

Investing in the Future



CORPORATE SOCIAL RESPONSIBILITY REPORT
2007

Profile of Česká spořitelna

YEAR OF BIRTH

1825 *(but mentally it is in its best years).*

FAMILY

Member of the Erste Bank Group which operates in eight European countries: Czech Republic, Slovakia, Austria, Hungary, Croatia, Serbia, Romania and Ukraine. In addition, there are 13 subsidiaries covering the financial needs of clients in a comprehensive manner.

STATISTICS

5.3 million clients. Total assets exceeding CZK 800 billion.

HOBBIES

Foreign languages – we are the only bank in the Czech Republic which has a specialised branch for foreign clients – Expat centrum.

LOCATIONS

14 mortgage centres offering comprehensive services regarding housing, 15 commercial centres for small and medium-sized corporate clients and 9 developer centres for project funding in Prague and the Czech Republic regions.

663 branches, 7 of which are open seven days a week in the Czech Republic, and 1,094 ATMs.

DISTINCTIVE MARK

The most trusted bank of 2006 and 2007 in the MasterCard Bank of the Year competition.

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Česká Spořitelna Corporate Social Responsibility Report in Brief

- | The Corporate Social Responsibility Report for the year ended 31 December 2007 is the first document of its kind which provides comprehensive information to the readers about our social responsibility and philanthropy activities.
- | The Report presents our Corporate Social Responsibility (CSR) strategy which was approved for 2008-2010 under the "Investing in the Future" slogan. Concurrently, it informs readers about the activities and projects we conducted for our stakeholders – shareholders, clients, employees, communities and the environment, in which we operate, in 2007.
- | We developed the CSR strategy based on discussions with our stakeholders. In the long-term, we communicate with our shareholders, partners, employees, clients and the environment in which we operate. In late 2007 and early 2008, we conducted a survey of anticipated behaviour of Česká spořitelna in respect of CSR activities. The nature of our business creates excellent conditions for obtaining feedback from stakeholders, whose comments we consider key to our success.
- | Our CSR strategy is based on our mission and vision, as well as key bank documents which expressly state that, due to above-average yields, we shall assist our shareholders in the development of the society in which we operate.
- | All of our activities are based on the Code of Ethics of the Česká spořitelna Financial Group and the Code of ČS banking services. Transparency and credibility are the underlying principles of our business activities; for these reasons, we run our business activities in accordance with corporate governance principles.
- | We have an open-minded attitude to our clients – in addition to standard instruments, our clients have the possibility of utilising the services of an independent ombudsman established by Česká spořitelna. We educate our clients in the long-term, offer advisory in difficult life situations, and are one of the founders of the Debt Advisory Centre. We create stand-alone products and services for marginal groups, such as our network of ATMs for visually-impaired people.
- | We offer a whole range of benefits to our employees including whole-life education, support for mothers on maternity leave, and the possibility of using two working days to volunteer. Because we consider employee feedback invaluable, we have introduced an open communication system which not only ensures that our employees are better informed, but also allows communication between our employees and Česká spořitelna's senior management.
- | The philanthropy areas to which we contribute are in line with the general concept of our CSR strategy. We focus on education, people in need and sustainable development. Since 2002, we have operated the Česká spořitelna Foundation which allows us to work on long-term strategic projects with our partners. The Foundation is a key instrument of our corporate philanthropy activities and focuses on social development areas which are often overlooked by other donors. The aggregate amount that we donated (ČS and the ČS Foundation) to various philanthropy and charitable projects exceeded CZK 60 million in the year ended 31 December 2007.
- | Our business solutions are carried out with a socially responsible attitude. In order to aid potential investors in the preparation and implementation of projects concerned with energy production from renewable resources a specialist team of workers, the Energy Team, was put into place. We also developed a special TOP Energy product for funding energy savings and renewable sources projects.

Opening Statement of the Chief Executive Officer and Chairman of the Board of Directors

Ladies and Gentlemen,

I am proud to present to you the first-ever Corporate Social Responsibility Report of Česká spořitelna. In Česká spořitelna, we believe that, as a bank with 5.3 million customers and more than 10,000 employees, we have a moral obligation to behave with social responsibility and help develop the society in which we operate.

Social responsibility is not a new phenomenon in our corporate culture. Responsibility and charity have, in fact, been part of the mission of savings banks for more than 180 years. Nevertheless, new areas of concern have arisen which are becoming more pressing in modern society, such as the environment, care of people tackling the sicknesses of modern times, education in areas that originate as a result of the fast pace of the society's life, etc.

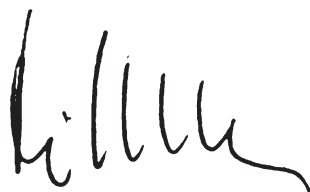
We consider all of these topics to be very important and we make every effort to apply social responsibility to all of our activities, from focusing on our clients, employees, and shareholders to society as a whole.

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Česká spořitelna does not engage in any extensive activities regarding these urgent problems of modern society which receive the general public's attention. Since other companies and individuals focus their attention on these fields extensively and contribute with considerable donations, we have preferred topics which are equally pressing and urgent but beyond the interest of the general public for various reasons.

Why we do it? Because we are not indifferent to these topics. Because we know that we invest in the future of us all.

Wishing you good reading



Gernot Mittendorfer



Our Company

!

Our Company

In terms of the number of clients we are the largest financial institution in the Czech Republic. Founded in 1825, Spořitelna Česká, our oldest legal predecessor, began its activities to develop society and provide assistance to individuals. In 1992, we continued the Czech and later the Czechoslovak tradition of savings banks by becoming a newly-established joint stock company – Česká spořitelna. The turning point in our modern history was in 2000 when we became a member of the Erste Bank Group. From July 2000 to December 2001 we underwent an ambitious transformation designed to make us an institution which can make an impact on all areas of our clients' lives. Over time we have become a modern, client-friendly financial institution which offers a wide range of quality products.

Currently we have an image of a modern bank which provides comprehensive services to all client segments. Our ambition is to be both an innovative and dynamic financial group with a responsible attitude to the society in which we have inherently belonged for almost 200 years.

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Our Values, Mission and Vision Reflect the Responsibility of a Market Leader

We are led by a timeless mission and vision which create conditions for the development of business activities in a comfortable environment.

OUR MISSION

To be a provider of financial services which enables our clients to fulfil their unique wishes and needs.

OUR VISION

We are the first-choice bank for all client segments:

- We provide excellent advisory, support and services thanks to our employees' first-class performance;
- We assure above-average yields for our shareholders thanks to our first-rate advisory, support and services;
- We create inspiring and quality working conditions for our employees thanks to the above-average yields for our shareholders; and
- We help to develop the society in which we operate thanks to the above-average yields.

OUR VALUES

Reliable

Attentive and responsive

Open and easy

Our CSR strategy is based on corporate values principles and our corporate mission and vision. We exhibit a socially responsible attitude in all business and non-business activities so that it brings benefits to all target segments: clients, employees, shareholders as well as the society in which we operate.

Clients

- Private clients
- Company and corporate clientele
- Municipalities
- Financial markets services

PRIVATE CLIENTS

Our predominant focus is on retail banking. Citizens of the Czech Republic, foreign clients staying in the Czech Republic, students, entrepreneurs, sole traders and independent profession clients, high net worth private clientele – all comprise our key client segment. We hold a dominant position on the market in many retail banking segments (mortgages, credit cards, direct banking, account administration, and advisory in the administration of client portfolios).

COMPANY AND CORPORATE CLIENTELE

Our other key clients include small, middle and large-size companies. Our offer includes traditional products for the administration of accounts and provision of loans, special projects focusing on investment loans, export, capital investments, leasing, factoring, real estate funding, syndicated loans, etc. We provide our corporate clientele with advisory in the use of guarantee funds or drawing subsidies from European Union funds. More recently, we have also provided our clients with products which contribute to environmental sustainability (@Faktura24, TOP Energy programme). Approximately one-fourth of all small and mid-size companies are our clients.

MUNICIPALITIES

We enjoy a significant position as a traditional partner of Czech municipalities and communities. Our clients comprise more than 70 percent of the municipalities, communities and regions in the Czech Republic.

FINANCIAL MARKETS SERVICES

We are number one on the initial public offering and investment banking market.

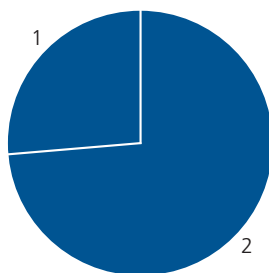
People in the ČS Financial Group in Figures

- Employees: more than 10,000, of which 76 percent are women
- Retirement-age employees in the Financial Group: 152
- Employees with a disability: 87

Employing more than 10,000 people, we have been a profitable bank since 2000 thanks to the efforts of our team. In 2007, we generated a net profit exceeding CZK 12 billion, which makes us the profitability leader in the Erste Bank Group. Concurrently, these results enable us to share the success with those who contributed to it, namely our clients and the society in which we operate, through a number of philanthropy projects and activities. The volume of these activities exceeded CZK 60 million in 2007.

