

Erste Group launches Social Banking programme across CEE region

- **Newly-launched Social Banking programme addresses traditionally unbanked groups: low-income individuals, first-time entrepreneurs and social organisations**
- **Erste Group's Social Banking offering will extend across its seven core banking markets over the next four years**
- **Around 16 million people at risk of poverty or social exclusion in the countries in which Erste Group operates**

Erste Group is launching the "Step-by-step" Social Banking programme, aiming to address directly the needs of traditionally unbanked groups of the societies in Central and Eastern Europe (CEE) and Austria. Erste's Social Banking programme fosters the financial inclusion of low-income individuals, first-time entrepreneurs and social organisations, offering them fair access to basic financial products, sound money advice and ongoing tailored business mentoring, so that these people can gain the financial confidence needed to improve their lives. The rollout of this Social Banking programme across all seven core markets of Erste Group will be completed by 2019.

"At Erste, we're focused on being a healthy and profitable business, but also believe in empowering people in their financial lives and helping to spread prosperity in our region. These principles have been at the core of what our bank has sought to do since it was founded nearly two centuries ago. With our Social Banking programme, we build on what we've already accomplished in this field to expand our offering of practical solutions that will make a direct impact in the lives of those people in our region who have been left behind," said Andreas Treichl, CEO of Erste Group Bank AG.

Peter Surek, head of Social Banking Development at Erste Group added: *"Our approach to Social Banking seeks to support more inclusive growth in the CEE region. We do so by providing basic, fair and affordable financial products and money advice to individuals and groups that have traditionally not had access to them. To date, we've assisted over fifteen thousand persons in Austria in finding their financial footing again, helped create over a thousand jobs across CEE through programmes for first-time entrepreneurs, and provided financing to over eighty social organisations. Step-by-step will see us roll out that approach as a comprehensive Social Banking venture across all of our markets."*

Social banking addresses acute needs, offers sustainable support

Over the past two decades, the countries in Central and Eastern Europe have made very significant progress in their convergence with Western Europe. However, studies¹ suggest that some 16 million persons in the countries in which Erste Group is present (Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia) are at risk of poverty or social exclusion; this corresponds to around 30% of the adult population² in the region. Three out of four persons in this group have been unable to build sufficient savings to meet unexpected expenses and one in five cannot afford to adequately heat their homes. In addition, seven out of ten low income people in the region have seen their income levels remain flat or decrease over the course of the past decade.

¹ Source: Eurostat statistics as of 2014; based on Erste Group calculation

² People aged 18+

The Step-by-step programme will be rolled out through Erste Group's network of local banks and in partnership with other organisations and NGOs. It also builds on individual programmes that the Group's subsidiaries in the CEE region have already launched and works together with existing local Social Banking projects, such as Austria's Zweite Sparkasse (founded 2006) and Romania's good.bee Credit (2009), with the target of creating a unique infrastructure for financial inclusion across the region. As part of the Social Banking programme, Erste Group's banks will also cooperate with the ERSTE Foundation and local partners to provide clients with appropriate financial literacy, money advice, business training, workshops and mentoring.

Building on the basis of its achievements to date, Erste Group's Social Banking program aims to help create 5,000 new jobs, provide financing to 500 social organisations and improve financial stability for 25,000 previously low-income people by 2019.

Addressing how wealth creation in CEE can be more spread more equitably

The launch event for the Social Banking programme invited around 100 representatives from NGO's, finance, politics and media from across CEE and Austria to address how a different and better form of institutional collaboration in Europe can redraw the stakeholder relationships between banks, civil society and the state in order to address the needs of the people at risk of poverty or social exclusion. In addition to Andreas Treichl, speakers at the event included Prof. Johanna Mair (Stanford University; Hertie School of Governance, Berlin), Luděk Niedermayer (MEP, Czech Republic), and Faisal Rahman (Fair Finance, UK).

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