



ERSTE Social Banking Group

Impact Report 2023

Supported by



ERSTE
Stiftung



Social Banking benefits from a guarantee funded by the European Union under the Programme for Employment and Social Innovation (EaSI)

Foreword Erste Group



As we reflect on our journey, it is evident that our commitment to enabling and securing prosperity for all people in the region has been the cornerstone of our existence since our foundation. This commitment has driven us to integrate key Environmental, Social, and Governance issues into our corporate strategy, recognising it as the catalyst for fostering a fairer and more inclusive society.

Erste Group's Social Banking has put a profound focus on people - their lives, needs, environment, education, and, above all, their financial health. Since 2016, we have been on a mission to foster prosperity and expand access to finance in Austria and CEE region. We track our progress in achieving our objectives regularly by a robust impact survey with our clients. This is the third Social Banking Impact Report and serves as a comprehensive summary of our activities targeting three main impact objectives: job creation & preservation, expanding the impact of social organisations and improving financial health and housing for people on low income.

To date, our Social Banking initiative has supported almost 50.000 clients, providing around 600 million EUR to those who typically lack access to bank loans. Some noteworthy highlights include 70% of our start-up clients improving their overall financial situation as a result of our funding, 68% of social organisation clients increasing their social impact through our support, and 82% of clients in financial difficulties reporting reduced worry about their financial situation. These metrics paint a vivid picture of the impactful years we have had.

As we invite you to join us in celebrating the milestones of the past years, we acknowledge that these achievements are a testament to the collaborative efforts of our dedicated teams, partners, and the communities we serve. Together, we propel forward on a trajectory toward a future where prosperity knows no bounds.

Willi Cernko, CEO

Foreword ERSTE Foundation



What is impact? There are plenty of definitions out there, but the essence of it is simple: having an impact means changing lives for the better. This is what we are striving for as ERSTE Foundation, and we approach this task with utmost sincerity and a lot of stamina.

If you want to achieve an impact it is not enough to have a great idea, inspiring enthusiasm, or the funds to bring an idea to life. To truly be impactful requires a set of capabilities and a fruitful environment. This is what we are building in a collaborative set up between ERSTE Foundation, Erste Group and a vivid network of non-profit-organisations. “Social Banking” is a broad ecosystem gathering around shared values to achieve common goals.

ERSTE Foundation focuses on creating this ecosystem. It opens the possibility to benefit from other organisations’ learnings. It prepares the ground for creating social businesses that are financeable. And it is a hub of Innovation in the field of societal development.

2023 proved that the combination of understanding the needs of the society and its relevant actors and providing the right financial and banking products can have tremendous impacts. Great examples will inspire others to follow, and together we will share, learn and adapt to make the future a better one.

Representing the Board of ERSTE Foundation, I want to express our thankfulness that what started with the idea of founding the “Zweite Sparkasse – The Bank for the Unbanked” – has undertaken such a remarkable development presenting ERSTE Stiftung’s different tailor-made offerings in all the countries where Erste Group displays its business. With this report, we demonstrate that we not only fulfill our founding fathers’ mission in creating access to our services where access is not a given. We also add a point of differentiation to Erste Group as the banking institution that stays open for all parts of the society to lead a better life.

Boris Marte, CEO ERSTE Foundation

Our approach to Social Banking

We foster Starting Entrepreneurs



WITH
 → Working-capital loans
 → Start-up loans



AND PROVIDE
 → Business trainings
 → Mentoring

to create new jobs

We support Micro Businesses



WITH
 → Working-capital loans
 → Investment loans



AND OFFER
 → Cash flow assessment
 → Financial advisory

to create and preserve jobs in rural areas

We empower Social Organisations



WITH
 → Quasi-Equity financing
 → Funding via SIBs*
 → Bridge and investment loans



AND FACILITATE
 → Capacity building
 → Networking

to expand their social impact

We stand by People in financial difficulties



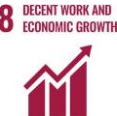
WITH
 → Special accounts
 → Housing micro loans



AND CONDUCT
 → Debt advisory
 → Financial education

to improve their financial health and housing

Supported United Nations Sustainable Development Goals:



*SIB: Social Impact Bonds

Impact assessment methodology

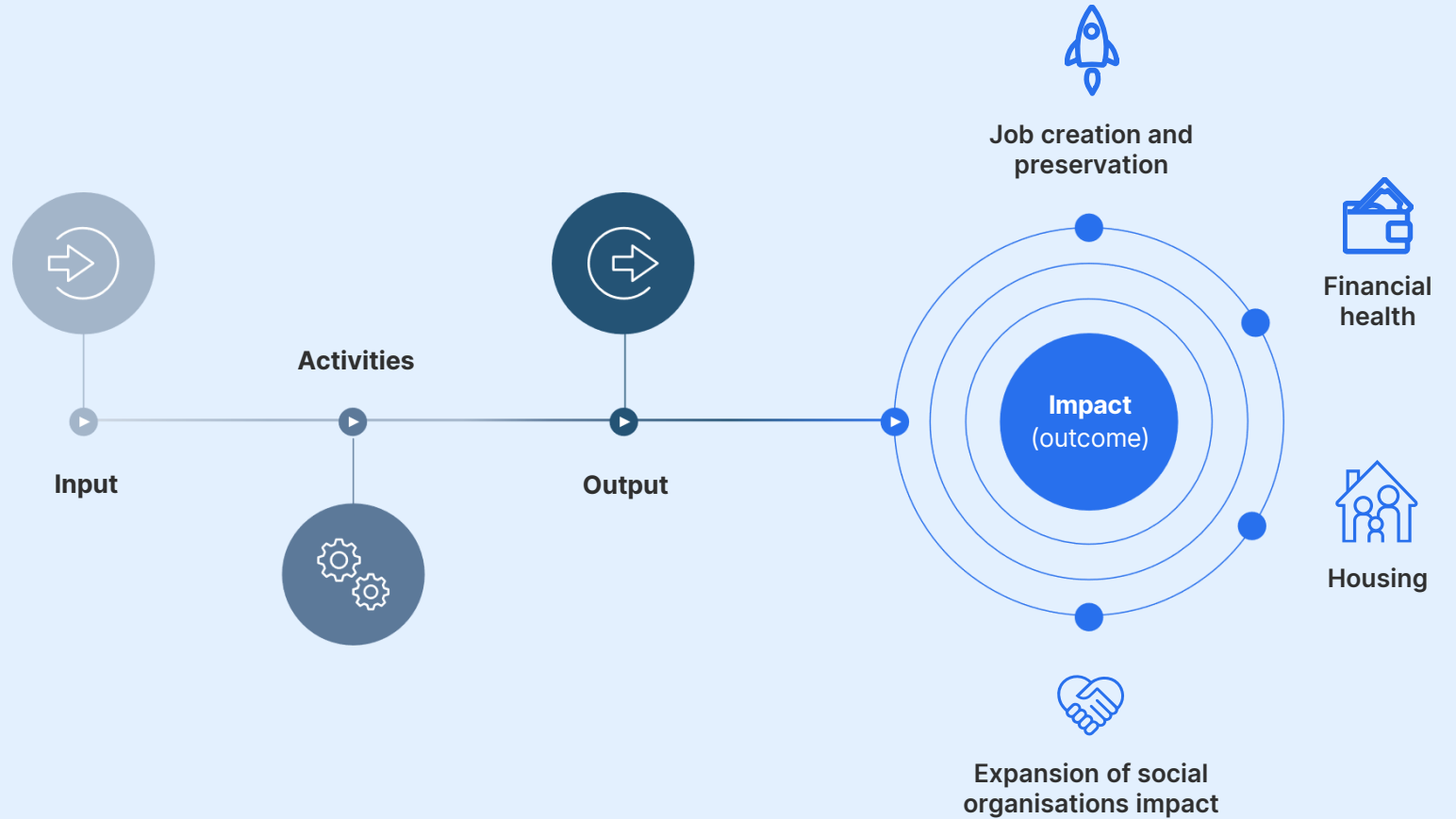
RESEARCH APPROACH



The report focuses on the output of our activities and the direct and intended outcomes on our clients

