

# Social Banking

Impact Report

2017/18



People at risk of poverty or social exclusion in our core markets

15 million / 28% of all population



Croatia  
22%  
Cannot afford to keep home adequately warm



Hungary  
41%  
Living in dwellings with leaking roof, damp walls, floors or foundation



Romania  
59%  
Having neither bath nor shower in the dwelling



Czech republic  
67%  
Cannot cover unexpected expenses



Serbia  
53%  
Being in arrears on mortgage or rent, utility bills or hire purchase



Slovakia  
21%  
Cannot afford a computer

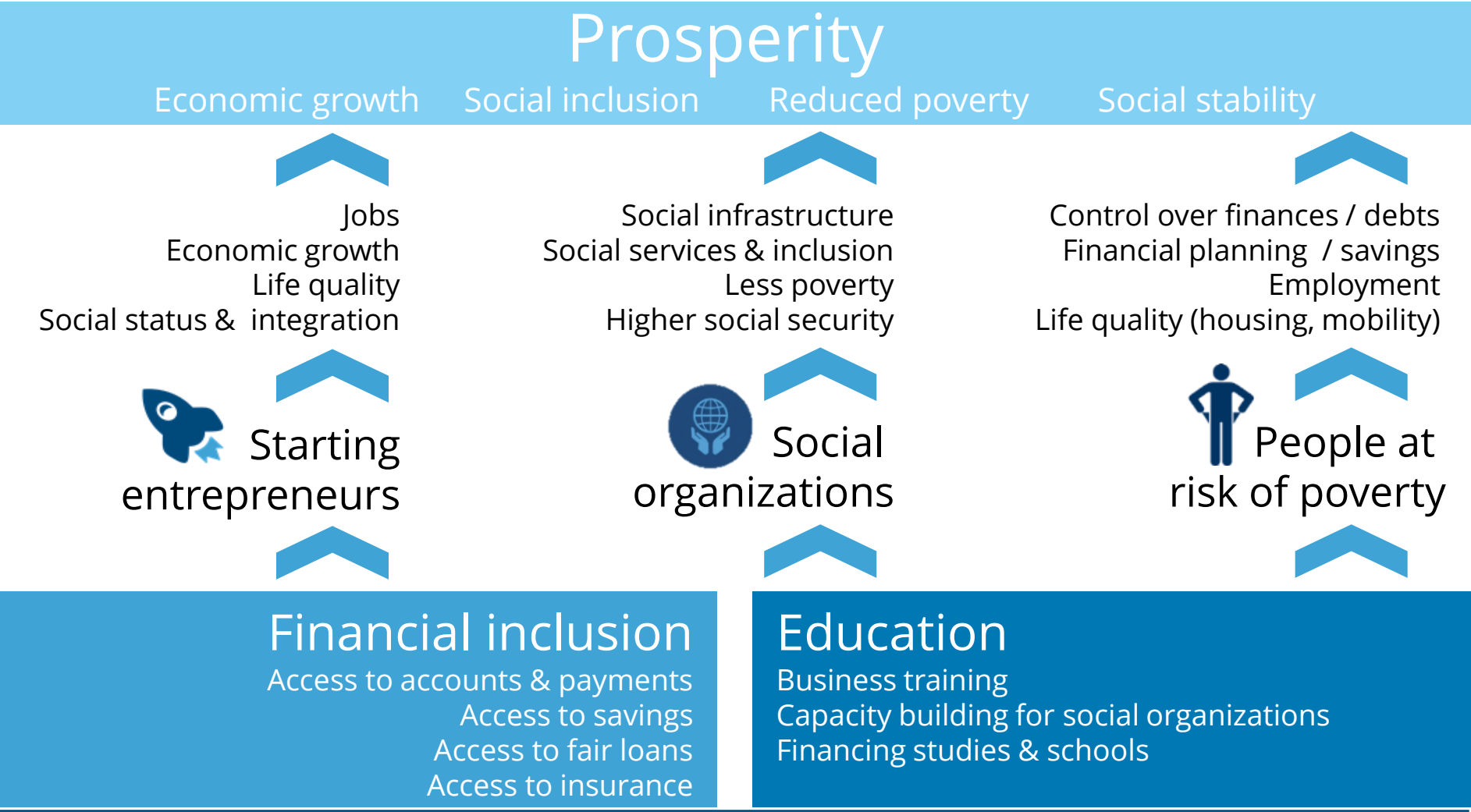


Austria  
27%  
Cannot afford personal car

Source: Eurostat- People at risk of poverty or social exclusion by age and sex [ilc\_peps01] and People at risk of poverty or social exclusion by most frequent activity status (population aged 18 and over) [ilc\_peps02] for population 18+, 2016

