



Online press conference
H1 2020 results

Bernd Spalt, CEO
Stefan Dörfler, CFO
Alexandra Habeler-Drabek, CRO
Peter Bosek, Chief Retail Officer
Ingo Bleier, Chief Corporates & Capital Markets Officer

Employee health comes first

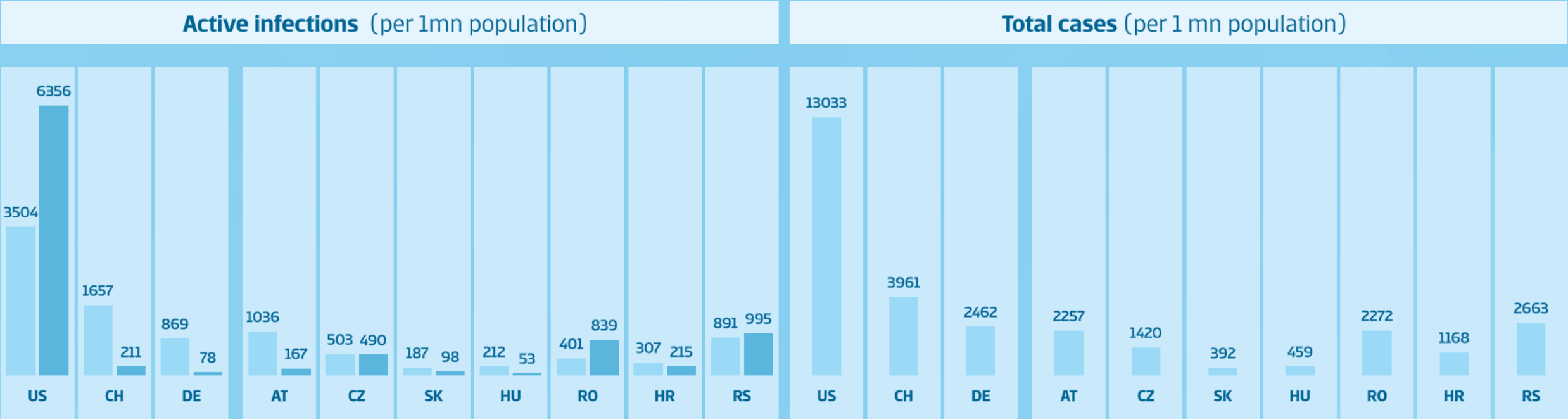
**In-house
health center**

**Shaping our new
way of working**

**Employee survey with
over 18,000 participants**

CEE Covid-19 evolution update

In terms of virus spread, CEE is still among the least affected regions



○ Previous peak active infections
 ● Current active infections

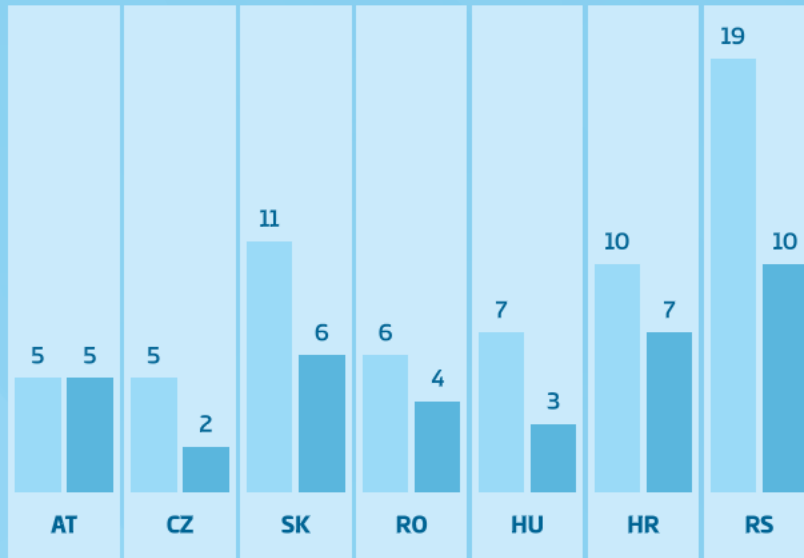
Source: worldometers.info (26 July 2020)

- Regionally diverging trends, overall virus spread remains at manageable levels
- RO and RS experiencing larger wave of infections than in spring
- All other countries see regional flare-ups, but remain well below spring levels

Macroeconomic update

CEE tackles Covid-19 challenge from a position of strength

Unemployment rates (in %)

