TATRA BANKA
Member of RBI Group

Interim separate financial statements for the 3 months ended 31 March 2024 prepared in accordance with International Financial Reporting Standard IAS 34 as adopted by the European Union

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Separate statement of profit and loss and other comprehensive income for the 3 months ended 31 March 2024
prepared in accordance with International Financial Reporting Standard IAS 34, as adopted by the European Union (in thousands of EUR)

	Note	*31.3.2024*	*31.3.2023*
Interest income calculated using the effective interest rate		204 671	138 777
Other interest income		191	287
Interest expense		(93 869)	(52 655)
Net interest income	**(1)**	**110 993**	**86 409**
Dividend income		-	-
Net interest income and dividend income	**(1)**	**110 993**	**86 409**
Fee and commission income		53 921	47 845
Fee and commission expense		(16 497)	(14 180)
Net fee and commission income	**(2)**	**37 424**	**33 665**
Net profit/(loss) from financial instruments measured at fair value through profit or loss	(3)	11 007	9 221
Other operating profit/(loss)	(4)	666	674
General administrative expenses	(5)	(69 415)	(61 325)
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(6)	(3 508)	(7 984)
Net modification profit/(loss)	(7)	-	-
(Creation)/release of provisions	(8)	(403)	(83)
Impairment allowances for financial assets and provisions for commitments and guarantees provided	(9)	3 091	(15 484)
Impairment allowances for non-financial assets	(10)	4	55
Profit before special levy on regulated entities and before income tax		**89 859**	**45 972**
Special levy on regulated entities	(11)	(20 529)	-
Profit before income tax		**69 330**	**45 972**
Income tax	(12)	(15 112)	(10 022)
Profit after tax		**54 218**	**35 950**
Other comprehensive income after income tax:			
Items that can be reclassified to profit or loss			
Debt instruments measured at fair value through other comprehensive income		(438)	2 771
Income tax related to items that can be reclassified to profit or loss		91	(603)
Items that can be reclassified to profit or loss		**(347)**	**2 168**
Items that will not be reclassified to profit or loss			
Equity instruments measured at fair value through other comprehensive income		-	-
Income tax related to items that will not be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		**-**	**-**
Other comprehensive income after income tax		**(347)**	**2 168**
Comprehensive income after tax		**53 871**	**38 118**
Basic and diluted earnings per ordinary share (face value EUR 800) in EUR	**(13)**	**671**	**475**
Basic and diluted earnings per ordinary share (face value EUR 4 000) in EUR	**(13)**	**3 355**	**2 375**
Basic and diluted earnings per preference share (face value EUR 4) in EUR	**(13)**	**3.4**	**2,4**

Separate statement of financial position for the 3 months ended 31 March 2024
prepared in accordance with International Financial Reporting Standard IAS 34,
as adopted by the European Union (in thousands of EUR)

	Note	31.3.2024	31.12.2023
Assets			
Cash and other demand deposits	(14)	246 352	248 293
Cash balances at central banks	(14)	1 012 663	3 954 534
Financial assets held for trading	(15)	42 430	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	(16)	16 476	15 449
Financial assets measured at fair value through other comprehensive income	(17)	102 904	103 690
Financial assets measured at amortised cost	(18)	18 052 544	17 412 830
Receivables from hedging derivatives	(19)	46 636	48 344
Investments in subsidiaries and associates	(20)	58 942	58 942
Non-current tangible assets and right-of-use assets	(21)	86 737	89 652
Non-current intangible assets	(21)	49 491	50 557
Deferred tax asset	(22)	37 701	41 362
Other assets	(23)	26 733	20 530
Total assets		**19 779 609**	**22 073 165**
Equity and liabilities			
Financial liabilities held for trading	(24)	30 857	22 458
Financial liabilities measured at amortised cost	(25)	18 005 588	20 174 751
Liabilities from hedging derivatives	(26)	188 558	196 582
Provisions	(27)	49 989	59 064
Current tax liability	(28)	17 632	13 741
Other liabilities	(29)	47 549	53 375
Total liabilities		**18 340 173**	**20 519 971**
Equity (excluding current year profit)	(30)	1 385 218	1 315 907
Profit after tax		54 218	237 287
Total equity		**1 439 436**	**1 553 194**
Total equity and liabilities		**19 779 609**	**22 073 165**

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Separate statement of changes in equity for the 3 months ended 31 March 2024
prepared in accordance with International Financial Reporting Standard IAS 34,
as adopted by the European Union (in thousands of EUR)

	Share capital	Share capital – treasury shares	Share premium	Share premium – treasury shares	Reserve and other funds	Fair value reserve for financial instruments at fair value through other comprehensive income	Retained earnings	AT1 capital*	Profit after tax	Total
Equity as at 1 January 2024	**64 326**	**(64)**	**298 654**	**(1 135)**	**14 446**	**(3 473)**	**843 153**	**100 000**	**237 287**	**1 553 194**
Total profit after tax										
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**54 218**	**54 218**
Other comprehensive income										
Debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	(347)	-	-	-	**(347)**
Equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	**-**
Other comprehensive income net of income tax	**-**	**-**	**-**	**-**	**-**	**(347)**	**-**	**-**	**-**	**(347)**
Total profit after tax	**-**	**-**	**-**	**-**	**-**	**(347)**	**-**	**-**	**54 218**	**53 871**
Transactions with owners recognised directly in equity										
Contributions and distributions										
Distribution of profit, of which:	-	-	-	-	-	-	71 068	-	(237 287)	**(166 219)**
transfer to retained earnings	-	-	-	-	-	-	*226 435*	-	*(226 435)*	**-**
dividend paid – ordinary shares	-	-	-	-	-	-	*(135 844)*	-	-	**(135 844)**
dividend paid – preference shares	-	-	-	-	-	-	*(19 523)*	-	-	**(19 523)**
*AT1 revenue payment***	-	-	-	-	-	-	-	-	*(10 852)*	**(10 852)**
Sale of treasury shares	-	-	-	-	-	-	-	-	-	**-**
Profit from the sale of ordinary and preference shares	-	-	-	-	-	-	-	-	-	**-**
Repurchase of preference shares	-	(75)	-	(1 335)	-	-	-	-	-	**(1 410)**
Total transactions with owners	**-**	**(75)**	**-**	**(1 335)**	**-**	**-**	**71 068**	**-**	**(237 287)**	**(167 629)**
Equity as at 31 March 2024	**64 326**	**(139)**	**298 654**	**(2 470)**	**14 446**	**(3 820)**	**914 221**	**100 000**	**54 218**	**1 439 436**

** For more information on AT1 capital, see Note 30 “Equity”.*
*** Payment of proceeds from AT1 Investment Certificate (Distribution of the Bank’s profit for 2023 and payment of dividends).*

TATRA BANKA
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Separate Statement of Changes in Equity for the Year Ended 31 December 2023

Prepared in Accordance with International Financial Reporting Standards
as Adopted by the European Union (in thousands of EUR)

	Share capital	***Share capital – treasury shares***	***Share premium***	***Share premium – treasury shares***	***Reserve and other funds***	***Fair value reserve for financial instruments at fair value through other comprehensive income***	***Retained earnings***	***AT1 capital****	***Profit after tax***	***Total***
Equity as at 31 December 2022	**64 326**	**(136)**	**298 447**	**(2 271)**	**14 446**	**(8 877)**	**755 412**	**100 000**	**193 839**	**1 415 186**
Effect of the implementation of amendments to IAS 12**	-	-	-	-	-	**-**	175	-	-	**175**
Equity as at 1 January 2023	**64 326**	**(136)**	**298 447**	**(2 271)**	**14 446**	**(8 877)**	**755 587**	**100 000**	**193 839**	**1 415 361**
Total profit after tax										
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**237 287**	**237 287**
Other comprehensive income										
Debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	5 391	-	-	-	**5 391**
Equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	13	-	-	-	**13**
Other comprehensive income net of income tax	**-**	**-**	**-**	**-**	**-**	**5 404**	**-**	**-**	**-**	**5 404**
Total profit after tax	**-**	**-**	**-**	**-**	**-**	**5 404**	**-**	**-**	**237 287**	**242 691**
Transactions with owners recognised directly in equity										
Contributions and distributions										
Distribution of profit, of which:	-	-	-	-	-	-	**87 566**	-	(193 839)	**(106 273)**
transfer to retained earnings	-	-	-	-	-	-	*186 372*	-	*(186 372)*	**-**
dividend paid – ordinary shares	-	-	-	-	-	-	*(87 584)*	-	-	***(87 584)***
dividend paid – preference shares	-	-	-	-	-	-	*(11 222)*	-	-	***(11 222)***
AT1 revenue payment	-	-	-	-	-	-	-	-	*(7 467)*	***(7 467)***
Sale of treasury shares	-	445	-	7 732	-	-	-	-	-	**8 177**
Profit from the sale of ordinary and preference shares	-	-	207	-	-	-	-	-	-	**207**
Repurchase of preference shares	-	(373)	-	(6 596)	-	-	-	-	-	**(6 969)**
Total transactions with owners	**-**	**72**	**207**	**1 136**	**-**	**-**	**87 566**	**-**	**(193 839)**	**(104 858)**
Equity as at 31 December 2023	**64 326**	**(64)**	**298 654**	**(1 135)**	**14 446**	**(3 473)**	**843 153**	**100 000**	**237 287**	**1 553 194**

* *For more information on AT1 capital, see Note 30 "Equity".*
*** II. PRINCIPAL ACCOUNTING POLICIES (t) Taxation and deferred tax.*

Separate cash flow statement for the 3 months ended 31 March 2024
prepared in accordance with International Financial Reporting Standard IAS 34, as adopted by the European Union (in thousands of EUR)

	Note	31.3.2024	31.3.2023
Cash flows from operating activities			
Profit before tax		**89 859**	**45 972**
Adjustments for non-cash transactions:		***(113 209)***	***(69 188)***
Interest expense	(1)	93 869	52 655
Interest income	(1)	(204 862)	(139 064)
Dividend income	(1)	-	-
Impairment allowances, provisions for losses and other provisions, net	(8-10)	(12 815)	5 227
(Profit)/loss from the sale and other disposal of non-current assets	(4)	3 139	5 270
Unrealised (profit)/loss from financial derivatives and securities held for trading	(3)	2	2 004
Unrealised (profit)/loss from non-trading financial assets mandatorily measured at fair value through profit or loss	(3)	(905)	(463)
Net profit/(loss) from financial instruments held for trading – fair value remeasurement – for fair value hedging	(3)	(239)	171
Net (profit)/loss from the sale of securities measured at fair value through other comprehensive income	(4)	-	-
Net (profit)/loss from the sale of securities at amortised cost	(4)	-	-
Depreciation and amortisation	(5)	8 463	7 932
(Profit)/loss from foreign exchange and other transactions with cash and cash equivalents	(3)	139	(2 920)
Cash flows from operating activities before changes in working capital, interest received and paid, and income tax paid		***(23 350)***	***(23 216)***
(Increase)/decrease in operating assets:			
Obligatory reserve with the National Bank of Slovakia	(14)	2 941 871	41 079
Loans and advances to banks and customers	(18)	(150 223)	(40 553)
Financial assets held for trading	(15)	(13 300)	(14 347)
Non-trading financial assets mandatorily measured at fair value through profit or loss	(16)	-	-
Other assets	(23)	(6 199)	3 356
Increase/(decrease) in operating liabilities:			
Deposits from customers and current bank accounts	(25)	(61 989)	(346 967)
Financial liabilities held for trading	(24)	8 250	2 354
Other liabilities	(29)	166 290	111 932
Cash (used in)/earned from operating activities before interest paid and received and income tax paid		***2 861 350***	***(266 362)***
Interest paid	(1)	(151 930)	(10 582)
Interest received (except for debt securities at amortised cost)	(1)	176 978	130 614
Income tax paid	(12)	(27 998)	(11 147)
Cash flows from operating activities, net		**2 858 400**	**(157 477)**
Cash flows from investment activities			
Purchase of debt securities at amortised cost	(18)	(511 923)	(250 880)
Increase in cash flows from debt securities at amortised cost	(18)	12 201	80 000
Purchase of debt securities measured at fair value through other comprehensive income	(17)	-	-
Increase in cash flows from debt securities measured at fair value through other comprehensive income	(17)	-	37 350
Interest received from debt securities at amortised cost	(1)	22 369	8 107
Proceeds from the sale or disposal of non-current tangible and intangible assets	(21)	1	77
Purchase of non-current tangible and intangible assets	(21)	(7 622)	(8 400)
Increase in investments in subsidiaries and associates	(20)	-	(247)
Sale of a subsidiary	(20)	-	-
Dividends received	(1)	-	-
Cash flows from investment activities, net		**(484 974)**	**(133 993)**