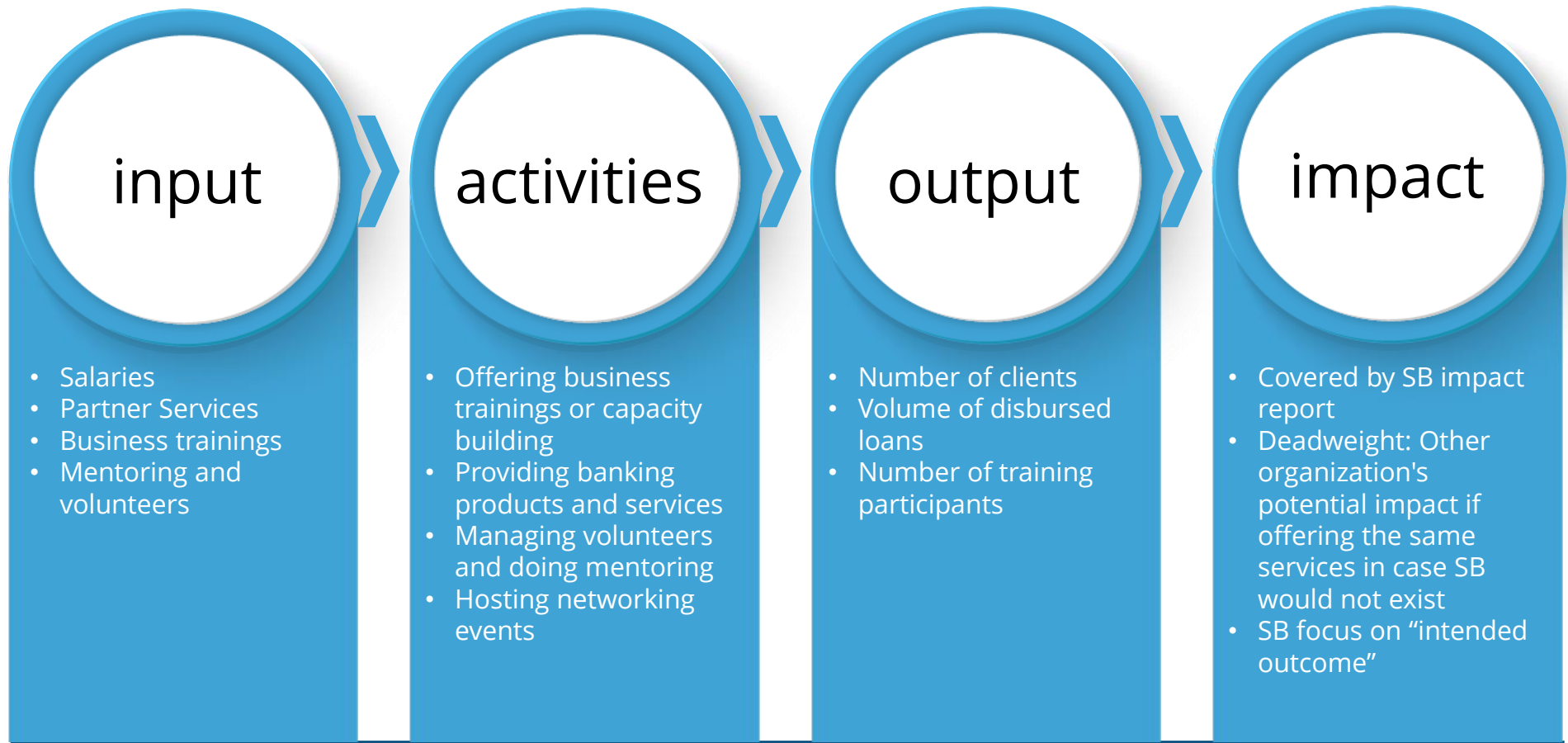
# Our Social Banking Approach

fostering prosperity



# Impact Assessment Methodology

- 3,558 clients were contacted (anonymous online questionnaires)
- 1,880 filled out questionnaires between January 2017 and May 2018



# The impact summary highlights

**9,400** financed clients

**170 mln** of provided loans

**7,000** clients educated

**14,000** jobs created

**72%** of clients have better economic situation / income than before



# Starting Entrepreneurs



# Our approach to Starting Entrepreneurs

problems

High unemployment



Limited or no access to financing



Our solutions



Business trainings



E-learning



Connecting to peers & partners



Mentoring



Business plan assessment



Start-up investment loan

The **impact**  
Creating jobs

# Financing for our clients

3,147

loan applicants

2,500

financed starting  
entrepreneurs

€ 60 mln

total volume of loans  
disbursed

Possibility to start / expand business without start-up loan of Erste Social Banking

Yes, but  
later

17%

Yes, but in a  
smaller version

29%

Can't say

4%

No, I don't  
think so

40%

Yes, but only with  
help from others

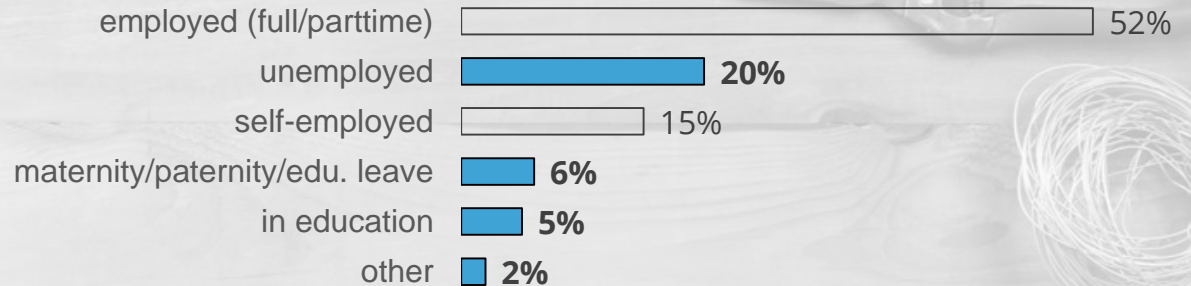
22%



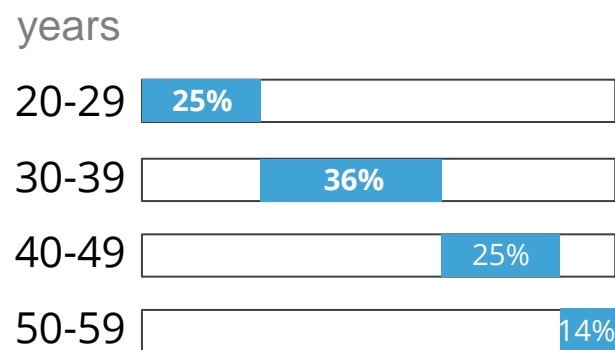
# Who are our clients?

Before starting their entrepreneurial activities our clients were...

**33%** economically  
**non-active** people



**More than 60%** of the  
respondents are **less**  
**than 40 years old**



# Where do our clients make business?

Top 5 areas

26%



Retail

11%



Construction Industry

10%



Wholesale

9%



Advisory Service /  
Counselling

8%



Catering, tourism,  
hotel

46%

of our starting entrepreneurs are active in villages or smaller cities



Village  
(<5.000 inh)

17%

Town  
(5.000 – 50.000 inh)

29%

Large Town  
(50.000 – 100.000 inh)

20%

City  
(100.000 – 500.000 inh)

16%

Large City  
(>500.000 inh)

