

The Bank IS THE PEOPLE!

Erste Bank a. d. Novi Sad
Corporate Social Responsibility Report 2010





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IS THE PEOPLE!

Erste Bank a. d. Novi Sad
Corporate Social Responsibility Report 2010



SLAVKO CARIĆ **Chairman of the Executive Board of Erste Bank a. d. Novi Sad**

Dear colleagues and friends,

It is with great pleasure that we present you the now already traditional Corporate Social Responsibility Report of our Bank for 2010. Annual reports have proven to be not only an opportunity for us to con-

firm the transparency of our operations but also an opportunity for us to review, together with you, the progress in integrating social responsibility into all aspects of our company's operations.

Why do we remain committed to this concept?

Experience has shown that, amidst global integration, it is not possible to apply the usual ways of doing business: local crises very quickly become global and economic issues are closely linked to environmental and social ones; business, public and non-profit sectors can no longer operate separately from each other if they are to respond adequately to them.

Corporate social responsibility is an approach that allows us to face more successfully the challenges set before us by such market, acting in partnership with other sectors. It is a concept that encourages us to be innovative, promote sustainable development, manage risk responsibly and reduce costs thus achieving better business results for our customers and the company, but also for the communities in which we operate.

Precisely for this reason we remain committed to both the promotion and implementation of the Global Compact principles — they give us the opportunity not only to improve the quality and results of our operations, but also enable global partnerships with other business leaders, as well as other sectors.

Last year's Global Compact Leaders Summit, in which Erste Bank was the only representative from Serbia, was an excellent opportunity to touch upon, together with our partners, a number of priority issues such as integration of the Global Compact principles into management, strategies and operativeness of the banking sector; sustainability; environmental protection; poverty reduction and, last but not least, strengthening cooperation and public-private partnerships.

For us, it is especially important that our active participation at the Summit, as well as the Global Compact in general, allows us to promote the transfer of these principles to Serbia. At a time when our country is expecting a positive response to its application for the European Union candidate status, we believe that it is very important that we as part of the business sector help keep the pace in the protection of human rights, labour standards, transparency, fighting corruption and environmental protection.

Giving a personal example in the application of these principles, last year we adopted a Code of Ethics and continued promoting the rights of employees, procedures that allow transparency and fight against corruption, our participation in environment-related activities, as well as various aspects of customer care.

We are especially pleased that, in our efforts to support sustainable development, last year we were able to offer innovative development concepts in the market in Serbia: we extended the first soft loan for a project that uses a renewable energy source and ensured that the public became more familiar with the concept of social entrepreneurship. Both, in our view, give real examples of business models that solve social problems.

I would like to thank most cordially all the partners that work together with us in promoting such business concept. I especially want to thank our shareholders, management and staff — their commitment allows us as a company to create, by our responsible and sustainable operation, new values for our customers, partners and the communities in which we operate.

Yours sincerely,

Slavko Carić, Chairman of the Executive Board



ANDREA BRBAKLIĆ

Communication Division Manager

Dear friends,

We are very pleased to share in this way with you the results of the second year of implementation of our corporate social responsibility strategy. The year behind us confirmed our constant commitment to the concept of corporate social responsibility as the strategic framework for the management of our company.

Pursuing clearly set goals, we managed to make progress in all key areas of the Strategy — relations with employees, market, customers and the communities in which we operate — while respecting the values and principles upon which we base our business.

In 2010 we continued our training, mobility and development programmes that enable our employees to work continuously on achieving their potentials. We are extremely proud of the May Day Award of the Novi Sad Trade Union, which showed that even in times of economic crisis, the care of the rights and standards of our employees remained among our top priorities.

When it comes to market, last year we adopted a Code of Ethics, as well as a number of documents that facilitate more efficient and effective risk management, fight against corruption and regulation of conflicts of interest. We paid special attention to customers: a large number of employees were trained in customer care, and, as a bank, we improved the standards for communication and exercise and protection of customer rights. We intensified the focus on the development of entrepreneurship among young people, support for small and medium-sized enterprises and education and information about the possibilities of practical aspects of the EU accession process.

Continuing our efforts of alleviating the consequences of the economic crisis for our fellow citizens, we introduced a number of facilities for citizens who take loans and developed a special offer for young people. We are especially pleased that we were able to offer loans for tuition fees that can be repaid after graduation, thus giving our contribution and support to the education of a new generation of students.

By consistent application of principles of ethical and transparent business, respect for human rights and labour rights as

integral parts of our Strategy, we once again confirmed our commitment to the Global Compact principles.

However, for all of us at the Bank, 2010 was marked by personal contribution to the society and community in which we operate. Over 150 Erste volunteers participated in a series of environmental campaigns in Zrenjanin, Niš, Kragujevac, Belgrade, Vršac, Bačka Palanka, Sremski Karlovci and Kraljevo. Our employees also continued the practice of individual volunteering, participating as trainers and consultants in entrepreneurship competitions of high school students, as expert consultants to non-governmental organisations, but also as instructors in workshops dealing with personal finance management where about 340 citizens had an opportunity to improve their skills of planning and cost management. Through an initiative of our employees — Erste for Kraljevo — after the earthquake twenty-five volunteers helped repair four damaged houses where severely disadvantaged families lived.

We did not restrict our activities to volunteering only: during the Erste for Kraljevo campaign, our employees, together with the Bank and the Trade Union, collected more than RSD 400,000. Our employees also responded to the initiative of the Chairman of Executive Board, addressed primarily to the top management of the Bank, to procure necessary air conditioners to the Institute for Oncology and Radiology of Serbia, and over RSD 840,000 was collected.

We believe that by volunteering and fund-raising campaigns we give our contribution to the development of not only corporate but also individual philanthropy in Serbia. And, equally importantly, we confirm that the values of our Bank are at the same time the values of our employees, and that, like our company, each of us in the society and in the communities in which we operate, accepts responsibility for support and progress.

Everything we have achieved is a result of joint efforts — both of our employees and our partners from all sectors. I would like to thank them most sincerely for their support and encouragement and look forward to future cooperation.

Respectfully,

Andrea Brbaklić, Communication Division Manager

Summary

The year behind us was successful and active

for Erste Bank: we launched more than ten socially responsible projects and established cooperation with more than fifteen partner organisations from all sectors of society. We manifest our vision of social responsibility by two-way communication and cooperation with employees, customers and the community in the broadest sense of the word. The focus of our projects implemented during 2010 was advanced training at work, projects for improving youth education, as well as support to cultural creativity and art. We continued activities aimed at environmental protection and inclusion and socialisation of almost all marginalised groups of our society. For the first time we initiated two campaigns with a call for individual philanthropy, with very successful outcome. Always keeping in mind the needs of the society in which we operate, the fundamental values of our approach to social responsibility are vision, responsibility, innovation, trust and proactive approach. In 2011 we shall be particularly committed to further development and promotion of innovative partnerships with international as well as with local business associations, but also with all other participants in the process, insisting on the strength of inter-sectoral cooperation, which we consider crucial for further development of Serbia and easier addressing of challenges, particularly in the context of European integration.

Our general corporate rules and procedures for employees express respect for fundamental human and labour rights, commitment to health and safety at work and, in particular, persistent investment in quality education programmes for professional development of employees, since their knowledge is the mainstay of most of our projects. Our strategic commitment is aimed at fostering solidarity and ethical spirit of our employees. Successfully operating within Erste Bank is the Trade Union Organisation that has the management's support and commitment to its further development. Erste Bank operates as a team, respecting the rights and freedoms of each individual and recognising the importance of each member of our company.

Erste Bank believes that business success is only meaningful if it is possible to strike a balance in that process between market demands and needs of all other stakeholders involved, the community and nature preservation. Our activities





were focused primarily on the development of entrepreneurship among young people, support to SMEs and education and information about the possibilities of practical aspects of the EU accession process. Our EU Office has successfully continued its work, and in 2010 Erste Bank welcomed the great Nobel Prize winner Muhammad Yunus and was one of the first companies to participate in promoting new business concept of social entrepreneurship in Serbia.

We feel as an integral part of the community in which we operate and our responsibility is directed towards all external participants of our business processes. Since young people have always been one of our primary target groups, a large number of projects in 2010 covered the fields of youth education and development, with special emphasis on the fields of culture and cultural decentralisation. Our engagement is particularly intense when it comes to promoting diversity, combating all forms of discrimination, and social inclusion. For many years already, we have been participating in some projects (Art and Inclusion) as one of the most reliable partners in the processes of affirmation and promotion of persons with disabilities as equal citizens of society.

Regardless of the fact that our operations do not create a significant negative impact on environment, we are committed to its preservation in the manner that is most closely related to our business: by rational use and recycling of energy and materials and by investing in renewable energy sources.

We firmly believe that the foundation for promotion and further development of the concept of social responsibility is a synergic action of all responsible sectors, which are only together able to provide complete and adequate solutions to practical problems that our society faces. Therefore, special attention is still paid to partnerships, because the Bank believes that only such an approach brings additional quality and value to any initiative. Erste Bank is one of the first members of the local branch of the United Nations Global Compact, as well as one of the founders of the first business network dedicated to social responsibility — Business Leaders Forum. By its active participation in the work of these networks, Erste Bank promotes association and joint action as the only efficient approach to corporate social responsibility and transfers the effects of its initiatives to a wider circle of social stakeholders.

How to Read

The report that is before you brings a lot of information on all aspects of Erste Bank's corporate social responsibility: the practices we implement in our working environment and in the market, the projects we launch in the local community, and joint initiatives in which we actively participate. Such a wide range of topics presented in the Report was a response to the expectations of all our stakeholders: employees, customers, investors and local communities. All of them are equally important factors of our network, whose needs are taken into account when making decisions. At the same time, we are aware that different stakeholders have different needs, interests and priorities, and therefore in this section we offer you several guidelines so that, when reading the Report, you may find as easily as possible the information most relevant to you.

If you are:

- A representative of a **company** operating in Serbia or in the region should start reading the Report from the chapters entitled **Operating Results of Erste Group and Erste Bank a.d. Novi Sad** (pages 8 and 10) and **Power of Joint Forces** (page 48) which contain information about our approach to partnerships, as well as about the most important joint initiatives in which we participate. For information about our involvement in the local community please refer to chapter **Our Fellow Citizens in the Communities in Which We Operate** (page 36)
- The attention of a colleague from the **banking sector** is called to Report section **Market and Customers** (page 26), within which we especially emphasise the following topics: **Raising Standards in Communication with Customers** (page 31) and **2010 Social Entrepreneurship Tour** (page 33) within which you may find out more about this innovative concept and its application in Serbia.
- **An Erste Bank employee** will find in the Report an entire chapter that provides detailed information on opportunities for professional improvement and advancement, on the functioning and status of the Union, your labour and human rights (**Our People**, page 14). We also recommend the same chapter to students, graduates and all those who want to find out more about Erste Bank as an employer. We also invite our colleagues to find out how they can get involved in volunteer programmes in sections **Erste Volunteers** (page 38) and **Global Compact** (page 52).
- **An Erste Bank customer** will find out everything about the operation of our company and about his/her rights and opportunities in sections **Operating Results of Erste Group and Erste Bank a.d. Novi Sad** (pages 8 and 10), **Corporate Culture and Values** (page 15) and chapter **Market and Customers** (page 26). If you are a **legal entity**, in addition to the information about the products and facilities, in this chapter please do not skip the information on the operation of the **EU Office** (page 32). For **younger generations**, we prepared special offers (page 27), and we invite you also to get information about special projects in the field of education (**Our Fellow Citizens in the Communities in Which We Operate**, page 41).
- Our **fellow citizen** in the communities in which we operate could find relevant the topics relating to environmental protection and especially our numerous activities aimed at developing culture and education in local communities. Please read all about our impact on natural and social environment in which we operate in section **Our Fellow Citizens in the Communities in Which We Operate** (page 36). We also recommend you to find out more in chapter **Power of Joint Forces** about our volunteer campaign **Personal Finance Management** (page 52).

This Report



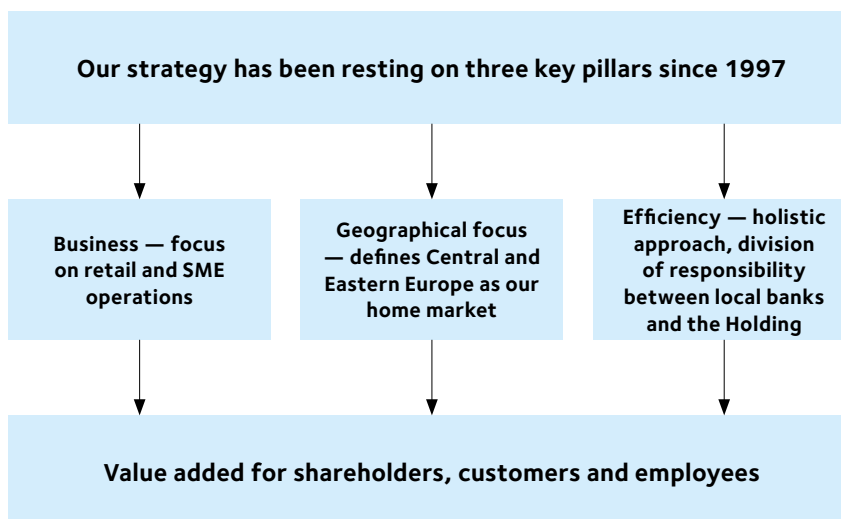
- A **public sector** representative can find detailed information on our financial results in chapter **Operating Results of Erste Group and Erste Bank a. d. Novi Sad** (pages 8 and 10). We particularly draw your attention to the texts on the successful operation of the **EU Office**, as well as on our contribution to the promotion of the idea of social entrepreneurship that are found in chapter **Market and Customers** (pages 32 and 33). As our prospective partner in intersectoral initiatives, please refer to part **Power of Joint Forces** (page 48).
- With a **business association** representative we have common goals and interests relating to the promotion of synergic approach to resolving current issues by mutual cooperation and exchange of experience (**Power of Joint Forces**, page 48). Regarding our progress so far in combating corruption, please refer to chapter **Market and Customers** (page 27). **Please also read in the same chapter about our support to European integration through the EU Office** (page 32).
- A **media** representative can, first of all, find out in chapter **Market and Customers** how we invest in external communication and in building open and transparent relations with all our associates (page 31). For the fourth consecutive year already, we have conducted the competition for the best media report in the field of European integration (page 32) and awarded some of your colleagues. Our efforts in promotion and our insistence on the significance of partner cooperation among all sectors (**Power of Joint Forces**, page 48), as well as numerous initiatives in the local community (**Our Fellow Citizens in the Communities in Which We Operate**, page 36) are also the topics that will be of interest to you.
- A representative of **non-governmental sector** with particular interest in environmental topics should start reading this Report from chapter **Our Fellow Citizens in the Communities in Which We Operate** (page 36), in which we shared the data on our volunteer environmental activities and all activities relating to recycling and energy saving. On page 28, we also presented our partners in the field of green economy and investment in renewable energy sources. If your organisation is oriented towards social topics, you will also find in the same chapter a success story of our support to social inclusion of marginalised groups, youth education and cultural decentralisation. We also refer you to a very current topic of social entrepreneurship (page 33) in chapter **Market and Customers**. You will find more about the activities of Erste Foundation in chapter **Erste Foundation** (page 54).