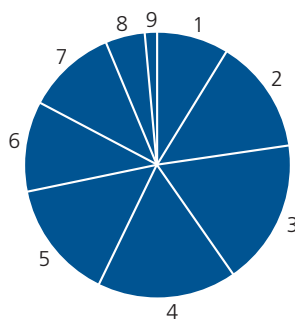
STRUCTURE OF EMPLOYEES IN THE ČS FINANCIAL GROUP

Number of Employees of the ČS financial Group by Gender



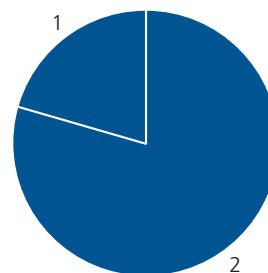
1 Men 26%
2 Women 74%

Number of Employees



1 under 25 years 9% 6 46-50 11%
2 25-30 14% 7 51-55 11%
3 31-35 17% 8 56-60 5%
4 36-40 17% 9 over 60 years 1%
5 41-45 15%

Proportion of Men and Women Managers in ČS



1 Of Which are Women 21%
2 Total Managers 79%

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Average age of ČS Financial Group employees: 39.32

Number of retirement-age individuals employed in the ČS Financial Group: 152 (including employees who receive retirement benefits, but who still work)

Number of individuals with a disability employed in the ČS Financial Group: 87

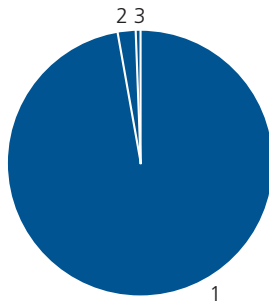
Number of managers: 190

Česká spořitelna Financial Group

- ▮ brokerjet České spořitelny, a. s.
- ▮ Consulting České spořitelny, a. s.
- ▮ Erste Corporate Finance, a. s.
- ▮ Factoring České spořitelny, a. s.
- ▮ Informatika České spořitelny, a. s.
- ▮ Investiční společnost České spořitelny, a. s.
- ▮ Penzijní fond České spořitelny, a. s.
- ▮ Pojišťovna České spořitelny, a. s.
- ▮ RAVEN EU Advisory, a. s.
- ▮ Realitní společnost České spořitelny, a. s.
- ▮ REICO investiční společnost České spořitelny, a. s.
- ▮ s Autoleasing, a. s.
- ▮ Stavební spořitelna České spořitelny, a. s.

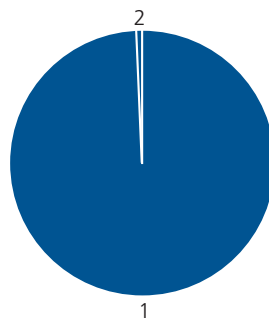
SHAREHOLDERS

Basic Capital Share



- 1 Erste Bank 98%
- 2 Municipalities and communities 1,6%
- 3 Others 0,4%

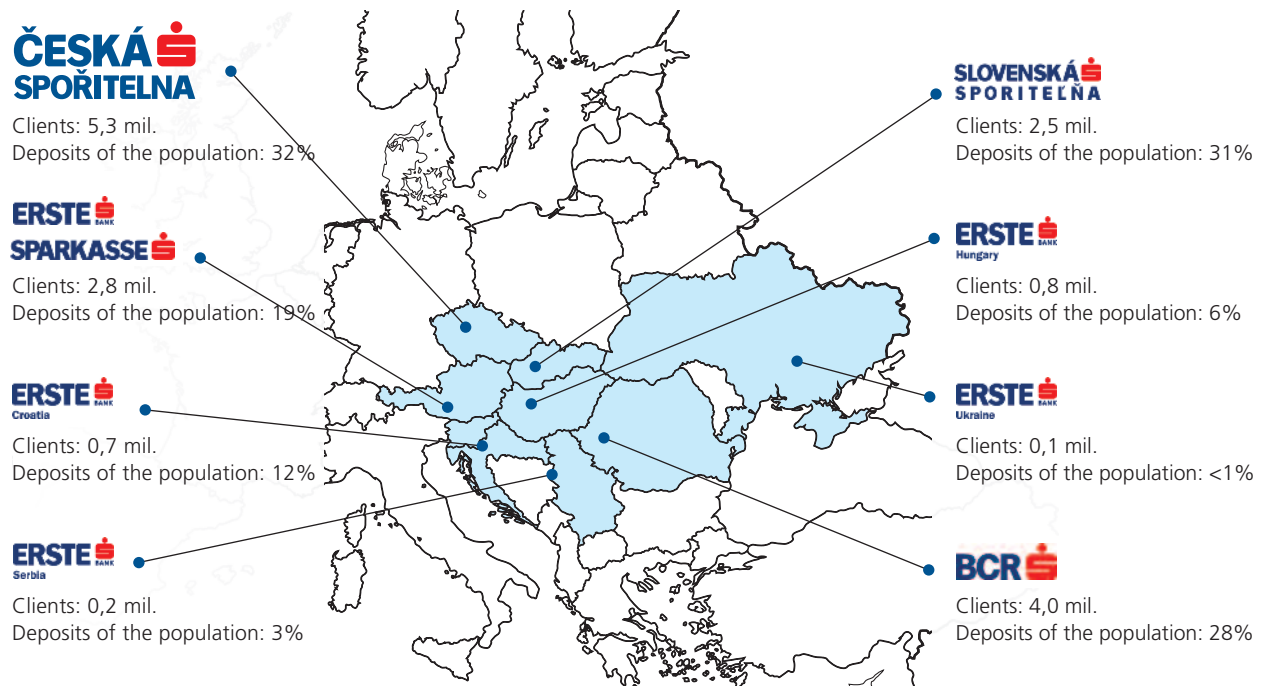
Voting Rights



- 1 Erste Bank 99,5%
- 2 Others 0,5%

We are Part of the Central European Erste Bank Group

Since 2000, we have been a member of the Central European Erste Bank Group with approximately 16,000,000 clients in 8 European countries (Czech Republic, Slovakia, Austria, Hungary, Croatia, Serbia, Romania and Ukraine). The alliance with such a strong partner on an extremely competitive European market has provided us with an excellent position, one which allows us to fulfil the vision of a strong and competitive bank as well as a helpful and open-minded partner. In a similar fashion, our parent company Erste Bank dates back to 1820 and was founded with identical goals: to provide support to society by offering assistance and help to its members.





Corporate Social Responsibility "Investing in the Future"

II.

Corporate Social Responsibility

“Investing in the Future”

- The CSR strategy of the ČS Financial Group is based on its own mission
- The CSR and philanthropy strategy “Investing in the Future” has been approved by the Board of Directors for 2008 – 2010
- Our CSR strategy is based on three pillars: education, assistance and sustainable development

CSR MISSION OF ČESKÁ SPOŘITELNA

“To increase shareholder value by interconnecting business objectives with interests of key stakeholders so that our behaviour has a positive impact on the society in which we operate.”

The new CSR and philanthropy strategy was approved by the Board of Directors in early April 2008.

The CSR and philanthropy strategy for 2008 – 2010 is organised under the slogan “Investing in the Future”. Our CSR strategy is based on the general principles of social responsibility and was created based on detailed research of the opinions of our employees, clients, shareholders as well as the public. Our strategy is based on three pillars relating to our corporate values, which include:

- **Education – specifically financial education**
- **Assistance to people in need – specifically the care of senior citizens and aid for substance abusers**
- **Sustainable development**

We are not only a strong and competitive bank, but also a reliable, open-minded and helpful partner to our key stakeholders (employees, clients, shareholders, and business partners) and the society in which we operate.

- Our CSR strategy is based on the general principles of social responsibility and three key CSR pillars – economic, social and environmental.
- Our CSR strategy is based on the general strategy of Česká spořitelna, respecting the values and governance principles of the entire company.
- Our CSR strategy is an integral part of our business strategy and corporate culture.
- Our CSR actively involves all stakeholders – specifically employees and clients.

Research of Opinions on the Socially Responsible Behaviour of Česká spořitelna – Dialogue with Key Groups

Our CSR and philanthropy strategy for 2008-2010 was created based on detailed research of the opinions of employees, clients, shareholders and the public as noted by media and representatives of the non-profit sector. We believe that any investment in a CSR strategy which excludes continuous dialogue with stakeholders is only a marketing instrument, an opinion which has also been confirmed in practice. Our aim is to actively connect our CSR strategy with the business know-how of Česká spořitelna and use it to improve our competitiveness in parallel with the improvements in the environment in which we operate. That is why we maintain an ongoing dialogue, the most important part of which is communicated in research regarding Česká spořitelna’s socially-responsible behaviour. Using this research, Česká spořitelna has created both a long-term strategy in this area and control mechanisms for increasing its effectiveness and efficiency.

