000,000.00</td>
<td>0.00</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Other</td>
<td>520,447.90</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>520,447.90</td>
</tr>
<tr>
<td>Total</td>
<td>520,447.90</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>520,447.90</td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Plant and equipment</td>
<td>909,807.35</td>
<td>0.00</td>
<td>2,599.98</td>
<td>2,599.98</td>
<td>909,807.35</td>
</tr>
<tr>
<td>Total</td>
<td>909,807.35</td>
<td>0.00</td>
<td>2,599.98</td>
<td>2,599.98</td>
<td>909,807.35</td>
</tr>
<tr>
<td>Shares in controlling company</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total fixed and long-term assets</td>
<td>649,725,476.72</td>
<td>0.00</td>
<td>2,142,599.98</td>
<td>6,454,499.98</td>
<td>645,413,576.72</td>
</tr>
</tbody>
</table>

### Statement of changes in fixed and long-term assets  
#### (Part 2 - accumulated depreciation and book values)

<table>
<thead>
<tr>
<th>Description</th>
<th>Accumulated write-downs as at 1. 1. 2021 EUR</th>
<th>Write-downs 2021 EUR</th>
<th>Write-ups 2021 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Bonds and other fixed-income securities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Participating interests</td>
<td>409,500.37</td>
<td>0.00</td>
<td>234,037.93</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td>500,000.00</td>
<td>1,000,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Other</td>
<td>485,097.90</td>
<td>35,350.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>485,097.90</td>
<td>35,350.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Plant and equipment</td>
<td>294,630.35</td>
<td>80,711.98</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>294,630.35</td>
<td>80,711.98</td>
<td>0.00</td>
</tr>
<tr>
<td>Shares in controlling company</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total fixed and long-term assets</td>
<td>1,689,228.62</td>
<td>1,116,061.98</td>
<td>234,037.93</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>200,000.00</td>
<td>6,451,900.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>200,000.00</td>
<td>6,451,900.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>940,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>1,000,000.00</td>
<td>0.00</td>
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<tr>
<td></td>
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<td>0.00</td>
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<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>2,599.98</td>
<td>2,599.98</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>2,599.98</td>
<td>2,599.98</td>
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<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>2,142,599.98</td>
<td>6,454,499.98</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>345,125.00</td>
<td>6,597,025.00</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>345,125.00</td>
<td>6,597,025.00</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>175,462.44</td>
<td>314,332,705.25</td>
<td>313,158,667.32</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>1,500,000.00</td>
<td>327,630,028.78</td>
<td>327,630,028.78</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>520,447.90</td>
<td>0.00</td>
<td>35,350.00</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>520,447.90</td>
<td>0.00</td>
<td>35,350.00</td>
</tr>
<tr>
<td>2,599.98</td>
<td>0.00</td>
<td>372,742.35</td>
<td>537,065.00</td>
<td>615,177.00</td>
</tr>
<tr>
<td>2,599.98</td>
<td>0.00</td>
<td>372,742.35</td>
<td>537,065.00</td>
<td>615,177.00</td>
</tr>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2,599.98</td>
<td>0.00</td>
<td>2,568,652.69</td>
<td>642,844,924.03</td>
<td>648,036,248.10</td>
</tr>
</tbody>
</table>
4.12 Interim corporation tax pursuant to section 22, paragraph 2 of the Corporation Tax Act (KStG)

The Republic of Austria owes EUR 7,929,188.60 (previous year: TEUR 7,993) 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 63,467.51 (previous year: TEUR 143).

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 298,263.21 (previous year: TEUR 295) regarding leased tangible assets not listed on the balance sheet. These obligations total EUR 1,493,187.80 for the next five years (previous year: TEUR 1,477).

4.15 Other liabilities

Other liabilities included the following significant individual items:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding amounts</td>
<td>232,680.74</td>
<td>150</td>
</tr>
<tr>
<td>Amounts owed to grants</td>
<td>3,824,066.74</td>
<td>3,362</td>
</tr>
</tbody>
</table>

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 7,929,188.60 as at 31 December 2021.

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 2021 of EUR 409.03 (previous year: TEUR 18).