ERSTE GROUP

Two Centuries of the Driving Idea

Erste Group, as the first savings bank founded in Austria

(Erste oesterreichische Sparcasse) is proud of its long tradition. Since our establishment in 1819 we have been oriented towards the problems of ordinary people and provision of assistance to all those in need. Our driving idea still continues to motivates us to operate successfully in all countries that are part of our network.



CSR rating

- Erste Group has been included in the VONIX Sustainability Index of Vienna Stock Exchange since 2008.
- The Erste Group shares are also added to the ASPI Eurozone Index, which consists of 120 highest ranked companies in Eurozone selected by one of the major rating agencies, VIGEO.

Key operating results (as of 31/12/2010)

- **Balance sheet total: EUR 205.9 billion**
- **Operating income: EUR 3,987.9 million**
- **Net income: EUR 1,015.4 million**
- **Return on equity: 7.7 %**

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

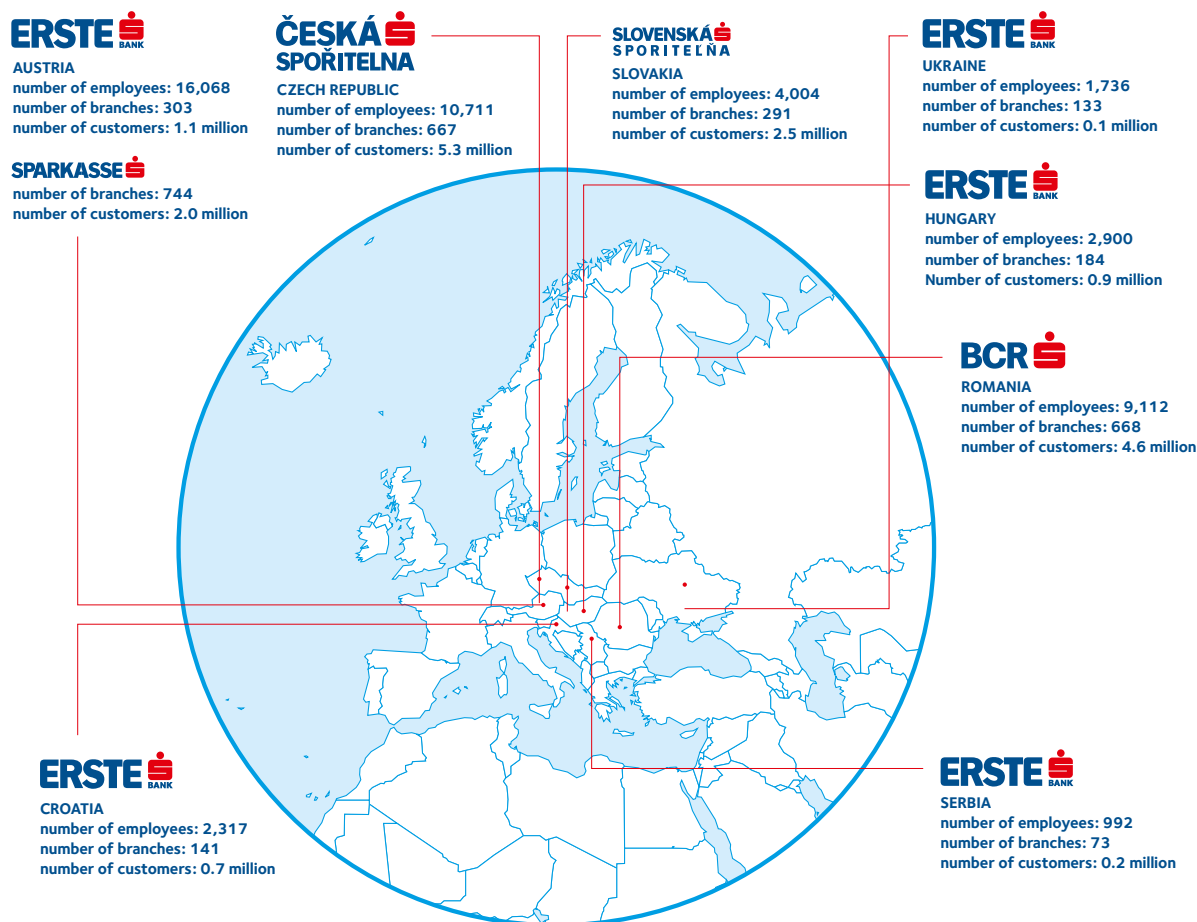
The fact that we managed to operate successfully and increase our operating result even at the time of crisis supports the fact that our strategy is sustainable even in hard economic conditions. By doing business in this way, we managed to increase the number of customers from 600,000 to 17.3 million in just over ten years and create equal value for our shareholders and customers, as well as for our employees.

Since its establishment, Erste Group has been a savings bank able to grant loans based on its deposits and is therefore much less dependent on external sources of funding. The project of retail business expansion into the Central and Eastern European (CEE) countries began in 1997. Local banks are responsible for retail and SME operations, while the Holding is responsible for Group corporate and investment banking and capital markets. Owing to such structure, high efficiency is achieved within the Group, and our bank is one of the leading financial service providers in this region. **Erste Group operates with over 17.3 million customers in eight countries...**

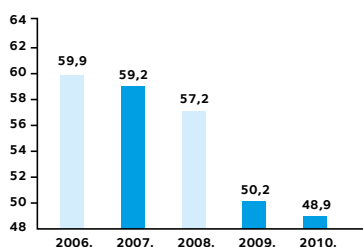
According to Andreas Treichl, CEO of Erste Group, a net profit of 12.4% or EUR 1,015.4 million was posted in 2010, which is the second highest profit in the history of this bank and the highest since 2007. Erste Group improved all aspects of its business, thus becoming stronger and more successful.

“Our success in 2010 is largely owed to our employees, who continue working on improving customer services, increasing efficiency and developing sustainable business practices, for which I am very grateful to them,” said Andreas Treichl.

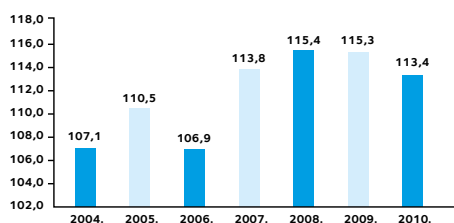
EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE



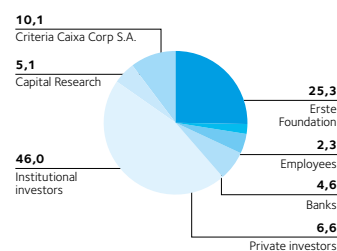
COST/INCOME RATIO (%)



LOAN/DEPOSIT RATIO (%)



SHAREHOLDER STRUCTURE AS OF 31/12/2009 BY INVESTOR (%)



Erste Bank a. d.

marked five years of successful operation in Serbia in 2010



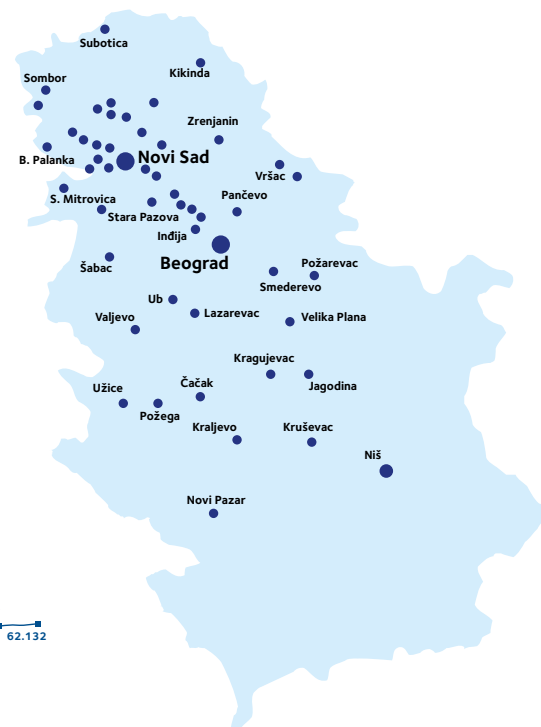
Erste Group has been operating in Serbia since mid-2005 when it acquired the majority stake in Novosadska Banka, the oldest financial institution in our country, established in 1864. Since its establishment, Erste Bank a. d. Novi Sad has transformed into a modern financial institution harmonised with the global standards and can be classified among the banks with the most competitive products in Serbia, both for retail and corporate customers. **The Erste Bank network in Serbia (as of 31/12/2010) consists of 73 retail branches, as well as 10 corporate centres. Erste Bank a. d. Novi Sad currently employs nearly 1,000 people in around 45 towns throughout Serbia.**

The focus of Erste Bank is on operations with citizens, local communities and small and medium-sized enterprises. Technologically advanced and innovative in the financial market of Serbia, especially in the area of e-banking and card business (NetBanking, cards based on chip technology, gift cards...), Erste Bank seeks to continue expanding its base of satisfied customers and increasing its market share in key segments.

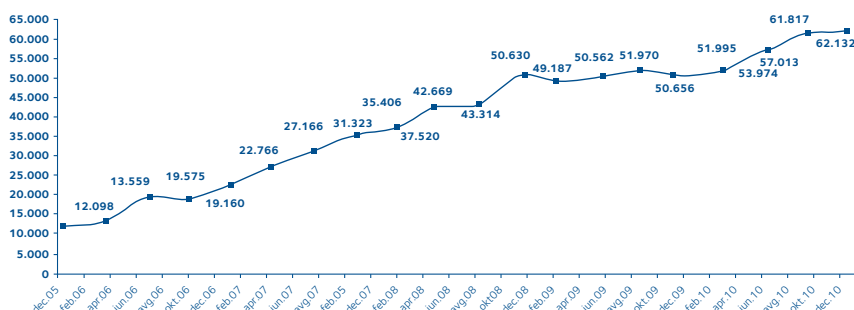
In the last five years, Erste Bank has sought to build a reputation as a reliable and stable partner providing quality service to all its customers. At the heart of our business is customer satisfaction. It is important to us that the customer feels comfortable and satisfied when doing business with us. The customer can count on our strong support in all financial matters.



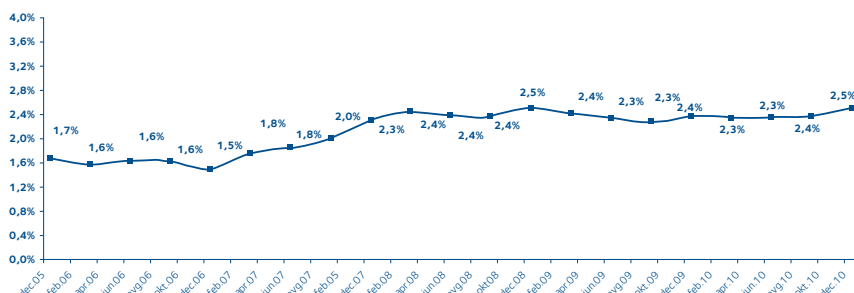
Novi Sad



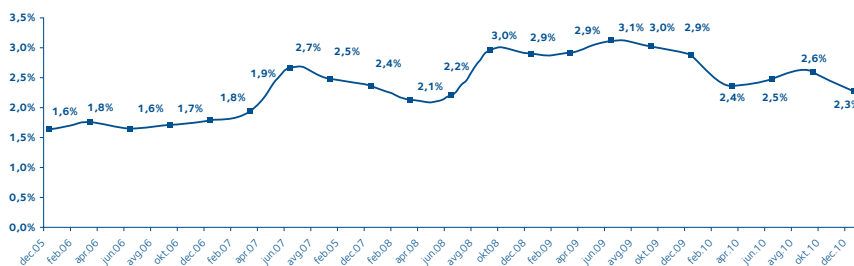
BALANCE SHEET TOTAL GROWTH BY YEAR



MARKET SHARE — LOANS



MARKET SHARE — DEPOSITS



KEY OPERATING RESULTS IN 2010

- **Balance sheet total** increased by **19.5%** from RSD 52 billion to RSD 62.1 billion.
- **Gross customer loans** increased relative to the end of the previous year by **28%**, from RSD 35.6 billion to RSD 45.6 billion.
- **Retail deposits** increased relative to the end of the previous year by **14.6%** from RSD 16.06 billion to RSD 18.4 billion.
- **Operating income** in 2010 is RSD 1.24 billion, 4.5% higher relative to RSD 1.19 billion in 2009.
- **Net income** at the end of 2010 is **RSD 318.2 million**, which is 18.7% lower relative to the previous year when it was RSD 391.3 million.

Detailed financial report of Erste Bank may be found at www.erstebank.rs

CORPORATE SOCIAL RESPONSIBILITY of Erste Bank a. d. Novi Sad



Erste Bank a. d. Novi Sad is a member of Erste Group,

a financial institution with a 190-year long tradition, for which **corporate social responsibility has been an integral part of corporate philosophy** and long-term strategy from the very beginning.

We understand corporate social responsibility as a complex and comprehensive strategic framework for corporate governance, and we try to develop our relations with all stakeholders in a responsible and ethical manner, while also getting actively involved in addressing key social issues with long-term perspective.

A special feature of our involvement are the efforts that we invest in promoting the concept of corporate social responsibility in Serbia, both by our own example and through intense cooperation with partners from public and non-profit sectors. In accordance with this policy, our Bank became a member of the initiatives that advocate corporate social responsibility in Serbia, such as the United Nations Global Compact Serbia and Business Leaders Forum Serbia (more details on pages 48 and 53).

The characteristics of our approach to corporate social responsibility are in line with the values on which the Bank's business strategy is based as well:

- **VISION:** We plan and implement projects in a strategic manner, always taking into account long-term effects.
- **RESPONSIBILITY:** The quality of the programmes we support is important to us and we assume responsibility for the involvement, as well as for the results.
- **INOVATIVENESS:** We encourage and support innovative projects, as well as innovative approaches; we break boundaries and set new standards.
- **TRUST:** We build quality relations and establish long-term cooperation with reliable partners.
- **PROACTIVITY:** We are aware of the importance of business sector in the society and therefore actively promote the idea of social responsibility in general public and among other stakeholders.

Achieved in 2010:

- [✓] implementation of the Corporate Social Responsibility Strategy and monitoring its implementation;
- [✓] improving the reporting on corporate social responsibility of the Bank.

Plans for 2011:

- [➤] continue with reporting on corporate social responsibility of the Bank;
- [➤] revision of the Corporate Social Responsibility Strategy.



Erste Bank a. d. Novi Sad has published the third report on corporate social responsibility, thus confirming that it has not given up its intention to report regularly and transparently on its activities. Provoked by the global economic crisis, the dramatic status of the environment, as well as the greatest challenges of transition relating to poverty, we try to offer much more than a one-time assistance, always bearing in mind the big picture and taking into account the needs of the market and the communities in which we operate.

As one of the leading banks in our country, Erste Bank faces expectations of all stakeholders — employees, customers, investors, as well as local communities. All stakeholders are equally important elements of our network, whose needs are taken into account when making decisions. This process is a key part of corporate responsibility, which simultaneously provides long-term financial results as well.

Aware of the fact that economic progress and success of our company are possible only in prosperous and stable communities, we try not only to achieve good financial results but also to contribute actively to further development of the society of which we are a member, as long-term partners to the business sector and citizens in the country where we operate. In line with this business philosophy, the Corporate Social Responsibility Strategy of Erste Bank, adopted in 2009, defines three major courses of action:

Care of Employees

Our relations with employees are based on respect for their rights, constant investment in professional and personal development of employees, evaluating their performance and rewarding the best results.