Separate cash flow statement for the 3 months ended 31 March 2024
prepared in accordance with International Financial Reporting Standard IAS 34,
as adopted by the European Union (in thousands of EUR)

	Note	31.3.2024	31.3.2023
Cash flows from financing activities			
(Repurchase) of preference shares	(30)	(1 411)	(744)
Sale of preference shares	(30)	-	-
Loans received	(25)	24 327	64 198
Loans paid	(25)	(2 200 000)	(440 000)
Subordinated debt	(25)	(31)	131
Received debt security liabilities	(25)	-	796 756
Repayment of debt security liabilities	(25)	(28 000)	(59 617)
Repayment of lease liabilities	(25)	(3 541)	(3 894)
Dividends paid	(30)	(166 218)	(106 548)
Cash flows from financing activities, net		**(2 374 874)**	**250 282**
Effects of exchange rate changes on cash and cash equivalents and other effects	(14)	(494)	3
Change in cash and cash equivalents		**(1 941)**	**(41 186)**
Cash and cash equivalents, beginning of the year*	(14)	248 293	224 292
Cash and cash equivalents, end of the reporting period*	(14)	**246 352**	**183 106**

** Cash and cash equivalents include bank overdrafts payable on demand (nostro accounts)*

as adopted by the European Union (in thousands of EUR)

I. GENERAL INFORMATION

Scope of activities

Tatra banka, a.s., Bratislava (the "Bank") is a joint stock company with its registered office at Hodžovo námestie 3, Bratislava, Slovak Republic. The Bank was established on 17 September 1990 in the Slovak Republic and incorporated with the Business Register on 1 November 1990. The Bank has a general banking licence issued by the National Bank of Slovakia (the "NBS"). The identification number of the Bank is 00 686 930; the tax identification number is 202 040 8522.

The Bank is a universal bank offering a wide range of banking and financial services. Its core activities include receipt of deposits, provision of loans, domestic and cross-border money transfers, provision of investment services and investment activities. The valid list of all of the Bank's activities is stated in the Business Register.

The Bank's shareholders as a percentage of voting rights:

	31 March 2024	*31 December 2023*
Raiffeisen CEE Region Holding GmbH, Vienna	89.11%	89.11%
Other	10.89%	10.89%
Total	**100.00%**	**100.00%**

The Bank's shareholders as a percentage of subscribed share capital:

	31 March 2024	*31 December 2023*
Raiffeisen CEE Region Holding GmbH, Vienna	78.78%	78.78%
Other	21.22%	21.22%
Total	**100.00%**	**100.00%**

The Bank's shareholders as absolute shares of subscribed share capital:

	31 March 2024	*31 December 2023*
Raiffeisen CEE Region Holding GmbH, Vienna	50 678	50 678
Other	13 648	13 648
Total	**64 326**	**64 326**

The Bank performs its activities in the Slovak Republic through its 76 branches, corporate centres and corporate centre sub-agencies and 55 branches of the Organisational Unit of Raiffeisen Bank.

The Bank's ordinary shares are publicly traded on the Bratislava Stock Exchange.

The members of the statutory and supervisory bodies of the Bank as at 31 March 2024:

Supervisory Board

Chairman:	Andrii STEPANENKO
Vice-chairman:	Johann STROBL
Members:	Peter LENNKH Peter GOLHA Tomáš BOREC Iveta MEDVEĎOVÁ Iveta UHRINOVÁ Hannes MÖSENBACHER Andreas GSCHWENTER

Board of Directors

Chairman:	Michal LIDAY
Members:	Zuzana KOŠTIALOVÁ Peter MATÚŠ Natália MAJOR Bernhard HENHAPPEL Oliver PICHLER Martin KUBÍK

Changes in the Bank’s Supervisory Board in 2024:

There were no changes in the structure of the Bank's Supervisory Board during 2024.

Changes in the Bank’s Board of Directors in 2024:

There were no changes in the structure of the Board of Directors during 2024.

Business name of the ultimate parent company:
Raiffeisen Bank International AG, Vienna, Austria

Business name of the ultimate parent company preparing the consolidated financial statements:
Raiffeisen Bank International AG, Vienna, Austria

Business name of the immediate parent company:
Raiffeisen CEE Region Holding GmbH, Vienna

The Raiffeisen Bank International AG Group (the “RBI Group”) represents the parent company, Raiffeisen Bank International, and its subsidiaries and associates owned directly or indirectly through its subsidiaries.

Raiffeisen Bank International AG prepares consolidated financial statements. The consolidated financial statements of the RBI Group are deposited with the register court, Handelsgericht Wien, at Marxergasse 1a, 1030 Vienna, Austria. The shares of Raiffeisen Bank International AG are listed on the Vienna Stock Exchange.

as adopted by the European Union (in thousands of EUR)

Business names of the Bank's subsidiary entities as at 31 March 2024

	Seat	***Type of ownership interest***	***% of ownership***
Tatra Asset Management, správ. spol., a. s.	Bratislava	direct	100%
Doplnková dôchodková spoločnosť Tatra banky, a. s.	Bratislava	direct	100%
Tatra-Leasing, s.r.o.	Bratislava	direct	100%
Eurolease RE Leasing, s.r.o.	Bratislava	indirect	100%
Rent PO, s.r.o.	Bratislava	indirect	100%
Tatra Leasing Broker, s.r.o.	Bratislava	indirect	100%

The percentage of voting rights in each company is the same as the percentage of an ownership share.

Business names of the Bank's subsidiary entities as at 31 December 2023

	Seat	***Type of ownership interest***	***% of ownership***
Tatra Asset Management, správ. spol., a. s.	Bratislava	direct	100%
Doplnková dôchodková spoločnosť Tatra banky, a. s.	Bratislava	direct	100%
Tatra-Leasing, s.r.o.	Bratislava	direct	100%
Eurolease RE Leasing, s.r.o.	Bratislava	indirect	100%
Rent PO, s.r.o.	Bratislava	indirect	100%
Tatra Leasing Broker, s.r.o.	Bratislava	indirect	100%

Changes in the Bank's group

During 2024 there were no changes in the structure of the Bank's group.

Distribution of the Bank's profit for 2023 and payment of dividends

Dividends – ordinary shares	137 348
Dividends – preference shares	18 019
Payment of proceeds from AT1 Investment Certificate *	10 852
Contribution to retained earnings of previous years	71 068
Total	**237 287**

**Proceeds from AT1 Investment Certificate will be paid in accordance with the issue conditions of the instrument.*

A dividend per ordinary share with a face value of EUR 800 amounted to EUR 1 932.
A dividend per ordinary share with a face value of EUR 4 000 amounted to EUR 9 660.
A dividend per preference share with a face value of EUR 4 amounted to EUR 9.67.

The separate and consolidated financial statements for 2023, the Annual Report for 2023, the distribution of profit, retained earnings and the determination of royalties to the members of the Supervisory Board for 2023 were approved by the Bank's General Meeting held on 26 March 2024. Dividends for which no entitlement arose as at the date of the General Meeting will be recognised in retained earnings of previous years.

Regulatory requirements

The Bank is subject to the regulatory requirements of the National Bank of Slovakia, which include limits and other restrictions pertaining to minimum capital adequacy requirements, provisioning to cover credit risk, liquidity, interest rates and foreign exchange position of the Bank.

Impact of the situation in Ukraine

Given the minimum amount of exposure to entities from Russia, Belarus and Ukraine (gross carrying amount of exposures to entities from Russia, Belarus and Ukraine as at 31 March 2024 was EUR 1 094 thousand; as at 31 December 2023: EUR 1 134 thousand), the Bank does not expect a materially negative impact on its economic results.

The Russian invasion of Ukraine only affects the Bank indirectly, via changes caused to the macroeconomic environment. These include a sharp increase in energy prices and energy security concerns, high inflation, tightening of monetary policy, higher interest rates and slower economic growth. The effect of these changes to the macroeconomic environment on the Slovak banking sector is complex and multi-layered. While higher inflation and higher interest rates have led to a nominal growth of income, inflationary pressures and slower economic growth are increasing operating expenses and risk costs.

The Bank's provisioning methodology reflects forward-looking information in the calculation of provisions in a number of ways. In addition to macroeconomic scenarios, the model is designed to capture the different stages of the credit cycle and various deformation effects, eg supply-side pressures and the impact of the war between Russia and Ukraine. The model incorporates a "special risk factor" approach designed to take into consideration the war between Russia and Ukraine and its economic impact which is primarily reflected in the sanctions imposed on Russia, an extreme oil and energy price increase, high inflation, a substantial increase in interest rates and general high volatility and uncertainty.

Climate change

The Bank considers ESG (Environmental, Social, Governance) principles to be important with respect to the long-term positive effects of responsible financing. Therefore, the Bank takes into consideration the impacts of its business on the economy, environment and society. It takes into account environmental and social impacts related to products and services. It is up to banks to decide whether they support sustainable or unsustainable projects. There are challenges and risks on the road to sustainability. One of which is the transition from a linear to a circular economy. The Bank sees an important role in helping its clients achieve their sustainable goals, either by financing their sustainable investments, or by providing relevant and timely information required to set their ESG strategy. Sustainable assets are crucial for the Bank with respect to its carbon footprint, as the overall carbon footprint of financial institutions also comprises indirect emissions, primarily emissions from investments, including loans.

To help its clients reduce their carbon footprint and contribute to their transformation to sustainable business, the Bank must be able to assess transactions and projects based on clear ESG criteria. In 2020, the Bank's parent company proposed and implemented a harmonised definition of sustainability for loan products as binding rules for the Bank's parent company group. These rules are defined for retail and corporate clients. They set uniform attributes and conditions for environmental and social financing. This ESG strategy includes sectoral policies related to sectors with the greatest environmental or social impact. Their aim is to help clients from these sectors to transform their operations towards sustainability and thus contribute to optimisation of the Bank's financed emissions. Such policies are in place for coal, oil and gas extraction and trading, steel production and trading, and the real estate and construction sectors. With respect to social impacts, the sectoral policies have been implemented for tobacco and tobacco product production and trading, and financing of gambling. Restrictions on the financing of sensitive areas as regards Group values, such as nuclear power, are also an important part of business policy. Group decarbonisation objectives will continue to impact policies implemented in other sectors.

The Bank has implemented an accounting policy for ESG-linked financial instruments in accordance with the opinions published by IFRS working groups.

