

> Retail Banking in Central Europe

- > Erste Bank Group Approach**
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Erste Bank Croatia**

> **Where are we now?**

Our strategy

- » **Retail bank primarily oriented towards private customers and SMEs**
- » **Positioning as best financial services provider – differentiation through service and product quality**
- » **Offering a range of distribution channels and 24 hour access to EB Croatia's vast range of services.**
- » **Build client relationships with strong advisory role**
- » **Knowledge sharing and cross-selling with other EB Group companies**



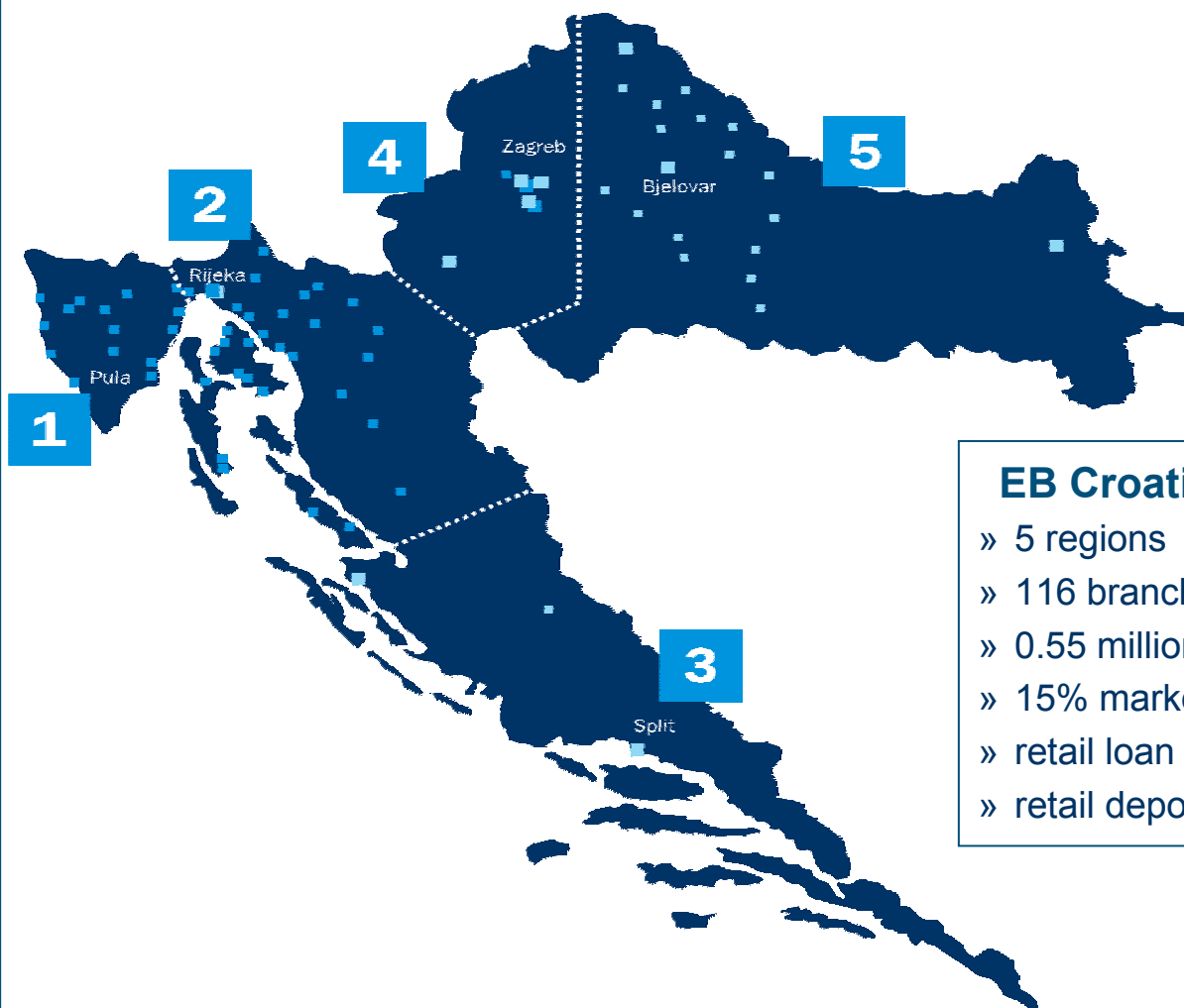
Where are we now?

