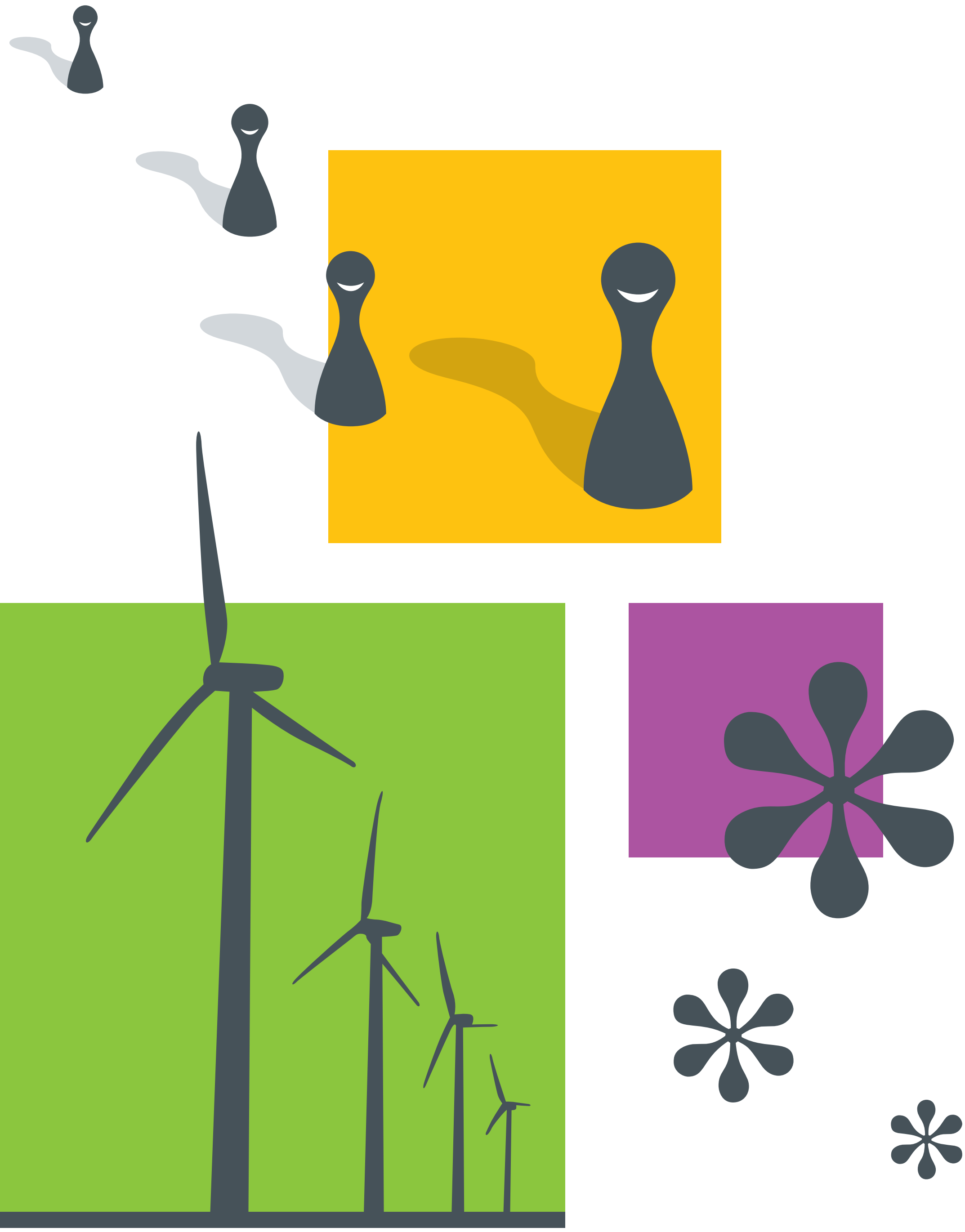


# Corporate Social Responsibility Report for 2008

ČESKÁ SPOŘITELNA

## "Investing in the Future"

We are a strong and competitive bank. We are also a reliable, open-minded, perceptive and helpful partner that stands read to work with the communities in which we do business.

The scope of our corporate social responsibility permeates all of our endeavors and is part and parcel of all of our business and employee relationships. We are aware that our size and position on the market oblige us to look behind the limits of our business and try to perceive the needs of our business environment. We know that by an active contribution to its development we are creating space for our success, as well. The opportunity to work with a number of non-profit and charitable organizations and groups for many years has enabled us to participate in the support of projects, which bring hope into people‘s lives and lead to improvements in the quality of our environment. We have been able to support our senior citizens in leading a more active lifestyle and we have done work with organizations whose mission is to fight against substance abuse. We have been an active supporter of educational projects and one of our key areas of interest has been support for sustainable development and the protection of the environment.

Through our corporate social responsibility initiatives, we are investing in the future that will benefit all of us.

# Contents

# Brief Overview of the Česká spořitelna Corporate Social Responsibility Report

- The 2008 Corporate Social Responsibility Report is a document that provides comprehensive information on the activities of Česká spořitelna in the areas of corporate social responsibility (CSR) and philanthropy.

- This report presents an in depth picture of our company‘s corporate social responsibility strategy, as approved for the 2008-2010 period, under the motto "Investing in the Future". This report will introduce the readers to the 2008 activities and projects that were fulfilling the strategy.

- Our CSR strategy was developed through an ongoing dialogue with our stakeholders – shareholders, customers and employees, our local communities and our environment. Going back several years, we have been actively communicating with our shareholders, business partners, the communities where we do business, our employees and customers. In late 2007 and early 2008, we conducted a survey to look into the type of CSR activities that our stakeholders would like to see undertaken by the bank. The nature of our business provides excellent opportunities for the collection of customer feedback, all of which we pay a great deal of attention to.

- The key bank documents of our CSR strategy are based on our corporate mission and vision statement which expressly state that through our above-average earnings, our shareholders will be able to contribute to the development of the society in which we operate.

- Transparency and relationships based on trust are our key business precepts, which is why we operate in compliance with the generally accepted principles of corporate governance. All of our activities are based on the Code of Ethics of the Česká spořitelna Financial Group, the Česká spořitelna Code of Banking Services and the Charter for Responsible Business Practices.

- We have an open-minded attitude with respect to our customers. Besides common, standard-type banking instruments, our private and corporate clients have access to the services of an ombudsperson, who has been employed by the bank. On an ongoing basis, we try to educate our clients and offer sound financial and life-planning advice. We can also work with clients on particularly difficult to handle situations. Our company is one of the founders of the Debt Advisory Center. We have been developing special products and services designed for individuals with special needs – as an example, our ATM network for the visually impaired.

- We offer a broad array of special benefits to our employees, including lifelong learning programs, a maternity leave support program and the option to take two days off with pay for volunteer work. We try to make sure that we are getting the appropriate amount of feedback from our employees which why we have launched a special open communication system, that allows all of our employees to communicate with the bank‘s senior management. With this program all of our employees have better access to information. We also actively promote the principle of equal opportunity – applicable to all of our employees.

- All of our CSR activities focus on education, helping those in need and the promotion of sustainable development. In 2002, we set up our own Česká spořitelna Foundation, which allows us to work on long-term, strategic projects with partners. The foundation is our key corporate means of providing philanthropic support and its activities largely focus on issues related to social development, which is an area that is frequently overlooked by other corporate donors. In 2008, the total contributions of Česká spořitelna and its foundation to various philanthropic and charitable causes exceeded CZK 60 million.

- Our business practices also include a number of socially responsible initiatives. Investors looking for funding can use the services of our special "Energy Team", which is made up of experts who can provide assistance with the planning and execution of projects dealing with the production of energy from renewable resources. Our bank also has a special product, "Top Energy", which was designed to help finance energy conservation and green energy related projects. Another example is our "@FAKTURA 24" electronic billing service, which we are the only company to offer on the Czech market.

## Opening Statement by the Chairman and CEO

Dear Reader,

We look at corporate social responsibility as an integral part of our business activities, which we expect to see reflected in everything we do. As a company with a history dating back to 1825, we are well aware of our responsibility towards others and we are proud to have it included as part of our philosophy of doing business.

The past year has been full of turbulent events, existing economic and business conditions have changed completely and with them, perhaps the way in which we prioritize our values in life. The one thing however, which has remained the same, or perhaps become even more important, is the obligation of businesses and individuals that have been successful in what they do to help those who are less fortunate. We also need to make sure that we do business in an honest and forthright manner.

Throughout these fractious times, our corporate business strategy and our CSR strategy have allowed us to approach the issue of corporate social responsibility systematically, while concomitantly taking into consideration the interests of all of our stakeholders – our clients, employees, shareholders and society at large.

The issues that we will be focusing on in our CSR work over the next two years are areas of continuing significance and involve situations and developments that can unexpectedly affect each and any one of us, such as substance abuse, the special concerns of senior citizens, the need for additional education and training in new areas of expertise that are developing faster than ever before thanks to today‘s rapidly changing competitive world, and the need to protect our natural environment. Despite the continuing importance of all of these areas of concern, many of them are often only dealt with marginally by other local corporate donors. Thus, we feel it ever more important to direct our attention to, and contribute as much as we can to meet these areas of need.

Just as we look to be there for our clients and help them satisfy their individual needs and wants, we look to also contribute to and become a helpful and responsible partner to the broader society. After all, these are principles on which the first savings institutions, that established the foundation of today‘s banking industry in this country 190 years ago, were built.

Gernot Mittendorfer

# Our Company

With 5.3 million clients, we are the largest financial institution in the Czech Republic and we also have the longest history. Our roots date back to the year 1825, when Spořitelna Česká, our predecessor and founder, opened its doors for business. One of the reasons the original company was founded was to help the society and individuals prosper and grow. We continued these early traditions of providing services to Czech, and later Czechoslovak, savers by setting up the new Česká spořitelna corporation in 1992. A major milestone and a new beginning to our modern history came in the year 2000 when we became part of today‘s Erste Group, which currently serves more than 17 million clients in eight European countries (Czech Republic, Slovakia, Austria, Hungary, Croatia, Serbia, Romania and Ukraine). Joining forces with such a strong partner in the highly competitive European banking market has helped us establish the firm foothold necessary for the fulfillment of our corporate vision, which is to be a strong, competitive bank and a good corporate partner. With a history similar to our own, our parent entity, the Erste Group Bank AG, also has a history dating back to the early part of the 19th century (1819). Erste was also a bank founded as part of an initiative to help society by setting an example of how those who are more successful can help those who are less fortunate.

Between July 2000 and December 2001, our company underwent a major transformation process, which affected practically everything that we do, and we have gradually turned into a modern, customer-oriented financial institution offering a wide range of top quality products.

Today, we are proud to be a modern bank providing a full range of services to all categories of clients. Our ambition is to be seen as an innovative and dynamic financial group and a responsible corporate citizen operating in an environment in which we have been an integral member for nearly two centuries.

We currently operate more than 1,100 multipurpose ATMs in the Czech Republic (52 of which are specially equipped to serve the visually impaired), 646 branches, 14 mortgage centers, 15 commercial centers serving small and mid-sized businesses and 9 developer centers providing project financing for Prague and other regions of the Czech Republic. Through this extensive network, which continues to grow and become even more accessible through longer opening hours, our clients have access not just to standard, banking-type services, but also to products such as building savings, supplementary pension insurance, life insurance, leases and mutual fund investment programs; and, our corporate customers have access to specialized centers offering services and consulting in areas such as leases and factoring. We are able to offer such a comprehensive range of products and services through relationships with our eleven subsidiaries.

We at Česká spořitelna believe that there is no such thing as an average client. This is because everyone has their own specific needs and desires and we stand ready to individually advise each customer in order to make sure that the parameters of the bank‘s products and services which they are using optimally meet their needs and expectations.

Thanks to the hard work of our employees, our bank has been profitable since the year 2000. In 2008, we reported net profits of close to CZK 16 billion, which puts us among the most profitable members of the entire Erste Group. Such notable achievements have allowed us to share some of these successes with those who helped us get there in the first place – our clients and society at large. We have been doing this through our support of a wide range of charitable projects and similar activities. In 2008, our funding of such projects and activities exceeded CZK 60 million.

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

We are guided by open-ended mission and vision statements that provide the conditions for growing a business in an environment in which all interests are considered and respected.

### OUR MISSION

To be the provider of financial services which enable our clients to fulfill their unique wishes and needs.

### OUR VISION

We are the bank that is our clients‘ first choice in all market segments:

- to provide excellent advisory, support and other services due to the first-class performance of our employees;
- to assure above-average returns to our shareholders due to our first-rate advisory, support and other services;
- due to the above-average returns we provide to our shareholders, we are able to create a stimulating and quality working environment for our employees;
- due to the above-average returns we provide to our shareholders, we are able to support the development of the society in which we operate.

### OUR VALUES

- Reliable;
- Responsive;
- Open and Easy.

Our corporate social responsibility strategy is based on the principles, which make up our corporate values, our mission statement and our vision. We integrate our socially responsible approach into all of our business and non-business activities in order to make a positive contribution to all of our stakeholders – our clients, employees, shareholders and the larger community in which we operate. Through a regular dialogue with all our stakeholder, we try to align our activities in order to meet both their needs and expectations, as well as our own.

## Clients

- Private Clients;
- Business and Corporate Clients;
- The Public and Non-Profit Sectors;
- Financial Markets.

## PRIVATE CLIENTS

Our focus is on the retail banking area. Citizens of the Czech Republic, foreign clients who happen to be staying in the Czech Republic, students, business owners, sole proprietors and independent professional clients, as well as high net worth individuals are all included in our retail banking clientele. We hold a dominant market position in many segments of the retail banking business – including mortgages, credit cards, direct banking, account administration, and portfolio advisory and administrative services.