ESG (Environment, Social, Governance) stands for sustainability and social responsibility. With all ESG-linked instruments, it is also necessary to examine whether they meet the SPPI test and, based on the result, to include the instrument in the relevant portfolio. The SPPI test is met if:

- The conditions change the cash flow only minimally ("de minimis" condition); or
- The contractual terms are set in such a way that the instrument meets the definition of a basic loan agreement and the following applies:
  - Contractual cash flows before and after the event/change (reset point) represent repayments of a principal and interest and therefore meet the SPPI test.
  - The contingent event is specific to the borrower and specified in the contract.
  - The contractual terms do not represent an investment or exposure to a separate asset or cash flows that are not exclusively interest and principal payments and therefore do not meet the SPPI test.

In the event that the contingent event is not specific to the borrower or does not meet the de minimis condition, the financial asset does not need to meet the SPPI test. The Bank provides ESG loans which meet the contractual terms of the basic lending arrangement as stated above, meet the SPPI test and are measured at amortised cost.

II. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance

Interim individual financial statements of the Bank (the "financial statements") for the 3 months ended 31 March 2024 and the comparative figures for 2023 and the 3 months ended 31 March 2023, have been prepared in accordance with International Accounting Standard IAS 34 - Interim Financial Reporting as adopted by the Authorities of the European Union ("EU").

The financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

Commission Regulation No 1126/2008 of 3 November 2008 was issued in order to incorporate all standards issued by the International Accounting Standards Board (IASB) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that have been fully adopted within the Community as of 15 October 2008, with the exception of IAS 39 (relating to the recognition and measurement of financial instruments) into a single entity. Commission Regulation (EC) No 1126/2008 of 3 November 2008 replaces Commission Regulation No 1725/2003 of 29 September 2003.

IFRSs adopted for use within the EU do not differ from IFRSs issued by the International Accounting Standards Board, except for some of the requirements for portfolio hedge accounting under IAS 39, which the EU has not endorsed. Possible endorsement of portfolio hedge accounting under IAS 39 by the European Union at the date of the financial statements is not expected to have a material impact on the financial statements.

Purpose of preparation

Interim separate financial statements prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union for the 3 months ended 31 March 2024. The interim individual financial statements were prepared on 22 April 2024 and published on the bank's website. For the purposes of these interim separate financial statements, the Separate Statement of Financial Position as at 31 December 2023 and the Separate Profit and Loss Statement and other parts of the comprehensive income for the 3 months ended 31 March 2023 are presented as comparable figures for the previous period.

These interim separate financial statements are not audited.

The preparation of regular separate financial statements in the Slovak Republic is in accordance with Act No. 431/2002 Coll., as amended. The Bank prepares its separate and consolidated financial statements and annual report under special regulations - Regulation (EC) 1606/2002 of the European Parliament and of the Council on the Application of International Financial Reporting Standards (IFRS). The Separate and consolidated financial statements prepared in accordance with IFRS as at 31 December 2023, dated 19 February 2024 availiable in the register of financial statements in accordance with Act no. 431/2002 Coll. on accounting, as amended.

The bank prepares its financial statements for general use. The information provided can only be used for specific purposes or to assess individual transactions. Readers of financial statements should not rely on those financial statements as the sole source of information in making their decisions.

Basis of preparing the financial statements

The financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and reported in the financial statements of the periods to which they relate and on the going concern assumption.

The reporting currency used in the financial statements is the euro ("EUR") with accuracy to EUR thousands, unless otherwise indicated.

Significant accounting judgements

The presentation of financial statements in conformity with IFRS requires the preparation of estimates and assumptions that affect the recognised amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and their recognised amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules, or other factors could subsequently result in a change in estimates which could have a material impact on the reported financial position and results of operations.

The effect of a change in accounting estimates shall be recognised prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or the period of the change and future periods, if the change affects both. Significant areas of judgement include the following:

- The creation of impairment allowances for expected credit losses and identified future contingent liabilities involves many uncertainties concerning the outcomes of the risks mentioned above and requires the Bank's management to make many subjective assessments when estimating the amount of losses. Measurement of impairment allowances for expected credit losses for financial assets measured at amortised cost and at fair value through other comprehensive income, loan commitments and financial guarantees is an area which requires application of complex models and significant judgements regarding such future economic conditions and credit behaviour. Considering the current economic conditions, the result of estimates may differ from the impairment allowances for financial assets recognised as at 31 March 2024. The item is reported in Note 9 "*(Creation)/release of provisions for expected losses from commitments and guarantees provided*".

- The income tax rules and regulations have recently experienced significant changes; there is a limited historical precedent and/or interpretation judgement with respect to the extensive and complex issues affecting the banking sector. Furthermore, the tax authorities have broad powers as regards the interpretation of tax laws and regulations during the tax audit of a taxpayer. As a result, there is a higher degree of uncertainty as to the final outcome of any potential audit conducted by the tax authorities. Since many areas of the Slovak tax law have not been sufficiently validated yet in practice, there is uncertainty as to how they will be applied by the tax authorities. The extent of this uncertainty cannot be quantified and disappears only when legal precedents or official interpretations of the competent authorities become available. The item is recognised in Note 12 "*Income tax*".

- Impairment allowances for investments in subsidiaries and associates represent the best estimate of a loss, taking into account objective factors affecting the future cash flows in subsidiaries and associates. The item is recognised in "*Impairment allowances for investments in subsidiaries, joint ventures and associates*".

- Provisions for litigation take into account a significant degree of judgment in the expected future development of the respective litigation based on the facts available at the time of their creation. However, the actual outcome of the respective litigation may ultimately differ significantly from the expected state as a result of the development of the litigation itself. The item "(*Creation)/release of provisions for litigation*" is recognised in Note 8 "*(Creation)/release of provisions*".

b) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euro and recognised in the financial statements at the exchange rate declared by the European Central Bank (ECB) valid as at the reporting date. Revenues and expenses denominated in foreign currencies are recognised in euro in the underlying accounting system of the Bank and are recognised in the financial statements at the actual exchange rate of the European Central Bank valid as at the date of the transaction.

Exchange rate gains/(losses) from foreign exchange transactions, including unrealised gains and losses from financial assets revaluations to fair value, are included in the statement of comprehensive income item "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*". Exchange rate gains/(losses) from equity financial instruments measured at fair value through other comprehensive income are recognised in "*Other comprehensive income*".

The unrealised gain or loss from fixed term transactions is recognised only in EUR where fair value is calculated by the standard mathematical formula based on the anticipated forward exchange rate, which takes into account the European Central Bank spot rate and interest rates effective as at the reporting date and is recognised in the statement of financial position item "*Receivables from hedging derivatives*" for a receivable, or in "*Liabilities from hedging derivatives*" for a liability, and in the statement of comprehensive income item "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*".

Off-balance sheet transactions denominated in foreign currency are translated into euro in the Bank's off-balance sheet using the ECB exchange rate valid as at the reporting date.

c) Cash, cash balances at central banks and other demand deposits

Cash, cash balances at central banks and other demand deposits consist of cash and balances on current accounts in the National Bank of Slovakia, including the compulsory minimum reserves in the National Bank of Slovakia. Other demand deposits (cash equivalents) include current deposits due to banks payable on demand.

The compulsory minimum reserve in the National Bank of Slovakia is a required deposit with restricted drawing to be held by all commercial banks licensed in the Slovak Republic. The interest rate is determined by the European Central Bank on a regular basis after the end of each period determined by the European Central Bank. The amount of the reserve depends on the amount of deposits received by the Bank. The Bank's ability to draw the reserve is limited in accordance with the applicable legislation. Therefore, it is not included in "*Cash and cash equivalents*" for the purposes of the cash flow statement preparation (see the Separate Statement of Cash Flows).

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

On initial recognition financial assets and financial liabilities are measured at fair value including transaction costs attributable to the acquisition or issue of a financial instrument. An exception from this rule is the measurement of financial instruments measured at fair value through profit or loss where transaction costs are not included in the cost.

The transaction price is the best estimate of the fair value of a financial instrument upon acquisition. However, if the transaction price differs from the fair value and:

- The fair value of the financial instrument is derived from a quoted price in an active market, or is the result of a valuation technique using observable market data only, the Bank measures the financial instrument at fair value and recognises a profit or loss incurred on the first day;
- In all other cases, the financial instrument is measured at fair value, and the difference between the fair value and the transaction price is retained and only recognised through profit or loss if it results from a change in a factor, such as the time that market participants take into consideration when determining the price of a financial instrument.

The Bank has applied an approach to the classification and measurement of financial assets that takes into account the business model in which the assets are managed as well as the characteristics of their cash flows.

The Bank classifies financial instruments into four categories of financial assets and two categories of financial liabilities:

1. Financial assets measured at amortised cost (AC),
2. Financial assets measured at fair value through other comprehensive income (FVOCI),
3. Financial assets mandatorily measured at fair value through profit or loss (FVTPL),
4. Financial assets measured at fair value through profit or loss (FVTPL),
5. Financial liabilities measured at amortised cost (AC), and
6. Financial liabilities measured at fair value through profit or loss (FVTPL).

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

Occasional or insignificant sales, pre-maturity sales or sales which do not constitute a change in the business model are not contrary to the intention to hold the financial assets to maturity to collect contractual cash flows.

A debt financial asset acquired under a business model whose objective is both collecting the contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding is measured at fair value through other comprehensive income (FVOCI).

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This decision is made on an investment–by–investment basis for each investment and takes into account strategic interests. Profits and losses from revaluation are not recognised in profit or loss. After derecognition of the investment, the final profit or loss is recognised in retained earnings.

All other financial assets, i.e. financial assets that do not meet the criteria for classification as subsequently measured at either amortised cost or FVOCI, are classified as subsequently measured at fair value, with changes in fair value recognised through the statement of comprehensive income.

In addition to the above accounting principles, the Bank has the option at initial recognition to irrevocably designate a financial asset as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency, i.e. an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Based on the business model and cash flow circumstances, a financial asset is classified into one of these categories upon initial recognition.

Financial assets held for trading and those that are managed and whose performance is measured based on fair value will be measured at FVTPL.

Analysis of contractual cash flow characteristics

Once the Bank determines that the business model of a specific portfolio is to hold the financial assets to collect the contractual cash flows (or by both collecting contractual cash flows and selling financial assets), it must assess whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding. For this purpose, interest is defined as a consideration for the time value of money, the credit risk associated with the principal during a particular period of time and for other basic lending risks and costs, as well as a profit margin. This assessment will be carried out on an instrument-by-instrument basis on initial recognition of the financial asset.

When assessing whether the contractual cash flows are solely the payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Bank will consider:
- Prepayment, extension terms;
- Leverage features;
- If a claim is limited to specified assets or cash flows;
- Contractually-linked instruments; and
- Interest rate.

Modification of time value of money and the benchmark test

The time value of money is the element of interest that provides consideration for the passage of time. It does not take into account other risks (credit, liquidity, etc.) or costs (administrative, etc.) associated with holding a financial asset.

In some cases, the time value of money element may be modified (imperfect). This is the case, for example, if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate. In this case, the entity must assess the modification to determine whether the contractual cash flows still represent solely the payments of principal and interest, i.e. the modification term does not significantly alter the cash flows from a "perfect" benchmark instrument.

1. Financial assets measured at amortised cost (AC)

The main components of the portfolio of financial assets measured at amortised cost are:
- Loans and advances in "*hold-to-collect*" business model; and
- Debt securities in "*hold-to-collect*" business model.

Loans and advances

Loans and advances are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are measured at amortised cost using the effective interest method, less impairment allowances. The effective interest rate is described in detail in (q) "*Recognition of income and expenses: Interest, fees and commissions of an interest-rate nature*" section.

