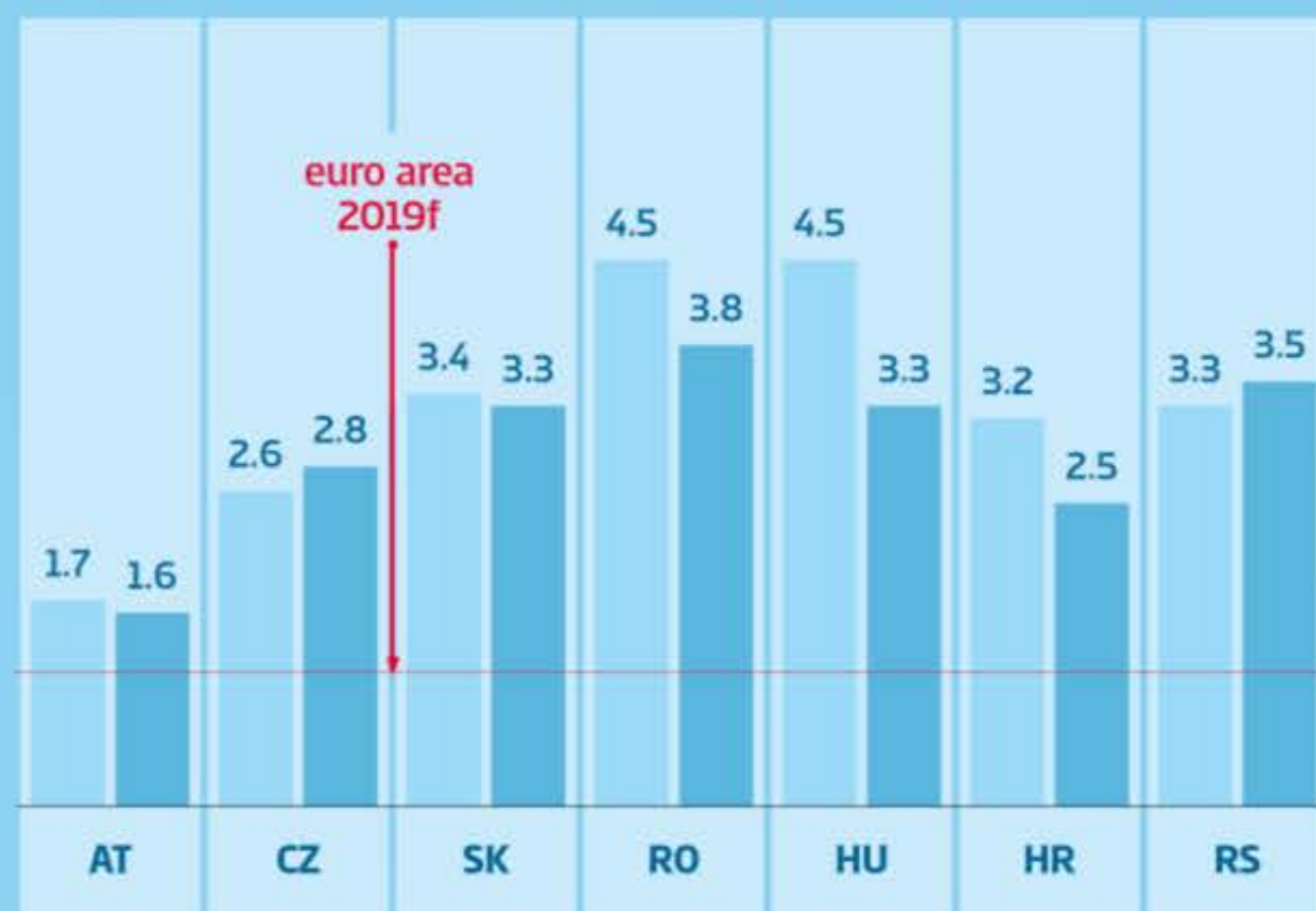


# Business environment

## Growth in CEE to remain clearly above euro area average

### Real GDP growth (in %)



○ 2019f ● 2020f

Source: Erste Group Research

### Unemployment rate (avg, in %)



○ 2019f ● 2020f