Market and Customers

Building long-term partnerships with our customers, we wish to become an example of ethical and economically successful business. We regularly publish financial reports and are transparent when it comes to our strategy, goals and results. We apply European standards and recommendations on consumer rights and corporate governance.

Community Welfare

Our contribution to stability and further development, as well as to raising the overall quality of life of the communities in which we operate is an essential part of long-term development strategy of Erste Bank.

Key areas of our activities are determined by the current moment, needs and developments in social and economic life of Serbia. Therefore, our thematic priorities are projects related to the development of culture and art, education, European integration, social inclusion and environmental conservation.

OUR PEOPLE

The basic values promoted by our company also refer to the method of treating employees. Approaching them openly, honestly and respectfully, we wish to enable our people to achieve their full potential. By our business and ideas we provide space for employees to exercise their labour and human rights. They give us their enthusiasm and commitment in return, always willingly participating in numerous volunteer activities that we organised. We share common values in business and mutual interaction...

Data as of 31/12/2010

Number of permanent employees: **992**

Employee age structure

up to 20 years	/
20–30 years	242
30–40 years	325
40–50 years	195
50–60 years	225
Over 60 years	5



GENDER BALANCE — TOTAL NUMBER OF EMPLOYEES

GENDER BALANCE — EMPLOYEES IN MANAGERIAL POSITIONS

CODE OF ETHICS

In early September 2010, Erste Bank adopted a Code of Ethics with the aim of encouraging and promoting a particular set of values and manner of conduct among its employees. Daily dealing with many people and large sums of money sometimes leads employees to a situation where the law does not provide instructions, and making the right decision is not necessarily easy or simple. In such circumstances, employees need to understand what the company expects of them in terms of ethical standards and values, so the Code of Ethics was adopted, which gives clear meaning to the values of Erste Bank. This Code is binding without exception on the Executive Board, the management and all other employees in Erste Bank.

OUR VALUES

- Support
- Creation
- Responsibility
- Trust
- Innovativeness

Ambassadors selected in 2010:

- **Creation:**
Gordana Nejgebauer
Dušanka Jelić
Nela Vladušić
- **Responsibility:**
Jovana Dunić
Ivana Zečević
Jelena Milenković

Corporate Culture and Values

Our mission is to increase individual potential of each employee so that the Bank as a whole could move forward, improving the skills and knowledge, sharing ideas and values and providing an opportunity for personal improvement.

Establishing Corporate Values in Erste Bank

In order to create a desired corporate culture, several projects were initiated in Erste Bank, one of which was aimed at establishing five defined values of Erste Bank: creation, responsibility, support, innovativeness and trust. The activities were focused on promoting the Bank values through its employees who, by their way of work, communication and cooperation with their colleagues best reflect a particular value.

The subproject had as one of its basic goals the promotion of desired conduct that reflects the values defined. In order to identify the colleagues who have the Erste Bank values deeply embedded in their daily conduct, we decided to select ambassadors for each value.

The aim of selecting ambassadors of values was, on the one hand, to raise awareness of the values among our employees, to encourage them to think about what types of conduct are those that reflect these values and, on the other hand, to identify at the same time their colleagues who adhere to a particular value or all values in their daily work.

In 2010, ambassadors were selected for two values — creation and responsibility, while we are to select ambassadors for the remaining three values — support, innovativeness and trust — by the end of 2011.

At the workshops that were organised, the ambassadors selected so far gave their suggestions on how to encourage employees to conduct themselves in line with the values of which they are ambassadors. They will be engaged in promoting the remaining values in the future as well, together with the new ambassadors who will be selected in 2011. Selection is currently under way of the best ideas that should be carried out by the end of the year. The effects expected from the promotion of corporate values will result not only in better mutual cooperation of employees by also the improvement of relations and cooperation with external customers.

The Mirror of Our Bank



Gordana Nejgebauer

Processing Division

With the Bank since 3/11/1997

Gordana Nejgebauer would like to thank her colleagues for reminding her of this interesting selection and admits that she still does not feel special because, fortunately, she is surrounded by many exceptional people in the Bank and privately and many of them could act as ambassadors of values. "Although even after a year I still feel certain satisfaction because my colleagues have recognised in me the qualities they appreciate and I sincerely thank them all for that, I must admit that I also feel a little bitter because I think that the real values are not always appreciated and not sought or respected enough. It is a characteristic and burden of this time and this environment and it is hard to set right overnight what has been destroyed for a long time... However, I still believe that one should not give up. I think it is important to invest in oneself and build good, fair relations with others, persist in recognising the true values and the right people, the people of character. It is equally important to the Bank, as well as to any other environment."



Dušanka Jelić

Retail Division

With the Bank since 24/12/1985

Dušanka Jelić believes that every job will certainly be completed successfully when there are good relations among colleagues, responsible and tolerant associates and quality communication. She explained what this selection meant to her: "The fact that I was selected as an ambassador of value reinforces my belief that what I do I do for the benefit of my colleagues, as well as of my Bank. However, there is always an awareness that one can do more and better, so this selection stimulates me to work to better myself every day. The set values are binding and the employees have a feeling of responsibility to achieve and maintain a value. Self-esteem is naturally very important to any team, and our Bank is just such a team."



Nela Vladušić

Risk Management Division

With the Bank since 16/12/2008

"Being an ambassador of value is a great privilege for me because I got this recognition based on the nominations and votes of my colleagues, which is in a way a recognition that what I do I do well. At the same time, it is an obligation in the sense that I must continue to do my best to justify the trust placed in me." Nela Vladušić also added that it was extremely important to foster trust, responsibility, innovativeness, creativity and support, the values that should represent the basic principles of operation of a bank, because only in that way is it possible to have

highly motivated employees with long-term dedication to the Bank's goals. She promised to put in additional efforts to contribute even more to their reinforcement by her positive attitude, cheerfulness, openness to others, small signs of attention and understanding.



Jovana Dunić

HR Division

With the Bank since 18/1/ 2006

Jovana Dunić believes that in order to achieve a strong organisational structure it is of key importance that the employees personally share the values of their organisation: "This is something that I wish to see in the Bank as well — continuous improvement of organisational structure by various projects. One of the already launched, and I may say very successful, projects is 'ambassadors of values'. I am extremely glad that I was recognised by my colleagues and then selected as an Ambassador of Responsibility. I am very pleased because it is an important acknowledgement that I do my job properly. This recognition presents 'wind in my sails' and an encouragement to work even better and more responsibly." Jovana also reveals that some activities that the ambassadors intend to launch were agreed during the working part of the prize weekend for the ambassadors: "Still, I do not wish to speak about the details in advance... everyone will be informed on time!"



Ivana Zečević

Risk Management Division

With the Bank since 1/ 8/ 2001

„It is a great honour to be selected by my colleagues as one of three Ambassadors of Responsibility. I shall try to live up to my own expectations and theirs in the future as well. I think it is very important to define the most important values, both professional as well as human, because the success of our bank will depend not only the professional knowledge and skills but also good interpersonal relations, team spirit and sense of belonging,” says **Ivana Zečević**.



Jelena Milenković

Processing Division

With the Bank since 1/10/1981

Like her other colleagues selected as ambassadors of values, **Jelena Milenković** is especially proud of the fact that the recognition came from the people she works with every day: "For this reason, this 'title' also carries a certain responsibility and obligation to continue to prove myself and justify, by my work and efforts, the trust that my colleagues placed in me. I believe it is important for the Bank to have its own values and to show through them — and the people representing them — that these values are still recognised even in a large organisation such as our Bank and that the work, effort, interest and innovativeness cannot pass unnoticed."

Employee Training and Development

One of the priorities of our staff policy is a constant improvement of possibilities for personal and professional development. Employee training courses are an investment that contributes to the development of individuals and increase in their productivity, as well as to overall performance of the Bank. Therefore, **in 2010 more than 700 Erste Bank Serbia employees went through some form of training, in which approximately EUR 85,000 was invested.** Bearing in mind that sales skills of employees are of key importance for the performance of the Bank, in 2010, too, we focused on personal and professional development of our employees and their skills essential for daily work. We continued with good practice regarding training for the **Retail Division** employees.

According to **Jovana Dunić**, Senior Associate for training and development of our company, these training courses are a part of the preparatory stage for introducing a new, somewhat different way of doing business that is harmonised with the global trends in that area. "Considering that our key focus in business is our customer and his/her satisfaction, the starting basis for any training is the improvement of communication skills and increasing the quality of customer service provision. We expect that the training courses will result in even better performance of all our employees and also that the customer satisfaction will be at a higher level," emphasises Jovana Dunić.

The emphasis was more on internal training courses, which followed the dynamic changes in the banking sector. The so-called open trainings to which all employees may apply and which are optional are of special significance. Several topics in which the employees are most interested have been defined so far: communication, assertiveness and Excel training. We are especially proud of the fact that the instructors were mostly our employees, and in some cases we outsourced as well. As in the previous years, additional attention was directed to sales skills training of the Retail Division employees.

Quality Management — Customer Care training for retail advisors, as well as the individual training provided to account managers by their trainers — Shadowing and Coaching, merit special attention.

The goal of the **Quality Management — Customer Care** training starts from the concept of customer care and customer relation management. This is just one of the many trainings that the employees in the Retail Division sales network had the opportunity to attend on the way to a new and more efficient way of doing business — **improving the work with customers and providing services.** Good intersectoral cooperation resulted in a large number of internal training courses tailored to the employee's target group.

The concept of training was focused on how best to improve our communication with customers, understand their needs and present ourselves and our company in the best possible way. We get a chance to make the first impression only once. The training is intended for improving communication skills and emphasises that communication with customers must always be friendly, helpful, natural, and above all professional.





One of the participants in the Customer Care training, **Milan Živanić**, Retail Advisor — Insurance Agent, explains: “When I realised that the training provided to us by Erste Bank is focused not only on organisational but also on personal development, I began to realise more and more what energy and ambitions the employer invests in the mission of professional improvement of the employees. The training under the Customer Care Programme gave us plenty of tools we can use in our everyday work, from the way of helping our customer to the way of helping ourselves in some less pleasant and challenging situations.”



In addition, a **Personal Development Programme** was launched in order to facilitate the adaptation of employees to a dynamic and competitive market, helping them in their career development and thus increasing the Bank productivity. It started with planning employee development based on the assessment of development needs of the employee for whom the plan is being created, his/her supervisor and the Human Resources Division, and is being harmonised with the Conduct Competence Model of Erste Group.

The **Shadowing and Coaching** training is focused on “monitoring and observing” the process and methods of work of employees in the Micro Department. It is essentially about the perception of opportunities for improving the work process and professional and personal development of employees with the aim of more efficient operations and improvement of customer relations, better time planning, manner of conducting meetings and the manner of contacting customers.

“The training held in 2010 was a great opportunity to gain valuable knowledge and experience. At this training, I met a wonderful person who speaks a language



that I understand and I also learned many skills with which things are done with enthusiasm and love. The training and instruction helped me to discover all my potential that I need to set my goals and move towards them. The techniques that I acquired allowed me to be always the winner rather than always be right. Now I possess the knowledge and energy necessary for the successful management of my professional, as well as private life,” said **Biljana Pešić**, Micro Senior Associate, having gone through the personal development training in Erste Bank.

Mobility

Erste Bank seeks to become one of the most desirable employers in the market of our region and attract employees who want a long-term career and an opportunity of continuous improvement within a strong organisation guided by clearly defined values. To this end, an international market of Erste Group was established, which promotes and facilitates mobility within the Group. Since then, the employees have been able to test their skills in the international labour market and significantly improve their abilities. The process guarantees fairness and transparency in the process of advancement of each employee and we strive to establish common standards when it comes to wages and benefits.

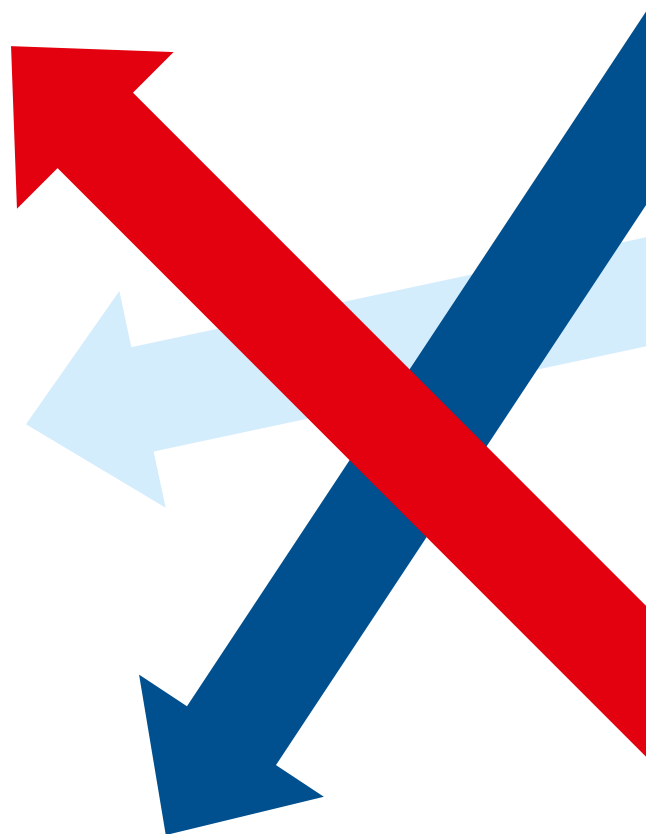
We believe that the fact that we are a part of Erste Group is a privilege and an opportunity. Precisely for this reason we give an opportunity to our employees to acquire new knowledge, skills and experience in Erste teams within the Group. So far, nine colleagues have come to Erste Bank Serbia, who worked in the Bank Executive Board and as executive directors of divisions, while our colleague Davor Mioković has gone to Erste Group.

Regarding his experience in Erste Group Vienna, Davor says: "Working in Erste Group Vienna within the Group Retail Business Development Micros & Free Professions allowed me to gain better insight into the operation of this business segment in all Erste Group member banks as well as an opportunity to see the best practices of competitor banks."

In addition to professional experience, the mobility programme provides valuable personal experience as well: "I would single out as the most valuable personal experience the international environment and the ability to collaborate with colleagues from all member countries of the Group and beyond. The biggest challenge for me is to notice those fine little differences in mentality that still exist among the countries through which I travel and to adapt to the local way of communication, understanding and solving of business tasks."

Davor also explains how the knowledge he acquired is already applicable in Serbia: "Since I am, among others, a regional manager for Serbia, I already apply the acquired experience in Erste Bank Serbia in cooperation with a team that works the on development of business with micro enterprises and readily accepts new ideas and projects."

And, finally, a message for the colleagues considering joining the programme: "I can only express positive impressions about the Mobility Programme, it is well organised, transparent and open to all," says Davor Mioković.



Safety and Health Care of Our Employees

Our vision is humane human resource management and creation of a quality working environment. Erste Bank developed:

- a policy and procedures related to the respect of all human rights of employees in accordance with European standards and provided conditions for employment without any form of discrimination
- programmes for health care and social security of employees.