1.190 

clients were interviewed



Methodology Notes

SURVEY



Social Banking Impact report is based on a representative sample of 1.190 Social Banking clients (thereof 375 starting entrepreneurs, 291 microentrepreneurs, 362 social organisations and 162 people in financial difficulties) that have been telephonically interviewed in 7 core markets of Erste Group (Austria, Croatia, Czech Republic, Hungary, Romania, Serbia and Slovakia).



Percentage data in the report are based on responses of the representative sample of interviewed Social Banking clients in the survey (slide 7 and 8 – all interviewed clients, slides 9 to 41 – all clients within the indicated customer segment).

INTERNAL DATA



Absolute figures in the report such as number of clients, volume / number of disbursed loans, number of education participants (with the exception of number of preserved or created jobs) in the report are exact figures based on the internal information system and internally captured data.

OVERALL

Absolute figures in slides with a tag „OVERALL“ represent the cumulative result since the launch of Social Banking in 2016.


CALCULATION



Number of created or preserved jobs has been calculated using the following method: average number of jobs per financed client has been calculated based on the results of the representative sample in the survey and in the next step multiplied (extrapolated) by the respective total number of financed clients in the particular segment and timeframe.

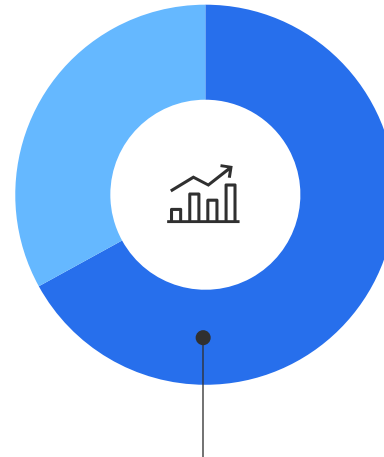
Overall Social Banking highlights

OVERALL

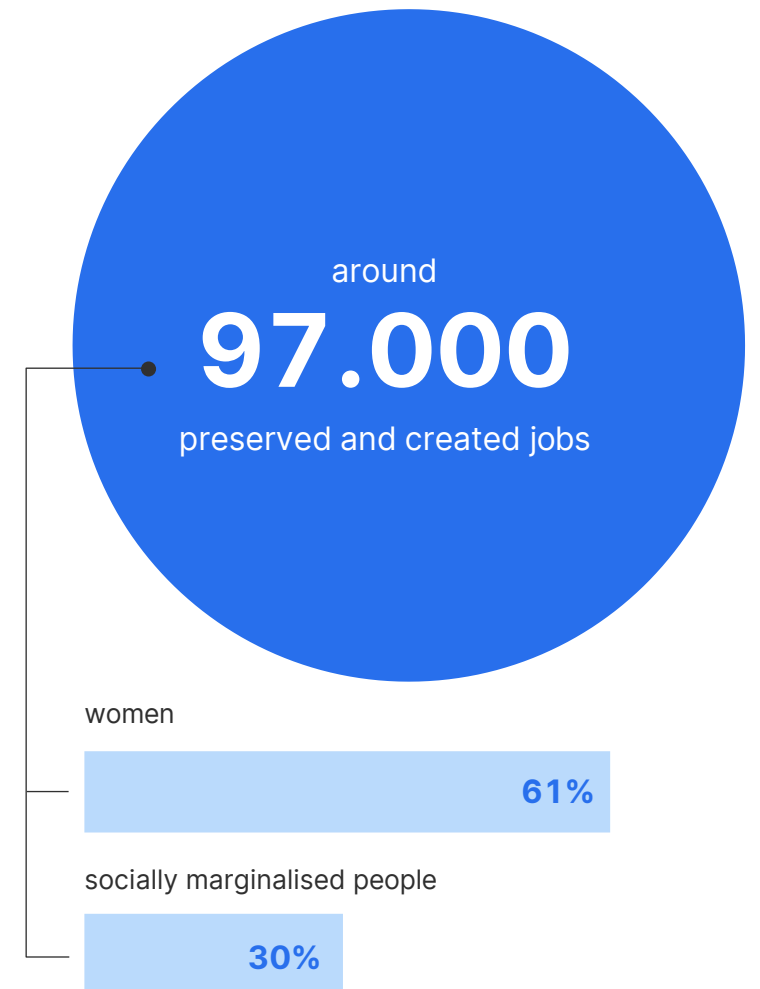
47.291 
supported clients