4.18 Other provisions

<table>
<thead>
<tr>
<th></th>
<th>EUR</th>
<th>EUR</th>
<th>EUR</th>
<th>EUR</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for taxes</td>
<td>329,978.40</td>
<td>0.00</td>
<td>17,316.37</td>
<td>0.00</td>
<td>312,662.03</td>
</tr>
<tr>
<td>Provisions for staff</td>
<td>58,117.00</td>
<td>58,117.00</td>
<td>0.00</td>
<td>230,360.00</td>
<td>230,360.00</td>
</tr>
<tr>
<td>Audit expenses</td>
<td>13,000.00</td>
<td>13,000.00</td>
<td>0.00</td>
<td>17,000.00</td>
<td>17,000.00</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>286,000.00</td>
<td>214,234.60</td>
<td>51,765.40</td>
<td>163,500.00</td>
<td>183,500.00</td>
</tr>
<tr>
<td></td>
<td>687,095.40</td>
<td>285,351.60</td>
<td>69,081.77</td>
<td>410,860.00</td>
<td>743,522.03</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 EUR</th>
<th>2020 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income/loss for the year</td>
<td>38,418,596.93</td>
<td>-10,542,437.70</td>
</tr>
<tr>
<td>-/+ Gains/losses on investments</td>
<td>-548,100.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+ Value adjustments in loans and advances to customers</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+ Value adjustments in financial fixed assets</td>
<td>765,962.07</td>
<td>516,800.00</td>
</tr>
<tr>
<td>+ Depreciation (operating)</td>
<td>116,061.98</td>
<td>155,636.02</td>
</tr>
<tr>
<td>+ Addition of non-current provisions</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+ Taxes</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>= Operating cash flows</td>
<td>38,752,520.98</td>
<td>-9,870,001.68</td>
</tr>
<tr>
<td>+/− Increase/decrease in inventories, trade debtors, and other assets</td>
<td>86,904.00</td>
<td>-466,661.33</td>
</tr>
<tr>
<td>+/− Increase/decrease in creditors (without banking liabilities and notes payable) and other liabilities</td>
<td>424,072.47</td>
<td>-1,222,909.48</td>
</tr>
<tr>
<td>+/− Increase/decrease in short-term provisions</td>
<td>56,426.63</td>
<td>169,674.19</td>
</tr>
<tr>
<td>= Cash flows from operating activities</td>
<td>39,319,924.08</td>
<td>-11,389,898.30</td>
</tr>
<tr>
<td>- Payments for investments in fixed assets</td>
<td>-2,599.98</td>
<td>-158,029.02</td>
</tr>
<tr>
<td>+/− Investment in shares and other variable-yield instruments</td>
<td>6,800,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>+/− Acquisition/disposal or non-cash issue of EGB shares</td>
<td>0.00</td>
<td>13,240,000.00</td>
</tr>
<tr>
<td>Sparkassen Beteiligungs GmbH &amp; Co KG non-cash issue</td>
<td>0.00</td>
<td>13,240,000.00</td>
</tr>
<tr>
<td>Acquisition/disposal of EBG shares</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>= Cash flows from investing activities</td>
<td>4,857,400.02</td>
<td>-693,029.02</td>
</tr>
<tr>
<td>+/− Deposits/payments from discharging/taking on banking liabilities</td>
<td>-20,000,000.00</td>
<td>20,000,000.00</td>
</tr>
<tr>
<td>+/− Securitised liabilities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>= Cash flows from financing activities</td>
<td>-20,000,000.00</td>
<td>20,000,000.00</td>
</tr>
<tr>
<td>Grants</td>
<td>-5,709,441.34</td>
<td>-5,412,073.47</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>18,467,882.76</td>
<td>2,504,999.21</td>
</tr>
<tr>
<td>- Balance of liquid resources at the beginning of the period</td>
<td>10,686,238.14</td>
<td>0.00</td>
</tr>
<tr>
<td>+ Balance of liquid resources at the end of the period</td>
<td>29,154,120.90</td>
<td>10,686,238.14</td>
</tr>
<tr>
<td>Total change in cash and cash equivalents</td>
<td>18,467,882.76</td>
<td>10,686,238.14</td>
</tr>
</tbody>
</table>

6 Details on the Income Statement

6.1 Interest income and similar items

Interest received amounting to EUR 116,140.49 (previous year: TEUR 300) results primarily from income from fixed-income securities.

