

> Retail Banking in Central Europe

- > Erste Bank Group Approach**
- > Martin Škopek, Member of the Board
Česká spořitelna**

> Retail Banking in the Czech Republic

Market Characteristics

- » **Four main competitors (more than 85% of the market)**
 - » ČSOB (KBC)
 - » Česká spořitelna (Erste Bank)
 - » Komerční banka (Société General)
 - » GE Capital

- » **Interest rate cuts - down from over 5% to 2% in under two years**

- » **Shift towards short term deposits**

- » **Solid growth in alternative investments**
 - » mutual funds
 - » mortgage savings
 - » life insurance
 - » pension schemes

> **Retail Banking in the Czech Republic**

Current Trends

- » **Growth in consumer finance and mortgages**
- » **Results driven mainly by household consumption**
- » **Stagnation in SME and MSE (Micro & Small Enterprises) segments**

> CS Group Structure



1) Sparkassen Versicherung 44.75%

2) Erste Bank 39.5%

> Retail Clients in ČS

Customer Segments

» Private Individuals

- » Mass market (monthly net income < CZK 30,000)
- » Mass affluent (monthly net income > CZK 30,000 and/or disposable assets > CZK 0.3 m)
- » Affluent (monthly net income > CZK 100,000 and/or disposable assets > CZK 5 m)

» Professionals (doctors, dentists, lawyers, accountants etc.)

» Micro and Small Enterprises (turnover up to CZK 30 m)

» Non-For-Profit Sector (incl. Municipalities)

