

The Bank IS THE PEOPLE!

Erste Bank a. d. Novi Sad

Corporate Social Responsibility Report 2009





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IS THE PEOPLE!

Erste Bank a. d. Novi Sad
Corporate Social Responsibility Report 2009



Dear colleagues and friends,

It is with great pleasure that we present to you the second annual report on corporate social responsibility of our Bank, not only to share the results with you but also as a sign that we remain committed to transparent business reporting.

We are especially glad that, along with achieving good financial results, we also made significant progress in integrating social responsibility into all aspects of our business in the past year.

Corporate social responsibility is important to our Bank, because we believe that it is a path to a different manner of resolving the problems the society faces. The global economic crisis, the state of the environment, a high poverty rate and other unresolved problems affecting more than just one country indicate that we need new ways of doing business and new understanding of the markets and communities in which we operate.

Precisely for this reason, Erste Bank continuously supports the United Nations Global Compact. The ten principles of the UN Global Compact give clear guidelines for providing human rights, labour standards, environmental protection and anti-corruption, thereby providing the basis for ethical and sustainable operation of the business sector.

We believe that the respect of these principles is especially important in Serbia, which is working hard on EU integration. Respect of human rights, transparency and combating corruption are, in our opinion, preconditions for Serbia's success in economic and democratic transition, as well as in achieving its European goals. For that reason, our Bank not only supports the UN Global Compact in Serbia but also actively participates in promoting the application of the principles in practice.

Setting an example by applying these principles, in the past year we continued to promote human rights and rights of employees of the Bank, launched a series of activities that will help us protect the environment, initiated discussion on the basic principles of the code of ethics, undertook a series of activities to help mitigate the effects of the crisis on the poorest population segments in Serbia and started the services helping clients make better financial decisions. Not only do we think that such business practice is ethical but also the results show that the application of these principles enables us to stimulate innovative solutions, reduce the costs and develop the business, while simultaneously creating value for our clients, partners and the society.

Therefore, we are preparing for the UN Global Compact Leaders Summit with great expectations. We believe that, by participating in that meeting, we shall help, together with other business leaders, raise the questions such as the integration of the UN Global Compact principles in business strategies, as well as concrete steps that may support sustainable development and poverty reduction. We believe that this summit will provide an opportunity for defining common positions, as well as for strengthening partnerships between sectors.

We believe that such partnerships are one of the key factors in creating a new business concept. Therefore, on behalf of our Bank, I would like to thank all those who, together with us and sharing our principles, create a new framework for resolving social problems.

I especially wish to thank our shareholders, management and employees who share the same vision and values. All of us together, by our everyday activities, confirm the commitment to the idea that responsible and sustainable business practices are the only way to contribute to the welfare of our Bank, but also to the communities and society in which we operate.

Yours sincerely,

Slavko Carić, Chairman of the Executive Board



Dear friends,

I am very glad that we can share our activities and results in 2009 with you through this report. The past year was especially important to us, because we completed and adopted the Corporate Social Responsibility Strategy for the 2009–2011 period. The creation and adoption of this Strategy is an important step: by providing clear guidelines for work and a list of actions we intend to take, the Strategy will also enable us to measure progress toward the set goals. At the same time, the adoption of the Strategy by the Executive Board is a clear sign that corporate social responsibility is becoming a strategic framework of company management — the manner in which Erste Bank does business.

The Strategy sets the values and principles on which our business is based, but also clear goals. Ethical and transparent business practices, respect of human rights and employee rights are integral parts of the Strategy in all aspects: relations with employees, market, clients and in the communities in which we operate.

We are proud that we made progress in the application of the Strategy in the first year already: we continued our work with employees on programmes related to education, mobility and development, which enable all our employees to realise their potential to the maximum extent. Even in the globally difficult economic situation, we managed to maintain good cooperation with the trade union, investing joint efforts in mitigating the effects of the crisis on our employees.

We expanded client services and we particularly paid attention to our senior citizens. We created a special package of services for non-profit organisations, considering that the non-profit sector is an exceptionally important partner to the business and public sectors in resolving social problems. Taking into account the economic situation, we paid special attention to supporting the projects that may help mitigate the consequences of the crisis on socially most vulnerable citizens.

We achieved significant results in the operation of the EU Office, which, in addition to regular dissemination of information to the public and interested groups, invested great efforts in enabling small and medium-sized enterprises from Serbia to join the European processes and come into contact with potential partners.

We especially tried to help the promotion and active operation of the UN Global Compact in Serbia. We actively participate in the work of the Board of Directors, but also working groups for corporate social responsibility in banking and finance, social inclusion, drafting of the national CSR strategy and environmental protection. In cooperation with other members, we launched a series of initiatives for improving the visibility of the UN Global Compact. Furthermore, we supported the translating and printing of the Practical Guide to Progress Reporting brochure in order to help the members fulfil their reporting obligations. We are the proudest, however, of launching the initiative for organising free workshops for citizens named Personal Finance Management, which will be conducted during 2010, because we believe that one of the most important obligations of the banking sector is to help clients make important financial decisions on the basis of reliable and complete information.

However, we firmly believe that membership in the UN Global Compact obliges the members not only to promote the principles but also to conduct activities in accordance with them. We also believe that by our own example we give the best confirmation of our commitment to the implementation of the ideas and goals of the Global Compact, so in this year's report we especially singled out some of the actions that present direct implementation of the principles in our company.

Nothing that we did would have been possible without our partners – the Bank employees, as well as business partners, clients, organisations and institutions from public and non-profit sectors. We would like to thank them most sincerely for their commitment, creativity, knowledge and ideas they share with us. Cooperation with all of you makes us look forward to future challenges!

Respectfully,

Andrea Brbakić, Communication Division Manager

Erste Group: Real Banking Since 1819

Erste Group was founded in 1819 as the first savings bank in Austria (Erste oesterreichische Sparcasse). In 1997 Erste Group designed the strategy of retail business expansion into the CEE countries. With good business moves and strategically planned development, the number of clients of Erste Group increased from 600,000 to 17.5 million in just over ten years.

Regardless of the exceptional increase in the number of clients, Erste Group remained primarily a savings bank that grants loans based on the deposits it collects and is therefore less dependent on external funding. Our structure raises the overall efficiency within the Group: while the local banks are responsible for retail and SME operations, the Holding is responsible for Group corporate and investment banking and capital markets.

Nowadays Erste Group is, in terms of the number of clients and balance sheet total, one of the largest financial service companies in CEE and remains particularly focused on retail and SME operations.

Andreas Treichl, CEO of Erste Group Bank AG

“A financial institution such as Erste Group, in particular at the time of crisis, can demonstrate its strength. Because of the way we are structured — we support the real economy — the sound combination of the client portfolio and country portfolio allows us to generate good results at the time of crisis. In each quarter of 2009 we succeeded in increasing our operating result in each of the countries in which we operate.”

FINANCIAL RESULTS

(as at 31 December 2009)

- Balance sheet total: EUR 201.7 billion
- Operating income: EUR 3,771.4 million
- Net income: EUR 903.4 million
- ROE: 9.1%

Detailed financial report of Erste Group may be found at www.erstegroup.com



EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE



AUSTRIA
 number of employees: 16,107
 number of branches: 305
 number of clients: 1.1 million



number of branches: 751
 number of clients: 2.0 million



CZECH REPUBLIC
 number of employees: 10.698
 number of branches: 660
 number of clients: 5.3 million



SLOVAKIA
 number of employees: 4.238
 number of branches: 279
 number of clients: 2.5 million



UKRAINE
 number of employees: 1.727
 number of branches: 134
 number of clients: 0.1 million



HUNGARY
 number of employees: 3.181
 number of branches: 204
 number of clients: 0.9 million



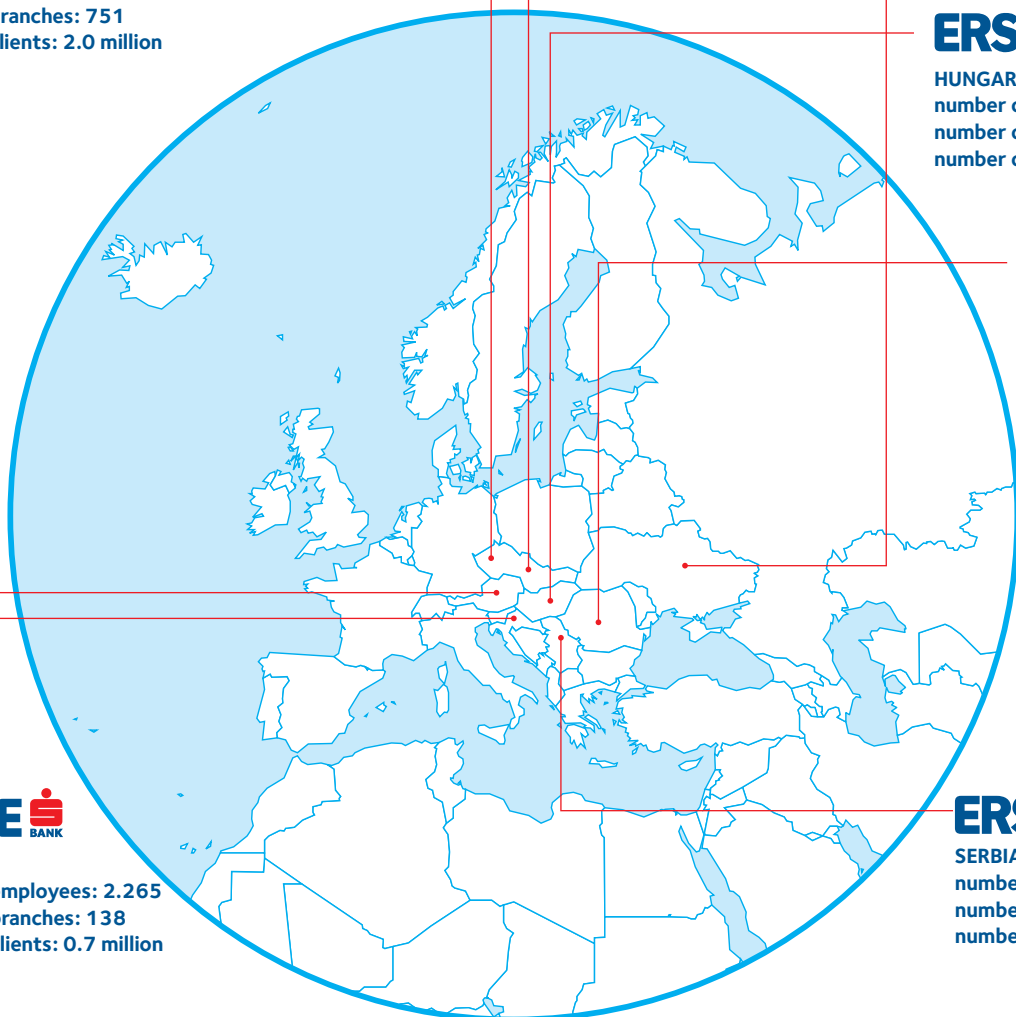
ROMANIA
 number of employees: 9.012
 number of branches: 661
 number of clients: 4.7 million