When it comes to safety and health of our employees, we approach this challenge responsibly and cautiously. We continuously improve the safety, bearing in mind four important aspects:

Technical Security

Technical security means technical protection of our premises in the form of anti-burglary equipment, video surveillance, automatic fire reporting, access control and alarm monitoring.

Physical Security

Our premises are protected by physical and mobile security, foot and motorised patrols, with registering at checkpoints.

Fire Protection

The premises of our company are equipped with complete fire-extinguishing equipment and automatic fire reporting system. All our employees attended fire prevention training.

Health and Safety at Work

We provided the highest standards of working conditions for our employees. All Bank employees enjoy 24-hour insurance against illness and injury and counselling is also available to them in case of need. The employees attended training in health and safety at work, and each branch has at least one employee trained in first aid provision. Training in emergency response was obligatory to all employees.

We especially emphasise our commitment to health and safety at work, which is regulated by detailed safety procedures in our Regulation. In addition, with its projects Erste Bank promotes healthy living and stress reduction among its employees. Wishing to provide a healthy working environment, the financial support to employees for the **Stop Smoking Programme using the Allen Carr Easy-way Method**, in which everyone may participate and which so far has given great results, continued during 2010 as well.





SUCCESS STORY

Erste Bank Trade Union

The Erste Bank Independent Trade Union (SOSS) has 650 members, which is 65% of the total number of employees. The rights regulated by the Collective Bargaining Agreement go beyond the legal regulations prescribed by the Labour Law and the Collective Bargaining Agreement is revised every third year. There is no discrimination against employees based on their membership in the Trade Union. The Trade Union is informed of the activities of the United Nations Global Compact Serbia and its principles relating to labour standards. The Erste Bank a. d. Novi Sad Independent Trade Union operates freely, openly and independently.



As an employer, Erste Bank provides not only premises to the Trade Union but also ensures its active and successful operation, transparent and timely communication and consultation as well as support for further development of the activities and projects implemented by the Trade Union. Trade Union representatives have emphasised that they feel that Erste Bank, as an employer, is the right and responsible partner for further promotion of human rights and standards for working in the Bank.



The most important activities carried out by the Trade Union:

- SOSS is the only representative trade union in Erste Bank a. d. Novi Sad and, as such, is the only one authorised to negotiate and sign the Collective Bargaining Agreement with the Employer, which applies to all Bank employees;
- The SOSS bargaining team negotiates with the Employer on wage increase, improvement of working conditions, monitors the implementation of the Collective Bargaining Agreement and the Labour Law and discusses any other issues that may arise as a problem in connection with any employee as an individual;
- SOSS provides material and financial assistance to members in real need through the Solidarity Fund established in cooperation with the Employer;
- SOSS participates in financing the lease of facilities for recreational activities of its members;
- it offers its members tickets for cultural contents (libraries, cinemas, theatres, concerts, etc) at lower prices;
- as a legal entity, SOSS concludes agreements with other legal entities and provides its members with an opportunity to purchase goods and services at more favourable terms;
- participates in organising and financing workers' sports events;
- enables its members to participate in various seminars in the field of trade union work and labour-law protection;
- cooperates and exchanges information with the trade unions from other financial organisations from the Republic of Serbia and trade unions from other European countries;
- cooperates with the Erste Group Trade Union (European Council of Erste Bank Employees) as a non-voting member and will automatically become a full member after our country joins the EU.



- The number of annual vacation days the Erste Bank employees have is above the legal minimum, as well as the right to paid leave, meal allowance and vacation allowance.
- Wage benefits, increased wage and other earnings are received in an amount above the legal minimum, including sick leave, retirement pay and anniversary awards.
- Erste Bank employees enjoy 24-hour insurance against illness and injury and special programmes are also available to them, such as counselling.

As a company that supports socially responsible programmes and initiatives, we wish to demonstrate, by own example, solidarity and team spirit at work. More than RSD 1,500,000 was paid from the [Marina Čurčić Solidarity Fund](#) during 2010 for 25 scholarships for children of our employees, as well as 43 grants and loans. We shall continue to provide this type of solidarity assistance to our employees and their families in cases of illness or death of an employee or his/her family member. The financial assistance is also aimed at education and scholarships for children of single-parent employees. We believe that people and their willingness to give their contribution are the most precious thing that any organisation has to offer to its community. Therefore we consider this approach to the needs and problems of our employees a necessity.

Trade Union representatives assess that the cooperation between the Trade Union and the Bank is at a high level and within the banking sector this cooperation is the best in Serbia, which was also confirmed at the presentation of the May Day Award, traditionally awarded by the Novi Sad Trade Union. As an employer, Erste Bank provides partial or full financial support to the Trade Union for specific campaigns and projects (e.g. sports events or employee social events). In addition, the Bank provides other types of assistance, primarily legal, with the aim of solving the problems that the employees may face, such as violations or attempts to deny some legal rights of employees. The Trade Union representatives especially emphasise the importance of assistance in cases of redundancy, when the Bank actively attempts to assist those made redundant to find new jobs.

When asked about future plans and objectives of the Trade Union for 2011, Stanica Šarčanski, President of the Erste Bank Trade Union and Vice-President of the Independent Trade Union of Employees in Banks, Insurance Companies and Other Financial Organisations of Serbia (SS BOFOS), said:

“When our country entered the transition period or, more exactly, when our Bank entered the transition, SOSS also carried out its own ‘transition’ in the shortest period to adapt its activities to the new system and respond to new problems that all employees face. This does not mean that SOSS completed its transformation, because our goal is to transform constantly the ‘inert and isolated’ Trade Union, which was the product of an obsolete social system, into an even better and more modern trade union, according to the standards established in the EU countries. And not only that, we want to go a step further — to be even better than them! That is why SOSS is open in every way to constant changes aimed at the most efficient operation possible.” She emphasised that the people, i.e. the active members, are the most important strength of the SOSS and that only they, through their involvement, interest, suggestions and, of course, objections, can achieve this common goal. “Because of all this, our goal in 2011 and the coming years is to have all employees become the trade union members.”





Internal Communications

Internal communications in Erste Bank are focused on the development of corporate culture in the direction of open, transparent, two-way and timely communication with employees through the use of available communication tools and introduction of new ones.

Feedback and suggestions of employees are extremely important for the Bank operation. Open doors with members of the Executive Board and Executive Directors, the Idea Market, an e-mail address open for questions, proposals and suggestions of employees, branch visits, management meetings and team building activities are the channels that contribute to active participation of employees in the process of business planning and development, as well as to improvement of the working environment.

Taking into account the importance of communications system within the Bank, a survey was conducted in August and September 2010, which included 300 respondents, or nearly 30% of employees, with the total sample of respondents being divided into three groups. Based on the research results, as well as the analysis of communication flows in the Bank, a strategy was designed for the next three years, which provides for the implementation of a number of activities with the aim of improving internal communications.

Volunteer programme is one of the key elements of Erste Bank corporate social responsibility. Internal communication and cohesion building, as well as the general atmosphere in the company are only some of the positive experiences that our employees had in this process. Such campaigns particularly result in an increase in the motivation of employees, which is reflected in their higher productivity and efficiency at workplace. Our volunteer activities are increasingly focused on the transfer of specific knowledge and skills. An additional effect is the building of team spirit and a positive image of the company and its identity. Erste Bank, together with its associates, will continue to conduct volunteer campaigns whose aim is to encourage employees but also other citizens to think about improving the quality of life in the communities in which they live and work. More details about the activities of Erste volunteers in 2010 may be found on page 38.

Achieved in 2010:

- [✓] for the purpose of improving communication and cooperation of Bank employees, a three-year Internal Communications Development Strategy was adopted;
- [✓] for the purpose of further development of corporate culture and promotion of corporate values, ambassadors were selected for the first two values of the Bank;
- [✓] all existing programs related to health and social security of employees continued, motivating the employees to give their direct contribution to this dimension by engaging in projects that are available to them;
- [✓] the programme of professional training and development of employees was improved, in which over 700 employees participated and EUR 85,000 was invested.

Plans for 2011:

- [➤] continue the work on developing organisational culture by selecting ambassadors for the remaining values of the Bank;
- [➤] start structured work on organisational culture by researching involvement and action plans for improving it;
- [➤] continue employee training and development by expanding the application of the employee personal development programme;
- [➤] apply new bonus system to all Bank employees for the purpose of improving the employee reward and incentive system.



Market and



Erste Bank, as an active member of the community, continued to focus its activities and knowledge on the recovery of economic activity in Serbia, supporting all measures of the Government of the Republic of Serbia as in the earlier years. We managed to market new, attractive products even in volatile economic conditions. We developed a system of control of quality and service provision in our Bank. By transparent and efficient operation, we meet the needs of our customers and simultaneously build a strong and distinctive positive image in the market.

Constant improvement of quality, variety and accessibility of services is the basic orientation of our Bank when it comes to the market and our customers. Providing training and adequate information to customers, primarily on the EU regulations, programmes and funds available to them, is especially important to us.

We consider the satisfaction of our customers to be primarily our responsibility and then certainly our personal success as well.

Customers

New Opportunities for Young People

The target group to which additional attention was paid in 2010 and for which an interesting offer package was prepared are **young people between 16 and 27 years of age**. A product package was prepared for youth, which consists of: youth current account, youth Visa debit card and Netbanking, for which users pay no fees. Another special product at very attractive terms was created — a **tuition loan**, whose special advantage is that it may be used by students during their period of education, while the loan repayment awaits the end of their studies or the start of their employment. Our wish is to help young people get educated without thinking about tuition fees.

Support to Green Economy

Erste Bank Serbia funded the first projects that involve the use of renewable energy sources in Serbia with five million euros during 2010.

This refers to financing the construction of two mini hydroelectric power plants with total capacity of 4.6 MW on the Vlasina river in the vicinity of Crna Trava, one of the least developed municipalities in the country. Both plants are being constructed by Eco Energo Group, a company that was the first that signed a contract on the purchase of electricity with the Electric Power Industry of Serbia at special, subsidised tariffs, in accordance with the Regulation on the Incentives for the Production of Electricity Through the Use of Renewable Sources. This company has previously launched two mini hydroelectric power plants of smaller capacity and another two of much larger capacity will be built with the support by Erste Bank. The first will begin to operate by the end of 2011 and the second by the end of 2012.

“In 2011, Erste Bank intends to intensify the financing of projects in the field of renewable energy sources. In addition to the use of hydro power, we expect projects that involve using wind and biomass, biogas, as well as solar energy,” said **Aleksandra Gajić**, Director of the Erste Bank Corporate Banking Division, and emphasised the importance of knowledge and experience that Erste Group has in the financing of these projects in the region, on which the Erste Bank can rely and help future investors in structuring projects as well.

ANTI-CORRUPTION

Besides the commitment to observe the Banking Code of Conduct, Erste Bank also adopted its own Employee Code of Conduct and set strict rules of ethics related to receiving and giving gifts. In addition, Erste Bank 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 identify any potential irregularities on time. A special Bank Compliance Unit is responsible for this segment of operation in the Bank. As regards anti-money laundering, Erste Bank implemented in its daily operations a much wider range of anti-money laundering activities than the prescribed minimum. A set of policies and procedures was taken over from Erste Group, which include risk indicators for consumers, products, transactions, high-risk countries that do not apply EU anti-money laundering standards or do not apply them to a sufficient extent, and other indicators and knowledge and experience of other Erste Group member banks that help significantly in managing risk in this area. We also implemented our own AML programme (a set of internal anti-money laundering and terrorism financing acts), which is implemented by the Anti-Money Laundering Unit.

Presenting Our Partners

Interview with Radisav Osmajlić, Manager of the Eco Energo Group company



Mr. Osmajlić, can you tell us more about the Eco Energo Group company — what does it do and what are its goals?

The core activity of Eco Energo Group is the generation of electricity through the use of renewable energy of water flows in mini hydroelectric power plants. The company was founded with the aim of maximum exploitation of renewable energy sources in Serbia and the region.

How would you explain to layperson why it is important to invest in renewable energy sources? What are the benefits to the society and what to the investors themselves?

The exploitation of renewable sources in the generation of energy is important for several reasons. First of all, it has to do with “clean” energy sources that have no negative impact on the environment. Then, observed in the long term, these investments decrease the dependence of an energy supply system on a single type of limited resource or of the imports of energy or energy raw materials. The Energy Sector Development Strategy in Serbia, which includes incentives for investments in the generation of energy from renewable sources in the form of feed-in tariffs, started to be implemented at the beginning of last year. This caused to a significant extent an increase in the attractiveness of investments in this segment of the energy market, because it is an investment that can bring high returns in the long term.

How did the cooperation with Erste Bank improve your business?

We concluded a long-term loan agreement with Erste Bank, which is used together with our own funds for the construction of mini hydroelectric power plants on the Vlasina river with total installed capacity of 4.5 MW. Favourable credit terms together with a long repayment period and a grace period allow a more relaxed realisation of the investment and should facilitate investment in new projects.

There has been a lot of talk about “green economy” in the world in recent years. What, in your opinion, should all stakeholders (the government, experts, investors...) do in order for this concept to succeed to a greater extent in Serbia as well?

Green economy of a country presents a concept of large-scale use of renewable energy sources, energy efficiency, an increase in jobs and investments in so-called green industries. Green economy is defined as an economy that emits small quantities of carbon dioxide and other harmful gases, uses natural resources efficiently and has a pronounced social component. The application of this concept depends, first of all, on the government because it implies certain incentives and reduction of red tape associated with investment in green industries.



Mini hydroelectric power plants that you are building are located in the vicinity of Crna Trava, one of the least developed municipalities in Serbia. Will this project have a social component in addition to the environmental one?

With its business, Eco Energo Group tries to contribute to the development of social community in the municipalities in which it invests. We express our social responsibility by employing local population, hiring local subcontractors, donations at the level of self-government unit, as well as providing financial and other assistance to the institutions and organisations that take care of children and youth. At the same time, our investments in electric power plants and parts of the electricity distribution network improve electricity supply to consumers in the municipalities of Crna Trava and Vlasotince.

Your plans for the future?

During this and next year we plan to begin the implementation of several more projects related to the construction of mini hydroelectric power plants in southern and south-western Serbia, where designs are being actively prepared and necessary permits are being obtained. In addition, we plan expansion to other segments of renewable energy sources, as well as to the markets in the region in the medium term.



Erste Bank for Its Customers

Due to the impact of the global economic crisis that resulted in a general liquidity crisis, economic slowdown and job cuts, we undertook a series of activities related to customer relaxation in 2010. When it comes to **citizens** as borrowers, the focus was on offering and granting loans in dinars in order to protect the customers from the rise in the EUR exchange rate, since the borrowers' earnings are predominantly in local currency. A possibility was also provided to citizens to borrow up to the level of 40% of their monthly net income if they are non-housing loan borrowers or 60% if they are also housing loan borrowers, provided that the loans are currency-matched (the predominant part of the loan obligations is in the currency in which the customer receives his/her salary). Loan reindexation from EUR to RSD, as well as the extension of the loan repayment period without additional costs was allowed to the customers in order to reduce the existing monthly obligations under the outstanding loans. The Bank supported the Regulation of the Government of the Republic of Serbia on granting dinar cash loans at very favourable terms, where the government subsidised a part of the interest rate.