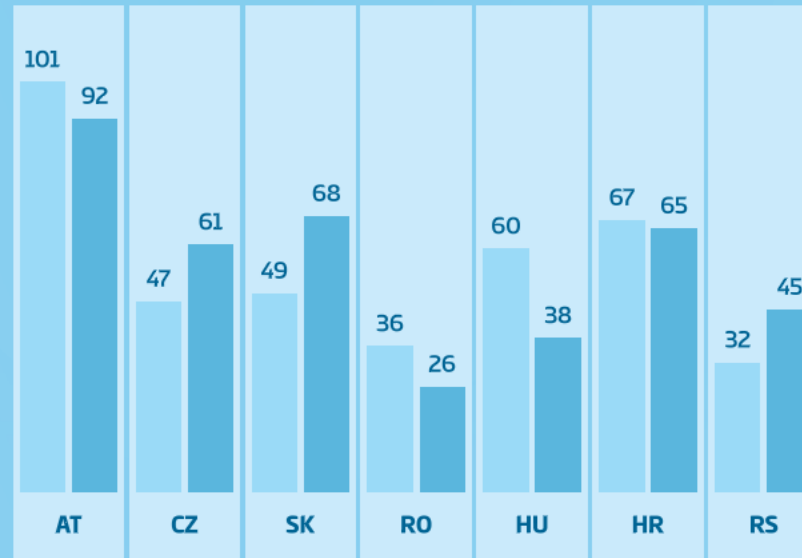


○ 2007 ● 2019

Economy

- Unemployment rates at historic lows in most countries at the end of 2019
- Reduced external vulnerabilities
- Manageable public debt

Customer loans/GDP (in %)

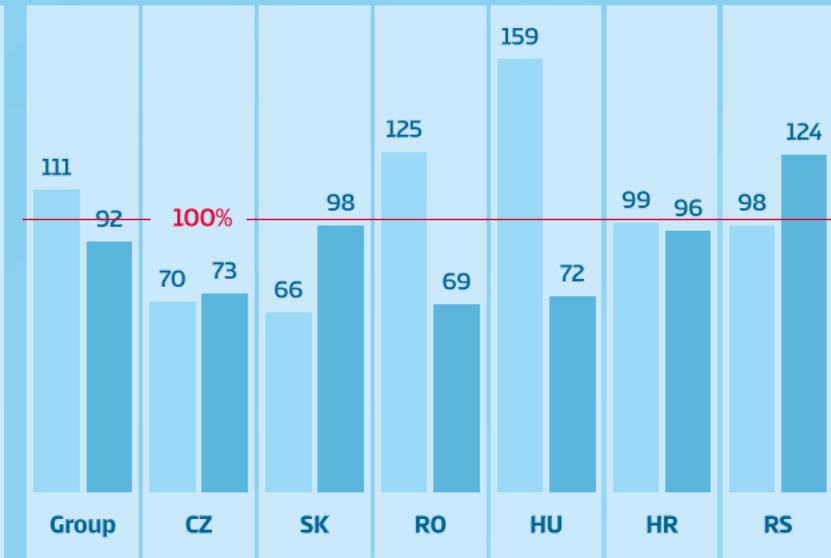


○ 2007 ● 2019

Banking markets

- Deposit overhang and excess liquidity on system level
- Sustainable asset growth and growth opportunities

Loan/deposit ratios (in %)



○ 2007 ● 2019

Erste Group subsidiary banks

- Fully self-funded business model
- Focus on local currency lending
- Historically low NPL ratios
- Strong market shares
- High capital ratios

Macroeconomic update

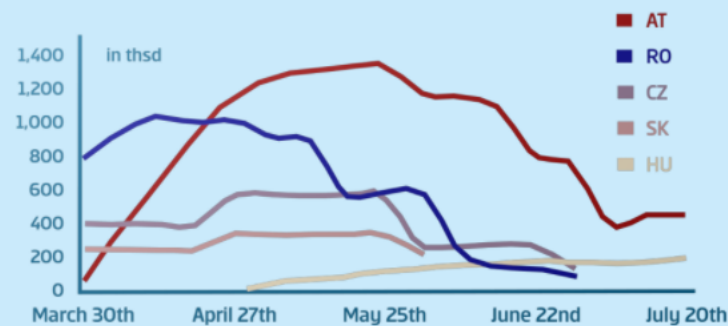
Solid recovery expected in 2021, supported by improved demand and EU funds

Covid-19 measures (% of GDP)