We asked our key stakeholders the following three principal questions:

- ▮ What role should the CSR strategy play for Česká spořitelna?
- ▮ How do you evaluate the current activities of Česká spořitelna as compared to the objectives it has determined?
How do you perceive Česká spořitelna's CSR strategy compared to the strategy of its competitors?
- ▮ What are the three areas on which, in your view, Česká spořitelna should focus and which areas match the objectives referred to above?

The following areas were monitored in our research so as to analyse our strengths and weaknesses regarding social responsibility:

- ▮ Social Issues and Charity
- ▮ Support for Financial Education
- ▮ Support for General Education
- ▮ Sustainable Development
- ▮ Care of Physically and Mentally Disabled People
- ▮ Care of Seniors

The result of our research is the overview of the perception of our socially responsible behaviour across key groups, principally:

- ▮ In terms of all key groups, social activities and charity are the only areas which are perceived to be our strong point in terms of social responsibility.
- ▮ The public expects that most of our support will go towards education and the care of senior citizens. Currently the public notes our activities in the areas of society and charity rather than in the environment and general education.
 - While we have a positive reputation among our clients, our reputation among non-clients in terms of social responsibility in all monitored areas is not so strong.
 - There is no difference in how citizens in small cities and citizens in large cities perceive us. The perception by citizens with higher personal income is slightly worse than the perception by the general public.
 - We will continue to work together with the Život 90 civic association and create new programmes to support the awareness of possibilities for seniors to live an active life. In terms of our business activities, we are interested in the education of the public with respect to financial well-being in the retirement age. We believe that sharing this know-how will be beneficial for both sides.

■ Our employees consider environmental protection and activities leading to sustainable development as a relatively weak point in our social responsibility behaviour.

- Managers of Česká spořitelna evaluate their employer more positively in the area of social responsibility than other European countries.
- Employees give credit to its employer for the care of disabled citizens, care of senior citizens and support for the education with respect to financial security.
- Like the public, our employees notes our behaviour rather in the social and charitable areas than in the environmental and general education area.
- The active cooperation and involvement of employees in CSR activities has been ongoing in Česká spořitelna for several years. Newly-created volunteer programmes and supporting colleagues in their involvement in the communities in which they live creates additional opportunities for changing the perception of our activities.
- The feedback and inspiration of our 11,000 employees constitute the best and most efficient means to continuously improving our activities.

■ According to journalists, we should pay increased attention to providing assistance to disabled citizens and to improving education. Journalists see our support of charity projects as our strongest area in terms of social responsibility.

- Our reputation regarding social responsibility is perceived more favourably by journalists than by the public.
- Our principal objective for cooperating with media will predominantly be the education of society with respect to our CSR strategy in the form of “best practice”. It is our intention to support this field in all areas of society, not only in the commercial sector.



More Stringent
than Current Legislation

III.

More Stringent than Current Legislation

Our clients, employees and shareholders expect that we will comply with our obligations and objectives in accordance with legislative norms and in accordance with the highest standards of ethical behaviour. To comply with these expectations, we behave in accordance with the principles of corporate governance and the Code of Ethics of ČS. We have also established compliance committees to ensure internal management and the responsibility of the Board of Directors and the Supervisory Board.

- I We publish a statement on the level of compliance regarding the governance and management of ČS with OECD principles on a regular basis**
- I We created a separate department which is responsible for the compliance of Česká spořitelna's internal regulations with valid legislation**
- I We communicate with our shareholders and investors in an open manner using regular reports on the ČS Financial Group's activities**
- I Our policy of maintaining openness and transparency includes publishing our economic results on a quarterly basis**
- I The behaviour of our employees and the entire bank is governed by the Code of Ethics of the ČS Financial Group and the Code of Banking Services, which are more stringent than valid legislation**

All of our activities are based on the Code of Ethics of the ČS Financial Group and the Code of ČS Banking Services. These codes create conditions for the proper management and governance of Česká spořitelna and its responsible operations on the market.

Code of Ethics and Values of the ČS Financial Group

The Code of Ethics and Values provides guidance on decision-making and behaviour for all of our employees. The code is based on our mission, vision and values, and contains binding rules for the behaviour of employees of the Česká spořitelna group in relation to their employer, colleagues and clients. The Code of Ethics is part of the rules of work of Česká spořitelna and other members of the ČS Financial Group.

Code of ČS Banking Services

In this document, we voluntarily announce our own standards of banking services for our clients – citizens (individuals – non-entrepreneurs). Our aim is to allow our clients to know what services they can expect Česká spořitelna to offer in the future, to better understand principal banking services, and to allow them to use our services and products to their full satisfaction.

Concurrently, we respect all points of the Code of Behaviour between Banks and Clients issued by the Czech Banking Association (CBA Standard No. 19/2005). In our own code, we undertake to ensure conditions of services for our clients which are more favourable than those required by the Code of the Czech Banking Association. Our employees are trained to follow the rules which we undertake to respect in the Code of Banking Services in the contact with clients.

Corporate Governance

We continuously strive to improve the standards of the governance and management of Česká spořitelna and regularly publish a statement on the level of governance and management compliance with the Corporate Governance Code based on OECD principles. In our activities, we always consider the best interest of all of our stakeholders. Supervision regarding the proper governance and management of Česká spořitelna is provided by the Board of Directors

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The Board of Directors is the statutory body which manages Česká spořitelna and acts on its behalf. The Board of Directors is responsible for the long-term strategic direction and operational management of Česká spořitelna. Its remit is determined by the Articles of Association, internal guidelines and legal regulations of the Czech Republic. The Board of Directors discharge their functions with due care and diligence and are responsible for their activities in the scope determined by Czech legal regulations. All members of the Board of Directors and Boards of Directors of Česká spořitelna subsidiaries are professionals in the management of large corporations with international experience and the ability to work as a team. Members of the Board of Directors respect the compliance with statutory and ethical norms. As of 31 December 2007, the Board of Directors of Česká spořitelna had seven members. In accordance with the Banking Act, all members of the Board of Directors are concurrently executive members and have the necessary personal and professional preconditions for working in the positions of members of the Board of Directors.

The activities of the Board of Directors and implementation of business activities of Česká spořitelna are supervised by the **Supervisory Board**. Besides the obligations and authorisations which are stipulated by legislation, the Articles of Association determine that the Supervisory Board has the right to comment on certain acts which have an impact on the assets of Česká spořitelna, such as: the construction investments and intentions (projects) of the acquisition of tangible and intangible assets of Česká spořitelna over and above a predetermined threshold, the transfer of the ownership of assets of Česká spořitelna, equity investments in Česká spořitelna, etc.). In addition, the Supervisory Board comments on the strategic concept of the activities and development of Česká spořitelna, planning instruments and regular financial statements. The Supervisory Board also comments on the appointment and recalling of the internal audit director and the selection of an external auditor. To support its activities, the Supervisory Board can establish Supervisory Board committees.

Committees of the Administrative Bodies of Česká spořitelna

To support our activities and ensure the internal management and responsibility of the Board of Directors and the Supervisory Board we have established the following committees:

Committees of the Supervisory Board

The Supervisory Board is authorised to establish committees and determine the content of their activities. In accordance with the corporate governance rules, committees of the Supervisory Board include:

- The Audit Committee;
- The Financial Markets Committee; and
- The Credit Committee .

Committees of the Board of Directors

The committees of the Board of Directors are advisory bodies of the Board of Directors which are established by the Board of Directors. The purpose of these committees, which consist of the members of the Board of Directors and selected employees, is to initiate and submit recommendations to the Board of Directors on specialist issues. All committees report to the Board of Directors and prepare a report on their activities at least once a year. The committees are as follows: the Credit Committee, the Assets and Liabilities Management Committee, the Financial Markets and Risk Management Committee, the Investment Committee, the ATM Committee, the Customer Services Committee, and others.

Strict Compliance with Legal Regulations

We in Česká spořitelna consistently ensure compliance with all statutory rights of the shareholders and compliance with the principle of the equal treatment of all shareholders and compliance with all acts and legal regulations. To ensure the compliance of Česká spořitelna's internal regulations with effective legislative and regulatory requirements and to ensure their fulfilment, we have established the **Compliance Department**. The Compliance Department monitors and ensures that the behaviour of Česká spořitelna's employees complies with general legal regulations, the internal regulations of Česká spořitelna, the Code of Ethics and other adopted standards and rules for the behaviour of Česká spořitelna employees. Compliance is reflected in all activities throughout the entire organisation and is part of the corporate culture. The Compliance Department evaluates the internal information listed in the watch list and restricted list and transactions with investment instruments recorded in these lists. On a regular basis, the Compliance Department provides the Board of Directors and the Supervisory Board with information on its activities.