Exercise and protection of customer rights, as defined by the regulations of the National Bank of Serbia, is carried out by the Quality Management Department within the Retail Division. The employees working in this position, which deals with sensitive issues, approach their job in a conscientious and committed manner. They are always available to customers who wish to deliver a complaint, request, suggestion or praise. Following the suggestions and objections submitted, the Bank has 30 days to respond to the customer, which the Erste Bank team carries out successfully. Each claim is subject to additional checks for the purpose of objective and impartial determination of the validity of customer's complaint, and all regulations related to a given situation, as well as all other facts and circumstances are always considered. If it is determined that the Bank employee did make the mistake, a detailed reply is sent to the customer with an explanation as to what further steps will be taken. It is important to us to maintain the mutual trust with our customers, so we are always available, open to discussion and agreement on any suggestions and comments.

The Corporate Banking Division continued to perform credit and guarantee activities, focusing on sound and good ideas. The Bank also took part in the programme of the Government of the Republic of Serbia, which helped the recovery of economic activities and exports by granting subsidised loans. The APEX 3 loan was disbursed, by which the European Investment Bank, through the National Bank of Serbia as an agent, provided very favourable funds for investment activity, as well as for non-current assets. Taking part in this project, the Bank provided favourable funds to its customers in a long term, which additionally fostered the economic activity during the crisis year.





Raising Standards in Communication with Customers

Teamwork and mutual support among the Quality Management Department, Organisation & IT Division, and Alternative Distribution Channels Office contributed to timely and quality implementation of the Erste Group quality standards in Erste Bank Serbia as well.

During 2010, we also introduced a PIRE Customer Complaint Management Application, which allowed the employees in the Bank's branches, as well as in the Information Centre Department, to handle customer complaints in a more efficient manner. The speed of complaint resolution and the delivery of replies to customers are directly supervised in the Quality Management Department. By centralising all complaints in one place, the PIRE Application has become a useful and indispensable source of information for the best possible approach to dissatisfied customers and their suggestions. Diverting the calls from branches to the Information Centre Department of the Bank was the start of implementing the quality standard of the Bank's phone communication with customers. The call diverting reduces the number of unanswered calls and in most cases the customers get the answer they needed at the appropriate time.

In order to give our customers full and reliable information necessary to them in the process of making financial decisions, as well as advisory and any other type of assistance, we worked hard to achieve more efficient and faster communication between our customers and particular divisions and units in the Bank. There are a certain number of forms on the Bank's corporate website precisely for the purpose of facilitating communication, while we allowed interested citizens through specialised finance websites (www.kamatika.com and www.kredit.rs) to make a preliminary check of their capacity to take loans and then send an online loan request to their nearest branch. The list of frequently asked questions, created based on the analysis of the type of information that the citizens requested from the employees in the call centre and branches of the Bank, provides information on the topics of the greatest interest to users of banking services and products and is available on the Bank's website at: **www.erstebank.rs**

External Communications

Erste Bank communicates with the public in a transparent and proactive manner. As a result of such long lasting approach, we are one of banks with the largest presence in the media despite our relatively low market share. During 2010, we were among the five most present banks for as long as eight months, of which we were among the top three for five months.

The information that we proactively forward are selected based on the assumed interest of the general public. We respond to all queries of the media without avoiding sensitive issues. We consider the media to be our partners and an indispensable link in the citizen information chain.

ERSTE BANK EU OFFICE

The goal of the Erste Bank EU Office, launched back in October 2007, is to inform customers about the financing possibilities from the EU pre-accession funds, as well as to provide them support in preparing project documents. Since Erste Bank wants to contribute to the Serbia's approximation efforts, this service is completely free of charge. Erste Bank also distributes to interested customers our monthly bulletin, EU Monitor, whose purpose is to provide information on open invitations and tenders but also to provide training about practical aspects of the accession process.

Online Communications

Erste Bank is among the most active financial institutions in Serbia on social networks, primarily on Twitter, Facebook and YouTube (around 650 followers on Twitter and more than 2,600 friends on FB).

We wish to exploit new communication channels to address directly our customers but also all those interested in the activities of Erste Bank. We try not to use these channels for "advertising" products but for assistance to those who need some advice, information about the campaigns carried out by the Bank, such as, for example, our volunteer campaigns, announcing job openings and similar. In addition, it is very important to us to hear customer impressions about the Bank via social networks.



EU Office – New Challenges and New Opportunities

Erste Bank Serbia EU Office took part in marking the European Week of Small and Medium-Sized Enterprises for the second consecutive time in order to contribute to educating and informing customers, as well as promoting entrepreneurship. An EU Info Day entitled **Small and Medium-Sized Enterprises in European Union Programmes and Tenders — Challenges and Opportunities** was held in cooperation with the Office of the EU Delegation to Serbia, as well as the ministries of finance, economy and regional development and telecommunications in the Government of the Republic of Serbia. On that occasion, an overview of the available EU funds was provided to businesspeople, particularly emphasising the possibilities for SME financing. Useful information on practical aspects of participation in EU programmes and tenders was presented as well.

For the fourth consecutive year, the European Integration Office of the Government of the Republic of Serbia, the European Union Delegation to Serbia and Erste Bank have awarded **prizes for the best report on the process of European integration in Serbia**. The 2010 award went to Ivan Jovanović, a journalist of Radio Belgrade, Goran Janičević of the Mreža Production Group, Kosta Rajević for the text published in the *Poljoprivrednik* magazine, Ana Simonovicova, a journalist of Radio Stara Pazova and Zoran Maksimović for the report broadcast on regional RTV Novi Pazar. The award is a study visit to Brussels, where the winners will have an opportunity to meet with officials of the European Commission and European Parliament, as well as with their fellow journalists reporting from the EU seat.

The reports awarded in 2010 deal with subjects that are very topical for the Serbian economy and some of them point to the importance of the possibility of using European funds for further development. The report by Ivan Jovanović is about environmentally innovative projects implemented with the financial assistance from the EU, while the report by Ana Simonović explains how the EU funds may be used for assistance to microregions. The TV report by Goran Janičević points to a problem of illegal dumps. The reports by Kosta Rajević and Zoran Maksimović deal with two important branches of the Serbian economy — agriculture and textile industry, and their prospects in the EU integration. According to the jury, what singled out the awarded reports from others is putting the local stories in the context of European integration and pointing to practical solutions to problems...

Any questions addressed to the EU Office may be sent to: eudesk@erstebank.rs or given by phone: **011 201 50 76**.

SUCCESS STORY

2010 Social Entrepreneurship Tour through Central and Eastern Europe: Using Entrepreneurial Spirit against Poverty and Social Exclusion

Prof. Muhammad Yunus, a Nobel Peace Prize winner, presented his concept of social entrepreneurship to government officials and leading representatives of the business, cultural and social spheres in Belgrade.

Social exclusion, privation and poverty are not problems of just developing countries. They are also more and more widespread in Central and Eastern Europe. According to recent data of the European Commission, 17 percent of Europeans do not have sufficient funds to meet their most basic needs. Social entrepreneurship has great potential to improve the living conditions of vulnerable people, as well as to transform the society in a positive manner. Social entrepreneurship is a modern business model aimed at solving social problems in an entrepreneurial way — and with the aim of developing this business model, all profits are re-invested rather than distributed to shareholders.

Next year, Erste Bank will work on training and informing social entrepreneurs in Serbia and creating the opportunities for financing them.

The 2010 Social Entrepreneurship Tour was launched as a joint project of ERSTE Foundation, Erste Group, the good.bee microcredit organisation, the Federal Ministry of Labour, Social Affairs and Consumer Protection of the Republic of Austria, as well as the Grameen Creative Laboratory and under the auspices of the Nobel Prize winner Muhammad Yunus. The goal of the Tour was to provide information to different social groups (entrepreneurs and investors, foundations and non-governmental organisations, representatives of the public sector, people from the spheres of culture, arts and the media) about the concept of social entrepreneurship for the purpose of developing entrepreneurial ideas and projects that would solve social problems. A workshop was also held with students and entrepreneurs at the Faculty of Economics, University of Belgrade.

“The 2010 Social Entrepreneurship Tour should encourage the creation of new social enterprises. It is not only a significant step towards social equality and stability in Europe, but also a contribution to our fight to eradicate poverty in the world by 2030. The 2010 Social Entrepreneurship Tour is a beginning of a comprehensive initiative aimed at eradicating poverty in Central and Southeast Europe,” said Prof. Muhammad Yunus.

As part of the 2010 Social Entrepreneurship Tour, a competition entitled Contest for the Best Idea in the Area of Social Entrepreneurship was also initiated. Innovative ideas that provide sustainable solutions to social problems in the countries of Central and Eastern Europe competed in six national contests and the European finals.



WHAT IS SOCIAL ENTREPRENEURSHIP?

Social entrepreneurship or social economy is an economic activity (conducted by a non-profit or profit organisation), which, by considering market laws, pursues a social or environmental mission. It is a business model that finds solutions for social problems. This concept strongly demonstrates partnership among sectors and an integrative approach to social, environmental and economic challenges. Applying market principles in dealing with social challenges, social entrepreneurship can give a great contribution to the strategy of sustainable development. It is a concept that simultaneously presents a chance for sustainability of the non-profit sector, for increased employment (especially of the hard-to-employ categories of population), for social inclusion, poverty reduction, economic progress and sustainable development of the society as a whole. We could say that it is a business that does good deeds.

MUHAMMAD YUNUS (1940) is a Bangladeshi banker and economist. He is known for introducing and developing the **microcredit concept**, i.e. granting small loans to entrepreneurs who are too poor to qualify for traditional bank loans.

Yunus is also known as the founder of Grameen Bank. In 2006, Yunus and his bank jointly received a **Nobel Peace Prize**, which was explained by their efforts to develop the economy and society from the bottom. Yunus received several more international recognitions, including the World Food Prize. He wrote a book entitled “*Banker to the Poor*” and is the founder of Grameen Foundation.

“There is still a habit in Central and Southeast Europe of expecting the government to solve social problems. Development of the social entrepreneurship concept makes it possible to create a bridge from the private sector to the civil society. We have a lot of confidence in the potential of this region,” said **Andreas Treichl**, CEO of Erste Group.

A good example of social entrepreneurship is the establishment of the First Austrian Savings Bank (Erste österreichische Spar-Casse) in Vienna in 1819, the predecessor of ERSTE Foundation and Erste Group, the initiators of the 2010 Social Entrepreneurship Tour. The basic goal of founding the First Austrian Savings Bank (Erste österreichische Spar-Casse), as stated in its founding by-law, was to provide funds “so that factory workers, farmers and other industrious merchants, as well as vulnerable young and old people, could set aside small amounts of hard earned money from time to time in order to use it later for better protection, dowry, for assistance in hard times, in sickness and old age, or to achieve another important goal.”



good.bee

What is good.bee?

A segment of Erste Group focused on financial inclusion.

The goal of good.bee:

Improvement of the welfare of individuals and communities in Central and Eastern Europe.

We operate commercially:

In order to cover our costs.

Our business principles:

Principle 1: welfare of our customers is the core of our business,

Principle 2: our operations as well as the operations of our customers are sustainable in market terms,

Principle 3: we work with partners who are likeminded and with whom we share common goals.

Our vision:

That all individuals and all businesses in Central and Eastern Europe have access to responsible banking.

Our mission:

To develop innovative solutions for the purpose of removing all barriers to financial inclusion.

More information may be found at www.goodbee.com

good.bee

Achieved in 2010:

- [✓] the Code of Ethics was adopted;
- [✓] the PIRE Customer Complaint Management Application was introduced;
- [✓] new business concept promoted: social entrepreneurship;
- [✓] the work on implementing the Erste Group quality standards continued;
- [✓] the second Bank Corporate Responsibility Report was published;
- [✓] the improvement of services and products continued, as well as the creation of special services in accordance with customer specificities, with the focus on younger generation;
- [✓] the operation and development of the EU Office continued, prizes were awarded for the best media report on EU integration;
- [✓] application of anti-corruption measures and procedures continued;
- [✓] procedures for the exercise and protection of customer rights were improved in accordance with the regulations of the National Bank of Serbia.

Plans for 2011:

- [➤] publication of the third Bank Corporate Responsibility Report;
- [➤] regular customer satisfaction survey and the application of mechanisms for controlling the quality of service provision;
- [➤] improvement of services and products, including the creation of special service for a socially sensitive group, tariff setting in accordance with customer specificities;
- [➤] continuation of operation and development of the EU Office;
- [➤] continued promotion of the social entrepreneurship concept;
- [➤] start of a project focused on the promotion of microbanking.



Our Fellow Citizens

in the Communities in Which We Operate...

Even in the difficult year that is behind us Erste

Bank did not abandon its intention to help the local community in which it operates, because it considers itself as not only its active member, but also its collaborator and neighbour. Numerous activities carried out in the field of protection of environment and social environment during 2010 reinforced the links with the community and relations of cooperation and trust. Our activities focus on young generations in which we invest by investing in the development of education, culture and art and in social care.

Erste Bank Believes that Investment in Community is the Key of Sustainable Development



Last year in Serbia was marked by an unfortunate event, a powerful earthquake in Kraljevo. As the Bank has a branch in that town, the Erste for Kraljevo initiative was launched immediately. Including the individual donations of its employees, the Bank collected over EUR 4,000, which was sufficient to repair the damaged property of our colleagues, as well as four local households. The Bank waived all fees for cash payments of citizens intended to be deposited in the account of the Town of Kraljevo as funds for natural disasters, as well as the fees for withdrawals of funds from the accounts of individuals that were intended for repairing the property damaged in the earthquake. In addition, twenty-five volunteers — Bank employees and partners and friends of the Bank — helped in removing debris and repairing roofs. In this way, Erste Bank continues to participate in the corporate volunteer programme and, by own example, shows its desire to support the improvement of the quality of life in the local community, which is one of the fundamental commitments in the Bank operation in Serbia.

The Chairman of the Erste Bank Executive Board initiated the collection of necessary funds for the purchase of air conditioners for daily operation of the Institute for Oncology and Radiology of Serbia. The invitation was addressed primarily to the members of the Executive Board and executive directors of the Bank, but was also open to all employees. The money in the total amount of around EUR 8,500, raised by individual donations, together with the Bank's grant, was used for the purchase of seven split-system air conditioners for the Radiology Diagnostics Unit, as well as for carrying out the works and equipping the operating room with the air-conditioning system. As a token of appreciation, the Institute provided us with free organised mammographic exams for our female colleagues and for wives, mothers and sisters of our employees, giving them priority in scheduling exams, which was used by over 150 women.



Conserving the Environment

Although, by the nature of its operations, it does not belong to the industries that are direct polluters of the environment, as a responsible company, Erste Bank Serbia promotes the importance of investing in renewable energy sources and recycling. The Bank believes that it is important for it to give its contribution in this area as well and therefore, in 2010 as well, it continued with: **recycling** office paper and toner cartridges; promoting **eco-bags** instead of plastic bags; **printing its publications on the FSC-certified paper** (produced from controlled forest growth); using **energy-saving bulbs** in all Bank facilities and similar. In addition, **a branch was opened in the first so-called smart building in Serbia**: VIG Plaza is in a facility that gets its entire heating and cooling from geothermal water. The façade of the building is set so that it reacts to the intensity of the sun and darkens the premises in accordance with the intensity and position of the sun. In 2010, the Bank also initiated for the first time the recycling of the PVC films used on billboards in the Bank's campaigns. A part of the recycled material was used for making eco-bags and a part served as first aid for covering the houses damaged in the earthquake that took place in Kraljevo.