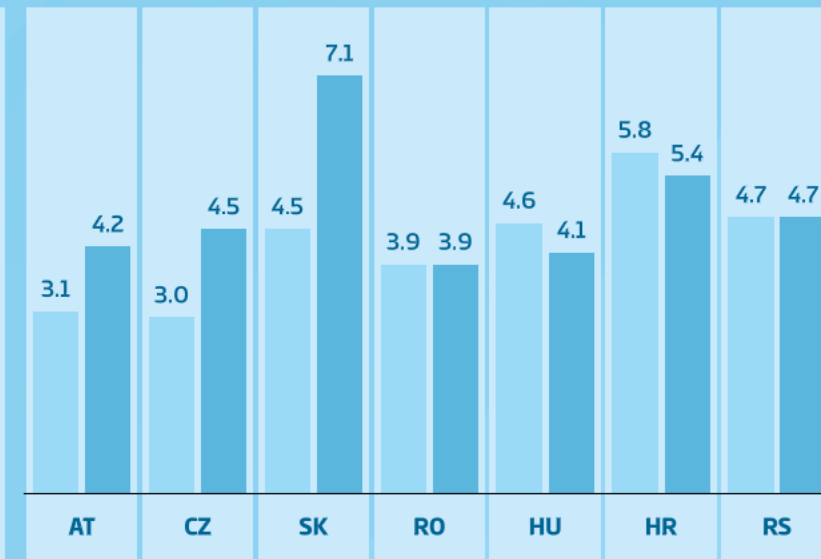
* HU: COVID-19 data as % of GDP includes Central Bank measures

Participants in short-time work schemes



→ Employment situation improved in recent weeks, as apparent in decline in short-time work schemes. Still, unemployment seen up in 2021

GDP growth in 2021e (% YoY)



○ as of 30th April ○ as of 31 July

→ EU Recovery Plan to contribute to economic growth in CEE



Supporting our customers when they need us most

2.2%
more loans (YTD)

5.1%
rise in deposits (YTD)

1 mn
customers helped
since lockdowns

EUR 16.5 bn
in Covid-19
measures

Business performance

Customers loans up 2.2% YTD, deposits up 5.1% YTD

	Customer loans (net; EUR bn)	Customer deposits* (EUR bn)	Loan-Deposit ratio (%)
Group	160.2 163.7	173.8 182.7	92.2 89.6
AT/EOB	34.4 34.6	37.3 39.8	92.2 87.0
AT/SB	47.0 47.9	50.8 53.0	92.5 90.3
CZ	28.7 28.6	39.4 42.8	72.9 66.7
RO	8.4 8.4	12.2 12.3	68.8 67.9
SK	14.1 14.6	14.4 14.4	97.8 101.3
HU	4.7 4.7	6.6 6.7	71.8 69.9
HR	6.6 6.9	6.9 7.5	95.6 92.3
RS	1.5 1.6	1.2 1.4	123.8 118.7

* Excluding lease liabilities

○ DEC 2019 ● JUNE 2020

Retail Banking

In times of physical Distancing

Standing by our customers in challenging times: in branches and with George

- We have proactively contacted over 3.4 mn retail clients during the crisis
- George: always on for almost 6 mn customers

Contactless payments revolution

- Contactless payments make up around 80% of all card payments

Investing during the crisis

- Retail clients in AT, SK and CZ show stable investment appetite
- Clients in RO, HU, HR opt for less volatility
- EUR 60.3 bn in assets under management vs. EUR 56.0 bn at Q1 2020



Corporates & Markets in times of lockdown

Supporting a growing customer base

Gross loan volume up 4.4% YTD



- Adding market share and growing client numbers in core markets: Organic growth strategy still delivers, despite slowdown in Q2 2020
- Large Corporates segment shows dynamic loan growth of EUR 1.7 bn
- Strong growth in state guaranteed corporates loans – successful transmission of support programmes

EUR 54 bn in total capital markets issuance

- 94 mandated transactions in equity and debt capital markets in H1 2020
- Clients continue to tap capital markets