## BUSINESS AND CORPORATE CLIENTS

Other key clients include small, medium-sized and larger companies. We offer traditional products in the area of current accounts and credit facilities, project and investment funding, export facilities, capital investment funding, leasing, factoring, real estate funding, syndicated loans, etc. We provide our corporate clientele with advisory services in the use of guarantee funding and the drawing of subsidies from European Union funds. More recently, we have also provided our clients with products which contribute to environmental sustainability (@Faktura 24 and TOP Energy). Our clients included close to one out of every four small to medium-sized businesses operating in the Czech Republic.

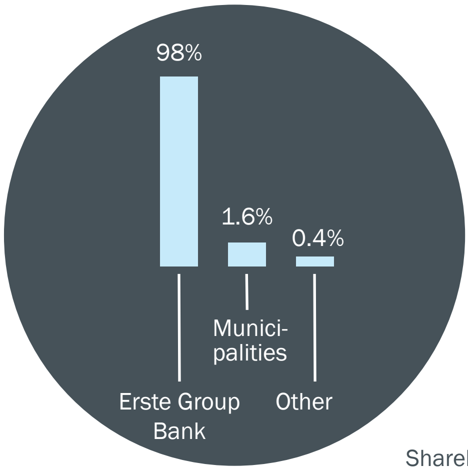
## THE PUBLIC AND NON-PROFIT SECTORS

We have also had a long history as a financial partner of Czech towns and municipalities and, more than 70% of the Czech Republic‘s towns, municipalities and regions are our clients. Our nationwide team of experts provides highly targeted financial and consulting services to these clients. By combining our professional expertise with tailored financing options, we help these clients to successfully realize their projects.

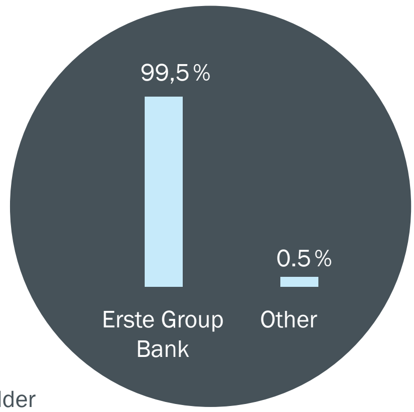
## FINANCIAL MARKETS

Despite the major downturn in the global capital markets in 2008, we have been able to reaffirm our position as a leading bank and a key capital markets partner in the Czech Republic and the rest of Central and Eastern Europe. In the investment banking segment, we provide highly specialized and effective consulting services related to mergers and acquisitions, the preparation of initial public

## Shareholders




Shareholder Breakdown by Registered Capital




Shareholder Breakdown by Voting Rights

offerings and the issuance of securities. We also offer and provide services and consulting to small and institutional investors who are interested in investing in securities, mutual funds and capital market instruments in both Czech crowns and other currencies. Our clients have access to information provided by Česká spořitelna's EU Office and the reports and analyses published by the bank's senior economists.

## Breakdown of ČS Financial Group Employees

- total employees: over 10,000 (female employees: 74%);
- retirement-age employees working for the group: 190;
- disabled employees working for the group: 90.

Average age of a ČS Financial Group employee: 39.18 years.

Number of retirement age employees working at the ČS Financial Group: 190 (includes employees who are eligible for retirement benefits while continuing to work).

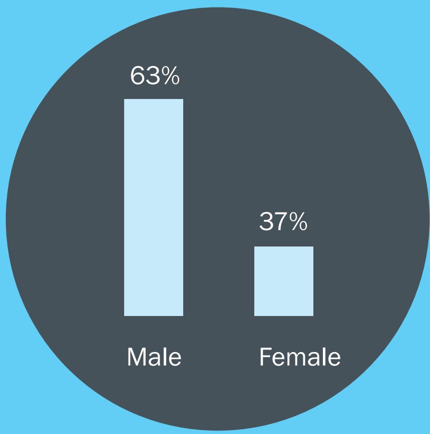
Number of disabled employees working at the ČS Financial Group: 90.

Number of employees in management positions: 599.

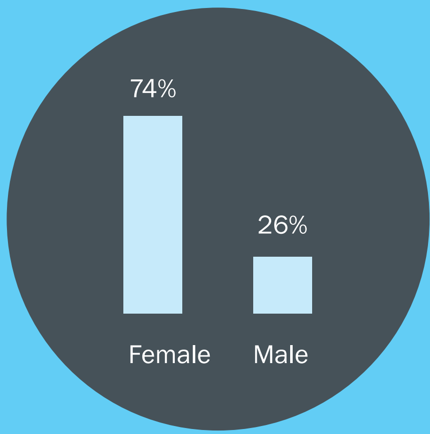
### Anti-Discrimination Clause

Česká spořitelna does not tolerate discrimination. Our aim is to ensure that each and every member of our large team feels valued and has the opportunity to contribute fully to the success of our bank and to the benefit of all our key stakeholders: clients, employees, shareholders and the society in which we operate. We value and appreciate the input of each individual and respect the members of our team as individuals irrespective of sex, age, marital status, sexual orientation, disability, race, color, religion, political opinion, ethnic or national origin, or any other non- job related consideration.

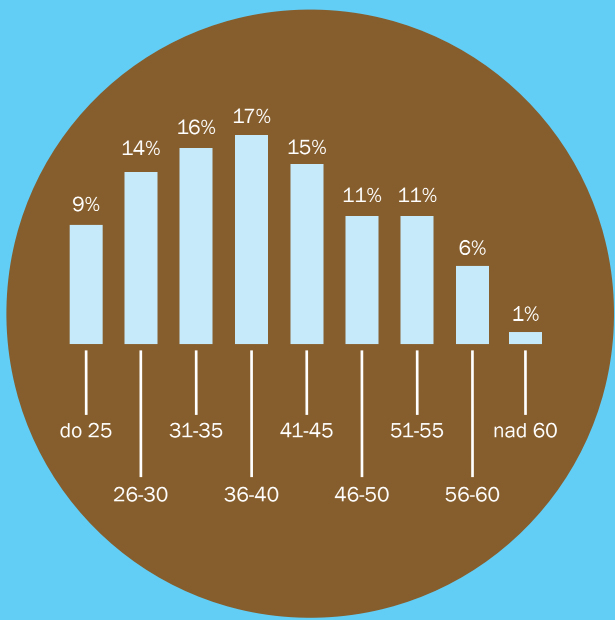
## ČS Financial Group Employee Breakdown




Breakdown of Management by Gender




Breakdown of Employees by Gender




Breakdown of Employees by Age

## Česká spořitelna Financial Group

- brokerjet 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.
- GRANTIKA České spořitelny, 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.

## Member of the Erste Group

Česká spořitelna is a member of the Erste Group, which is a financial group operating in eight European countries (Czech Republic, Slovakia, Austria, Hungary, Croatia, Serbia, Romania and Ukraine).

### Key Market Data

- Total Population 120 mil.
- Population Using Banks 92 mil.
- Number of Clients:
  Erste Group 17.2 mil.
  Erste Group in EU: 16.2 mil.

# Corporate Social Responsibility: *"Investing in the Future"*

- Since its foundation in the 19th century, Česká spořitelna has been acting in a responsible way. This mission was reinforced by our ingress to the Erste Group, whose founder is the Foundation;
- the corporate social responsibility practices of the ČS Financial Group are based on the company's values, vision and mission statement;
- the company's 2008-2010 CSR and philanthropy strategy is being implemented under the slogan "Investing in the Future";
- the company focuses on the following three strategic CSR areas: education, assistance to people in need and sustainable development;

## ČESKÁ SPOŘITELNA'S CSR MISSION

"To increase shareholder value by aligning the company's business goals with the interests of its key stakeholders in order to positively impact the society in which we operate."

The 2008-2010 CSR and philanthropy strategy was approved by the company's Board of Directors in early April 2008. The strategy is being implemented under the motto "Investing in the Future". The strategy is built around generally accepted principles of social responsibility and it has been put together based on extensive feedback that has been received from the company's employees, clients and shareholders, and also from the general public. The company's corporate social responsibility strategy extends into the following three areas – the economic, social and environmental. These areas are directly tied into the types of projects supported by the company:

- education – specifically in terms of financial support;
- assisting those in need – in particular our senior citizens and those with substance abuse problems;
- sustainable development.

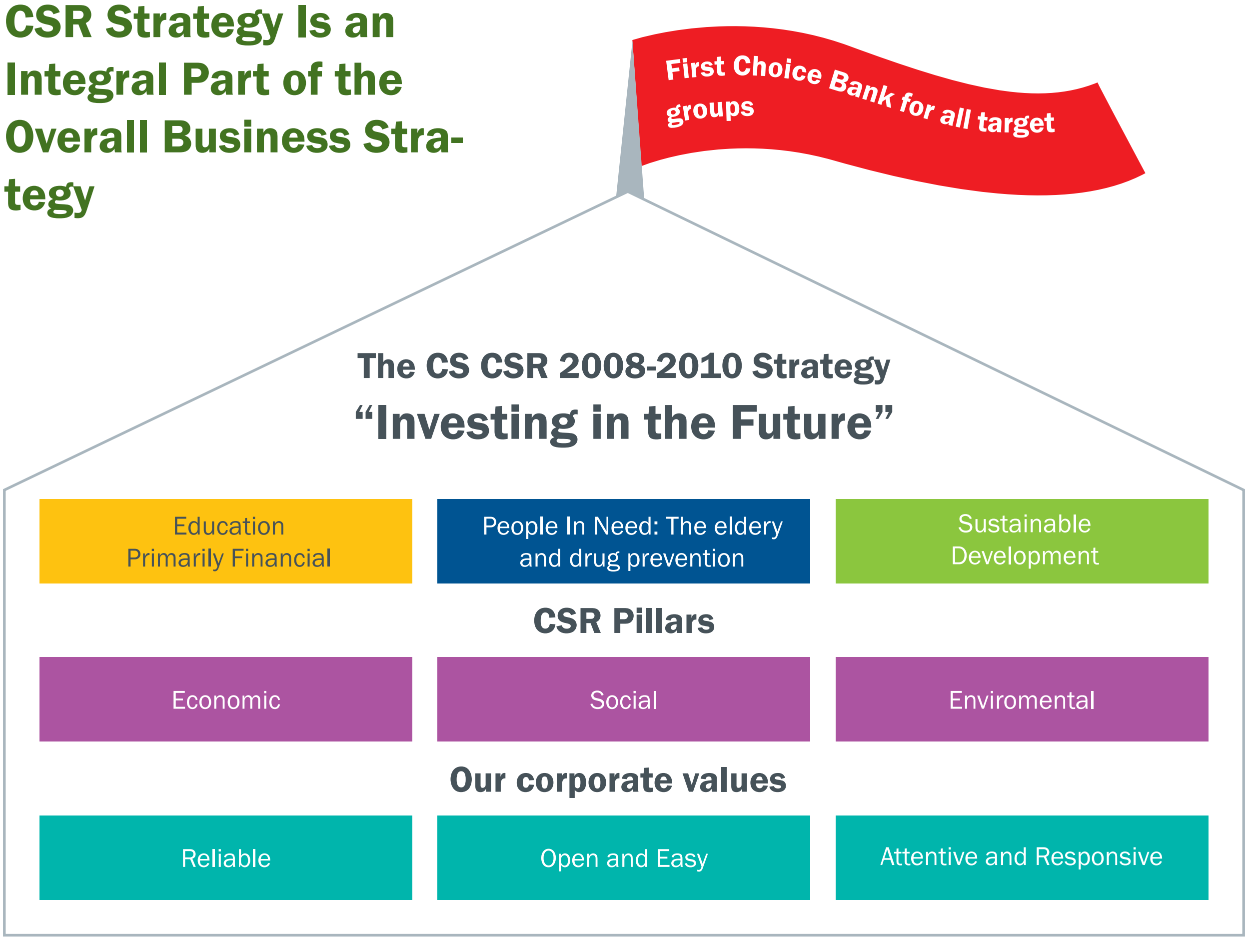
We are not only a strong and competitive bank, but also a reliable, open-minded and helpful partner assisting our key stakeholders – employees, clients, shareholders and business partners – and the society at large.

- Our CSR strategy is based on the bank‘s overall business strategy and it reflects the values and management principles that are being implemented across the entire company;
- our CSR strategy is an integral part of our business strategy and corporate culture;
- our CSR strategy is intended to involve all stakeholders – and, in particular, our employees and clients.

## Opinion Poll on Česká spořitelna‘s Corporate Social Responsibility Practices – Our Dialogue with Key Stakeholders

The 2008-2010 CSR and philanthropy strategy of the ČS Financial Group was put together after the completion of a detailed collection of feedback and opinions from the company‘s employees, clients and shareholders, and also the general public (the media and parties representing the non-profit sector). We believe – and we have learned from our own experience – that without an ongoing dialogue with our stakeholders, a CSR-related investment becomes just another marketing tool. Our objective is to actively combine CSR with our business know-how and use it as an instrument for becoming even more competitive, while contributing to the quality of

## CSR Strategy Is an Integral Part of the Overall Business Strategy



life of the society in which we operate. This is one of the reasons why we maintain an open dialogue with all of our stakeholders. The single most important part of this process is the opinion poll on Česká spořitelna's corporate social responsibility practices. The survey has been used as a source of feedback, which has helped us to design the bank's long-term strategy in this area and the related control mechanisms.

## We have asked our key stakeholders questions focused around the following three topics:

- What is the role that Česká spořitelna's CSR strategy should play?
- How do you evaluate the current activities of Česká spořitelna with respect to the objectives of its CSR strategy? How would you compare Česká spořitelna's CSR strategy with that of its competitors?
- In your view, what are the three areas in which Česká spořitelna should focus its corporate social responsibility strategy and which of these areas match the objectives referred to above?

**The following areas were examined as part of our social responsibility strategy:**


**Our research activities have provided us with an overview of how our key stakeholders view our corporate social responsibility related activities. The main observations are:**

Charitable activities and activities that benefit the broader society make up the one area that all key stakeholders consider a strong point in our corporate social responsibility program.