Data on the quantity of recycled material in 2010:

- 921 empty toner cartridges
- 1,200 kg of electronic IT equipment including computers, monitors, printers, UPS devices, phones, computer network equipment, computer communication equipment
- 25,470 kg of office paper.

Erste Bank is One of the Environmental Protection Award Winners

At the awards ceremony in Sremski Karlovci on 13 May 2011, Erste Bank received the **Green Leaf** award. Recognitions for the largest polluter (Black Leaf) and the most successful environmental projects (Green Leaf) have been awarded for the past 27 years by Radio Belgrade and the Čekajući Vetar (Waiting for the Wind) Environmental Magazine, and the Nature Conservation Movement of Vojvodina also joined the organisation of this campaign in the previous year.

The Green Leaf and Black Leaf award winners are selected by the citizens from the entire territory of Serbia, who nominate individuals, associations, organisations and institutions based on their projects or campaigns carried out in the previous year. The project is financed by the Environmental Protection Fund and the campaign was also sponsored by the Secretariat for Urban Planning, Construction and Environmental Protection of Vojvodina.

Erste Bank earned this recognition based on a large number of projects, including the corporate volunteer programme, whose focus is primarily the field of environmental protection and improvement.





Erste Volunteers

One of the most important steps in the social responsibility of our company is the provision of opportunities for our employees to participate in the implementation of this concept if they wish to do so. We support the idea that employees can help someone in the community and show that cooperation does not have to mean only a financial support.

Aware of its social responsibility and believing that companies need to align their economic and social objectives, in mid-2008 Erste Bank began the implementation of volunteer initiatives aimed at improving the quality of life in the local community. The first volunteer activities in Erste Bank were focused on the segment of environmental protection and later extended to the field of social inclusion.

The year 2010 was marked by campaigns in Zrenjanin, Niš, Kragujevac, Belgrade, Vršac, Bačka Palanka, Sremski Karlovci and Kraljevo. Around 150 Erste volunteers accepted the invitation to participate in the activities organised by the Bank, and campaigns of other organisations and companies were supported as well.

In organising volunteer campaigns, the Bank continued its cooperation with the Nature Conservation Movement and Volunteer Centre of Vojvodina and established a partnership with the Naisus Public Utility Company, Niš, as well as the Environmental Theatre Festival, Bačka Palanka and the Novi Sad Humanitarian Centre, Novi Sad.

Erste Bank also supports initiatives of its employees. One of such activities is the Erste for Kraljevo campaign, which was initiated at the proposal of Bank employees after an earthquake that hit Kraljevo in mid-October last year. The campaign



ERSTE VOLUNTEERS FOR THE COMMUNITY

2010 was marked by the following activities of Erste volunteers:

- the Our Belgrade campaign organised by the Business Leaders Forum,
- cleaning the source of the Studena river near Niš,
- arranging the area around the monument in the Tikvara National Park in Bačka Palanka,
- arranging the Court Garden in Sremski Karlovci,
- organising excursions with creative and sports workshops for the Roma children from the Adice settlement, Novi Sad,
- supporting the repair of the buildings damaged in the earthquake in Kraljevo,
- support to environmental campaigns initiated by the Philip Morris company in Zrenjanin, Kragujevac and Niš,
- environmental campaign organised by the Municipality of Vršac.
- three blood drives were organised during 2010, two of them in Novi Sad and one in Belgrade.



included several parallel activities: participation of employees in providing financial assistance, a grant by the Bank and the Trade Union, while around 25 volunteers helped repair four damaged buildings where extremely financially disadvantaged families lived.

In addition to that, the Bank continued to promote individual volunteerism. Organised by the National Bank of Serbia and eight commercial banks, members of the UN Global Compact Serbia, which include Erste Bank, a **Personal Finance Management** project was initiated, which takes place in the form of free interactive workshops for citizens. The Bank employees participate in this initiative as trainers, and lectures for the citizens were provided in Belgrade and Novi Sad.

In addition, the Bank continued its cooperation with the Junior Achievement in Serbia organisation. During 2010, competitions of high school students in entrepreneurship, with the participation of Erste volunteers as business mentors, were held in Novi Sad, Belgrade and Niš. Besides, Erste volunteers participated as instructors in numerous lectures or as consultants to non-governmental organisations.

Erste Bank volunteers also participated in the campaign of making superhero costumes using recycled materials as part of the Belgrade Recycling Campaign Oktoopus 2 organised by the Sfera No Civil Association, Belgrade. The workshops were held at the Antun Skala Elementary School for children with disabilities in the municipality of Savski Venac during April and May 2010.

The Community in Which We Operate

Aware of the effects the crisis had on the communities in which it operates, Erste Bank Serbia tried to support as many projects and initiatives as possible in the past year. **We invested more than EUR 300,000 in over fifty different projects implemented with a series of local partners, seven projects within the Centrifuge grant programme in the field of culture and the Club 27 young talent contest.**

Culture

Erste Bank continued the long tradition of supporting the survival and further development of cultural and art scene of Serbia in 2010. 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, **Belgrade Jazz Festival** and similar. At the same time, believing that it is important to create room for the alternative, innovation and young people, the Bank supported the **Designer: an Author or a Universal Soldier** international conference and the **Arouse Belgrade Poetry Festival**. Providing support to the freedom of artistic expression, the Bank initiated and supported the shooting of a highly aestheticised artistic film that describes the creation of an open-structure project **Erste Machine**. The film follows the chronology of events, from the appearance of the idea until the latest transformation of the

moving figures that celebrated their third birthday in June 2010, and deals with individual experiences, emotions, work itself, difficulties and unforgettable moments of a group of young independent authors who participated in its creation. The premiere of the film was at the **European Film Festival Palić 2010**, which the Bank again supported this year.

Cultural Decentralisation Programme Centrifuge 2010

As part of the fourth community culture grant programme Centrifuge 2010, prizes were awarded to the best projects and the total amount of grants for the best projects of this year's contest, provided by Erste Bank, exceeds 2.2 million dinars.

The Grant Award Committee decided to award the Centrifuge 2010 prizes to the following youth organisations: Kikinda Youth Initiative, Palestra Sports Association for Children and Youth with Special Needs, Kruševac, Planet Film informal group, Požega, Creativia Association, Kikinda, Lift Cultural Centre, Čačak, Empowerment Centre 24, Požarevac and the Black Stain art group, Valjevo.

Applications were submitted for 71 projects in this year's contest, and the selection of the projects to which the grants were awarded was decided on by a committee consisting 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, Mia David, Belgrade Cultural Centre Manager, Branislav Ivin, Chairman of BCIF Board of Directors and Mirjana Šakić, Erste Bank Communication Division.

Erste Bank a. d. Novi Sad and the Balkan Community Initiatives Fund (BCIF) launched the Centrifuge Cultural Decentralisation Programme in **June 2007** with the intention of encouraging the activism of young people aged 15 to 30 years and with the aim of launching creative cultural events in the places in Serbia in which Erste Bank operates, except those in the territories of the cities of Belgrade, Niš and Novi Sad. The grants provide support to local, youth non-profit organisations and informal groups that deal in a creative manner with the issues of cultural activism in their places. The Ministry of Culture of the Republic of Serbia also supports Centrifuge with its letter of support.

"We believe that the greatest achievement of the project so far is the fact that in some places the cultural map of the town is permanently enriched with the events initiated by Centrifuge," said Andrea Brbaklić, Erste Bank Communication Division Manager. She also added that Centrifuge presented a good example of partnership between profit and non-profit sectors with the aim of developing local communities. "During the previous three years, Erste Bank invested around EUR 84,000 in this programme and this amount increased to over 115,000 euros with this year's grants and activities," added Andrea Brbaklić.



The aim of the programme is to:

- encourage creative activities that can enrich cultural contents for young people and to draw attention to the issues young people face;
 - encourage young people to become active in solving the issues of importance to them;
 - encourage cooperation and use of potential of local communities (which include skills and knowledge, readiness to invest goods, time, ideas, good will, as well as the use of natural and social potential of local communities);
 - move the focus of events away from the largest cities of Serbia.
-



Education

The Bank continued to provide support to the development of education by means of standard grants, as well as by supporting alternative educational programmes, such as the **4th Science Festival in Belgrade** and the **Laboratory of Famous People** — selection of the best science communicator. A new **Club 27** contest was announced for young talents in the fields of natural and social sciences and art, which motivates, but at the same time also promotes the best young people Serbia has.

The year 2010 was also marked by continued cooperation with the **Junior Achievement** organisation. Around 20% of Erste volunteers participated in the **Business Challenge** competitions in Novi Sad, Niš and Belgrade as business mentors and jury members, and Sonja Konakov from Erste Bank was declared the best business volunteer for the 2010/2011 school year. In cooperation with the Junior Achievement organisation, lectures, workshops and mentor sessions with high school students were held throughout Serbia on financial literacy, preparation for employment, entrepreneurship and marketing.

Regarding the cooperation with Erste Bank, **Aleksandra Vidanović**, Junior Achievement Manager, said: "For the second consecutive year, **Junior Achievement** had a great opportunity to cooperate with Erste Bank in the Banks in Action programme and in Business Challenges. Erste volunteers were invaluable for the success of our programmes and our students. The volunteers were ready at every time to help our contestants with their advice, experience and positive energy. We believe that our Juniors, with the support they got from Erste volunteers, are now much more prepared for living and working in the business world and for the coming real business and financial challenges." She also added that Erste volunteers are not only good business associates but also became good friends that can always be relied on.

The Bank also became more actively involved in the work with the **AIESEC** student organisation as its partner in talent development projects. Three workshops were held with students on how to conduct training, how to develop one's own career and how to improve one's own potentials. It was also presented how Erste Bank works on the development of its talents. Bank employees were involved in all these activities for the purpose of further work on the development of their presentation and trainer skills.



Erste Rewards Talent, Success and Creativity –\ Club 27

The Club 27 young talent contest, which has been conducted by Erste Bank for the third consecutive year, got new members. **A total of fifteen young people were awarded and the prize fund is RSD 1,200,000.00.** This year's contest received **more than 500 applications, almost double the number from the previous year, from 105 towns and municipalities of Serbia.**

All of those aged 16 to 27 years who achieve exceptional results in the fields in which they are engaged, encourage inclusion of others in these areas and spread a positive influence, have a chance to win a public recognition and prize in one of the following three fields:

- art,
- social sciences and humanities,
- natural sciences and the field of engineering and technology.

The expert jury selected one winner in each of the three categories, and Erste Bank awarded each of them with **200,000 dinars on the Youth Card.** The winners of other prizes were decided by the public, by voting via SMS and the Superste.net website for the short-listed nominees. Based on the public votes, four young people in each of the categories were each awarded with **50,000 dinars** on the Erste Bank Youth Card.

The basic purpose of Club 27 is the promotion of young people and their success rather than giving cash prizes. However, financial support can often be crucial for their further work and advancement. Therefore, Erste Bank doubled the prize fund for this year's project and expanded the group of winners so that as many young people as possible could see in this way, too, that the invested effort pays off.

The Internet presentation of the nominees and voting were carried out on the **SUPERSTE.NET** website. The aim of the Superste website, founded by Erste Bank, is to bring together young and talented people so that we can follow their work and to enable them to get acquainted with each other, support each other and exchange experiences. We want to draw attention of the public to their achievements. The Superste website was launched in late 2009 in accordance with the recommendations on accessibility for the disabled (W3C).

Ingenious Young People Awarded in 2010

This year's main prizes were awarded to Sabrina Vlaškalić in the art category, Luka Miličević in the field of natural sciences and Mina Đurić for her success achieved in social sciences. Another 12 winners were selected by public votes.

Sabrina Vlaškalić is a student at the Belgrade Faculty of Music and is considered one of the leading classical guitarists of the new generation.

Luka Miličević is a graduating student of the High School of Mathematics. He achieved unique success by winning first places in the republic and federal competitions in mathematics, physics, information technology and astronomy, after which the Ministry of Education presented him with the St. Sava Award.

Mina Đurić is a fourth-year student at the Faculty of Philology, Belgrade University, Group for Serbian Literature and Language with General Literature, with an average grade of 10. She reads and interprets original texts in Old Slavic, Serbian Slavic and Church Slavic languages. She writes poetry in Serbian and German.





Share Your Knowledge – Become a Mentor

A symbolic walk from Terazije to Kalemegdan on 20 November 2010 officially kicked off the Share Your Knowledge — Become a Mentor project, which we initiated together with the United States Embassy in Belgrade and the European Movement in Serbia. Along with a stroll down the Belgrade centre, the global women's "Mentoring Walk" was held in another eight countries of the world.

The aim of the Share Your Knowledge — Become a Mentor project is to bring together prominent, successful women from different professions who are willing to transfer their knowledge and experience to selected young women who are at the beginning of their careers. More than forty mentors accepted the invitation to participate in the programme, including Mirjana Karanović and Ana Sofrenović, actresses, Antonela Riha and Brankica Stanković, journalists, Milica Delević, Manager of the European Integration Office of the Government of the Republic of Serbia, Gordana Čomić, MP, and other successful women from the business world and public and civil sectors.

The mentorship programme envisages mastering important networking skills and ways of using old experience and acquiring new experience, getting advice on further career development or getting a job, getting information about the options of further training and international exchange opportunities, getting useful advice on applying for a position, further advanced training and similar.



The mentoring walk was only the beginning of the time spent together and one in a series of meetings of the mentors and selected young women that were organised during the programme. Until May 2011, when the project was planned to end, the mentors and selected students occasionally met and discussed their successes, but also the challenges they face in their professional and private life. In addition, five round tables were organised on the following topics: Women in Serbia — Overview and Prospects, Women in Investigative Journalism, Women in the Business World, Women in Art, and the fifth round table where the guest was Kris Manos, Ambassador of the Vital Voices organisation and a long-time mentor.



The idea for the mentoring walk came from the former owner of Oxygen Media, Geraldine Laybourne, who "spread" these walks throughout the United States and inspired the participants of the Global Women's Mentoring Partnership to do the same in their communities. The first mentoring walks, organised by a Nigerian leader Lucy Kanu on 29 November 2008, resulted in great success, with participation of hundreds of women in four continents. Today, the Vital Voices organisation, in partnership with the members of its Global Leadership Network, coordinates mentoring walks in several countries of the world. All these walks take place on the same day, illustrating women's commitment to the development of global leadership and pointing to their achievements.





Ten Years of Erste Group Danubia Summer University: Summer University without Borders – Students from Eight Countries Explore the CEE Region Together

For the tenth consecutive year already, Erste Group organised a unique Summer University in the CEE region together with the Vienna Faculty of Economics. The aim of the programme is to expand knowledge, but also to support student exchange from the whole region of Central and Eastern Europe. Since the beginning of June 2010, 56 students from eight countries (Austria, Croatia, Romania, Serbia, Slovakia, Czech Republic, Hungary and Ukraine) have participated in the programme.

In the past ten years, students from Central and Eastern Europe had an opportunity to expand their knowledge and get better acquainted with the CEE region, attending the one-month summer university. At the faculties of economics of the partner universities, the students participated in intensive academic programmes and seminars, as well as thematic workshops held by the experts from local branches of Erste Group. In addition, cultural evenings and excursions were organised so that students could become better acquainted with the capitals and cultures of the host countries. In 2010, the participants of the Erste Group Danubia Summer University visited five countries of Central and Eastern Europe during one month. The first stop was Bucharest and then the students visited Belgrade, Zagreb, Bratislava and Vienna.