We in Česká spořitelna carefully comply with and adhere to all Czech legal regulations, principles of the Corporate Governance Code based on OECD principles, the recommendation of the European Union Commission with respect to corporate governance and also continuously provides shareholders and investors with all relevant information on our business activities, financial and operating results, ownership structure and other significant events. All information is prepared and published in accordance with the highest standards of accounting and the publication of financial and non-financial information. Pursuant to the recommendation of the Audit Committee, the Supervisory Board approves the independent external auditor every year. In 2007, we appointed Deloitte Audit s.r.o. to conduct the external audit.

Last, but not least, we are a significant taxpayer and contributor to the budgets of the Czech Republic.

Transparency

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In accordance with Czech legislation, we summon **general meetings** through announcements which are published in Hospodářské noviny and Obchodní věstník. The announcements include basic information for shareholders regarding the conditions for participating in the general meeting and exercising shareholder rights. Shareholders who hold registered shares receive the announcement about the general meeting including principal financial indicators. Naturally the announcement about the general meeting is also published on our website. During the statutory advance period, shareholders have the opportunity to become familiar with principal documents (financial statements, reports on related parties or proposed changes in the Articles of Association) which are subject to discussion at the general meeting. General meetings are always held at places accessible to all shareholders, most recently in the registered office of Česká spořitelna.

Although we have not been a publicly traded company since 2002, we continue with the policy of **openness and transparency in publishing our quarterly economic results**. We organise press conferences on a regular basis (at least twice a year) at which we inform the public about the achieved financial and business results of the group. Each quarter, we prepare a detailed presentation of financial and business results which we publish on our website. In addition, all important information on our website is available in both Czech and English.

With the aim of treating all shareholders fairly we have established a **special and freely-available portal "Relations to Investors"** on our website where all shareholders and investors may find up-to-date economic results, financial statements and annual reports and contacts to our colleagues from the "Relations to Investors" team. On a regular basis our representatives participate in events for small-size retail shareholders (e.g. RM System conferences) and members of the Board of Directors organise road shows for investors and shareholders.

We participate significantly in directing and developing the Czech financial market:

- We are a member of the Czech Banking Association and the Stock Exchange Chamber.
- We are the founding member of the Debt Advisory Centre.
- We were the first bank to issue our own Code of Ethics and the first institution to respect the Code of Financial Services.



The First-Choice Bank
for all Client Segments

IV.

The First-Choice Bank for all Client Segments

Our desire is to exceed our clients' expectations and to meet the specific requests of each client by providing optimised and customised solutions to everybody. Open communication with our clients always takes the first and foremost place. Our business priority is to exceed our clients' expectations, thus developing long-lasting and mutually beneficial relationships.

- In addition to standard tools our clients can use the services of an independent ombudsman established by Česká spořitelna
- We organise regular satisfaction surveys to track and assess the level of our services
- We co-founded the Debt Advisory Centre which helps clients in financial hardship repay their loans and other debts
- We develop special products and services intended for minority groups such as the ATM network for the visually impaired

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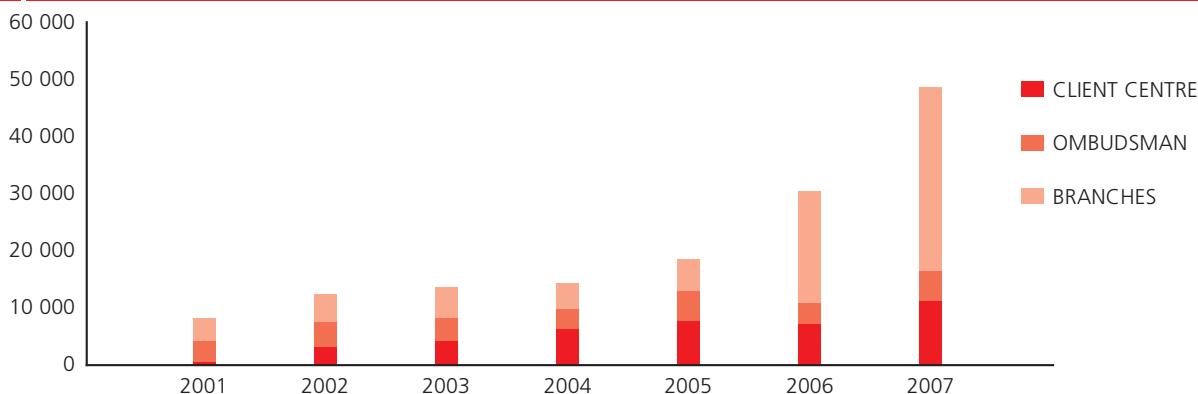
The Ombudsman Team

In 2001, we established Ombudsman Team, following the example of our parent, Erste Bank, where an ombudsman's office has successfully operated since 1997. The ombudsman's role is to keep our clients satisfied and improve the quality of rendered services. Similar teams also work in other countries of the Erste Bank Group. On a regular basis, their members meet to share their experience and information regarding the solutions which respond best to clients' notices and service improvements.

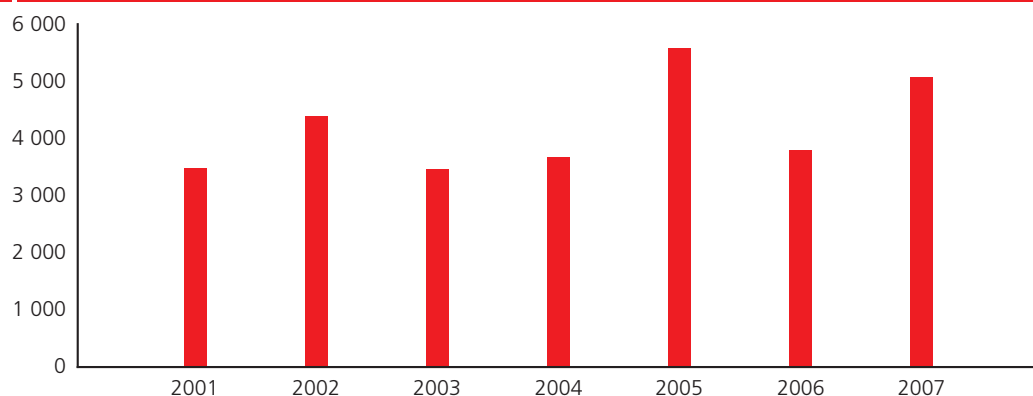
In dealing with clients' problems, the team members communicate in Czech, English and German. Everybody who wishes to share suggestions, comments or complaints relating to the work of Česká spořitelna or the entire Financial Group is welcome to contact the Ombudsman Team either by phone using the free Blue Line established for this purpose, or by e-mail, letter, or in person.

In 2007, the Ombudsman Team received and tackled more than 5,000 notices by clients. The content of notices greatly varied from complaints and suggestions to praises and queries. Having closely cooperated with other departments of Česká spořitelna the team members dealt with nearly 4,300 notices and, in over 700 cases, provided support and advice to point-of-sale employees of Česká spořitelna. The Ombudsman Team members, following the analysis of the received notices, helped implement numerous integrated measures and changes aimed at increasing client satisfaction.

DEVELOPMENT OF THE NUMBER OF RECEIVED NOTICES: 2001–2007



NUMBER OF NOTICES DEALT WITH: 2001–2007



The growing numbers of notices received across the entire ČS Financial Group show not only the continued interest of our clients in Česká spořitelna events but also their growing and rightful demands for superior services. The Ombudsman Team members perceive the growing number of notices as an expression of our clients' trust that Česká spořitelna will attend to their suggestions.

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The Ombudsman Team pays great attention to improving how clients are kept informed. The card expiration reminder programme is a good example of these efforts. Since September 2007, we have reminded clients of their card expiration by automated SMS and/or e-mail for free. The service is currently limited to debit cards but is to be extended to credit cards in the middle of 2008.

The second significant area of the Ombudsman Team's focus is users' comfort. Since June 2007, we have, for example, provided a toll-free line with Quick Dial option allowing clients to block their payment cards immediately if lost or stolen; or, to find out their IBAN number, clients can use the Internet Banking Service 24 Help option.

The Ombudsman Team actively cooperates with consumer organisations such as the Association of Czech Consumers, the Consumers Defence Association or Spotřebitel.cz. In pursuing the quality of services, the Ombudsman Team is in close contact with the Czech Society for Quality.

Customer Satisfaction

The Customer Satisfaction Index (CSI) is used to measure the level of our services on a regular basis. Every two years, changes in expectations of clients of financial institutions on the Czech market are determined and used as a basis to define service quality parameters. Bi-annually via telephone surveys, clients assess to what extent the quality parameters are fulfilled; the findings are used to arrive at the Customer Satisfaction Index. The telephone questioning methodology has changed so as to allow benchmarking against the market. Although this made the comparisons more complex, the index grew significantly compared to 2006.

	2003	2004	2005	2006	2007
Customer satisfaction	73.39	78.24	77.50	74.86	76.55
(CSI in points; average for the period between spring and autumn)					

Keeping Clients Informed

We keep our clients informed of major events and happenings which can impact the use of products or services or the comfort or security of clients. Information is provided via our web site and branches and printed materials and guides such as the Price List, the guide to safe card use, the guide to eligible loans and the types thereof, the First Aid guide which provides advice for uneasy financial situations, etc. All materials are available at branches in hard copies and on the Internet. To make sure our clients are updated in the event of unexpected situations we use printed advertising. Clients also receive information on their account statements and in the INFO Plus monthly publication.

