ERSTE presents its MREL Issuers

Slovenská sporiteľňa, a.s.
Investor Presentation

FY 2020 Preliminary Results

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Executive summary –
SLSP's current funding plan already reflects the expected draft joint decision on MREL determination

Slovak Republic
- Member of European Union (since 2004) as well as Eurozone (2009)
- Sovereign ratings at A+ with stable outlook (S&P), A with negative outlook (Fitch) and A2 with stable outlook by Moody's
- Economy hit by the COVID-19 lockdown and consequent recession, recovery has been brisk; labour market reasonably safe

Erste Group
- Founded in 1819 as the first Austrian savings bank, Erste Group went public in 1997 with a strategy to expand its retail business into CEE
- Erste Group has grown to one of the largest financial services providers in the Eastern part of EU in terms of clients and total assets
- Number of customers has increased from 600,000 to 16.1 mil. in Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia
- Erste Group strives to be the leading retail and corporate bank in the eastern part of the European Union, including Austria

Slovak Banking Market
- Lending growth remains solid mainly in retail, despite moderation due to economic cooldown and stricter macroprudential measures
- Net profit fell significantly in 2020 (-30%) due to surging risk costs, bank levy cancelled; asset quality and capitalisation still solid in all banks
- Loan growth should moderate in coming years to match economy growth while deposits are expected to grow at only somewhat higher rate

Slovenská sporiteľňa (SLSP)
- SLSP is the largest bank in Slovakia in terms of total assets, retail loans, total deposits as well as distribution network
- Current rating from Moody's stands at A2 with stable outlook, while covered bonds have been rated at Aaa by Moody's
- Higher risk costs pulled net profit down, operating profit better than expected; SLSP remains among the top banks in ROE, CIR and CAR

MREL requirement
- In April 2020, Slovenská sporiteľňa (SLSP) received its MREL requirement
- SLSP must comply with an MREL requirement of 12.03% of TLOF and a subordination requirement of 7.52% of TLOF on 31/12/2023, which equals RWAs of 26.82% and 18.97% for the subordination requirement based on BRRD1
- Based on the Slovak resolution group's RWAs as of December 2020 of approx. EUR 8.63bn, the current MREL ratio stands at 21.90%, thereof 19.38% being subordinated eligible liabilities

* Bank levy was set to 0% in H2 2020 and onwards. As banks already paid the levy at 0.4% in H1 2020, effective rate for full year 2020 is 0.2%, same as in the last years.

Presentation Topics

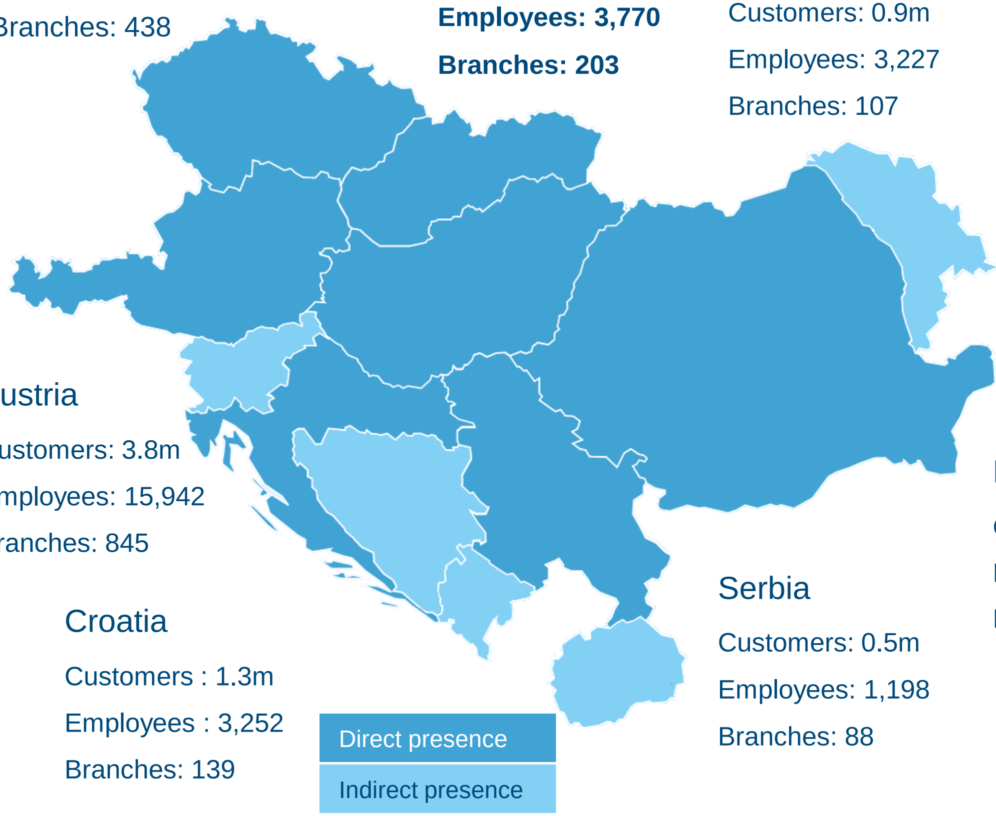
Basic information –
Erste Group at a Glance

Erste Group's Footprint

Czech Republic
Customers: 4.5m
Employees: 9,820
Branches: 438

Slovakia
Customers: 2.2m
Employees: 3,770
Branches: 203

Hungary
Customers: 0.9m
Employees: 3,227
Branches: 107



Austria
Customers: 3.8m
Employees: 15,942
Branches: 845

Croatia
Customers : 1.3m
Employees : 3,252
Branches: 139

Serbia
Customers: 0.5m
Employees: 1,198
Branches: 88

Romania
Customers: 2.9m
Employees: 5,645
Branches: 370

Key Information as of Dec 2020

Total assets	**EUR 277bn**
Net profit	**EUR 783mn**
NPL coverage	**88.6%**
NPL ratio	**2.7%**
CET 1 ratio*	**14.2%**
Total capital ratio*	**19.7%**
Loan/deposit ratio	**86.9%**
Leverage ratio	**6.7%**
Credit ratings**	**A (Stable) / A2 (Stable) / A (Negative)**

* Basel 3, phased-in; ** S&P | Moody's | Fitch

Basic information –
Slovenská sporiteľňa at a Glance

Slovenská sporiteľňa's Footprint

Slovak market leader with largest distribution network

- Established in 1825 and 100% Erste Group ownership since 2001
- No. 1 in total assets, retail loans, total deposits, number of branches (206) and ATMs (747) in Slovakia
- Long-time leader in mortgage/housing loans
- The largest commercial bank in Slovakia servicing almost 2.2 million clients

Credit Rating of Slovenská sporiteľňa (SLSP)

	Issuer	Covered Bonds
Moody's	A2 stable	Aaa

Key Information as of Dec 2020

Total assets	EUR 20.7b
Net profit	EUR 108.0m
ROE	6.2%
CIR	48.5%
Total capital ratio**	0.0%
No. of customers	2.2m
Branches	206
ATMs	747

* Basel 3, phased-in

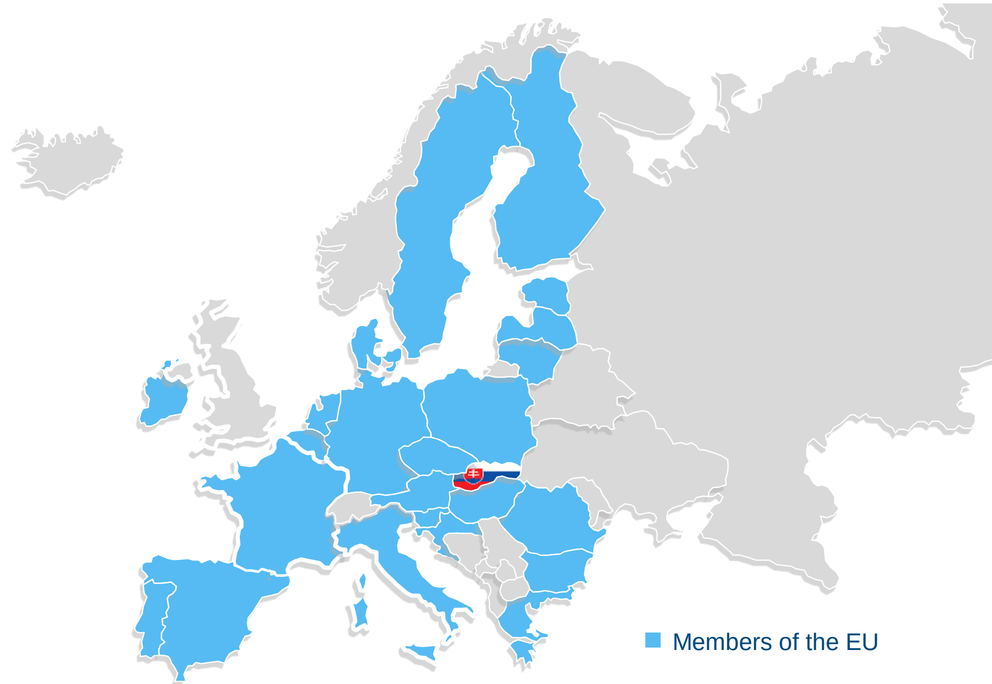
ERSTE Group SLOVENSKÁ sporiteľňa

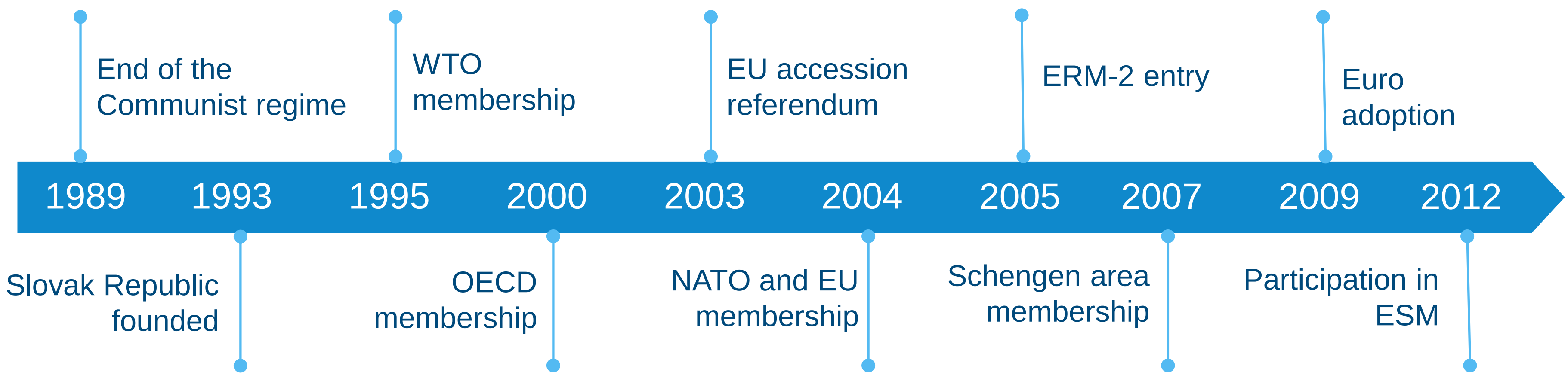
Presentation Topics

Slovak Republic –
Key Figures

Area:	49,035 km²
Population:	5.4 million
GDP per capita:	Approx. €16,600 in 2020
Credit ratings*:	A2 (stable outlook) | A+ (stable outlook) | A (negative outlook)
Capital:	Bratislava