The loan is recognised by the Bank in the statement of financial position when providing funds to the debtor. During this exercise, the Bank creates potential liabilities that are associated with credit risk. The Bank recognises potential off-balance sheet liabilities and creates provisions for such liabilities that represent the level of risk of issued guarantees, letters of credit and undrawn credit limits as at the reporting date.

Debt securities

Financial assets held in this portfolio are managed to realise cash flows by collecting contractual payments over the lifetime of the instrument. When determining whether cash flows will be realised by collecting the financial assets' contractual cash flows, the Bank considered the frequency, value and timing of sales in prior periods, the reasons for such sales, and expectations regarding future sales. The business model was not only determined based on sales, as information about past sales and expectations regarding future sales was also taken into consideration so as to provide sufficient evidence that the Bank manages financial assets with the objective of realising cash flows in accordance with the defined "hold-to-collect" business model. The portfolio primarily includes securities issued by the government and other highly-rated securities.

Debt securities at amortised cost are measured using the effective interest rate less impairment. Interest income, discounts and premiums on debt securities at amortised cost are recognised in the statement of comprehensive income under "*Interest income calculated using the effective interest rate*".

2. Financial assets measured at fair value through other comprehensive income (FVOCI)

The Bank has two portfolios of financial assets measured at fair value through other comprehensive income. These portfolios are:

- Equity instruments not held for trading; and
- Debt securities meeting the SPPI test in the *"hold to collect and sell"* business model.

Equity instruments

On initial recognition, the Bank used an irrevocable option and included shares and ownership interests meeting the definition of equity instruments in line with IFRS in the portfolio of financial assets measured at fair value through other comprehensive income. These are primarily shares in privately-owned companies for which there is no active market, or in companies where participation is mandatory (S.W.I.F.T. s. c., D. Trust Certifikačná Autorita, a. s., Slovak Banking Credit Bureau, s.r.o., Monilogi s.r.o).

Dividends on financial assets at fair value through other comprehensive income are recognised in the statement of comprehensive income under "*Net interest income and dividend income*". Fair value gains or losses on equity securities measured at FVOCI are never reclassified to profit or loss. They are not subject to impairment and as a result, no impairment is recognised in profit or loss. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

Debt securities

Debt securities included in the portfolio of financial assets measured at fair value through other comprehensive income are initially measured at fair value net of transaction costs. Unrealised gains and losses arising from changes in fair value are recognised in "*Revaluation reserve from financial instruments measured at fair value through other comprehensive income*" within the Bank's equity until the moment of disposal or impairment of the given debt security. In the event of the disposal of a debt security, the cumulative gains and losses recognised in "*Revaluation reserve from financial instruments measured at fair value through other comprehensive income*" are reclassified to the statement of comprehensive income under "*Net profit/(loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss*".

Impairment of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, credit receivables and financial guarantees

The calculation of expected credit losses requires the use of accounting estimates which may differ from the actual results. For the purposes of calculation, management also considers the Group's accounting policies.

The Bank assesses on a forward-looking basis the expected credit losses associated with its debt instruments – assets measured at amortised cost and at fair value through other comprehensive income (FVOCI) and with the exposure arising from loan commitments, lease receivables and financial guarantee contracts. The Bank recognises an impairment allowance for such losses as at each reporting date.

Measurement of expected credit losses

The measurement of expected credit losses reflects a probability-weighted amount of loss that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort as at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the impairment allowance for expected credit loss for financial assets measured at amortised cost and at fair value through other comprehensive income is the area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses;
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

The estimation of credit exposure for risk management purposes is complex and requires the use of models. The assessment of credit risk of a portfolio of assets entails further estimations as to the probability of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is the predominant approach used for the purposes of measuring expected credit losses under IFRS 9.

IFRS 9 prescribes a three-stage model for impairment of financial assets based on the changes in credit quality since the initial recognition. This model requires that a financial instrument which is not impaired on initial recognition is classified as Stage 1 and has its credit risk continuously monitored. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2, but is not deemed to be impaired. If the financial instrument is impaired, the financial instrument is then moved to Stage 3.

Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible in the next 12 months. Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis. According to IFRS 9, when measuring expected credit losses it is necessary to consider forward-looking information. Purchased or originated impaired financial assets are financial assets that are impaired on initial recognition. Such loans are initially recognised at fair value and their expected credit loss is measured as a cumulative change over the full lifetime of a loan (Stage 3). When determining the fair value of an impaired financial asset, the Bank takes into account all expected losses, including estimated losses based on information about the customer/issuer gained from the market, macroeconomic indicators and scenarios estimating future developments.

A financial instrument is considered impaired if one or more of the following events representing a default of the customer/issuer have occurred:

- Significant financial difficulties of the borrower/issuer;
- A breach of contract, such as a default or past due event;
- The borrower has been contractually granted a concession due to financial difficulties;
- It is probable that the borrower will enter bankruptcy or restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase of an asset at a deep discount that reflects an incurred credit loss.

If the fair value of the impaired asset was recognised at a lower amount than the cash flows from the impaired asset, the Bank recognises a profit.

Expected credit losses are recognised in the statement of comprehensive income, line "*Impairment allowances for financial assets and provisions for commitments and guarantees provided*". If the reason for the recognition of an impairment allowance/provision no longer applies, or the amount of the impairment allowance/provision is unreasonable, surplus impairment allowances/provisions will be released through the same line of the statement of comprehensive income.

Significant increase in credit risk

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

The Bank uses quantitative criteria as the primary indicator of a significant increase in credit risk for all material portfolios. For quantitative staging, the Bank compares the lifetime PD curve at the measurement date with the forward lifetime PD curve at the date of initial recognition. For the estimation of the lifetime PD curve at the date of initial recognition, assumptions are made about the structure of the PD curve. For highly-rated financial instruments (i.e. instrument with higher than average rating of the portfolio), it is assumed that the PD curve will deteriorate over time. For low-rated financial instruments, it is assumed that the PD curve will improve over time. The degree of improvement or deterioration will depend on the level of the initial rating.

The Bank applies an increase in PD as a criterium for SICR determination for all portfolios with officially validated Lifetime PD models. Currently, these are the following: mortgages and home equity loans, non-purpose consumer loans, credit cards for private individuals (PI), and PI overdrafts. A significance trigger (a threshold value) is defined during the model development as it is evaluated for each of these portfolios separately. It corresponds to a predefined quantile of the distribution of logit differences of cumulative PDs (current and at origination), assessed on a worsening portfolio. Currently, the 90th percentile is used for all portfolios.

Qualitative criteria

The Bank uses qualitative criteria as a secondary indicator of a significant increase in credit risk for all material portfolios. The transfer to Stage 2 takes place when the criteria below are met.

For sovereign, bank, corporate and project finance portfolios, if the borrower meets one or more of the following criteria:
- External market indicators
- Changes in contract terms
- Changes to management approach
- Expert judgement

Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life. Changes in market indicators of credit risk include, but are not limited to the credit spread, the credit default swap prices for the borrower, the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost, and other market information related to the borrower (such as changes in the price of a borrower’s debt and equity instruments).

Expected changes in the contractual terms including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument.

The assessment of a significant increase in credit risk incorporates forward-looking information and is performed on a quarterly basis at a deal level for all non-retail portfolios held by the Bank.
For retail portfolios, if the borrower meets one or both of the criteria enlisted below:
- Forbearance
- Expert judgement

The assessment of a significant increase in credit risk incorporates forward-looking information and is performed on a monthly basis at a deal level for all portfolios held by the Bank.

Backstop

A backstop is applied if the financial instrument is considered to have experienced a significant increase in credit risk when a borrower is more than 30 days past due on its contractual payments. In some limited cases, the presumption that financial assets which are more than 30 days past due should be in

Stage 2 is rebutted. Rebuttance can be performed only due to technical reasons (such as failed or incorrect IT processes for past due data calculation), and only in rare situations when correction of input data cannot be successfully remedied in the original IT system.

The Bank has not used the low credit risk exemption for any lending business; however, it selectively uses the exemption for debt securities due to low credit risk.

Definition of default and impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria.

When the borrower is more than 90 days past due on its contractual payments, no attempt is made to rebut the presumption that financial assets which are more than 90 days past due should be in Stage 3.

The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant financial difficulty. These are the cases where:

- The borrower is in long-term forbearance,
- The borrower is deceased,
- The borrower is insolvent,
- The borrower is in breach of significant financial covenants,
- An active market for that financial asset has disappeared because of financial difficulties,
- Significant concessions have been made by the lender relating to the borrower’s financial difficulty,
- It is probable that the borrower will enter bankruptcy,
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The above criteria have been applied to all financial instruments measured at amortised cost and debt instruments at fair value through other comprehensive income held by the Bank and are consistent with the definition of default used for internal credit risk management purposes.

Explanation of inputs, assumptions and estimation techniques

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition, or whether an asset is considered to be impaired. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and discount factor (D).

Probability of default

The probability of default represents the probability of a borrower defaulting on its financial obligation over the next 12 months or over the remaining lifetime of the obligation. As a rule, the lifetime probability of default is calculated using the regulatory 12 month probability of default, stripped of any margin of conservatism, as a starting point. Thereafter, various statistical methods are used to generate an estimate of how the default profile will develop from the point of initial recognition throughout the lifetime of the loan or portfolio of loans. This probability of default is calculated separately for each product type based on the longest possible history of data for the product concerned available in the Bank's internal database. Subsequently, various statistical methods are used to estimate the development of the default profile since the initial recognition over the lifetime of the loan or the loan portfolio, in particular: survival rating level analysis, interpolation of 12-month probability of default to loan lifetime and, in the event of insufficient data for the above mentioned models, benchmark values (constants) were recommended by a group methodology that differs depending on the product type.

In limited cases, where some inputs are not fully available, grouping, averaging and benchmarking of inputs are used for the calculation.

Loss given default

Loss given default represents the Bank’s expectation of the extent of loss on a defaulted exposure. Loss given default varies by type of counterparty and product. Loss given default is expressed as a percentage loss per unit of exposure at the time of default. Loss given default is calculated by counting the yield collected over the collection cycle from the moment of the loan default, the resulting percentage loss given default being expressed as an add-up to 100% to the weighted average of all yields over the observation period of the number of defaulted loans for that product type. In a simplified methodology, the Bank does not use the loan-level yields, but yields are counted by date of default.

Exposure at default

Exposure at default is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. Where relevant, early repayment/refinance assumptions are also considered in the calculation.

For revolving products, the exposure at default is predicted by adding a credit conversion factor to the current drawn balance, which allows for the expected drawdown of the remaining limit by the time of default.

Discount factor

As a rule, for balance sheet exposure which is not leasing or purchased or originated credit-impaired asset (POCI), the discount rate used in the expected credit loss calculation is the effective interest rate or an approximation thereof.

The expected credit loss is the product of Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and by the probability of non-default prior to the considered time period. The latter is expressed by the survivorship function S. This calculates future values of expected credit losses, which are then discounted back to the reporting date and summed. The calculated values of expected credit losses are then weighted by a forward looking scenario.

Different models have been used to estimate the Stage 3 provisions of outstanding lending amounts and these can be split into the following categories:

- Sovereign, corporate customers, project finance, financial institutions, local and regional governments, insurance companies and collective investment undertakings – Stage 3 provisions are calculated by workout managers who discount expected cash flows by the appropriate effective interest rate.
- Retail mortgages – Stage 3 provisions are generated by calculating the statistically derived best estimate of expected loss net of indirect costs.