No Fear of Banking

We seek informal ways to inform our clients of our products and services and their use. In September 2007, a series of shows called **No Fear of Banking** was on TV. The series comprised 13 episodes lasting one and a half hours each and included 65 telecasts altogether covering different banking topics such as how to use payment cards safely, what to do if a payment card is lost, how to appreciate savings, how to use Internet banking to maintain personal accounts, how to choose the right consumer loan or how to insure against the inability to make loan repayments.

Helping Clients

Debt Advisory Centre

The level of debt in Czech households keeps growing. Thus, we together with the Association of Czech Consumers decided to establish the **Debt Advisory Centre** to serve as an independent debt counselling unit promoting consumers' responsible lending and mitigation of adverse impacts resulting from payment insolvency. The Centre deepens the consumers' financial and legal awareness of debt issues.

The Advisory Office, available for the public in Prague since the middle of December 2007, provides assistance and advice to consumers who either are or will be in debt. The Centre helps them assess their current conditions objectively and make the right decision. Being an independent counselling and educational unit, the centre does not provide, recommend or promote any financial products; it does not ensure legal representation in legal disputes, or assume debts from clients. The objective of providing **free, discrete and unbiased** counselling is to help people face their problems proactively to prevent payment insolvency.

The plan for 2008 is establishing Debt Advisory Centres in other regions of the Czech Republic.

ATMs for the Visually Impaired

In March 2005, we launched our first ATM for blind or weak-sighted citizens. The first ATM, located in the Česká spořitelna branch in Prague 2, was installed in cooperation with NCR and the United Organisation of Blind and Weak-Sighted Citizens. At the end of 2007, we operated 52 ATMs of this kind. The ATMs provide clients who have vision problems or who are blind with audio instructions which allow them to make basic transactions. The ATMs are installed in places with a high volume of clients requiring audio navigation; most of them are installed at branches to facilitate quick assistance by the bank staff whenever required.



The First-Choice Employer

V.

The First-Choice Employer

Our desire is to provide our employees with a motivating working environment driven by corporate values and culture, an individual approach and equal opportunities for all. We place great emphasis on employee training because we believe that life-long education is paramount.

- We provide our employees with an opportunity of life-long education from the trainee position including the graduate training, ongoing language courses and material support for higher education
- Employees have access to 16 benefits including two days per year to work for a charity or other socially-beneficial activities
- We tailor the working time and place to the needs of various employee segments, for example, mothers with children can work from home or have flexible working hours
- We place emphasis on rendering feedback and encouraging employee development based on the Employee Interview (ROZA) evaluation methodology and open communication system

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Educating ČS Employees

The Human Resources Department offers our employees a wide range of educational activities. Employees can either attend internal or external courses, or complete e-learning courses and tests.

The offering of educational activities not only includes courses developing key interpersonal and business skills but also numerous specialised professional courses.

We encourage our employees to improve and deepen their qualifications by rendering material support for their studies (MBA, Bachelor's Degree, Master's Degree, PhD etc.). Ongoing language courses are commonplace for some positions. We provide language courses at many levels for both beginners and proficient students. Our most efficient standard tools of personal development include training courses tailored to individual positions.

Stand-alone longer-term educational programmes comprise the special educational courses. Graduates attend courses structured by particular topic so as to master or deepen specific knowledge and skills required for certain positions or activities. The programmes include:

- **Dynamic Manager** – In 2007, eight participants completed the Czech version intended for managers from the branch network, whereas five completed the English version intended for the Head Office employees. Costs per person amount to approximately CZK 120,000 for both language versions. Participants receive a general overview of individual corporate functions such as finance, marketing, human resources, etc., which helps them see the interrelationships of activities and make difficult decisions with ease.
- **Trainee Programme** – is intended for 16 selected talented, non-managers who meet all the required qualifications including less-than-2.5-year-long employment at Česká spořitelna. The employees rotate jobs to get familiar with the business environment and establish contacts, and get trained to develop their soft skills. Costs per person amount to about CZK 240,000. The best participants can be seconded to Vienna, in which case the costs per person amount to about CZK 480,000.
- **Talent Management Programme** –The programme is intended for experienced managers at the 2nd and 3rd management levels across all Erste Bank Group countries. The objective of this programme is to promote mobility within the Group, align management culture and develop international liaisons. Costs per person amount to about EUR 11,500. Česká spořitelna has sent 12 participants to complete this programme.

■ **MBA v kostce** – This comprehensive programme is intended for senior specialists and heads of departments. The objective of the programme is to master and develop management skills and knowledge.

These programmes are structured and organised in response to the needs of individual positions, specific employee requirements, recommendations of managers, or according to criteria specified by individual programmes.

We pay great attention to young professionals. **University graduates** can attend our trainee programmes, or existing employees who have been with Česká spořitelna for a short period of time can attend the **Special Trainee** programme that has been offered for the last five years. The objective of the trainee programmes is to familiarise participants with Česká spořitelna functions, help them establish contacts with their senior colleagues and facilitate their professional adaptation.

The offering of courses and workshops is revised and upgraded on an ongoing basis to reflect the current needs and demand of employees at all times.

Our Desire is Satisfied Employees – ČS Employees' Remuneration and Equal Opportunities for All

Our care of employees and wage policy rank among the most progressive on the market. Seeking to be a world-class institution, we have known for a long time that whatever it invests in satisfying our employees will be repaid one hundred fold. Indeed, it is our people - satisfied employees - who make our success.

Employee remuneration is built upon the following key pillars: wages, bonuses, benefits and corporate culture factors.

Wages and bonuses

- Basic wages are comparable with wages offered by other first-class financial institutions on the Czech banking market
- The motivation bonus scheme is on average 30 percent of the annual base salary for each employee of Česká spořitelna
- Shares are offered in Erste Bank Group's profit for all employees of the ČS Financial Group

Benefits focused on family, spare time and health care

- 25 days of holidays
- 5 sick days
- Contributions for sport, culture and travelling activities
- Participation in sport and outdoor events
- Opportunities to use recreational facilities
- Financial contributions for local or overseas holidays or a contribution for summer camps
- Charity Days allowing each employee to work two days per year for a charity, be it organised assistance to seniors, children or substance abusers, or individual help in a social centre of their own choice

Benefits focused on comfortable life at present and in the future

- Contributions to the contributory pension scheme of up to CZK 1,100 per month subject to an equal contribution by the employee
- Life insurance contributions of up to CZK 4,000 per year subject to an equal contribution by the employee
- Meal vouchers of CZK 80 per working day with the employer's contribution
- Banking and financial products of the ČS Financial Group provided under favourable conditions
- Purchases of Erste Bank's shares under favourable conditions
- Discounts for Kooperativa's products such as household/apartment/family house insurance, holiday house insurance, travel insurance and insurance of overseas medical expenses or accident insurance
- Benefits resulting from partnership with other companies, particularly cooperation with the providers of the ČS Financial Group. Employees are, for example, offered favourable mobile phone tariffs and various discounts for computers and digital media, car purchases, spa stays, taxi services, sports and fitness clubs, beauty parlours, etc.

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Corporate Culture Drivers Focused On Equal Opportunities

- Even and flexible work time
- Work from home
- Part-time work
- Shifted work time
- Unpaid leave

Evaluating Employees

We provide employees with feedback to enhance their work and satisfaction:

Employee Interview (ROZA)

We as a whole benefit from the attention it pays to employee development. Indeed, it is our employees whose effort allows us to operate, flourish and meet our goals. One of the tools that can help embrace the employees' potential, motivate them and prepare them for other challenges is the Employee Interview (ROZA).

The Employee Interview is a simple tool which can find answers to difficult questions asked by employees, such as:

- In which direction do I want to develop in the near future?
- Where should I focus my efforts?
- Do I do my job well? What should I improve?
- Where are my strengths and development opportunities?

The Employee Interview is a tool for self-reflection in interaction with another person's opinion, such as the employee's manager, HR staff, or superior. In evaluating the extent to which the employee has successfully met the previous objectives of personal development, the employee is able to determine the direction of his/her future development. The Employee Interview is a form of interactive feedback between managers and employees which promotes discussions focused on professional perspectives.

Corporate Culture

The objective is to make the mission, vision and values an inseparable part of the life in Česká spořitelna.