15%

Can't say

3%

# The uptake of our education support

5.806

persons took part in our education offer

thereof 1.219  
clients finished e-learning

## Top 3 used services

Mentoring 68%

E-learning 64%

Business plan support 48%

80% consider the attended education as very useful

94% would recommend Erste Social Banking to others

# The impact on job creation

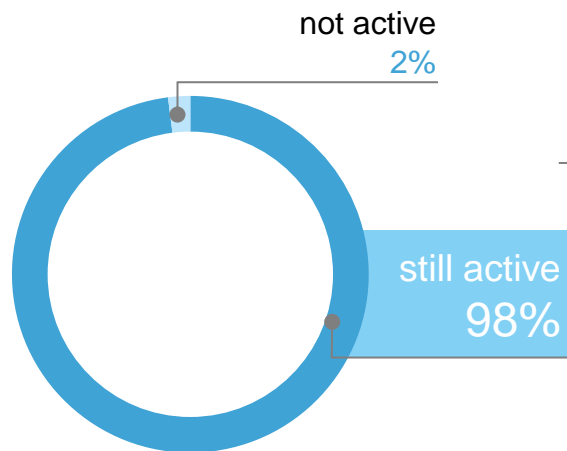
**4,675** jobs created  
1.9 full time jobs are created on average by every starting entrepreneur (incl. themselves)

Clients are employing in total:  
**2,550 part-time**  
**3,400 full-time**

**12%** of respondents employ worker(s) from **socially excluded groups**

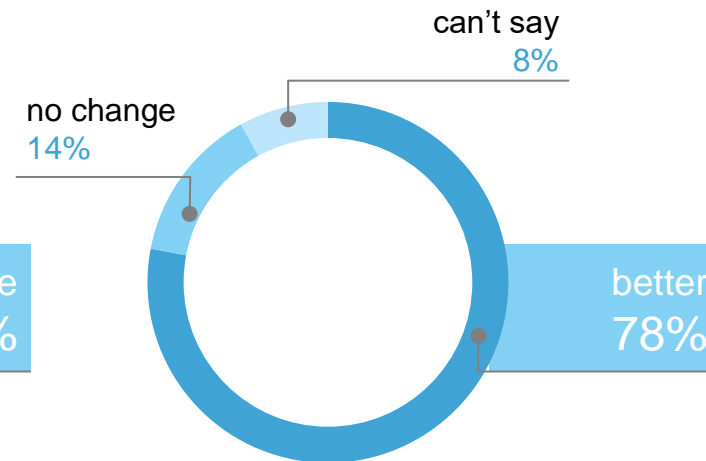
# The effects on their economic development

After 1 year starting entrepreneurs are...



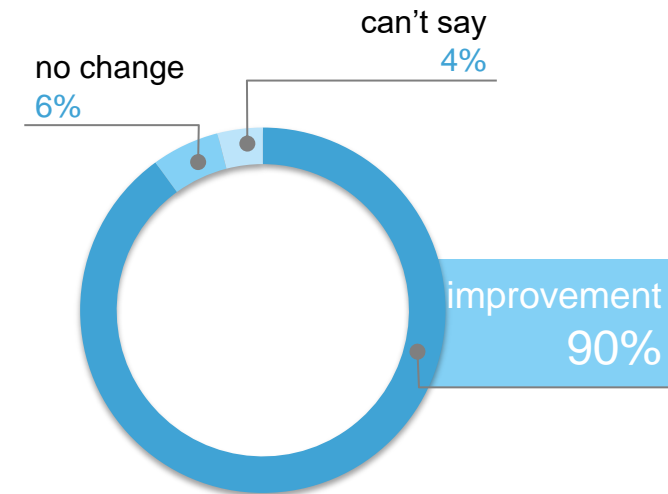
**92%** believe it was the **right decision to start** their business

The **current economic situation** compared to before cooperating with Erste Social Banking is...



**84%** register an **increase in their overall income**

The **expectations** for the future...



of their business in the next 12 months...

80% of clients are satisfied with the development of their businesses



# Meet Silvija, one of our starting entrepreneur

**Name:** Silvija Celjak  
**Age:** 28  
**Country:** Croatia  
**Company:** Ethereal Ltd

**Business:** production of children's textiles made of organic cotton and bamboo fabric

**Social Impact:** currently provides employment for 3 women who were long time unemployed

**Mission and vision:** "At Ethereal, everyone is working with lots of love and in a great atmosphere. We put a lot of attention and commitment to every single product."



“  
Believe in yourself and never give up on your dreams. You have to be persistent and fight for what you want.  
”

Find out more about Silvija [here](#)



# Meet Marko, one of our starting entrepreneurs

**Name:** Marko Ristovski  
**Country:** Serbia  
**Company:** Republik eco-hostel

**Business:** [tourism](#)

**Social Impact:** [Eco hostel](#) fostering the development of the local community

**Mission and vision:** "The first thing for me to do was to develop to the tourism in my own town, in my own neighbourhood"



“  
My goal is to urge people  
begin to behave eco-friendly  
and responsibly  
”

Find out more about Marko [here](#)



# Social Organizations

# Our approach to Social Organization

problems

Poor access to financial products and services



Lack of business know-how



Our solutions



Courses, trainings



Fundraising academy



Social business accelerators



Buying social products



Bridge loans (EU, local subsidies)