Forward-looking information

Both the assessment of a significant increase in credit risk and the calculation of expected credit losses incorporate forward-looking information. The Bank has performed historical analysis and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

Expert judgment is applied in this process. Forecasts of economic variables (base economic scenario) are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used, which means that economic variables tend to achieve either a long run average rate, or a long run average growth rate until maturity. The impact of economic variables on the probability of default, loss given default and exposure at default is determined using statistical regression to understand the impact that changes in these variables have had historically on default rates and on the components of loss given default and exposure at default.

In addition to the base economic scenario, Raiffeisen Research also provides a best case and worst case scenario. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes that each chosen scenario is representative of. The following weights for individual economic scenarios are used in retail: 25% (upside/optimistic), 50% (base), 25% (downside/pessimistic).

The Bank considers these forecasts representing its best estimate of the possible outcomes to cover any potential non-linearities and asymmetries in the Bank’s different portfolios.

as adopted by the European Union (in thousands of EUR)

Economic scenarios used as at 31 March 2024 include the following key indicators for the Slovak Republic for the years ended 31 December 2024 to 2026:

	(%)	*2024*	*2025*	*2026*
Unemployment rates	Baseline	5.75	5.60	5.50
	Downside	7.83	7.42	6.80
	Upside	4.84	4.80	4.93
Interest rates	Baseline	3.35	2.60	2.30
	Downside	4.19	3.33	2.82
	Upside	2.33	1.71	1.66
GDP growth	Baseline	1.49	2.08	2.63
	Downside	-0.30	0.51	1.51
	Upside	2.71	3.15	3.40
Real estate price index	Baseline	-1.00	3.00	3.00
	Downside	-5.98	-1.35	-0.11
	Upside	5.70	8.86	7.19

Economic scenarios used as at 31 December 2023 include the following key indicators for the Slovak Republic for the years ended 31 December 2024 to 2026:

	(%)	*2024*	*2025*	*2026*
Unemployment rates	Baseline	5.43	5.35	5.30
	Downside	7.76	6.64	6.59
	Upside	4.93	5.07	5.02
Interest rates	Baseline	3.48	3.10	2.75
	Downside	4.37	3.60	3.25
	Upside	2.34	2.47	2.12
GDP growth	Baseline	1.49	2.11	2.06
	Downside	-0.58	0.96	0.91
	Upside	2.88	2.88	2.84
Real estate price index	Baseline	3.02	3.11	3.20
	Downside	2.83	2.83	2.82
	Upside	3.16	3.33	3.51

Non-standard conditions may give rise to a situation where a specific risk factor occurs (or a number of risk factors or a combination thereof) with a potential impact on a certain portion of the Bank’s credit portfolio, eg certain economic industries. If such a risk factor occurs suddenly, over a short period of time, or the factor is of a temporary nature, such a factor may not be (partially or fully) reflected in the credit quality rating of the counterparty.

In such a case, the Bank may apply corrections of potentially incomplete information as regards the portfolio’s credit quality (forward-looking information principle) as Post-Model Adjustments (PMA).

Since December 2021, the Bank has applied PMA at the level of economic industries, ie the Industry Module, to reflect the impact of specific risk factors on the most sensitive industries. The application of this method resulted in quantification of additional credit impairment of the portfolio (expected loss or impairment allowance), which is subsequently allocated to individual clients from a set of identified industries.

As at 31 March 2024, the Bank applied two quantification approaches:
- “General Industry Based Approach” – based on an assessment of specific risk factors, the first step requires the identification of a high-risk industry portfolio. Subsequently, the amount of additional impairment allowances is calculated based on a simulation of the deterioration of credit rating of the counterparties (rating deterioration of clients in the identified industries by 3 grades). The simulation results in a calculation of the need for additional impairment allowances, which are subsequently allocated to individual clients from the identified industries. This approach was also applied as at 31 December 2023.
- “Specific Industry Based Approach” – method implemented in June 2023. Due to increased uncertainty and risk in the Commercial Real Estate (CRE) portfolio, RBI performed stress testing of clients classified in the CRE segment. Based on the stress testing results, the need for additional impairment allowances was calculated as an amount representing the potential amount of losses under the stress scenario conditions.

Sensitivity analysis

The assumptions affecting the expected credit loss allowance are as follows:

- Corporate portfolios
  - Gross domestic product;
  - Unemployment rate;
  - Long term government bond rate;
  - Inflation rate.

- Retail portfolios
  - Gross domestic product;
  - Unemployment rate;
  - Real estate prices.

Write-offs

The Bank writes off the loans and advances provided to customers if, on the basis of an in-depth analysis, it proves that there is no real expectation of another recovery or the chance of another recovery is minimal. The usual, but not the only write-off indicators are the following: (i) the debtor does not carry out any activity, no repayment has been made over the past two years and there is no collateral or (ii) the debtor is in bankruptcy, all the assets being monetised and the proceeds realised; (iii) the court has decided (e.g. legal restructuring, debt elimination, etc.) to write off part of the receivable, or (iv) the Bank sells the claim, and others. In the event of ongoing litigation or other actions that might eventually lead to a recovery, the Bank usually writes off the receivables into the off-balance sheet.

Loans are written off on the basis of a valid decision of a court, Board of Directors, or another body of the Bank (i.e. Problem Loan Committee and Executive Committee), in line with an internal directive on waiving their enforcement against booked impairment allowance. If the amount of the written-off receivable is higher than the impairment allowance created, further impairment allowance is created up to the amount of the written-off receivable and subsequently is derecognised from the statement of comprehensive income. The written-off receivables for which the right to recovery have not expired are recorded in the off-balance sheet. As at 31 March 2024, written-off receivables for which the right to recovery have not expired were in the amount of EUR 5 430 thousand (as at 31 December 2023: EUR 5 930 thousand).

After the write-off, the Bank does not carry out active enforcement, only with respect to write-offs to the off-balance sheet does it continue to conduct litigation in order to achieve a recovery in the future. If the Bank, after writing off the loans and advances provided to the client, collects additional amounts from the client or obtains control over the collateral that is higher than originally estimated, the yield is recognised in the statement of comprehensive income under "*Impairment allowances for financial assets and provisions for commitments and guarantees provided*".

Loan collateral

In terms of handling collateral, the Bank places great emphasis on valuation and revaluation of individual items of collateral, determining the value of pledged collateral for secured loans, determining collateral acceptability to mitigate credit risk, and collateral enforcement, should the client be in default.

The Bank mainly accepts the following types of collateral:

- Financial collateral
- Guarantees
- Real estate
- Chattel
- Receivables
- Life insurance

In terms of legal instruments, the Bank uses:

- Pledges
- Assignments of receivable intended to serve as security
- Transfers of title intended to serve as security
- Blockages of cash
- Contracts for purchase of securities
- Agreements on liability replacement

The methodology of collateral valuation and the frequency of such revaluation depend on the type of collateral and the minimum requirements pursuant to the effective legislative standards implemented in the Bank's internal regulations. The method of determining the value of collateral is specific for each type of collateral, and the Bank respects a degree of prudence.

The value of pledged collateral is determined on a case-by-case basis for each type of collateral depending on the type of collateral and transaction, and individual risk characteristics. The value of pledged collateral is obtained by discounting the initial value of collateral obtained in valuation and revaluation. Factors based on which discounting factors are determined relate mainly to the enforceability of collateral if the counterparty defaults (e.g. type, location and condition of real estate), potential default of the security provider (e.g. credit quality and maturity of financial collateral), and other factors (the Bank's business strategy and orientation). The discounting factors applied are subject to regular revaluation.

The claim value of collateral is derived from the value of pledged collateral up to the amount of the current amount receivable. If the value of pledged collateral is lower than the balance of the receivable, the Bank will determine the claim value of collateral up to the amount of the value of pledged collateral.

The claim value of collateral contains a number of uncertainties and risks. The amounts that may be recovered in the course of liquidating the collateral for bad debts could differ from the estimated amounts, and the difference could be material.

The Bank's decision on the enforcement of collateral is individual and depends on factors such as the current condition and value of the collateral, the current amount receivable, the promptness of the satisfaction of the receivable, collection-related costs etc. The relevant competent body of the Bank decides which security instrument will be used in specific cases.

The Bank mainly uses the following forms of enforcement of collateral:
- Voluntary auction
- Foreclosure procedure
- Realisation of the collateral for the Bank's receivable in a bankruptcy procedure
- Sale of receivables

3. Financial assets mandatorily measured at fair value through profit or loss (FVTPL)

When the Bank determines that a specific portfolio business model is to hold financial assets in order to collect contractual cash flows (or both: to collect contractual cash flows and to sell financial assets) and assumes that for the financial assets in question, the contractual cash flows do not constitute purely principal and interest payments, the Bank recognises those financial assets under "*Financial assets mandatorily measured at fair value through profit or loss*". Primary as well as subsequent valuation of the listed financial assets is at fair value.

4. Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets held for trading

The Bank has acquired financial assets held for trading to utilise short-term price fluctuations in order to generate profits. In this category, the Bank recognises securities - debt securities, treasury bills and shares. Debt securities and treasury bills are recognised by the Bank in the statement of financial position line "*Financial assets held for trading*". All purchases and sales of trading securities are recognised as at the settlement date.

Financial assets held for trading are initially measured at fair value and subsequently remeasured to their present fair value. The Bank discloses unrealised gains and losses on the fair value remeasurement of such assets and net interest income in the statement of comprehensive income line "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*".

Derivative financial instruments

In this category, the Bank discloses derivative financial instruments – interest rate swaps, currency swaps, index swaps, currency forwards, interest rate options, currency options, share index options, currency, interest rate and index futures and commodity derivatives.

All purchases and sales that require delivery within the time frame established by regulation or market convention ("regular way") are recognised as spot transactions. Transactions that do not meet the "standard way" settlement criteria are treated as financial derivatives.

The Bank records unrealised gains and losses from the revaluation of derivative instruments to their fair values and net interest income in the statement of comprehensive income line "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*".

Embedded derivatives

An embedded derivative is a component of a hybrid contract which also includes a non-derivative host contract. As a result of such a contract, some of the cash flows of such combined instrument change in the same way as for the derivative itself. If a hybrid contract contains a host contract which is an asset and falls within the scope of IFRS 9, the whole contract is treated as a single instrument from an accounting perspective, with the embedded derivative not separated, i.e. the Bank analyses the cash flows of the whole asset and the business model, from which the asset was acquired.

If a hybrid contract contains a host contract which is not within the scope of IFRS 9, embedded derivatives are separated and recognised as separate derivatives unless there is a close relationship between the risks and economic characteristics of the derivative and the risks and economic characteristics of the host contract and if the embedded derivative recognised separately meets the definition of a derivative and if the primary contract is not accounted for at fair value, the changes in which are recognised in the statement of comprehensive income. If an embedded derivative is separated, the host contract is recognised in accordance with other standards.

5. Hedging derivatives

Within implementation of IFRS 9, the Bank has decided to continue using the original accounting under IAS 39 in the reporting of hedging derivatives. Hedging derivatives are derivatives designed in the Bank's strategy to hedge certain risks and which meet all classification criteria for hedging derivatives under international accounting standards.

Preparation of hedge documentation is required for hedge recognition. Formal hedge documentation is prepared at the inception date of the hedge and contains the following:
- Risk management objectives and strategy and how hedges fit into the Bank's risk management;
- Type of hedges;
- Nature of hedged risks;
- Identification of the hedged item;
- Identification of the hedging instrument;
- Testing hedge effectiveness (description of testing method, retrospectively and prospectively).

To ensure that a hedge is effective, the change in the fair values or cash flows of the hedging and hedged instruments must be offsetting with the result being in the range 80% – 125%.