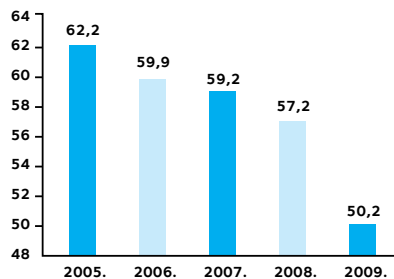
CROATIA
 number of employees: 2.265
 number of branches: 138
 number of clients: 0.7 million



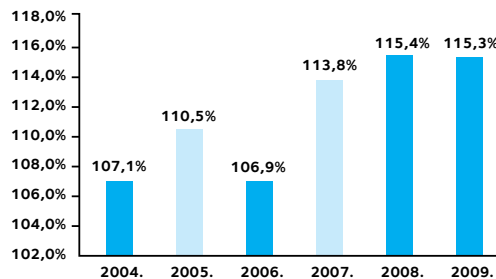
SERBIA
 number of employees: 960
 number of branches: 73
 number of clients: 0.2 million



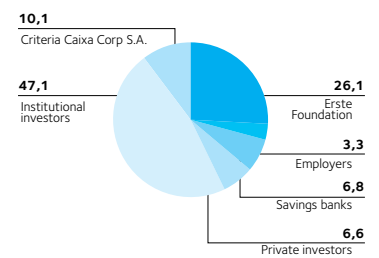
COST/INCOME RATIO (%)



LOAN/DEPOSIT RATIO (%)



SHAREHOLDER STRUCTURE AS AT 31 DECEMBER 2009 BY INVESTOR (%)





Erste Bank a.d. Novi Sad: In 2010 We Are Marking Five Years of Operation in Serbia

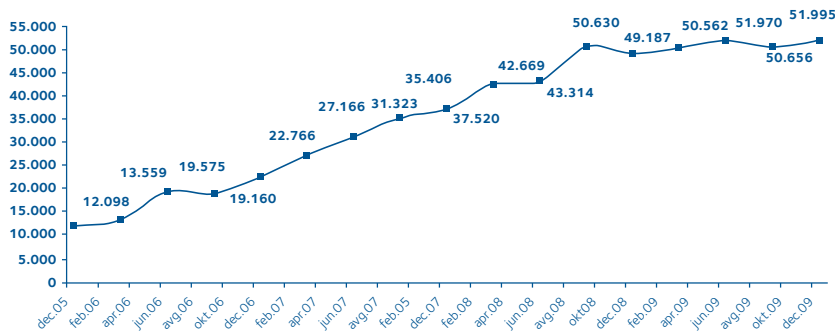
Erste Bank a. d. Novi Sad has been operating under this name in Serbia since December 2005. That year, Erste Bank (Erste Bank der oestreichischen Sparkassen AG), with its head office in Vienna, acquired the majority stake in the former Novosadska Banka, the oldest financial institution in the country, established in 1864 as Novosadska Štedionica. By combining tradition and histories of the oldest savings banks in both countries Erste Bank a.d. Novi Sad was created.

Through intensive investment in its employees, infrastructure and expansion of its branch network, from a regional bank, our Bank became a bank with national presence and a broad palette of competitive and innovative products during the previous four years. Our bank's focus is on business operation with individuals, small and medium-sized enterprises and local self-government units.

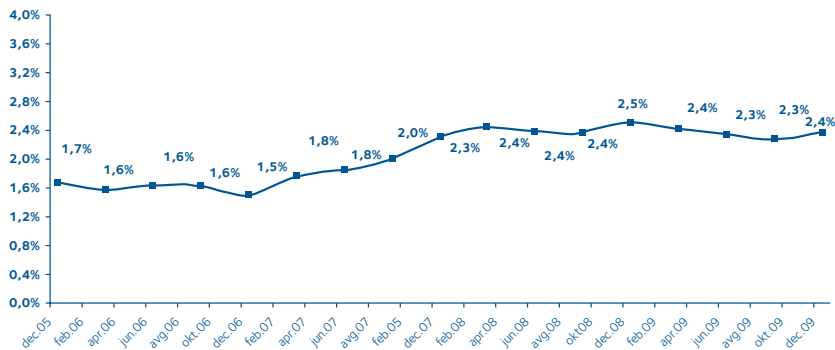
As of 31 December 2009, with its 960 employees, Erste Bank in Serbia serves 230,000 clients, through a network of 73 retail branches and 10 corporate centres in almost 50 towns throughout Serbia.



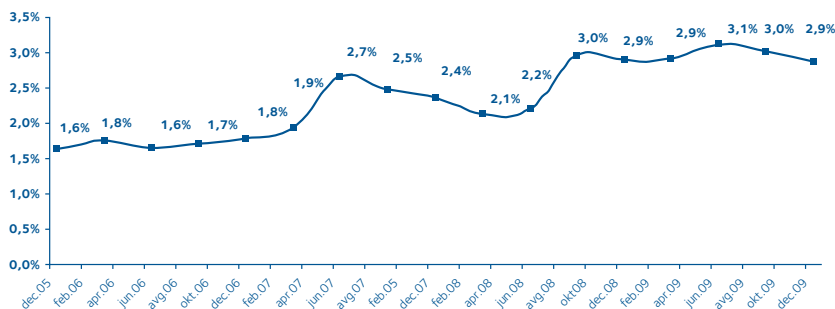
GROWTH OF BALANCE SHEET TOTAL BY YEAR



MARKET SHARE – LOANS



MARKET SHARE – DEPOSITS



Overview of Erste Bank's expansion into the towns of Serbia in which it did not previously operate as Novosadska Banka, from 2006 to 2009:

2006 / number of branches: 9

towns:

Kragujevac, Apatin, Čačak, Valjevo, Kraljevo, Užice, Niš, Pančevo, Šabac

2007 / number of branches: 1

town: Smederevo

2008 / number of branches: 5

towns:

Požega, Velika Plana, Požarevac, Kruševac, Jagodina

2009 / number of branches: 2

towns: Novi Pazar, Lazarevac

GLOBAL COMPACT:

Examples of Application of Principles in Practice

HUMAN RIGHTS

Principle 1: Economic entities should support and respect the protection of internationally recognised human rights and

Principle 2: not engage in the violation of human rights in their business operations.

Policy of Erste Bank a.d. Novi Sad

As a member of Erste Group, Erste Bank supports all international conventions concerning human rights. By our participation in the Global Compact, we acknowledge and promote the United Nations values and policies of human rights protection.

Application of Principles in Practice

Our bank signed a number of agreements and codes (such as the Banking Code of Conduct) that regulate in detail client rights, inter alia, in connection with full and correct information, the manner of service provision, data confidentiality and privacy protection.

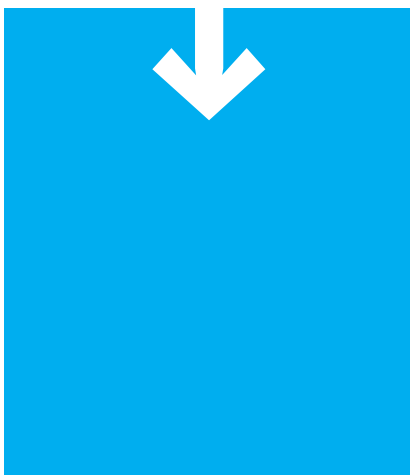
We adopted the Employee Code of Conduct, which regulates the conduct and attitude towards clients. The Code especially emphasises the respect of dignity and personality of disabled clients.

We created a system of policies and procedures that include risk management and data handling, including strict data confidentiality standards. Our IT system fully protects information in our possession from unauthorised access, abuse, change or destruction.

We use a number of methods to ensure client satisfaction and respect of client rights, including market research, the “mystery shopping” method and client satisfaction analysis. In 2009, we introduced an online system for handling client complaints and objections.

We appeared on two specialised finance websites with our product offer in order to help all interested individuals to obtain information about the services and compare different types of products and thus make fully informed financial decisions. We also started using social networks for promotion.

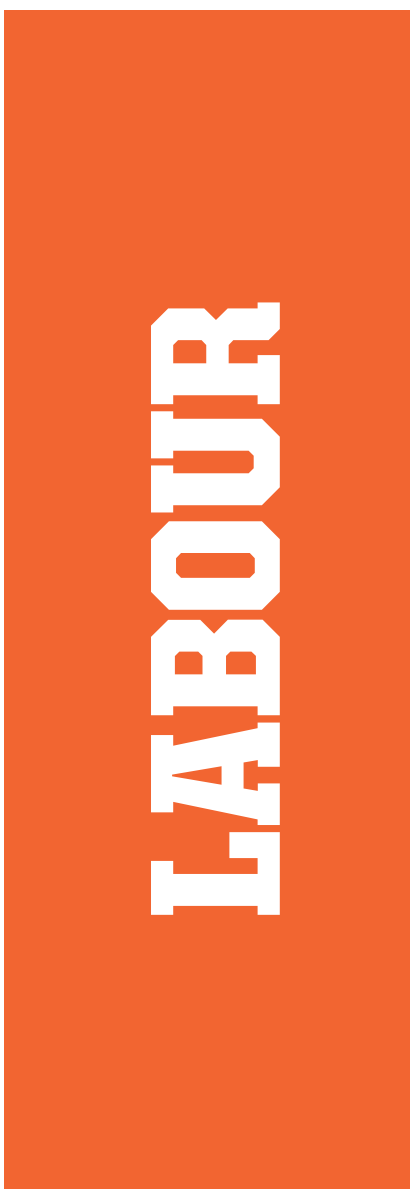
During the year, we supported a number of projects by which human rights of



disabled persons are promoted and exercised, especially in the area of inclusive education, right to employment and integration into the community. Finally, we continued the practice of significant investment in education, development and popularisation of science, internship, as well as rewarding the best for the already achieved results through a specially initiated programme.

Plans for the Future

- we shall prepare and adopt the Code of Ethics,
- we shall introduce an Ombudsman for client rights,
- we shall gradually start educating employees on socially sensitive groups,
- we shall continue investing in the projects and initiatives that represent, contribute to and promote inclusive society.



Principle 3: Economic entities should support the freedom of association and full application of the right to collective bargaining,

Principle 4: abolition of all forms of forced labour,

Principle 5: abolition of all forms of child labour and

Principle 6: abolition of discrimination regarding employment and choice of profession.

Policy of Erste Bank a.d. Novi Sad

Our goal is to create, together with our employees, a quality and motivating work environment in which the rights and needs of employees are respected. In order to succeed in that, we covered three target areas with our Corporate Social Responsibility Strategy:

- development of policies and procedures for the respect of human rights of employees and monitoring the application and effects of undertaken measures,
- continuous introduction of a programme for health care and social security of employees tailored to their needs,
- creation of a system that enables the employees to develop all their potential and be adequately rewarded for their contribution to the company.

Application of Principles in Practice

The Erste Bank a. d. Novi Sad Independent Trade Union operates freely, openly and independently. There is no discrimination against the employees based on their membership in the Trade Union. The Trade Union has almost 700 members, which is around 70% of the total number of employees.

The Bank concluded a Collective Bargaining Agreement with the Trade Union, which is regularly revised at the annual level. All employment agreements are based on the Collective Bargaining Agreement, which explicitly defines the manner and terms of employment, working hours and other elements of employment.

Our Bank supports all activities of the Trade Union, including regular Trade Union



operation, by providing the premises and equipment for its operation, from financial support to sports, recreational and other activities organised by the Trade Union to financial support to the employer and trade union's joint Marina Ćurčić Fund, whose funds and their distribution are decided upon by the Commission consisting of the Bank and Trade Union representatives.