Erste Bank Croatia after the merger

- » On 1 August 2003 Rijecka banka and Erste & Steiermarkische Bank merged into Erste Bank Croatia
- » New bank has 10% overall market share
- » Domiciled in Rijeka, head office in Zagreb.
- » The group employs roughly 1,400 people and has a customer base of about 600,000
 - » 550,000 retail and more than 30,000 corporate
- » Total assets at 30 June 2003 of HRK 15.8 billion (EUR 2.1 billion).
- » 116 branches and 200 cash dispensers
 - » mainly located in the densely populated regions of Istria and around Rijeka and Zagreb.

> Where are we now?

Retail business



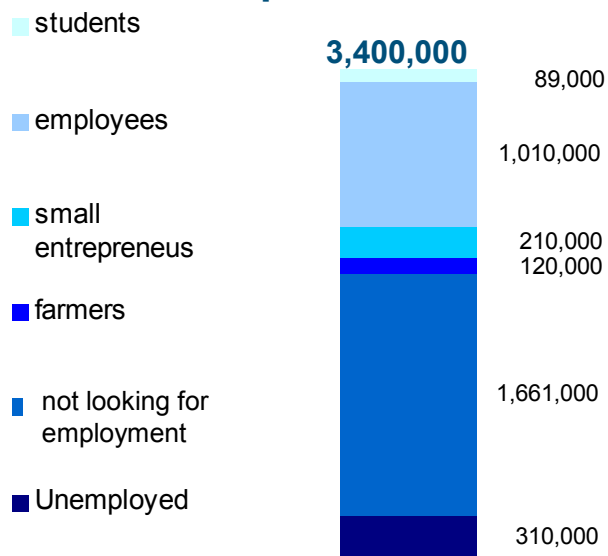
EB Croatia Retail Business

- » 5 regions
- » 116 branches
- » 0.55 million clients of total bankable clients
- » 15% market share
- » retail loan portfolio 0.6 bn EUR
- » retail deposit portfolio 0.91 bn EUR

> Where are we going?