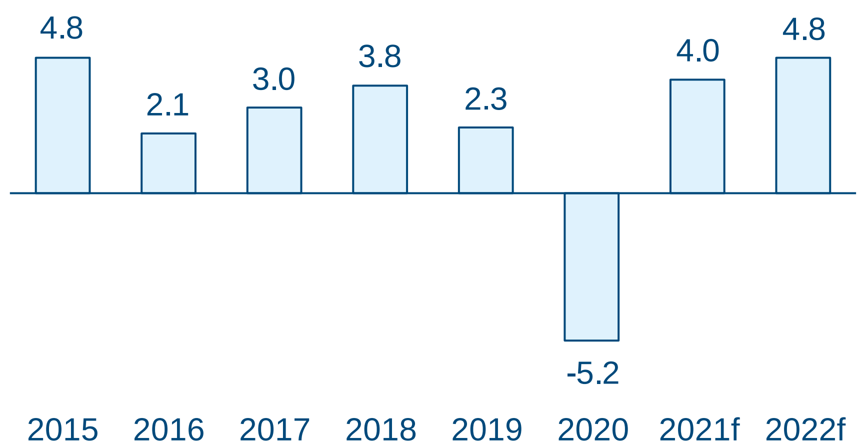
* Ratings by Moody's | S&P | Fitch





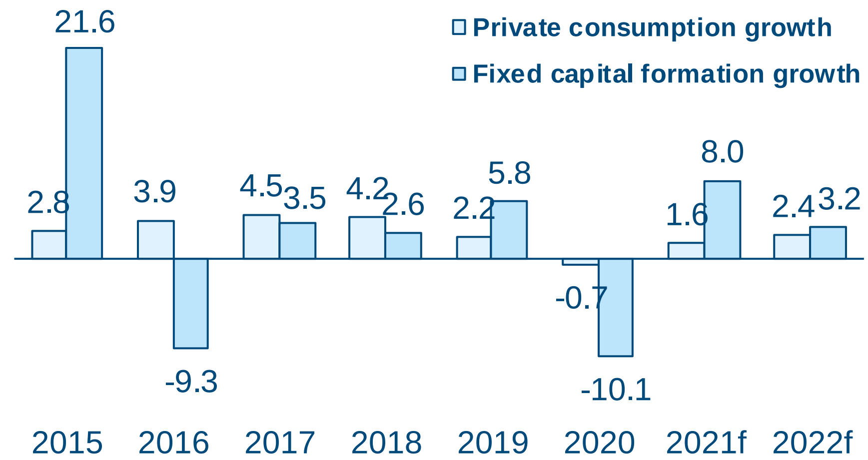
Slovak Republic –
Macroeconomic Development

Real GDP growth (%)



Source: Statistical Office, SLSP Research

Components of GDP (%)



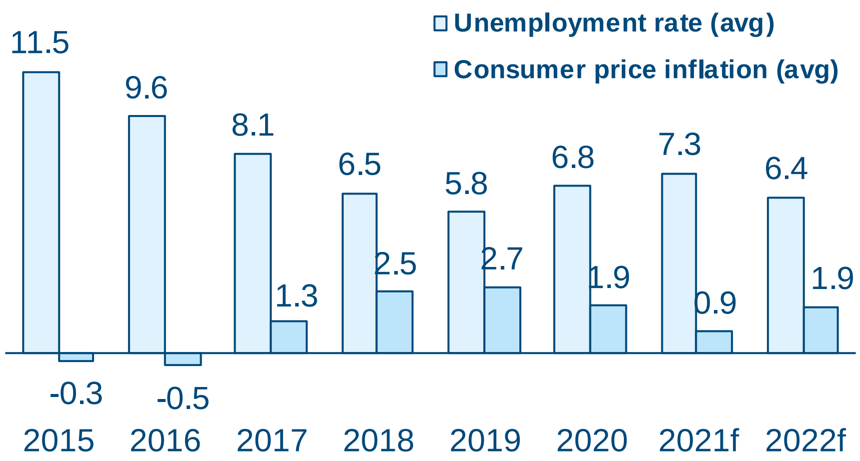
Source: Statistical Office, SLSP Research

- **GDP experienced a milder fall in 2020 than previously expected at -5.2%,** followed by **forecast 4% growth in 2021**
  - Restrictions are affecting mostly services and brick-and-mortar shops, whereas industry remains relative robust
  - The second wave of the pandemic has exerted a milder negative impact on the economy than what we saw in the spring
- **After the easing of the restrictions, economic recovery should pick up speed** (expected from spring 2021 onwards)

- **Both domestic and foreign demand have been affected (especially in Q2 20), not just in Slovakia but globally**
- In Q4 20, industry performed better than expected, resulting in brisk industrial production growth and positive trade balance
- The economic rebound in the second half of 2021 is expected to be supported by growing investment activity (from 2Q) as well as higher private consumption and foreign demand (aided by base effects)

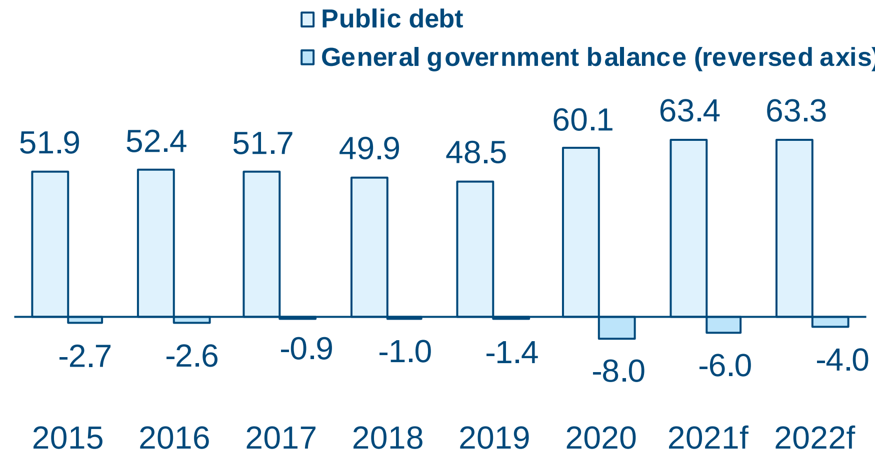
Slovak Republic –
Macroeconomic Development (cont'd)

Unemployment and inflation (%)



Source: Statistical Office, SLSP Research

Public debt and govt. balance (share of GDP)



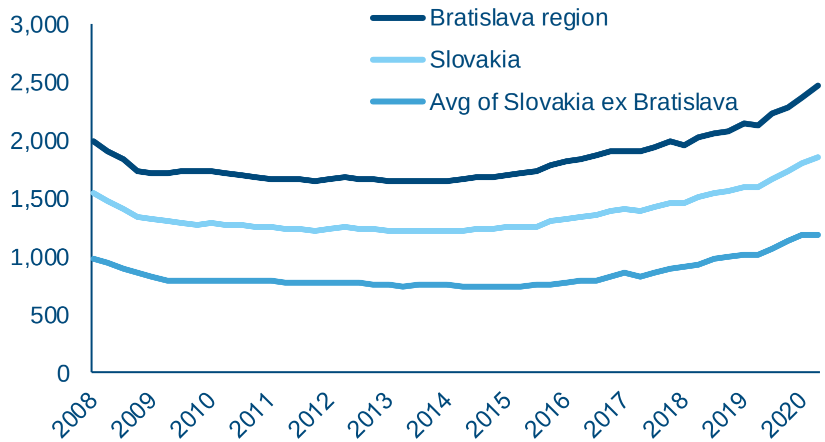
Source: Statistical Office, SLSP Research

- Labour market is affected by the pandemic – **unemployment rate increased to 6.8 % on average in 2020**, amidst a decrease in employment and weaker nominal wage growth
- The impact is softened by fiscal measures geared at protecting employment, which have been extended also for 2021
- **The inflation rate should slow down to 0.9% on average in 2021**, due to lower energy prices and eased domestic price pressures in line with the cooler economic environment

- The fiscal response to support the economy increased the deficit to around 8% in 2020.
  - In 2021, a fiscal reserve for COVID-19 measures is EUR 1bn
- **Government debt is expected to top 60% in 2020 and climb higher in the following year**; the debt should start declining already in 2022
- No issues with EU rules given the nature of the shock