As an employer, we provide all working conditions and rights of workers guaranteed by the Labour Law, but also more than that. The number of annual vacation days the Erste Bank employees have is above the legal minimum, as well as the right to paid and unpaid leave, the right to wage, the right to meal allowance and the right to vacation allowance. Wage benefits, increased wage and other earnings are received in an amount above the legal minimum, including sick leave, retirement pay when exercising the right to retirement and anniversary awards.

The employees of our Bank enjoy 24-hour insurance against illness and injuries and special programmes are also available to them, such as psychosocial support and stop smoking programmes.

The Bank has strict procedures and rules for safety at work of employees for all emergency situations that may endanger the employees' health. The following trainings are regularly organised for all employees: fire prevention, first aid, safety and health at work training, as well as action in emergency situations.

We perform assessments of necessary trainings on regular basis. Over 500 employees went through different types of training in 2009 alone. In addition, we provide opportunities for mobility within Erste Group in order to give our employees additional chances for personal and professional development.

We apply several methods of informing our employees, including an internal portal of the Bank that is accessed by over 96% of the employees at the monthly level. The internal portal contains all current procedures, documents, forms and instructions necessary for work, as well as all current news about the Bank and Erste Group on the daily basis. Together with our employees, we produce an internal magazine, the Pulse, in which the most current banking and finance topics and the most important news in connection with the Bank operation, initiatives and projects the Bank joined and supported are regularly presented.

Plans for the Future

- we shall perform regular annual review of the collective bargaining agreement in cooperation with the Trade Union,
- we shall continue all the existing programmes concerning employee health and social security,
- we continue the work on employee training and development.

ENVIRONMENT

Principle 7: Economic entities should responsibly support the precautionary principle in relation to environmental challenges,

Principle 8: promotion of projects of greater environmental responsibility and

Principle 9: use and development of green technologies.

Policy of Erste Bank a.d. Novi Sad

We are aware of climate changes and the dangers they bring, as well as of high level of environmental pollution. Our goal is to contribute to the efforts for pollution reduction and improvement of environmental protection in each community in which we operate. We are especially interested in contributing to the reduction of environmental pollution by adjusting our way of doing business.

Application of Principles in Practice

We introduced strict power consumption efficiency measures: regular bulbs were replaced by energy-saving bulbs, there is a mandatory check after the end of working hours if the lights as well as the heating and air-conditioning systems and other devices that consume electricity are turned off. We introduced a strict control of water consumption as well.

During the past year, we continued to promote the use of video and telephone conferences instead of travelling by plane and car to remote locations.

We regularly recycle office supplies, including IT equipment, toner cartridges and office paper. We print our publications, bulletins and magazine solely on FSC-certified paper.

We financially support projects related to environmental conservation. During 2009, we supported a campaign aimed at raising public awareness of the significance of reducing the consequences of global warming and climate changes, which was accompanied by a global premiere of the film *The Age of Stupid*, held in Belgrade. In partnership with other companies, we supported the financing of the best ideas related to environmental protection and entrepreneurship within the Sustainable Development Fair organised by AIESEC.

In 2009, we also organised five voluntary activities aimed at environmental protection and improvement. Over 100 volunteers – our employees (more than 10% of the total number of our employees), cleaned parks, gardens and lakes in the territory of Vršac, Obedska Swamp, Čačak, Bečej and Sremski Karlovci.

Plans for the Future

- we shall consolidate the recycling programme,
- we continue applying the measures for efficient use of resources and reduction of CO² emission,
- we shall publish an environmental conservation bulletin for our employees,

- we shall continue developing the voluntary programme aimed at environmental protection.

ANTI-CORRUPTION

Principle 10: Economic entities should fight against any forms of corruption, including extortion and bribing.

Policy of Erste Bank a.d. Novi Sad

We believe that corruption is one of the greatest challenges facing the modern society. In addition to being illegal and morally unjustified, corruption is an obstacle to development and especially endangers the communities in which we operate by preventing economic growth and fair business.

Application of Principles in Practice

We undertook to observe the Banking Code of Conduct and we also adopted our own Employee Code of Conduct and set strict ethical rules related to receiving and giving gifts.

We undertook to observe the Guide to Managing Conflicts of Interests at the Erste Group level, which regulates in detail the rules and procedures related to information keeping, conflict of interests and transaction monitoring, in order to observe any potential irregularities on time. A special Bank Compliance Unit is responsible for this segment of operation in the Bank.

We publish the achieved operating results on a quarterly basis and once a year the financial report approved by the accredited audit company.

In accordance with legal obligations, we implemented our own AML programme (a set of internal acts for the prevention of money laundering and terrorism financing), which contains strict rules for preventing, detecting and reporting the so-called suspicious business transactions that indicate possible money laundering and terrorism financing and is implemented by the Anti-Money Laundering Unit.

Plans for the Future

- Further development of procedures and instructions regulating this area is planned.



Corporate Social Responsibility Erste Bank a.d. Novi Sad: **THE BANK IS THE PEOPLE!**

Our business philosophy is not only to be a bank with good operating results, but also to become a long-term partner to the economy and population in the country in which we operate and to actively contribute to further development of the society of which we are a member. Therefore, to us, corporate social responsibility is a manner of company management based on the idea that the fulfilment of our economic goals is only possible in prosperous and stable communities.



As **Goran Kostić**, Executive Director of the Retail Division, says: “We believe that no business, big or small, is separate from the society in which it operates. Similarly, the success or lack of success of one is largely determined by the success or lack of success of the other. Every day, we work with people – our clients and partners, who are truly interested in the manner in which our Bank and its employees treat them as well as the environment and the society in general.” He also adds: “Care of all our clients and partners, special facilities for certain client categories, packages for non-governmental organisations and everything else that was recognised as part of socially responsible conduct and business contribute to the Bank’s core business activity, as well as the society as a whole. Application of the strategically based concept of corporate social responsibility in our Bank, observed in the long term, results in turn in an increase in the number of clients and confidence in us and our operation as a whole.”

Therefore we invest special efforts in becoming strongly connected with the local communities in which we operate and contributing by continuous and strategic investment to their progress, stability and sustainability. We base our business on the following premises:

- **Responsible way of doing business:** responsible business is good for us as well as for everyone with whom we do business. Therefore we are guided by good management practice and operate in a fair and transparent manner,
- **Care of employees:** we care of the people who work with us, we create a pleasant work environment, provide opportunities for further advancement and reward the best performance.
- **Client rights and needs:** client satisfaction is our basic focus. Satisfied clients guarantee not only the financial results of the Bank but also its long-term stability. Therefore, we respect our clients and consider their needs, as well as their rights.
- **Community welfare:** as a company, we are inextricably connected with the communities in which we operate. The welfare of the whole community implies our progress as well. Therefore, we not only invest in the welfare of the community but also take into account the impact of our business moves on the community.



WHAT DID WE DO IN 2009?

- we adopted the Corporate Social Responsibility Strategy [✓]
- we prepared the Operating Plan according to the adopted Strategy [✓]
- we promoted the Strategy internally and externally [✓]
- we created the first Corporate Social Responsibility Report [✓]

TEAM:

Communication Division
 Human Resources Division
 Retail Division, Sales Support Department
 Corporate Division, Sales Support Department
 Treasury Division
 Bank Executive Board

PLAN FOR 2010:

- Strategy implementation and implementation monitoring
- improvement of Bank corporate social responsibility reporting

The key areas on which we focused in the Strategy are related to the challenges facing Serbia:

- European integration,
- social inclusion,
- education,
- development of culture and art and
- environmental conservation.

We also defined four key groups of actors by the Strategy: employees, market, clients and community. We already started implementing the defined steps during 2009, thinking that the Strategy presents an additional obligation for us: towards our employees as well as towards our partners and the society. An important segment of our way of doing business is setting an example but also promoting the corporate social responsibility concept through partnership and support to joint initiatives that support CSR in Serbia, such as the United Nations Global Compact in Serbia and the Business Leaders Forum Serbia.

OUR PEOPLE

Relations with Our Employees and the Environment

In the time of European integrations and globalisation, in an extremely competitive environment, human resource management becomes a major challenge that we recognised and accepted: for us, it is the people with the right knowledge and skills at the right place at the right time.

During the past year, one of our priorities was the creation of a stimulating work environment. We want our employees to be satisfied with their work, to be proud of the company in which they work and to recognise the Bank as a place that provides them an opportunity for further professional and personal development.

We Create Corporate Culture Together with Our Employees

In 2009, we made a big step in creating the corporate culture that our employees showed they wanted in a survey.

We put a special emphasis on recognising and cherishing the values that we wish to develop together in the Bank. Therefore, after the first step of promoting the Bank values, a value visualisation contest was organised in 2009 in which all employees could participate. On that occasion, the first ambassadors of values – winners of this contest – were selected.

We Improve Communication and Involve Our Employees

We continued promoting an open, transparent, two-way and timely communication including the opinions and positions of our employees via the Bank's internal portal, internal Pulse magazine, activities such as Open Door Day, phone calls to the best salespersons and regular visits to Bank branches by the Communication and Human Resources Divisions team together with top management representatives.

The **InfoNet** is an internal portal of the Bank from which any employees may download at any moment current documents, procedures, instructions, forms and agreements necessary for their everyday work. In addition to the documents necessary for daily operations, the InfoNet provides information on the achieved results of the Bank and current news from its operations by means of daily news, then information on supported projects, new partners of Erste Bank in Serbia, but also of all Erste Group members. Daily press clipping provides current information about the banking market and financial market in our country. In 2009, 96% of the employees on average visited the internal portal per day.

What is organisational culture to us?

It is a set of common values, norms and expectations that shape the conduct of employees in organisations and, before all, the manner in which the employees engage in mutual interactions, how they treat clients, how they carry out their tasks and what results they achieve. The others who are familiar with this paradigm would simply say: „Our organisational culture – that is, simply, the way in which we do everything in our organisation.”

Our values

- **SUPPORT** – we listen, understand and help
- **RESPONSIBILITY** – we assume responsibility for the development of the Bank and ourselves
- **TRUST** – we keep our word and build quality relations
- **INNOVATIVENESS** – we encourage the new and constantly improve the existing
- **CREATION** – we create value for our clients, shareholders and ourselves

As in the previous years, members of Bank Executive Board were available to the employees owing to the **Open Door Day** project. In 2009, eight employees requested meetings with the Executive Board members, at which they discussed different subjects.

In order to improve communication with the colleagues working at often quite remote Bank branches, we designed the **Road Show** project – visits to branches. In 2009, representatives of the Communication and Human Resources Divisions visited 25 branches and discussed with the employees the corporate culture project, the remuneration system, the methods of open and transparent communication as well as the past and upcoming employee courses and trainings.

Together with our employees, the Communication Division team creates an **internal magazine, Pulse**, several times a year. Current banking and finance topics, the most important news related to the operation and achieved results of the Bank in Serbia, as well as Erste Group operations, are regularly featured in it. Initiatives and projects we supported in the communities in which we operate always have their place in Pulse. In Pulse, we get acquainted with newly opened branches and with colleagues, we remember pleasant informal gatherings and voluntary activities held, and the employees may share their impressions from interesting trips with their colleagues. Pulse provided the space on “kids’ pages” for children of our employees.