The public expects that most of our support will go towards education and the care of senior citizens. Currently the public is aware of 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 all that strong.
- There is no difference in how citizens in small cities and those in large cities perceive of ČS. The perception by citizens with higher personal incomes is slightly lower than the perception of those making up the general public.
- We will continue to work together with the Live 90 civic association and create new programs to support the awareness of possibilities for seniors to lead an active lifestyle. In terms of our business activities, we are interested in the education of the public with respect to financial well-being in retirement. We believe that sharing this know-how will be beneficial to both the public and the bank.

Our employees consider environmental protection and activities related to sustainable development as a relatively weak area in terms of our social responsibility activities.

- Managers at ČS have a much more positive view of their employer in terms of corporate social responsibility when compared to managers in other European countries.
- Employees give credit to their employer for the care it pays to the needs of disabled and senior citizens and the support it provides for educating people on how to achieve financial security.
- Like the public, our employees are more aware of ČS's efforts in the social and charitable areas than in the environmental and general educational areas.

## Corporate Social Responsibility

- The active cooperation and involvement of employees in CSR activities has been ongoing at Česká spořitelna for several years. Newly-created volunteer programs and support for the active involvement of colleagues in the communities in which they live creates additional opportunities for changing the perception of our activities.
- The feedback and motivation of our over 10,000 employees are the best and most efficient way to continually improving our CSR activities.

According to journalists, we should pay increased attention to providing assistance to disabled citizens and to improvements in education. Journalists see our support of charity projects as our strongest area in terms of ČS's corporate social responsibility efforts.

- Journalists have a more favorable perception of our corporate social responsibility activities than the public does.
- Our primary objective when it comes to working with the media will be to focus on public awareness of CSR related initiatives through the implementation of "best practices". It is within our own interest to use our existing CSR expertise for promoting similar types of initiatives in other sectors, including non-commercial ones.

# Česká spořitelna's Market Position

On the domestic market, we have developed an image of being a progressive, trustworthy bank, which meets the needs of all client market segments with its services, products and consulting.

- Number of Clients Served: 5.3 million;
- Assets Under Management: over CZK 860 billion;
- A provider of a full range of financial services through the largest branch and ATM network in the Czech Republic and a group of eleven subsidiary companies;
- The only bank in the Czech Republic with a branch catering specifically to the needs of a foreign clientele (the "Expat Center");
- Voted "The Most Trustworthy Bank of the Year" in the MasterCard Bank of the Year competition for the fifth year in a row.

We are the largest bank in the Czech Republic in terms of number of clients and amount of assets under management. Over the long-term, we have been the market leader based on our client lending volumes. We have also traditionally maintained a leading position in the private mortgage segment (31% market share) and in the consumer lending segment (43% market share). We have been successfully able to manage the largest level of client deposits, a segment in which we have a 24% market share. In terms of private deposits, our market share is even stronger at 31%. We are the market leader in the number of debit cards and credit cards issued.

## The Future of Financial Services in the Czech Republic

The setting of future development trends in the financial services area is currently based on the following three key parameters: demographics, technology and the growing range of specialized and individually tailored products.

The latest demographic indicators are clear – people are living longer and more active lives, and the middle-aged and older part of the population is becoming more significant. These trends have led to the more urgent need to adapt our financial services to both the needs and the opportunities represented by these demographic groups. As a result, there has been an increasingly stronger push to come up with products designed for a middle-aged clientele (age 45-64, i.e. the later working years), which will allow these individuals to safely accumulate savings on a long-term basis. In the financial services area, this type of activity is generally referred to as "retirement planning". In the 64 and over age category, this trend primarily boosts the importance of the role of "wealth management" (the management of assets with the objective of retaining principal while providing the client with a secure, regular income) in the overall structure of banking services. These types of services focus on living in retirement. In both cases, the key role of the given financial services provider is to directly manage the client‘s assets and to provide financial advice. Financial institutions must respond to these recent demographic trends by appropriately updating their range of products and also by educating their clients in order to allow them to fully take advantage of the different options available to them (see page 38).

The high tech revolution has been underway since the 1980‘s and it is not expected to taper-off any time soon. These advancements have had a major impact on the financial sector in general, and particularly on financial services. Changes brought about by new technologies and technological advancements are expected to continue at any equally fast pace. The impact of such technology-related changes can be broken down into the following two main areas: the first area is represented by the internal processes taking place within our financial institutions and the second area deals directly with the customer service area (example: rapid developments in available distribution channels). Technological changes will keep coming in both of these areas. With respect to internal banking processes, these new trends will on one hand simplify and expedite the handling of regulatory compliance while, on the other hand, they will allow providers to design their products in a more targeted manner, with specific socio-demographic groups in mind. These innovations will also provide for the availability of a richer array of customization and personalization options for individual products so that they can meet the highly specific requirements of every client (see also the section below on product and service innovations). In terms of distribution channels, the options that have opened up with the birth of the internet will continue to grow and most importantly, we can expect the near-term arrival and rapid development of mobile technologies, which will allow a client to service and manage their account from practically any location with an equal level of comfort as that available when working on a home computer.

The trend towards a greater level of product customization in order to meet everyone‘s specific needs can already be seen today. It is driven by the two previous trends. The latest demographic trends create a number of unique and highly specific life situations requiring the availability of financial products with a highly customized structure. On one hand, advancements in technology should be able to help us identify the specific needs of our clients and give us the means to offer them a solution that is precisely tailored to meet their particular needs. On the other hand, the availability of new technologies should provide us with the tools to satisfy these needs through flexibly designed products and, last but not least, technology should provide the means for easily accessing such products.

The financial services sector relies on trust more than any other area of business and the future success of this sector will depend on the existence of long-term relationships between banks and their clients. In the years ahead, we will come to appreciate the true importance of having fair and transparent business practices, the importance of providing straight-forward and honest advice to clients and taking a responsible and prudent approach with our clients‘ interests always in mind. The banking sector in the Czech Republic is still learning more about all of these considerations and the future success of those active in this market will be determined by this how they deal with these considerations – in other words, how they treat their clients.

## Innovative Česká spořitelna Products and Services Designed to Meet Client Needs

We are a bank that serves the greatest number of clients on the Czech market, which also means that our client base is highly diverse. We are a company that listens to its clients and implements innovative ideas, based on the needs of these clients. The bank's clients are welcome to pass along their own thoughts and suggestions to the managers of a local branch, to the Česká spořitelna Ombudsman Team (see also page 28), to our client center, as well as in our regular consumer satisfaction surveys. Just in 2008, this feedback and input from our clients led to the introduction of 86 larger and smaller improvements and changes. Examples include shorter waiting times, added features to ATMs, better debit card security and faster transaction processing.

We believe that there is no such thing as an average client. This is because everyone has their own specific needs and desires. This is why we have decided to introduce customized products, which can be modified to meet the constantly changing needs of the client through their life and to cater to the varying needs of different categories of clients. Each client is able to customize our products to meet their own particular needs. Our internal data shows that the number of products with identical customer settings is relatively low, which proves that clients welcome the ability to flexibly tailor services to meet their individual needs. Each of our clients is able to receive personal advice because we want to make sure that the parameters of the given service or product meets their individual needs and expectations to the greatest degree possible. For transaction type operations, we offer a flexible personal account, which is a product that can be adjusted to the needs of the particular client. As of April 2008, we have been offering our mortgage borrowers the option to custom design their own Česká spořitelna mortgage product; and, since August 2008, the Česká spořitelna "cool card" allows its owner to decide on the look of the card and the type of transactions for which it can be used. Anyone interested in investing with us will receive a highly customized investment profile, which is designed to meet their specific needs and objectives. Our experts will recommend an investment program, which is targeted to meet the individual requirements of the particular client and their risk profile.

## Relationships with Third Parties

We require our contractors and suppliers to adhere to the rules and guidelines that we ourselves follow and are part of our own business.

### Transparency of the Supplier Selection Process and Standardized Terms and Conditions

In order to make sure that any outsourcing of services by Česká spořitelna produces the desired results, we work with our sister purchasing organization, which specializes in reducing costs through the selection of the most appropriate supplier in a highly professional and transparent manner. In our supplier tenders, the official documents and evaluation criteria are the same for all bidders and they never make a reference (directly or indirectly) to a specific company, product or service, and thus giving an implicit preference to a particular bidder.

Our supplier selection process is governed by the following basic principles:

**Transparency**

The process is open and easy to understand and its rules are accessible and fair to everyone.

**Responsibility**

There is someone who is responsible for each step of the process (personal tracking).

**Fair Treatment**

All bidders are given the same opportunities and they are treated equally without any bias.

**Objectivity**

All decisions are based on objective and verifiable facts and never on subjective opinions or assumptions.

**Verification**

Two different teams each evaluate the same tender in the same manner and reach the same conclusion.

**Justifiability**

All decisions are made by qualified and experienced people and backed up by logical reasons.

**Completeness**

All decisions are based on a professional and comprehensive analysis, which takes into account all aspects, data, scenarios and options.

## EU Office

In anticipation of the Czech Republic entering the EU and the related need to provide clients with new information, Česká spořitelna opened an EU Office in 2003 – i.e. before the Czech Republic actually joined the EU. It is a unique information and consulting center focused on looking at various aspects of the European integration process. The center makes its free informational products available not just to Česká spořitelna clients but also to the general public. We are unique among financial institutions and other private sector companies in the Czech Republic in having such an information center.

Our free information services fill in the gap created by the lack of readily available information related to EU affairs and work to complement similar services that are (or at least should be) provided by the public sector. Our bank‘s collaboration with the public sector has taken on various forms. Our flagship product – the EU News Monthly Journal – is made available to the government, which then makes it available to the public through its Eurocenter network.

One of the methods we use to distribute the information that we have available is written reports. The key report that our company publishes in this particular area is the above-mentioned EU News Monthly Journal, which provides a recap of the key events and developments that have taken place in the European Union in the given month. As of the end of 2008, a single issue of this report – published in both Czech and English and available both in a printed and electronic form – had a basic readership of about 20,000. Other important activities in which we are involved include lectures organized by Česká spořitelna and other, usually public, entities, which are included as part of seminars, workshops and conferences on EU-related topics. Based on the bank‘s own estimates, roughly 900 people attended such events in 2008.

Our primary target groups include private citizens, the business sector and municipalities. This also explains the makeup of our most frequently addressed topics, which are targeted at the parties using these services. Among the issues dealt with in this program are the preparations for eurozone membership and the related consequences, conditions for doing business in other EU countries, the free movement of labor, goods, services and capital in the internal EU market, the options available for EU subsidized financing for projects, etc.

# Socially Responsible Business Solutions

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 sustainable development in terms of both longer-term business decision-making and day-to-day activities.

- Last year, our company signed the Resolution on the Environment adopted by the European Savings Banks Group (ESBG) as part of our commitment to a greener savings and retail banking sector;
- in 2005, we established a special team of employees – our "Energy Team" – whose members assist investors in the preparation and implementation of the project proposals for the production of energy from renewable sources;
- we developed a special TOP Energy Program for funding projects relating to energy savings and the production of energy from renewable sources.

## Resolution on the Environment

In June 2008, as part of our membership in the European Savings Banks Group, our company became a signatory to the ESBG Resolution on the Environment, which is designed to promote more environmentally conscious savings and retail banking. This document was signed together with the ESBG Charter for Responsible Business (see page 23).

By becoming a signatory to the Resolution on the Environment, the member banks commit themselves to contribute to the development of environmentally friendly products and services, the implementation and use of environmentally conscious investment strategies and project financing criteria, and to provide financial support for an alternative energy and green innovations program, etc.

## ČS Energy Team

We would like to contribute to the Czech Republic's commitment to produce 8 percent of the electricity it consumes from renewable sources by 2010. This commitment was 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 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 services of our Energy Team, we are able to provide an individualized approach and assistance in the preparation of projects, and can give an initial evaluation of a project based on a submitted draft. Since its establishment, the Energy Team has put together internal processes for Česká spořitelna that help ensure a fast-track approval process. Based on the reference list of funded projects, the team has a well-tested structure for providing funding to projects.

Members of the team have experience with energy legislation governing the energy market and the providing of energy from renewable sources, and are knowledgeable about the market and market trends.

Through its subsidiary GRANTIKA, Česká spořitelna is able to guide its clients through the entire process of applying for and using EU funding and funding from domestic subsidy programs.

As a member of the Erste Group, Česká spořitelna can provide support in the funding renewable energy projects in both the Czech Republic, other parts of the EU and other countries in which Erste Group has offices.

Since its inception, the Energy Team has been involved with working with leading developers, investors and technology suppliers active in the Czech Republic and in other EU countries.

The Energy Team is part of the Specialized Funding Department which also further includes the Agroteam. The Agroteam focuses on the direct funding of agricultural producers. Also included is the M&A Team, which specializes in the funding of mergers and acquisitions.

Current Energy Team funded projects include wind farms, photovoltaic power stations, biofuel stations (in cooperation with Agroteam), small hydroelectric power stations and projects involved in the burning and co-burning of biomass.

In 2008, we invested approximately CZK 3.9 billion in renewable energy and energy conservation projects – an amount roughly four-times the amount invested in 2007.

For Česká spořitelna's borrowers investing in these types of projects, the bank has recently designed, in partnership with a major energy company, a new program that guarantees higher purchase prices for power produced by the client than the rates guaranteed by the Czech Energy Regulatory Office.

For 2009, in partnership with the newly established Energy Competency Center, the Energy Team has been working on several products, which will, for example, include special options providing additional important benefits to Česká spořitelna's clients involved in energy-related projects.

## TOP Energy Program

Based on our experience with the FINESA program, which has funded a number of energy saving and renewable energy projects since 2003, we developed the TOP Energy program in May 2007 as a special product for funding energy conservation and renewable resources projects. This program offers both funding for the projects themselves, as well as a comprehensive advisory service providing support in the preparation of projects, the preparation of the subsidy application, etc.