6.2 Interest expenses and similar items

Interest expenses totalled EUR 6,245,518.07 (previous year: TEUR 6,258) and wholly relate to interest from borrowings with credit institutions and the issued bond.

6.3 Income from investments and participating interests

Dividend income from shares held directly in Erste Group Bank AG totalled EUR 38,042,934.00 (EUR 1.5 per share) and dividend income from shares held indirectly through the participating interest in
Sparkassen Beteiligungs GmbH & Co KG amounted to EUR 11,500,000.00 (EUR 0.5 per share). The supplementary dividend from December 2021 in the amount of EUR 1.00 per share for the indirectly held shares will not be taken into account in Erste Foundation’s books until 2022, after the year-end financial statements of Sparkassen Beteiligungs GmbH & Co KG have been approved.

6.4 Auditor expenses

Audit expenses for the 2020 year-end financial statements stood at EUR 16,011.50 (previous year: TEUR 12). A provision of EUR 17,000.00 was recognised for the 2021 fiscal year (previous year: TEUR 13). No other services were provided.

6.5 Allocation to retained earnings

The net income for the year of EUR 38,418,596.93 (previous year: net loss for the year of TEUR 10,542) was fully allocated to year-end reserves.

6.6 Changes in ERSTE Foundation equity balance

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>TEUR</td>
</tr>
<tr>
<td>Committed endowment as at 1 April 2003</td>
<td>79,147,249.86</td>
<td>79,147</td>
</tr>
<tr>
<td>Committed retained earnings as at 31 December 2020 (or 2019)</td>
<td>72,508,808.00</td>
<td>72,509</td>
</tr>
<tr>
<td>Plus allocations from 2003 to 2020 (or 2019)</td>
<td>385,859,421.23</td>
<td>396,402</td>
</tr>
<tr>
<td>Less grants from 2005 to 2020 (or 2019)</td>
<td>-103,578,602.32</td>
<td>-97,765</td>
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<tr>
<td>Foundation equity on 1 January</td>
<td>433,936,876.77</td>
<td>450,293</td>
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<tr>
<td>Less grants in 2021 (or 2020)</td>
<td>-5,684,463.22</td>
<td>-5,813</td>
</tr>
<tr>
<td>Plus allocation in 2021 (or less liquidation in 2020)</td>
<td>38,418,596.93</td>
<td>-10,543</td>
</tr>
<tr>
<td>Foundation equity on 31 December</td>
<td>466,671,010.48</td>
<td>433,937</td>
</tr>
<tr>
<td>Of which, committed reserves as at 31 December:</td>
<td>224,375,507.09</td>
<td>224,376</td>
</tr>
<tr>
<td>Of which, free reserves as at 31 December:</td>
<td>242,295,503.39</td>
<td>209,561</td>
</tr>
</tbody>
</table>

As at the balance sheet date of 31 December 2021 the equity balance of ERSTE Foundation stood at EUR 466,671,010.48 (previous year: TEUR 433,937) as shown above, without hidden reserves or hidden charges. This change in foundation equity results, on the one hand, from the allocation of free reserves for 2021’s net income of EUR 38,418,596.93 and, on the other hand, from the appropriation of reserves in the amount of EUR 5,684,463.22 through grants to beneficiaries according to section 3 of the foundation’s articles of association.

7 Events after the Balance Sheet Date

No noteworthy events occurred after the balance sheet date.

8 Liquidity

In the reporting year 2021, the dividend payments of Erste Group Bank AG shares in the amount of EUR 49.5 million made it possible to repay a loan in the total amount of EUR 20 million. Erste Group Bank AG has also announced that it will propose to the annual general meeting that a dividend of EUR 1.60 per share be paid again for the financial year 2021.

ERSTE Foundation managed to build free reserves of over EUR 242 million in recent years as a result of dividend distributions. 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. Most liabilities (a privately placed bond of EUR 200 million) were due in January 2022 and were extended as follows: EUR 100 million fixed long-term to 2027, EUR 30 million to 2023 and EUR 65 million short-term with less than one year till maturity. There are plans to repay liabilities for 2022 and 2023 from Erste Group’s dividends. Consequently, it can distribute planned and approved grants to beneficiaries, and there is sufficient liquidity for the following fiscal year to service all liabilities, conduct planned activities and continue reducing debt as planned.
9 Details on Board and Staff

9.1 Number of staff

The foundation had an average of 17.19 staff (previous year: 18.5). This equates to a total of 23 employees (previous year: 24).