“Nowadays, the countries of Central and Eastern Europe are coming closer and closer together and our initiative presents a contribution to this development because Erste Group believes in the future of the region,” said Ursula Kuntner-Schweickhardt, Director of Human Resources Division at Erste Group.

In this way, Erste Group confirms not only that it is interested in further education of its employees but that it wants to contribute to the education of future top managers by strengthening their intercultural and social skills.



Inclusion

Erste Banka has recognised the significance of its engagement, as an employer and a community member, in the process of improving social inclusion by supporting programmes and organisations operating in local community on empowerment and increasing visibility, as well as on active inclusion of socially vulnerable groups. In 2010, the Bank supported several projects intended for marginalised groups, such as the work centres of the **Milan Petrović** School for Persons with Disability, Novi Sad, the Per.Art's **Art and Inclusion** project, the **Seize This Day with Me** international film festival about the life and achievements of persons with disability and similar. In cooperation with the City of Novi Sad and UNDP, the Bank also constructed a lift for persons with disability so that they, too, could use the new public toilet in the centre of Novi Sad.

Erste Bank chooses to be a reliable partner to all those who seek not only to contribute by their engagement to the community, to solving a problem or promoting the corporate social responsibility concept, but also to take an extra step when it comes to the reach of socially responsible practices. This is confirmed by our three-year-long successful cooperation with the **Milan Petrović** School, which not only provides elementary and secondary education to children with developmental disorders and youth with disability, but also trains them for further integration into the working environment and facilitates their employment process. The school carries out its work with persons with disability through its elementary and secondary schools, day care and, which is particularly important, through its Work Centre, until their introduction into the world of work and employment. At the Work Centre, with personal assistance of work instructors, the beneficiaries produce a product range intended for the market, while by their work engagement, in addition to developing, maintaining and improving their work and social skills, they acquire necessary knowledge and create a proper precondition for employment in their field.

In addition to the Work Centre, a Service Centre has been operating within the Milan Petrović School since 2004, having an advisory role, which means that it will help an individual who contacts it with necessary information in connection with employment opportunities, then about the needs of the market and employers, it will provide assistance with scheduling a job interview, legal rights of persons with disability, help with overcoming possible problems at the potential workplace and similar, and potential employers are also involved in the advisory work.

More information about the Milan Petrović School and its activities may be found at: www.smp.edu.rs





Achieved in 2010:

- [✓] continuation of programmes of investment in local communities, as well as in major national projects;
- [✓] EUR 300,000 was invested in around 50 different projects;
- [✓] partner projects Centrifuge and Club 27 were implemented;
- [✓] Erste volunteers took part in eight volunteer campaigns throughout Serbia, of which five were initiated by them;
- [✓] continuation of support to projects aimed at improving the quality of living of socially vulnerable groups of our society;
- [✓] the Green Leaf award for the most successful projects for environmental protection was received;
- [✓] start of investment in renewable energy sources with five million euros for project funding;
- [✓] continuation of recycling and pollution reduction programmes.

Plans for 2011:

- [➤] continuation of the programmes of investment in local communities, but also support to projects at the national level;
- [➤] continuation of partner programmes: Centrifuge, Club 27 and Share Your Knowledge — Become a Mentor;
- [➤] continuation of development of volunteer programme, especially promotion of individual volunteering of employees;
- [➤] consolidation of the recycling programme;
- [➤] application of pollution reduction measures in business;
- [➤] supporting and financing renewable energy sources.

SUCCESS STORY: 10 Years of the Art and Inclusion Programme

The group forming the Per.Art organisation has been continuously and systematically researching and integrating the topics related to youth with developmental disorders in the field of art, culture, society, inclusion and human rights since 1999. During many years of its work, this organisation has developed a programme that enables this population to cooperate with professional artists and institutions in the field of theatre, dance and visual arts according to the principles harmonised with positive domestic and international legal documents and principles of the Strategy for Improving the Position of Persons with Disabilities in Serbia.

Erste Banka joined as a partner in the process of promoting these young people and their human rights and a positive image of them as equal citizens of the society through the Art and Inclusion programme launched by Per.Art. With their artwork and its presentation in the public, youth with developmental disorders, whose position is, unfortunately, still marginalised in Serbia, create social contents and places of social interaction that did not exist earlier and thus change the society. In such processes, along with social changes there are also changes at the personal and family level of participants and their social life is enriched.

The creative work of Per.Art members was presented in the most important places of contemporary art scene in Serbia and abroad. Because of its authentic expression and specific aesthetics, their creative work attracts much attention of the public in the field of culture, while the professional community is very interested in the methodology of inclusive practice that Per.Art has been continuously developing and implementing for more than a decade.



Saša Asentić, an author and programme manager, points out that there are few institutions and organisations that are willing to invest in the development of modern society. "There are even fewer of those who recognise and encourage the progressive ideas that lead to the creation of an inclusive society, a society of equal opportunities for all. During its twelve years of experience in the work in this area, Erste Bank has proven to be one of our most reliable partners, since we share common principles in the work on building the society — innovativeness, responsibility and even an avant-garde character. We believe in such cooperation — cooperation that creates positive changes in each of us and then in the society itself," says Asentić.

Power of Joint Forces

Within the context of sustainable development,

the need for intersectoral cooperation becomes more and more pronounced. In order to be able to respond to the challenges it faces, the society as a whole must have stable support in the cooperation between the public, private and civil sectors. None of these sectors have answers to all problems, which makes their connection and cooperation even more significant. The responsibility of these sectors is even greater in the societies in transition, if taking into account their engagement in social changes. We believe that it is important to recognise one's potential partners and establish long-term cooperation with the aim of improving the quality of partner initiatives.

Erste Bank supports networking in the business sector in the field of socially responsible initiatives.

Membership in associations and initiatives that promote corporate social responsibility is among the main tools for learning and exchanging experience, as well as for strengthening the capacities of companies interested in this type of activity. Cooperation with partners allows us synergic action in solving social problems, but also development and improvement by constantly following good and more advanced socially responsible practices in Serbia and abroad.

Erste Bank pays special attention to intersectoral partnerships.

Cooperation between the business and civil sectors has developed into a dynamic relationship in which each party has a lot to offer. We are aware that civil society organisations now offer expertise and experience in different areas in addition to their good will and noble ideas. On the other hand, our company is ready to help not only by way of grants but also by making available the knowledge and skills it has in the fields of management, finance, marketing, public relations, information technology, etc. Our desire is to gather and share knowledge and information jointly for the benefit of the whole community.

United Nations Global Compact

The United Nations Global Compact is the largest global network for corporate social responsibility and sustainability. It has been in existence for ten years and currently has over 5,000 members in 130 countries. The UNDP Office Serbia and the National Bank of Serbia promoted this initiative in 2007, when Serbia joined this largest association in the world dedicated to corporate social responsibility. The Global Compact network in Serbia consists of over 60 private and public companies, institutions, organisations, associations, media companies and other legal entities dedicated to the principles of corporate social responsibility.



Erste Bank:

- is an active member of the United Nations Global Compact Serbia;
- has been reporting on its progress since 2008;
- and the Bank's representative has been the Chairperson of the Board of Directors of the Global Compact Serbia since its founding.



Primary goals of the Global Compact are:

- Integration of the ten universal principles of corporate social responsibility into the activities of companies throughout the world in the fields of human rights, labour rights, environmental protection and anti-corruption. The Global Compact members have an obligation of regularly reporting about their progress in the above mentioned fields.
- Carrying out joint actions that support the goals of the United Nations and, before all, the Millennium Development Goals.

How Does Erste Bank Support the Global Compact?

By integrating the 10 principles of the Global Compact into its operations:

The Global Compact principles are indispensable guidelines for Erste Bank for further and best possible development of our activities in the fields of human and labour rights of employees, environmental protection, assistance to the development of the community and socially vulnerable groups, anti-corruption, etc. By its participation in the Global Compact, Erste Bank promotes the United Nations values and policies and seeks to integrate them into all aspects of its business, which is especially important if taking into account the long-lasting social and economic problems in Serbia, as well as the global economic crisis.

By participating in strengthening local networks: By joining the local network of the Global Compact Serbia, Erste Bank directly participates in and contributes to strengthening the cooperation and mutual exchange of good practices of social responsibility among its members. In this way, we achieve communication and launch new initiatives in cooperation with partners who share our values and vision. We are particularly proud of the fact that the local network of the Global Compact Serbia was declared one of the three most active networks in the world at the Global Compact Annual Meeting in New York in 2010.

By transparent reporting: As a volunteer association, the Global Compact mostly relies in its operation on public accountability and transparency of all its members. Therefore, Erste Bank has been reporting about its progress since 2008, thereby confirming its commitment to transparent reporting. The activities carried out in accordance with the Global Compact principles produce positive and visible results, which are an integral part of our annual corporate social responsibility report. In order to promote and support further the Global Compact Serbia, Erste Bank continues to foster and develop its reporting system.

How Does Erste Bank Apply the 10 Principles of the Global Compact?

10 PRINCIPLES OF THE GLOBAL COMPACT	IN BUSINESS	IN THE COMMUNITY
Human rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights and Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	<p>Policies of human rights, equal opportunities, safe and healthy working conditions.</p> <p>Regulation on Health and Safety at Work, Job Risk Assessment for all jobs in the Bank.</p> <p>A company-wide Code of Ethics was adopted in 2010.</p> <p>Systems and programmes for permanent professional development and training. More than 700 employees went through some form of training in 2010.</p>	<p>Development of youth education and entrepreneurship: the Junior Achievement in Serbia and Club 27 programmes, Erste Group Danubia Summer University, cooperation with AIESEC</p> <p>Support to projects of social inclusion, inclusive education and respect of human rights of persons with disability.</p>
Labour standards Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; Principle 6: the elimination of discrimination in respect of employment and occupation.	<p>Application of the policy for the respect of human rights and freedom of association.</p> <p>Observing the Labour Law — the standards of Erste Bank are above the legal minimum. The Collective Bargaining Agreement with the Trade Union is revised once every three years. 65% of employees are members of the Trade Union.</p> <p>Of the total number of employees, 71% are women and 29% are men.</p> <p>Of the total number of employees in managerial positions, 56% are women and 44% are men.</p>	<p>Support to work training of socially marginalised groups by cooperation with partners from the non-profit sector</p>



<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges.</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility;</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Observance and application of the Law on Environmental Protection;</p> <p>Reduction of energy use and recycling office supplies:</p> <ul style="list-style-type: none"> • 921 empty toner cartridges • 1,200 kg of electronic IT equipment including computers, monitors, printers, UPS devices, phones, computer network equipment, computer communication equipment. • 25,470 kg of office paper. • In 2010 we opened a branch in the first so-called smart building in Serbia. 	<p>Support to projects in the field of environmental protection.</p> <p>Investment in renewable energy sources — loans for the construction of two mini hydroelectric power plants</p> <p>Winner of the 2010 Green Leaf award for the most successful environmental projects.</p> <p>Volunteer campaigns in Zrenjanin, Niš, Kragujevac, Belgrade, Vršac, Bačka Palanka and Sremski Karlovci.</p>
<p>Anti-corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Banking Code of Conduct, Erste Bank Employee Code of Ethics. Observance of the Guide to Managing Conflicts of Interest at the Erste Group Level.</p> <p>A special Bank Compliance Unit.</p> <p>A special AML programme — a set of internal acts for the prevention of money laundering and terrorism financing.</p> <p>Strict ethical rules related to receiving and giving gifts.</p> <p>Operating results are published on a quarterly basis and once a year the financial report approved by an accredited audit company.</p>	<p>Participation in the preparation of the Declaration Against Corruption of the UN Global Compact Serbia.</p>



The Global Compact Serbia Member Banks Advise Citizens How to Align Income and Expenses

The conference held at the National Bank of Serbia in February 2010 launched a project of free interactive workshops for citizens on personal finance planning and management. The project is being carried out by eight commercial banks together with the National Bank of Serbia with support of the Academy for Banking and Finance, Belgrade, and the Serbian Chamber of Commerce, as a member of the Working Group on Corporate Social Responsibility in Banking and Finance within the United Nations Global Compact Serbia.

Wishing to help the citizens better understand the flow of money through the household budget, what is considered income and what expenses are and how to record them on a weekly and monthly level, what the goals/plans are and why it is important to time them, but without offering a “magic formula” of erasing all financial problems, the members of the Working Group on Corporate Social Responsibility in Banking and Finance within the United Nations Global Compact Serbia launched free interactive workshops for citizens named Personal Finance Management.

In addition to financial training as one of the goals of these workshops, the value of this project is also in mutual cooperation of member banks, as well as several businesses in organising and implementing this project, which focuses on the customers and their training with the aim of not only informing them better about financial services but also increasing the confidence in the banking sector.

From the project launching date, 9 February 2010, until the end of 2010, **24 workshops were held in 3 towns and were attended by around 340 participants** with whom 16 instructors worked. The workshop usefulness for a more successful personal finance management was rated as very high by 36% of the participants, as high by 38% of them while only 4% of the participants rated it as very low.

Miloš Macut and Vera Stojanović, Erste volunteers – trainers, who were among the first to break the ice of holding the workshops, emphasise that the organisation itself and the method of work at the workshops imply an interactive approach between the trainers and the participants. Different practical examples of cost management are presented and the importance of planning is emphasised at the workshops. Miloš and Vera have expressed their satisfaction with the fact that they cooperate with their colleagues from other banks and that there is no competition among them because the volunteer-type project itself proves once again that banks are socially responsible organisations.

Who are workshop participants?

“The composition of the previous participants is very diverse in terms of age, profession, income level... I think that the workshop is useful for all citizens, regardless of whether they have higher or lower income,” Miloš told us. Vera is especially





Achieved in 2010:

- [✓] participation in the Personal Finance Management project of the UN Global Compact Serbia;
- [✓] continuation of promoting the ten business principles of the UN Global Compact;
- [✓] participation in the Our Belgrade volunteer day and the Business Leaders Forum international conference on corporate social responsibility CSR Forum;
- [✓] continuation of promoting corporate social responsibility and supporting joint initiatives and intersectoral cooperation between the business, civil and state sectors.

Plans for 2011:

- [➡] continue the promotion of corporate social responsibility and power of joint forces by providing support to initiatives that advocate this concept and to their projects;
- [➡] sign the Declaration against Corruption of the UN Global Compact Serbia;
- [➡] participate in the second CSR Forum conference;
- [➡] we shall continue to support and participate in the Personal Finance Management project.

pleased with the fact that she had participants who still have no income at two workshops: "These are young people who have just graduated and are looking for a job or are at the end of their studies, and who came with an intention to learn something that they will be able to apply successfully when they start earning."

What questions do the citizens ask most frequently?

"The most frequent question of the citizens is where to make savings, and they expect numerous and applicable examples from the instructors. Often, the participants themselves find the best way of saving for them, which certainly is the ultimate goal of the programme. Finance management is a skill and, as in the case of other skills, it takes time to master, and our job is to help the citizens in that," explains Vera.