65.946 
education support beneficiaries


595,6 
mln EUR of funding provided




67%
of clients improved their economic situation

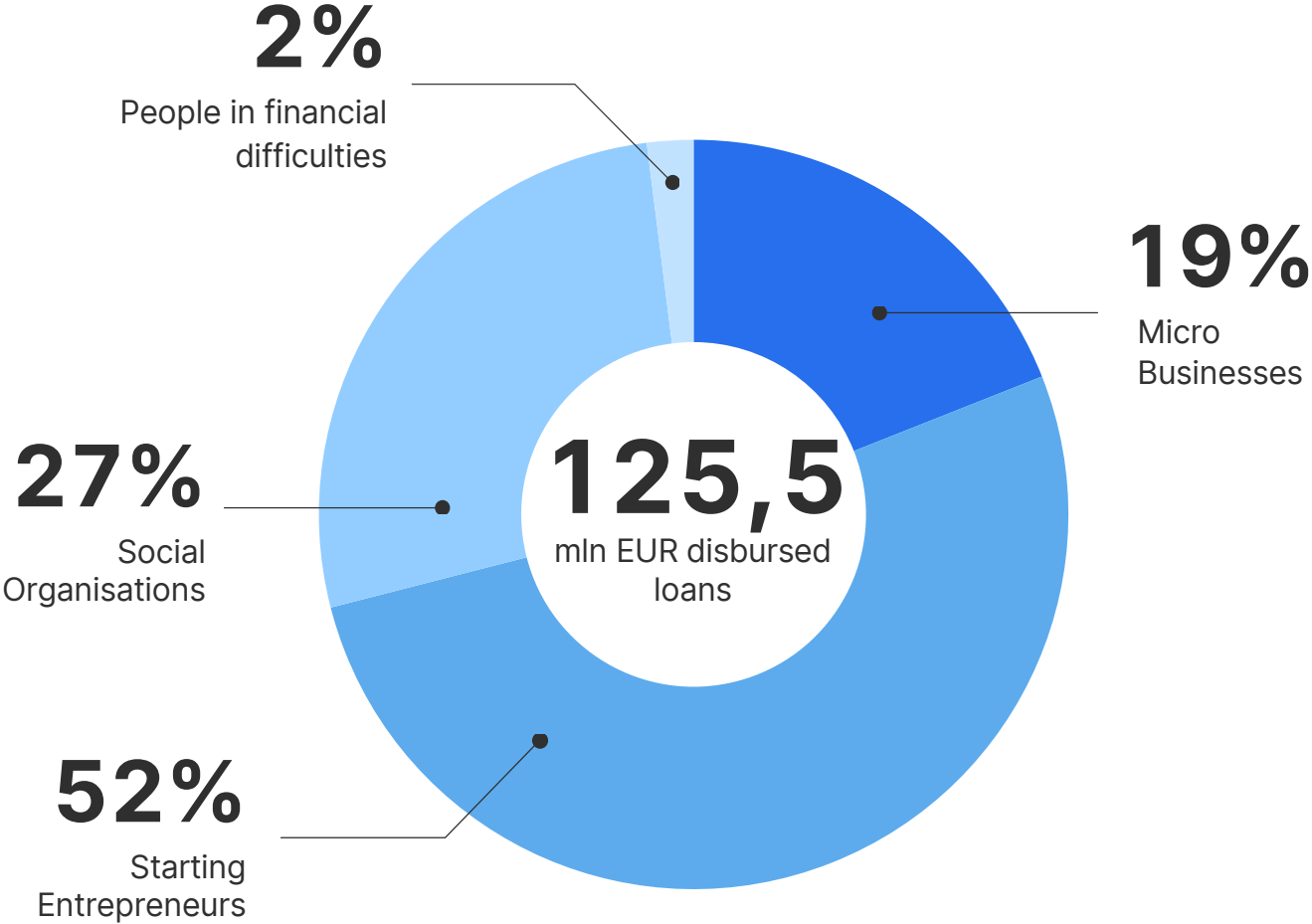


2023 Social Banking highlights

6.444 
supported clients

17.444 
education support beneficiaries

125,5 
mln EUR of funding provided





SOCIAL BANKING IMPACT REPORT

Starting Entrepreneurs



Our approach to Starting Entrepreneurs



Identified problems



Unemployment

Limited or no access to financing



Our solutions



Providing start-up loans

Delivering business trainings

Offering e-learning

Connecting to peers & partners

Mentoring and business plan assessments

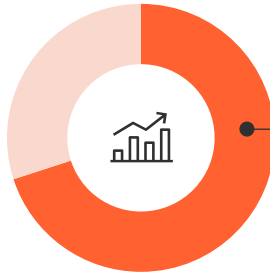
Impact on Starting Entrepreneurs

OVERALL

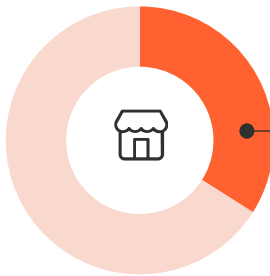
10.012 
financed clients

46.796 
education support beneficiaries

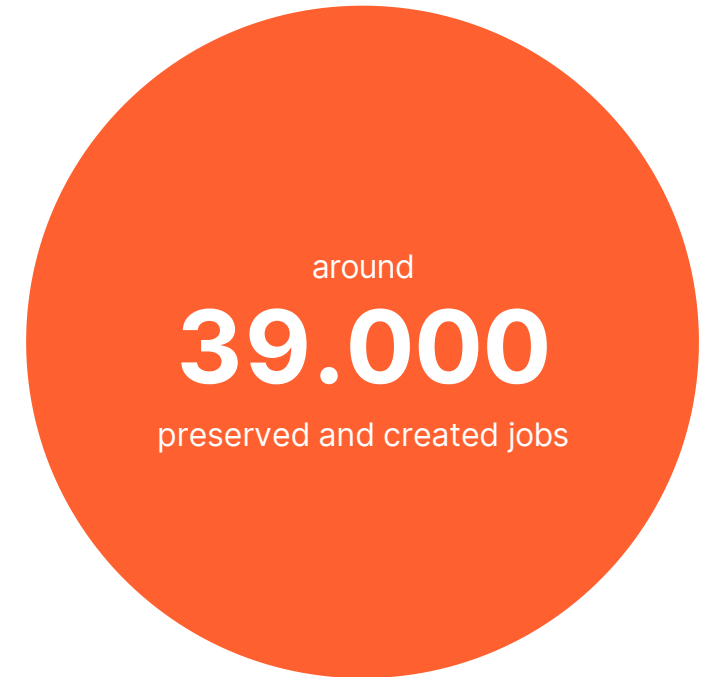
255,9 
mln EUR disbursed loans



70%
improved their
overall economic
situation

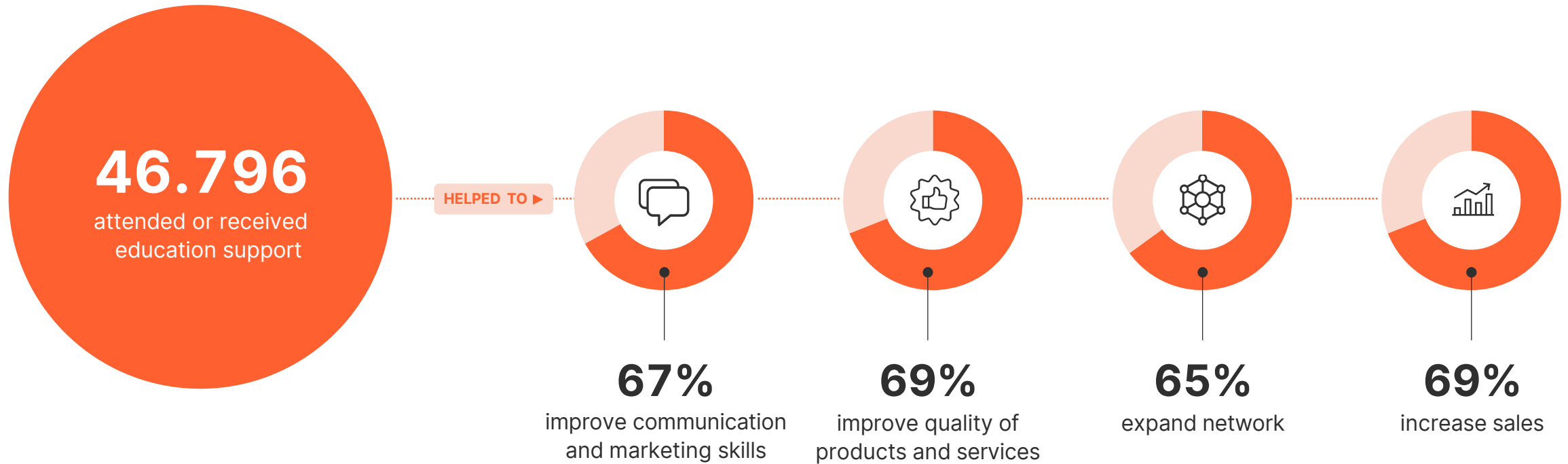


34%
could not start or
expand their business
without our loan



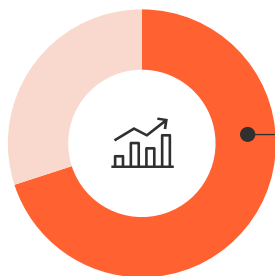
Education support impact

OVERALL

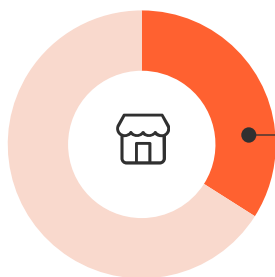


Business creation

OVERALL




70%
improved their
overall economic
situation

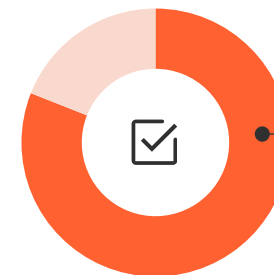


34%
could not start or
expand their business
without our loan

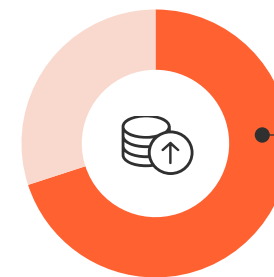
24.013 
opened current accounts

8.623 
provided loans

255,9 
mln EUR disbursed loans



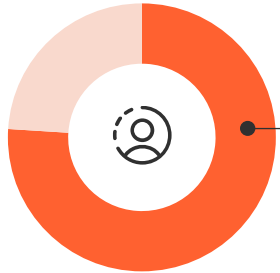
81%
stated it was the right
decision to start /
have their business



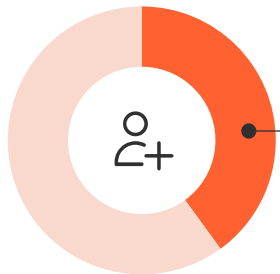