Investment loan

The **impact** expand social activities

# Financed projects

Top 5 areas

46%



Social services

32%



Advisory / Counselling

27%



Education and research

26%



Production

23%



Culture, Sports and Leisure

543 loan applicants

391 social organisations financed

41 EUR mln loans granted

## Clients being active

11 years or longer

42%

Less than 1 year  
6%

1 – 5 years  
35%

6 – 10 years

17%



# The uptake of our capacity building support

1,154 education participants

36% of social organisations joined our education and support activities

## Top 3 used services

Capacity building



Mentoring



Networking



174 active mentors providing 810 mentoring hours to support 158 mentees

88% of participants recommend Erste Social Banking

# Some more details on our learning offers

## Still need for education...

63% of our clients require support in additional areas

39% heard about our activities but did not attend

25% did not know at all about them

## ...especially in these areas

**only 29%** have a **good knowledge in marketing, brand building, and PR**

**only 38%** have a **good knowledge in terms of fundraising**

**only 38%** are **well trained and educated** for facing upcoming organizational and business challenges

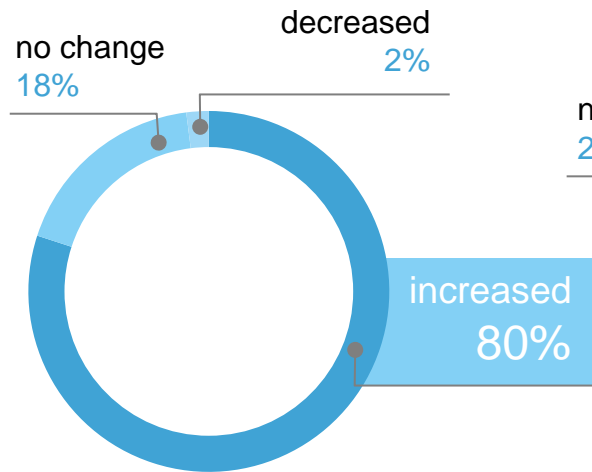


# The economic development

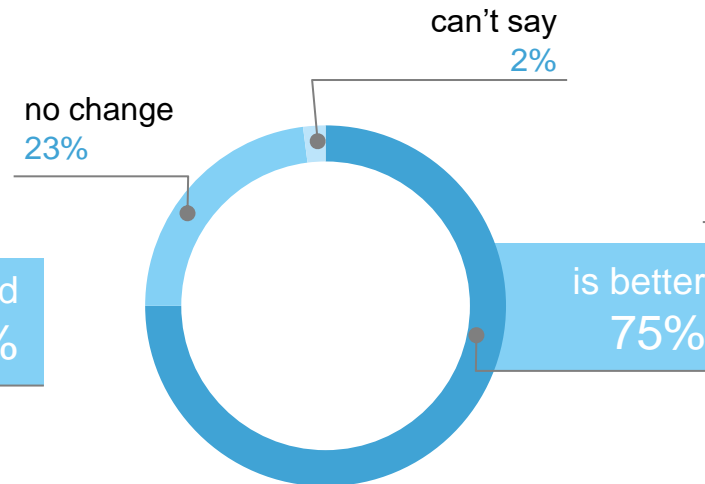
The **organisations' assets**

The **current economic situation**

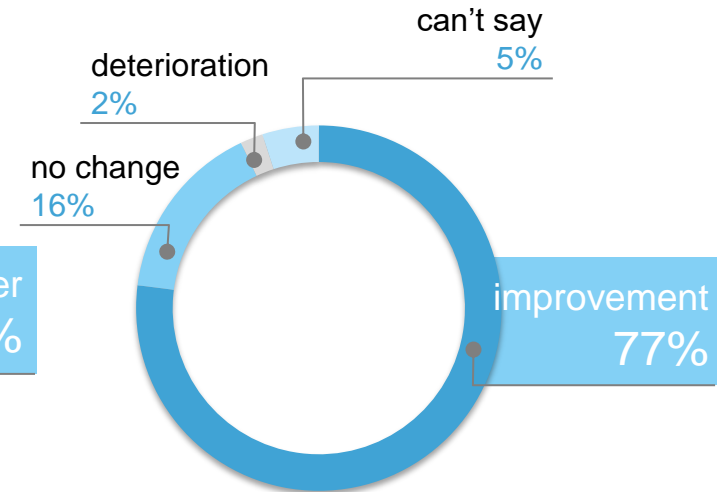
The **expectations** for the future



... in the last 12 months



... than 1 year ago



... of their business in the next 12 months

# The impact on our client's mission fulfilment

**82%** can better fulfil their social impact goals or mission

**82%** are able reach more people with the existing products / services offered

**75%** are able to deal with additional/ new projects or service offers

- **5,244** socially excluded beneficiaries per social organisation on average (incl. employees and clients)

Detailed split of social organizations:

> 500 beneficiaries

**25%**

51 – 500 beneficiaries

**27%**

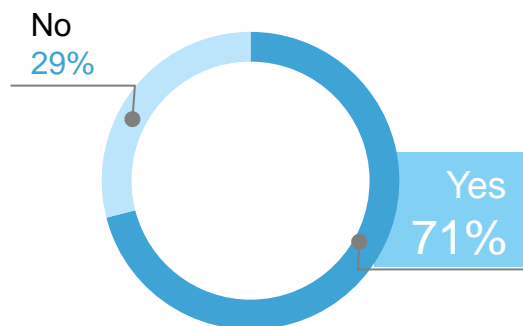
< 50 beneficiaries

**48%**

- **1,741** socially excluded beneficiaries per social organisation **benefiting from services or products** which were **financed through Social Banking**

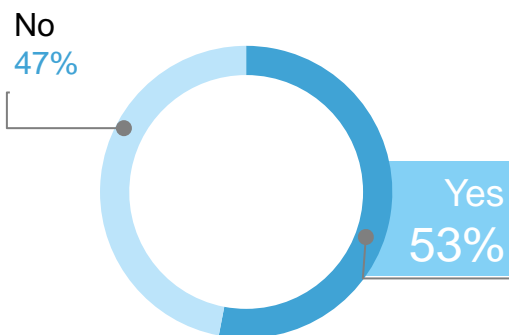
# Social organisation's job creation & preservation

## Preserved jobs due to Social Banking



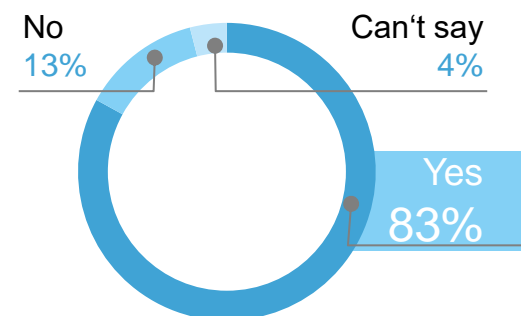
On average every client preserved **15.6 jobs\*** in total **6,100 preserved jobs**

## Newly created jobs due to Social Banking



On average every client created **8.1 new jobs\*** in total **3,167 new jobs**

## Hired employees from socially excluded groups due to Social Banking



On average every client created **4 new jobs\*** for **socially excluded** in total **1,552 new jobs**