Retrospective testing shows whether the hedge was effective from the inception until to the current day. Prospective testing shows whether the effectiveness is expected in the future. The ineffective portion of a hedge is recognised in Note 4 under "*Net profit/(loss) from hedge accounting*".

The ineffectiveness of a hedging relationship may arise, for example, due to:
- The volatility of a short-term interest rate of the hedging derivative;
- Time discrepancy between the hedging derivative and hedged item;
- Using different discount curves.

- The hedge is discontinued by:
- Voluntary termination;
- Sale, termination, exercise of the hedged instrument;
- The hedge ceased to meet the qualifying criteria.

Fair value hedges

Changes in the fair value of hedging derivatives which are regarded as fair-value hedges are recognised in the statement of comprehensive income together with any changes in the fair value of hedged assets or liabilities to which a hedge risk can be attributed. Hedge accounting is discontinued if the Bank cancels the hedging relationship, the derivative instrument expires or is sold, terminated, or exercised, or when the hedging relationship no longer meets the criteria for fair-value hedge accounting.

The positive fair value of a hedging derivative is recognised in the statement of financial position, line "*Receivables from hedging derivatives*". The negative fair value of a hedging derivative is recognised in the statement of financial position, line "*Liabilities from hedging derivatives".* Any change in the fair value of a hedging derivative and a hedged instrument relating to the hedged risk is recognised in the statement of comprehensive income, line "*Net profit/(loss) from financial instruments measured at fair value through profit or loss".* Interest income and expenses related to the hedging derivative are recognised together with interest expenses related to the hedged instruments in the statement of comprehensive income as "*Net interest income and dividend income*" depending on the hedged item type.

Cash flow hedges

The Bank uses derivative financial instruments – interest rate swaps to hedge the risk of the variability of future cash flows associated with floating rate assets, which could result in unexpected losses in the event of changes in interest rates on the interbank market. The structure of such derivatives is strictly adjusted to the structure of a secured loan, as a result of which the Bank is not exposed to the risk of changes in interest rates and the risk of cash flows. The efficiency of such hedging transactions is regularly monitored and the hedges were efficient during the respective period.

The positive fair value of a hedging derivative is recognised in the statement of financial position, line "*Receivables from hedging derivatives*". The negative fair value of a hedging derivative is recognised in the statement of financial position, line "*Liabilities from hedging derivatives*". Only a change in the fair value of a hedging derivative is recognised in the statement of other comprehensive income, line "*Cash flow hedges*". Interest income and expenses related to the hedging derivative are recognised together with interest income related to the hedged instruments in the statement of comprehensive income as "*Net interest income and dividend income*".

Macro hedges

In macro hedges, the Bank used the so-called carve-out to IAS 39 adopted by the European Union, which enables hedging of the interest rate risk of core deposits. The Bank uses macro hedges for a dynamically changing portfolio of fixed loans and deposits, where it can periodically add hedging and hedging items. In this way, the Bank hedges its interest rate risk, with the hedged items (designated part of the portfolio) being remeasured at fair value associated with movements in the risk-free interest rate (or benchmark rate). The fair value of the hedged portfolio of loans and deposits is recognised in Note "*Receivables from hedging derivatives*". The change in the fair value of the hedged portfolio of loans and deposits related to the hedged risk is recognised in the statement of comprehensive income in "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*".

The positive fair value of the hedging derivative is presented in the statement of financial position in *"Receivables from hedging derivatives"*. The negative fair value of the hedging derivative is recognised in the statement of financial position in *"Payables from hedging derivatives".* The change in the fair value of the hedging derivative and the hedged instrument attributable to the hedged risk is recognised in the statement of comprehensive income in *"Net profit/(loss) from financial instruments measured at fair value through profit or loss".* Interest income and expense from the hedging derivative are presented together with the interest expense and income of the hedged instrument in the statement of comprehensive income in *"Net interest income and dividend income"* depending on the type of a hedging item.

6. Financial liabilities measured at amortised cost (AC)

All liabilities of the Bank, except for financial liabilities held for trading and hedging derivative financial liabilities, are measured at amortised cost. Subordinated debt is recognised under Financial liabilities measured at amortised cost.

Subordinated debt refers to the Bank's external funds and, in the event of bankruptcy, composition or Bank's liquidation, the entitlement to its repayment is subordinated to liabilities to other creditors. Interest expense paid on the received subordinated debt is recognised through the statement of comprehensive income in *"Interest expense".*

Subordinated debt is a financial liability initially measured at fair value, net of transaction costs. It is subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Bank issues debt securities as part of financial liabilities measured at amortised cost.

7. Financial liabilities measured at fair value through profit or loss (FVTPL)

The Bank, within financial liabilities recognised at fair value through profit or loss, recognises short-sell debt securities ("short selling") and the negative fair value of derivatives from the portfolio of financial liabilities held for trading and securities issued by the Bank, which the Bank hedges and are remeasured to fair value due to the hedged risk.

e) Derecognition of financial instruments

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor substantially retains all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Bank substantially retains all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the financial assets are modified resulting in a significant change in cash flows (see "Modification of financial instruments"), the original asset is derecognised and a new financial asset is recognised.

The Bank derecognises financial liabilities only when the Bank's obligations are discharged or cancelled, or when they expire.

If debt instruments are exchanged between the borrower and the creditor with significantly different terms, the Bank derecognises the original financial liability and recognises a new financial liability. The Bank proceeds similarly if there is a fundamental change in the terms of the existing financial liability or part of it.

f) Modification of financial instruments

Modification under IFRS 9 represents a change in the contractual cash flows of the loan/asset on the basis of a change in the contractual terms. If the modification meets the following qualitative or quantitative criteria (substantial modification), it leads to derecognition of the original loan or other asset and recognition of a new one.

The Bank defines qualitative criteria as follows:
- Change in loan currency,
- Changes that cause the SPPI test to fail,
- Change in the type of a financial asset.

The Bank defines the quantitative criteria as follows:
- Extending maturity by more than 50% and over 2 years (cumulative), or
- Change in the amortised cost (NPV before and after change using the original effective interest rate) of more than 10% or less than 10%, but more than EUR 100 000.

In the event that a modification does not result in the obligation to derecognise the loan/asset, the Bank is required to recognise gains or losses on modifications. Gain or loss is equal to the difference between NPV from the new (modified) cash flow and current book value recorded in Note 7 "*Net modification profit/(loss)*".

g) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Fair value of derivative instruments is also subject to credit loss allowances.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally-accepted pricing models based on discounted cash flow analysis.

- *Level 1* – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- *Level 2* – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- *Level 3* – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs – fixed credit markup/deduction, available financial statements, etc.).

Insofar as market prices are available (which is mainly the case for securities traded on the stock exchange and active markets), the Bank groups the respective financial instrument based on an observable market price into Level 1. If the security is not traded on the stock exchange or the NBS benchmark for the security is not disclosed, the Bank measures the security at fair value derived from inputs other than quoted prices.

An analysis of the amount of financial instruments recognised at fair value divided according to their fair value measurement levels is disclosed as "*Fair value of financial instruments*".

With respect to the definition of the fair value of financial instruments not remeasured to fair value, the Bank applies the net present value method using the prime interest rates of individual currencies disclosed by central banks, which approximate market rates adjusted for an average mark-up for systematic risk.

Transfers between valuation levels

If the security is measured at fair value derived from quoted prices – Level 1 and the security is removed from trading on the stock exchange as well as from the NBS benchmark, the Bank transfers such security to Level 2.

If at the initial recognition, the security was measured primarily at a theoretical price – Level 2, the Bank changes the security's grouping from Level 2 to Level 1 by making the first deal on the stock exchange and disclosing its price. If the security is not traded in the following days and the security's price is not disclosed, such security will be transferred back to Level 2.

h) Investments in subsidiaries and associates

Subsidiaries are companies for which the Bank assessed that it has the right to decide on activities significantly affecting their earnings and has the right to obtain variable revenues (e.g. dividends) arising from its participation in these companies.

Investments in associates include investments in entities in which the Bank owns more than 20% but less than 50% of the share capital and voting rights and in which the Bank has significant influence. Significant influence means the right to participate in decision making about the financial and operating policies of the investee. There is no control or joint control over these principles.

In the separate financial statements, shares in subsidiaries and associates are measured at cost less impairment allowances for losses from a decrease in the realisable value of the share arising from a decrease in the equity of the company, which are reported in the statement of comprehensive income in line "*Impairment allowances for investments in subsidiaries, joint ventures and associates*".

Dividends from shares in subsidiaries and associates are reported in the statement of comprehensive income in line "*Dividend income*".

As at the reporting date, the Bank tests investments in all subsidiaries under IAS 36. This testing is performed by calculating the realisable value. The Bank determined the value-in-use as the realisable value for each cash generating entity using the expected future cash flows.

as adopted by the European Union (in thousands of EUR)

i) Sale and repurchase agreements – repo transactions

Debt securities sold under sale and repurchase agreements ("repo transactions") are recorded as assets in the statement of financial position, line "*Financial assets measured at amortised cost*", and the counterparty liabilities are included in "*Financial liabilities measured at amortised cost*".

Debt securities purchased under agreements to purchase and resell ("reverse repos") are recorded as assets in the statement of financial position, line "*Financial assets measured at amortised cost*".

The difference between the sale and repurchase price is treated as interest and accrued evenly over the life of the repo agreement using the effective interest rate.

j) Non-current tangible and intangible assets

Non-current tangible and intangible assets are stated at historical cost less accumulated depreciation/amortisation together with accumulated impairment losses. Non-current assets are depreciated using the straight–line method based on the estimated useful life. Tangible assets in progress, land, and artwork are not depreciated.

The estimated useful economic lives (in years) are set out below:

Machinery and equipment, computers, vehicles	Up to 6
Software	Up to 17
Fixtures, fittings and equipment	6 – 10
Energy machinery and equipment	10 – 15
Optical network	30
Buildings and structures	Up to 40

k) Impairment of tangible and intangible assets

At each reporting date, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

The recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows expected to derive from the asset. If any of the amounts above exceeds the carrying amount, there is no need to estimate the other amount. If the estimated recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset shall be reduced to equal the recoverable amount. The impairment loss shall be recognised directly through the statement of comprehensive income.

l) Leases

In accordance with IFRS 16, a contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset over a certain period of time in exchange for consideration. The Bank leases premises for banking activities under standard lease agreements with a defined rent. These agreements do not include variable lease payments. For such contracts, the new model requires the lessee to recognise a right-of-use asset presented in Note 21 "*Non-current tangible assets and right-of-use assets*" and a lease liability presented in Note 25 "*Financial liabilities measured at amortised cost*". The right-of-use asset is depreciated and the liability accrues interest. This results in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals. When determining the amount of a lease liability, the Bank takes into consideration all liabilities, including options to extend or shorten the contract. The exercising of an option always depends on the specific situation. The new Standard introduces a number of limited scope exceptions for lessees, which include:
- Leases with a lease term of 12 months or less and containing no purchase options, and
- Leases where the underlying asset has a low value ('small-ticket' leases).

The Bank applies both exceptions. Lease payments for short-term leases of 12 months or less are recognised in the statement of comprehensive income in the period for which they are paid. The same accounting policy is applied for the lease of low-cost assets. The Bank considers low-cost assets to be assets with a cost not exceeding EUR 5 000.

The Bank as a lessee

The Bank leases real estate and other similar assets (branch business premises, parking spaces, data centre, etc.) as part of a longer-term lease.