We are helping our clients to master the crisis and create the basis for growth

Securing liquidity & amending agreements

Here's how

Managing working capital & risks

Obtaining state support funds

Building war chests

Tapping capital markets

Regulatory reliefs support crisis response

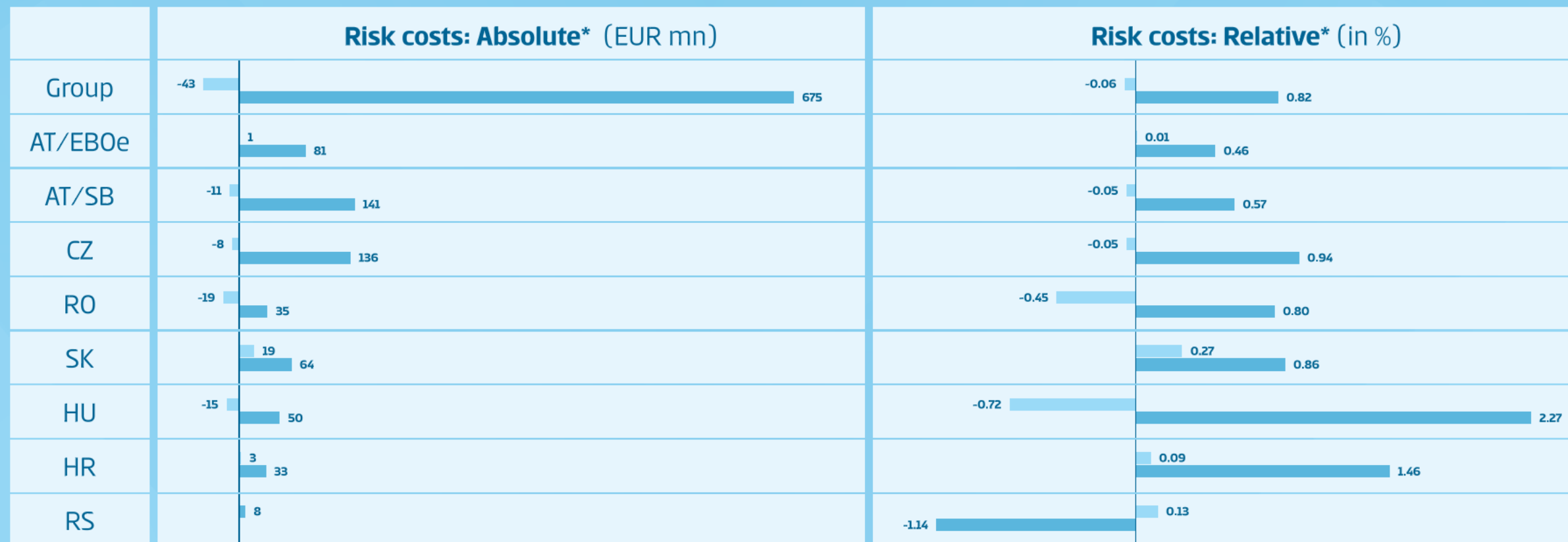
**RWA-relief to
support SME lending**

**Reduction of CET1
capital minimum
requirements**

**Temporary relief of
liquidity coverage ratio**

Business performance

Vigilant planning ahead for consequences of Covid-19 crisis triggers rise in risk costs



* negative figure reflects a net release of risk provisions

* Relative risk costs are defined as annualised risk costs over average gross customer loans

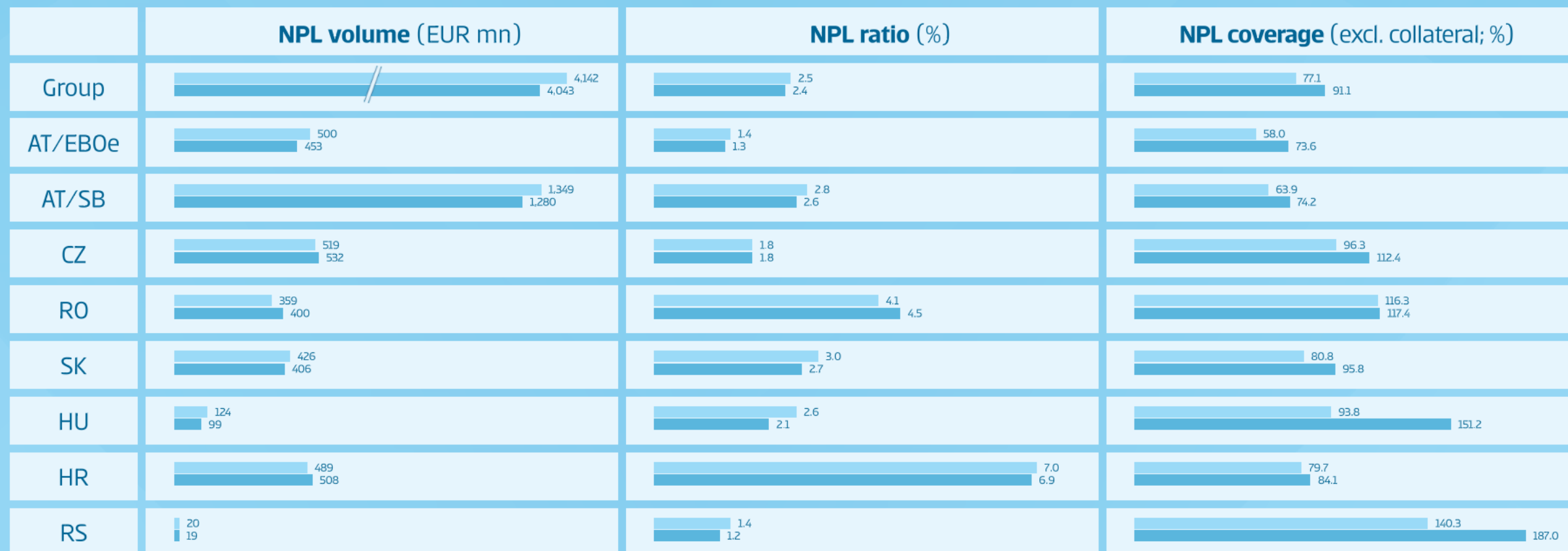
○ H1 2019 ○ H1 2020

→ Risk cost development driven by update of risk parameters to reflect deteriorated macro outlook following Covid-19 induced crisis