Back in September 2007, we opened the **Idea Market** – a market in which all employees may participate. Ideas related to the improvement of operations, enhancement of efficiency and reduction of costs or simply concrete problems the employees face in their everyday work may be presented in it. Thirty proposals arrived in the Idea Market during 2009. All ideas were analysed and some of them have already been realised. The employees whose proposals are accepted are often offered a possibility of participating in the implementation. Any employees may participate in solving the problems posted on the Idea Market. The Idea Market validity period is unlimited and we shall continue with this market in the following period as well, under the slogan “We are still looking for ideas – Join in!”.

Further Improvement of Training and Development Programmes

One of the priorities of our staff policy is a constant improvement of possibilities for personal and professional development. We pay great attention to investing in staff education. Depending on the subject and area, we provide our employees with an opportunity to participate in internally and externally organised trainings.

We are especially proud of our internal team of trainers that, in addition to performing their regular jobs, unselfishly and skilfully share their knowledge with other colleagues. This method of work proved to be very useful: not only do the trainees acquire new skills but the trainers also continuously enhance their knowledge. Such internally organised trainings are mostly focused on the improvement of skills and knowledge related to everyday Bank operations. Our experience showed that a quality response to the needs of clients and the market requires continuous work and innovation.



Considering our business focus, the majority of trainings are organised for the Retail Division employees. As an example, we may mention the internal induction training for newly employed tellers and advisors. The training is dynamic, and one of its advantages is that, in addition to interactive learning, the employees have an opportunity to get acquainted and socialise from the start with the colleagues with whom they will work in the future.

Dušan Spasić, a teller at the Požarevac Branch, has only words of praise for the training for newly employed tellers: "Attending the training for new employees made a really great impression on me. The training was comprehensive, it covered everything from the Bank background and business strategy to the banking programme itself and to the conduct at work and the manner of communication with clients. All this was of great significance for me at my new job, especially because I had not had any banking business experience until then." Dušan also emphasised that he had particularly liked the attitude of the instructors who always had smiles on their faces and patiently answered all questions of the trainees.



The Retail Division employees also have an opportunity to develop their sales skills at externally organised trainings in accordance with their needs. "Over 500 employees went through his two-day training during 2009. The subjects were tailored to the groups to which the employees were assigned according to the level of experience and in accordance with specific job," explains **Jovana Dunić**, Senior Associate for training and development, and adds: "The subjects that marked 2009 were 'Advanced sales communication skills', 'Increasing sales through customer care', 'Team management and leadership' and 'Client guidance system and client relations'." Proud of her job, Jovana emphasises: "Education's purpose is to replace an empty mind with an open one' (Malcolm S. Forbes quote) – which is exactly what we do!"



Our colleague **Vanja Ponjević**, a senior teller in the Birčaninova Branch, says: "Attending the training on the subject of sales skills left a very positive mark on my work and my professional improvement. As I consider myself to be a good salesperson, I was curious what more I could learn, how to assume a professional attitude in my relations with a client, how to achieve even better results and, before all, if it was possible at all." Vanja got the answers to these questions after the first training already. She especially emphasised that she had liked the fact that all employees had got an equal opportunity to participate, from tellers and advisors to branch managers; "We were all one team! Meeting the colleagues from other divisions, who were also with us, meant a lot to me, especially in my everyday work." Vanja also added: "The motivation that the instructors transmitted to us was very useful to me. I was delighted by their professional conduct and got especially interested in exercises – simulations of everyday situations with clients – through which I learnt a lot."



We pay special attention to the personal development of the company management. After detailed analyses and consultations, the development of managers was successfully connected with the creation of ideal corporate culture, as well as with developing and cherishing corporate values and annual performance measurement. This means that every form of education may easily be tailor made and focused, so as to provide every manager with both the knowledge he/she wants and that is expected from him/her in the organisation.

MOBILITY

We believe that the fact that we are part of Erste Group is a privilege and an opportunity. Precisely for that reason we provide an opportunity to our employees to acquire new knowledge, skills and experience in Erste teams within the Group. Also, Suzan Tanriyar has been with us since 2008 as a member of the Erste Bank Serbia Executive Board. Suzan has been employed with Erste Group since 1991 and acquired her professional experience by managing several efficiency enhancement projects, as well as the implementation of the Group standards, management methodologies and tools. She also worked on several projects of local bank transition in Erste Group. Immediately before coming to Serbia, Suzan was the Head of Cost Controlling of Erste Group Vienna.



Suzan Tanriyar says about mobility: “Mobility has always been the basic principle of my life. As a child, I spent my summers with my grandparents in Germany, studied in Vienna, and when I started to work and build my career, mobility became even more established,” says Suzan, laughing. “As a member of numerous project teams, I visited several countries of Central and Eastern Europe, Turkey, and now I am in Serbia. Mobility gives me personal freedom, it is my way of life. What few people can imagine is a new, unbelievable cultural experience awaiting in each new country: making new friendships, work in different business environments, exchange of experience, knowledge and views, learning foreign languages and, naturally, long-term memories. A key factor is flexibility, one must always be ready and willing to adapt to life in countries with different customs, cultural norms, as well as the work culture itself. Integration is, in fact, an interactive process of learning, especially if one remains faithful to one’s individuality. Nevertheless, sometimes I do feel lonely and nostalgic. It is very important to stay in contact with one’s native country and old friends, which is a real challenge with this way of life, kilometres of distance and time difference!”

Safety and Health Care of Our Employees

Safety and health care of our employees is one of the important priorities of our Bank. In accordance with the law, we developed the Regulation on Safety and Health Care at Work, as well as a series of detailed safety procedures and instructions. As a step further, we also prepared the Job Risk Assessment for all jobs in the Bank. We consider the safety through the aspect of technical security, physical security, fire protection and safety and health care at work.

All premises of our Bank are equipped with basic technical protection systems. Technical protection of premises includes anti-burglary equipment, video surveillance, automatic fire reporting, access control and alarm monitoring. The premises are equipped with full fire-extinguishing equipment, as well as automatic reporting systems. An addition to the equipment are security officers: along with the workers whose duty is to provide physical protection to the employees, we also introduced mobile security officers – foot and motorised patrols, including registering at check points.

All our employees went through training in the use of technical protection systems, fire prevention training, as well as training in emergency response.

When it comes to employee health, the emphasis is on prevention: we measured the microclimate and lighting in all business premises of the Bank in order to adapt them to the highest standards of working conditions. All Bank employees enjoy 24-hour insurance against illness and injuries and psychosocial support is also available to them in case of need.

The employees attended a training in safety and health care at work, and each branch has at least one employee trained in first aid provision.

We are very glad that we continued the Stop Smoking Programme using the Allen Carr method during the past year as well, which is open to all employees. The programme is based on voluntary participation of employees, with a larger portion of funds being provided by the Bank, while the employee attending the programme participates with a minimal portion of the necessary funds. Some thirty employees went through the programme during 2009 and the programme success rate is as high as 65%.

Expansion of Voluntary Programme for Employees

The corporate volunteering programme of our Bank was started in mid-2008. Although the realisation of business goals is the priority in our work, we thought that it was very important for all of us employed with the Bank to make small steps every day in order for the society to make progress keeping up with us. On the other hand, we see volunteering as another way of acquiring new knowledge and skills and an opportunity for personal development. The employees have been actively involved in this initiative from the very beginning: the initiatives and proposals of colleagues from various organisational units of the Bank provided an excellent basis for the programme development.

The employer and trade union's Marina Ćurčić Fund continued helping the employees and their families in 2009 by providing them with solidarity aid in cases of illness, death of an employee or a member of his/her family, poor financial situation, as well as by granting loans to employees for education of their children and granting scholarships to children of single parent employees. During 2009, the Solidarity Fund helped 112 employees with over EUR 23 thousand.

ERSTE BANK A.D. NOVI SAD IN FIGURES

As of **31/12/2009**, the total number of employees was **960**, of which **942** were permanent employees and **18** were temporary employees.

AGE STRUCTURE	Number	Share
up 20 years	0	0%
20–30 years	211	21.98%
30–40 years	308	32.08%
40–50 years	205	21.35%
50–60 years	231	24.06%
over 60 years	5	0.53%
TOTAL	960	100%

GENDER STRUCTURE

Women	Management level	Men
71.98%	Bank employees	28.02%
66.67%	Executive Board	33.33%
68.75%	Executives	31.25%

Women	Management level	Men
691	Bank employees	269
2	Executive Board	1
11	Executives	5

An Exemplary Case

Stevan Čomić

The Bank at Work - the Bank at Home

Who Is Stevan Čomić?

Stevan Čomić was born in 1973 in Novi Sad, the city in which he attended school and in which he still lives today. All of his life he has been oriented towards mathematics in one way or another. Mathematics has been one of his favourite subjects ever since elementary school, he showed great interest in it and achieved good results in numerous contests. After elementary school, he decided that he wanted to go in for economics and particularly controlling, which somehow was the most logical combination of mathematics and finance after all. He graduated from the Faculty of Economics in Novi Sad.

(Erste) Bank as His Destiny

The fact that Stevan was usually a cashier in his class, from elementary school to secondary school, perhaps indicates that he was somehow predestined to work in a bank. "Fortunately, there were no FTPs then, otherwise I would have been in the red," Stevan makes a joke at his own expense.

In Erste Bank (or former Novosadska Banka), Stevan Čomić started his career as a trainee in the former Accounting Division "on cheque clearing". After six months, he was reassigned to the Development Division, which was a combination of today's sales support and controlling.

Then came a period of privatisation and transformation, when he became a team member involved in privatisation preparation, which was the most challenging part of his career. Stevan remembers that period as a "time of working twenty hours a

day and walking in socks around the office in late hours, when the feet did not fit the shoes any more and when home was a place for a brief respite.” “That was the hardest challenge but also the most precious experience in my life,” he says. Stevan saw the job that some people would flee from without looking back as a once-in-a-lifetime opportunity. “The work on privatisation and transformation really provided me with an opportunity to gain full perception of the bank as a whole, but also of detailed operations of some organisational units in some areas. I was given an opportunity to work with the people from a completely different environment, which helped me move more easily from routine work in the former bank to work in Erste Bank as a completely different work environment.” Apart from “the toil”, he remembers that period by the team spirit, unity and the positive energy that reigned among the people ready to really do something and transform the former bank into a modern company. Today, Stevan works with the Bank as Controlling Division Manager.

The Best Controller in Erste Group

Stevan Čomić was pronounced to be the best controller in Erste Group for 2009. “I was very proud and excited when I got this award, considering that it came as a surprise. This is a recognition that we have reached the level that enables us to become a full-fledged member of Erste Group, not only in the area of controlling, but also in all other areas, because the other colleagues have also already realised that our results start to appear in all regular reports. The recognition itself is the proof that we are on the right track, but also a challenge to proceed at the same pace,” says Stevan. The selection of the best controller was not a contest, since there are differences in the development level of this area between the countries in which Erste Group operates. The selection of the best controller is practically a selection of the greatest contribution or the greatest progress in operation in the previous year according to the estimate of colleagues from all countries in which Erste Group operates and the Holding itself. “This award is dear to me precisely for that reason – because it comes from the colleagues who know how much work and effort it takes to achieve something, for all of them have been down that road.”

Family as the Greatest Recreation and the Favourite Pastime

Six years of work with the Bank enriched Stevan’s life in the private sphere as well. Stevan is married to his colleague Svetlana, and today they have a two-year old son. As of the moment of his birth, recreation, pastimes and spare time have been focused on just one thing – little Igor. “Since I spend a lot of time at work, when I come home I try to spend as much time as possible with him and make up for some ‘lost time’”.