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 Expenses for severance payments and pensions

Provisions of EUR 69,000.00 (previous year: TEUR 0) were made for voluntary severance payments for employees.

9.4 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 431,920.71 (previous year: TEUR 309). No remuneration was paid to former members of the managing board or their heirs.

Remuneration of EUR 149,472.19 was paid to members of the supervisory board in 2019 and 2020 (previous year: TEUR 0). There is a EUR 120,000.00 provision for 2020 and 2021 (previous year: TEUR 190).

9.5 Names of board members

The following persons were active as members of the managing board:
- Boris Marte, Chair of the Board
- Wolfgang Schopf, Deputy Chair of the Board, from 6 December 2021
- Martin Wohlmuth, from 6 December 2021
- Dr Eva Höltl

The following persons were active as members of the managing board at other times:
- Dr Mario Catasta, Chair of the Board until 5 December 2021
- Franz Portisch, until 5 December 2021

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
- Bettina Breiteneder
- Maximilian Hardegg
- Barbara Pichler
- Philipp Thurn und Taxis
- Dr Johanna Rachinger
- Dr Markus Trauttmansdorff
- Kurt Zangerle, from 1 July 2021
- Dr Mario Catasta, from 6 December 2021
- Franz Portisch, from 6 December 2021

The following persons were active as members of the supervisory board at other times:
- Ilse Fetik, until 30 June 2021

The general assembly was made up of 119 members (previous year: 112) and 36 honorary members (previous year: 36). Association director: Andreas Treichl
1 Economic Environment

In 2021, the global economy experienced an exceptionally strong upswing despite pandemic-related temporary lockdown measures in most countries. The upswing was characterised by massive upward trends in most major economies, thanks to extensive fiscal support – especially in the United States. In many developing economies, the positive impact of rising external demand and higher commodity prices was partly mitigated by slower progress on mass vaccination – often due to delayed vaccine availability – and a partial withdrawal of macroeconomic support measures. Among developing markets, China and India again showed better growth than other major economies. Globally, most industries performed well, but the service sector faced headwinds from the pandemic-related lockdown measures. Although labour markets recovered faster than during the global financial crisis, employment remained below pre-pandemic levels. Broad-based growth in the global economy was mainly driven by the recovery in private consumption and investment. Manufacturing suffered from supply chain problems, which were temporarily exacerbated by the obstruction of the Suez Canal in March 2021 and the closure of some major ports in China. Supply chain problems were another major driver of inflation in 2021. The steep rise in consumer goods prices, especially in the US, was a result of the huge surge in demand triggered by stimulus measures. Commodity prices also rose sharply, in many cases above pre-pandemic levels. Demand for oil remained high. Prices for metals and agricultural products increased significantly. Overall, real GDP increased by 5.9% globally.

Of the major central banks, only the Bank of England raised its key interest rate in 2021. The US Federal Reserve (Fed), the Bank of Japan and the European Central Bank (ECB) left their key interest rates unchanged throughout the year. The central banks continued the bond-buying programmes they launched during the pandemic, but both the Fed and the ECB announced in the second half of the year that they would reduce their monthly purchase volume in future.

The US economy performed very well in 2021. It recovered faster than most other developed economies thanks to more generous fiscal measures. High income growth boosted consumption. The unemployment rate fell significantly to 3.9%. The American Rescue Plan Act passed in March 2021 supplied USD 1.9 trillion in additional fiscal assistance, bringing total fiscal support provided since the start of the pandemic to over one quarter of GDP – an unprecedented level in peacetime. In view of rising inflation, the Fed indicated that the expansionary monetary policy it had pursued since the beginning of the pandemic would soon come to an end. In December 2021, it announced that its pandemic bond purchases would end in March 2022. This paved the way for interest rate hikes after concerns about high inflation had already been expressed against the backdrop of a steady recovery in the labour market. By the end of 2021, the Fed had purchased more than USD 4 trillion worth of government bonds and other securities. US real GDP grew by 5.6% in 2021.