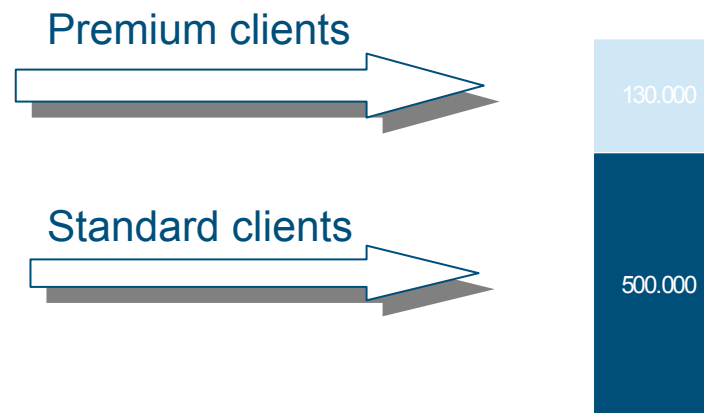
Customer potential in Croatia

Bankable People ¹⁾



1) Bankable people: age 15 - 64 years

Target Clients

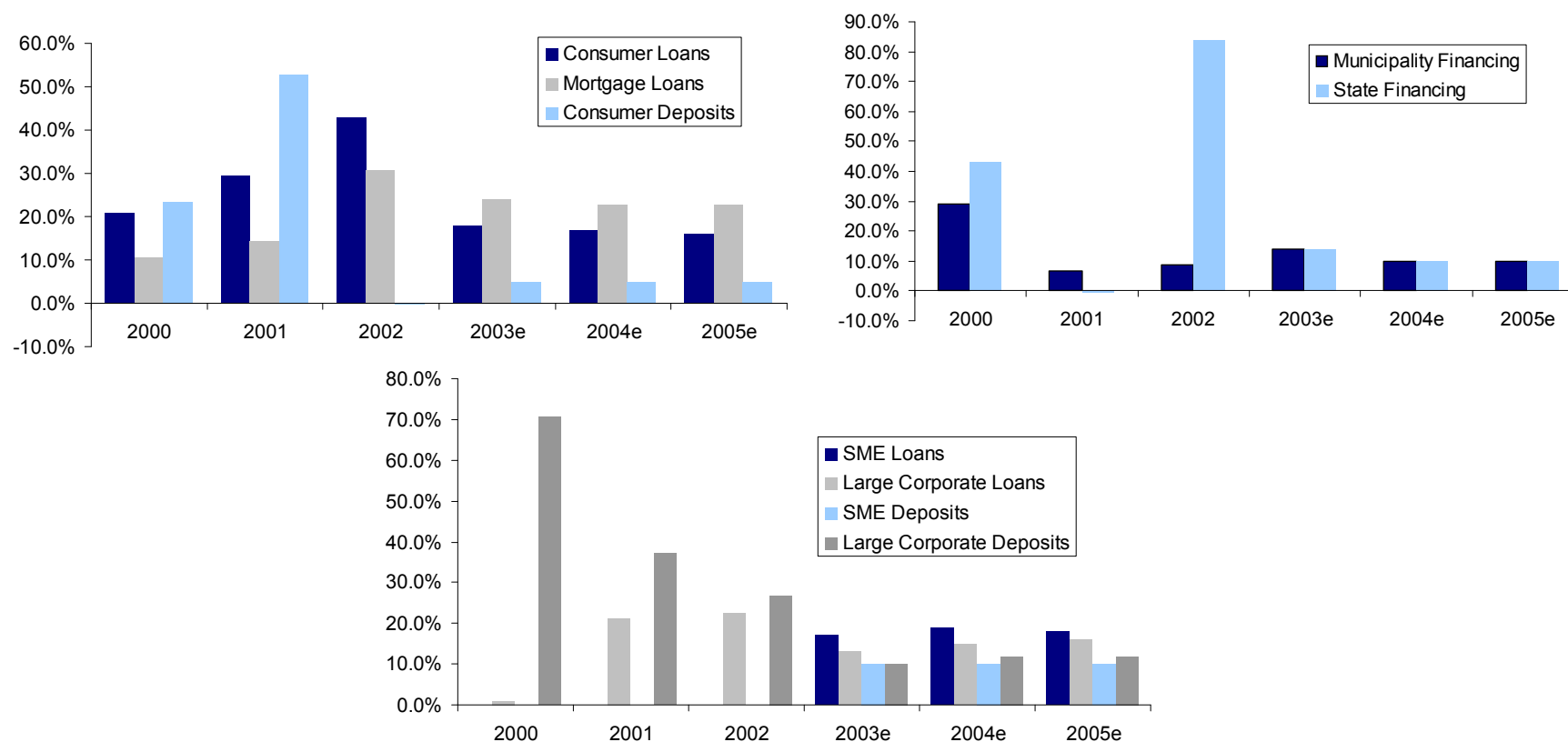


» The retail customer base is segmented into standard clients and premium clients (with above-average income)

- » Premium clients (lawyers, doctors, small entrepreneurs, etc.) are to be serviced pro-actively (relationship approach) -- this segment will be strongly targeted by EB Croatia. 15-20% of total customers should be advisory.
- » Standard clients (employees, students) should receive standardised (pre-packaged) products combined with quick and friendly service.

> Croatian Banking Trends?