Dynamic a Value-Based Corporate Culture

Our corporate culture, based on values and performance, focusing on client needs and expectations, is motivating in that the proactive approach of each employee is regarded highly. *Our desire is to be a firm whose managed-by-objectives are in line with our values, which requires the proactive attitude of each employee, open communication and a motivating environment facilitated by managers at all levels.*

Continuing interest in our employees and satisfaction surveys

It is very important for us to be aware of the welfare of our employees, their problems and needs. On a regular basis we conduct employee satisfaction surveys whose findings are used to improve the work environment and put benefits and bonuses in place to support employee loyalty. Our management decided to introduce a long-term scheme of corporate culture development rather than building it on a piecemeal basis *so as to ensure that we are well-focused in advancing toward its defined corporate culture vision statement at all organisational levels.*

Dialogue with our employees

Listening to all colleagues. Our employees are always welcome to give their opinions and provide Česká spořitelna management with their ideas at meetings such as road shows or by phone or e-mail.

We use multiple communication channels to communicate our business strategy to all employee groups so as to promote the employees' understanding of the strategy and help each employee find their place and their role with respect to the corporate strategy while being aware of their responsibility for and contribution to the development of Česká spořitelna.

Dialogue with Employees – Open Communication System in ČS

We have a sophisticated system of open communication in place to obtain feedback from our employees. This system allows employees to communicate with senior management both anonymously and personally. The open communication system was introduced to promote communication between Česká spořitelna's senior management and employees. Employees can give their opinions, ideas and suggestions to improve our activities. The system also helps in keeping employees informed.

The discussed topics and management's replies are published on the Intranet to make all Q/As accessible to all employees.

■ **CEO's Open Line** allows employees to share their opinions directly with the CEO. The open line has been available every quarter since September 2000.

In 2007, the CEO's line was available three times, during which time employees raised 34 inquiries.

■ **Open Mail** is intended for general matters relating to processes, products, management, etc. Open Mail has been in place since March 2004. In 2007, employees sent 83 inquiries by mail.

The most frequent questions dealt with Česká spořitelna products, key product plans, employee benefits, day-to-day operations, and wages and bonuses.

■ **Visits of the BOD members at branches and commercial centres – road shows**, where employees can discuss issues directly with the members of Česká spořitelna's senior management. Road shows were launched in April 2004.

In 2007, the road shows included the First-Choice Bank meetings which took place at all regional branches and commercial centres, Head Office Divisions and nearly all subsidiaries.

In 2008, the road shows will focus on the ČS Financial Group Strategy.

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■ **An internal ombudsman** has been in place since October 2004 to deal with:

- Notices of current and former employees and external colleagues relating to employment issues; and
- Notices of personal, confidential or sensitive nature associated with work.

In 2007, the internal ombudsman received 81 notices from the employees.

In 2008, the open communication system will be extended to include Board of Directors chats focused on selected topics.

ČS and FSČS Headcount in Individual Years

	2003	2004	2005	2006	2007
Headcount of the ČS Financial Group	12,823	11,805	11,406	10,809	10,897
Headcount of Česká spořitelna	11,234	11,019	10,689	10,097	10,098

ČS's Certificates and Acknowledgements in HR Affairs

■ 2007 Employer of the Region

■ 2007 Employer of the Year – ranked 2nd (AXA)

ČS's Cooperation with Organisations dealing with HR Issues and Membership in Professional Organisations

■ American Chamber of Commerce HR Committee

■ Czech Society for Human Resources Development



Philanthropy

VI.

Philanthropy

Philanthropic projects mirror our overall approach to our CSR strategy. Indeed, we focus on education, assisting people in need and sustainable development. In 2002, we established our own foundation, Nadace České spořitelny, which allows us to cooperate with our partners in long-term strategic projects.

- Our partnerships focus on education, assistance to seniors and substance abusers, and sustainable development of the environment
- Our employees can volunteer to work two days per year for a charity or participate in socially beneficial activities. In 2007, 600 employees altogether helped in 65 non-profit organisations across the Czech Republic
- The key tool of our corporate philanthropy is Nadace České spořitelny
- We rank among the leaders in corporate philanthropy and Corporate Community Investment in the Czech Republic

Education

We are aware of our role in education with respect to all our stakeholders:

- Clients (accessible, clear, and easy-to-understand information about all products and services)
- Employees (training and personal development)
- The society where we operate (cooperation with universities and educational activities)
- Shareholders (the Bank as the first-choice employer)

Supported projects:

University of Economics

We have been the general partner of the University of Economics since 2002. We co-fund the development of educational and related activities such as publishing, student projects, fairs, membership in international organisations, etc.

Cooperation also takes other forms – since 2006, a Česká spořitelna branch has been opened at the university premises, which offers, in addition to regular services, current products for students and job vacancies at Česká spořitelna; the branch organises gatherings of the Bank's managers with students at the "Šance" Job Fair, or lectures are given by our representatives on interesting topics.

Tranzit.cz

Tranzit.cz, whose cornerstone was laid by the Erste Group, is a pioneering trans-national, trans-disciplinary, and trans-generational initiative, focused on contemporary art in the Central and Eastern European region, initially focused on the Czech Republic, Slovakia, and Austria.

We have supported Tranzit.cz since 2003. Provided financial funds go mainly to artistic books, exhibitions, documentary symposia, and international projects.

The Donors Forum

The Donors Forum is a civic society that has successfully promoted the development of philanthropy in the Czech Republic for ten years. Its members are major foundations and foundation funds as well as corporate donors. In 2003, we became one of the founding members of the Club of Corporate Donors, known as Donator, whose objective is to support strategic and transparent corporate philanthropy in the Czech Republic. Since 2005, Nadace ČS has supported a year-long educational cycle of seminars and workshops intended for non-governmental organisations and corporate donors, aimed at making the philanthropic environment in the Czech Republic more professional.

People in Need

We are aware of our role in helping people in need with respect to our all stakeholders:

- ▮ Clients (products and services customised for seniors and ATMs for blind people)
- ▮ Employees (equal opportunities and part-time employment)
- ▮ The society where we operate (support of projects for seniors and drug-prevention projects)
- ▮ Shareholders (stable employer-employee relationships and employee loyalty)

Caritas Czech Republic

Caritas Czech Republic, the former Czech Association of Catholic Charities, focuses on charitable work throughout the Czech Republic. It operates dozens of community care service centres and nursing service centres, retirement homes, night shelters for homeless people, homes for mothers in distress, short-stay facilities and sheltered workshops for persons with disabilities.

We have cooperated with Caritas Czech Republic since 2001 acting as its general partner. Thus, every year, we provide funds to organise the “Three King Collection Day” held between Christmas and the Three Kings’ Day. In addition, we participate in implementing other projects: for example, in 2002, it engaged in projects organised under the “Help Mothers and Children in Distress” campaign; in 2003, the year declared by the UN as the International of the Disabled Persons, cooperation was focused on the target group. **In 2004, the general partnership was taken over by Nadace ČS, which contributed to the implementation of other projects focused, inter alia, on drug addiction treatment, combating domestic violence, and the mentally ill.**

In 2007, Nadace ČS co-funded, in addition to the traditional Three Kings Collection Day, the following projects: the extension of the Home for Mothers and Children in Znojmo; the conversion of a former kindergarten to the refuge for mothers, families and children in Prague-Hlupočepy; the adaptation of the Home for Mothers and Children in Hradec Králové; the extension and launch of the community care service in Kaplice or in the region of Litoměřice; the acquisition of furnishings for the Retirement Home in Čechy pod Kosířem or the construction of the Retirement Home in Rokycany.

In 2008, Nadace ČS will again participate in the 2009 Three Kings Collection Day and in eight projects focused on two target fields: drug issues and support of seniors. Thus, Nadace ČS will co-fund, for example, the activities and equipment of the after-school Children’s facilities in Tišňov or Most, or the Plus Contact Centre in Kroměříž; and the equipment and adaptation of the Astra Day Care Centre for seniors in Humpolec and the Retirement Home in Javorník and Plzeň, thus making the life of seniors more pleasant and comfortable.

Život 90

Život 90 provides humanitarian services for seniors. The Prague "Portus House" for seniors runs community centres, counselling centres and transport services for handicapped seniors, renders information services and promotes many other activities including educational courses and theatre visits. In addition to Prague, the society has three other branches in Hradec Králové, Jihlava, and Zruč nad Sázavou.

We began cooperating with Život 90 in 1992 by supporting a TV show intended for seniors. In subsequent years, we continued to contribute to the refurbishment and furnishings of the Portus House for Seniors. In 2004, Nadace ČS took over our role acting as a partner. Between 2004 and 2007, Nadace ČS co-funded the extension of the AREION emergency care service; between 2006 and 2007, the foundation's funds were used to establish other AREION centres and upgrade its control centre technology.

In 2008, Nadace ČS decided to help the Život 90 society establish the SENIORUM Internet public portal which will be the first portal in the Czech Republic to provide up-to-date, guaranteed and complete information and advice on how to deal with the troubles of elderly people. The portal will be intended not only for seniors but also for their families, nurses, the general public and institutions rendering services to seniors.

Nadační fond Klausových

The objective of the "Communicating Seniors" project established by Nadace ČS and Nadační fond manželů Livie a Václava Klausových is to encourage and educate seniors in using and working with PCs, mobile phones and payment cards. The project focuses on those seniors who have not yet had a chance to become familiar with modern means of communication and teach them how to use, at least, the basic functions of such means.