70%
increased their
business turnover

Job creation and preservation

OVERALL



76%
of all starting
entrepreneurs
preserved jobs



44%
of all starting
entrepreneurs
created jobs

around
22.000
preserved jobs

women
39%
socially marginalised people

27%

around
17.000
created jobs

women
68%
socially marginalised people

26%

Financial and personal life

73% 

could better cover unexpected private expenses

84% 

could always cover regular household expenses

64% 

felt more respected

86% 

had more faith in their skills and capabilities

75% 

could better overcome current economic difficulties

86% 

looked more optimistic towards own and family future



Meet Yuriy

ONE OF OUR STARTING ENTREPRENEURS

 **Tesla Distribution**
Croatia

“I have seven employees who are from Ukraine. I am trying to help, educate and lead them. We do the solar installations together.”

SOCIAL IMPACT

Fostering job opportunities for Ukrainian refugees, integrating them into the Croatian society and moving towards sustainable green energy sources.

BUSINESS

Installation of solar panels.



WATCH VIDEO

Find out more about Yuriy's start up [here](#) →



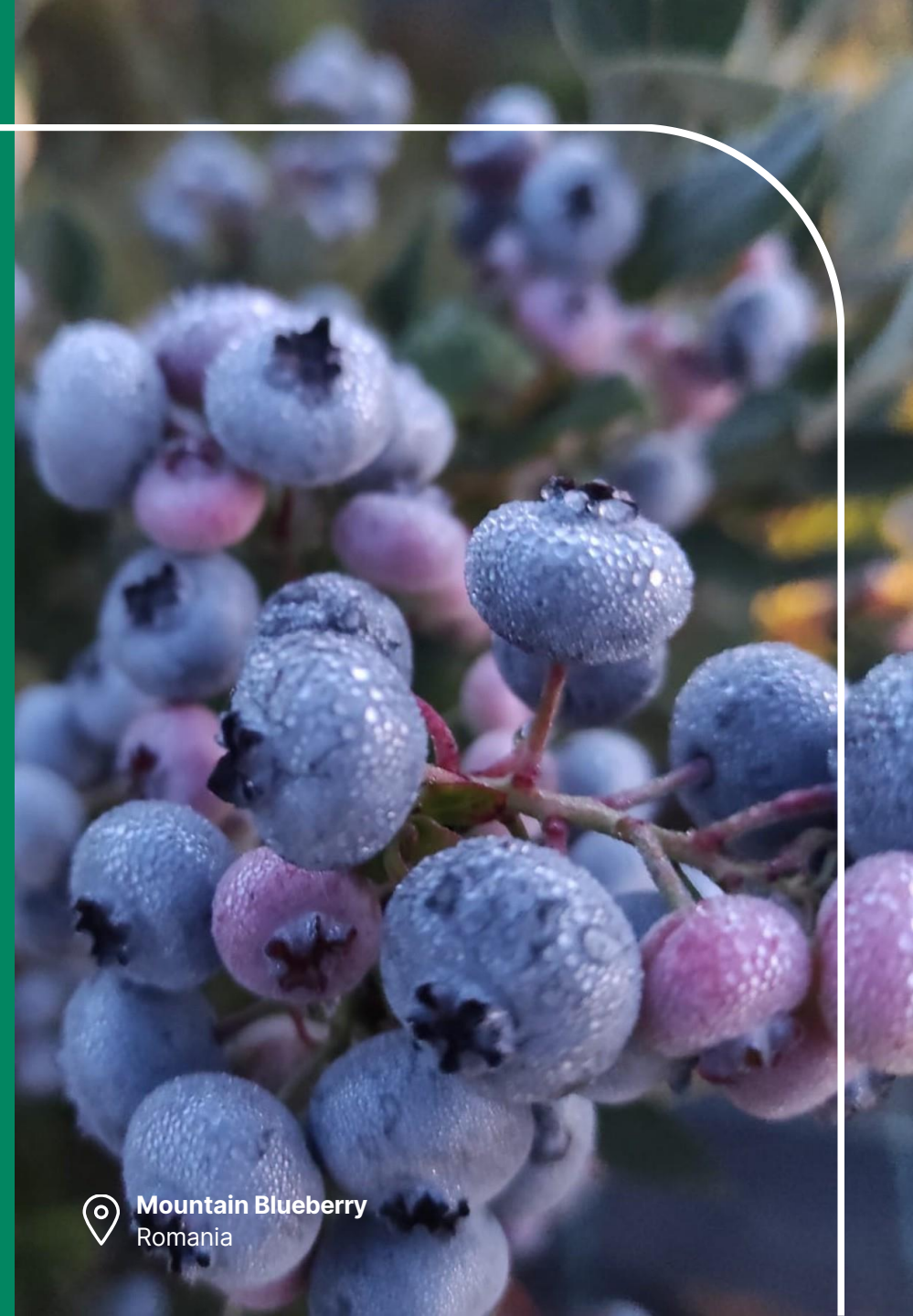
MORE CLIENTS

Visit our webpage and meet more of [our clients](#) →



SOCIAL BANKING IMPACT REPORT

Micro Businesses



Our approach to Micro Businesses



Identified problems

- Limited or no access to financing
- High unemployment in rural areas



Our solutions

- Providing working capital and investment loans
- Micro-finance
- Cash flow assessment
- Financial advisory
- Mobile relationship managers visiting clients at home