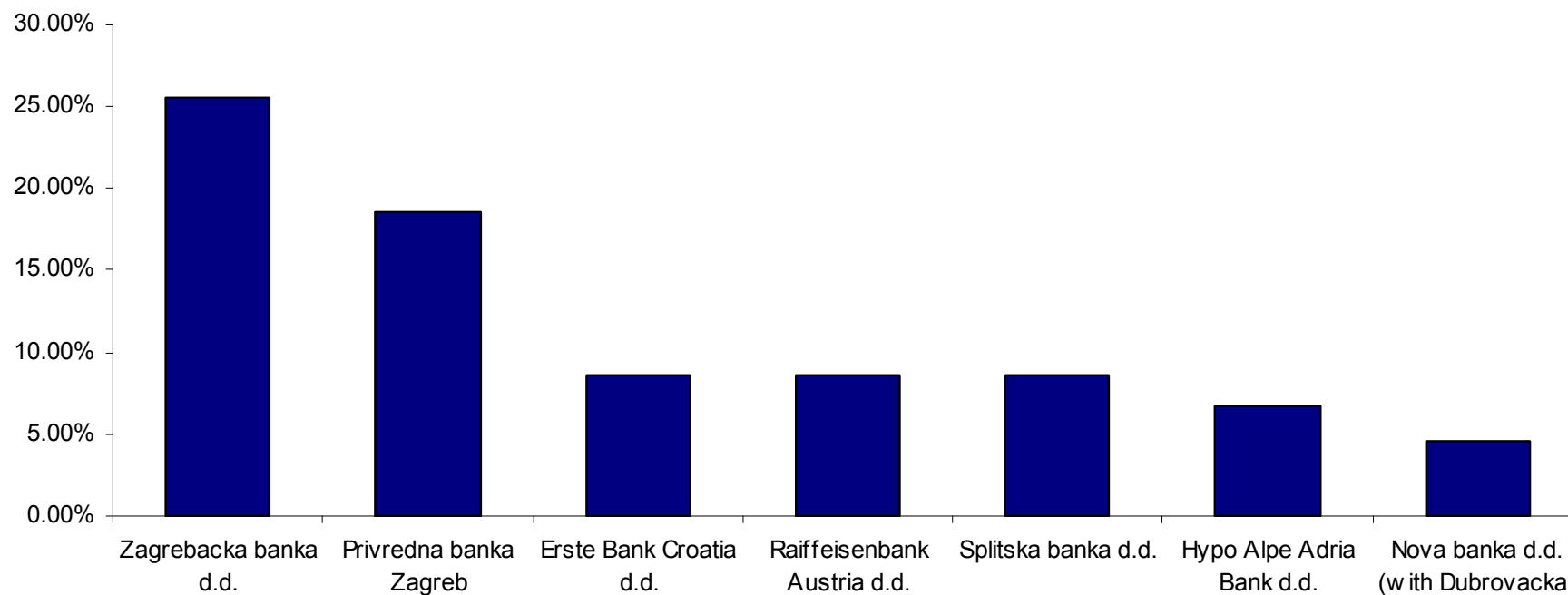
Growth rates 2000 – 2005e



» Goal: to beat market growth rates by 2-3%

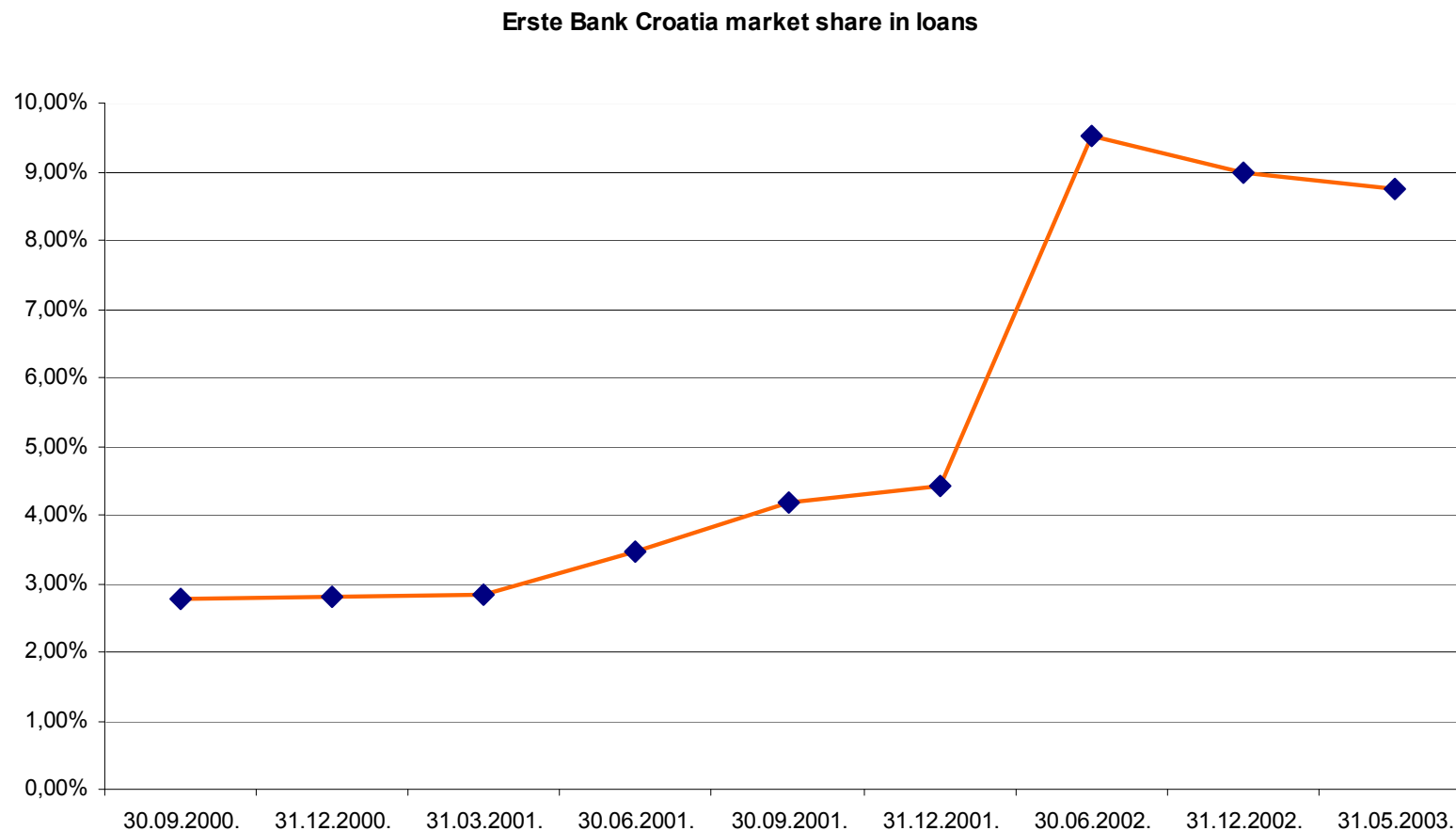
> Where are we going?