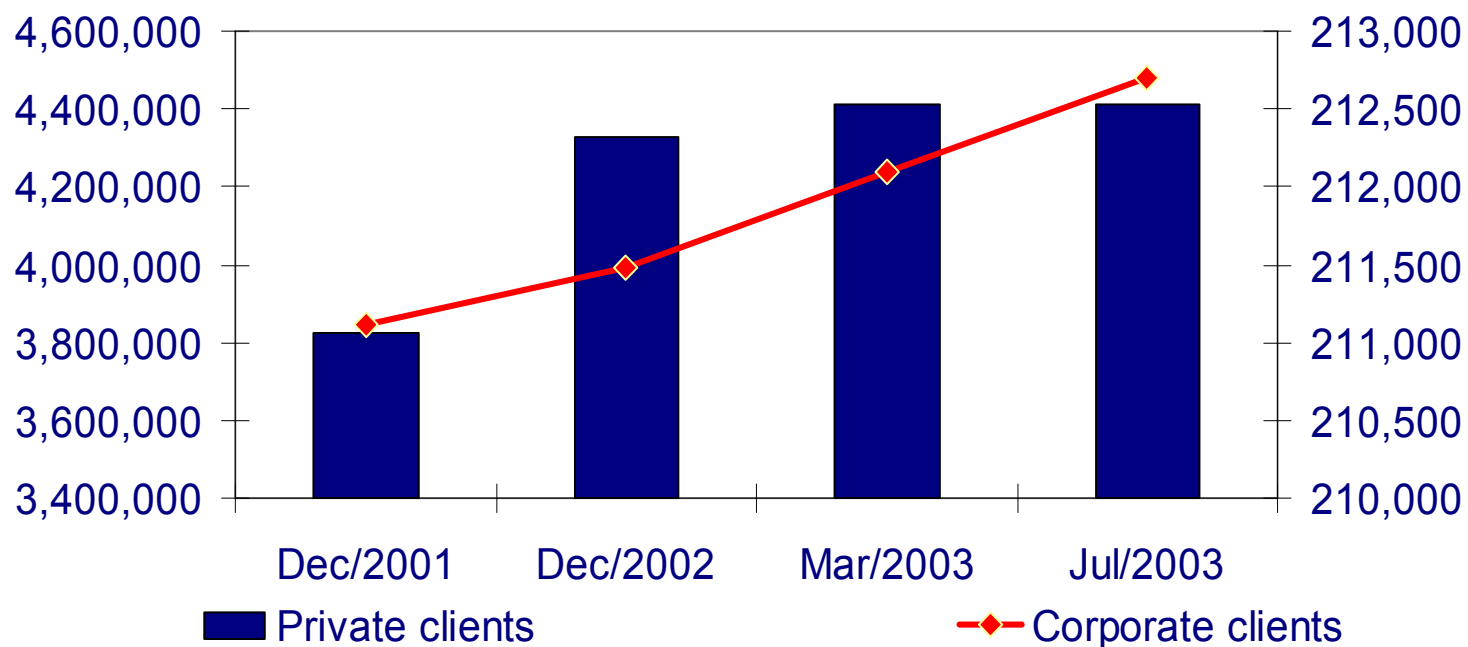
> Retail Banking in ČS in 2002

Challenges and Achievements

- » **Project “Client”**
- » **Anonymous Passbooks Conversion**
- » **Credit Cards**
- » **New Internet Banking**
- » **Mobile Sales Force**
- » **General Contractual Conditions**
- » **EBRD Programme for MSE Loans**
- » **Credit Bureau for Consumer Loans**
- » **August Floods**

> Growth in Client Base

Market Leader in Customer Numbers



	FY 2001	FY 2002	Q1 2003	H1 2003
Private clients	3,826,602	4,328,409	4,411,141	4,411,709