To the question whether working with his wife at the same bank is an advantage or not, Stevan replies: “What could I say, the Bank at work – the Bank at home. I’m joking, of course. We try to separate our private life from our work as much as possible and to include the Bank in as little spare time as possible. I think that working with my wife in the same bank has both advantages and disadvantages just like everything in life. I think that the advantage is perhaps a better understanding of the job requirements and understanding of the problems, but when the nature of the job is such that it also implies additional engagement and the kindergarten is open until 4:30 p.m, then some Olympic qualities are required: who can get faster through the streets to the kindergarten by car.”



What we did in 2009:

- we continued working on the development of organisational culture [✓]
- we conducted the regular annual audit of the agreement with the Trade Union [✓]
- we continued working on further improvement of training and development programme [✓]
- we are working on the consolidation of the reward system and employee packages [✓]
- we continued all existing programmes in the area of internal communications [✓]

TEAM:

Human Resources Division
 Communication Division – Internal Communications
 Bank Executive Board

Plan for 2010:

- regular annual audit of the collective bargaining agreement in cooperation with the Trade Union
- continued work on the development of the Bank organisational culture
- continued work on employee training and development
- continuation of all existing programmes related to employee health and social care

Market and CLIENTS

Market Stability

The year behind us was marked by the global financial crisis and the efforts to mitigate its effects. Erste Bank supported all the measures taken by the Government of the Republic of Serbia and the National Bank of Serbia in order to prevent and mitigate disruptions in the financial market in the Republic of Serbia and maintain the country's financial stability.

Harmonising our operations with these measures, we grant loans according to the Regulations of the Government of the Republic of Serbia, including the Regulations on Subsidising Interest Rates for Corporate and Retail Loans (for liquidity loans, funding non-current working assets and for export operations, as well as for investment loans, consumer loans and financial leasing). In addition, we supported all measures focused on the construction industry by subsidising the interest rate for housing loans and long-term housing loans.

In cooperation with the Ministry of Agriculture, we approved long-term loans to registered farms for the purpose of development and improvement of agricultural and food production in Serbia, with part of the funds being provided by the Ministry (40%), and the other part by the Bank (60%).

Further Development of Services

Wishing to help our clients weather the difficult year, in 2009 we offered the extension of repayment periods to our loan beneficiaries for the outstanding loans, as well as a possibility of re-indexing the loans from EUR to RSD or from CHF to EUR. In that way, the clients could reduce their monthly loan obligations, while we did not charge application processing costs in the cases of repayment period extension or loan re-indexation.

We offered dinar loans to loan beneficiaries who do not have a current account with the Bank and use products of other banks, by which they would refinance all their obligations to other banks under more favourable conditions, with a simultaneous reduction of interest rates for the loans granted to them by our Bank. We also offered individuals to make term deposits in RSD and EUR, with a possibility of advance interest payment.

As in the previous period, we particularly took care of the needs of socially vulner-



able groups. In 2009, we singled out senior citizens as the most numerous such group among the active natural persons who are users of our services. In order to make the use of modern banking products and services easier to them, we provided them with an overdraft facility at a lower interest rate relative to the other client segments, a lower monthly account maintenance fee, free-of-charge statements delivered together with pension cheques to their home address, pension withdrawals at ATMs one day earlier than in other banks, training in ATM use, life insurance policies instead of guarantors as loan security.

Offer Package for Non-Profit Initiatives and Organisations

In our work in the previous years, we recognised the non-governmental sector as an important partner for improving the quality of life in the communities in which we operate. Wishing to make their work easier, we created a special offer of a palette of products for organisations as well as their employees. This offer included, inter alia: Netbanking (electronic banking), Novomob (SMS banking) and cheque issuance (without charging and collecting fees), as well as lower interest rates for dinar cash loans and lower interest on overdraft facility.

Improvement of Client Communication Channels

Since the very beginning of our operation in Serbia, we have been working continuously on educating and informing the users of banking products and services. We believe that it is important for our clients but also citizens in general, to possess reliable and complete information in order to be able to make good financial decisions. Therefore, in 2009, we introduced several new ways for communication with clients and interested citizens.

Based on the analysis of the type of information the citizens requested from the employees in the Bank Call Centre and branches, a list of the most frequently asked questions was created. We posted the list on the Bank website, www.erstebank.rs, during the past year. The list provides information on the topics that are most interesting to the users of banking services and products: from the questions relating to subsidised housing loans and loans for refinancing obligations to other banks, to the questions about foreign payment operations and explanation of terms such as Euribor, Libor and Belibor and similar.

During 2009, we also introduced several different online forms on our corporate website, so that the website visitors could quickly, efficiently and directly communicate with specific divisions and units in the Bank.

We are especially pleased that, through specialised websites for finance www.kamatica.com and www.kredit.rs, we made it possible for interested citizens to make a preliminary check of their borrowing capacity and then send an online loan application to the nearest branch.

Finally, we also started to use social networks for promoting specific initiatives and projects: thus, for example, Facebook was used for promoting our Club 27 programme – a project for young talent promotion.



Improvement of Client Satisfaction Monitoring Mechanism

During the past year, we invested special efforts in improving the quality of our services and client protection. We undertook a number of activities in that direction: we conducted “Mystery Shopping” research and improved the system for handling client complaints and objections by introducing an online form that may be found on the Bank website. As a result of the mentioned measures, the number of visits to the branches doubled. We joined the project of implementation of eight Group standards of quality at the Erste Group level: Service measurement (“Mystery Shopping”), Customer Satisfaction Survey, Adequate Organisational Structure of Quality Management, Incentive System (Branch Service Index – BSI), Complaint Recording, Complaint Handling, Methodology for Determining and Improving the Moments of Truth, Internal Service Measurement and Agreements on Telephone Service Level in Branches (SLA), whose full implementation is expected by the end of 2010.

As a bank, we strive for clear and proactive communication with our partners. We pay special attention to journalists and the media because we consider their role in informing the citizens to be very important. Communication with partners, as well as with the media, takes place constantly, not only by means of press releases, meetings and responses to inquiries but also by organising conferences and other events. In this, we try not to organise events only in Belgrade, but also in Novi Sad, Niš and other towns in which we operate. The principle that guides our Communication Division is accessibility: the Communication Team’s contact details, including mobile phone numbers, can be found on the Bank website.

On the occasion of the 190th anniversary of Erste Bank and the fourth anniversary of our operation in Serbia, we organised a cocktail party and conference at the Hyatt Hotel Belgrade in October 2009. Instead of organising a party at which we would celebrate the anniversary, we decided to invite our clients, friends and partners to a conference, because the exchange of knowledge and ideas is always important, and seems especially important at the time of great changes at the global level. Therefore, we also invited a guest from abroad who works as an advisor to managers of numerous leading world companies and who interviewed even more of them and published a book entitled *The Secrets of CEOs*; At the conference, Steve Tappin relayed the ideas and acquired experiences during this process. The conference was opened in a manner not quite usual for our region. The PerArt organisation from Novi Sad gave a performance entitled *Beautiful Dreams Have Hope*, which was created as part of the Art and Inclusion programme. PerArt, an organisation supported by the Bank, has a centre for creativity of disabled persons, who are not only actors but also creators of this and also many other performances, exhibitions and similar. Also, sales exhibitions of the work centres of the Milan Petrović School for Elementary and Secondary Education of Disabled Children, Novi Sad, as well as of the schools involved in the My Little Table project of our well-known fashion designer Dragana Ognjenović were organised at the conference itself.





**IHTM Technological
Development Company,
Belgrade**

**Radovan Đalović,
General Manager**

Mr. Đalović, can you briefly describe to us the nature of your business, as well as your goals?

IHTM Technological Development Company is an authorised and accredited laboratory engaged in quality control and testing the health safety of foods and consumer goods. We have a single goal – to become the leading laboratory in the field of health safety testing and quality control of consumer products both in Serbia and in the region.

How did the cooperation with Erste Bank help you improve your business?

The year 2009 was extremely hard from the business aspect and it was almost impossible, taking into account the economic crisis that has a far greater impact in the transition countries, to expect large investments; however, with its offer of long-term investment loans under extremely favourable conditions, Erste Bank helped us make a step forward even in the conditions of uncertainty.

How satisfied are you with the cooperation with Erste Bank?

I am extremely satisfied with the cooperation with Erste Bank so far, and I would like to emphasise efficiency in loan processing and quality bank-client communication.

Based on the experience so far, would you recommend Erste Bank to your business partners as well?

Based on the experience so far, I can say that Erste Bank respects the transparency principle, which is extremely important for the existing clients, as well as for the future clients. I would certainly recommend Erste Bank to my business partners because it is a bank that I see as my long-term partner in all our future development projects.



Tehnobiro d. o. o., Belgrade

**Zoran Milovanović,
Manager and Owner**

Mr. Milovanović, can you tell us something about your company?

The Tehnobiro Company has been operating in the Serbian market for over 20 years and, in addition to innovative new-generation devices, it offers a rounded and efficient business system that includes after-sales services, servicing and provision of consumables to its clients. We want to make faster and higher-quality business operation possible to our customers, with considerable cost savings. The strategy of our company, as well as the comprehensive development plan, are aimed at specific market needs of clients.

You have been cooperating with Erste Bank for a long time but in a specific way. What kind of business relations are those?

Firstly, we started our cooperation with Erste Bank after opening the Direct Mailing Centre. With the development and growth of our company, there was also a need for a reliable financial partner that would know how to recognise and follow our needs, abilities and desires. I have to mention that we were accepted very well from the first day and that we have had successful cooperation for many years. However, I have to emphasise that our cooperation is not one-way, we cooperate mutually as well. In addition to providing financial support for different needs of our business, Erste Bank is one of our most important clients. We are glad that such a serious and important financial institution recognised the quality and wide range of our business capabilities.

EU Office Development

The EU Office is the pride of our Bank. Launched in October 2007, this Office presents a complete service – from providing information to preparing project documents when submitting projects for financing from the European Union funds – but also our special contribution to the EU integration efforts of Serbia.

The Office has a large number of activities including:

- establishing relations with international financial institutions and activities related to the use of available sources of funds,
- providing contacts with relevant ministries and institutions,
- informing clients of competitions and possibilities of co-financing within the available funds,
- education about commercial and economic aspects of EU accession and providing information in connection with accession effects.

Erste EU Monitor

Erste EU Monitor is a monthly bulletin in print and electronic version, which is delivered to 350 addresses of clients, chambers of commerce and other business associations, local self-government units, line ministries and agencies. The objective of EU Monitor is to provide information on open calls and tenders but also to provide education about practical aspects of the accession process.

Info Day “Small and Medium-sized Enterprises in European Union Programmes - Challenges and Opportunities”.

The First European Week of Small and Medium-Sized Enterprises is marked in all European Union states during May and on that occasion numerous conferences and events are organised throughout Europe, whose objective is informing SMEs and promoting entrepreneurship. Our Bank took an active part in this event through the EU Office, organising an info day in Belgrade on the subject “Small and Medium-Sized Enterprises in the European Union Programmes – Challenges and Opportunities”.