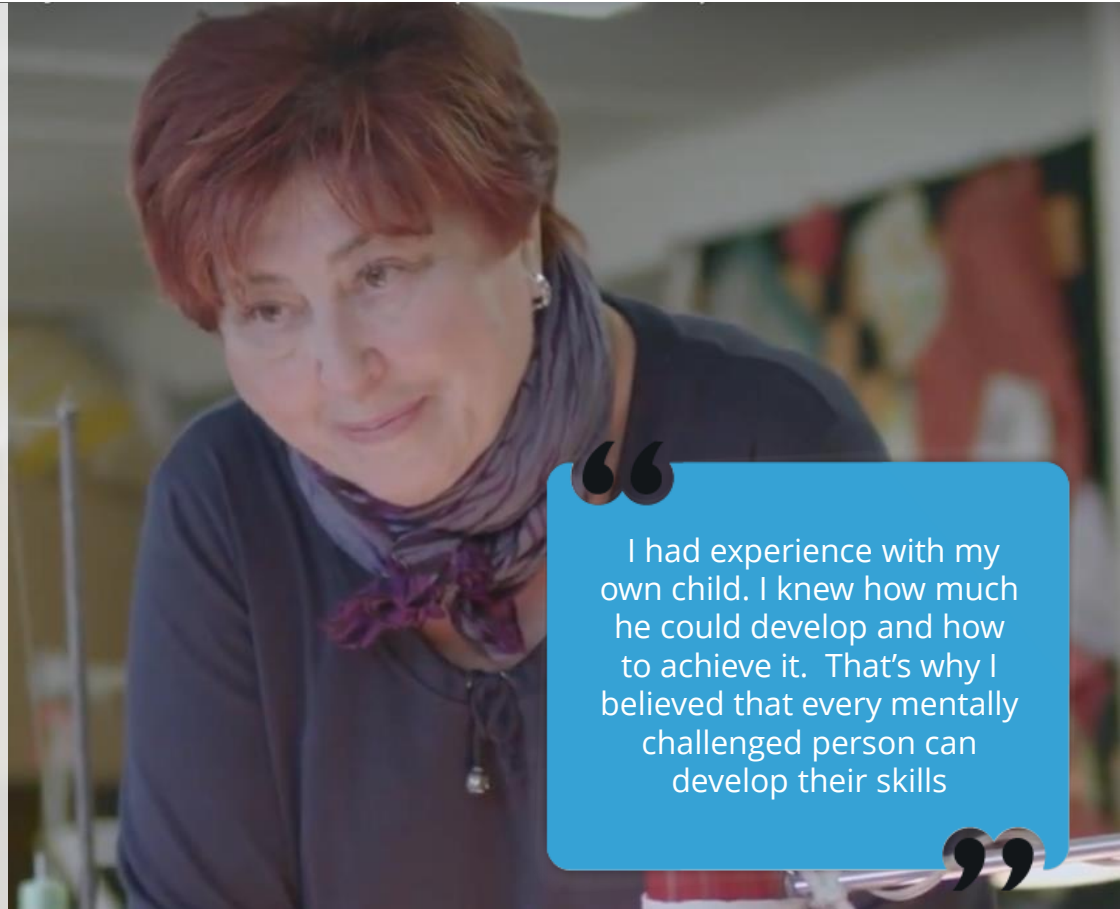
# Meet Erzsebet, one of our social entrepreneur

**Name:** Erzsebet Szekeres  
**Country:** Hungary  
**Company:** Rehabilitation Centre

**Business:** non-profit organization

**Social Impact:** the organisation provides support, housing and work for more than 700 disabled people

**Mission and vision:** "To give a job to disabled people, to provide them housing and daily work together with physical and psychological development, and to support parents."



“ I had experience with my own child. I knew how much he could develop and how to achieve it. That’s why I believed that every mentally challenged person can develop their skills ”

Find out more about Erzsebet [here](#)

# Meet Ferdinand, one of our social organisations



“  
The less those children are taught by words when being brought up, the better is for them.  
”

**Name:** Ferdinand Raditsch  
**Country:** Czech Republic  
**Company:** Květná zahrada

**Business:** non-profit organization

**Social Impact:** the association support **children and young people** to recover from traumatic experiences and helping them develop **trust**, learn **responsibility** and strengthen **self-esteem**

**Mission and vision:** Help children that experience emotional, psychological and physical trauma

Find out more about Květná zahrada [here](#)





# good.bee Credit

Impact Report 2017/18 (Romania)





# good.bee Credit



SIMPLU . FLEXIBIL . PENTRU OAMENI AMBIȚIOȘI

**good.bee Credit (GBC)** was established in 2008 in Romania as a non-banking financial institution and since 2013 is solely owned by Erste Group.

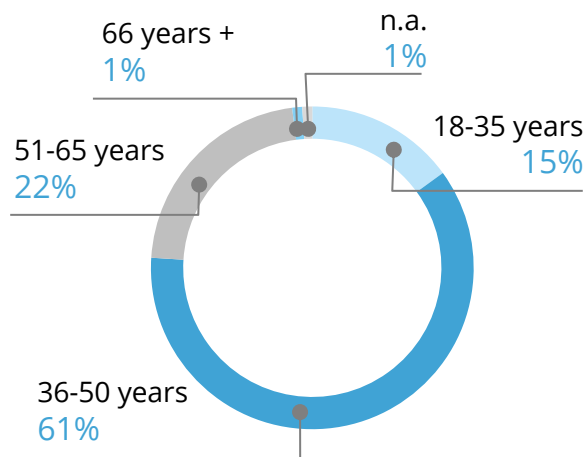
The main objective of is to ensure the **access to quality financial services for small entrepreneurs from rural and small urban areas**, in order to successfully develop their activities

In 2017 GBC **received as the first institution in CEE the Award on the European Code of Good Conduct** from the European Commission.