Corporate clients	211,119	211,477	212,091	212,693
Total CS clients	4,037,721	4,539,886	4,623,232	4,624,402
Subsidiaries' clients	717,126	853,606	865,136	872,578
Total CS Group clients	4,754,847	5,393,492	5,488,368	5,496,980

> Alternative Distribution Channels

Market Leader in Alternative Distribution

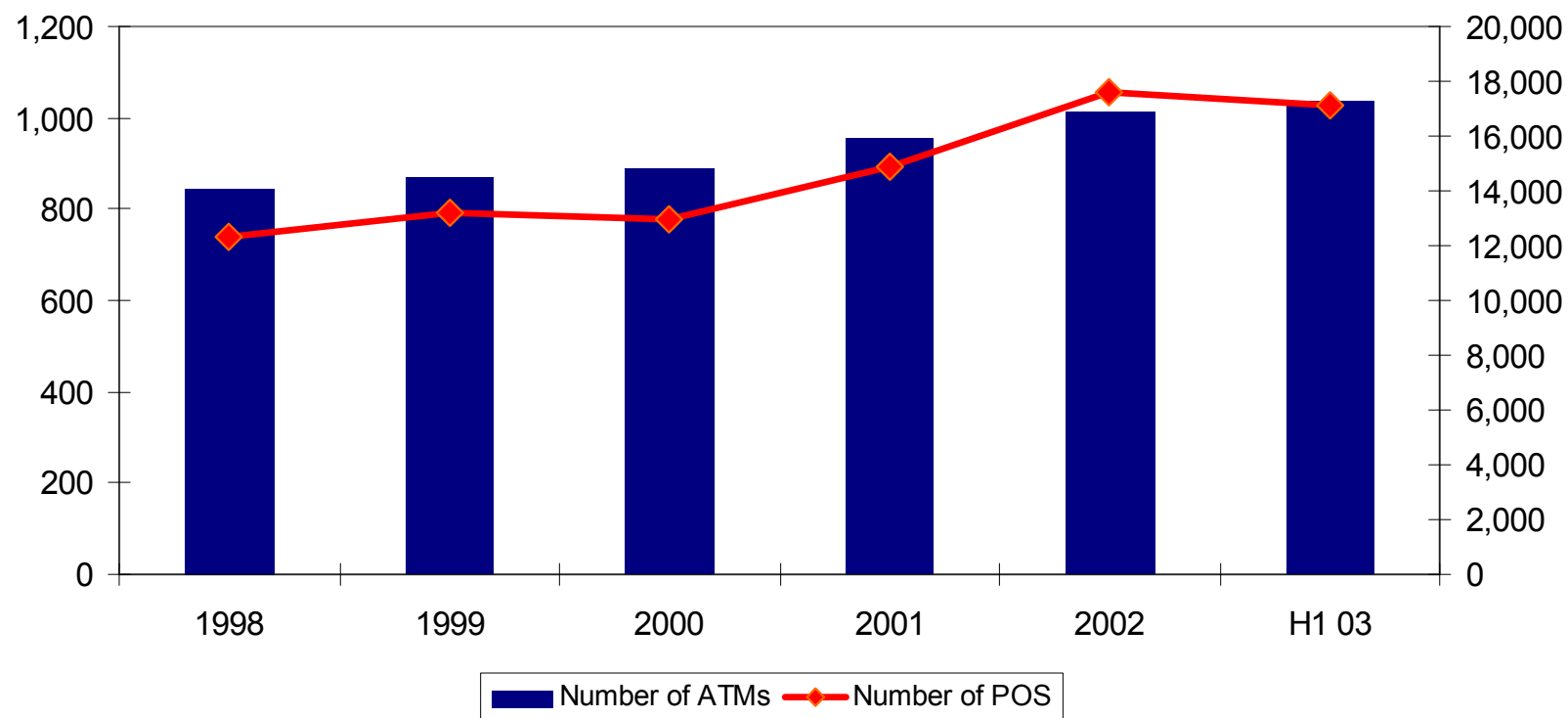
- » **Sporotel (original CS telephone banking service) users gradually transferred to Servis 24**
 - » Newly developed
 - » Offers telephone and Internet banking
- » **Internet Banking service clients reached 213,210 at 31 July 2003**