The basic objective of this event was to provide an overview of available EU funds with an emphasis on the opportunities for financing small and medium-sized enterprises, as well as to inform SMEs of the practical aspects of participation in the EU programmes and projects, finding partners, writing project proposals and project evaluation. This event was not only informative but also practical, because experiences of the EU Offices from Austria and the Czech Republic were presented as well.

The invitation was accepted by a large number of clients, who were greeted at the beginning by Slavko Carić, CEO of Erste Bank. Alberto Cammarata, Head of the European Integration Section of the European Commission in Serbia, said that the European Union would grant a total of three billion euros to Serbia by 2011 through assistance programmes, including the support that started in 2000. He empha-





„Erste Bank and especially the EU Office is, at this moment, a very important partner to us in the process of informing the public about European integration, primarily about what the accession to the Union means for the country's economy. We are aware of how important it is for the economy to be ready to use pre-accession funds when they become available to it, as well as the other programmes of financial support, to small and medium-sized enterprises before all. Therefore, the partnership with Erste Bank in awarding prizes to journalists for reporting on European integration, which has been organised for several years already by the European Integration Office and the Delegation of the European Union is also significant to us.”

Milica Delević, Head of the European Integration Office of the Government of the Republic of Serbia

sised that part of the funds was intended for small and medium-sized enterprises in Serbia and that this sector of the economy had received more than 50 million euros from the EU for modernisation. Cammarata underlined that the small and medium-sized enterprises could also use other EU funds and that the EU would not stop supporting them at the time of crisis, either.

The event proved to be useful for clients in many aspects: in addition to information on project financing, the entrepreneurs had a chance to learn the details about the opportunities in the field of innovations, technology transfer, knowledge transfer, as well as about joining international projects and international cooperation.

Award for the Best Media Report in the Field of European Integration

We have been implementing this project for three years in cooperation with the European Integration Office of the Government of the Republic of Serbia and the EU Delegation to Serbia. We believe that quality reporting on the European Union is important and we also award a special prize for the best report on the subject of small and medium-sized enterprises.

The jury assessed that this year's response to the contest was good (32 stories) and that the majority of the works submitted to the contest showed a higher level of interest in the subject of EU accession and in the reforms Serbia is going through. The awarded works deal primarily with the topics that rarely end up on the front pages and in electronic media news headlines.

International Conference The EU and the Lisbon Treaty: A New Chance for Serbia

In cooperation with the European Integration Office and the Belgrade Fund for Political Excellence, the Bank's EU Office participated in organising a two-day conference named "The EU and the Lisbon Treaty: A New Chance for Serbia" in December

2009. The objective of the conference was to open a debate on the new EU institutional arrangement provided for by the Lisbon Treaty and its impact on the prospects of further European integration of Serbia.

A large number of the European Union representatives, government officials of the Republic of Serbia, representatives of the diplomatic corps, international experts, as well as civil society representatives gathered at the conference. The conference was opened by the President of Serbia, Boris Tadić, who stated on that occasion that Serbia will submit an application for membership in the European Union when it is estimated that this application will get a favourable response in the Union. Furthermore, the President reminded that Serbia had achieved two goals in 2009: getting the visa-free regime and unfreezing the Interim Trade Agreement.

In addition to the Serbian President, the conference was also addressed by Frank Belfrage, State Secretary in the Ministry of Foreign Affairs of the Kingdom of Sweden, Giuliano Amato, former Prime Minister of the Republic of Italy, Iñigo de Palacio España, Ambassador of Kingdom of Spain to Serbia, Božidar Đelić, Deputy Prime Minister for European Integration, Vincent Degert, Head of the EU Delegation to Serbia, Tommaso Padoa-Schioppa, Chairman of Notre Europe and former Minister of Economy and Finance of the Republic of Italy, Dragoljub Mićunović, Chairman of the Foreign Affairs Committee of the National Assembly of the Republic of Serbia, Ivica Dačić, First Deputy Prime Minister of the Government of Serbia and Minister of the Interior of the Republic of Serbia, Ivan Vejvoda, Executive Director of the Balkan Trust for Democracy, Hedvig Morvai-Horvat, Executive Director of the European Fund for the Balkans and Slavko Carić, CEO of Erste Bank in Serbia.

Please send any questions you wish to direct to the EU Office to the following address: eudesk@erstebank.rs or by phone 011 201 50 76.



AN EXEMPLARY CASE

Savings Caravan



In the past year, we continued our cooperation with the National Bank of Serbia and several commercial banks on the Savings Caravan project – education about saving money for the youngest. The National Bank of Serbia initiated the project wishing to educate children about the significance of saving money. Through a series of interactive games such as: „with steady hand to stable exchange rate”, „dinar by dinar”, „guiding the dinar to the finish line”, „removal of zeros”, „inflation targeting”, and „ATM?! You can do it even with your eyes closed” the youngest learn why one should save money, how one can save money, but also about important financial institutions and their role in our country. All games were designed and created by the team of the National Bank of Serbia that, together with the teams of commercial banks, visited elementary schools in Belgrade and organised educational contests for the children. At all contests, the children were entertained and put at ease by a team of mascots together with our Erste Bear.

The final contest for the best and most skilful children within the Savings Caravan was held at the Belgrade Cultural Centre. On that occasion, our Bank gave six computers as gifts to the contestants from the Vožd Karadžorđe Elementary School that it supported in the finals.

What we did in 2009:

- we continued with further development of services, especially for senior citizens [✓]
- we continued with further development of the EU Office operation [✓]
- we improved customer satisfaction monitoring mechanisms [✓]
- we improved client communication channels by informative packages and posting FAQ on the Bank website [✓]
- we developed the offer package for non-profit initiatives and organisations [✓]
- we have been working on the development and adoption of the code of ethics according to the European standards [✓]
- we have been working on the analysis of supplier operations according to the Corporate Social Responsibility standards [✓]

TEAM:

Retail Division, Sales Support Department
Corporate Division, Sales Support Department
Communication Division – External Communications
Communication Division – EU Office
Marketing Division
Bank Executive Board

Announcement of plans for 2010:

- publication of the second Bank Corporate Social Responsibility Report,
- preparation and public promotion of the Erste Bank Code of Ethics,
- regular promotion of the CSR concept and support to initiatives of other actors in Serbia on SCR promotion,
- analysis of development and implementation level of the CSR concept among the partners and suppliers,
- regular customer satisfaction survey and application of mechanism for controlling the quality of service provision,
- introduction of institution of Ombudsman for client rights,
- improvement of services and products, including the creation of special service for one socially sensitive group, rate setting in accordance with specific client characteristics,
- gradual application of measures for the improvement of physical accessibility of branches,
- continuation of the EU Office operation and development.



Our Contribution to Communities

Aware of the effects the crisis has on the communities in which we operate, we tried to support as many projects and initiatives as possible in the past year. We invested around EUR 350 thousand in over 50 different projects implemented with a series of local partners, eight projects within the Centrifuge grant programme and the Club 27 young talent contest. We still pay special attention to partnerships: we believe that synergy, especially among partners from different sectors, brings additional quality and value to any initiative.

Wishing to make the fund granting process as transparent and easy for the beneficiaries as possible, we worked on improving the system for management and administration of the general sponsorship and grant programme. This process resulted in an introduction of a new internal procedure for sponsorship and grant approval, as well as in a new Application Instruction and Application Form for the general sponsorship and grant programme for potential beneficiaries, which can be found on our website.



Culture, Art and Education

During last year we continued the long tradition of supporting the development of cultural and art scene of Serbia, at the national level as well as at the local level. Within this programme, traditional cultural events were supported, such as Sterija Theatre Festival – a festival of national drama and theatre of competitive character, Zmaj Children Games – the largest children's event in Serbia, BELEF – Belgrade Summer Festival, Belgrade Jazz Festival, as well as programmes of local cultural centres in Indija and Niš. The "Arouse" Belgrade Poetry Festival, the only festival in Serbia trying to revive the almost forgotten written poetic word, also took place with our help, and the first animated film made in Serbia, Edit & I, which we supported in partnership with S-Leasing and Immorent, premiered in September.

At the same time, believing that it is important to open room for the alternative, innovation and young people, we supported Young Serbian Designers 2009 – MIXER EXPO 2009 – an exhibition of young talented industrial designers from Serbia who presented exhibits made of eco-friendly materials. We are especially proud of the Centrifuge grant programme that has been in existence for three years. Aiming at cultural decentralisation, the programme helped the creation of eight new cultural events in Zrenjanin, Kruševac, Indija, Valjevo, Užice, Kikinda, Jagodina and Novi Pazar during last year. Centrifuge, which we implement in cooperation with the Balkan Community Initiatives Fund, not only encourages creativity and new cultural events, but also encourages young people to revive the communities in which they live. We are especially glad that the Ministry of Culture of the Republic of Serbia also supported us in this initiative in 2009.

In the area of education, with our investments we also try to support classic education, as well as innovations. In 2009, we supported elementary and secondary schools in Novi Sad, Umka, Niš, Kraljevo, Šabac, but also alternative education programmes such as the 2nd World Biennial of Student Photography of the Art Academy, Novi Sad, the 3rd Science Festival in Belgrade, the Laboratory of Famous People – Selection of the Best Science Communicator, which was organised by the British Council and the Serbian Broadcasting Corporation, as well as the Adventure Coolture – a free multimedia CD for children of elementary schools, which is very useful for informing the children of Belgrade cultural and historical events.

Furthermore, a new Club 27 Contest was announced for young talents in the field of natural and social sciences and art, which motivates, but at the same time also promotes the best young people that Serbia has. This is also one of the projects on which we cooperate with the Balkan Community Initiatives Fund.

„Centrifuge“

The projects that were supported in 2009 with 50 thousand to 350 thousand dinars were decided on, as always, by the Committee, which last year consisted of: Ana Sofrenović, actress, Gordan Paunović, B92 Corporate Social Responsibility Manager, Dimitrije Tadić, advisor in the Department of Modern Creativity, Cultural Industry and Cultural Relations of the Ministry of Culture of the Republic of Serbia, Branislav Ivin, Chairman of BCIF Board of Directors, Iri-na Ljubić, BCIF Project Manager and Vladimir Todorović, Erste Bank Communication Division.

Of the total of 287 received proposals, twenty projects from seventeen towns were supported during the previous three years within Centrifuge. A total of EUR 84 thousand was invested. Among the most significant results are the facts that this project is recognised as a significant step in cooperation between the profit, non-profit and public sectors, that it is a good example of strategic thinking and activity on the improvement of the defined area and finally, perhaps the most significant fact, that the cultural map in some towns is permanently enriched with the events initiated by Centrifuge.

More information on the project itself on www.superste.net and www.bcif.org.



European Integration

Supporting the projects in the field of European integration, we especially focus on improving the level of information and knowledge of the citizens of Serbia about the European Union. Aware of the fact that young people – current and future citizens of Europe – are one of the most important developmental and integrative powers, it is especially important to us to involve them in this programme. Therefore, we participated in the implementation of the European Youth Week in Novi Sad in 2009 in partnership with the Creative and Education Centre, Novi Sad. By means of this project, 89 young people from 14 European countries had an opportunity to socialise and exchange knowledge and experience on the Innovate to Integrate subject.

It was with great pleasure that we also supported the Europe for Everyone project, which was initiated by the Office of Serbian Deputy Prime Minister for European Integration, Mr. Božidar Đelić, as part of which 50 citizens of Serbia who had never travelled to the EU countries and who had done something exceptional in their life got an opportunity to go, on the first day of visa regime liberalisation, on a trip that would take them to Rome, Berlin, Brussels and Paris.