The first run of the project in 2007 offered 103 educational courses in 63 different municipalities throughout the Czech Republic with over 1,000 seniors in the classrooms. Due to the great interest of seniors, the number of courses to be held in 2008 is likely to grow by 50 percent compared to the previous year.

Palata – The Home for the Visually-Impaired

Palata – This home for the visually-impaired has been a home for the blind for 115 years. Palata's mission is to provide all-embracing healthcare to persons with visual handicaps, help them live full lives, and increase their self-sufficiency with emphasis placed on an individual approach.

Since its opening on 25 November 1893, Palata's history has been tied to Česká spořitelna's predecessor – Spořitelna Česká in Prague, which provided financial support to Palata including the founding amount required to buy the property and establish the institution. With the exception of short breaks, cooperation lasted until 1945; it was restored after 1989.

In 2006, Nadace ČS took over cooperation with Palata from Česká spořitelna by providing Palata with funds to acquire a new dentist chair suitable for blind and/or disabled persons.

In 2008, Palata will be undergoing substantial renovation and refurbishment including new physiotherapeutic facilities to provide clients with professional physiotherapeutic services, starting from autumn 2008. Nadace ČS will fund the acquisition of medical technology and equipment for the facilities in 2008.

The Welcoming Seniors Programme

Nadace ČS continued in the successful cooperation with the Open Society Fund Praha foundation. In 2006, Nadace ČS and the Open Society Fund Praha jointly implemented the Drug Fighting grant programme; in spring 2007, the two partners launched the Welcoming Seniors programme focused on senior citizens and their involvement in active life. The objective is to promote projects which offer volunteering senior people work opportunities and help them participate in public life, sharing their knowledge and experience with younger generations.

A special committee was appointed seating experts and representatives of the organising foundations; of the total of 49 applications which met all the qualifications, the committee chose 13 organisations to receive a financial contribution ranging between CZK 108,000 and 150,000.

The grant was awarded to, among others, public libraries including Masarykova veřejná knihovna Vsetín, Městská knihovna Rožnov pod Radhoštěm and Městská knihovna Sedlčany, where seniors will help organise interest groups for children and adults, lectures and other events. The grant will also help involve volunteering seniors wishing to take care of elderly ill clients by working at facilities such as St. Jan Neumann's Hospice, Domov Sue Ryder or the Lékořice Society, which cooperates with Fakultní Thomayerova Hospital in Prague, where they will help enhance the quality of services provided by these institutions. The programme will allow seniors in Vítkov to map and create a database of sundry historic sights such as crosses, wayside shrines and boundary stones situated in their vicinity; seniors in the Vlašim region will be able to join the activities of the Podblanické Eco-centre of the Czech Union for Nature Conservation. Former-teacher seniors will be welcome in the civic society Občanské sdružení Frýdlantských Romů to help tutor Romany children.

Our efforts to support seniors and improve the quality of their lives and education are at the foundation of the activities of Nadace ČS.

Sananim

The SANANIM civic society is the largest non-governmental organisation in the Czech Republic that provides services to treat addiction to non-alcoholic drugs. The society was established in 1990, and in ten years it has managed to run a comprehensive and integrated system of drug addiction care.

We have cooperated with the Sananim civic society since 2000. In 2004, the general partner role was taken over by Nadace ČS from Česká spořitelna. Nadace ČS mainly contributed for the refurbishment of the Karlov Therapeutic Centre which is focused on the prevention and treatment of youth and mothers with young children.

In 2007, Nadace ČS funded the 3rd phase of the refurbishment of the Karlov administration building (the therapeutic community), the furnishings of the Follow-up Treatment Centre, the Day-Stay Care Facility, Café Therapy in Prague, and the therapeutic community in Karlov.

In 2008, Nadace ČS will continue to support the above projects.

Drop In

In 2007, Česká spořitelna started cooperating with a new partner in fighting drug abuse – the Centre of Prevention and Cure of Drug Addiction – Drop In, a beneficiary society, which is a non-governmental health care institution aimed at out-patient contact, first aid, counselling and drug problem therapy referred to as harm reduction, i.e. rational reduction of risks arising from drug issues as a whole.

Nadace ČS supported the "Mobile Street" Services project focused on establishing new contacts, counselling and mitigation of health and social risks faced by the population affected by non-alcoholic addictive drugs. A special vehicle operating in Prague and its vicinity serves as a mobile out-patient unit providing basic services such as exchanging syringes, distributing necessary medical materials and basic treatment, and providing advice.

In 2008, Nadace ČS will continue to support the Mobile Street project, expanding its cooperation to include the Methadone Substitution Centre.

Sustainable Development

We are aware of our role in sustainable development with respect to our all stakeholders:

- Clients (supporting environmentally-friendly products and using recycled paper)
- Employees (energy savings, waste recycling and involving people in charitable programs)
- The society where we operate (support of projects focused on the environment)
- Shareholders (relationship to the environment in which the Bank operates)

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Supported projects – funds provided by Nadace ČS:

Nadace VIA

The VIA Foundation was established in 1997, continuing in the activities of the Czech branch of the American Foundation for a Civil Society which had worked in the Czech Republic since 1990. The VIA Foundation supports the initiatives of non-profit organisations in regions, promoting philanthropy in the society.

Since 2006, Nadace ČS has acted as the general partner of VIA Foundation's grant programme called "Helping People Improve the Place Where They Live". The objective of the project is to regenerate or convert idle or overgrown areas into public spaces that can be enjoyed by all age groups. Thus, local non-profits improve the environment of municipalities in selected areas, financially and technically supported by the VIA Foundation. The programme also substantially helps attract people's interest in local happenings by their active involvement in all stages of planning, redevelopment or construction.

In the 4th year of the project, the following municipalities were awarded the grant for 2006/2007: the City of Broumov to fund its "Broumov and its Vicinity as a Garden" project; the municipality of Ryžoviště situated close to Bruntál to fund its playground development project ("Kdo si hraje, nezlobí – aneb hřiště pro každého"); the Darjav association in Pardubice to fund its project entitled "Společnou cestou"; the municipality of Chudenice close to Klatovy for its project focused on the Sokol Club in Chudenice as a place for leisure activities; and the municipality of Česká Čermná situated close to Náchod for its project entitled "Odpočiňme si pod horami".

Under the current 5th year of the project, the following entities won the grant for 2007/2008: the Pernolec civic society to renovate an old village square in Tachovsko; the Týnec Council to pursue the Treasure Hunting project; the Ententyky day care centre to regenerate the public garden in Heršpice; the Žirafa civic society to pursue the project entitled "Trávníky aneb Zpívám píseň o setkání..." in Bílovice nad Svitavou; and the municipality of Kozojedy to improve the village square in Kozojedy. This year the project was expanded, for the first time, to include applicants from institutions receiving contributions from the state budget, such as schools, libraries and museums.

The 6th year of the project will commence in 2008 (2008/2009).

Partnership Foundation

The Partnership Foundation is a non-profit organisation that helps protect the environment, stimulate sustainable development, promote inter-sector cooperation and support citizens' involvement in public affairs.

Nadace ČS has acted as the partner of the Partnership Foundation and as the general partner of the "Greenways" project since 2004, when Nadace ČS continued in the successful cooperation of the Partnership Foundation and Česká spořitelna. Nadace ČS supports the Greenways project every year.

Greenways are trails, roads, or natural corridors used in line with their environmental function and opportunities for sport, tourism, and recreation. The aim is to improve the quality of life of people living in towns and municipalities, focusing on safe transport, environmentally-friendly tourism, natural and cultural heritage protection, and a healthy life style.

In 2008, the contribution of Nadace ČS will be used, inter alia to fund about 20 grants provided to local non-profit organisations, organise at least ten events associated with Greenways, and regenerate or build several other Greenway trails.

Czech Union for Nature Conservation

The Czech Union for Nature Conservation (ČSOP) is the largest non-governmental organisation in the Czech Republic which has united people interested in nature and environment since 1979.

In 2006, Nadace ČS continued in the several years of Česká spořitelna's successful cooperation with ČSOP. Since 2006 to date, Nadace ČS has supported, as a general partner, the "Handicapped Animal Rescue Stations Network" whose main objective is to provide first aid and prompt professional care to all found and injured animals in order to return them to health and to nature.

Nadace ČS continued to act as a general partner of the handicapped animals rescue network in 2007 as well, when the rescue stations treated nearly 10,000 animals of which 54 percent were returned back to nature.

The cooperation of Nadace ČS and ČSOP will continue in 2008.

Corporate Volunteering – ČS's Charity Day

In 2007, we joined major international companies that allow their employees to work for a charity during working hours for their regular pay.

Corporate volunteering is another way of showing that we wish to share our success with the society where it operates and help people in need. Thus, in addition to financial funds and material gifts, we devote the work and time of its employees. Each employee can work two days per year for a charity or participate in socially-beneficial activities. It has become commonplace that a manager or an assistant help decorate a retirement home, wash windows in a nursery unit, clean up the forest, or support an animal shelter for cats.