→ Risk provisioning peak for 2020 likely in Q2 20;
Outlook for 2020 narrowed to 65-80bps

Business performance

Low NPL ratio and high coverage provide comfortable starting point for times to come



○ DEC 2019 ● JUNE 2020

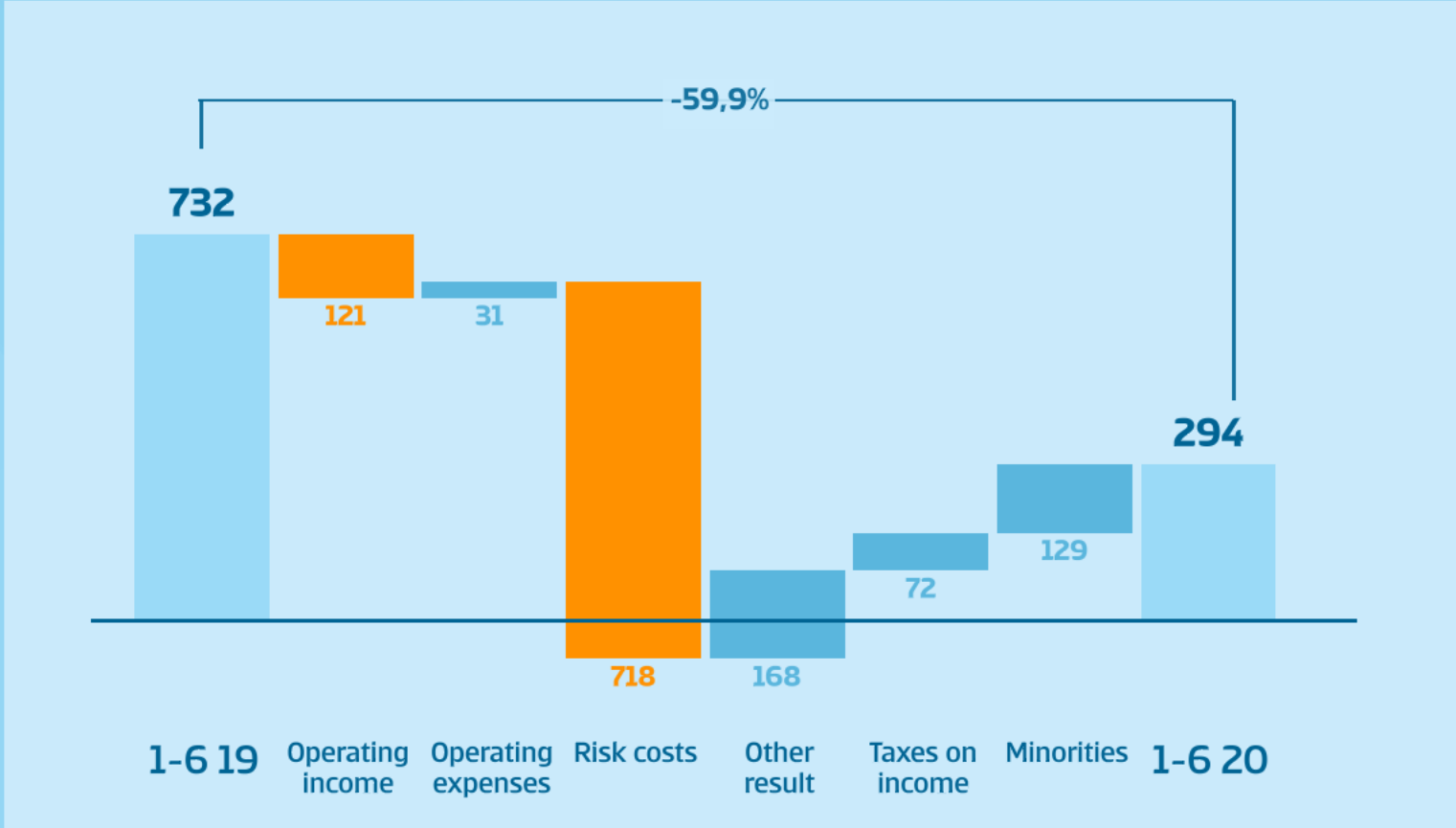


Strong on capital & healthy business mix

Executive Summary

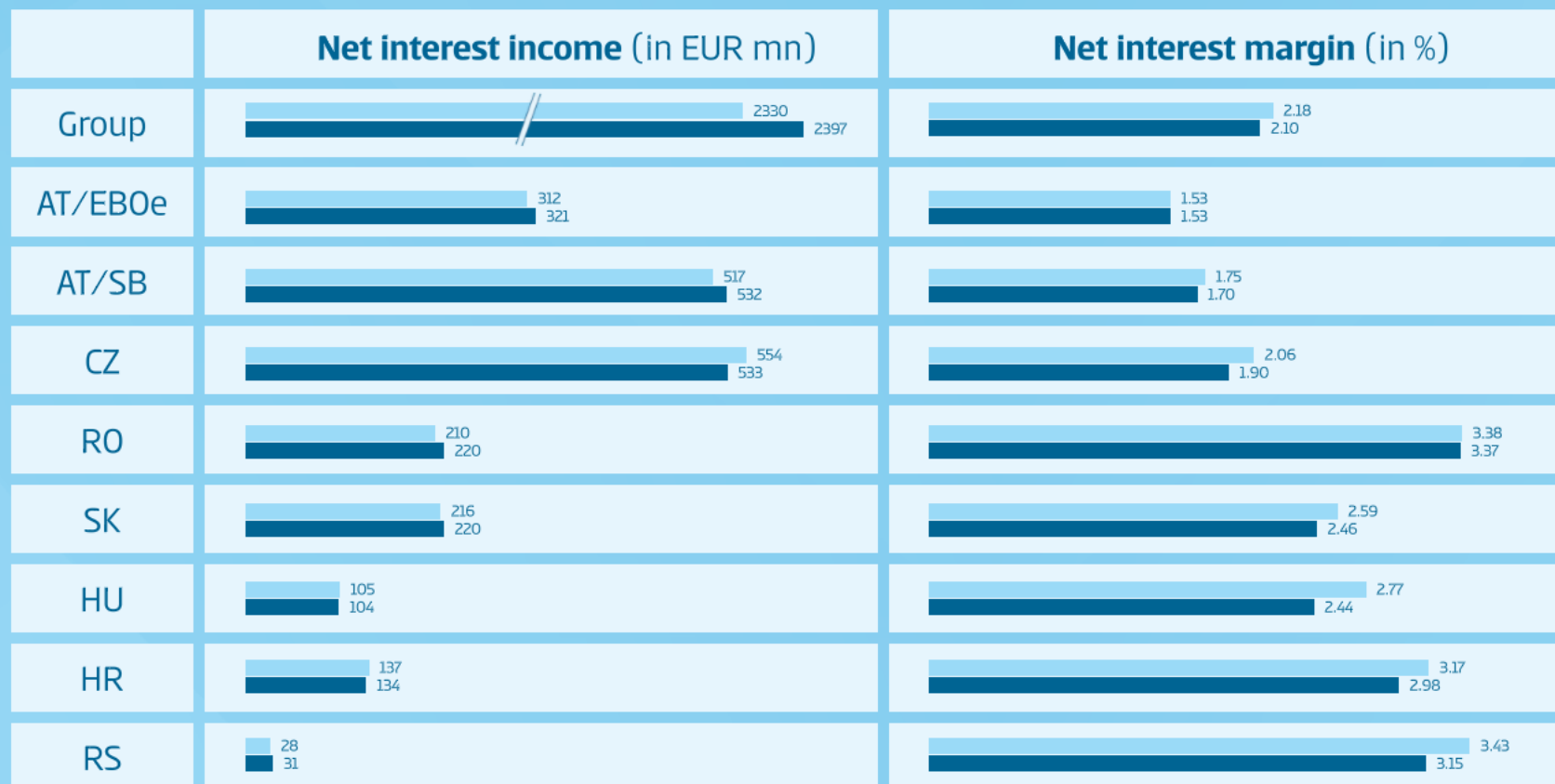
Net profit declines on Covid-19 induced rise in risk costs

YoY net profit reconciliation (EUR mn)