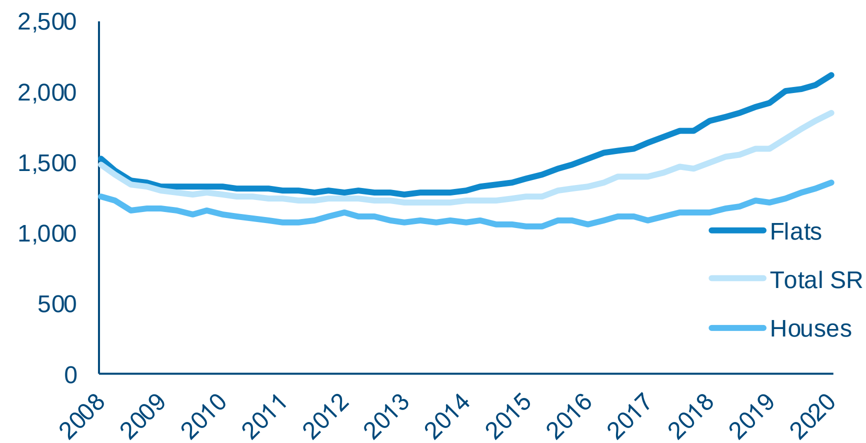
Slovak Republic –
Domestic Residential Real Estate Market Overview

Property prices by regions (EUR/M2)



Source: National Bank of Slovakia

Property prices by type (EUR/M2)



Source: National Bank of Slovakia

- **Year 2020 brought double-digit growth** despite uncertain situation regarding the future economic development
  - Recent quarters thus indicate gradual drift away from fundamentals, but the prices are still relatively safely out of a bubble territory
- Real estate prices grew by more than 7% on average in 2019
  - Economic growth and growth of disposable income, coupled with low interest rates, were the main causes behind the property prices increase

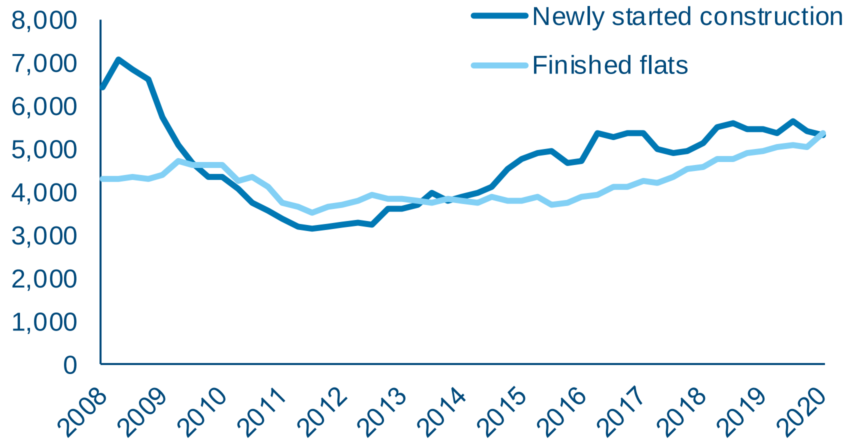
- Flat prices have shown much higher price appreciation than houses
- Prices are growing across all flat sizes
- Recent two quarters showed higher demand for properties seen as an investment (e.g. in city centers of regional capitals) driving the prices up rather briskly, while other flats/houses have experienced even slight q/q decline

ERSTE Group SLOVENSKÁ sporiteľňa

Slovak Republic –

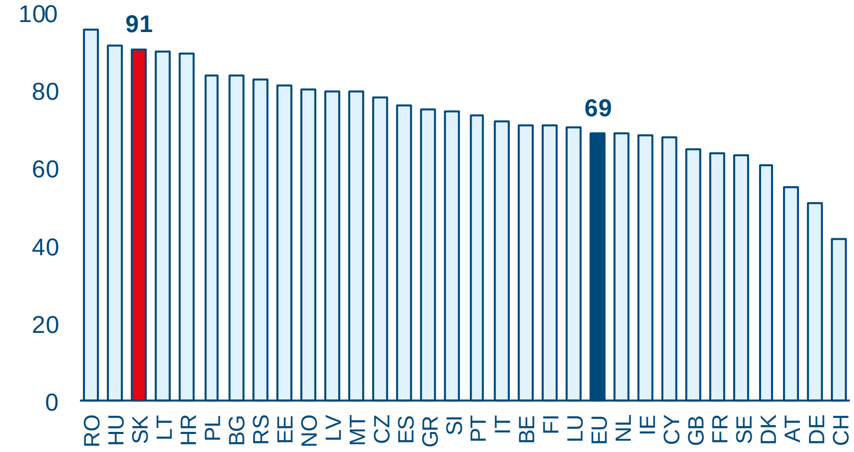
Domestic Residential Real Estate Market Overview (cont'd)

Construction of new flats (number)



Source: Statistical Office

Share of population living in own dwellings (%)



Source: Eurostat (2019)

- Developers are more cautious than in the pre-crisis period as newly started construction is still far below 2008 maximum
- Lower supply contributes to the rapid growth of real estate prices in recent quarters
  - Significant lack of new projects seen mainly in Bratislava

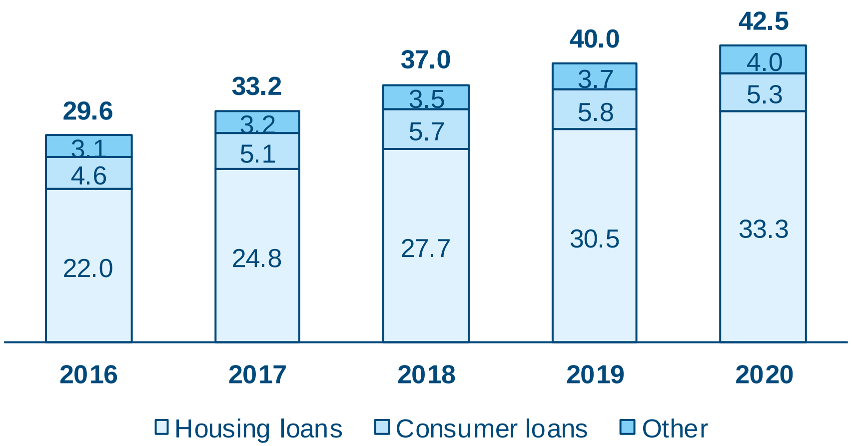
- Historically, Slovaks have high tendency for house/flat ownership – more than 90% of population live in own dwelling
- Rental market is underdeveloped, certain measure has already been proposed by the government to increase share of rental real estate

Presentation Topics

1. Erste Group | SLSP at Glance
2. Slovak Republic
3. **Slovak Banking Market**
4. Slovenská sporiteľňa
5. Funding | MREL Requirements
6. Additional Information

Banking market –
Outstanding Retail Loans and Debt of Households

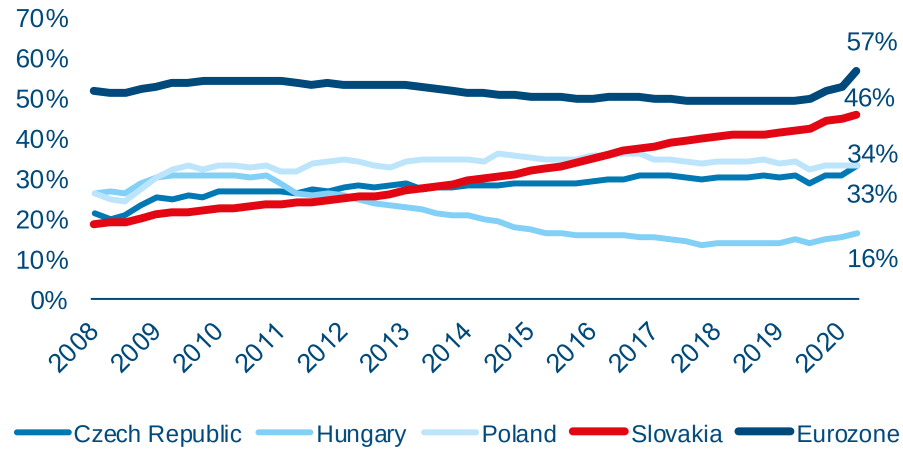
Development of retail loans (EUR bn)



Source: NBS, SLSP Research

- **Housing loans constitute the majority of retail loans**
- During the period of 2015-2018, average annual growth rates were 13% for housing and 14% for consumer loans
- **However, in recent 2 years, the growth of retail loans has been slowing down** – milder slowdown was seen in housing loans (still at solid 9% as of Dec-20), while consumer loans were hit quite significantly by the COVID-19 recession and the portfolio shrank by more than 8% in annual comparison
- We expect the growth to decelerate in the coming years, mainly due to lower demand as well as stricter regulation*

Retail loans to GDP



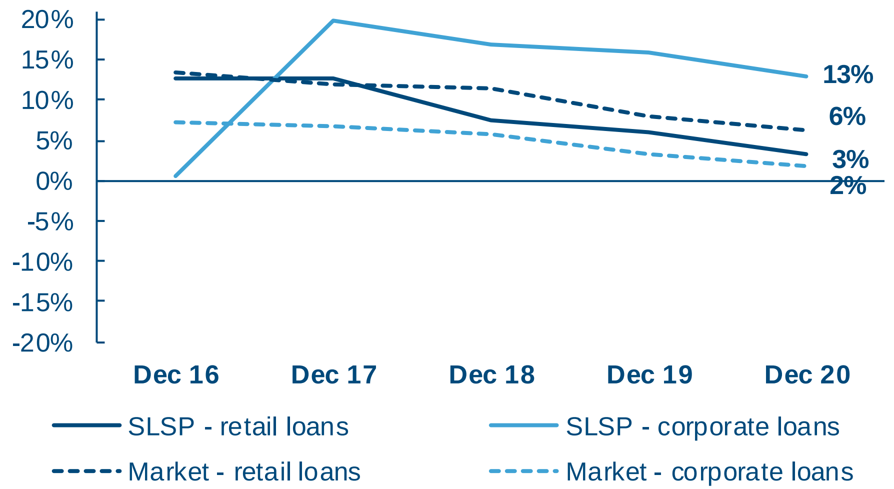
Source: ECB, SLSP Research

- **In recent years, indebtedness of Slovak households has shown the most dynamic development in Eurozone**
- Currently the ratio of retail loans to GDP is the highest among peer countries, nevertheless, still below the Eurozone average
- Our forecast for coming years is that the ratio will stabilize at around 43-45%
  - Although the growth of indebtedness eased in 2019, slump in GDP in 2020 together with still solid retail loans growth has had negative effect on the ratio

* DSTI buffer increased from 20% to 40% since January 2020; LTV limits (max 20% of new production with LTV > 80% and 0% with LTV > 90%); and DTI limit set at 8 (total debt cannot exceed yearly income more than 8 times).