Source: Erste Group Research

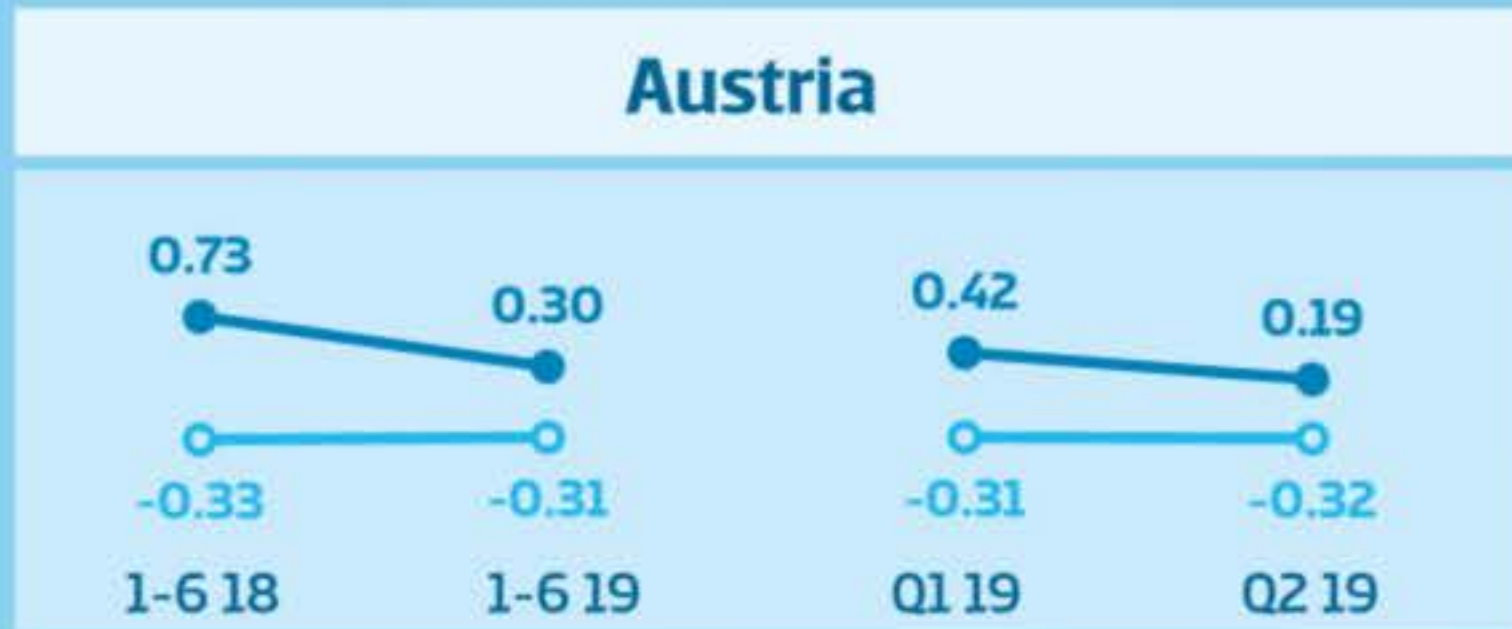


### Summary

- Erste Group's core CEE markets expected to grow by ca. 3-4% in 2019, well above euro area average
- Domestic demand is expected to remain the main driver of economic growth