Impact of supporting Micro Businesses

OVERALL

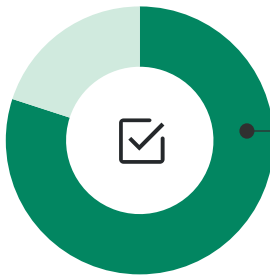
10.390 
financed clients

17.812 
provided loans

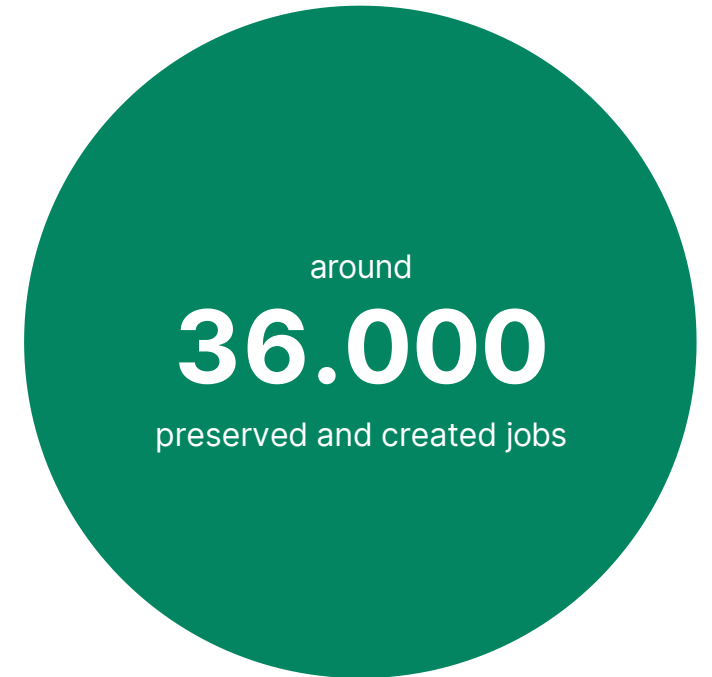
166,3 
mln EUR disbursed loans



74%
are now in a better
economic situation

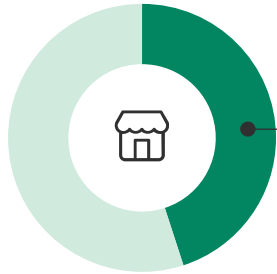


80%
stated it was the right
decision to start their
business

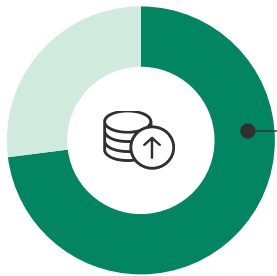


Business growth

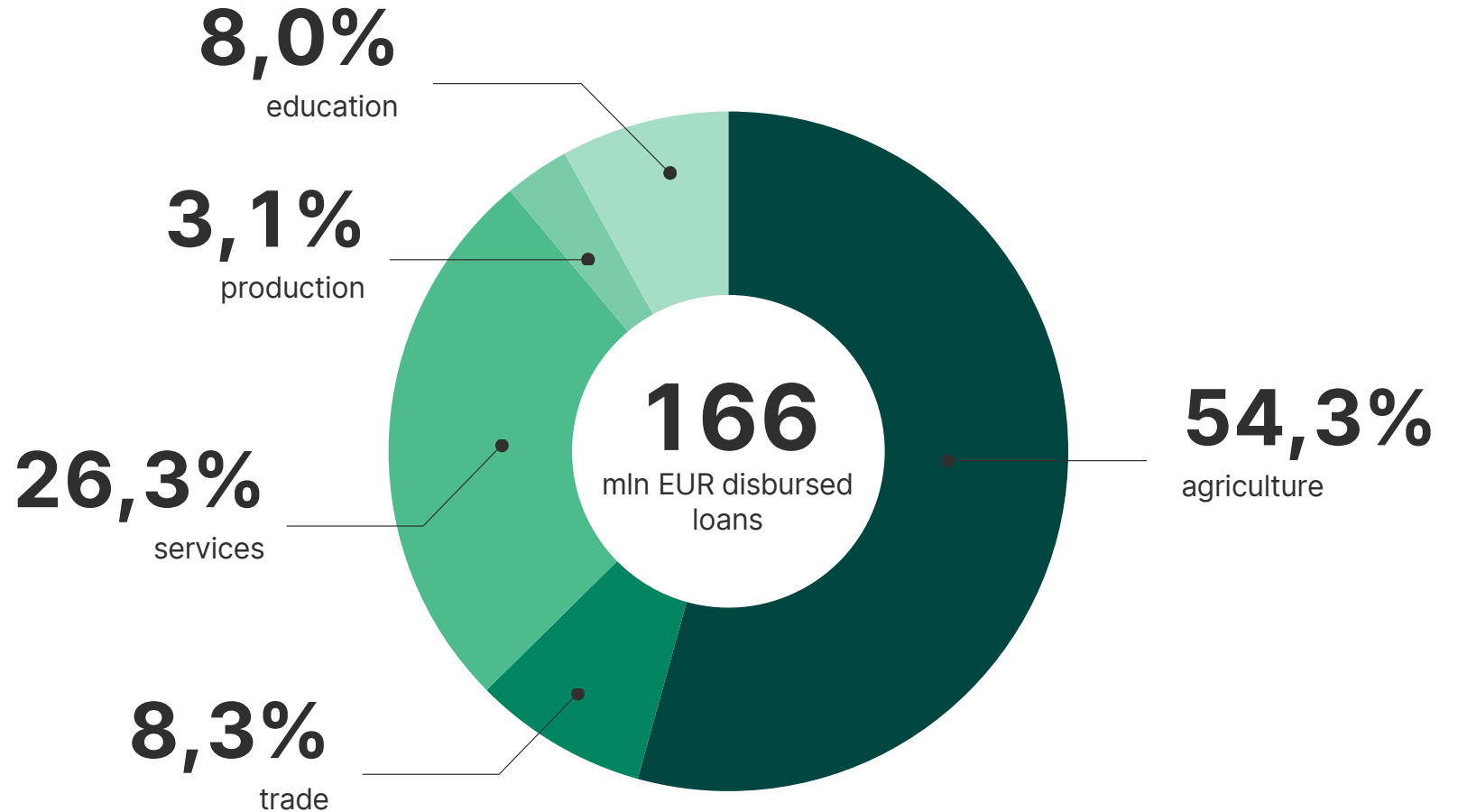
OVERALL



45%
could only start or grow
due to our loans



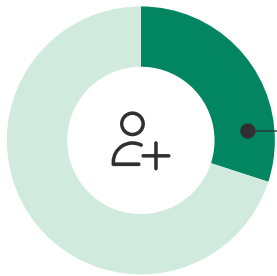
73%
increased business
turnover



Job creation and preservation



87%
of all micro
entrepreneurs
preserved jobs



30%
of all micro
entrepreneurs
created jobs

around
27.000
preserved jobs

women

34%

socially marginalised people

16%

around
9.000
created jobs

women

32%

socially marginalised people

25%

Financial and personal life

90% 

could better cover unexpected private expenses

93% 

could always cover regular household expenses

85% 

felt more respected

92% 

had more faith in their skills and capabilities

89% 

could better overcome current economic difficulties

92% 

looked more optimistic towards own and family future



Meet Ioan-Liviu

ONE OF OUR MICRO BUSINESSES CLIENTS

 **Mountain Blueberry**
Romania

"We have a very positive impact on the community, because many people who were going to another country to work, have now the opportunity to stay in their country and work close to home."