Banking market –
Outstanding Loans and Deposits

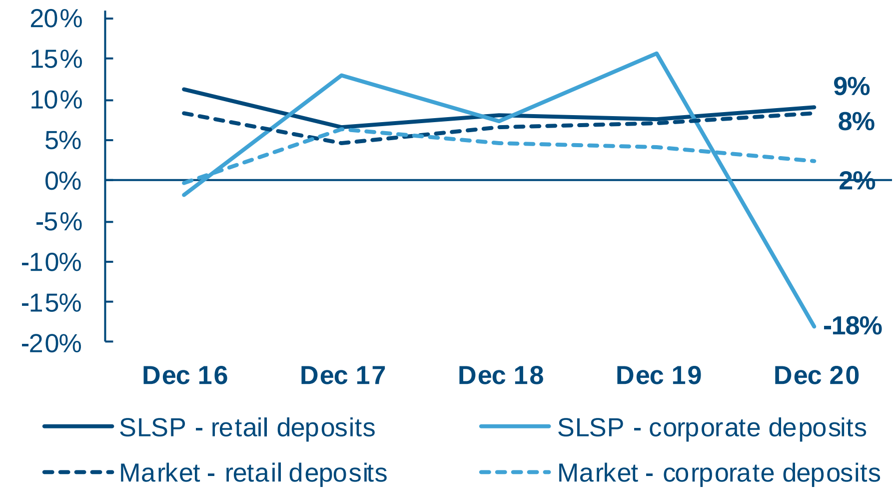
Retail and corporate loans (YoY growth)



Source: NBS*

- The pace of **retail loans growth reached 6%** as of Dec-20
  - It has been slowing down for 2 years now → regulation, demand saturation and lately the pandemic are the main reasons
  - As of Dec-20, market housing loans grew by 9% yoy (7% yoy at SLSP) and portfolio of consumer loans declined by 8% yoy (-12% at SLSP)
- Total volume of retail loans was EUR 42.5bn as of Dec-20 for the whole sector and EUR 10.8bn for SLSP
- The volume of **corporate loans** increased by 2% yoy to EUR 23.6bn
  - At SLSP, growth was 13% yoy and volume reached EUR 4.1bn

Retail and corporate deposits (YoY growth)



Source: NBS*

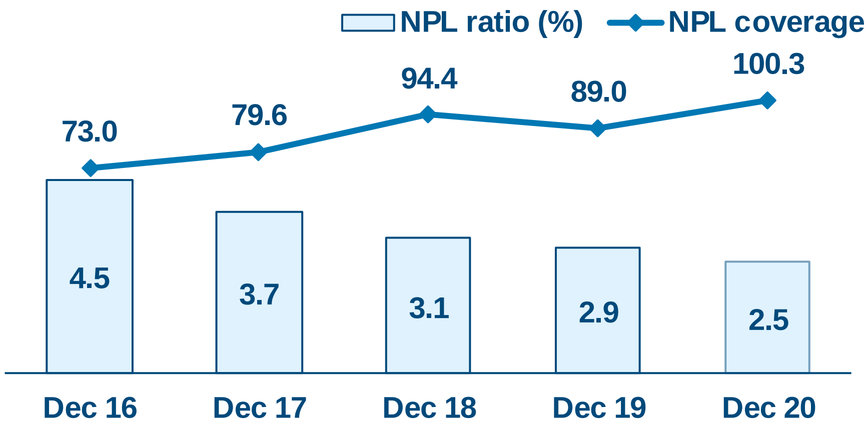
- The growth of customer deposits continued in 2020 (+6% yoy)
- Growth of market **retail deposits sped up to 8% yoy**
  - Total market volume of retail deposits is at EUR 44.2bn, while SLSP's volume reached EUR 12.5bn as of Dec-20
  - High growth in sight deposits in retail, while outflow of term deposits continues
- Market **corporate deposits** up by 2% yoy, stood at EUR 20bn
  - At SLSP, they fell by around 18% yoy to EUR 2.4bn due to changes in pricing during the year
- **Market loan-to-deposit ratio reached 101.4% as of Dec-20**

ERSTE Group SLOVENSKÁ sporiteľňa

* Segmentation slightly differs compared to SLSP's segments definition which might result in different volumes/growth rates shown on segment level on slides below.

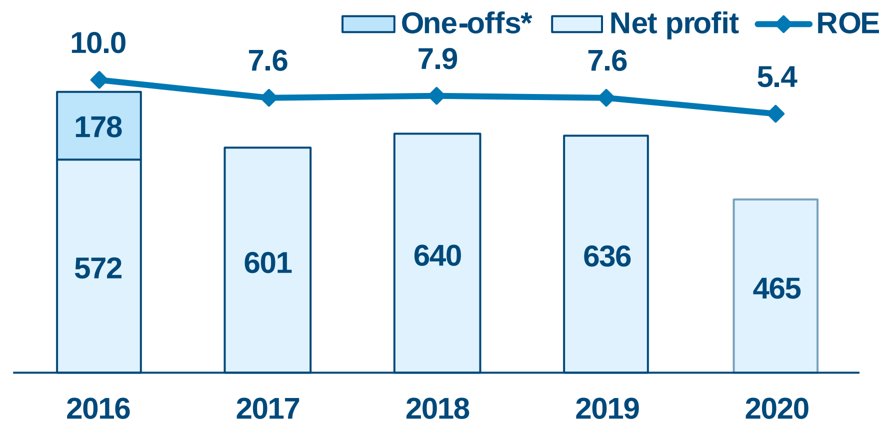
Banking market –
NPL Rates and Profitability of the Sector

NPL ratio and NPL coverage



Source: NBS

Profitability of the sector (EURm / %)



Source: NBS

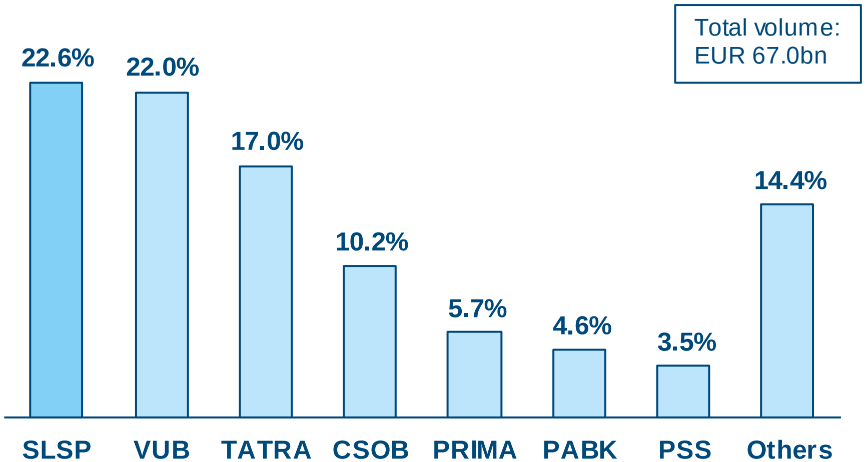
- **Total volume of non-performing loans has been on decline in recent years**
  - Both retail (despite rapid growth in lending) and corporate contribute positively to this development
- **The impact of the pandemic was softened by state moratoria (up to 9 months), NPL rates have not increased yet**
- Sudden increase in NPL coverage in 2018 due to IFRS 9 introduction and in 2020 due to forward looking LLP creation in regards to the COVID-19 pandemic

- **Slovak banks posted net profit of EUR 465m in 2020, down by 27% yoy**
  - Soaring risk costs were the main reason
  - Operating profit down by just 3% through lower Net interest income, operating expenses declined
  - Bank levy cancelled
- ROE of the sector fell from stable level of almost 8% to 5.4% in 2020

* Result in 2016 affected by two extraordinary items: (a) Sale of VISA shares, and (b) extraordinary dividend received by VÚB from its subsidiary Consumer Finance Holding

Banking market –
Main Players

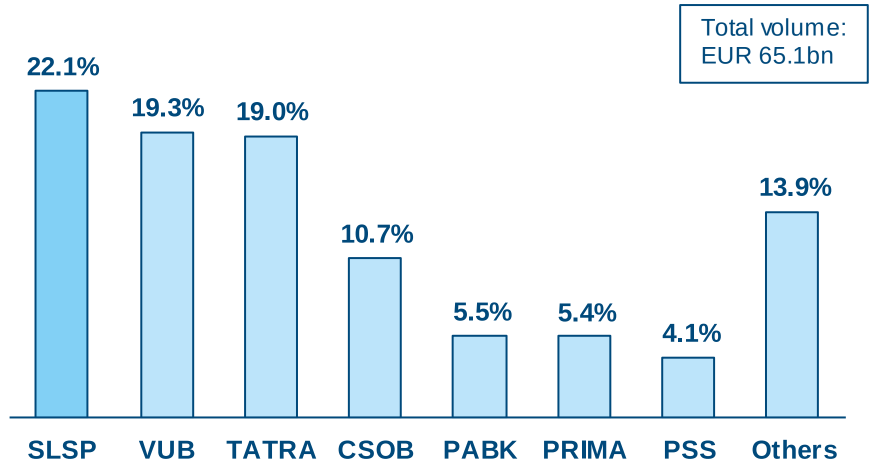
Customer loan market shares (Sept. 2020)



Source: Individual financial statements of respective banks, NBS

- **SLSP regained its leading position in total loans** (on individual basis)
  - In 1-9/2020, SLSP market share increased by 9bp, thanks to corporate and public loans
- **Postova banka** (PABK) recorded highest YTD market share growth (+47bp), while VUB lost 40bp during the first three quarters of 2020

Customer deposit market shares (Sept. 2020)