Banks in Croatia and market shares by total assets



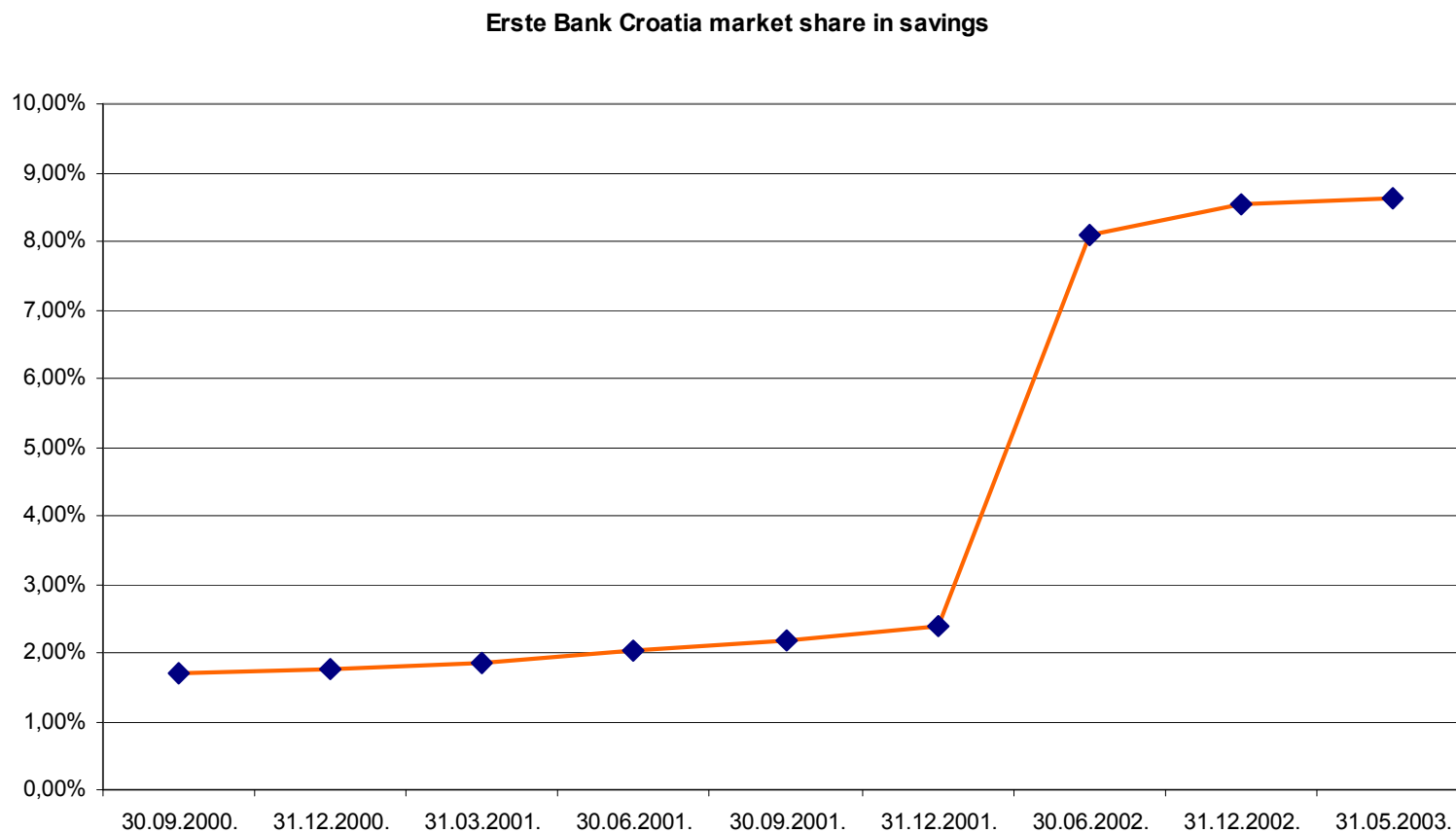
> Where are we going?