SOCIAL IMPACT

Generating employment opportunities in rural regions and reinvesting profits to further enhance job creation.

BUSINESS

Production of blueberries.



WATCH VIDEO

Find out more Ioan-Liviu's micro business [here](#) →



MORE CLIENTS

Visit our [webpage](#) and meet more of [our clients](#) →



SOCIAL BANKING IMPACT REPORT

Social Organisations



Our approach to Social Organisations*



Identified problems

- Lack of business and financial know-how
- Poor access to financial products and services



Our solutions

- Providing bridge and investment loans
- Providing mezzanine finance with Quasi-Equity
- Funding via Social Impact Bonds
- Offering training courses, accelerators and mentoring
- Facilitating pitching and networking events

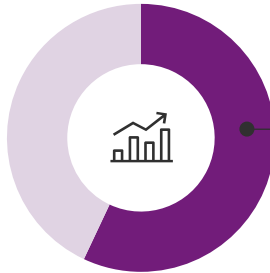
Impact on Social Organisations

OVERALL

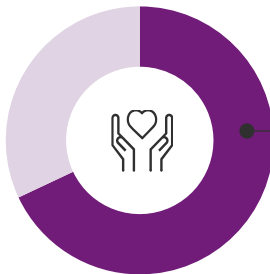
1.220 
financed clients

15.703 
education support beneficiaries

164,9 
mln EUR disbursed loans



57%
are in a better
economic situation
than before

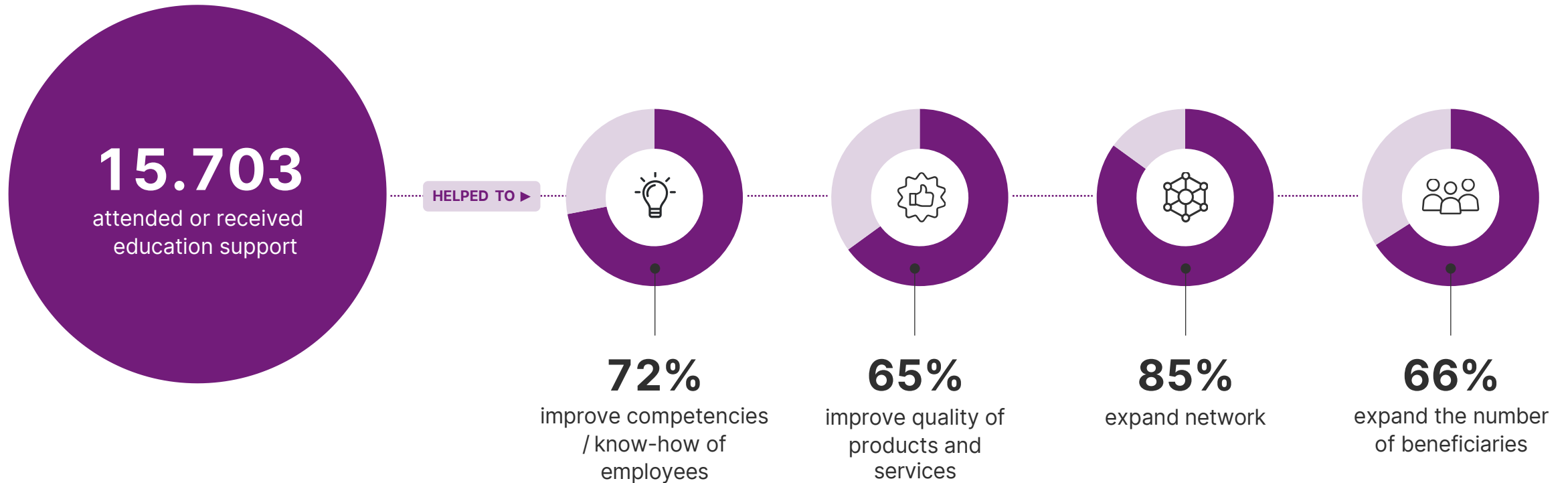


68%
increased their
social impact



Education support impact

OVERALL



Economic situation improvement

OVERALL

1.220 

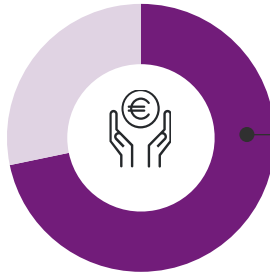
financed clients

1.614 

provided loans

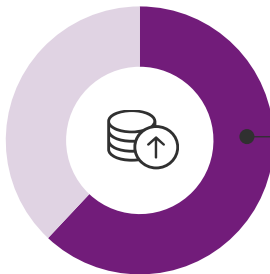
164,9 

mIn EUR disbursed loans



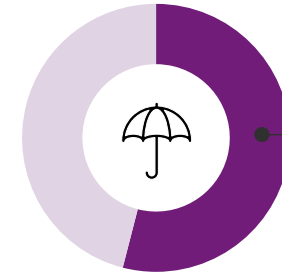
66%

secured sufficient liquidity / working capital



62%

increased existing or added new activities



54%

could better overcome current economic difficulties

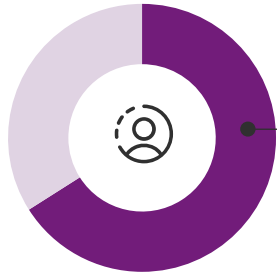


51%