The funding of these types of projects contribute to the protection of the environment, they decrease $CO_2$ levels in the atmosphere, they help to protect people's health by improving the quality of the environment, they help protect natural sources and contribute to reduction in pollution and energy consumption and support the adoption by companies of what are referred to as "clean" technologies.

In 2008, we financed 42 energy conservation projects with a total cost exceeding CZK 3.9 billion. Most of these projects were related to solar energy and biogas incineration, followed by biomass, hydroelectric and wind generated power.

In 2009, we will continue to focus on funding the production of energy from renewable resources (solar, wind and hydroelectric power stations, power stations burning bio mass and bio gas) and we will also focus on energy conservation projects.

## @FAKTURA 24

Česká spořitelna was the first bank on the Czech market to introduce a unique product entitled @FAKTURA 24. This service allows invoices to be sent in an 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 directly into accounting systems; and, simplified payments through direct bank transfers. The service 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 adjusted into the required format, tables and graphs. The recipient of the invoice can be a company or an individual end consumer.

**TOP Energy Statistics as of December 31, 2008**

| | 2007 | | 2008 | |
|---|---|---|---|---|
| Type of Project | Investment Volume CZK (millions) | No. of Projects | Investment Volume CZK (millions) | No. of Projects |
| Solar energy | 243 | 4 | 1,747 | 19 |
| Wind energy | 342 | 2 | 172 | 3 |
| Biogas | 115 | 2 | 1,001 | 16 |
| Biomass | 0 | 0 | 702 | 2 |
| Hydroelectric | 0 | 0 | 297 | 2 |
| Biofuels | 400 | 1 | 0 | 0 |
| **TOTAL** | **1,100** | **9** | **3,919** | **42** |

# Beyond Regulatory Compliance

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

- We publish on a regular basis a statement on Česká spořitelna's level of compliance with OECD principles of corporate governance and management;
- we have created a separate department, which is responsible for making sure that Česká spořitelna's internal regulations comply with current legislative requirements;
- we communicate with our shareholders and investors in an open manner using regular reports on the ČS Financial Group's activities;
- our policy of maintaining openness and transparency includes publishing our financial results on a quarterly basis;
- the behavior 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 required by current legislation.

All of our activities are based on the Code of Ethics of the ČS Financial Group and the ČS Code of Banking Services. These documents set out the requirements for the proper management and governance of ČS's operations on the market for banking services.

## Code of Ethics and Values of the ČS Financial Group

The Code of Ethics and Values provides guidance on decision-making and on the expected behavior of all of our employees. The code is based on our mission and vision statements and values, and it contains binding rules on the behavior of employees of the ČS Group in terms of their relationship to the employer, colleagues and clients. The Code of Ethics is part of the employment policy of Česká spořitelna and other members of the ČS Financial Group.

## ČS Code of Banking Services

In this document, we voluntarily announce our own standards for the banking services we provide to our clients – private individuals that are not business owners. Our goal is to let our clients know about the services they can expect Česká spořitelna to offer in the future, to better understand the principal banking services available to them and to help them be able to optimally take advantage of these services and products. Concomitantly, we follow all points of the Code of Behavior between Banks and Clients, as issued by the Czech Banking Association (CBA Standard No. 19/2005). In ČS Code of Banking Services, we aim to go beyond the requirements listed in the Code of Behavior put out by the Czech Banking Association. In their contact with our clients, our employees are trained to follow and abide by the ČS Code of Banking Services.

## Charter for Responsible Business

In June 2008, our company became one of the signatories of the Charter for Responsible Business and a member of the European Savings Banks Group (ESBG). All banks associated under this industry organization regard corporate social responsibility as an integral part of their business.

The Charter for Responsible Business recommends to its member banks that they adhere to the following six fundamental principles: to maintain fair and clear relations with customers in order to build and maintain a long-term relationship of confidence; the promotion of accessibility and financial inclusion as fair partners for all segments of society; to support environment-friendly business; to make a responsible contribution to the community by linking their business objectives with the needs of the local communities and to contribute to social welfare; to act as a responsible employer and to provide good working conditions in line with this philosophy; to support corporate culture and employee education and training, and link everything with transparent communication.

## Corporate Governance

We continuously strive to improve the ČS standards of governance and management and we regularly publish a statement on our level of compliance with governance and management values as laid out in the Corporate Governance Code, which is based on OECD principles. In our activities, we are always looking out for the best interests of all of our stakeholders. Supervision regarding the proper governance and management of ČS is provided by the Board of Directors.

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 of the company as well as its operational management. The status and scope of authority of the Board of Directors is set out in the company's articles of association and internal directives and they are in conformity with the laws of the Czech Republic. The Board of Directors discharges it responsibilities with due care and diligence. All members of Česká spořitelna's Board of Directors and the boards of directors of ČS subsidiaries are professionals with experience in the management of large corporations and they have international experience and the ability to work as a team. Members of these boards of directors respect the need to be in compliance with all statutory and ethical norms. As of December 31, 2008, 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 senior executives of the company and have the necessary personal and professional qualifications for holding a position as a member of the Board of Directors.

The activities of the Board of Directors and pursuit of the business activities of ČS are overseen by its Supervisory Board. Besides the status and scope of authority, which are required under the law, the company's articles of association determine that the Supervisory Board has the right to comment on certain types of actions, which have an impact on the assets of Česká spořitelna, such as: construction investments and any plans for the acquisition of tangible and intangible assets by ČS over and above a predetermined threshold, the transfer of the title of ownership to ČS assets and ownership interests, etc.). In addition, the Supervisory Board comments on the strategic concept of the activities and development of ČS, planning instruments and regular financial statements. The Supervisory Board also has input on the appointment and removal 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 their activities and help ensure the proper internal management of the company and the fulfillment of their responsibilities, the Board of Directors and the Supervisory Board have established committees, as follows:

#### Committees of the Supervisory Board

The Supervisory Board is authorized to establish committees and to delineate the extent of their activities. In accordance with the rules on corporate governance rules, the committees of the Supervisory Board include:

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

#### Committees of the Board of Directors

The committees of the Board of Directors are advisory bodies to the board of directors, which are established by the Board of Directors. The purpose of these committees, which consist of members of the Board of Directors and certain employees, is to initiate and submit recommendations to the Board of Directors on particular issues. All committees report to the Board of Directors and prepare a report on their activities at least once a year. The committees include the following:

- The Credit Committee;
- The Asset and Liability Management Committee;
- The Financial Markets and Risk Management Committee;
- The Investment Committee;
- The ATM Committee;
- The Services for Clients Committee;
- Etc.

## Strict Compliance with Legal Regulations

On an ongoing basis, Česká spořitelna assures its compliance with all of the statutory rights of shareholders, compliance with the principle of equal treatment for all shareholders and compliance with all other legal requirements and regulations. To carry out this compliance function with respect to ČS's internal regulations, the bank has established a Compliance Department. This department monitors and makes sure the behavior of ČS's employees is in line with the general legal regulatory requirements, the internal regulations of ČS, the bank's Code of Ethics and other standards and rules delineating the behavior of ČS employees. Compliance is an important aspect of all of the activities of the organization and is an integral part of the corporate culture. The Compliance Department keeps track of internal information on suspicious and restricted investment instruments (the "watch list" and the "restricted list") and any trading activities involving such listed investment instruments. On a regular basis, the Compliance Department provides the Board of Directors and the Supervisory Board with information on its activities.

Česká spořitelna is careful to comply with and be in conformity to all applicable Czech laws, to adhere to the values in the Corporate Governance Code, which is based on OECD principles, and to pay attention to the recommendations of the European Union Commission with respect to corporate governance. Česká spořitelna regularly provides its shareholders and investors with all relevant information on the bank's business activities, its financial and operating results, its ownership structure and other significant events. All information is prepared and published in accordance with the highest level of accounting standards applicable to both financial and non-financial information. Pursuant to the recommendation of its audit committee, the Supervisory Board approves the selection of each year‘s external auditor. In 2008, Deloitte Audit s.r.o. was appointed to conduct the external audit.

Last, but not least, as a profitable company, Česká spořitelna is a significant taxpayer and contributor to the budgets of the Czech Republic.

## Transparency

In accordance with Czech legislation, we make known the holding of our general meeting of shareholders through announcements published in Hospodářské noviny and Obchodní věstník. The announcements include basic shareholder information on attendance at the general meeting and on the exercise of their shareholder rights. Shareholders, who are holders of registered shares, directly receive the announcement about the general meeting, including information on principal financial indicators. Additionally, the announcement about the general meeting is noted on our website. During the statutorily required notice period for a general meeting, shareholders have the opportunity to become familiar with the key documents (such as the financial statements, report on related parties and any proposed changes to the articles of association) that will be discussed at the meeting. General meetings are always held at venues accessible to all shareholders, most recently at the registered office of the company.

Although we have not been a publicly traded company since 2002, with respect to our policy of openness and transparency, we continue to publish our quarterly financial results. We regularly (at least twice a year) hold press conferences at which we provide information to the public on the financial and business results of the group. Each quarter, we prepare a detailed presentation of financial and business results which is published on our website. In addition, all significant information that is posted on our website is made available in both Czech and English. The Czech media has rated us as being one of the best companies in openly informing the public about the activities of our financial group.

In order to treat all shareholders fairly (98 percent of the company‘s shares are held by Erste Group Bank AG and only 2 percent are held by minority shareholders), we have established a special and freely-available portal "Investor Relations" on our website. Here all shareholders and investors can find our most up-to-date financial results, financial statements and annual reports and information on how to contact members of our “Investor Relations” team. On a regular basis, representatives of the company participate in events designed for every level of retail shareholders (e.g. RM System conferences). On a more investment professional targeted basis, members of the Board of Directors organize road shows for both investors and shareholders.

We are significant contributors to the ongoing developments and changes occurring on the Czech financial markets:

- we are a member of the Czech Banking Association and the Exchange Chamber (of the Prague Stock Exchange);
- we are a founding member of the Debt Advisory Center;
- we were the first bank to issue our own Code of Ethics and the first institution to accept the Code of Financial Services.

# First Choice Bank for All Client Segments

Our number one business objective is to always exceed our clients' expectations. We meet the specific needs of each and every client by offering highly customized solutions. To be open and straightforward in our communications with clients is always of paramount importance. This strategy leads to long-lasting and mutually beneficial relationships.

- In addition to standard tools, our clients can use the services of an independent ombudsman program, which has been established by Česká spořitelna;
- we regularly conduct customer satisfaction surveys in order to monitor and evaluate the quality of the services we are providing;
- we co-founded the Debt Advisory Center which helps clients facing financial hardship repay their loans and other debts;
- we have worked to develop specialized products and services for those with special needs, such as our ATM network for the visually impaired.

# First Choice Bank for All Client Segments

## Service Quality

In 2008, Česká spořitelna completed its "First Choice Bank" program, a transformational project which, in addition to introducing changes to the existing corporate culture and a number of improvements directly impacting the company's clients and the company itself, was designed to further enhance the bank's ability to provide services that live up to the strictest European and global quality standards through the use of the "Six Sigma" business management strategy and Kaizen quality management philosophy.

In order to maintain its status as a first choice bank, Česká spořitelna must be able to accurately identify its clients' needs and exceed their expectations. The skills required to supply top quality services and to effectively combine proper sales techniques with a quality product which adds value is the focus of the bank's Professional Services training program, which has been designed for all of the company's employees. By the end of 2008, more than 5,000 had successfully completed this training program.

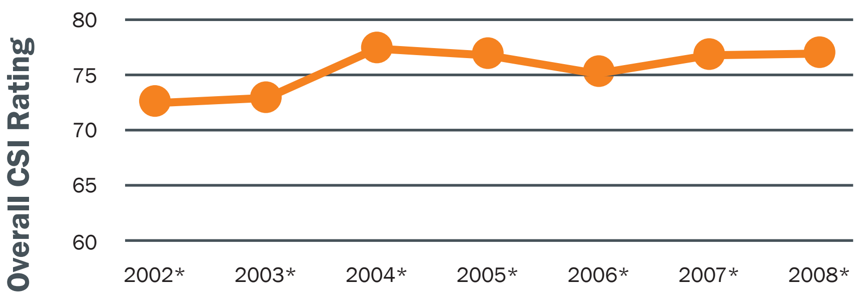
To find out how effective this program has been, we conducted a nationwide client satisfaction survey using the European EPSI model and the Finalta European benchmarks. The results were that our management system and the quality of the services that we provide to our clients meet the strictest European standards. In 2008, our clients' level of satisfaction did not parallel the dramatic decline witnessed by other banks around the globe.

## The Quality of Our Client Services

The level of service we provide to our clients was, as in previous years, measured through a client satisfaction survey, the results of which are expressed in the form of the so-called Customer Satisfaction Index (CSI).

In the second half of 2008, Česká spořitelna saw a drop in the level of satisfaction of its customers – a trend that was seen across the entire Czech banking sector. Customers were less satisfied with their waiting times, they felt that the bank's employees were not always acting in the customer's interest and customers were dissatisfied with the level of the bank's fees. When doing business with Česká spořitelna, our customers were most frequently satisfied with the size of our branch network, the good accessibility of our ATMs and our internet banking tools. In 2008, we initiated a program targeted at the customer loyalty level of the bank's customers.

### Customer Satisfaction Index




*average of two surveys (spring and fall)

### Česká spořitelna Customer Satisfaction Index Rating (by year)

| ČS | 2002* | 2003* | 2004* | 2005* | 2006* | 2007* | 2008* |
|---|---|---|---|---|---|---|---|
| CSI | 73.29 | 73.39 | 78.24 | 77.50 | 74.86 | 76.55 | 76.57 |

*average of two surveys (spring and fall)

## Ombudsman's Team

This is the eighth year in which Česká spořitelna has offered its customers the chance to contact its ombudsman's team. There are a number of different ways in which customers can reach this team: by calling the toll-free number 844 117 118, by email to ombudsman@csas.cz, by meeting in person and by mailing a letter. Daily (business days), the team's members handle inquiries received from clients from 8:30 a. m. to 5:00 p. m. and in addition to Czech, inquiries can also be handled in English and German.