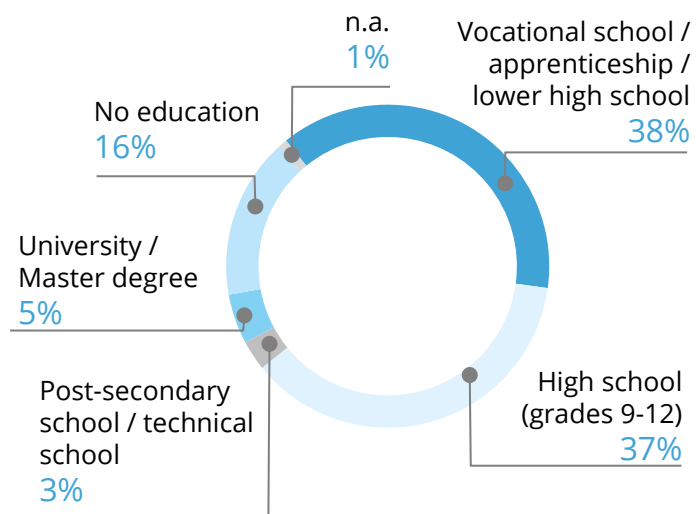
**GBC will take over existing social banking activities in BCR and become first social finance company in Romania**

# Who are our clients?

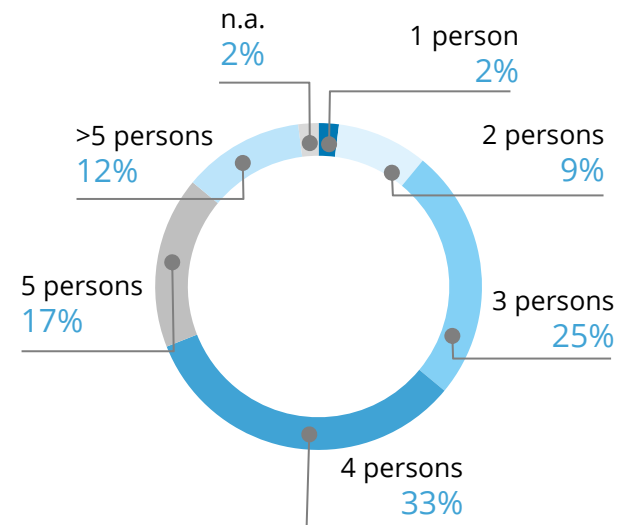
## Age



## Education



## Household size



**63%** of households are "at-risk-of-poverty"

# Microfinancing results

in 2017  
providing

1,177

Total number of loans

€ 10 mln

Total volume of loans

since  
beginning

~10k

Total number of loans

~€ 70mln

Total volume of loans

3 years

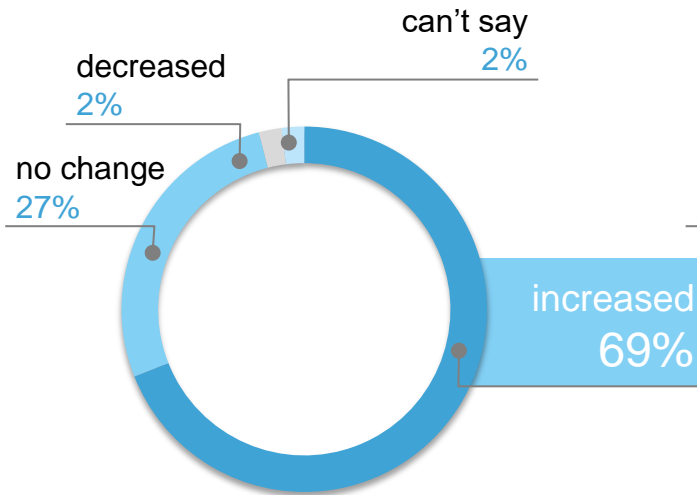
Avg. loan duration

€ 8.600

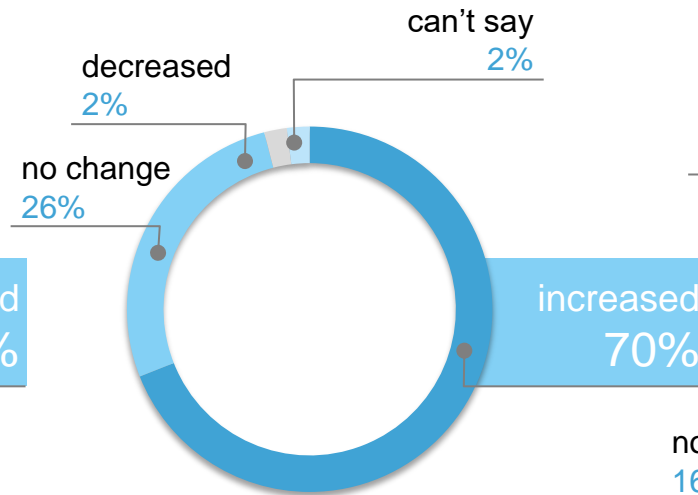
Avg. loan volume

# The business development

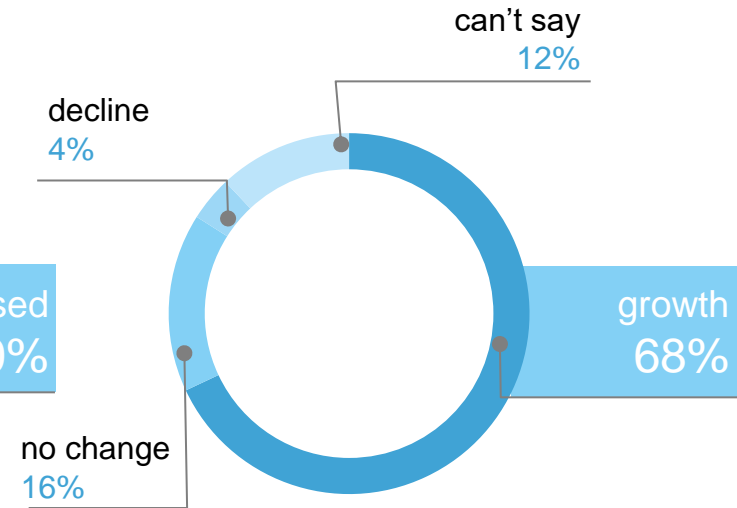
The **turnover of the business**



The **income from business**



The **expected business performance**



... in the last 12 months

... as a result of GBC loan

... in the next 12 months

**"I`ve grown my business very much, I can pay my installments on time and even before my due date." (gbC client- anonymous)**