No. of clients	FY 01	FY 02	Q1 03	H1 03
GSM banking	19,415	64,811	72,489	77,649
Homebanking	13,436	19,639	19,710	19,877
Servis 24 (Telebanking + Internetbanking)	39,754	389,616	446,504	544,663
Sporotel (phone banking)	374,897	0	0	0
Internet, Wap and fax banking	9,569	0	0	0
Total	457,071	474,066	538,703	642,189

Number of branches	1998	1999	2000	2001	2002	H1 03
Total	1033	876	707	684	673	668

> Number of ATMs

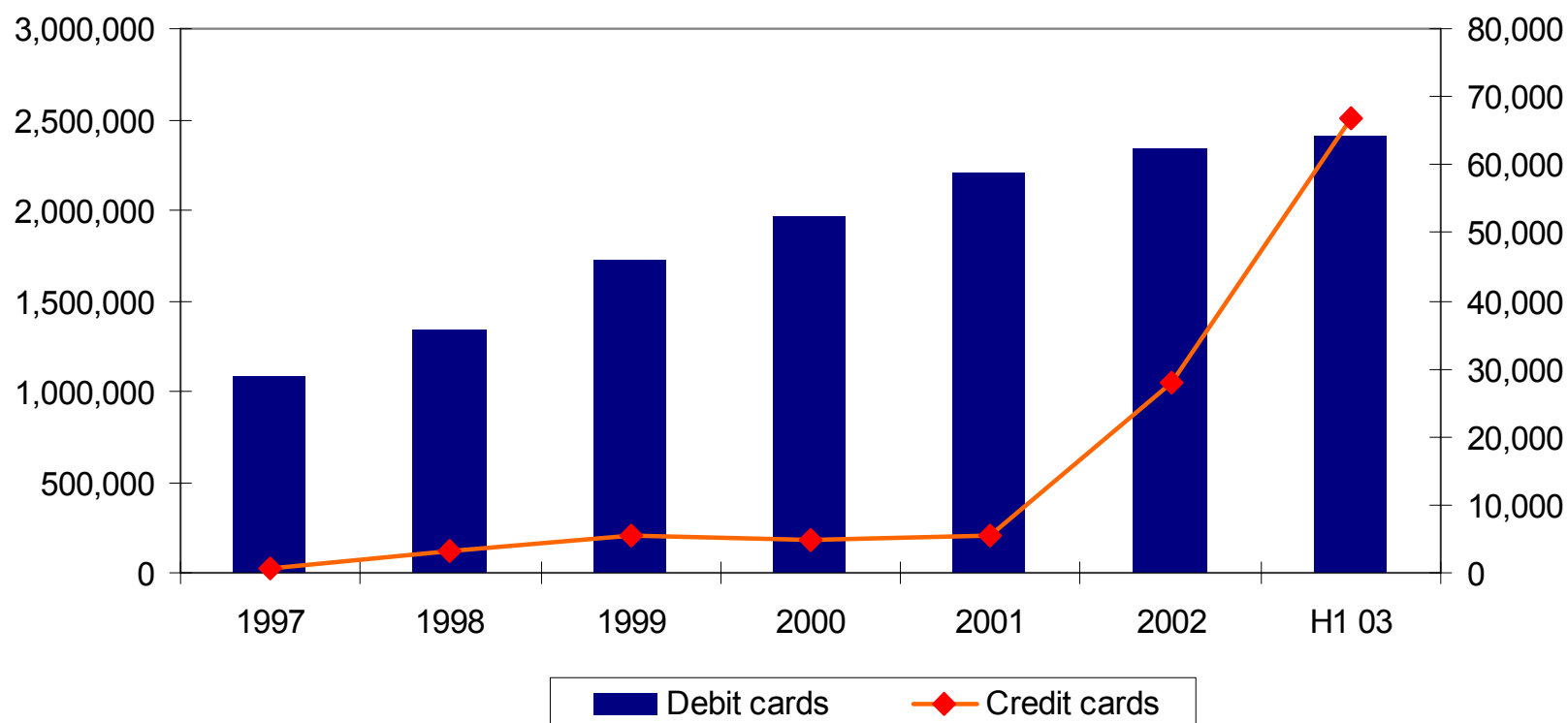
Widest ATM Network



	1998	1999	2000	2001	2002	H1 03
Number of ATMs	845	870	890	954	1,011	1,037
Number of POS	12,323	13,213	12,959	14,903	17,591	17,152

> Payment Cards Development

Number 1 in Payment Cards

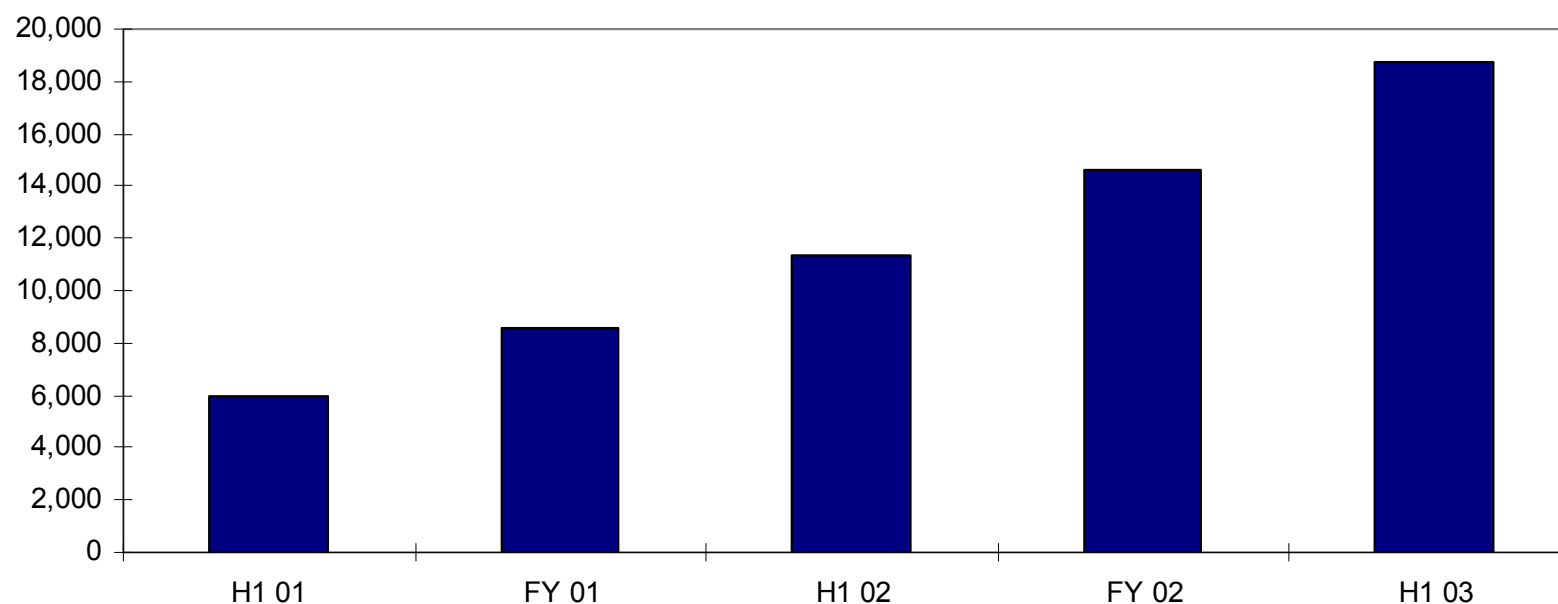


	1997	1998	1999	2000	2001	2002	H1 03
Debit cards	1,079,822	1,335,048	1,723,481	1,966,218	2,205,480	2,335,600	2,412,632
Credit cards	557	3,217	5,459	4,732	5,387	28,051	66,869
Total payment cards	1,080,379	1,338,265	1,728,940	1,970,950	2,210,867	2,363,651	2,479,501