Information on leased assets is stated in Note 21 "*Non-current tangible assets and right-of-use assets*" under "*Land and buildings – Right-of-use assets*". Information on leases where the Bank is a lessee is presented in Note 40 "*Leases as a lessee*" (IFRS 16).

m) Non-current assets held for sale

When the carrying amount is recovered through a sale transaction rather than through continuous use, non-current assets are classified as held for sale. This condition is considered to be met only if the sale is highly probable and the assets (or assets for disposal) are readily available for sale and, in addition, management has undertaken to perform the sale. The sales transaction must be completed within twelve months.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less selling costs and are reported under "*Non-current assets held for sale*".

n) Provisions

The amount of provisions is recognised as an expense and liability when the Bank has legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and a reasonable estimate of the amount of the resulting loss can be made, provisions for liabilities are recognised as an expense or a liability. Any loss resulting from the recognition of a provision is recognised in the statement of comprehensive income for the period.

o) Provision for employee benefits

The Bank has a long-term employee benefit program comprising a lump-sum retirement benefit. As at 31 March 2024, the Bank had 3 376 employees included in the program (31 December 2023: 3 349 employees).

The method of calculating the liability applies actuarial calculations, based on employee's age, number of years worked, employee turnover, mortality tables, and discount rates.

The employee benefit costs are assessed using the projected unit credit method with actuarial valuation at the reporting date, measured as the present value of the estimated future cash outflows discounted by interest approximating yield on investment grade fixed income securities. Gains and losses from the post-employment defined benefit obligation are charged to the statement of comprehensive income in the current year in "*General administrative expenses*". Discount from the liability in this provision is recognised in the current period in the statement of comprehensive income under "*Interest expense*". The provision for employee benefits is recognised in the statement of financial position as "*Provisions*".

The Bank also has a defined contribution plan for employees. All company contributions are included in personnel expenses recognised in Note 5 "*General administrative expenses*".

p) Accrued interest

Accrued interest income and expense related to financial assets and liabilities are presented as at the reporting date together with the corresponding assets and liabilities in the statement of financial position.

q) Recognition of income and expenses

Income represents an increase in economic benefits during the reporting period in the form of an asset appreciation or a reduction in liabilities resulting in equity increase and are other than those relating to shareholder contributions.

Expense represents a decrease in economic benefits during the reporting period in the form of decrease or impairment of assets, impairment or rise of liability resulting in equity decrease and are other than those relating to the distribution of profit to shareholders.

The Bank assesses each contract and product terms and conditions on an individual basis when recognising income and expense:

- Service or other fulfilment for which the reward is received or paid;
- The period in which the income or expense are to be recognised;

- Correct income and expense amount to be recognised depending on product terms and conditions or contract;
- Correct recognition of all discounts and rebates related to received or provided service;
- Significant financial component, if any;
- Non-financial services;
- Client rewards;
- Uncertain income.

1) Interest and interest-related charges and fees

Paid interest-related fees and commissions are transaction costs. Transaction costs represent incremental expenses that are part of an effective interest rate which can be directly added to acquisition, issue or disposal of financial assets or liabilities. Incremental expense would not arise without acquisition, issue or disposal of the financial instruments.

Received interest-related fees and commissions are initial fees related to the acquisition/provision of financial instrument including compensation for activities such as for the assessment of debtor financial status, assessment and evidence of guarantees and other hedging measurements, preparation and processing of documents and closing of transaction.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period.

Interest income and expenses, and interest-related charges arising on all interest-bearing instruments except for "*Financial assets held for trading*" are accrued in the statement of comprehensive income using the effective interest method.

Interest income from "*Financial assets held for trading*" is recognised in the statement of comprehensive income in Note 1 "*Net interest income and dividend income*".

Interest income/(expense) from securities includes revenues from coupons with fixed and floating rates, and amortised discount or premium.

If the Bank is a contractual party with deferred payment for received or provided services, income or expense are recognised individually in interest income or expense in the amount related to the service price.

2) Fee and commission income/expense

Fees and commissions are recognised as expense or income depending on whether the service is provided on a one-off basis or for a specified period. If a service is received or provided during a specified period, fees and commissions are recognised during that period on an accrual basis as earned. Fees paid and received for a one-time service are recognised immediately. These are fees that are not attributable to the acquisition or issue of financial instruments, but rather are fees the Bank collects or pays for the provision of a specific service. Unaccrued fees include current account maintenance services, execution of payment orders, loan management, provision of information, carrying out instructions to buy and sell securities for customers, management of customer security portfolios, etc. This category also includes commissions received for mediation of insurance for customers. Accrued fees include fees for guarantees. Fees and commissions are recognised in the statement of comprehensive income in Note 2 as "*Net fee and commission income*" from financial assets and liabilities not measured at fair value.

The Bank applies IFRS 15 to customer contracts if:
- The parties have agreed to the contract;
- It is possible to identify the rights of each party regarding the provision of services;
- It is possible to identify payment terms;
- The contract has a commercial substance;
- It is probable that the Bank will receive consideration for the service provided.

In the contract, the Bank identifies each obligation to deliver a service or several various services. Each such delivery of a different service is assessed and reported separately by the Bank. Revenue is recognised when the service is delivered, i.e. the Bank has fulfilled its obligation and the customer has the opportunity to benefit from the delivered service. Revenue is recognised on a one-off basis if it is a one-off service or sequentially if the service is delivered sequentially. A transaction price is set for each service delivery. If the Bank receives a consideration from the client but a portion or full amount is expected to be returned, the revenue is not recognised and the consideration received is recognised as a liability. If the transaction price provides the client or the Bank with a significant element of financing the delivery of the service, the financing component and the price of the service are recognised separately.

3) Dividend income

Dividend income is recognised in the statement of comprehensive income when the dividend is approved to the Bank in Note 1 "*Net interest income and dividend income*".

4) Income to be partially returned

Received income, part of which the Bank promised to return, is recognised as liability that is measured as at each financial statement date on contractual and probability basis.

r) Basic and diluted earnings per share

The Bank reports earnings per share attributable to the holders of each class of share. The Bank calculated earnings per share as profits attributable to each class of shares divided by the weighted average number of each class of shares outstanding during the reporting period.

The profit attributable to each class of shares is determined based on the face value of each class of shares in relation to the percentage of the total face value of all shares.

s) Taxation and deferred tax

The Bank calculates income tax in accordance with the provisions of the relevant legislation of the Slovak Republic, based on taxable profit. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax liability is calculated using the tax rates that have been enacted or substantively enacted by the reporting date.

The Bank analyses impacts resulting from the implementation of global minimum tax rules (Pillar II). Global tax rules (Pillar II) apply to entities that are part of a multi-national group of companies that reported a consolidated profit of EUR 750 000 thousand or more in at least two reporting periods of the four preceding reporting periods. Given the high tax burden, the Bank does not expect any negative financial impact from the implementation of these rules. The Bank has applied an exemption from IAS 12 and does not recognise or disclose information on deferred tax assets and liabilities related to income tax under Pillar II.

The Amendment to the Act on the Special Levy on Regulated Entities became effective on 1 January 2024 laying down the obligation for banks to pay the special levy as of 2024. The levy will be paid via prepayments on a monthly basis, at a coefficient of 0.025, which represents a rate of 30% p.a. of the profit/loss adjusted to comply with Slovak Accounting Standards and by a coefficient reflecting the share of income from banking operations in total income. The special levy of regulated entities is a tax-deductible expense. The levy rate will be gradually reduced by 5% p.a. over the 2025 – 2027 period, and will be 4.356% as of 2028.

The Bank recognises deferred income tax using the balance sheet method when temporary differences arise between the tax values of assets or liabilities and their carrying amounts for the purposes of financial reporting. The Bank analysed the impact of the introduction of the special bank levy on deferred taxes. Based on the analysis, the Bank identified two areas where the special bank levy has an impact on deferred tax, namely:
- Lease liabilities and lease receivables that comprise a temporary difference when calculating the special levy;
- Remeasurement of securities from the portfolio measured at fair value through other comprehensive income. Profit/(loss) on the sale of securities is subsequently included in the base for the special levy calculation.

The Bank assessed the impact of the above two areas on deferred tax and given the immateriality of such an impact as at 31 December 2023, the Bank did not recognise a deferred tax adjustment due to the bank levy.

For other items of deferred tax, the Bank applied the expected tax rate for the following years, ie 21%. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

On 1 January 2023, the Bank implemented Amendments to IAS 12 “Income Taxes” and began recognising deferred tax on transactions that upon initial recognition give rise to equal amounts of taxable and deductible temporary differences. Lease transactions (right-of-use and lease liability) meet this condition at the Bank. The Bank calculated the impact of introduction of this change as at 1 January 2023 and recognised the full amount (EUR 175 thousand) in retained earnings from previous years.

The Bank recognises the due corporate income tax in the statement of financial position line “*Current tax asset*” or “*Current tax liability*” and the deferred tax in “*Deferred tax asset*” or “*Deferred tax liability*”.

The Bank pays various local taxes and value added tax (VAT). Various non-deductible local taxes are recognised in the statement of comprehensive income line “*General administrative expenses*” and VAT on the acquisition of non-current tangible and intangible assets is included in the cost of non-current tangible and intangible assets.

III. SEGMENT REPORTING

When reporting by segment, the Bank applies IFRS 8 – Operating Segments. The accounting principles related to the reported segments are consistent with the Bank's accounting principles.

The basis for classifying by segment is an internal principle for the Bank management that is customer oriented. It also reflects the segmentation principle of the majority shareholder (Raiffeisen Bank International AG). The segmentation applied by the Bank is as follows:

- Corporate clients
- Financial institutions and public sector
- Retail customers
- Investment Banking and Treasury
- Equity investments and others

Corporate clients include all resident and non-resident companies, including state-owned companies. In terms of products, corporate clients were mainly provided with investment and operating loans in the form of instalment credits or overdraft facilities, factoring and documentary financing, project financing of commercial real estate projects, office premises, construction of shopping centres etc.

Financial institutions and public sector include:

Banks/Multinationals, which include all local and international banks and their majority-owned subsidiaries in the country and institutions such as the World Bank, EBRD, EIB, IMF, and KfW. In terms of products on the side of assets, exposures to banks mainly included nostro accounts and term deposits made. On the side of liabilities, they included mainly loro accounts, term deposits received and loans received from banks.

Brokers & Asset Management Companies, which include foundations, all broker houses, mutual fund companies, leasing companies, investment banks, and other similar entities. Insurance companies include, for example, pension funds. These entities are mainly provided with investment and operating loans.

Public Sector, which includes all government entities, ministries, municipalities, and similar institutions. Corporations that are owned by the public sector (state-owned) are shown under the corporate clients segment. Banks that belong to the government are defined as financial institutions. Securities of the Slovak Republic are disclosed in the Investment Banking and Treasury segment. Embassies and trade representatives are shown in this segment.

Retail Customers consist of Individuals (Consumers), which include all consumer customers, from low-income to high-income. The retail customers segment also includes micro businesses. For private banking, individuals are defined locally, with special treatment to individually manage their assets. In terms of products, retail customers – micro businesses and sole traders – are mainly provided with operating loans called BusinessÚverTB Expres, BusinessÚverTB Hypo and BusinessÚverTB Variant, company credit cards (VISA Standard/Visa Gold) and other products.

Retail Customers – Households are mainly provided with mortgage loans, equity home loans, hypotékaTB, Bezúčelový úverTB Classic, Bezúčelový úverTB Garant, private credit cards (Visa Standard /Visa Gold/Visa Platinum) and other products. Retail customers place their financial funds mainly in current accounts and term deposits.

Treasury and Investment Banking consist of business transactions conducted on the Bank's own account and risk originated from managing market risk positions like FX-dealing, securities and derivatives trading, money market trading, liquidity management and funding, strategic placement positioning (investment portfolio), interest rate gapping (maturity transformation).