Social Inclusion

Recognising that there are still many in our society that need help, we continued to allocate funds for initiatives and projects that enable higher-quality life to disabled persons, children, the poor... It is especially important to us that the programmes we support contain the inclusion element as well and reduce isolation, which often is one of the key problems that marginalised groups in Serbia face.

In 2009 we continued the cooperation with a number of organisations and supported, inter alia: Pearl Association for the Mentally Challenged, Srbobran, to continue the programme of education within the day centre for children; Disabled Student Association Novi Sad to present to general public, through the Seize This Day with Me film festival, the importance of inclusion of disabled persons in our society; Food Bank Civic Association, Caritas Serbia through the fundraising project for the elderly; My Little Table project, which brings together several schools for elementary and secondary education of disabled children, as well as the work centres of the Milan Petrović School for Elementary and Secondary Education of Disabled Children, Novi Sad, which promote and actively work on the inclusion of disabled persons, providing opportunities for their employment; the PerArt Civic Association, with which the Bank worked on the inclusion of disabled persons in the society through art, as well as the Brave Mother Association, which aims at informing and educating pregnant women, new mothers and generally all women in reproductive age of their rights and mechanisms of exercising and protecting these rights.

Environmental Protection

We focus our activities in the field of environmental protection in three directions: reduction of pollution we produce as an economic entity, education of employees about environmental conservation, support to projects aiming at raising awareness of general public of environmental conservation.

During 2009, we introduced measures that contribute to the reduction of CO2 emis-



CLUB 27

Club 27, as a contest for young talents in the field of natural and social sciences and art, motivates but at the same time also promotes the best young people that Serbia has. We initiated it in 2007 in cooperation with Visa International and our media partners.

The expert jury consisting of university professors and public figures made a short list of 15 nominees; the winners were decided by public SMS and Internet voting.

With prizes of up to 2,000 EUR in dinar equivalent as well as through promotion and public recognition, we award the young people who are a role model to all of us with their extraordinary results, creativity and humanity.

More about Club 27 and its members at www.superste.net.

DATA ON THE QUANTITY OF RECYCLED MATERIAL:

In 2009, the Bank continued to recycle toner cartridges and electronic IT equipment and recycling of office paper was introduced. During the year, we delivered for recycling:

- 557 empty toner cartridges,
- 2,900 kg of electronic IT equipment that includes computers, monitors, printers, UPS devices, telephone sets, computer network equipment, computer communication equipment,
- 3,400 kg of office paper.

sions and at the same time present an efficient use of resources, such as the control of power and water consumption, use of video and telephone conferences instead of travelling by plane and car to remote locations and recycling consumables, including IT equipment, toner cartridges and office paper. We print our publications, bulletins and magazine solely on FSC-certified paper (paper produced by controlled forest growth).

It is precisely with the established rules that we want to inform and motivate the employees to give their personal contribution to environmental conservation. The fact that environmental protection won hands down in the survey on the subject of this year's voluntary activities of our employees, namely 56% of respondents voted for this category, also demonstrates the Erste Bank Serbia employees' awareness of environmental pollution.

Wishing to contribute to raising public awareness of this problem, we supported a campaign that was accompanied by a global premiere of the film *The Age of Stupid*, held in Belgrade.

Erste Eco-volunteers: Expansion of the Voluntary Programme for Employees

During 2009, we continued the corporate volunteering programme. Before the start of the activity we organised an online survey in which the majority of employees selected environmental protection as the subject of voluntary activities in 2009.

Employees from all of the communities in which we operate proposed activities and potential partners: thus, upon the initiative of our colleagues from Vršac, we joined the activity of the local environmental association Eko Breg, along with other citizens of that town. When regional voluntary activities were organised in Bečej and Čačak during September, employees from the surrounding places also joined their colleagues in the mentioned towns.

The support of a large number of employees resulted in the organisation of a more massive voluntary activity in the Court Garden in Sremski Karlovci, near Novi Sad, when the employees decided to contribute to stopping the destruction of one of the most beautiful parks of horticultural heritage in our country. Around 90 Erste Bank employees from head offices in Novi Sad and Belgrade, but also from a number of branches in the territory of the Republic of Serbia, participated in the activity.

We are especially proud that the great interest of the employees resulted in the establishment of the Volunteer Club. The Club met for the first time in late 2009 in order to evaluate the implemented activities and define the guidelines for the following year. The start of the Club's operation is a significant step in our efforts to contribute jointly to the development of volunteerism and the communities in which we operate.

A total of five voluntary campaigns were conducted during 2009 in the territory of Vršac, the Obedska Swamp, Čačak, Bečej and Sremski Karlovci, with participation of over 100 volunteers – Erste Bank employees, which represents more than 10% of the total number of Bank employees.

Voluntary campaigns implemented during 2009:

25/4/2009

Vatin border crossing (near Vršac)

Environmental activity organised in the territory of Serbia and Romania in the vicinity of the border crossing.

12/6/2009

Obedska Swamp

Preparation and placement of signs to warn drivers to reduce the speed in order to reduce the running over of amphibians and reptiles on the asphalt road along the Obedska Swamp, for the purpose of protecting the eco-system and the food chain.

5/9/2009

Goranski Park, Bečej

Preparation of 20 garbage cans that are then set in concrete at defined locations. Several teams were in charge of painting the already placed benches.

12/9/2009

Lake in the Ovčar-Kablar Gorge near Čačak

Cleaning the inaccessible parts of the lake. The collected plastic bottles and other waste were then transported to the recycling plant in Čačak.

3/10/2009

Court Garden, Sremski Karlovci

Works performed:

- sifting the sand at children's playground
- painting wooden parts of the existing benches
- collecting foreign material and cut undergrowth in certain parts of the park
- applying protective paint on wooden exercise equipment placed on the fitness trail
- placement of garbage cans (digging, placement, covering) and painting them
- repairing the existing steps
- placement of new steps
- painting the existing wooden furniture at the park.



AN EXEMPLARY CASE

WWW.SUPERSTE.NET

The screenshot shows the website for 'SUPERSTE ERSTE PODRŠKA TALENTIMA'. The main banner features the 'CENTRIFUGA' logo and a list of artists: Agustin + Baci + Božica Pečarić, Baki Petrić + Samir, Bojan + Bostjan + Čačak, Ešter + Despotović + Petar, Ivija + Japelina + Kijinda, Kragujevac + Kruljević, Krievac + Sufa + Nena Pasaša, Novi Pazar + Ošani + Ponišev, Plandište + Peševac + Pešiga, Srebrenica + Šember + Grbetić, Srpska Mitrovica + Sremski Karlovci + Stara Pazova + Subotica, Šiš + Šušac + Tomić + Ub, Miro + Vujić + Velika Plana, and Vrbas + Vrbas + Zvezdani + Zubaj.

Below the banner, there are sections for 'Konkursi' (Competitions), 'Klub 27', 'Centrifuga', and 'Zajednica' (Community). The 'Konkursi' section mentions a design competition for Erste Bank cards. 'Klub 27' lists winners of a film festival. 'Centrifuga' describes a grant program for local initiatives. 'Zajednica' promotes a community registration drive.

On the right side, there is a 'Vesti' (News) section with a list of events from June 01 to June 04, including film festivals and art exhibitions.

Towards the end of 2009,

we launched the website www.superste.net on which we put together all information about our projects intended for young, talented, creative people, such as Club 27 and Centrifuge, along with following the awarded individuals and projects. By this, we wish to promote the creativity of young, creative and unknown people, to give them an opportunity to meet each other but also to inform the public of their work, creativity and achievements so far.

We designed the website in accordance with the recommendations on accessibility for the disabled (W3C).

What we did in 2009:

- we continued the programme of investment in local communities, as well as larger national programmes [✓]
- we improved the management and administration of community investment programme [✓]
- we continued the work on developing the rules and procedures that contribute to environmental protection [✓]
- we expanded the voluntary programme for employees [✓]

TEAM:

Communication Division
Treasury Division
Bank Executive Board

Announcement of plans for 2010:

- continuation of the programme of investment in local communities, but also support to projects at the national level
- continuation of the volunteering programme, especially promotions of individual volunteering of employees
- consolidation of the recycling programme
- application of pollution reduction measures
- informative package for employees on environment
- education of employees on socially sensitive groups

Social Responsibility Initiatives and Networks

The Serbian Business Leaders Forum (BLF) was established at the initiative of the Smart Collective non-governmental organisation and several leading local and international companies. The BLF member companies conduct socially responsible activities and projects (which is verified by completing the relevant questionnaire) and undertake by signing the Memorandum of Understanding to integrate further, on the voluntary basis, social responsibility in their everyday business. The Forum conducts a number of activities aimed at promoting the CSR concept in the Serbian business sector and in general public, such as the publication of bulletins and other publications on corporate social responsibility, organising trainings and conferences. In addition to these „educational” activities whose aim is to raise awareness of corporate social responsibility to a higher level and to make CSR the standard in business in Serbia, the BLF also conducts a series of joint activities with the aim of increasing in that way the effect of the CSR programmes of individual companies and creating the value added that networking and joint action bring. You may find more information on the BLF at: www.smartkolektiv.org



The United Nations Global Compact connects economic entities, government authorities, civil sector and UN agencies for the purpose of respect and constant improvement of ten universally accepted principles in the area of protection of human and labour rights, environmental protection and anti-corruption. By the power of collective action, the United Nations Global Compact tries to promote the respect of the ten principles and mainstream them in the business operation of organisations around the world, as well as catalyze actions in support of broader United Nation goals. With 5,200 members from more than 130 countries, the Global Compact is the largest voluntary initiative aimed at promoting corporate ethics in the world. The Global Compact has existed in Serbia since 6 December 2007 and today it has more than 50 members. More information on the UN Global Compact Serbia at www.unglobalcompact.rs



AWARDS

Won in 2009





Recognition of the PR Society of Serbia in the Brand and Marketing PR Category for the Erste Bank EU Office Project

This category of recognitions of the PR Society of Serbia is awarded for best designed activities supporting marketing campaigns for consumer products or services in all areas. It includes public relations programmes designed so as to present new products or services or promote the existing products to consumers, as well as to present one business to another. In 2009, Erste Bank won this award for the Erste Bank EU Office project.

VIRTUS 2009

For the third consecutive year, Erste Bank won the Corporate Philanthropy Award in the Support to the Most Innovative Project category: Erste Raesthetics – Creative Technique.

A Word from the Jury:

„Erste Bank supports young Serbian designers – MIKSER Expo 2009 – by the EKO Erste Raesthetics project. It is a creative technique that is a motto of the branded space of the Indija Cultural Centre and presents sculptures made of recyclables. These sculptures remind us of the need for raising environmental awareness and environmental protection issues.”

Award of the Biznis and Ekonometar Magazines

Erste Bank got a recognition as a company that invested significant funds in a number of projects in the field of social responsibility in 2009.

Major **PROJECTS SUPPORTED** in 2009

CULTURE AND ART



Adventure Coolture

Partner: Culture Code / Belgrade

Continuation of implementation of the Adventure Coolture, a CD for elementary-school children that contains a multimedia presentation of all cultural events of Belgrade. Around 160,000 free CDs were distributed in the elementary schools of Belgrade.