# Interest rate environment

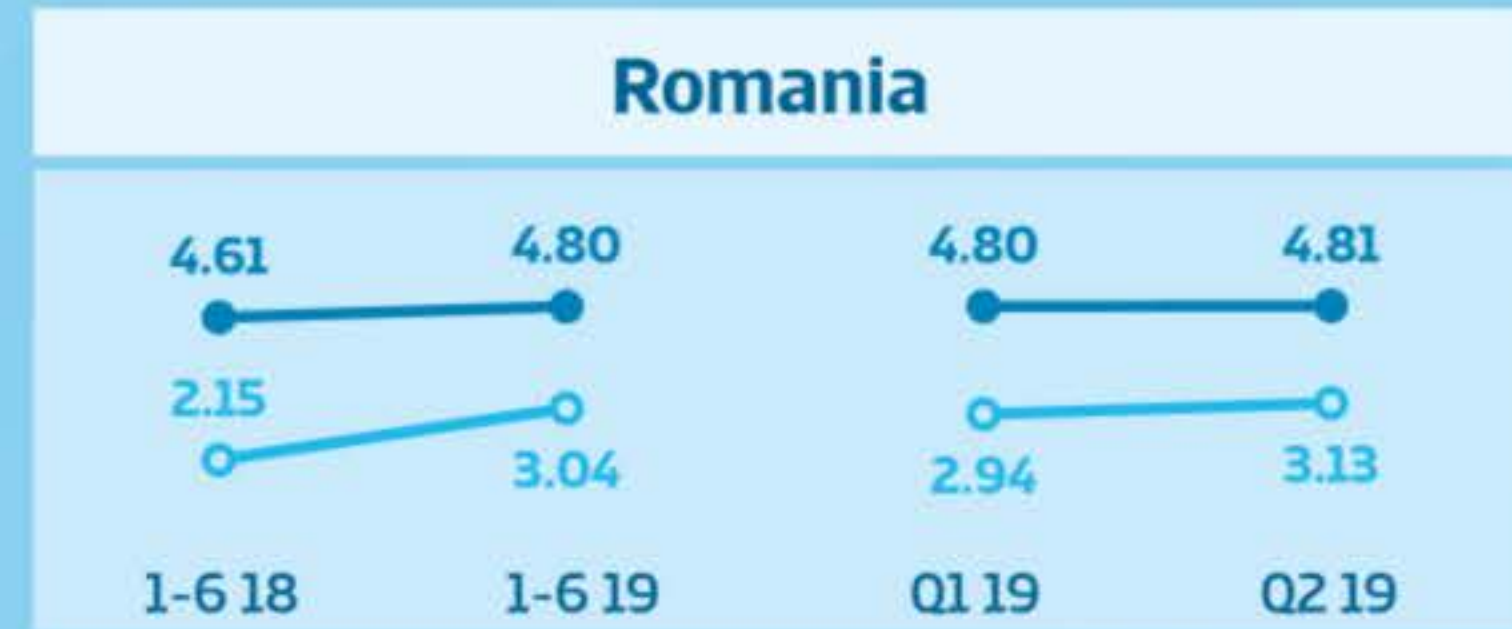
## Interest rate environment remains challenging, despite hikes in some markets



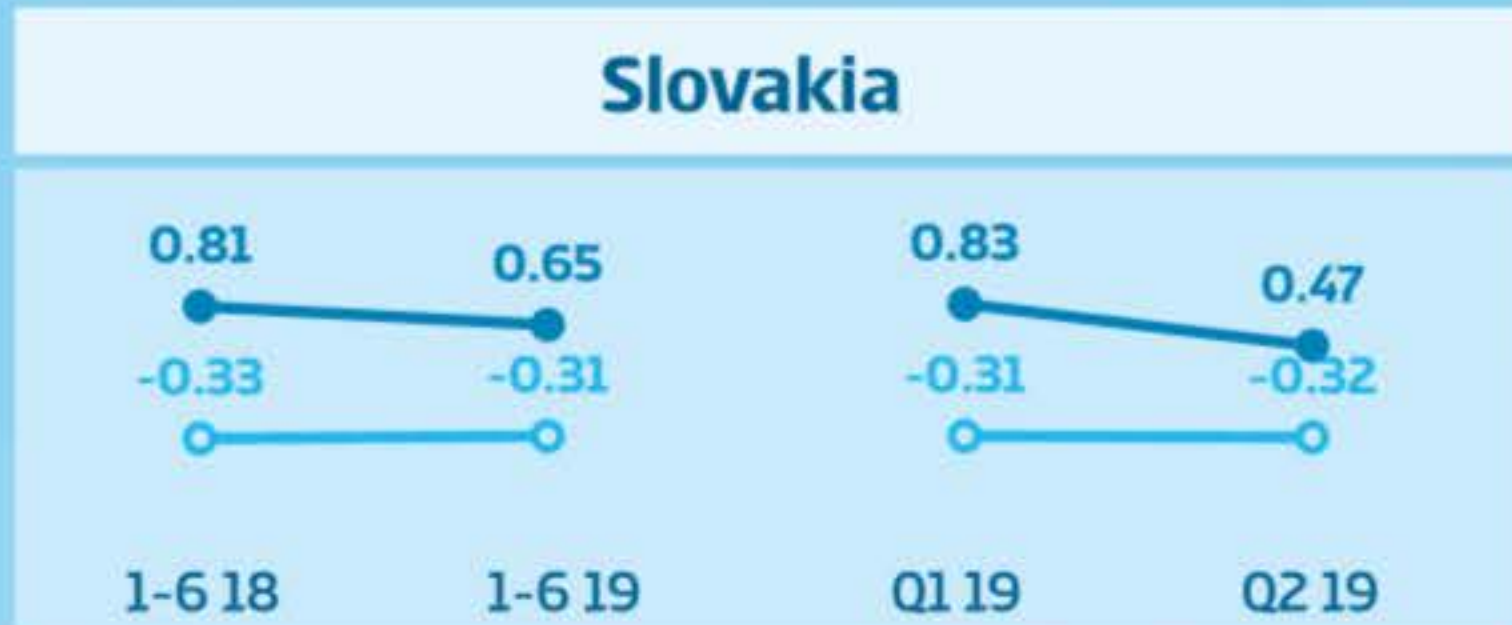
- ECB cut discount rate to zero in March 2016
- Maintains expansionary monetary policy stance, despite tapering announcement