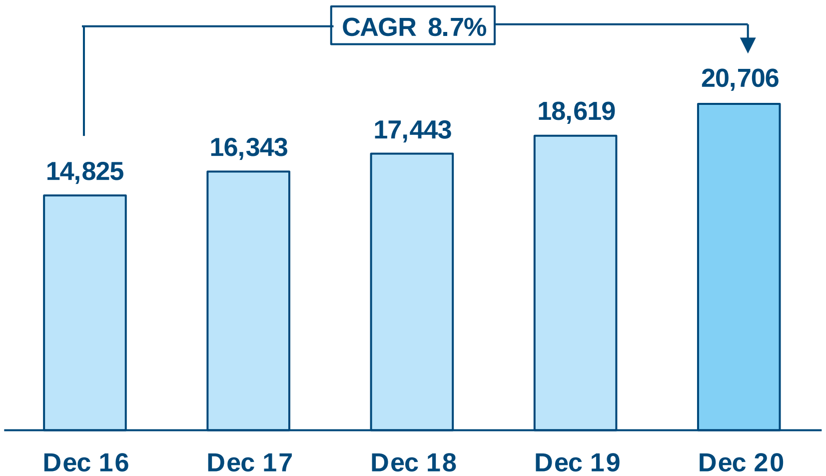
Source: Individual financial statements of respective banks, NBS

- **SLSP remains the bank with the highest volume of customer deposits**
- **SLSP**'s share in customer deposits declined by 98bp to 22.1% in 1-9/2020 due to drop in corporate deposits (change in pricing for excessive balance on bank's accounts)
- In total deposits, **CSOB** experienced the largest increase (+87bp), followed by **Prima** (+24bp) and VUB (+23bp)

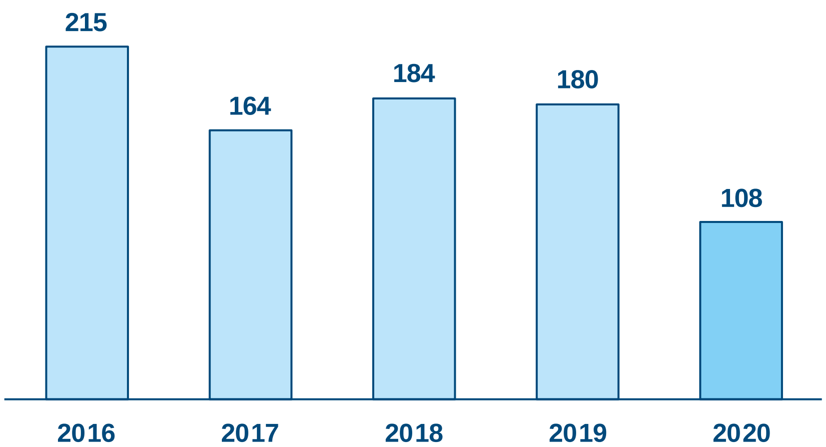
Presentation Topics

Historical Performance of SLSP –
Stable growth of total assets and above average profitability

Total assets (EUR m)



Net profit (EUR m)

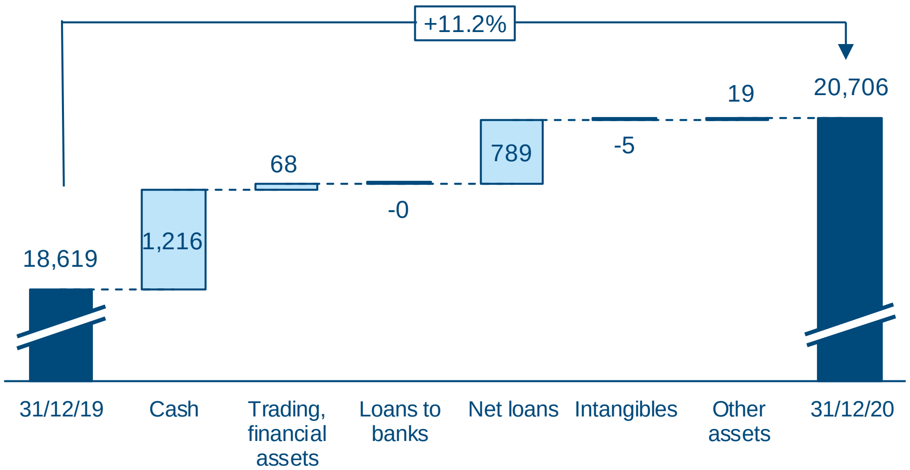


- **SLSP remains the long time leader in total assets in Slovak banking sector**
- Customer loans were the main driver of the balance sheet growth

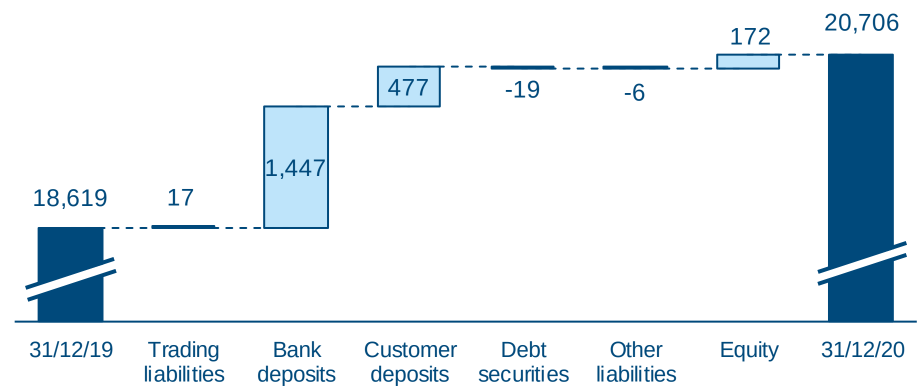
- **Year 2020 is extraordinary due to the COVID-19 recession**
  - Significantly higher risk costs booked in advance to be prepared for probable wave of defaults (currently postponed thanks to the state moratoria)
  - Operating income declined only slightly (-1%) despite the recession
- **Otherwise, profitability of SLSP has been fairly stable over the previous years**
  - Extraordinary income from sale of VISA shares in 2016

Financial Results of SLSP –
Balance Sheet Performance

YTD total assets reconciliation (EUR m)



YTD total liability reconciliation (EUR m)

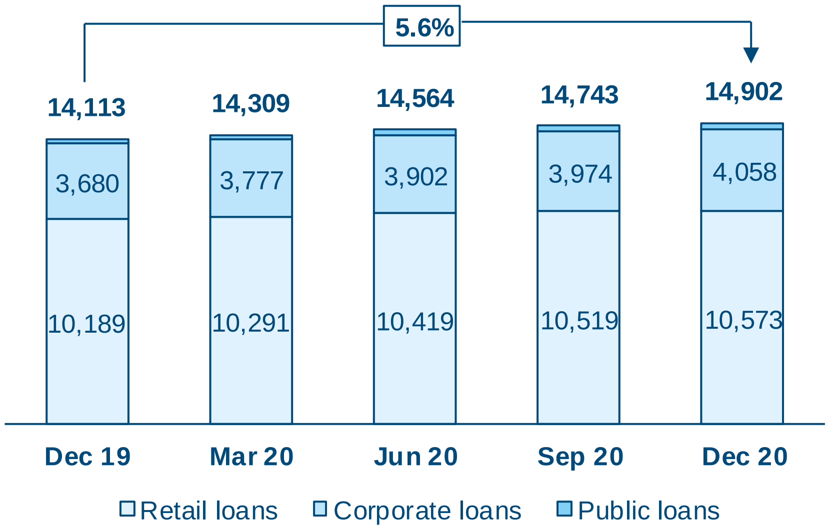


- **Balance sheet growth was driven mainly by customer loans, cash position increased significantly as well**
  - Volume of loans to customers rose by nearly +6% in 2020
  - Out of that, loans to households grew by 4% driven by housing loans while portfolio of corporate loans expanded by 11%
- Volume of **financial assets** increased by almost 2% yoy
- **Total assets** grew by more than 11% in 2020

- **Customer deposits** grew by 3% thanks to strong Q4 20
  - While retail deposits grew by solid 9% YTD, volume of corporate deposits fell by 21% (EUR 586m) mainly due to changes in pricing (increase in excess balance fees)
- Significant increase came in **deposits from other banks** (TLTRO at EUR 1.5b)
- As of Dec-20, **issued debt securities** were at almost the same level as a year earlier
- **Equity** increased by almost 11% during the year 2020

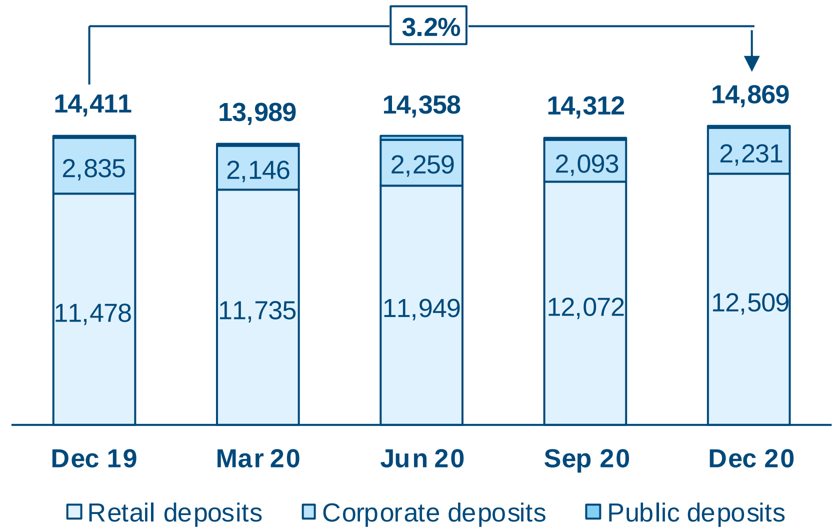
Financial Results of SLSP –
Balance Sheet Performance (cont'd)

Net customer loans (EUR m)



- **SLSP's customer loans grew by 6% yoy as of Dec-20**
- **Somewhat lower pace (4% yoy) was recorded in retail loans**
  - Annual growth of housing loans kept growing at still solid 7% yoy despite deteriorating economic environment
  - On the other hand, consumer loans were hit quite significantly as the portfolio shrank by almost 12% in annual comparison
- **Corporate & public loans rose by strong 10% yoy**
  - This time, mainly Public segment drove quarterly net addition