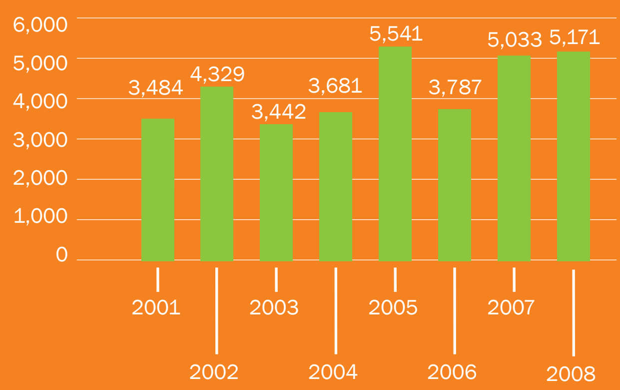
ČS's ombudsman team was modeled after the one at its parent Erste Bank, where a similar team has successfully been in place since 1997. Today, there are similar teams at Erste Group operations in other countries. On a regular basis, team members meet to share experiences and information on the best practices in handling client concerns. This effort is designed to further improve the level of our services.

Besides handling inquiries in Czech, the team's members are also able to communicate with customers in English and German. The ombudsman team can be contacted by anyone wanting to make comments or suggestions as well as by those who want to complain about the service they received from our bank or other matters concerning the entire financial group. The team can be contacted by phone – a special toll free number has been set up for this purpose – via email, by mail or in person.

In 2008, the ombudsman team received and handled more than 5,000 customer contacts. In 4,259 instances, the team's members were able to handle the given matter and in 900 instances, they were assisted other parties (branch employees, employees of the client center, subsidiaries and the main office). The reasons why the bank's customers decided to approach the ombudsman team varied from case to case, and not all of them involved a complaint (customers have also contacted the team with suggestions and ideas, with positive and negative comments and with questions and inquiries). As in previous years, in 2008, the bank made a number of changes in response to this valuable customer feedback.

### How Česká spořitelna Handles Customer Inquiries

Our bank has made a giant leap forward in terms of our ability to respond to customer feedback by not just simply processing it, but by handling it properly and quickly, by documenting the problem and by learning from the feedback in order to make the necessary improvements. In 2008, our company received and handled more than 156,000 customer inquiries, suggestions, requests and complaints (customer contacts). As of September 2008, we have been successfully meeting our processing target of looking into at least 80% of all client contacts within 24 hours. These figures and the speed with which we have been able to get back on these inquiries enable Česká spořitelna to meet the best practices standards of European banks.

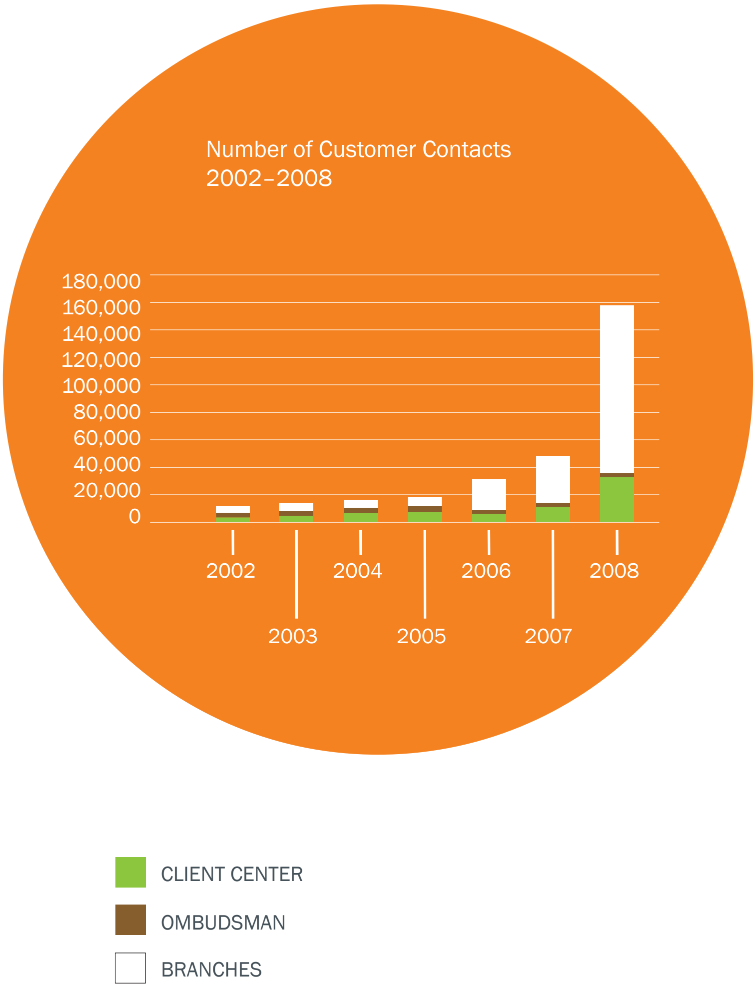


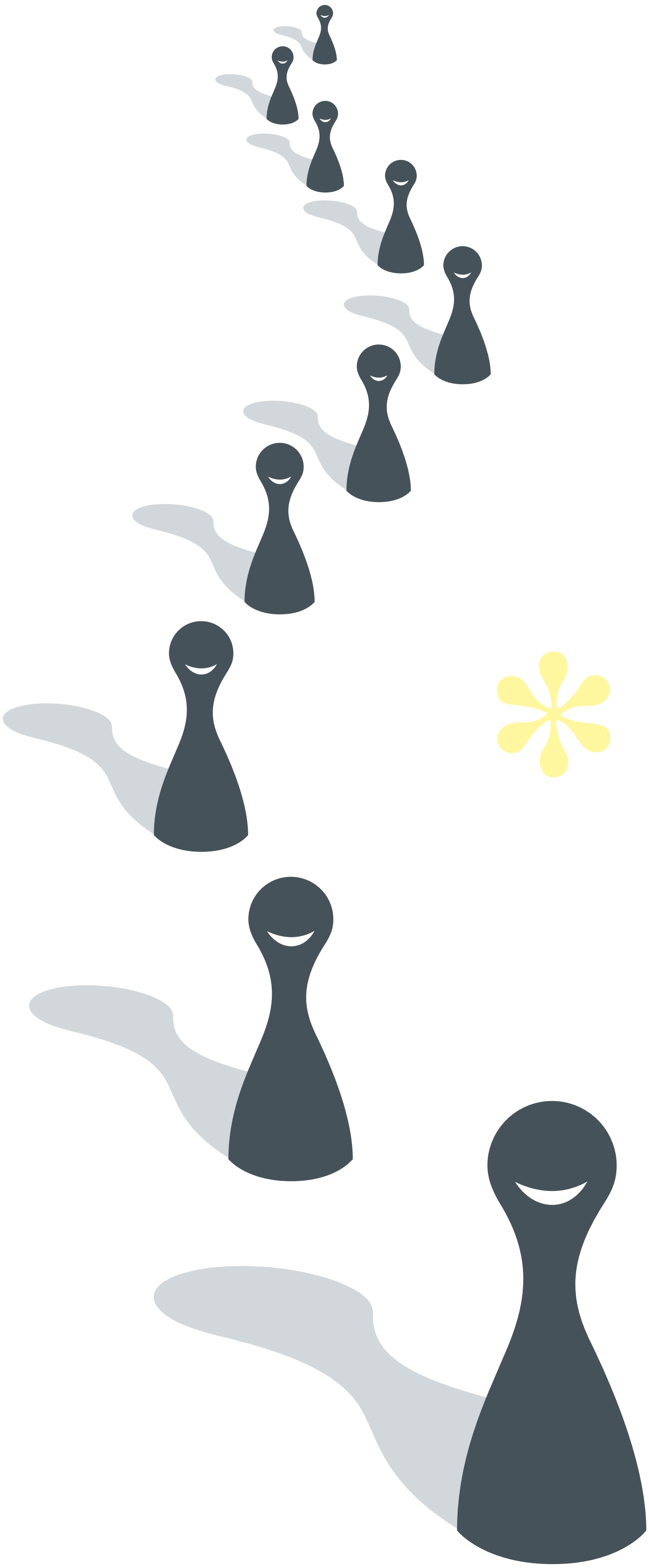
Number of Contacts Processed by the Ombudsman Team 2001–2008

## First Choice Bank for All Client Segments

### Improvements made based on customer satisfaction surveys and customer feedback:

- we have started to install stands with informational materials in the entrance areas of our branches (information leaflets, a picture of the branch manager, ČS ombudsman contact information, information hotline number, etc.);
- ATMs allowing cash withdrawals and deposits;
- self-service zones in branches (quick settlement of the basic banking service, modern design);
- sending of debit card PIN numbers via regular mail (i.e. customers no longer have to pick up their PIN at the post office);
- improvements to our payment order forms based on customer feedback;
- changes to our website – a better branch search tool featuring a picture of each branch, the name of its manager, GPS coordinates and a list of products and services available through that branch;
- better signage and directions to our branches (direction boards and signs);
- adjustments to the opening hours at selected branches to meet our local clients' needs;
- the gradual reconstruction of existing and the opening of new branches in more accessible and convenient locations (e.g. shopping centers);
- service quality days in our branches – designed to show our customers how our bank works and what we have been doing to build customer loyalty;
- special events at our branches (seasonal decorations and events such as Christmas, Children's Day, Easter, etc.).





# First Choice Employer

We provide our employees with a good working environment based on our corporate values and culture. We motivate our employees to provide exceptional service, we treat each of them as an individual and we stress that we are an equal opportunity employer. We put a major emphasis on employee training and life-long learning.

- We provide our employees with the opportunity to participate in a broad range of life-long learning and career development programs. These include the training of graduates, ongoing language courses and material support for higher education;
- there are 16 special employee benefit options, including two days off per year to work for a charity and other socially-conscious programs;
- we tailor our working hours and places of work to meet the needs of special types of employees – for example, mothers with children can work from home and have flexible working hours;
- we encourage the providing of employee feedback and have an employee development program based around the ROZA employee interview evaluation methodology and an open communication system.

### We also provide equal opportunity to those changing a career with the ČS Financial Group.

The employees of the ČS Financial Group can apply for any open position within the group. All of our vacant positions are first offered to existing employees and only subsequently are they advertised externally. We are able to offer positions to new graduates, experienced bankers as well as senior managers. Besides the online advertising of vacant positions, we also have our own bonus-based employee referral program, which is designed to expand the group's employee base through personal referrals from existing staff. Those who have referred a suitable candidate for an open position receive a financial reward.

Employees whose position has been abolished for organizational reasons have access to special counseling as part of our effort to actively assist those whose positions have become redundant, by providing them with professional assistance in their search for a new career opportunity. This assistance program includes the following: a one-day training seminar, which teaches the attendees useful skills such as how to write a resume and cover letter, how to get prepared for a job interview and the recruitment process, tips on a successful job interview, the preparation of a personal career plan, etc. After the seminar, attendees have the option to consult with the lecturer by phone for a period of three months.

## Employee Education and Training Opportunities at ČS

The human resources department offers our employees a wide range of education and training activities. Employees can attend internally and externally offered courses and they can also take advantage of e-learning courses and tests. The company has available 40 e-courses and in 2008, almost all of our employees enrolled in this distance learning program, completing a total of 38,941 hours of e-learning.

The educational opportunities offered include not only courses designed to improve interpersonal and business skills but also a variety targeting the development of specific professional skills.

We encourage our employees to improve and expand their list of qualifications by providing material support for further academic course work (MBA, bachelor's degree, master's degree, Ph.D., etc.). The bank provides a variety of language courses for those in a number of different job positions. This includes courses for both beginners and more advanced students. Our most effective regular personal development program includes training courses that are targeted at specific job positions.

A series of special education and training programs offered by our company make up an entirely separate section of our employee training and development activities. These are longer-term career development programs built around special skills and areas of expertise and their participants are able to master this knowledge and make use of it in the their future career at the company. These programs include the following:

### Dynamic Manager

In 2008, six participants completed the Czech version intended for managers from the branch network, whereas five completed the English version intended for head office employees. Costs per person amount to approximately CZK 120,000 for both language versions. Participants receive a general overview of different corporate areas such as finance, marketing, human resources, etc.. The goal is to help them better see the interrelationships between different types of activities and help them more easily make difficult decisions.

### Trainee Program

The special high potential trainee program is currently being finalized. The program is intended for 16 selected talented, non-managers who meet certain required qualifications – including less than 2.5 years of employment at Česká spořitelna. The employees rotate through different jobs in order to become more familiarized with the different parts of the business and establish a broader set of corporate contacts. The program also helps with the development of soft skills. Costs per person will be about CZK 240,000 and the top participants can be expected to spend time in Vienna – in which case, the costs per person will be about CZK 480,000.

### Talent Management Program

The company is currently holding a leadership development program designed for experienced managers at the 2nd and 3rd management levels across all Erste Group countries. The objective of this program is to promote mobility within the Group, align the management culture and develop international contacts and relationships. Česká spořitelna currently has four participants enrolled in this program. Starting in April, the company will be nominating participants for enrolment in other talent, management and development programs being offered both locally and across the entire financial group. The local programs will be available for three levels of employees – junior specialists, senior specialists and managers. At the group level, two programs will be available in the future – one talent management program for specialists and one for managers.

### Group Junior Trainee Program

An Erste Group program designed for recent college and university graduates. 46 participants are currently enrolled in the program and they come from all of the countries where the Erste Group has operations (5 work for Česká spořitelna). This 18-month long program includes professional seminars, which relate primarily to banking, and local and international internships. Those selected for enrollment in the program have recently finished their schooling and are interested in learning more about finance – and in particular, topics related to the management of credit risk and commercial banking. The total cost per person for this program in 2008 was approximately CZK 300,000 (including the international travel expenses for interns).