Sterija Theatre Festival

Partner: Sterija Theatre / Novi Sad

Continuation of the tradition of supporting this theatre festival and awards for the best again.

Zmaj Children Games

Partner: Zmaj Children Games / Novi Sad

The Bank continued the tradition of supporting this cultural event for children and organised the Erste Bear programme for the youngest visitors again.



Young Serbian Designers – YSD 2009

Partner: MIXER Civic Association / Belgrade

For the first time, the Bank supported this exhibition of young talented Serbian industrial designers. They exhibited their works within two events – Salone Satellite, which was held in Milan, Italy, and MIXSER EXPO 2009, held in Belgrade. In the spirit of eco-concept that accompanied the exhibition, the Bank presented itself with an Erste machine that got a new eco-look and by installations made of recyclables.

„Arouse! Poetry!” Belgrade Poetry and Book Festival

Partner: Third Square NGO / Belgrade

For the first time, the Bank supported the Belgrade Poetry and Book Festival, which, in addition to Belgrade, conducted its programme in Novi Sad, Sremski Karlovci and Indija.



Belgrade Jazz Festival

Partner: Youth Centre / Belgrade

For the first time, the Bank supported Belgrade Jazz Festival, which was held for the 25th time this year.

CD – Guitar Art Fest 2009

Partner: Guitar Art Fest / Belgrade

The Bank continued the cooperation with the Guitar Art festival, supporting the publication of the CD, this time of the jubilee 10th festival.



Places in the Heart

Partner: Places in the Heart Fund / Trstenik and Belgrade

This year, the Bank awarded last year's but also this year's winners of the Places in the Heart award with project sustainability grants. These are the Association for Assistance to the Mentally Challenged with its head office in the Trstenik municipality and the Brave Mother Civic Initiative.



Indija Cultural Centre

Partner: Indija Cultural Centre / Indija

The annual programme of the Indija Cultural Centre was supported, which was marked by a joint season opening and a concert by Jovan Kolundžija, to which all local friends, partners and clients of the Bank were invited.



17th Theatre Marathon Sombor

Partner: Sombor National Theatre / Sombor

For the first time, the Bank assisted the organisation of the Theatre Marathon of the National Theatre in Sombor.

BELEF

Partner: KIOSK / Belgrade

The Bank continued the partnership with the KIOSK civic association and this year it supported their KORZO project, which was an integral part of the visual programme of this year's BELEF.

Interaction Film Camp

Partner: Filmart Independent Film Centre / Požega

For the first time, the Bank supported the international student film camp in Požega

EDUCATION



Responsible Youth - Sustainable Future

Partner: AIESEC / Belgrade

As one of the programme partners, the Bank participated in the contest for young people, within which the best ideas in the area of environmental protection and entrepreneurship were financed through grants of partner companies, as well as at the Sustainable Development Fair, held in Belgrade, Knez Mihailova Street, in May. Guests at the Bank stand were young entrepreneurs from the schools Milan Petrović, Novi Sad, and Sveti Sava, Umka, with which the Bank had cooperated previously.

Laboratory of Famous People

Partner: The British Council Serbia and Serbian Broadcasting Corporation / Belgrade

For the first time, the Bank established cooperation with the British Council and the RTS on the Laboratory of Famous People project, within which the Bank awarded the best science communicators in Serbia. The winner, Mirko Đorđević, represented Serbia at the international contest in England.



Science Festival 03

Partner: Science and Culture Promotion Centre / Belgrade

The Bank supported the Science Festival for the third time and, as in the previous years, supported part of the programme this year as well – an interactive exhibit of a young mathematician Nemanja Đorđević named Mathematical Toilet.

World Biennial of Student Photography

Partner: Art Academy / Novi Sad

For the third consecutive year, the Bank provided awards for the most talented students.

INVESTMENT IN COMMUNITY



Regeneration and Being FROM(OUT OF) Serbia

Partner: Kulturklammer – Centre for Cultural Interactions / Belgrade

The cooperation with the Kulturklammer Civic Association continued. This year, the Bank helped two projects:

1. The REGENERATION multidisciplinary education programme, which included three interactive workshops – an educational workshop, a graffiti workshop and a workshop during which the participants made a mural in graffiti technique.
2. The Being FROM(OUT OF) Serbia programme was supported by the Bank last year as well; this year, the funds were directed to publishing a bilingual publication dedicated to the issues of forming and presenting the modern identity of Serbia, as well as involving emigrants in its promotion on the international scene.



Conference Image Design and Reputation Management

Partner: PR Society of Serbia / Subotica

The Bank supported the conference Image Design and Reputation Management.

Conference Serbia and EU – Strengthening European Perspective and Involvement of US and UK Scholarship Holders in Enhancing the Reputation of Serbia

Partner: Belgrade Fund for Political Excellence / Belgrade

The Bank supported the work of the fund in organising the conference Serbia and EU — Strengthening European Perspective, and participated in the implementation of the project Involvement of US and UK Scholarship Holders in Enhancing the Reputation of Serbia.



SOCIAL INCLUSION



Work Centres of Milan Petrović School

Partner: Milan Petrović School / Novi Sad

The complete equipment necessary for the commissioning of the new work centre in the elementary and secondary school Milan Petrović from Novi Sad was purchased. The new work centre is equipped for the manufacturing of wooden didactic toys and can employ five disabled persons. The Bank also supported the work of the school and its work centres by different donations, purchase of business gifts manufactured in them, as well as promotion of the school at a number of events organised by the Bank.

Art and Inclusion

Partner: Per Art / Novi Sad

For the first time the Bank supported a project aimed at the inclusion of children and young people with disability through art. With its annual support, the Bank helped the preparation of the play entitled *Beautiful Dreams Have Hope* and its performance in Novi Sad, Belgrade, Zrenjanin and Sombor, with more performances in other towns scheduled for 2010. The Bank also supported the organisation of a conference on art and inclusion in Novi Sad, making the 10th anniversary of their work.

Film Event Seize This Day With Me

Partner: Youth Club Bačka Palanka / Novi Sad

The Bank supported for the second time the film event *Seize This Day With Me* dedicated to the life, activities and achievements of disabled persons.

EU INTEGRATION



European Youth Week in Novi Sad

Partner: Creative Educational Centre / Novi Sad

For the second consecutive year the Bank provided assistance to this event as part of the activities of the Erste EU Office on promoting EU integration. The Bank representative held a lecture to the participants in this project on the support of large companies to the development and promotion of culture.

Europe For Everyone

Partner: European Movement / Belgrade

Erste Banka provided the pocket money for 25 passengers awarded within the project Europe for Everyone. The project was initiated by the Office of the Deputy Prime Minister for EU Integration, within which 50 Serbian citizens who had never travelled to the EU countries and had done something extraordinary in their lives, travelled to EU countries on the first day of visa regime liberalisation.

Contest For the Best Media Report on European Integration

Partner: EU Integration Office / Belgrade

For the second consecutive year the Bank provided awards for the best authors of media reports on European integration.

ENVIRONMENTAL PROTECTION



The Age of Stupid

Partner: Civic Association ProConcept / Belgrade

The Bank supported the campaign directed towards raising public awareness of the importance of mitigation of consequences of global warming and climate changes, which was followed by the world and global premiere of the film The Age of Stupid, held in Belgrade.

Erste Foundation: Only One Goal – Repeated Investment in the Communities in Which We Operate

During 2009, ERSTE Foundation implemented several projects in Serbia within its three programmes: Culture, Europe and Social Development.

SOCIAL DEVELOPMENT PROGRAMME – SOCIAL INTEGRATION AWARD

In early 2009 the ERSTE Foundation selected the best projects of NGOs from Serbia and the region, participating in the contest for the Social Integration Award. Representatives of the Foundation conducted monitoring visits of those organisations in Serbia for the purpose of learning more about their work. Based on these visits and additional assessments by the jury, the award winners were announced at the ceremony in Bucharest held on 25 June 2009. The winner of the third prize is KEC MNRO, an NGO from Serbia. The organisations Help to Children, Breath Theatre and Aps Art won honorary prizes and recognitions.

ON SOCIAL INTEGRATION AWARD

This award, established in 2008, supports public and non-profit sector projects in the region, whose goals are changes in the society and creation of a society with equal chances and opportunities for everyone. The activities of those organisations cover the assistance to vulnerable groups, persons in unfavourable social position, persons with disability, ethnic minorities and marginalised persons.

Apart from providing financial support to the winners for their constant commitment, these organisations also get a public promotion of their activities and are connected with the relevant institutions in the system so that they can develop their activities further.

At the ceremony in Bucharest, 20 winners received the total of EUR 295 thousand. In the 2009 contest over 1,300 projects from eight countries applied.

CULTURE – GENDER CHECK EXHIBITION

The ERSTE Foundation, in cooperation with the Modern Art Museum, MUMOK, from Vienna, organised an exhibition entitled Gender Check from 13 November 2009 to 14 February 2010. It was the first comprehensive exhibition of artwork from Eastern Europe from the 1960s to date which is dedicated to the topic of gender roles.



Under the supervision of Bojana Pejić, the curator, the exhibition presented in one place over 200 artists from the region, who exhibited their works (paintings, sculptures, installations, photographs, posters, films and video films), which present changes in the presentation of the male and female ideal in art from the fall of the Berlin wall to date. The artists from Serbia who exhibited their works in the MUMOK are the following: Marina Abramović, Katalin Ladik, Goranka Matić, Tanja Ostojić, Neša Paripović, Zora Petrović, Nadežda Prvulović, Jelena Radić, Raša Todosijević, Milica Tomić.



ERSTE Stiftung

EUROPE – PROJECT BALKAN FELLOWSHIPS FOR JOURNALISTIC EXCELLENCE

The ERSTE Foundation and Robert Bosch, in cooperation with the Balkan Investigative Reporting Network (BIRN), implemented the project Balkan Fellowship for Journalistic Excellence, which provides financial and professional support to journalists, stimulating analytic journalism, regional cooperation and objective reporting on complex transition issues which are of key importance both for the region and for the European Union. At the presentation of the award, which was held in Berlin, of the ten fellows, three also received money awards, while the stories of all the fellows were published in a separate publication and in electronic format and distributed in all languages in the region.

ACES PROJECT (Academy of Central European Schools)

ACES, project of cross-border school partnerships, which was implemented in 2009 by a partner organisation of the Foundation, Intercultural Centre, gathered in Budapest at the closing ceremony 250 students, teachers, representatives of ministries and education experts from twelve countries, including Serbia. A new contest cycle was also initiated in Salzburg, for 2009–2010, in which 14 schools from Serbia participated, together with around 350 peers from the schools in the region.

Apart from financial assistance, the schools were given an opportunity to exchange visits and experiences, while the best school projects receive financial assistance and media promotion of their activities.

More on the ERSTE Foundation projects at:
www.erstestiftung.org or www.erstefoundation.org





The Bank Is the People!
Erste Bank a.d. Novi Sad
Corporate Social Responsibility
Report 2009

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The image shows a low-angle shot of a modern building with a large glass facade. In the foreground, the 'ERSTE BANK' logo is prominently displayed. The word 'ERSTE' is in large, blue, 3D block letters, and 'BANK' is in smaller, blue, 3D block letters. A large red 'E' logo is positioned to the right of 'ERSTE'. The background is a light-colored wall and a clear sky.

Finally, we invite you to send your
comments, proposals, suggestions
and questions regarding
corporate social responsibility
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