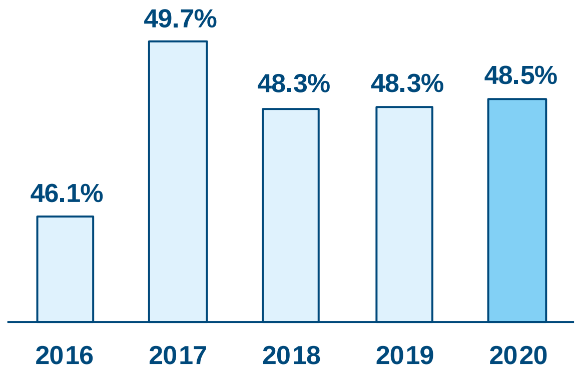
Customer deposits (EUR m)



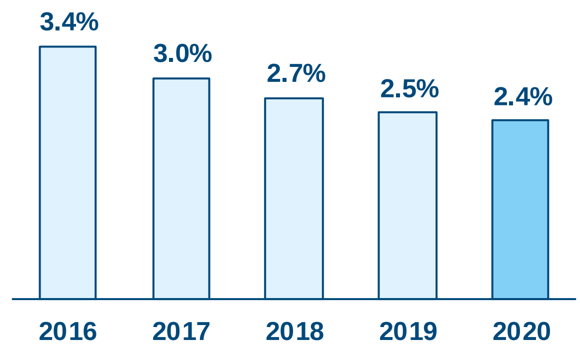
- **SLSP's customer deposits expanded by 3% as of Dec-20**
- **Growth of retail deposits remained high at 9% yoy**
  - Stronger than expected economic recovery and various measures by the government contributed positively to the growth
- **Deposits from non-financial corporates shrank by 8% yoy**
  - While SME and Public segments grew at solid pace, LC recorded a yoy outflow due to change in pricing
  - The change in the funding mix has been intentional to benefit from cheaper funding currently available at the market (TLTRO)
- **Net L/D ratio decreased in Q4 20 by 2.8pp to 100%**

Financial Results of SLSP –
Key Financial Ratios

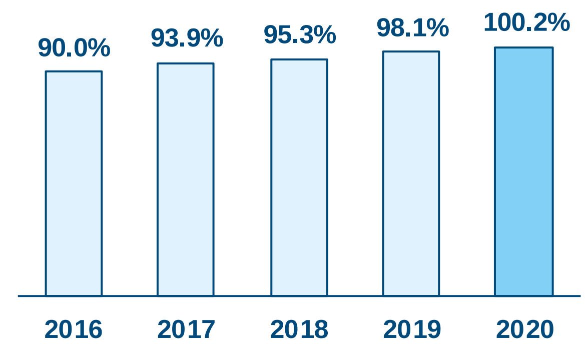
Cost income ratio



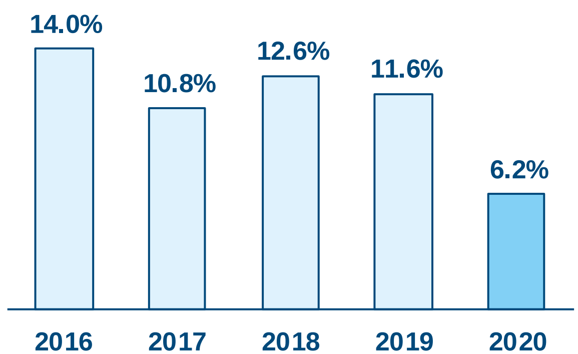
Net interest margin



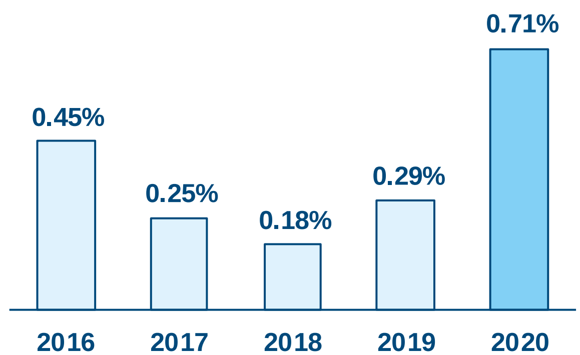
Net loan/deposit ratio



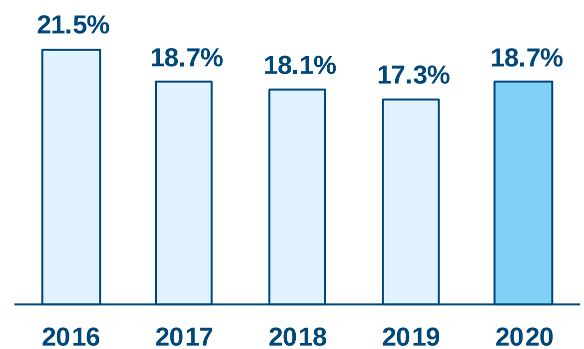
ROE



Risk costs

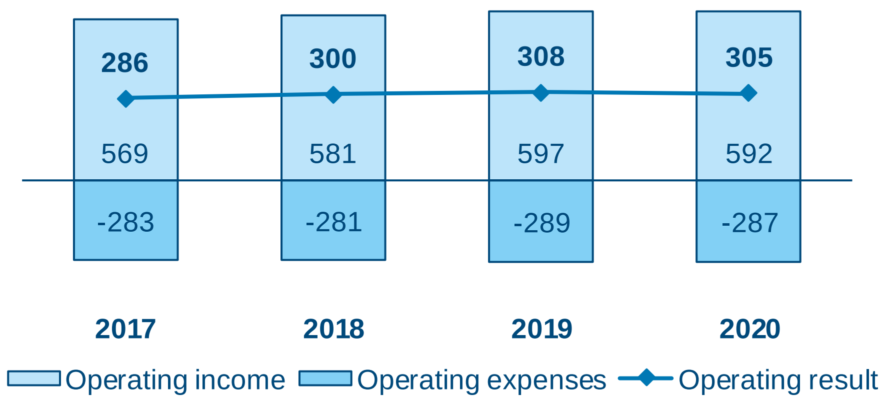


Solvency ratio

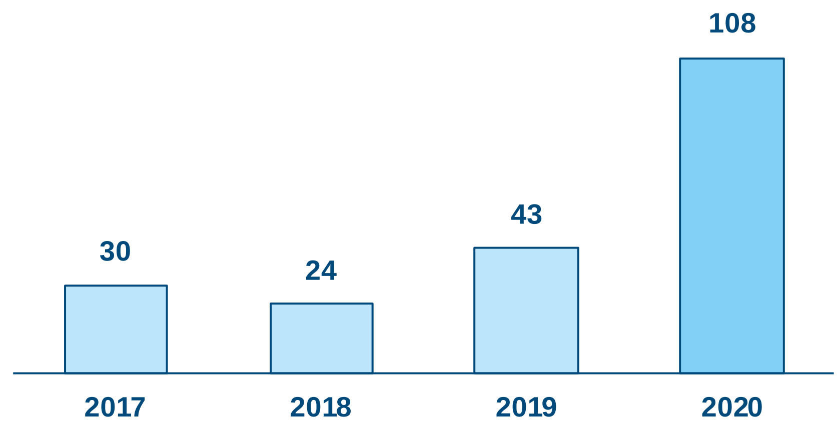


Financial Results of SLSP –
Operating Result and Risk Provisions

Operating result development (EUR m)



Risk provisions (EUR m)

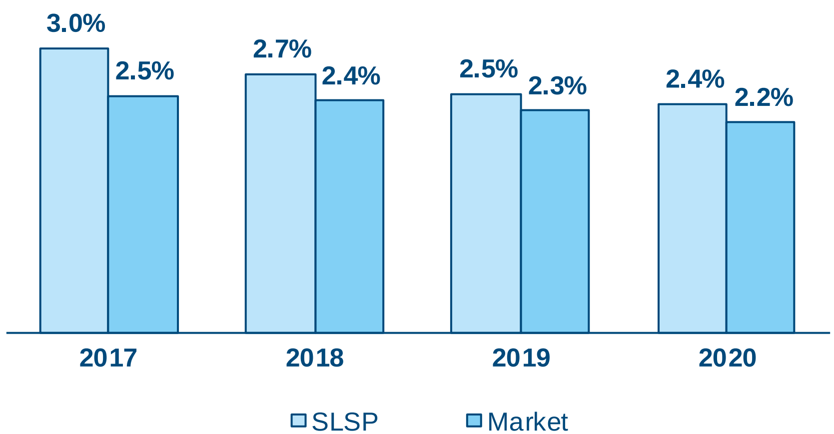


- **Operating result reached EUR 305m in 2020**, which only slightly lower than a year ago (-1% yoy)
  - Generally lower operating expenses almost compensated for somewhat lower income caused by drop in net trading income
- **COVID-19 crisis did not affect operating result significantly**
- **Cost-income** ratio remains below 50% also in 2020 at 48.5%

- **Risk costs** went up from EUR 43m in 2019 to EUR 108m in 2020
  - In relative terms, they increased from 0.29% to 0.71%
- The increase was driven mostly by forward looking creation of risk provisions
- While in Retail segment absolute risk costs decreased yoy also thanks to net release in December, risk cost in Corporate segment rose significantly both in Q2 and Q4 2020