### Executive MBA Program

This comprehensive program is intended for senior specialists and heads of departments. The objective of the program is to master and improve on management skills and expertise. Costs per person amount to approximately CZK 50,000. In 2008, thirteen employees completed this program. The curriculum included the following: project and change management, human resource management, strategy building and strategic thinking, finance, law, marketing, stress management, negotiation practices and time management. The participants selected for enrollment in the program were second line managers with good, long-term potential in terms of their careers at the bank.

### Comprehensive Development Programs

for Specific Categories of Employees – Newly introduced in 2008, these are comprehensive types of development programs that have been designed specifically for a category of employees. The programs are always put together to precisely meet the needs of a particular category of employee. This model was used to organize training programs for selected key employees of the risk management division, the financial management division, private bankers and micro-area managers. Participants are actively involved right from the start of the program, including in the preparation stage, and this has a positive impact on their subsequent involvement in the individual training and development activities and results in an overall positive feedback.

### 360° Feedback

To precisely identify the development, education and training needs and the hidden strengths of our team and individual employees, the 360° feedback model was used last year to evaluate the teams and employees of selected departments of the company. This model is designed to give the supervisor, staff, co-workers and the internal clients of the given person the opportunity to evaluate his/her particular skills and capabilities, while the employee also evaluates him/herself. By putting together these differing perspectives, we get more objective and qualified information on the performance of the respective employee or team. This information is valuable and it can then be used by individual employees and teams of employees to work on further improvement and professional development.

### Teambuilding Activities

At Česká spořitelna, we combine our teambuilding efforts not just with education and training but also with corporate social responsibility. The participants in these programs are involved in such charitable and publicly beneficial activities as working in orphanages, retirement homes, environmental protection organizations, etc. Such teambuilding programs help us to not only build a stronger team of employees, but also to assist and help those in need.

### Career Counseling

Besides group-type career development activities, our career counselors meet one-on-one with employees to consider future career opportunities and to help the person identify their personal training and educational needs.

### Mentoring

In 2008, Česká spořitelna introduced a mentoring program for new branch and head office employees. The program has been designed to assist our new colleagues by having someone there to help them through their initial orientation period. It involves an arrangement whereby a more experienced, senior employee takes on the responsibility of helping a new employee fit-in, along with becoming familiar with the way in which the bank works and about the responsibilities of their new position.

Our selection of available training programs is being constantly updated and enhanced to reflect the current needs and requirements of our employees.

## Employee Satisfaction – Competitive Benefits and Equal Opportunity Employment

Česká spořitelna is considered to be among the more progressive employers in the Czech Republic in terms of its employment and compensation policies. As an employer, ČS strives to be both a world class service provider and a very desirable place to work. We consider our employees to be our most valuable asset and we are convinced that investments into human resources will generate a very favorable payback. We believe that having satisfied and motivated employees is a critical requirement for a successful business.

The basic building blocks of our employee compensation program are salaries, bonuses, employee benefits and the work environment:

### Salaries and bonuses:

- basic salaries are competitive to those offered by other first-class financial institutions on the Czech banking market;
- the motivational bonus is part of the compensation package and averages 30 percent of the annual base salary for each employee of Česká spořitelna;
- profit-sharing in the profits of the Erste Bank Group for all employees of the ČS Financial Group;

### Employee benefits that are focused on the family, free time and good health include:

- 25 days of holiday per year;
- 5 sick days;
- contributions for sports, cultural and travel activities;
- participation in sports and outdoor events;
- opportunities to use recreational facilities;
- financial contributions for local and foreign holidays, or a contribution for a summer camp;
- the company offers each employee the chance to take two days off each year to work for a charity or worthy cause of their choice – including work with senior citizens and children, substance abusers, an environmental protection organization, etc.

### Benefits focused on living well today, as well as in the future:

- an employee contribution-based pension scheme, with an employer 100% match of up to CZK 17,200 per year;
- employer provided meal vouchers of CZK 80 per work day;
- Favorable terms and conditions for banking and financial products of the ČS Financial Group;
- a preferential program for the purchase of Erste Bank shares;
- discounts on Kooperativa (insurance) products such as as homeowner insurance, holiday home insurance, travel insurance and insurance for foreign medical expenses and accident insurance;
- there are other benefits available through corporate partnership with other companies – particularly with other members of the ČS Financial Group. For example employees have discounted mobile phone service plans and discounts on the purchase of computers and digital media, cars, spa stays, taxi services, sport and fitness clubs, beauty salons, development projects, etc.

### Work environment:

- highest health and hygiene standards;
- relationships based on collaboration;
- flexible working hours;
- work from home option;
- unpaid time-off.

### Our Corporate Culture Includes Being an Equal Opportunity Employer

Česká spořitelna tolerates no discrimination. We value the work of each and every one of our employees and treat the members of our team as unique individuals, without regard to their gender, age, marital status, sexual orientation, disabilities, race, skin color, religious or political affiliation, ethnic background, nationality, citizenship or any other aspects unrelated to their employment. We value the contributions of each individual member of our team as a positive reflection of our diverse society.

## Being an Equal Opportunity Employer Gives Us a Competitive Advantage in the Labor Market

The ability of our management to provide a work environment where men and women are given equal employment opportunities and where we work to balance family life with work is reflected in the loyalty and performance results of our employees. By integrating equal opportunity employment principles into our corporate culture, we have a solid foundation for building strong and positive relationships between our company and its employees.

Česká spořitelna is an active promoter of equal opportunities for all through its "Diversitas Program", which has the following objectives:

**a)** to guarantee that everyone is given an equal opportunity in all positions and all areas (career development and advancement, the balancing of work life and family life, financial and other compensation, etc.) across the entire ČS Financial Group;

**b)** to encourage and maximize the use of social, personal, gender and age differences among the individual members of a team, and the different approaches of men and women to the same type of task, and to view these differences as a benefit to the organization;

**c)** to provide favorable conditions for mothers and parents;

**d)** to provide mentoring and coaching for women who need to boost their self-esteem for the sake of future professional and personal growth;

**e)** to promote a sense of mutual respect among employees.

Our employees are the key to our success and we do everything we can to provide a dynamic work environment that will motivate employees to excel, and an environment where the personal contribution of each employee is valued and appreciated.

## Employee Evaluations

In order to make sure our employees both excel in the work they do and are satisfied with their job, we have a program to provide employees with feedback on their performance:

## The ROZA Employee Interview Concept

The ČS Financial Group strongly supports the ongoing career and personal development of its employees. It believes that this support is a two-way street – benefiting both the employee and the company. It is the efforts of our employees that allow Česká spořitelna to deliver superior results to its customers and other stakeholders and to achieve its other operational objectives. A key tool used by the bank to help its employees recognize their potential, to motivate them and prepare them for other challenges is the bank's employee interview program which is internally known as ROZA.

The ROZA employee interview is a simple tool that can help answer such difficult employee questions as:

- What should my career and personal development goals be?
- Where should I focus my efforts?
- Do I do my job well? What should I do to improve?
- What are my strengths and how do these impact my career advancement opportunities?

The employee interview is a tool for self-reflection that also includes the input of another person, such as the employee's manager, HR staff, or a senior employee. By evaluating the extent to which the employee has successfully met their previous personal development objectives, the employee is able to better determine the direction he or she should take in the future. The ROZA employee interview is a form of interactive feedback between managers and employees that is focused on career advancement and career opportunities.

# First Choice Employer

## Corporate Culture

### A Dynamic and Value-Driven Corporate Culture

A company's mission statement and its corporate vision and values help drive and direct its business. Our corporate culture is one that motivates employees and values everyone's individual input. It is closely tied into the needs and expectations of our customers. We want to be a business with clearly defined objectives and one that is managed in line with its key values. The ability to realize these objectives and put these values into practice requires a committed effort on the part of each and every employee, the ability of those within the company to communicate openly and a highly supportive and motivating environment at all management levels.

### The Corporate Culture Development Program

Česká spořitelna has a highly sophisticated program for the ongoing development of its corporate culture. The program uses a set of procedures designed to assist with the implementation of a common set of priorities related to the development of corporate culture across the entire organization. Having a strong corporate culture is a part of the bank's overall business strategy.

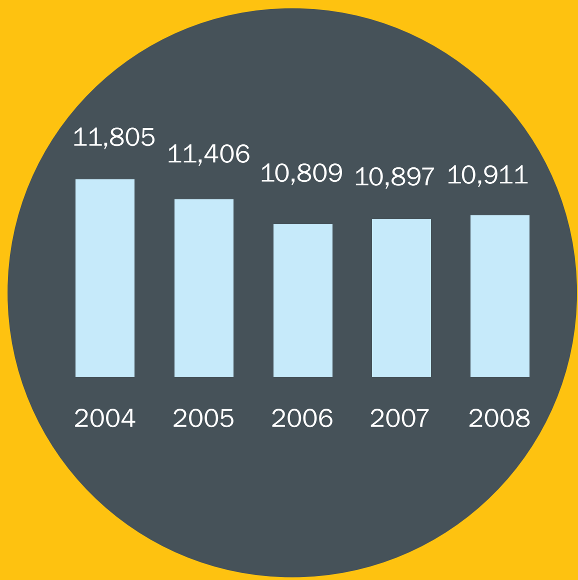
### Continuing Interest in Our Employees and Employee Satisfaction Surveys

The welfare, concerns and needs of its employees are very important to Česká spořitelna. On a regular basis, the bank conducts employee satisfaction surveys. The results from these surveys are used to improve the work environment, our management system and the employee benefits and bonus structures that have been put in place to enhance the loyalty of employees. Our bank's management decided not to settle for an incremental approach and thus introduced a systematic plan for the long-term development and growth of the company's corporate culture – ensuring that the original vision of the Česká spořitelna corporate culture is pursued at all levels of the company.

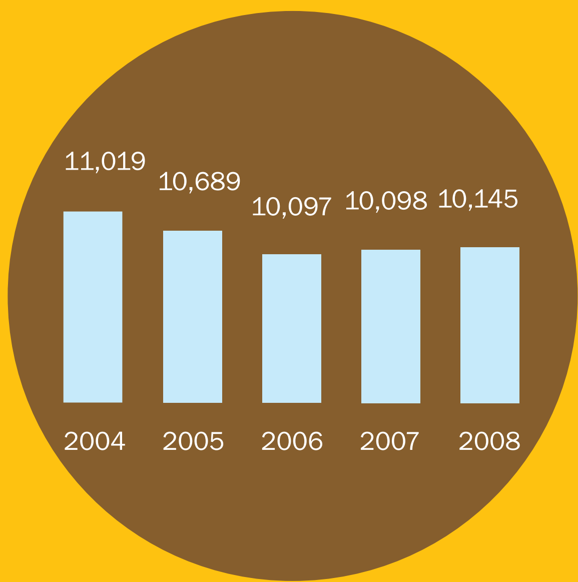
### Dialogue with Employees

Listening to our colleagues. Our employees are always welcome to share their opinions and provide ČS management with their ideas at meetings such as road shows, as well as anytime by phone, email, intranet chat or on discussion forums.

## Total Employment at ČS and FSČS (by year)




Total Česká spořitelna Employment




Total ČS Financial Group Employment

# First Choice Employer

Česká spořitelna uses a number of different ways in which to communicate its business strategy to its various groups of employees. Its goal is to promote each employee‘s understanding of the company‘s business strategy and the way in which each employee plays a role in this strategy, as well as the responsibility of each employee to contribute to the long-term growth and success of the company.

## Dialogue with Employees – ČS‘s Open Communication System

We have a sophisticated system of open communication in place to obtain feedback from our employees. The system allows employees to communicate with senior management on either an anonymous or personal basis. The open communication system was introduced to promote a dialogue between ČS‘s senior management and the company‘s employees. Employees can give their opinions and share ideas and suggestions on how to improve the bank. The system also helps to keep employees informed about what is going on at Česká spořitelna.

The issues raised and management’s responses and comments are published on the Intranet to make the discussions available to all employees.

### The 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 2008, the CEO’s line was available three times, during which time employees made 54 inquiries.

### Open Mail

Is intended for general issues related to the bank‘s processes, products, management, etc. Open Mail has been in place since March 2004. In 2008, employees sent in 77 inquiries by mail. The most frequently raised issues dealt with ČS‘s products, questions about plans for key products, employee benefits, day-to-day operations, and payroll-related matters.

### BOD member visits to branches and commercial centers and road shows,

Where employees can discuss issues directly with members of ČS’s senior management. The "road show" program was launched in April 2004. In 2008, the road shows included meetings that focused on the ČS Financial Group's business strategy. These meetings were held at all main regional branches and commercial centers, all divisions of the head office and almost all subsidiaries.

### An internal ombudsperson

Has been in place since October 2004 to deal with:

- inquiries from current and former employees and external colleagues relating to employment issues;
- inquiries of a personal, confidential or sensitive nature related to work at the company;
- in 2008, the internal ombudsperson received 77 inquiries from ČS employees.