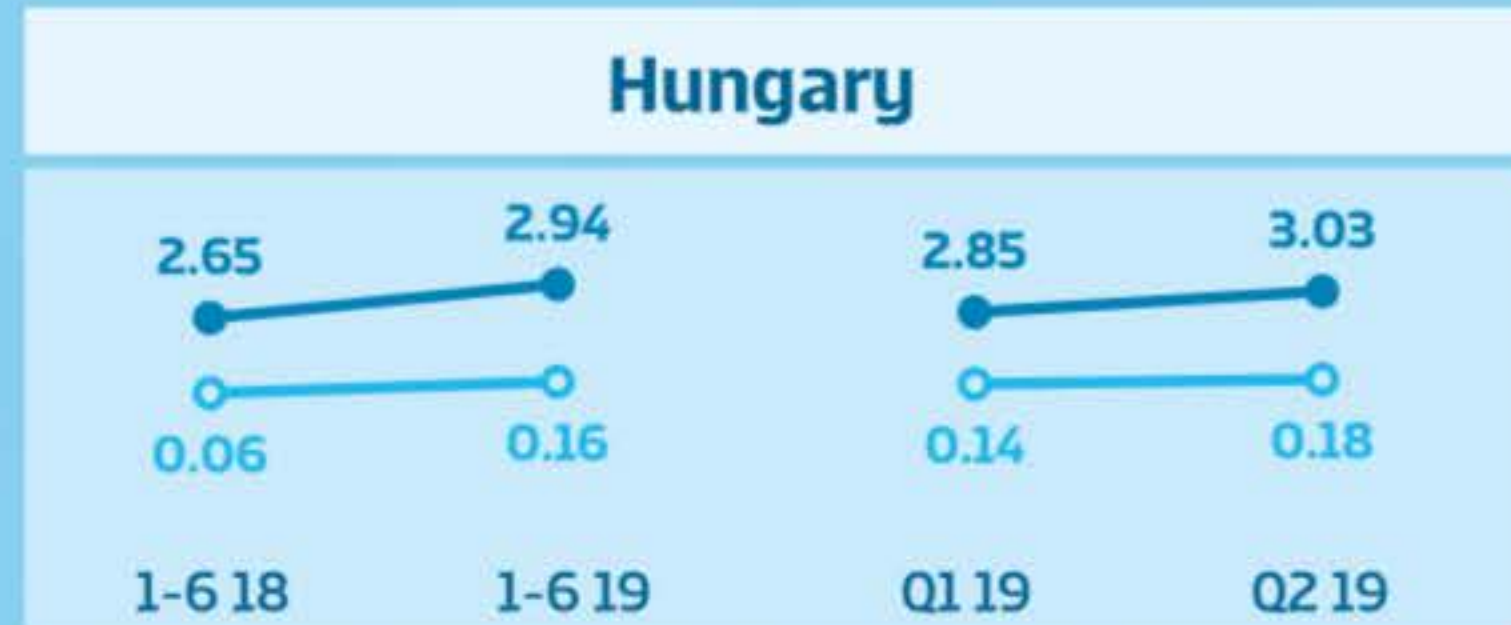
- National bank has increased its benchmark rate in eight steps from historic low of 0.05% to 2.00% since August 2017