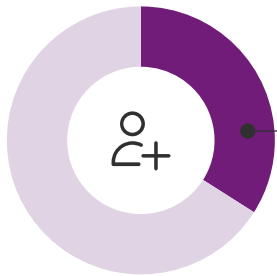
were able to increase annual turnover

Job creation and preservation

OVERALL



66%
of all social
organisations
preserved jobs



34%
of all social
organisations
created jobs

around
17.000
preserved jobs

women

67%

socially marginalised people

34%

around
5.000
created jobs

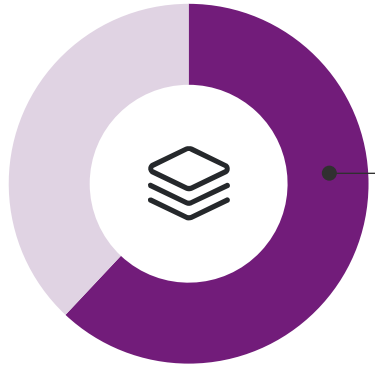
women

73%

socially marginalised people

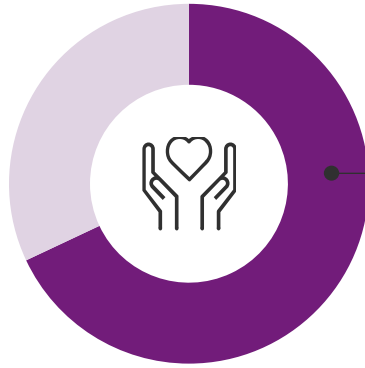
38%

Mission fulfillment



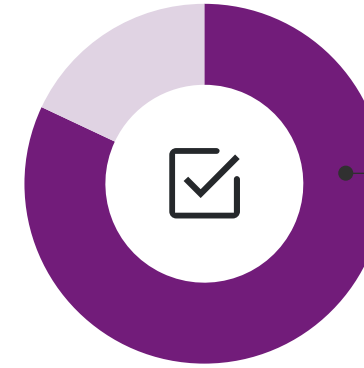
62%

succeeded to
increase or add new
activities



68%

increased their
social impact



82%

managed to
maintain the
existing activities

Impact areas of social organisations

43%



reduction of
inequalities

35%



good health and
well-being

32%



improvement of
quality of education

22%

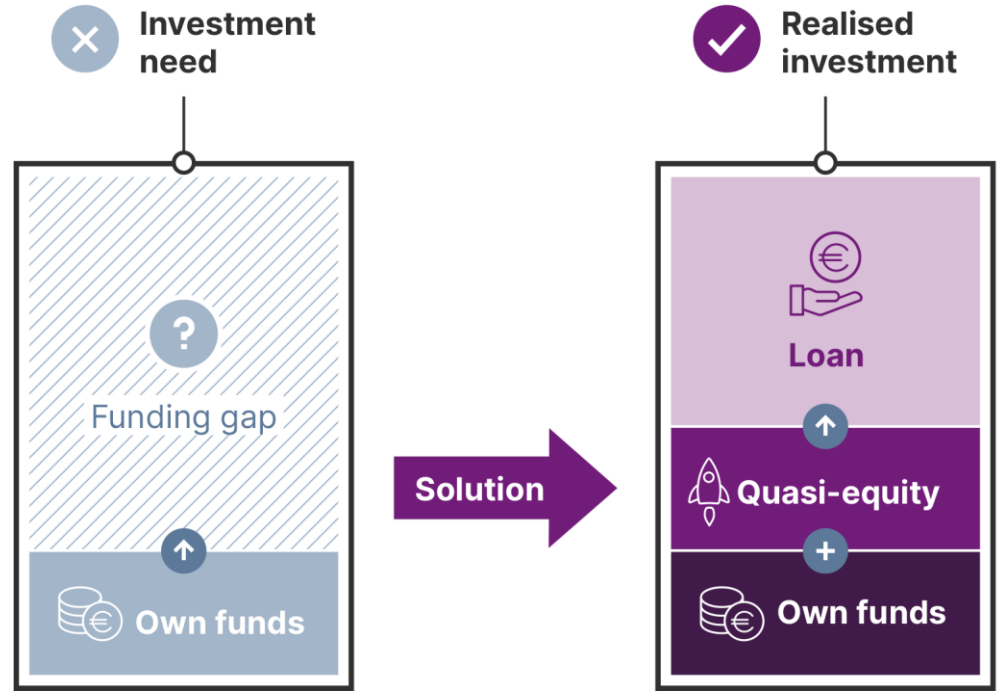


decent work and
economic growth

Providing mezzanine finance with Quasi-Equity

PURPOSE

- scale social or green business
- develop social real estate



OVERALL

7

clients financed

26

education participants

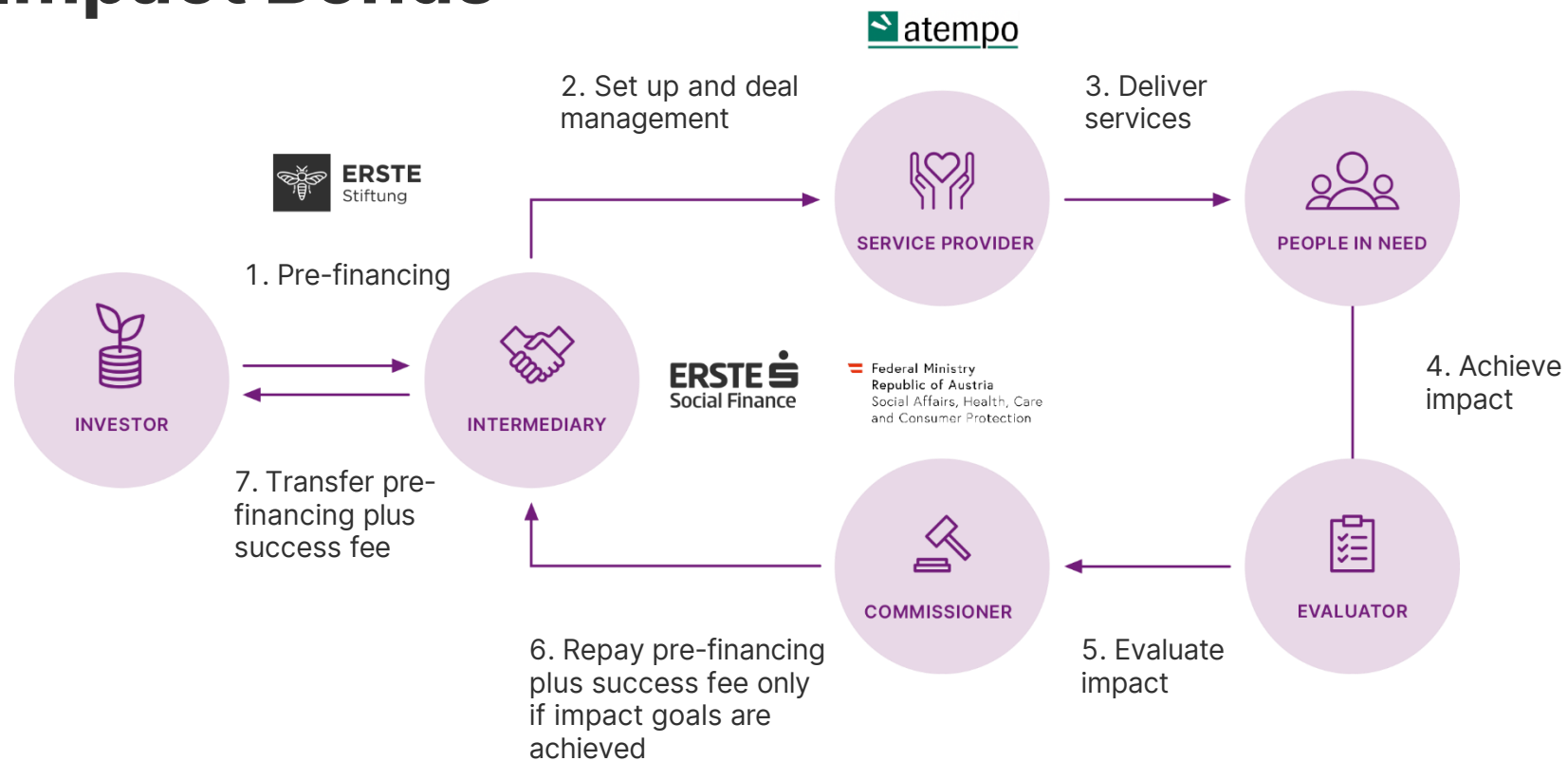
1,9

mIn EUR disbursed Quasi-Equity

Funding via Social Impact Bonds

PURPOSE

- test new approaches to solve social issues
- reduce government spending
- encourage innovation
- foster collaboration in social and public sectors



OVERALL

74

women received training

29.253

paid hours

52

women found a job

Meet Cornelia and Andreas

TWO OF OUR SOCIAL ENTREPRENEURS

 **Unverschwendet**
Austria

"This brings us even closer to our great mission and our dream of making rescued food easily accessible to as many people as possible."