In 2007, a total of 600 employees helped in 65 non-profit organisations across the entire Czech Republic. Assistance was provided not only to long-standing partners of Nadace ČS but also other non-profit organisations.

Nadace České spořitelny

In 2002, we launched our own foundation, **Nadace České spořitelny**. The foundation is the backbone of our CSR activities, focusing on the areas of social development that are otherwise and often neglected by other donators: be it care for seniors or care for substance abusers that are trying to overcome their addiction. In addition to these activities, the foundation is also focused on environmental activities and education. All in all, Česká spořitelna and its foundation have donated over CZK 60 million altogether financial support for sport, cultural, educational and social projects in 2007 according to the SOF (Standard Responsible Firm) standard metric. We are regularly praised for our social activities and donations by the Czech Donors Forum and was awarded as one of the most philanthropic companies in the Czech Republic. To implement its projects, Nadace ČS uses income from investments of the foundation's equity received from its founder, Česká spořitelna.

Nadace ČS

- ▮ Executive body – Board of Directors;
- ▮ Supervisory body – Supervisory Board
- ▮ Foundation's equity of CZK 501 million
- ▮ Independent legal entity with own bookkeeping and logo

Support of Nadace ČS provided to ČS employees

- ▮ Support provided in response to damage caused by the Kyrill hurricane (CZK 140,000)

Total Financial Support Provided by Nadace ČS To Legal Entities By Year

Year	Total Support in CZK million
2004	14.1
2005	19.6
2006	25.9
2007	24.6

Involving People

We believe that the most fruitful and valuable projects are those that not only provide funds but also actively involve employees and clients in socially-beneficial activities. Thus, Nadace ČS makes every effort to involve Česká spořitelna's employees in its projects. In 2007, in addition to Charity Day (see the Corporate Volunteering section) employees participated in the Communicating Seniors projects, instructing seniors in the use of payment cards. Employees can also contribute to projects financially.

Nadace ČS at the Points-of-Sale of Česká spořitelna

- ▮ Launched in 2006
- ▮ The objective is to involve regional district branches of Česká spořitelna and their employees in socially-beneficial projects and charitable initiatives of Nadace ČS
- ▮ Support of regional projects chosen and recommended by the given district branch

Involving Clients

For the third-straight year we continue to offer a special programme for clients. Each Česká spořitelna's payment card holder receives special loyalty points for using their card. The points can be used to purchase various gifts from magazine subscriptions to flight tickets. However, this service has recently been broadened to allow clients to use their loyalty points to make donations to various specific charitable projects. In 2007, six projects of this kind totalling CZK 850,000 were completed.

- The highest number of points donated for a charity by a single client: 56,600 Bonus points to fund the Wheelchairs for Seniors project of Život 90
- The fastest project completion was 19 days from the launch of the project for furnishing a prenatal room for the Opava Nursery Unit
- The fastest collection per day: Monitory Baby-sense when 66,149 points were collected per day on average
- The most frequent donators are people between 25 and 35 years of age
- Charitable projects rank among the most frequently ordered rewards within the Bonus programme

Position of Česká spořitelna in the Corporate Philanthropy Field

We are one of the leaders of the corporate philanthropy and CCI (Corporate Community Investment) in the Czech Republic. We ranked second in the TOP Firemní Filantrop 2007 competition in the Total Volume of Donated Funds category. With more than CZK 59 million donated we became the most generous banking institution in the Czech Republic.

TOP 10 – Largest Benefactors in the Czech Republic in 2007 (amounts in CZK for 2006)

1. The ČEZ Group	241,870,386
2. Česká spořitelna	59,033,154
3. Česká pojišťovna	56,448,000
4. Dalkia Česká republika	42,492,000
5. Johnson & Johnson	41,899,573
6. Telefónica Czech Republic 02	30,938,206
7. RWE Transgas	30,000,000
8. Komerční banka	27,450,000
9. Škoda Auto	25,400,000
10. E.ON Česká republika	23,824,000



Socially Responsible Approach in the Business Solution

VII.

Socially Responsible Approach in the Business Solution

The sustainability of the environment is one of the principal foundations of our corporate social responsibility strategy. Not only do we want to work together with partners who are engaged in the protection and sustainability of the environment, we also want to actively participate in the sustainable development in both business decisions and day-to-day activities.

I In 2005, we established a special team of workers – the Energy Team – the members of which aid potential investors in the preparation and implementation of the projects of energy production from renewable sources

I We developed a special TOP Energy product for funding projects relating to energy savings and renewable sources

Energy team ČS

We would like to contribute to the Czech Republic's commitment to produce 8 percent of its consumed electricity from renewable sources by 2010. This commitment was even increased to 13 percent by 2020 by the European Commission.

For two years, we have been offering the services of a special team – the **Energy Team**. The five members of this team are specialists with experience in bank funding and specialists with many years of experience in the energy sector. Members of the team assist potential investors in the preparation and implementation of energy savings and renewable resources projects.

Through the Energy Team, we offer an individual approach, assistance in the preparation of the project and the original evaluation of the project based on the submitted draft. Since its establishment, the Energy Team has set internal processes in our bank, thereby ensuring a fast-track approval process. Based on the funded reference projects, the team has a well-tested structure of funding available.

Members of the team have experience with energy legislation regulating the market of energy from renewable sources and have knowledge on the situation and trends on renewable energy markets.

Through its subsidiary **Consulting ČS**, we offer tailor-made projects and preparation of the entire process, both acquiring and drawing subsidies from EU funds and local grants through the **RAVEN EU Advisory** subsidiary.

As a member of the Erste Bank Group, we can offer support in the funding of renewable energy in the Czech Republic and other countries where Erste Bank Group operates as well as in the EU.

Since its establishment, the Energy Team has initiated cooperation with leading developers, investors and suppliers of the technology active on the market in the Czech Republic and in other EU countries.

The Energy Team is part of the Specialised Funding Department which further includes the **Agroteam**, which focuses on funding direct agricultural producers, and the M&A team, which specialises in funding acquisitions and mergers.

Currently, the Energy Team funds wind farms, photovoltaic power stations, biofuel stations (in cooperation with Agroteam), small water power stations, and the burning and co-burning of biomass projects.

In 2007, we invested approximately CZK 1 billion in renewable energy and energy saving projects.

For 2008, the Energy Team has prepared several innovations that will include specialised products which should bring significant benefits to Česká spořitelna's clients implementing energy projects.

TOP Energy Program

Pursuant to the experience with the FINESA programme, which has funded a number of energy savings and renewable energy projects since 2003, we developed the TOP Energy programme in May 2007 as a special product for funding energy savings and renewable resources projects. This programme offers both funding of the projects referred to above and comprehensive advisory support in the preparation of the projects, preparation of the application for subsidies, etc.

Funded projects contribute to the protection of the environment; they decrease CO₂; protect the health of people by improving the environment; protect natural sources; contribute to decreasing pollution; decrease the consumption of energy; and lead to the fact that companies adopt "clean" technologies.

At the beginning of 2008, we funded nine types of energy savings projects in an aggregate amount exceeding CZK 1.1 billion as part of the TOP Energy programme. Most of the projects relate to wind energy and bio gas combustion, followed by bio fuels and solar energy.

In 2008, we will continue to focus on funding the production of energy from renewable resources (solar, wind and hydro power stations, power stations burning bio mass and bio gas) and we will newly focus on energy savings projects.

Statistics of the TOP Energy Programme as of 31 January 2008

Type of the project	Volume of Investments (CZK million)	Number
Solar energy	243	4
Wind energy	342	2
Bio gas	115	2
Bio fuels	400	1
Total	1,100	9

@FAKTURA 24

We were the first bank on the Czech market to introduce a unique product entitled @FAKTURA 24 which enables invoices to be sent in electronic form between individual companies. Electronic invoicing brings the advantage of allowing invoices to be sent safely with significant time, cost and paper savings. It enables: sending and receiving them in electronic form; integration of their processing in accounting systems; and simplified payment through direct banking. The model that we offer uses the "consolidation principle". In practice, this means that the issuer will send an invoice in his own data format to Česká spořitelna and Česká spořitelna will send it to the recipient after the transfer to the required format and tables and graphs. The recipient of the invoice can be a company or an end consumer as an individual.

In addition, we make steps leading to the sustainable development within Česká spořitelna, for example recycling, decreasing the consumption of paper (e.g. "Are you sure that you need to print this email and/or its attachments? Think of the environment." sent with each email) and energy.

At present, we assort plastic and paper waste in 115 buildings of Česká spořitelna and would like to increase this number to a total of 450 buildings by the end of 2009.

In 2007, the aggregate amount of produced waste for all of Česká spořitelna was 2,437 tonnes, of which the paper waste amounted to 498 tonnes and plastic waste amounted to 19 tonnes.

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