The euro area also experienced a significant recovery with real GDP growth of 5.2%. France, Italy and Spain performed better than Germany, which suffered much more from shortages of raw materials, semi-finished products and semiconductors, especially for the automotive industry. A shortage of construction timber hurt the German economy as well. Summer tourism benefited from less stringent travel restrictions. Households responded to the temporary easing of these restrictions

1 IMF: World Economic Outlook Update, January 2022: Rising Caseloads, A Disrupted Recovery, and Higher Inflation (imf.org) (Download on 16 February 2022)
3 IMF: World Economic Outlook Update, January 2022: Rising Caseloads, A Disrupted Recovery, and Higher Inflation (imf.org) (Download on 16 February 2022)
4 IMF: World Economic Outlook Update, January 2022: Rising Caseloads, A Disrupted Recovery, and Higher Inflation (imf.org) (Download on 16 February 2022)
with a spending spree that fuelled private consumption in the European Union. Overall, the economy recovered across the board, with positive contributions from all components of domestic demand. Growth was also supported by an improvement in the labour market and the broad implementation of the European Commission’s Recovery and Resilience Facility. This, along with the Next Generation EU fund launched in 2020, is the largest economic stimulus package ever financed in Europe. Skyrocketing energy prices, especially for gas and electricity, fuelled inflation. Electricity and gas prices increased fivefold during the year, reaching new highs in December 2021. The ECB continued its loose monetary policy. It confirmed that it would maintain its bond purchases under the Pandemic Emergency Purchase Programme (PEPP) at least until the end of March 2022, and it continued its net purchases under the Asset Purchase Programme (APP) with a monthly volume of EUR 20 billion. Liquidity continued to flow to euro area banks via refinancing operations – particularly the third series of targeted longer-term refinancing operations (TLTRO III) – to support lending to households and businesses. The ECB kept its discount rate at zero throughout 2021.

Like most of Europe, Austria also experienced an economic upswing in 2021. In view of the rapid recovery and normalisation in many sectors, the Austrian government began to adjust its Covid support measures from mid-2021, reducing or phasing out measures in sectors where conditions were improving. However, in November 2021, the government ordered another nationwide lockdown until mid-December due to a steep rise in case numbers and an expected overload of medical resources. This lockdown lasted only a few weeks, so it did not have a dramatic impact on the overall development of the economy. The easing of travel restrictions allowed the important tourism sector to recover. After a very good start to the year, the Austrian export industry suffered from supply chain problems, but it was still able to contribute to growth. The economic recovery was also supported by private consumption and a significant expansion of investments. Rising oil and gas prices drove up inflation significantly during the course of the year. Overall, inflation rose by an average of 2.8% in 2021. Short-time work helped mitigate the impact that the economic downturn had on the labour market. The unemployment rate was 6.2%. The Covid-19 Crisis Recovery Fund, established in March 2020, was again used to finance temporary support measures such as fixed-cost subsidies and various measures to compensate for losses or slumps in sales during the various lockdowns. The Austrian economy grew faster than expected in 2021, with GDP per capita of EUR 45,600 at year-end.

The economies of Central and Eastern Europe (CEE) performed well despite their temporary lockdown measures. The rapid recovery was mainly driven by household consumption and investment, while supply chain disruptions had a negative impact on industrial production and exports. Supply bottlenecks particularly affected the automotive industry in the Czech Republic, Slovakia and Hungary. The Croatian economy was substantially supported by better-than-expected developments in tourism, a critical sector for the country. Economic growth in Romania benefitted from the agricultural sector. Government measures helped mitigate the negative impact of temporary restrictions on employment while fiscal packages prevented a collapse in household incomes. As a result, unemployment rates in CEE only increased moderately and remained low compared to many Western European countries. In most CEE countries, total debt-to-GDP ratios remained below their pre-crisis peaks. Many central banks in the region raised their key interest rates during the year. The Czech National Bank raised rates the most, but Poland, Hungary and Romania also raised their key interest rates in several steps during the second half of the year. Across the region, supply-side constraints, greater price pressures in services and energy, higher food prices, and local factors such as rents, tobacco taxes and tight local labour markets dialled up inflationary pressures. The Czech koruna was the only regional currency to appreciate against the euro in 2021, mainly due to the tighter monetary policy of the Czech National Bank. Other CEE currencies, such as the Romanian leu, the Hungarian forint and the Polish zloty, depreciated slightly against the euro. All economies in the CEE region developed positively in 2021, ranging from 3.03% in Slovakia to a surprising double-digit percentage increase in Croatia.*