Market share – retail loans



> Where are we going?

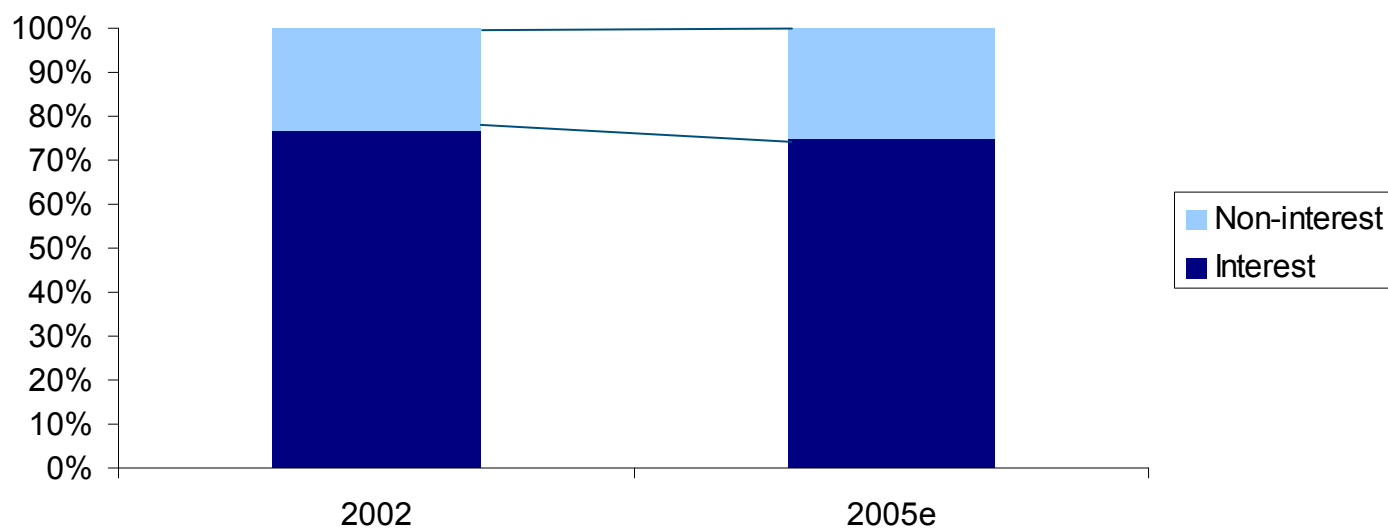
Market share – retail deposits



> Where are we going?

Interest and non-interest income

- » The ratio in 2002: 77% vs 23%
- » The plan for 2005: 75% vs 25%
- » The main driver for change: direct channels



> Where we are going?

Number of transactions / Channel development scenario

Channel	2002 transactions	2005E transactions
① Branch	12.2m	13m
② ATM & POS	12.5m	20.1m
③ Call Center	6K with 0,5m interactions	0.7m
④ Internet	0.2m	1.3m
⑤ SMS	(0.5m interactions)	0.3m
Total	24.9m	35.4m

> **Where are we going?**

MCM focus – core areas

» Netbanking

- » Work on increase of overall Internet penetration in our customer base
- » Increase netbanking penetration in our customer base
- » Develop and introduce new services on Internet

» Card Business

- » Introduction of card product for savings accounts (both foreign and domestic currency)
- » Issuing more card products to one client, but retain the level of usage
- » Introduction of premium products
- » Expand the ATM and POS network

» Call centre

- » Focus on substitution effect (emphasise convenience of phone banking)
- » Move standard payment and money transfer transactions to call center
- » Develop call centre as front-office for client information purposes