> Mortgages to Private Individuals

Number 1 in New Business; Number 2 in Portfolios

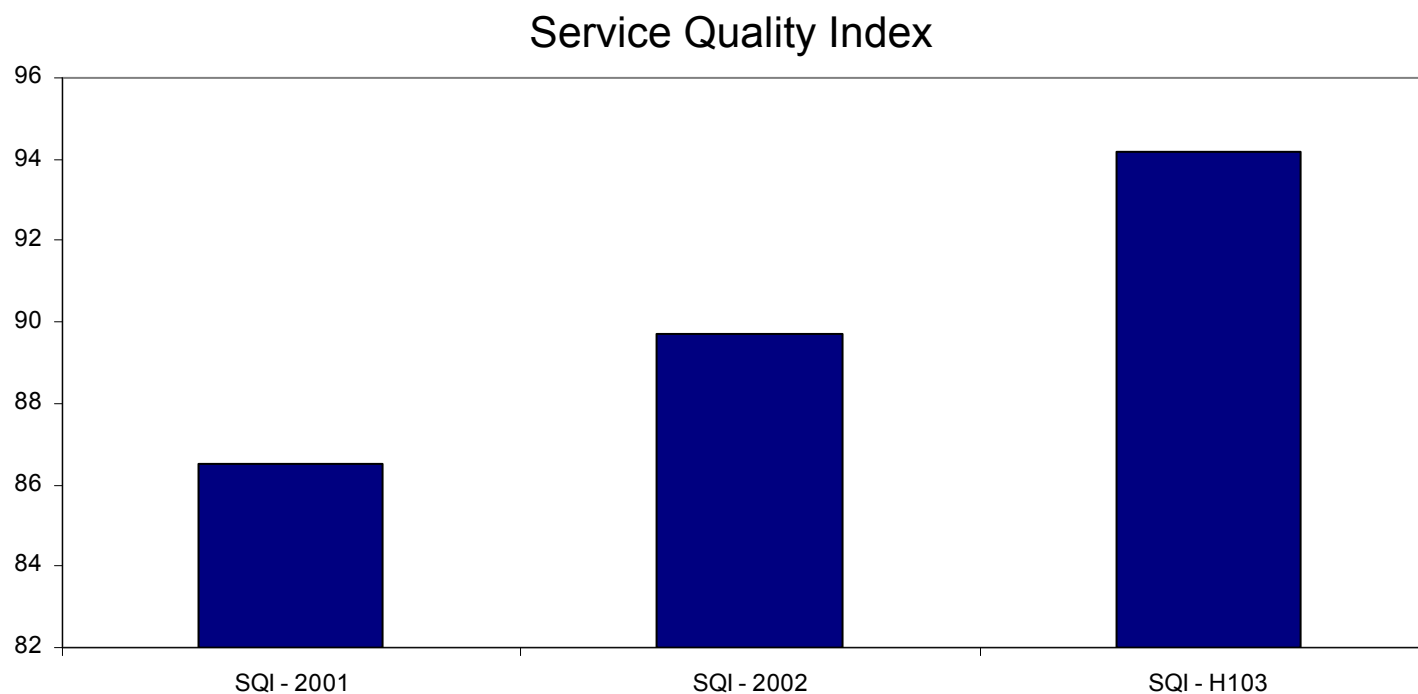
Mortgages (in CZK m)



	H1 01	FY 01	H1 02	FY 02	H1 03
Mortgages (in CZK m)	5,959	8,532	11,382	14,627	18,729

> Service Quality Index

Marked Improvement 2001-2003



	SQI - 2001	SQI - 2002	SQI - H103
Maximum	99.7	99.4	100
Minimum	58.2	69.6	78.62
Average	86.5	89.7	94.2

> 2002/2003 Awards

- » **“Bank of the Year 2002”**
- » **“Mortgage Bank of the Year 2002”**
- » **“Financial Product 2002” for Service 24 – Internet banking**
- » **“Golden Crown” for Service 24 – Internet banking**
- » **“Golden Crown” for TOP Housing Mortgage**
- » **“Bank most responsive to client needs EU/EBRD SME Finance Facility”**
- » **“The Banker Awards 2003” – Bank of the year 2003 for the Czech Republic**