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5 Statistics Austria: http://www.statistik.at/web_de/statistiken/wirtschaft/preise/verbraucherpreisindex_vpi_hvpi/022835.html (Download on 16 February 2022)
6 Statistics Austria: Unemployed (international definition) - monthly estimates (statistik.at) (Download on 16 February 2022)
On 24 February 2022, the conflict between Russia and Ukraine escalated when Russia launched a large-scale military attack on Ukraine. The economic consequences of the war in Ukraine are still difficult to assess at present. Although Russia's economic role as an export market for the countries of Central Europe has steadily diminished over the last few years, most countries in the region are still dependent on imports of Russian energy.

The development of the conflict between Russia and Ukraine has no direct impact on ERSTE Foundation as it has no physical presence in either country.

2 Foundation Purpose: Charitable Activity

ERSTE Foundation emerged in 2003 from the Erste Österreichische Spar-Casse Anteilsverwaltung, the legal successor to the Erste Österreichische Spar-Casse. In 1819, this savings bank association opened Vienna's first bank for people who previously had no way to plan for their future. The foundation inherited its commitment to people from its founders. ERSTE Foundation invests a portion of its dividends in the region in which Erste Group operates. Its goals are to support those who care for socially disadvantaged groups, financial health for all, the preservation of democracy in Europe and the creation of free spaces for contemporary culture.

To achieve these goals, the foundation acts as an innovative driving force, networks stakeholders and supports knowledge transfer in the countries of Central, Eastern and South-Eastern Europe. It does so on the premise that as many people as possible should participate in a public debate on the right steps to take to achieve necessary social change and that the arguments for such steps should be understandable to everyone. The foundation strengthens initiatives for change and contributes to the further development of civil society and progress in the region. Erste Group's majority shareholder protects its shareholder structure and ensures that sufficient foundation assets are available for its funding goals.

2021 was another year marked by the global pandemic. The annual conference of the European Foundation Centre (EFC), the European umbrella organisation of non-profit foundations, discussed ways out of the many crises preoccupying societies in Europe and elsewhere. It was the first time the conference was held in Vienna. Conference participants also discussed the role foundations can play in this task. Below are some examples of the foundation's charitable activity in 2021:

Financial health for all
Two projects in the realm of financial health celebrated their anniversaries in 2021. The Zweite Sparkasse now has 15 successful years behind it. The strengths of the “bank for the unbankable”, then as now, are flexibility, thanks to volunteers, and the development of new offers for people in financially challenging situations. Erste Financial Life Park (FLiP), which unfortunately could not welcome school classes for months last year, celebrated its fifth anniversary. For its birthday, FLiP gave itself the gift of a study on financial education for young people. The Foundation for Economic Literacy, founded at the end of 2020, started regular operations in 2021 with the slogan Learning for Life. Austria's central platform for strengthening and broadening responsible, lifeworld-oriented economic education within general education started with action days in schools and the first school pilots. Erste Group’s social banking activities, which are supported by ERSTE Foundation, were also spread broadly across the group and the region in 2021. Among other things, a subordinated loan for NGOs was developed in "quasi-equity", which is offered by all subsidiary banks and can strengthen the capital base of non-profit organisations affordably, without changing their ownership structure.

Supporting our supporters
Two Next: The ERSTE Foundation start-up founded in 2020, which provides access to learning experiences for non-profit organisations that want to offer digital products and services, has been focusing closely on the areas of care and family carers as well as on financial inclusion since 2021. The second half of the year saw them prepare, among other things, a conference on the topic of family carers to kick off 2022.
For a democratic Europe
Europe’s Futures, a collaboration with the Institute for Human Sciences to explore key risks and issues facing Europe and its liberal democratic order, welcomed its fourth generation of fellows in 2021. The capacity- and alliance-building programme Recharging Advocacy for Rights in Europe (RARE) brings together 26 leading European human rights defenders. They visited Vienna in autumn. The Reporting Democracy platform is active in the field of media freedom and independent journalism. In addition, ERSTE Foundation co-hosted a panel discussion on the topic of Sustainable Financing of Independent Media at the IPI World Congress 2021 in Vienna.