Business performance

Net interest income rises 2.9% YoY despite Covid-19 lockdowns

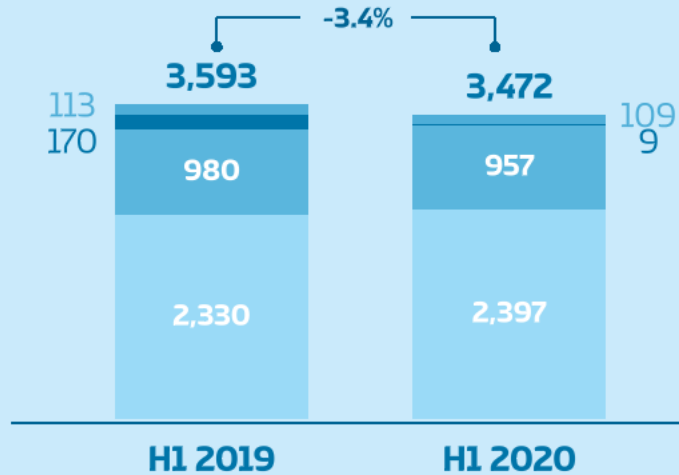


○ H1 2019 ● H1 2020

Business performance

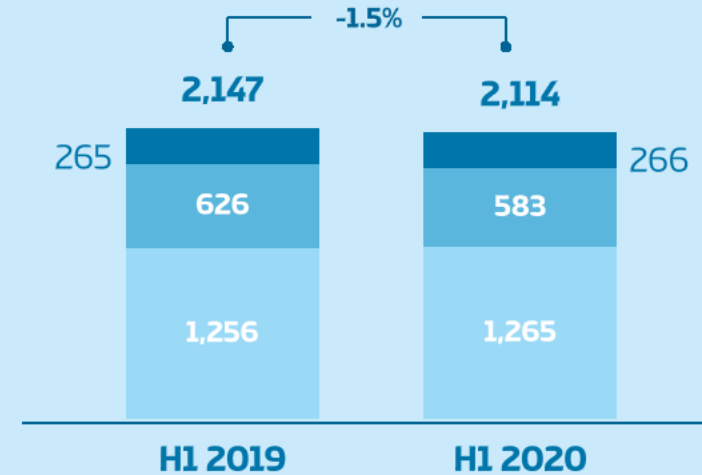
Operating income impacted by trading result; continued cost discipline

Operating income (EUR mn)



- Net interest income
- Net trading result
- Net fee and commission income
- Other income

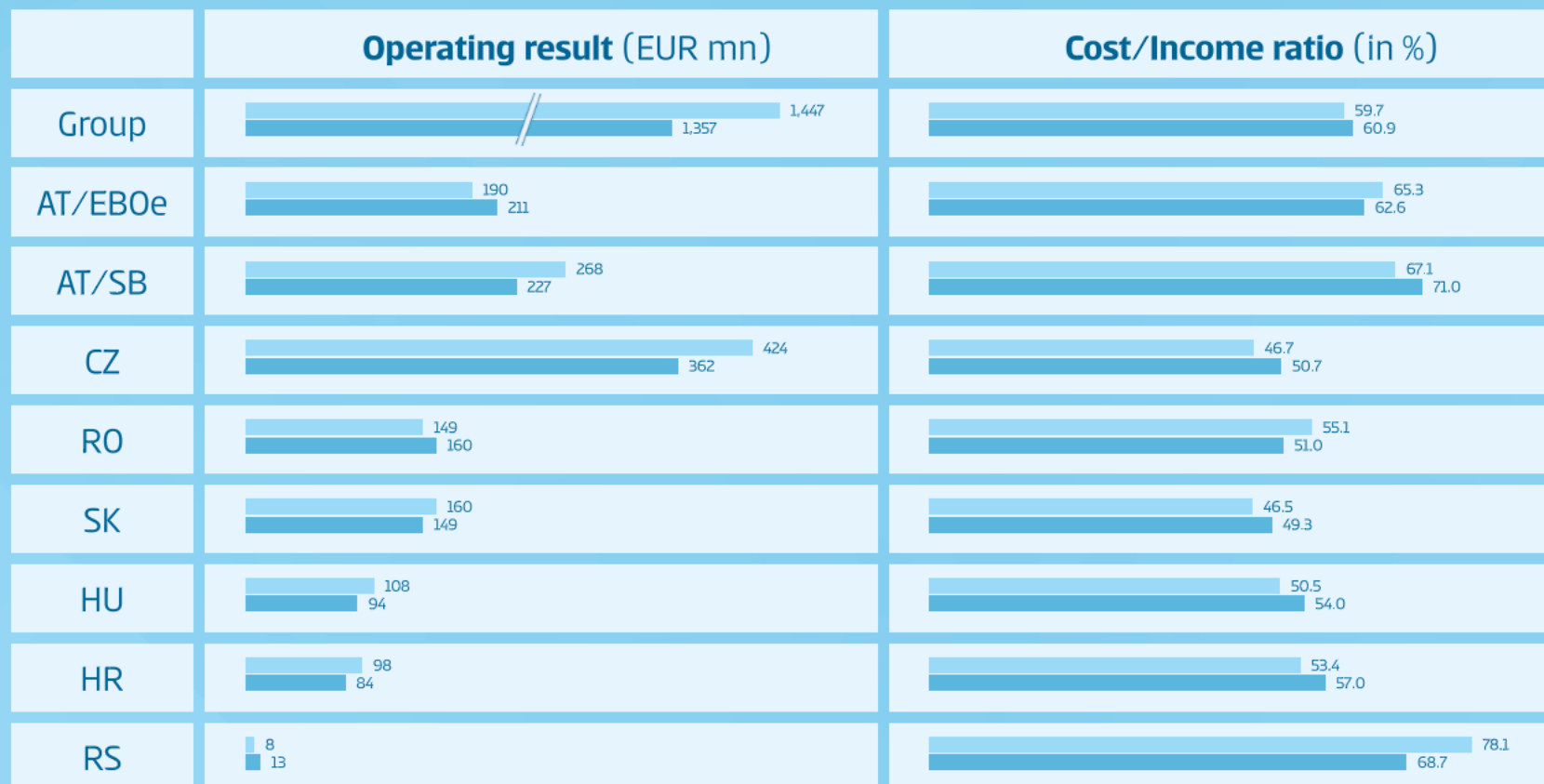
Operating expenses (EUR mn)