# Business related asset changes

91%

of clients grew their assets

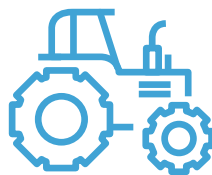
12%

Land



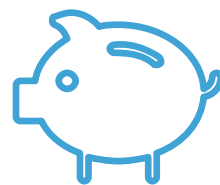
46%

Equipment  
value



41%

Live stock  
value



18%

Building and  
property



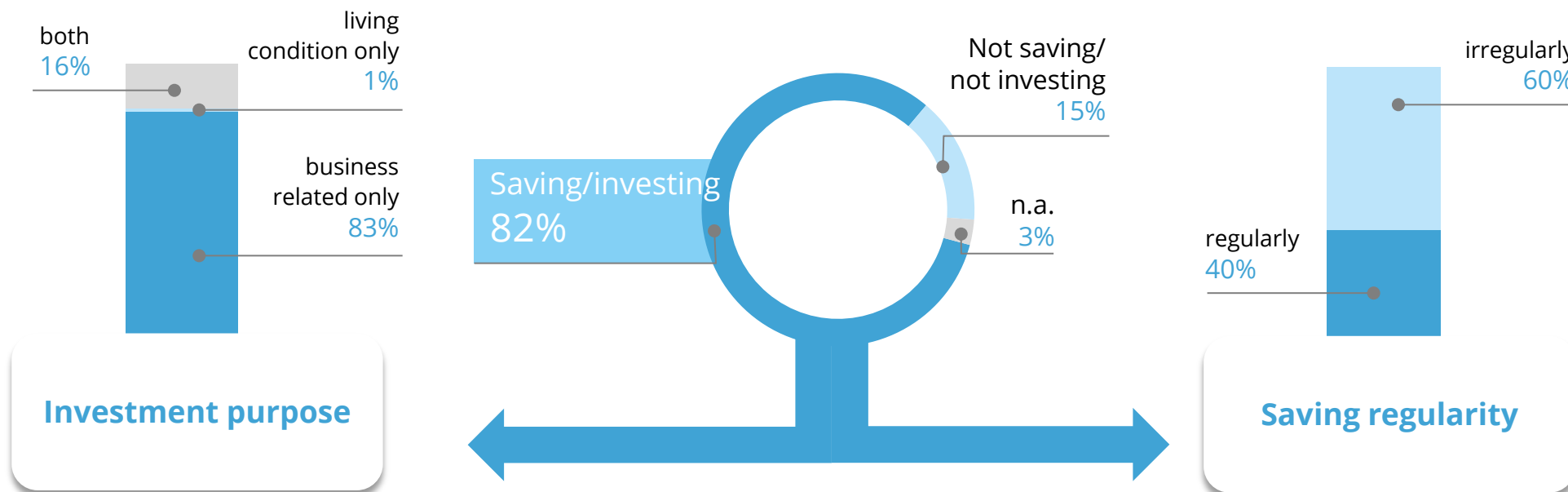
7%

Car and  
mobility

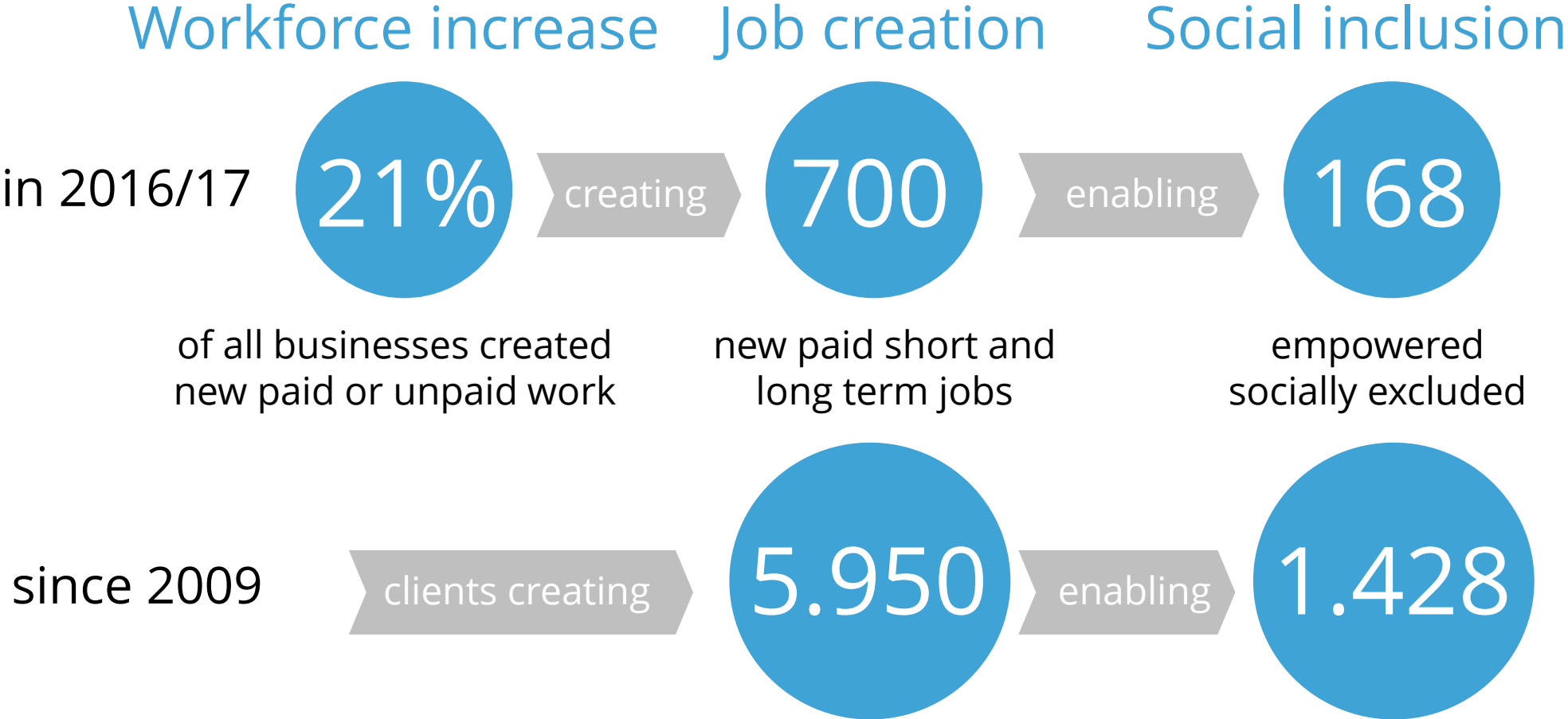


# Clients savings and investments behaviour

Out of all respondents...