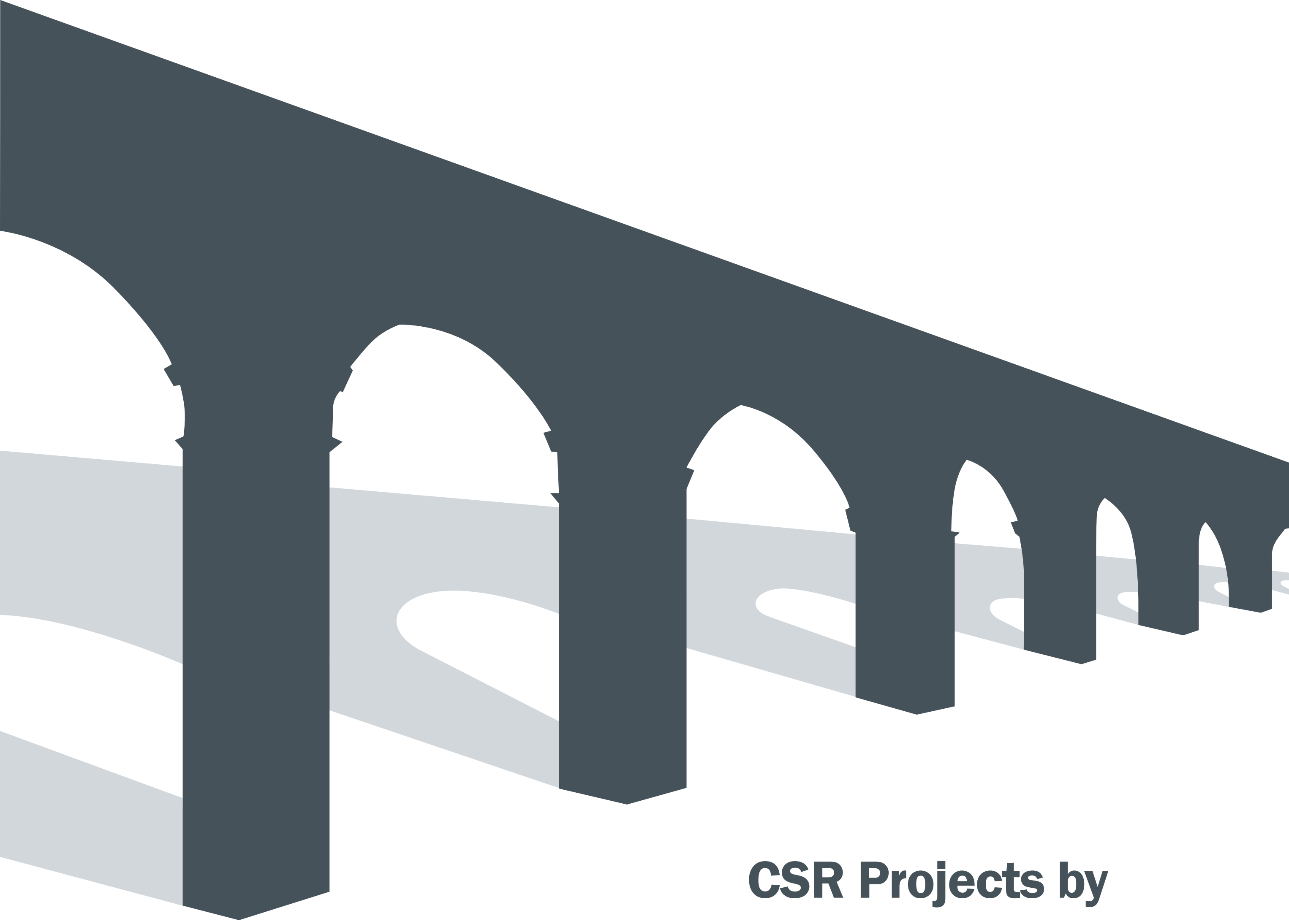
In 2009, the open communication system will be extended to include regular breakfast meetings with the CEO and online discussions on selected topics.

### ČS Human Resources Related Certificates and Acknowledgements

- 2007 Prague Region Employer of the Year;
- 2007 Employer of the Year – 2nd place (AXA);
- Special 2008 Company of the Year Award for a "Good Start" in Equal Opportunity and Diversity Management (Gender Studies Association).

### ČS Involvement in Human Resource Related Professional Groups and Associations

- American Chamber of Commerce HR Committee;
- Czech Society for Human Resources Development;
- HR Forum Magazine;
- Gender Studies Association;
- Aperio Healthy Parenting Association (Advisory Board for the "Equal Treatment in the Workplace – Prague" project).



# CSR Projects by Strategic Pillar

The company‘s CSR strategy is a triple-bottom-line one, which is built on three strategic pillars – economic, social and environmental. In 2002, we set up our own Česká spořitelna Foundation, which has allowed us to work on longer term strategic projects with our partners.

- Česká spořitelna is one of the leaders in Czech corporate philanthropy and corporate community investment;
- the partners with whom we work include organizations dealing with education, senior citizens issues, substance abuse and environmental protection;
- we involve our employees as well as our clients in our philanthropic activities;
- the Česká spořitelna Foundation is our key platform for CSR-related activities, projects and initiatives.

# Economic Pillar

## Education, with a primary – but not exclusive – focus on financial knowledge.

Česká spořitelna sees its efforts in the educational area as benefiting all of its stakeholders:

- clients (clear and easy-to-understand information available on all products and services);
- employees (training and personal development);
- broader Society (cooperation with universities and other educational activities);
- shareholders (the bank as a first choice employer).

### Prague University of Economics

Česká spořitelna has been the general partner of the Prague University of Economics since 2002. ČS co-funds the development of educational and educationally-related activities such as publishing, student projects and events, memberships in international organizations, etc.

Česká spořitelna‘s cooperation also takes on other forms such as lectures on various topics of interest given by ČS employees, collaboration on graduation thesis work and meetings between students and members of ČS‘s management during registration for school and at the Šance Job Fair.

In 2006, ČS opened a branch at the university, which offers, in addition to the bank‘s regular services, products designed for students and postings of job vacancies at Česká spořitelna.

For the 2009/2010 academic year, students will be able to enroll in a minor in "financial analysis", which will be sponsored by Česká spořitelna.

### Hradec Králové University

The University of Hradec Králové is a relatively new school that was established as an outcome of the 1989 political and economic changes. The school currently has three faculties – teaching, IT & management and the faculty of philosophy. It has a student body of over 8,000.

Beginning in 2008, Česká spořitelna became involved with university as a general partner. The partnership between the company and the school revolves around educational activities – specifically, the research activities of junior faculty, conferences, publications, the sharing of experience between Česká spořitelna management and students, etc.

For the 2009/2010 academic year, this partnership will focus on a continuation of existing activities designed to assist students and education.

### PORG – Gymnasium and Elementary School

PORG (an acronym for "První obnovené reálné gymnázium" or "first renewed secondary school) is a Czech, non-profit educational institution that was established in 1990 as the first Czech private school in the post-communist era. The three schools making up PORG have a total capacity of 750 students and the teaching program and the overall concept of the school is centered around providing an exception environment for learning, the recognition of each student as an individual and providing the right conditions for the personal growth of each student.

Česká spořitelna and Erste Bank Group AG have also become general partners of PORG‘s latest addition – an eight-year Czech-English secondary school, which was opened on September 1, 2008 in Prague – Krč. This partnership will continue through 2010.

### Tranzit.cz

Tranzit.cz is a pioneering cross border, interdisciplinary and intergenerational initiative focused on providing support for contemporary art. The Erste Bank Group launched this project, which concentrates on Central and Eastern Europe and primarily – in its initial stage – on the Czech Republic, Slovakia, and Austria.

Česká spořitelna has provided support to the Tranzit.cz project since 2003. Primary uses of the funding have included books and catalogs, exhibitions, seminars and international projects. Since 2007, lectures, exhibits, slide shows and other activities have been organized to assist young, aspiring artists by the Trazitdisplay gallery.

In 2009, our support for this project will focus on the operation of the Tranzitdisplay gallery and the publication of art-related books, catalogs, posters and other materials.

# CSR Projects by Strategic Pillar

## The Czech Donors Forum

The Donors Forum is a civic organization that has successfully promoted the expansion of philanthropic giving in the Czech Republic for over ten years. Its members include major foundation contributors as well as individual corporate donors. In 2003, Česká spořitelna became one of the founding members of the Club of Corporate Donors (Donator), whose objective is to support strategic oriented and transparent corporate philanthropy in the Czech Republic.

Since 2005, the company has supported a year-long series of educational seminars and workshops targeting non-governmental organizations and corporate donors, which are aimed at improving the philanthropic environment in the Czech Republic. In 2008, our "Improving Corporate Donorship in the Czech Republic with Česká spořitelna" program focused on issues such as financial management, investing and the use of bank instruments by foundations and their funds. The project had more than 130 participants from different organizations. In 2009, the same program will focus on financial management and investing in a time of economic crisis.

## Debt Advisory Center

Česká spořitelna operates its own debt advisory center (operating as a non-profit organization under the name "Poradna při Finanční Tísni". The new counseling center, which opened in January 2008 and was established by our bank and the Czech Consumer Association, is the first organization of its kind – not just in the Czech Republic but in all of Central Europe.

The objective behind this project is to offer advice to consumers who are over their heads in debt and to help them find solutions in situations where they face possible social exclusion as a result of insolvency. Another objective of the program is to raise the awareness of possible debtors and to promote the principle of responsible borrowing. All services provided as part of the program, including recommendations for the restructuring of assets and liabilities, communicating with financial institutions on the individual‘s behalf and psychological counseling are provided on an independent, unbiased and free-of-charge.

## Ladies Investment Club

In February 2008, Česká spořitelna became the first Czech bank to launch an investment club designed exclusively for women. The investment club, whose members are women interested in learning more about investing, was inspired by a similar club started in 2002 by the Erste Group Bank in Austria.

The purpose behind this project was to create a prestigious, independent platform, which could be used not only for the social gatherings of members of the club but, most importantly, as an educational platform in the areas of finance and investing. Women are a target group often neglected in the marketing efforts of today‘s banks. At the same time, statistics show that women tend to be the ones who keep a better eye on the family‘s finances and, on average, are responsible for 80 percent of all purchase decisions. The Ladies Investment Club treats women as valuable clients who want to learn more, make better decisions and become successful.

As of December 31, 2008, the club had 1,421 members. 68 percent of them have already become active investors and 87 percent are clients of Česká spořitelna. In 2008, the club organized three professional and socially oriented gatherings and it published three issues of its own "Lady In" magazine, which was distributed to the club's members for free.

In 2009, the club plans on holding two similar events and to publish four issues of its magazine. This year, its activities will focus on more effectively communicating with club members and partnerships with other organizations.

# Social Pillar

Assisting those in need with a focus on helping our senior citizens and those battling substance abuse problems.

Česká spořitelna sees its efforts in the social area as benefiting all of its stakeholders:

- clients (products and services designed for senior citizens, ATMs for the visually impaired) ;
- employees (an equal opportunity employer, part-time employment);
- broader Society (support for projects assisting senior citizens and projects dealing with substance abuse problems);
- shareholders (stable employer-employee relationships, employee loyalty).

# CSR Projects by Strategic Pillar

## Charity Czech Republic

Charity Czech Republic (Charita ČR), the former Czech Association of Catholic Charities, has a focus on charitable work throughout the Czech Republic. It operates dozens of local care centers and nursing services, retirement homes, night shelters for homeless people, homes for mothers in distress, short-stay facilities and sheltered workshops for persons with disabilities.

Česká spořitelna has worked with the Charity Czech Republic organization since 2001, as a general partner. Every year, Česká spořitelna provides funds to organize the “Three Kings Collection Day” held between Christmas and Three Kings Day.

In addition to the above, Česká spořitelna has assisted with a number of other projects. For example, in 2002, it engaged in projects organized under the “Help Mothers and Children in Distress” campaign; in 2003, ČS provided support for activities targeted at what the UN declared as the European Disability Year. In 2004, the general partnership was taken over by the Česká spořitelna Foundation, which contributed to projects dealing with the treatment of substance abuse problems, combating domestic violence and helping the mentally ill.

In addition to providing support for the traditional Three Kings Collection Day, which in 2009 collected record-breaking proceeds of CZK 64 million, the company in 2008 worked on eight other projects – primarily related to senior citizens and substance abuse problems. Among the contributions made last year by the Česká spořitelna Foundation was a donation for the operation and outfitting of community centers for children and teenagers in Tišňov and Most and the Plus community center in Kroměříž. The foundation was also able to make the world a better place for the senior citizens using the Astra Day Center in Humpolec and retirement homes in Javorník and Pilsen, by helping out with the purchase of needed equipment and construction modifications.

In 2009/2010, the Česká spořitelna Foundation will once again help organize the Three Kings Collection for charity. The funds raised will be used for charitable causes such as the purchase of transportation equipment for retirement homes in Nížkov and Mukařov and the local charity organizations in Hodonín and Náchod, a stair lift for a retirement home in Pilsen and the installation of communication equipment in a retirement home in Javorník.

## Life 90

Life 90 (Život 90) provides social services to seniors. The Prague “Portus House” for seniors runs community centers, counseling centers and provides transportation to handicapped seniors. It also has an information service and promotes a number of other activities, which include educational courses and theatre visits. In addition to Prague, the society has three other branch offices in Hradec Králové, Jihlava, and Zruč nad Sázavou.

Česká spořitelna began assisting Life 90 in 1992 by providing financial support for a TV show designed for seniors. In subsequent years, Česká spořitelna continued its support by contributing to the refurbishment and furnishing of Prague‘s Portus House for Seniors. In 2004, the Česká spořitelna Foundation took over for Česká spořitelna and between 2004 and 2007, the Česká spořitelna Foundation co-funded the extension of the AREION emergency care service.

In 2008, The Česká spořitelna Foundation decided to help Life 90 established the SENIORUM public Internet portal which is the first portal in the Czech Republic to provide up-to-date, reliable and comprehensive information and advice on how to deal with the problems faced by senior citizens. The portal is intended for use not just by the seniors themselves but also, and in particular, by their families, nurses, the general public and institutions providing services to seniors.

Last year, our company regularly contributed to an educational column for senior citizens in the "Generace" magazine published by Life 90. The purpose behind this effort is to educate our senior citizens and provide useful tips. The content has included topics on how to use debit cards and ATMs, inflation protection, smart borrowing and home banking.

In 2009, the Česká spořitelna Foundation will continue to contribute to the operation and further development of the SENIORUM web portal. We will also continue to provide contributions to the educational series for senior citizens in the Generace magazine. The topics we will be focusing on this year will include saving for grandchildren, safe places to save money, vacation banking tips and online banking.