- Personnel expenses
- Depreciation and amortisation
- Other administrative expenses

Business performance

Operating result down 6.2% YoY; Cost-Income ratio at 60.9%

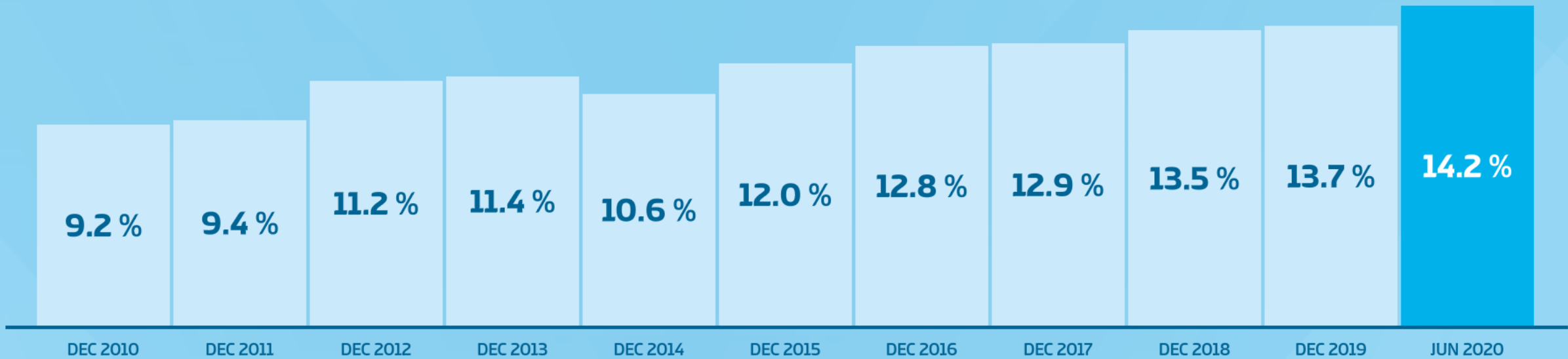


○ H1 2019 ○ H1 2020

Business performance

Record capital position with ample buffers, while continued dividend accrual for 2020

Common equity tier one capital ratio (CET1, Basel 3, fully loaded)



2020 Outlook

Operating environment	<ul style="list-style-type: none">● COVID-19 lockdowns redefine macro outlook● Real GDP decline of between 4 - 9% expected in 2020, followed by recovery in 2021● CEE-wide concerted fiscal mitigation efforts
Business performance	<ul style="list-style-type: none">● Challenged revenue outlook amid economic downturn, rate cuts, expenses to benefit● Lower organic growth, protected growth (guarantees) and freezing of good portfolio through moratoria
Credit risk	<ul style="list-style-type: none">● Significant increase in risk costs expected in 2020● Aim to frontload as much in 2020 as justifiable● Baseline scenario results in risk costs of 65-80 bps, likely at the upper end of range
Capital position	<ul style="list-style-type: none">● CET1 ratio is expected to remain strong with significant cushion in case of worse than expected economic performance● Medium-term CET1 target of 13.5% unchanged
Profitability	<ul style="list-style-type: none">● Net result expected meaningfully lower than in 2019● Management intends to pay dividends both for 2019 and 2020, subject to business conditions and to regulatory approval
Risk factors to guidance	<ul style="list-style-type: none">● Longer than expected duration of COVID-19 crisis● Political or regulatory measures against banks● Geopolitical, global economic and global health risks● Economic downturn may put goodwill at risk