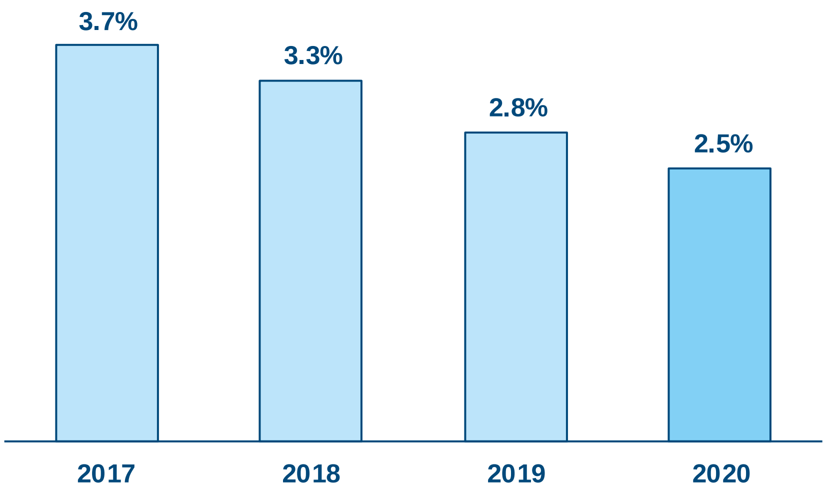
Financial Results of SLSP –
Development of Net Interest Margin

NIM – SLSP vs Market



- **Net interest margin** of SLSP is still above market average
- Although interest income from loans (in %) is not far from largest competitors, SLSP benefits from higher yields from securities
- All top 4 banks in the market have expenses on deposits below 0.2%

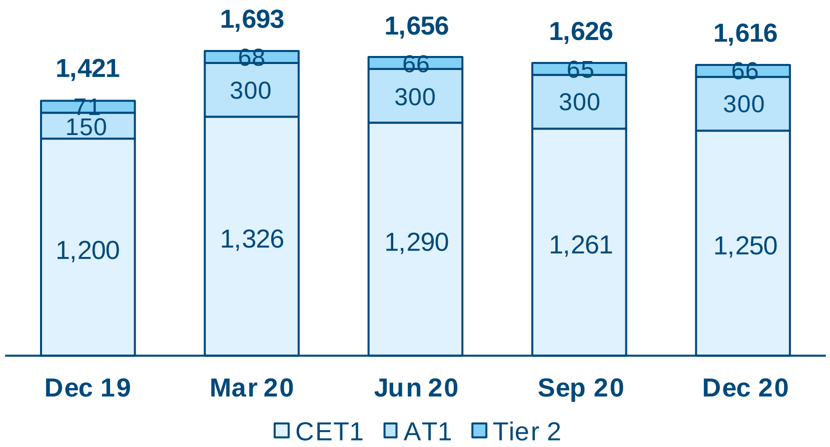
Development of NIM in Retail (SLSP)



- Decline in **retail NIM** continues as loose monetary policy of ECB and stiff competition create significant pressure on the retail margins
- Growing volumes can compensate for the decline in NIM to a limited extend

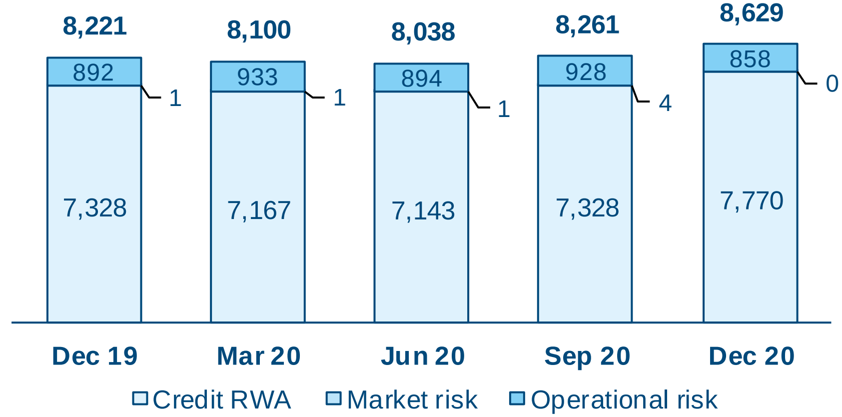
Capital Position of SLSP –
Capital adequacy well above minimum requirements

Basel 3 capital (phased-in, EUR m)

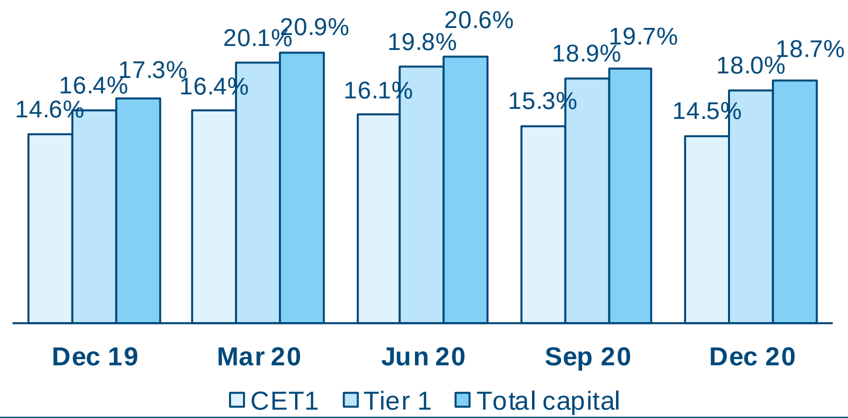


- SLSP's capital position has been strong and well above minimum requirements
- Issuance of Additional Tier 1 capital (EUR 150m) helped significantly, increasing capital adequacy towards 20%

Risk-weighted assets (phased-in, EUR m)



Basel 3 capital ratios (phased-in, EUR m)



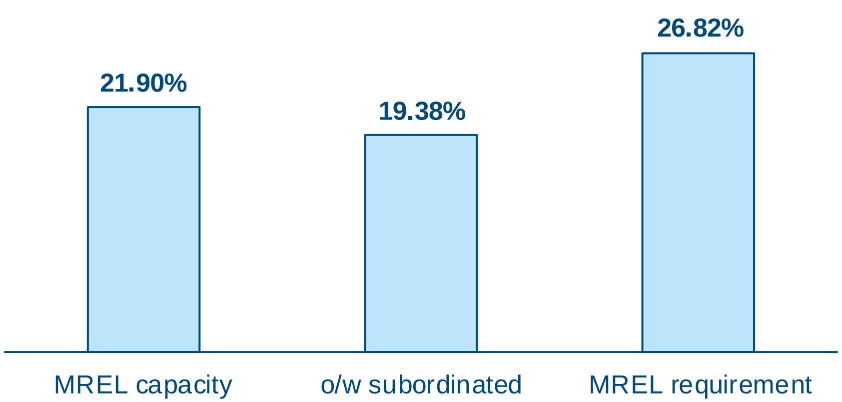
Presentation Topics

MREL Requirement | MPE Approach

Slovak Resolution Group

- Major entities within the Slovak resolution group:
  - Slovenská sporiteľňa, a.s.
  - LANED a.s.
  - S Slovensko, spol. s r.o.

MREL under BRRD 1 as of YE 2020



Key Take-aways

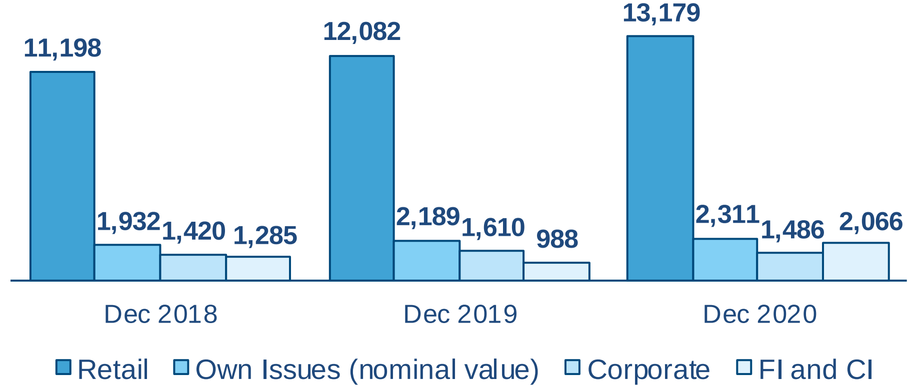
- In April 2020, Slovenská sporiteľňa (SLSP) received its MREL requirement calibrated on balance sheet data as of 31 December 2017 and based on BRRD1.
- SLSP, as the Point of Entry of the Slovak resolution group, must comply with an MREL requirement of 12.03% of TLOF and a subordination requirement of 7.52% of TLOF on 31/12/2023, which equals RWAs of 26.82% and 18.97% for the subordination requirement based on BRRD1.
- Based on the Slovak resolution group's RWAs as of December 2020 of approx. EUR 8.63bn, the current MREL ratio stands at 21.90%, thereof 19.38% being subordinated eligible liabilities.
- A new MREL requirement based on SRB's 2020 MREL policy and BRRD2 is expected in H1 2021. SLSP will no longer be subject to a subordination requirement according to draft joint decision on MREL determination.
- SLSP's current funding plan already reflects the expected draft joint decision on MREL determination. Any potential changes in the MREL requirement will be reflected in SLSP's funding plan to ensure regulatory compliance.