## The Livie and Václav Klaus Foundation

The objective of the "Communicating with Seniors" project established by The Česká spořitelna Foundation and the Livie and Václav Klaus Foundation is to encourage and educate seniors on how to use and work 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 to teach them the basics of using these modern conveniences.

In 2008, the project's second year, 150 educational courses were given in 97 Czech cities with about 1,500 senior attendees. Despite the large number of courses given, we were only able to satisfy a third of the demand for this program, which shows the high level of interest on the part of our seniors in learning about modern technologies.

Due to the enormous level of interest in this program, it will be continued through 2009 with 170 courses. As in the past, the lectures on the use of debit cards will be given by Česká spořitelna employees.

## Palata – The Home for the Visually-Impaired

Palata – This facility for the visually-impaired has been a home for the blind for 115 years. Palata's mission is to provide comprehensive care for persons with a visual handicap. It helps them to live fuller lives with an emphasis on individualized approach to helping people live more independent lives.

From the time it opened on 25 November 1893, Palata's history has been intertwined with that of Česká spořitelna – or at least that of its predecessor – Spořitelna Česká in Prague. This history included financial support to buy the original property and establish the institution. Except for short periods of interruption, support for Palata continued through until 1945. It was restored after 1989.

In 2006, the Česká spořitelna Foundation took over the support of Palata from Česká spořitelna. Funding was provided for the acquisition of a new dentist's chair designed for use by blind and/or disabled persons.

As part of a major renovation program, numerous changes were made to the home in 2008, including the installation of a new physical therapy center. The Česká spořitelna Foundation funded the acquisition of medical and other equipment for this center.

## SANANIM

The SANANIM civic society is the largest non-governmental organization in the Czech Republic that provides services to treat those with non-alcohol-related substance abuse problems. SANANIM was established in 1990 and in the course of ten years it had successfully managed and developed a comprehensive and integrated program for the treatment of drug addiction.

Česká spořitelna has provided support to SANANIM since 2000. In 2004, the general partner role was taken over by the Česká spořitelna Foundation. The Foundation's main contributions have included support for the refurbishment of the Karlov Therapy Center, which specializes in prevention and treatment services for teenagers and mothers with young children.

In 2008, the Foundation contributed to the funding of the next stage of the reconstruction of the administrative offices of the Karlov Therapy Center and the outfitting of an outpatient treatment center, an overnight care facility and a parent counseling center at Café Therapy in Prague. In 2008, our company donated a car that had been removed from our corporate fleet to the Karlov facility.

In 2009, the Česká spořitelna Foundation will continue to support the above projects.

## The Drop-In Program

The Drop-In substance abuse prevention and treatment center, a non-profit organization, became our partner in the fight against drug addiction in 2007 when our foundation purchased a mobile ambulance unit for the center's field services (the so-called "Street Mobile" project). This is because Drop-In is an organization with a focus on outpatient care, early intervention, counseling and treatment services for substance abuse in an effort to reduce the overall harm and the risks associated with substance abuse.

In 2008, our Foundation continued to lend support to the Street Mobile project with its focus on initiating contact, counseling and the reduction of social and health-related risks among those affected by non-alcohol-related substance abuse. Starting this year, the company also helped with the operation of methadone substitution and detox centers in Prague 1 and Prague 2. These facilities specialize in substitution and detox therapy for heroin addicts who have failed a conventional treatment program.

In 2009, our Foundation will continue to provide support to the Street Mobile project and we will be expanding our partnership to cover additional projects such as a follow-up care center and a family center.

**Corporate Volunteering – Česká spořitelna Charity Day**

In 2007, Česká spořitelna joined major international companies in allowing their employees to work for charity during regular working hours for their regular pay.

Support for the charitable volunteer work of its employees is another way in which Česká spořitelna shares its success with the broader society and people in need. Thus, in addition to direct financial and material assistance, Česká spořitelna supports the direct involvement of its employees in the support of charitable causes. Each employee can take two work days each year and spend them, with pay, assisting a charitable organization. It is common for one of our managers or assistants to take a day off to go and help out with painting a retirement home, renovating an orphanage, collecting garbage in a local forest or assisting at a local ecology center.

In 2007, 600 employees participated in the Charity Day program. By 2008, this number had grown to 927 employees. Our employees helped out at more than 70 non-profit organizations located in different parts of the country. These included both long-term partners of our foundation and other non-profits. Our employees can participate in this program by enrolling in group events organized for this purpose or by taking time-off and doing this on an individual basis at any time during the year. Special events organized for groups of volunteers have been becoming increasingly popular.

For 2009, the Česká spořitelna Charity Day program will be expanded to include a Family Charity Day. This will allow the employee‘s family members (spouse, relatives, children) to participate in these activities. For many, this will be their first hands-on experience with charity work and we are confident that it will provide them with a good start.

For several years now, we have also been regularly donating IT equipment, which is no longer being used by the bank, to charitable organizations such as hospitals, non-profits, civic associations, schools, etc. In 2008, 238 pieces of equipment were donated under this program.

# Environment Pillar

## Sustainable development and the protection of our environment.

Česká spořitelna sees its efforts in the environment area as benefiting all of its stakeholders:

- clients (the promotion of environmentally friendly products and the use of recycled paper);
- employees (energy saving, recycling and participation in charity programs);
- broader Society (support for projects dealing with environmental protection);
- shareholders (the way we treat the environment in which our company operates).

## The VIA Foundation

The VIA Foundation (Nadace VIA) was established in 1997, continuing the work of the Czech branch of the American Foundation for a Civil Society which had been working in the Czech Republic since 1990. The VIA Foundation supports the initiatives of regional non-profit organizations and promote philanthropic efforts in society.

Since 2006, the Česká spořitelna Foundation has acted as general partner of the VIA Foundation’s grant program entitled “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 are encouraged to contribute to municipal environment improvement projects with financial and technical assistance from the VIA Foundation. The program has also been able to get local residents more interested in what‘s going on in their community by actively involving them in all stages of the given project – from planning through completion.

2008 was the sixth year in which the Česká spořitelna Foundation provided support to this program. Among the activities that will be a part of this initiative in 2009 are improvements to the areas surrounding the lake in the town of Libochovičky and improvements to the town center in Honezovice. Údolí Desné, a local group of activists, will build a new leisure and relaxation zone in the town of Vikýřovice; the Želvička family center in Klimkovice will work to turn an unused area between local apartment blocks into a more family friendly environment; and, the Český Západ civic association in Dobrá Voda will work on improvements to three different locations that were selected by the local community. Our sixth year of involvement in this program has brought to thirty the number of towns and villages in which the VIA Foundation, in partnership with Česká spořitelna and later with its foundation, has helped to improve the local environment and improve the quality of life in the local community.

### Partnership Foundation

The Partnership Foundation (Nadace Partnerství) is a non-profit organization devoted to environment protection, sustainable development, and collaboration across different sectors, and support for citizen involvement in public affairs.

The Česká spořitelna Foundation has worked with the Partnership Foundation and the Foundation has been the general partner of the “Greenways” project since 2004, when the Česká spořitelna Foundation took over from Česká spořitelna its support of the Partnership Foundation.

"Greenways" include trails, road corridors and natural corridors that serve an environmental purpose and which can also be used for sports, tourism and other activities. The objective of this initiative is to improve the quality of life in local communities by focusing on safe transportation, environmentally conscious tourism, nature conservation and local cultural heritage, and the promotion of a healthy lifestyle.

In 2008, the Česká spořitelna Foundation funded 17 grants to local non-profit organizations for improvements to existing or the creation of new "Greenways". The accomplishments that were possible with our assistance included the repair of 670 directional signs, signage upgrades and improvements on a total of 225 kilometers of trails and the installation of 14 new information boards. At least 10 events were organized in relation to the "Greenways" projects and our local "Greenways" partners have started to work even closer with their local Česká spořitelna branches. We have also provided support to other events such as the annual meeting of the European Cyclists‘ Federation and the nationwide "Bicycle Week" campaign.

The Česká spořitelna Foundation will continue its support for the "Greenways" project in 2009.

### Czech Union for Nature Conservation

The Czech Union for Nature Conservation (ČSOP) is the largest non-governmental organization in the Czech Republic that works to bring together people interested in natural environment and it has been around since 1979.

After a number of years providing support to ČSOP, Česká spořitelna turned this task over to the Česká spořitelna Foundation in 2006. Since then, the Foundation has actively supported, as a general partner, the “Handicapped Animal Rescue Station Network”, which has, as its main objective, the providing of first aid and prompt professional care to injured wild animals in order to return them to health and to the wild.

The Foundation continued to act as a general partner of the handicapped animals rescue network in 2008, when the rescue stations treated a total of 11,410 animals. Eventually, 55 percent of these animals were returned to the wild.

The Česká spořitelna Foundation will continue to provide its assistance to ČSOP in 2009.

## Involving Our Employees and Clients

Česká spořitelna believes 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.

In 2008, besides involving our employees in the company‘s Charity Day program (see the "Corporate Volunteering" section), the bank's employees also actively participated in other charitable programs such as the "Communicating Seniors" project, where they instructed senior citizens on the use of a debit card. Our employees have also hade the opportunity to directly contribute financially to selected projects in which the foundation is involved.

In our efforts aimed at sustainable development, we successfully involved our employees in activities related to recycling, the conservation of paper (for example, each of our email messages now contains the following notation – "Are you sure you need to print this out? Help us to protect our environment."), and conservation of energy. We have been improving our waste sorting and recycling systems in all of the bank's existing and new facilities and we currently sort plastic, paper and small electronic parts as separate waste for recycling. In May 2009, we launched a new glass and miscellaneous waste sorting program with the use of special containers in our new Trianon office building. If this pilot project is successful, it will be extended to other new ČS facilities.

For the fourth year in a row, we offer a special bonus program to our customers. Each Česká spořitelna 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. In 2005, we added charity projects to which our customers can donate their reward points to the list of available rewards. In 2008, our customers were able to contribute to two projects – a breast cancer prevention program and an animal rescue program. The total contributed to these two programs was CZK 800,000.

- The greatest number of points donated to charity by a single client: 59,500 bonus points as a donation to the children‘s fund of the Klokánek Children‘s Homes in Brno and Dolní Benešov.
- The fastest fundraising for a project: the outfitting of a prenatal care facility at the Opava Infant Care Center (the required number of points were collected in just 19 days).
- The highest collection per day: an average of 91,914 points per day collected to fund the outfitting of a hospice facility in Valašské Meziříčí and a mobile hospice unit for Caritas in Ostrava.
- The most frequent donors: women in the 25 – 35 age category.
- In 2008, 10% of the rewards redeemed by our customers were contributed to charitable causes.

# The Česká spořitelna Foundation

In 2002, Česká spořitelna launched its own foundation – Nadace České spořitelny. The Foundation is the backbone of ČS‘s CSR activities, focusing on the areas of social development that are otherwise neglected by other donors: including care for seniors and care for substance abusers that are trying to overcome their addiction. In addition to these concerns, the Foundation also focuses on environmental protection and education. In 2008 Česká spořitelna and its Foundation donated over CZK 60 million to various publicly beneficial causes. Česká spořitelna is regularly praised for its socially responsible and philanthropic initiatives by the Czech Donors Forum and it has been recognized as one of the leading Czech corporate donors. To support its projects, the Foundation funds it projects using the return on the investments made using the capital donated by its establishing entity – Česká spořitelna.

## Česká spořitelna Foundation

- executive body – Board of Trustees;
- oversight body – Supervisory Board;
- foundation capital: CZK 501 million;
- legal status: an independent legal entity with its own accounting and logo.

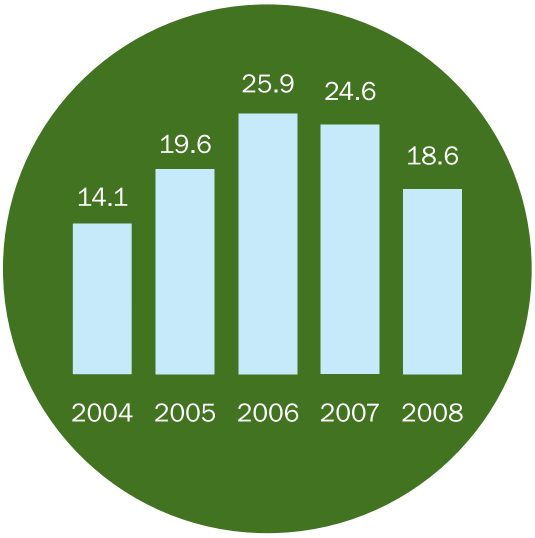
## The Česká spořitelna Foundation‘s Presence at Local ČS Branches

- Launched in 2006;
- the objective is to involve regional branches of Česká spořitelna and their employees in support for socially-beneficial projects and the charitable initiatives of the Česká spořitelna Foundation;
- targeted support for regional projects chosen and recommended by the given branch.

## CSR Projects by Strategic Pillar

### Česká spořitelna and Corporate Philanthropy

Česká spořitelna is one of the leaders in Czech corporate philanthropy and corporate community investment. In 2008, we came in second in the TOP Corporate Philanthropists awards competition under the "Actual Volume of Distributed Resources" category, and our total contribution of more than CZK 60 million to various worthy causes makes us the most generous financial institution in the Czech Republic.




Total Contributions Made by the Foundation to Legal Entities (by year)

**Czech Republic's Top 10 Corporate Donors of 2008 (by 2007 contributions in CZK)**

| | |
|---|---|
| ČEZ Group | 241,571,961 |
| **Česká spořitelna** | **60,299,525** |
| Johnson & Johnson | 37,582,849 |
| Dalkia Česká Republika | 30,730,000 |
| Komerční banka | 30,360,000 |
| ČEPS | 30,000,000 |
| Metrostav | 27,455,797 |
| Telefónica O2 CR | 27,105,018 |
| T-Mobile CR | 24,751,651 |
| RWE Transgas | 23,000,000 |

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