# Enabling job creation

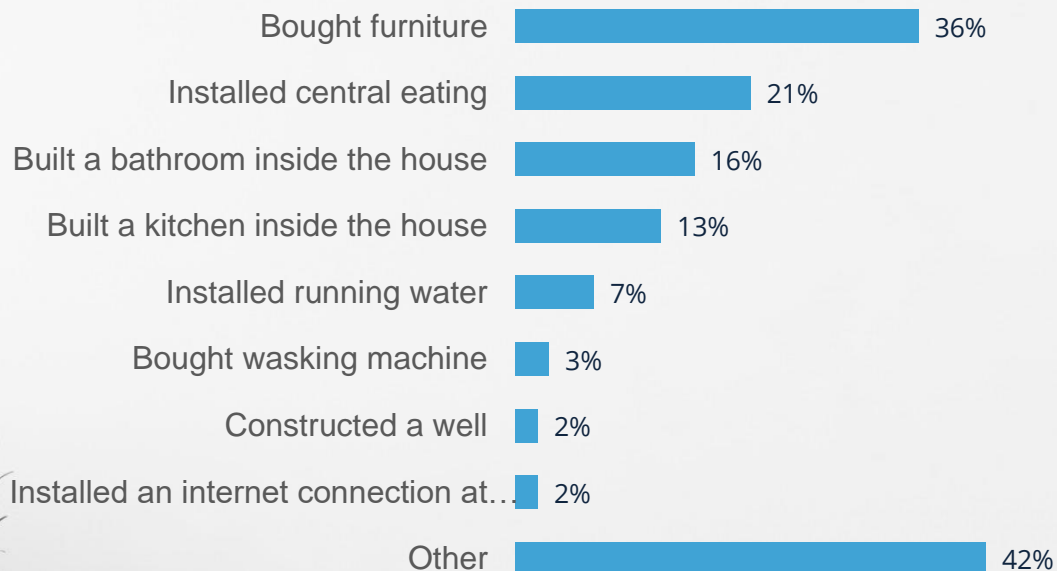


Information: Client estimations; Socially excluded: e.g. Roma, people with disability, long-term unemployed people; job creation since 2009: 0,59 jobs/loan in 2017 multiplied by total loans

# Change of living conditions

29%

Improved their living conditions



70% of households increased their income



# Personal and community impact

75%

Believe in own skills and capabilities



72%

Optimistic family outlook



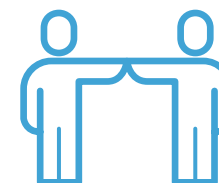
66%

Have a good overview of financial situation



64%

Improved community relationships



**“I earn more money now and I can help my family.”**  
(gbC client- anonymous)

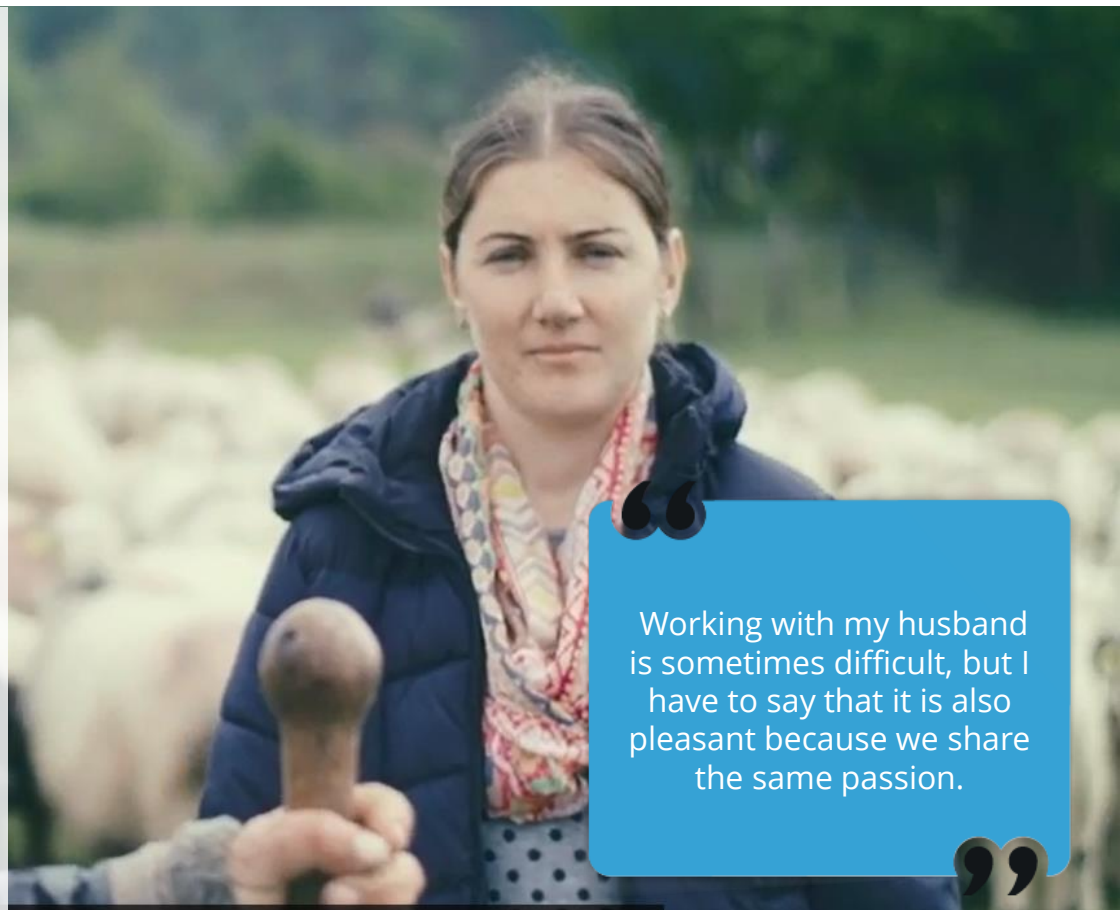
# Read about Maria, a typical gbC client

**Name:** Maria Hășmășan  
**Country:** Romania  
**Company:** Sheep Farm in Leurda

**Business:** production of sheep milk, cheese and meat

**Social Impact:** providing jobs in rural area of Romania, healthy local food production

**Mission and vision:** "Increased number of sheep from 100 to 500. Collect 180 litres of milk on daily basis. Plan is to finish a house and have quiet living in Leurda."



Working with my husband is sometimes difficult, but I have to say that it is also pleasant because we share the same passion.

Find out more about Maria [here](#)