The Business Leaders Forum

The Business Leaders Forum Serbia is the first coalition of socially responsible companies in Serbia, established with a mission to stimulate the development of corporate social responsibility and establish permanent and stable socially responsible practices in the domestic business sector. This unique business network in Serbia was established in 2008 at the initiative of the SMart Collective non-profit organisation that has been actively working on the promotion and development of corporate social responsibility in Serbia since 2004. The Forum brings together leaders from the business sector with representatives of state institutions, non-profit organisations and other stakeholders, initiating a constructive intersectoral dialogue and encouraging joint contribution to the sustainable development of the society. With the aim of solving targeted social, economic and environmental problems, the Forum also launches specific programmes and projects, through which it works, together with other social actors, on the achievement of sustainable and stable development of the community. Erste Bank is one of the founders of the Forum, which currently has seventeen member companies.

In 2010, Erste Bank participated in the annual conference of the Business Leaders Forum, CSR Forum, by presenting itself at the *Marketplace*, a mini fair at which companies presented their social responsibility programmes, while non-profit organisations presented their social and environmental initiatives that companies may join. Erste Bank presented itself at this fair with its cultural decentralisation project Centrifuge.

Erste Bank also participated in the traditional volunteer day of the Forum that takes place in June every year. The Our Belgrade volunteer day brings together hundreds of volunteers from the Forum member companies, who participate in various activities aimed at caring for the most vulnerable citizens, as well as at environmental protection. As part of this initiative, 30 Erste Bank volunteers took part in cleaning and arranging the Ušće city park, together with their colleagues from other companies.



ERSTE Foundation

ERSTE Foundation was founded in 2003, as successor to the first Austrian savings bank, Erste oesterreichische Spar-Casse. At this point, ERSTE Foundation owns 25.3% of Erste Group shares. The Foundation invests part of its dividends in the development of the society and the common welfare in Austria, as well as in Central and South-eastern Europe. It supports social involvement and activism of the civil sector with the aim of bringing people closer and expanding knowledge about the recent history of the countries of the region that have experienced dramatic changes since the early 1990s. Through its active engagement, the Foundation develops its own projects within the three following programmes: Social Development, Culture and Europe. In 2010, ERSTE Foundation launched a series of projects in Serbia.

More details about ERSTE Foundation may be found out at:
www.erstestiftung.org

KomenskýFond **International Youth Meeting** **on Children's Rights in Sokobanja** **Sokobanja, 4–10 July 2010**

Under the auspices of Erste Foundation and Caritas, and within KomenskýFond corporation, a meeting was held in Sokobanja from 4 to 10 July 2010 for the purpose of intercultural exchange of young people from disadvantaged households in Bulgaria, Romania, Serbia, Slovakia, Czech Republic, Hungary, Ukraine and Austria. The objectives of this project are education and the impact it can have on the future independent life of children from disadvantaged households. The meeting encouraged the children to understand other cultures and countries and eliminate prejudices and barriers, and provided the participants with knowledge about children's rights.

About fifty children aged 12 to 14 years had an opportunity to become acquainted with the principles of democracy, participating in various workshops and children's parliament, as well as discussing issues such as discrimination, children's rights and the right to education. The meeting was honoured by the presence of Mr Ivan Dimić, President of the Municipality of Aleksinac.



KomenskýFond is an initiative of ERSTE Foundation and Caritas. It was created to help people in difficult social and economic situation get education and to contribute to raising awareness of education as a manner of avoiding poverty.





Kakania – New Republic of the Poets Biljana Srbljanović Was a Guest of Burgtheater Vienna, 26 January 2010

The Vienna Burgtheater, in cooperation with ERSTE Foundation and the *Die Presse* daily newspaper, organises discussions on the subject of Kakania — New Republic of Poets with relevant authors from the region who significantly contribute to the development of the freedom of speech and understanding among the nations of Europe. The third discussion in this cycle was held with our playwright Biljana Srbljanović on Tuesday, 26 January. Within this programme, discussions were held with many prominent authors such as Vaclav Havel, Claudio Magris and Slavoj Žižek. The term Kakania was borrowed from Musil's novel *The Man Without Qualities* as a metaphor for the spiritual and geographical area of the Austro-Hungarian monarchy, while it may be observed more widely as a spiritual area of Central, Eastern and South-eastern Europe in the context of spreading European ideas and the spiritual and cultural meeting of European nations.

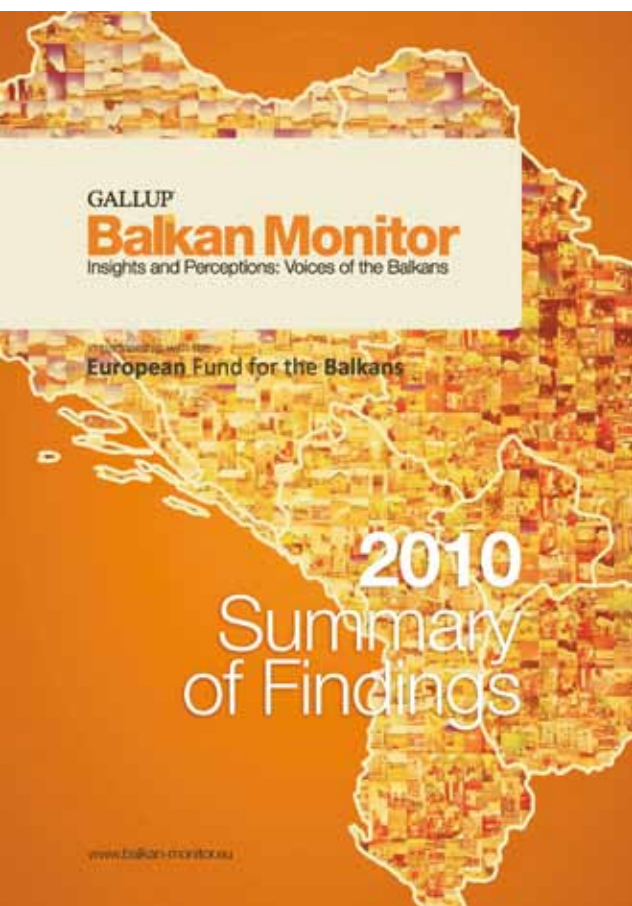
In July 2009, Biljana Srbljanović opened the Balkan Case Challenge — a competition for outstanding students from twelve countries of Central and South-eastern Europe, supported by ERSTE Foundation, with a speech that was met with great interest of the audience: *The Balkans — a Future in Present Tense*.

Establishment of the European Fund for the Balkans

In order to encourage the European integration process in South-eastern Europe, four European foundations — ERSTE Foundation, Compagnia di San Paolo (San Paolo Fund), King Baudouin Foundation and Robert Bosch Stiftung (Robert Bosch Fund) — set up the European Fund for the Balkans, based in Belgrade, whose purpose is to encourage and support initiatives for bringing the Western Balkans closer to the European Union through grant giving and operational programmes.

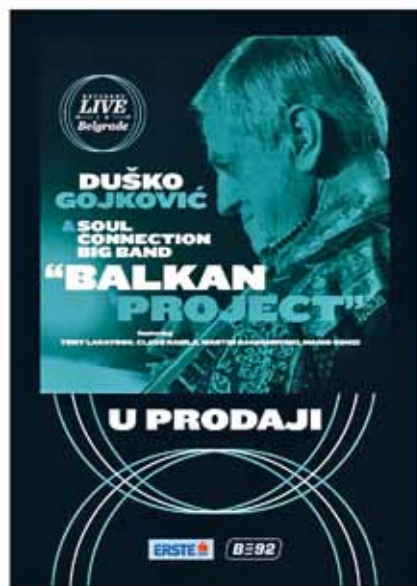
The Foundation supports the efforts of individuals and organisations to contribute to the European integration processes in the Balkans. There are numerous agendas of many stakeholders in these processes that can decelerate reforms and for that reason an integrated approach is needed, with strategies and plans, as well as with debates and awareness campaigns, by which the general public would be informed of the benefits that the European Union membership brings. This is precisely what the European Fund for the Balkans does.

Gallup Balkan Monitor is one of the initiatives that the European Fund for the Balkans supports within its fourth segment: development of practical policy. This agency's reports offer a comprehensive insight into how the people of the Balkans perceive life. Experienced researchers gathered the data that can provide a basis for different strategies. The latest research published in 2010 shows that the people in the Balkans are facing increasing economic woes. The brighter side of the story is a decrease in the fear of armed conflicts, as well as the fact that progress has been made in re-establishing trust between different ethnic groups.



Major Projects Supported in 2010

Wishing to make the fund granting process as transparent and easy for the beneficiaries as possible, the system for management and administration of the general sponsorship and grant programme was improved by introducing a new internal procedure for sponsorship and grant approval, as well as the Application Instruction and Application Form for the general sponsorship and grant programme for potential beneficiaries, which can be found at the Bank's official website www.erstebank.rs and at www.superste.net



SPONSORSHIPS

Sterija Theatre Festival

international theatrical event / Novi Sad / Sterija Theatre Festival

Zmaj Children's Games

children's event / Novi Sad / Zmaj Children's Games

Arouse! Poetry! Belgrade Poetry and Book Festival

/ Belgrade / Third Square

Laboratory of Famous People (FamLab)

programme for popularisation of science in Serbia / Belgrade / British Council and Serbian Broadcasting Corporation

Science Festival 04

/ Belgrade / Science and Art Promotion Centre

Balkan Jazz Project

Duško Gojković & Soul Connection Big Band

Anamnesis-Ecumenical Mysteries

Boris Kovač

music CDs / Belgrade / B92 Broadcasting Corporation

Belgrade Jazz Festival

/ Belgrade / Youth Centre

European Film Festival Palić

/ Subotica / Open University

Euromoney Regional Finance and Investment Conference for Southeast Europe

/ Belgrade / Euromoney

Kopaonik Business Forum 2010

/ Kopaonik / Serbian Association of Economists



GRANTS

Guitar Art Festival 2010

music CD / Belgrade / Guitar Art Fest

Nišville Jazz Festival

/ Niš / Nišville Foundation

Designer: Author or Universal Soldier

international conference / Belgrade / NGO Blokovi

Places in the Heart – awards to the most positive civic initiative projects and the best local partnership for 2009

/ Belgrade / Places in the Heart Fund

Annual Cultural Programme

/ Indijja / Cultural Centre

Revival of the Kate Kapuralica play

/ Sombor / Sombor National Theatre

Interaction – International Student Film Camp

/ Požega / FILMART Independent Film Centre civic association

Art and Inclusion

promotion of creative work of young people with developmental disorders in the domestic art scene and development of inclusion in the field of culture / Novi Sad / Per.Art civic association

Seize This Day With Me

international film event dedicated to the life, activities and achievements of persons with disability / Novi Sad / Parnas Creative Promotional Organisation

European Youth Week in Novi Sad 2010

/ Novi Sad / Creative Educational Centre

PRilika 2010 Conferences

/ Zrenjanin / Serbian Public Relations Association

Contest For the Best Media Report on European Integration

/ Belgrade / EU Integration Office

Maintenance of the Botanical Garden

/ Sremski Karlovci / Nature Conservation Movement and Volunteer Centre Novi Sad.



Care for the elderly

/ Novi Sad / Caritas Serbia and Montenegro

Development and improvement of the activities of Grad – European Centre for Culture and Debate

/ Belgrade / Cultural Front

Serbia on the Road to Europe – 10 Years Later conference

/ Belgrade / Fund for Political Excellence



Participation of prominent students of faculties in Serbia in seminars and symposia of the Alpbach European Forum

/ Alpbach, Austria / Initiative Group Alpbach Belgrade civic association

Who Wants to Be a Millionaire? Humanitarian Quiz

aid to the Shelter for Emergency Protection of Abused Children / Belgrade / Laguna Publishing and ADVANTAGE Production

Support to rehabilitation of Mila the dog and to further activities on prevention of violence against animals

/ Belgrade / Mila Fund



Campaign: Aid to Three Kids without Parents

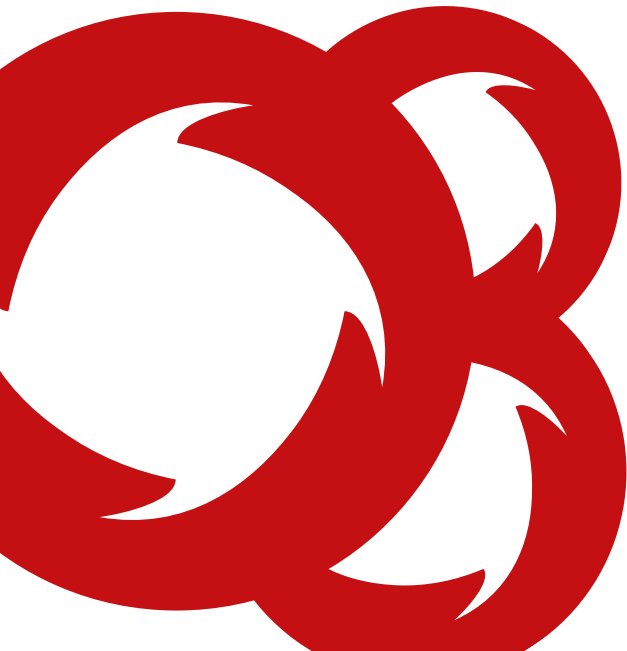
/ Šabac / Šabac Humane Heart Fund

Support to the activities of the Mother Courage Civic Initiative

/ Belgrade / Mother Courage Civic Association

Through the Lens of Remembrance – International Meeting of Youth from France, Macedonia, Germany and Serbia

/ Belgrade / Kulturklammer — Centre for Cultural Interactions



PROJECTS IN COOPERATION WITH PARTNERS

Centrifuge

grant programme aimed at cultural decentralisation /
all places in Serbia in which Erste Bank operates, except Belgrade, Novi Sad and Niš
/ partner: Balkan Community Initiatives Fund

Club 27

contest for young talents in the fields of art, social sciences and humanities
and natural sciences and the field of engineering and technology / entire Ser-
bia / partner: Balkan Community Initiatives Fund

Share Your Knowledge – Become a Mentor

/ Belgrade / partners: the United States Embassy
and the European Movement in Serbia

ERSTE BANK

Medijska podrška: City

**MLADI STE
I KREATIVNI?
USPEŠNI I
TALENTOVANI?**

**ILI POZNAJETE
OSOBU KOJA
JESTE?**

**NEKA SVI
ZNAJU
ZA TO!**

KLUB 27

SABRINA VLAŠKALIĆ
prošlogodišnja pobednica Kluba 27 u kategoriji umetnosti



The Bank is the People!

Erste Bank a. d. Novi Sad

Corporate Social Responsibility

Report 2010

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Print Run 1300

Printed by

Stojkov, Novi Sad



This report was printed on FSC-certified paper produced by controlled forest growth.



CIP – Katalogizacija u publikaciji
Biblioteka Matice srpske, Novi Sad

336.712 (497.113 Novi Sad) „2010“ (060.55)

Erste Bank (Novi Sad)

Banka – to su ljudi! : Izveštaj o društveno odgovornom poslovanju za 2010. godinu / Erste Bank a.d. Novi Sad – Novi Sad : Erste Bank, 2011 (Novi Sad : Stojkov). – 60 str. : ilustr. ; 28 cm

Tiraž 1.300.

ISBN 978-86-912019-4-4

a) Erste Bank (Novi Sad) – Poslovanje – 2010
– Izveštaji
COBISS.SR-ID 265317895



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