Funding

Long Term Funding 2021 | International Presence

- Covered Bonds – sub-benchmark or benchmark (green) transaction
- Senior Preferred – PP (club deal) or sub-benchmark (green) transaction
- Average yearly MREL issuance of EUR 100 - 300m

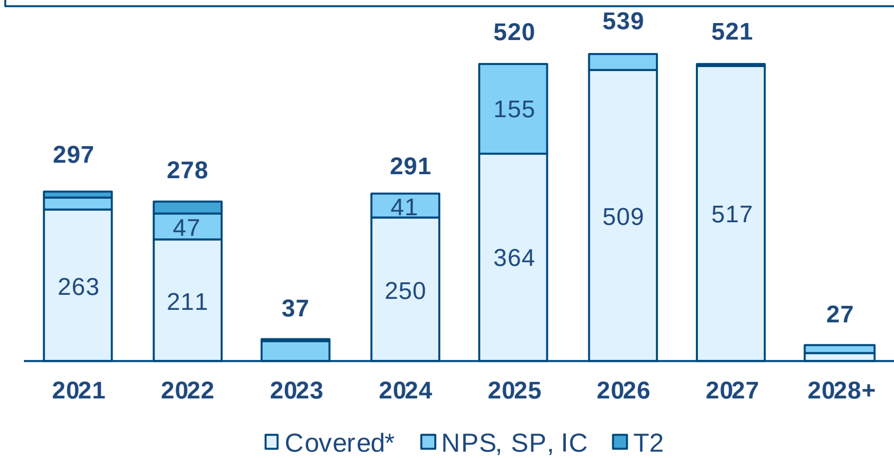
SLSP Funding Mix (2018 – 2020, EUR m)



Programmes Summary

- Documentation:
  - Group's Multi Issuer Programme
  - Debt Issuance Programme
- Covered, Senior Preferred, Non-Preferred Senior and Tier 2 (AT1 stand-alone)
- Governing Law: Slovak | Austrian | German
- Listing: Bratislava Stock Exchange | Vienna Stock Exchange

Maturity Profile as of 31.12.2020 (EUR m)



* Including retained covered bonds

Presentation Topics

1. Erste Group | SLSP at Glance
2. Slovak Republic
3. Slovak Banking Market
4. Slovenská sporiteľňa
5. Funding | MREL Requirements
6. **Additional Information**

Additional Information –
Balance Sheet

in m EUR	12/2019	12/2020	YTD
Cash and cash balances	501.4	**1,717.5**	1,216.0
Derivatives	41.4	**60.0**	18.6
Equity instruments	105.7	**7.5**	-98.2
Debt securities	3,539.6	**3,687.4**	147.8
Loans and advances to banks	0.1	**0.0**	0.0
Loans and advances to customers	13,792.7	**14,579.1**	786.5
Finance lease receivables	213.2	**241.0**	27.8
Hedge accounting derivatives	23.0	**34.3**	11.3
Trade and other receivables	107.1	**81.8**	-25.4
Total assets	**18,619.0**	**20,706.3**	**2,087.3**

in m EUR	12/2019	12/2020	YTD
Derivatives	40.0	**56.5**	16.5
Deposits from banks	263.3	**1,710.3**	1,447.0
Deposits from customers	14,392.4	**14,869.0**	476.6
Debt securities issued	2,071.0	**2,051.7**	-19.2
Hedge accounting derivatives	48.0	**48.4**	0.3
Total equity	1,619.9	**1,790.4**	170.5
Total liabilities and equity	**18,619.0**	**20,706.3**	**2,087.3**

Additional Information – Income Statement

in m EUR	1-12/2019	1-12/2020	Y-o-Y
Net interest income	430.7	**433.6**	2.9
Net fee and commission income	145.2	**147.1**	2.0
Dividend income	1.0	**0.6**	-0.3
Net trading result	20.7	**12.2**	-8.5
Gains/losses from financial instruments measured at FVTPL	-3.7	**-2.9**	0.8
Net result from equity method investments	1.8	**0.8**	-1.0
leases	1.2	**0.3**	-0.9
Operating expenses	-288.5	**-287.1**	1.4
Net impairment loss on financial instruments	-42.7	**-107.9**	-65.3
Other operating result	-38.7	**-49.3**	-10.6
thereof: Levies on banking activities	-35.6	**-37.8**	-2.2
Pre-tax profit from continuing operations	**226.5**	**147.5**	**-79.0**
Taxes on income	-46.6	**-39.5**	7.0
Net profit of the year	**180.0**	**108.0**	**-72.0**
Operating income	596.8	**591.8**	-5.0
Operating expense	-288.5	**-287.1**	1.4
Operating result	**308.3**	**304.7**	**-3.5**

Our response to Coronavirus –
SLSP is there for its employees, clients and communities

Employees

- Slightly more than 80% of non-branch employees worked from home during the peak; currently, recommendation for the headquarters states that only essential processes should be performed from the offices
- Online education offered to all employees
- Unique non-stop Helpline for the bank's employees who find themselves in difficult situation
- Vitamin packages, active protective equipment and active UV sterilization of branches

Retail costumers

- All branches open, usual business hours apply; almost all branches were open for 4 hour per day even at the peak in spring
- Fully digital easy-to-use application process for the loan payments moratorium in George; in case a client is not able to resume paying his/her instalments, individual approach allows clients to reduce the payments to ¼ for as long as 6 months
- Loyalty scheme benefits guaranteed for 6 months for nearly 500 ths. clients (e.g. CA fee discount, IR bonus)
- Many clients were proactively contacted to ensure their financial needs are satisfied
- All relevant information about current situation and recent changes can be found at SLSP's special webpages
- Branch advisors use unique application "Instant transcript" which helps clients with hearing loss as masks prevents lip reading

Corporate customers

- Bank is offering a possibility to defer instalments, to extend lines of credit or to obtain new financing
- All the processes available online without any need to visit the bank
- Active communication with the corporate clients to identify potential problems before they materialize
- Special offer for new clients – business account, POS terminal and payment gateway for 12 months for free

Communities

- EUR 1mn donated by SLSP Foundation and the bank to the Central Emergency Committee (half of the sum was used for significant increase of PCR testing capacity)
- Webinars produced by SLSP on economic topics and recent development for a broad audience
- Some of the Call centre employees temporarily help at state operated helpline
- Some of the bank's employees volunteered in their free time to help the most vulnerable people in the society

Political reaction – Moratorium

Main characteristics

- Statutory
- Opt-in principle – everybody can apply and no proof of distress is needed, then all applications must be approved in case all the formal requirements are met
- Contractual interest on principal is still being charged during the deferral (to be paid after the moratorium)
- Insurance or other similar payments are not postponed
- Only one postponement per loan contract possible

Target groups

- Retail – housing and consumer loans; credit cards and overdrafts are excluded
- Micros
- SMEs (<250 employees, turnover < 50m or balance sheet < 43m)

Period

- Up to 9 months for banking loans
- Up to 3 months with further 3 months extension for leasing and non-banking loans

Impact

- After peak in number of applications during the first weeks of the moratorium, inflow of applications eased visibly
- Participation rates in SLSP as of December 2020 (based on volume of loans to customers)
  - Retail: 9% (down from 12% in Q3 2020)
  - Corporate: 5% (down from 19% in Q3 2020)
- Market, in aggregate, has shown similar participation rate
- Based on the central bank survey, about 5% of all the participated households indicated that they would not be able to resume the repayments; this would mean retail NPL rate increasing by around 0.7% after the moratorium ends

Political reaction –
Guaranteed and subsidised loans

	Initial smaller scheme (available since April 2020)	Large scheme (available since July 2020)
Total volume	EUR 91m	EUR 2.1bn
Source of financing	EU	EU & SK government
Institutions giving the guarantee	Slovak Investment Holding (SIH)	SIH (loans up to EUR 2m) and Eximbanka (loans from EUR 2m to EUR 20m) certain volume limits based on turnover and total personnel costs
Guarantee rate	80% on individual loan; 50% on portfolio	90% in case of loans up to EUR 2m, 80% otherwise
Interest rate	Usual interest rate with up to 4pp subsidy*	Maximum of 3.9% for micros, 1.9% for SME and Large corporates
Fee	No fee	Fees based on contractual terms; subsidy of 100%*
Period	Up to 4 years (incl. 1 year postponement of repayments)	Up to 6 years (incl. 1 year postponement of repayments)
Can be used for refinancing?	No	No
Collateral required	No	Usual collateral conditions apply
Utilization	As of December 2020, more than EUR 700m of loans were provided through all the schemes	

* Subsidy is provided in case of keeping employment within 12 months.
Small (EUR 25m) special round of equity financing was prepared for innovative SMEs in September; convertible loans of up to EUR 800ths and maturity of 18 to 36 months are intermediated by SIH, financed by EU and SK government.

Political reaction –
Other main measures

Bankruptcies

- Freeze on bankruptcies/executions for private individuals until December 1 (opt-in principle with individual evaluation)
- Auctions of collateral of insolvent debtors were halted till the end of May
- Tenants affected by the crisis cannot be evicted until December 31, 2020 on the basis of missed rent payments during Apr-Jun 2020; in addition, the rent can be subsidised up to 50% by the government (not exclusive to the cases in the first sentence)

Direct contributions to businesses to protect employment

- Kurzarbeit – employers (incl. self-employed) can get a wage subsidy of 80% of gross wage, up to EUR 1,100* (given they keep the employees on their payrolls)
- Direct payments to businesses with drop in sales of more than 20% while maximum payment is EUR 810 in case of >80% drop (initially EUR 540); self-employed person get a lump sum payments of EUR 315 in case he/she had no other income but did not want to cancel his/her licence

Labour code amendments

- Employer can demand work from home
- Extension of unemployment benefits by 1 month from previous 6 months

Social insurance, taxes and other levies

- Benefits for care-taking parents paid by the government (55% of gross wage), measure is linked to state of emergency
- Postponement of payments of social contributions (until December) and income tax pre-payments (will be settled with full year 2020 payment) if the sales of a firm fall by more than 40%
- Income tax payments for 2019 could be postponed until October 31, 2020; payment schedule/3 months postponement possible for income tax payments for 2020
- Companies that were forced to close or to cease production due to COVID-19 did not have to pay levies for April 2020
- Prior tax losses (since 2014) could be tax-deductible

Limit for contactless payments

- In line with EBA guideline, limit for entering PIN for contactless card payments rose from EUR 20 to EUR 50

Regulatory & monetary reaction –
Dividends, capital, quantitative easing

Capital requirements

- ECB's temporary capital relief applicable*
- NBS announced reduction of countercyclical capital buffer from 1.5% to 1.00% (as of August 2020) and admitted further relaxation if necessary

Dividend restriction

- NBS recommends to refrain from dividend payments until September 2021

DTI, DSTI, LTV

- No relaxation of macroprudential measures announced

Central bank

- No response in a form of key rate cut as ECB cut its key rate to zero in 2015 and has maintained it since then

Quantitative easing

- ECB has massively increased its original asset purchase program of EUR 20bn per month by another EUR 1,470bn by year end 2020 (12.3% of euro zone GDP)

Collateral easing

- ECB adopted a package of temporary collateral easing measures which among others include a permanent collateral haircut reduction of 20 percent, an expansion of the use of credit claims as collateral or an increase in the maximum share of unsecured debt instruments (from 2% to 10%)

* The ECB will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G), the capital conservation buffer (CCB) and the liquidity coverage ratio (LCR).

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