Open spaces for contemporary culture
In Prague, the Matters of Art Biennial, which was postponed in 2020, was held in a streamlined form in 2021 due to the pandemic. A continuation is planned for the following year. In Budapest and Bucharest, the tranzit organisations there opened new spaces to increase their visibility and enhance their offer for youth and people with an interest in arts and culture.

3 Financial Instruments and Risk Management Goals
Equity 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 last 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. Erste Group began paying a dividend again in 2021.

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 18 months.

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

There is no foreign currency risk and minimal credit risk from accounts receivable (EUR 200,000.00).

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. 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 13,189 from TEUR 663,959 to TEUR 677,148.

4.1.1 ASSETS
Loans and advances to credit institutions
Demand deposits amounting to TEUR 29,154 (previous year: TEUR 10,686) were held with Erste Bank der österreichischen Sparkassen AG.

Loans and advances to customers
This item represents a loan to Erste Social Finance Holding GmbH, in which ERSTE Foundation has a participating interest. The loan, which totalled TEUR 311 (including accrued interest) (previous year: TEUR 306), was granted to carry out the Ministry of Social Affairs’ Social Impact Bond – Perspektive: DIGITALISIERUNG.

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**Investments**
The item investments amounting to TEUR 345 (previous year: TEUR 6,634) consists of TEUR 145 in bonds (investments) from Erste Group Bank AG and TEUR 200 in bonds (investments) from Social Financing SK S.R.O.

**Participating interests**
This item increased by TEUR 1,174 and stands at TEUR 314,333 (previous year: TEUR 313,159). This is due to valuations of TEUR 234 and the granting of a shareholder contribution of TEUR 940 for Erste Social Finance Holding GmbH.

ERSTE Foundation directly held 25,361,956 shares (previous year: 25,361,956 shares) in Erste Group Bank AG as at the balance sheet date, with a book value of TEUR 311,354 (previous year: TEUR 311,354). Along with its syndicate partners and Sparkassen Beteiligungs GmbH & Co KG, the foundation directly and indirectly controlled 22.25% (previous year: 31.16%) 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 12.28).

The item participating interests also includes holdings in Erste Social Finance Holding GmbH (40% stake), with a book value of TEUR 2,978 (previous year: TEUR 1,804), and Fund of Excellence Förderungs GmbH (42% stake), which has a book value of TEUR 0 (previous year: TEUR 0).

**Shares in affiliated companies**
ERSTE Foundation holds 23 million of its Erste Group Bank shares (previous year: 23 million shares), or 5.35% (previously 5.35%) of Erste Group Bank AG’s share capital, via Sparkassen Beteiligungs GmbH & Co KG, valued at TEUR 327,560 (previous year: TEUR 327,560).

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 35).

**Other assets**
This item amounts to TEUR 4,797 (previous year: TEUR 4,848) and primarily comprises a receivable from taxation authorities, which stands at TEUR 3,965 (previous year: TEUR 3,996) from the evidence account for interim tax.

**4.1.2 LIABILITIES AND EQUITY**

**Liabilities to credit institutions**
As of 31 December 2021, this item had a book value of TEUR 0 (previous year: TEUR 20,043). 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 2021.

**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**
The item other liabilities amounting to TEUR 4,059 (previous year: TEUR 3,617) contains grants promised but not yet dispersed of TEUR 3,824 (previous year: TEUR 3,362) as well as other liabilities of TEUR 235 (previous year: TEUR 255).

**Provisions**
Provisions of TEUR 744 (previous year: TEUR 687) relate to TEUR 313 of taxes (previous year: TEUR 330) as well as staff and other costs totalling TEUR 431 (previous year: TEUR 357).
Reserves
Foundation equity (capital reserves and retained earnings) stands at TEUR 466,671 (previous year: TEUR 433,937) as at 31 December 2021 after grants to beneficiaries totalling TEUR 5,684 (previous year: TEUR 5,813) and after the allocation of reserves from the net gain for 2021 totalling TEUR 38,418 (previous year: liquidation of reserves of TEUR 10,542).