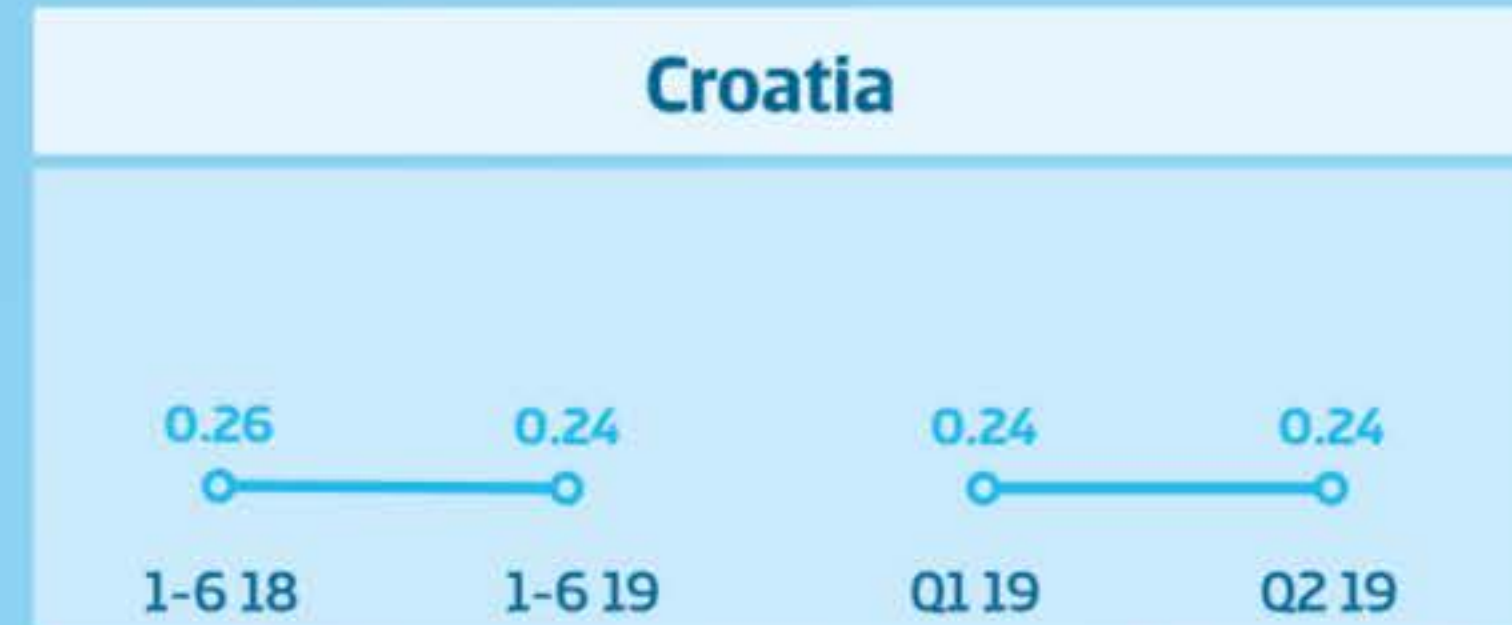
- Central bank increases policy rate from historic low of 1.75% to 2.50% in January, February and May 2018



- As part of euro area, ECB rates are applicable in SK



- National bank cut the benchmark interest rate to record low of 0.9% in May 2016



- Central bank has maintained discount rate at 3.0% since 2015

○ 3M INTERBANK (%) ● 10YR GOV (%) Source: Bloomberg, Reuters