SOCIAL IMPACT

Conservation of biodiversity and minimalisation of food waste.

BUSINESS

Food production from leftover fruits and vegetables.



WATCH VIDEO

Find out more about Cornelia's and Andreas's social enterprise [here](#) →



MORE CLIENTS

Visit our webpage and meet more of [our clients](#) →



SOCIAL BANKING ANNUAL REPORT

People in financial difficulties



Our approach to people in financial difficulties



Identified problems

- Over-indebtedness and financial exclusion
- Lack of financial literacy
- Precarious housing condition



Our solutions

- Enabling financial inclusion by offering bank accounts
- Offering individual consulting and debt advisory
- Social housing programs
- Providing financial education trainings

Impact on people in financial difficulties

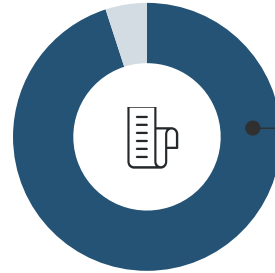
OVERALL

23.740 

clients supported via
Zweite Sparkasse

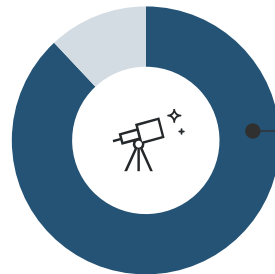
1.266 

clients supported via debt advisory



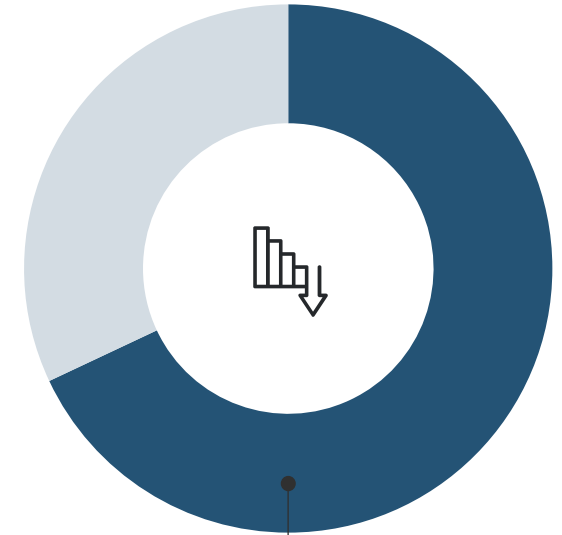
95%

can now pay regular
expenses on time



88%

see more positive into
their future now



67%

decreased their debt level

Financial education and advisory

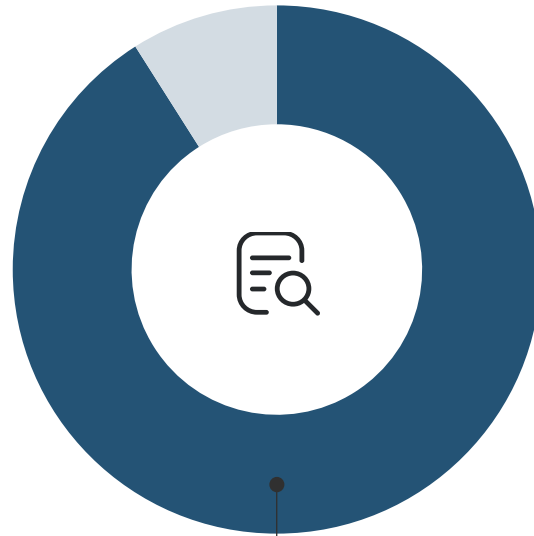
OVERALL

1.335 

received personal advisory

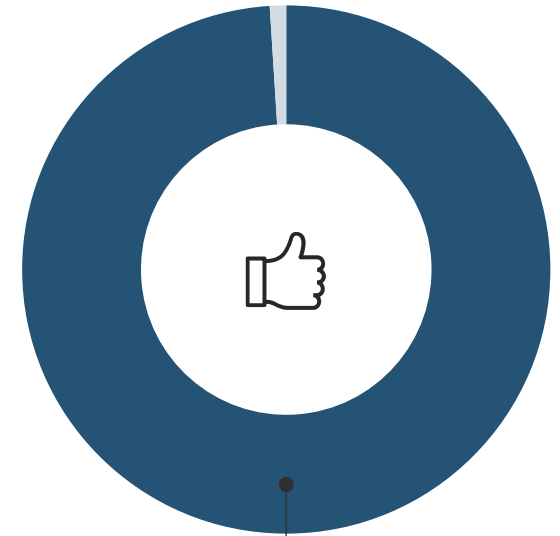
6.893 

hours of education and advisory provided



91%

improved their financial knowledge and got a better overview of their financial situation



99%

found our support offer useful

Providing decent housing

1.199 

clients supported via housing programs

957 

people have found new home

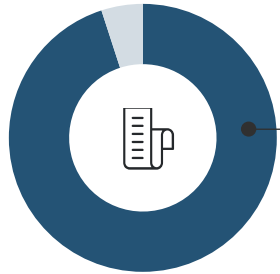
77

housing micro-loans

1,1

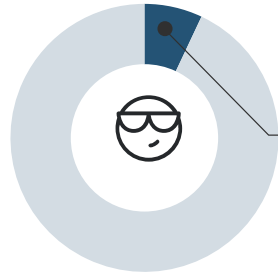
mIn. EUR housing micro-loans

Improving financial health



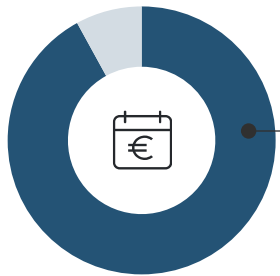
95%

can now pay regular expenses on time



7%

repaid all their debts



92%

can now pay debt obligations on time



67%

stated that their overall debt level rather decreased



Personal life changes

82% 

are now less worried about
their financial situation

88% 

look now more positively
towards their future

72% 

feel healthier



Meet Adriana

ONE OF OUR CLIENTS IN OUR HOUSING PROGRAM IN SLOVAKIA

 Program for socially marginalised people
Slovakia

“NGO Projekt DOM.ov helped us quite a lot.
They gave us a loan to finish the house.”

SOCIAL IMPACT

Offering housing micro loans to socially marginalised people to enable access to decent and affordable housing.

CLIENT CHALLENGE

Big families live in small illegally built houses without water or electricity, and without chances for a better life.



WATCH VIDEO

Find out more about Adriana's challenges [here](#) →



MORE CLIENTS

Visit our [webpage](#) and meet more of [our clients](#) →

Erste Group Social Banking Team



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ERSTE | Social Banking Group



WATCH VIDEO

Visit our YouTube playlist
and meet more of [our clients](#) →



MORE CLIENTS

Find out more about
Social Banking [here](#) →

Social Banking Impact Report 2023

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