The free reserve as of the balance sheet date includes EUR 4,831,423.19 in unused funds from grant budgets in previous years. These are available for grants in 2022 in addition to the current 2022 budget.

4.2 INCOME STATEMENT

ERSTE Foundation’s main sources of income during the last fiscal year stemmed from shares in Erste Group Bank AG and interest from the investment of foundation assets. Specifically, this consisted of dividend distributions of TEUR 49,543 and interest income of TEUR 116 in the 2021 fiscal year (previous year: TEUR 299).

Net interest income
The net interest income had a surplus of interest payable over interest received amounting to TEUR 6,129 (previous year: TEUR 5,958).

Operating income
The operating income (including net interest income mentioned above) totalled TEUR 43,359 (previous year: TEUR 5,993) and essentially consists of the dividend distribution of TEUR 49,543 from Erste Group Bank AG.

Operating expenses
This item totalling TEUR 4,776 (previous year: TEUR 4,015) consists of staff costs of TEUR 1,915 (previous year: TEUR 1,666), administrative expenses totalling TEUR 2,745 (previous year: TEUR 2,194) and write-downs totalling TEUR 116 (previous year: TEUR 155).

Revaluation of accounts receivable and additions to provisions for contingent liabilities and for credit risks
This item stands at TEUR 218 (previous year: TEUR 517) and comprises the write-off of the TEUR 1,000 shareholder contribution to Two Next GmbH, Erste Social Finance Holding GmbH’s write-up of TEUR 234, and realised profit of TEUR 584 from the redemption of bond AT000B007943.

Taxes
The income tax totalled negative TEUR 17 (previous year: positive TEUR 18).

Profit for the year
The net profit for the year of TEUR 38,418 (previous year: net loss of TEUR 10,542) was already allocated in its entirety to reserves on the balance sheet.

5 Outlook for 2022

The core shareholder syndicate, which consists of ERSTE Foundation, the savings banks and their joint subsidiary, Sparkassen Beteiligungs GmbH und Co KG, Erste Mitarbeiterbeteiligung Privatstiftung and Wiener Städtische Wechselseitiger Versicherungsverein, had its stake in Erste Group Bank AG reduced to 22.25% as a result of Caixabank S.A.’s divestment. The remaining members aim to increase their stake in the medium term.

Most liabilities (a privately placed bond of EUR 200 million) were due in January 2022 and were extended as follows: EUR 100 million fixed long-term to 2027, EUR 30 million to 2023 and EUR 65 million short-term with less than one year till maturity. There are plans to repay liabilities for 2022 and 2023 from Erste Group’s dividends.
Erste Group announced it will pay a dividend of EUR 1.60 per share for fiscal year 2021. Payment of the dividend is planned for June 2022.

For 2022, a decision was made to slightly increase the grant budget to EUR 8.0 million versus 2021 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, 19 April 2022

The Board:

Mag. Boris Marte
Chair

Wolfgang Schopf
Deputy Chair

Mag. Martin Wohlmuth
Member of the Board

Dr. Med. Eva Höltl
Member of the Board
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
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<td>ANGYAN Dr. Thomas</td>
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<td>ATTEM Mag. Dr. Johannes</td>
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<td>ATTENSA Mag. Oliver</td>
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<td>BADELT Univ.-Prof. Dr. Christoph *</td>
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<td>BARTENSTEIN MA MMag. Dr. Ilse *</td>
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MARSONER Dkfm. Dr. Helmut
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RAUCH Franz
ROBATHIN Ing. Heinz (deceased 2 March 2021)
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SCHWARZENBERG Karl Fürst zu
SENGER-WEISS Dkfm. Heidegunde
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TAUS Dr. Josef
TUPPY em. Univ.-Prof. Dr. Dr. h. c. Hans
ULRICH Dr. Wolfgang

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(joined 21 April 1961)

KURZ Dr. Otto

45-years' membership
(joined 29 April 1976)

STRADIOT Georg

40-years' membership
(joined 15 May 1981)

BLAHUT Dkfm. Dr. Dietrich

JONAK Friedrich

MARSONER Dkfm. Dr. Helmut

TAUS Dr. Josef
ERSTE Foundation
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(as at 31 Dec 2021)

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Johannes Steiner, Office Manager
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