Equity investments and others represent transactions with subsidiaries (eg dividend income), settlement from MREL debt securities, and costs of subordinated debt.

Segment reporting is based on the schemes of contribution margins that are calculated as a basis for the management of the Bank. In these schemes, revenues and expenses are allocated under the principles of causality, i.e. revenues and expenses are allocated to individual segments based on their place of origin.

"*General administrative expenses*" consist of direct and indirect expenses. Direct expenses (personnel expenses and other administrative expenses) are allocated per individual segment and indirect expenses are allocated in line with the approved ratios.

"*Special levy of selected financial institutions*" was allocated to individual segments according to the daily balances of all liabilities and to all segments.
The structure of items presented in Note III "Segment reporting" is consistent with similar items of the statement of comprehensive income.

Geographically, operating profit was primarily generated by the provision of banking services in the Slovak Republic. Some assets and liabilities are placed outside the Slovak Republic. The summary of the most significant exposures of total assets and liabilities to customers in foreign countries is included in "*Foreign assets and liabilities*". The Bank decided not to report the total amount of revenues from foreign entities owing to their immateriality.

The Bank's management monitors interest income of individual segments on a net basis.

as adopted by the European Union (in thousands of EUR)

The separate statement of comprehensive income and other indicators by segment as at 31 March 2024:

	Corporate customers	***Financial institutions and public sector***	***Retail customers***	***Investment banking and Treasury***	***Total reportable segments***	***Equity investments and non-reportable segments***	***Total***
Net interest income and dividend income	39 786	1 084	71 372	(12 593)	**99 649**	11 344	**110 993**
Net fee and commission income	6 928	2 278	28 835	(38)	**38 003**	(579)	**37 424**
From payment transfers business	*3 403*	*540*	*19 067*	*(23)*	***22 987***	*156*	***23 143***
From credit processing business	*1 638*	*10*	*1 970*	-	***3 618***	-	***3 618***
From securities business	*89*	*1 687*	*5 904*	*(15)*	***7 665***	*(24)*	***7 641***
From activities regarding mediation for third parties	*11*	-	*2 386*	-	***2 397***	*124*	***2 521***
From guarantee business	*1 405*	*109*	*59*	-	***1 573***	-	***1 573***
For other banking services	*382*	*(68)*	*(551)*	-	***(237)***	*(835)*	***(1 072)***
Net profit/(loss) from financial instruments measured at fair value through profit or loss	2 280	119	6 337	2 242	**10 978**	29	**11 007**
Other operating profit/(loss)	-	-	-	-	**-**	666	**666**
General administrative expenses	(10 658)	(762)	(54 426)	(811)	**(66 657)**	(2 758)	**(69 415)**
Net modification profit/(loss)	(193)	(31)	(747)	(140)	**(1 111)**	(2 397)	**(3 508)**
Contribution to the Resolution Fund and the Deposit Guarantee Fund	-	-	-	-	**-**	-	**-**
(Creation)/release of provisions	-	-	-	-	**-**	(403)	**(403)**
Impairment allowances for financial assets and provisions for commitments and guarantees provided	2 573	37	416	65	**3 091**	-	**3 091**
Impairment allowances for non-financial assets	-	-	-	-	**-**	4	**4**
Profit before special levy on regulated entities and before income tax	**40 716**	**2 725**	**51 787**	**(11 275)**	**83 953**	**5 906**	**89 859**
Special levy on regulated entities	-	-	-	-	**-**	(20 529)	**(20 529)**
Profit before income tax	**40 716**	**2 725**	**51 787**	**(11 275)**	**83 953**	**(14 623)**	**63 330**
Income tax	-	-	-	-	**-**	(15 112)	**(15 112)**
Profit after tax	**40 716**	**2 725**	**51 787**	**(11 275)**	**83 953**	**(29 735)**	**54 218**
Total assets	**5 120 684**	**694 982**	**8 324 531**	**5 072 819**	**19 213 016**	**566 593**	**19 779 609**
Total equity and liabilities	**4 257 155**	**774 726**	**10 029 488**	**1 618 651**	**16 680 020**	**3 099 589**	**19 779 609**

as adopted by the European Union (in thousands of EUR)

The separate statement of comprehensive income and other indicators by segment as at 31 March 2023:

	Corporate customers	*Financial institutions and public sector*	*Retail customers*	*Investment banking and Treasury*	*Total reportable segments*	*Equity investments and non-reportable segments*	*Total*
Net interest income and dividend income	32 673	1 637	66 790	(18 709)	**82 391**	4 018	**86 409**
Net fee and commission income	6 992	2 250	24 833	(109)	**33 966**	(301)	**33 665**
From payment transfers business	*3 843*	*578*	*17 108*	*(8)*	***21 521***	*(165)*	***21 356***
From credit processing business	*1 736*	*12*	*2 038*	*-*	***3 786***	*(7)*	***3 779***
From securities business	*118*	*1 561*	*4 050*	*(101)*	***5 628***	(122)	***5 506***
From activities regarding mediation for third parties	*1*	*-*	*1 896*	*-*	***1 897***	*10*	***1 907***
From guarantee business	*1 206*	*95*	*78*	*-*	***1 379***	*-*	***1 379***
For other banking services	*88*	*4*	*(337)*	*-*	***(245)***	(17)	***(262)***
Net profit/(loss) from financial instruments measured at fair value through profit or loss	2 034	264	5 883	2 042	**10 223**	(178)	**10 045**
Other operating profit/(loss)	-	-	-	-	**-**	674	**674**
General administrative expenses	(9 225)	(606)	(48 226)	(714)	**(58 771)**	(2 554)	**(61 325)**
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(544)	(108)	(1 732)	(510)	**(2 894)**	(5 090)	**(7 984)**
Net modification profit/(loss)	-	-	-	-	**-**	-	**-**
(Creation)/release of provisions	-	-	-	-	**-**	(83)	**(83)**
Impairment allowances for financial assets and provisions for commitments and guarantees provided	4 975	(30)	(20 015)	(414)	**(15 484)**	-	**(15 484)**
Impairment allowances for non-financial assets	-	-	-	-	**-**	55	**55**
Profit before income tax	**36 905**	**3 407**	**27 533**	**(18 414)**	**49 431**	**(3 459)**	**45 972**
Income tax	-	-	-	-	**-**	(10 022)	**(10 022)**
Profit after tax	**36 905**	**3 407**	**27 533**	**(18 414)**	**49 431**	**(13 481)**	**35 950**
Total assets	**4 950 629**	**584 306**	**8 199 516**	**7 483 419**	**21 217 870**	**475 020**	**21 692 890**
Total equity and liabilities	**4 213 915**	**903 821**	**9 893 677**	**3 847 256**	**18 858 669**	**2 834 221**	**21 692 890**

as adopted by the European Union (in thousands of EUR)

IV. OTHER NOTES

1. Net interest income and dividend income

	31.3.2024	*31.3.2023*
Interest income calculated using the effective interest rate:	**204 671**	**138 777**
From loans and advances to banks measured at amortised cost	37 956	30 075
From loans and advances to customers measured at amortised cost	140 840	99 797
From debt securities measured at amortised cost	19 280	9 083
From debt securities measured at fair value through other comprehensive income	261	300
From derivatives – hedge accounting, interest rate risk	6 334	(478)
Other interest income:	**191**	**287**
From debt securities held for trading	72	114
From derivates held for trading	100	139
From financial liabilities	-	2
From other interest income	19	32
Interest expense:	**(93 869)**	**(52 655)**
On deposits from banks	(21 812)	(18 507)
On deposits from customers	(38 320)	(13 785)
On subordinated debts	(2 162)	(1 556)
On liabilities from debt securities issued by the Bank measured at amortised cost	(15 886)	(11 077)
On derivatives – hedge accounting, interest rate risk	(15 279)	(7 343)
On liabilities from debt securities designated as measured at fair value through other comprehensive income	(48)	(26)
On loans and deposits measured at amortised cost (including negative interest)	(2)	(5)
On lease liabilities	(181)	(144)
On other interest expense	(179)	(212)
Net interest income	**110 993**	**86 409**
Dividend income:	**-**	**-**
From dividends from financial assets measured at fair value through other comprehensive income	-	-
From dividends from investments in subsidiaries, joint ventures and associates	-	-
Net interest and dividend income	**110 993**	**86 409**

2. Net fee and commission income

	31.3.2024	*31.3.2023*
Total fee and commission income:	**53 921**	**47 845**
Fee and commission income related to IFRS 15	**52 347**	**46 465**
From payment transfers business	37 372	34 201
From credit processing business	4 125	4 255
From securities business	8 082	5 901
From activities regarding mediation for third parties	2 521	1 907
From other banking services	247	201
Other fee and commission income	**1 574**	**1 380**
From guarantee business	1 574	1 380
Total fee and commission expenses:	**(16 497)**	**(14 179)**
From payment transfers business	(14 229)	(12 845)
From credit processing business	(507)	(476)
From securities business	(441)	(395)
From other banking services	(1 319)	(463)
From guarantees business	(1)	(1)
Net fee and commission income	**37 424**	**33 665**

as adopted by the European Union (in thousands of EUR)

3. Net profit/(loss) from financial instruments measured at fair value through profit or loss

	31.3.2024	*31.3.2023*
Net profit/(loss) from debt securities:	**1 381**	**913**
Revaluation to fair value	844	187
Profit/(loss) from securities sold	537	726
Net profit/(loss) from derivatives:	**2 307**	**2 541**
Derivatives - interest rate contracts	(48)	(237)
Derivatives - currency contracts	2 355	2 778
Net profit/(loss) from hedge accounting:	**239**	**(171)**
Revaluation to fair value of hedging instruments	370	15 359
Revaluation to fair value of hedged items	(131)	(15 530)
Foreign exchange differences	**7 080**	**6 762**
Total	**11 007**	**10 045**

4. Other operating profit/(loss)

	31.3.2024	*31.3.2023*
Income from non-banking operations	1 285	1 051
Other operating income	104	145
Net loss from disposal of non-current tangible and intangible assets	(12)	13
Other operating expenses	(711)	(535)
Total	**1 434**	**674**

5. General administrative expenses

	31.3.2024	*31.3.2023*
Personnel costs:	**(40 537)**	**(34 995)**
Wages and salaries	(28 856)	(25 299)
Social security costs	(10 207)	(8 472)
Other social expenses	(1 486)	(1 243)
(Creation)/release of provisions for employee benefits	12	19
Other administrative expenses:	**(20 414)**	**(18 398)**
Costs of premises	(2 532)	(2 710)
Costs of information technology	(7 893)	(7 109)
Communication costs	(462)	(395)
Legal and consultancy costs*	(2 415)	(2 526)
Advertising and entertainment expenses	(3 623)	(3 207)
Consumption of stationeries	(115)	(138)
Transport and processing of cash	(210)	(176)
Travel costs	(369)	(242)
Education of employees	(716)	(650)
Other taxes and charges	(86)	(89)
Other expenses	(1 993)	(1 156)
Depreciation and amortisation of non-current tangible and intangible assets:	**(8 464)**	**(7 932)**
Non-current tangible assets and right-of-use assets	(5 452)	(5 335)
of which: right-of-use assets	*(2 775)*	*(2 786)*
Non-current intangible assets	(3 012)	(2 597)
Total	**(69 415)**	**(61 325)**

** "Legal and consultancy costs" include the fee for the statutory audit, of which other audit-related assurance services that were related to audit procedures related to NBS prudential returns and FINREP and COREP returns, agreed upon procedures under Act No. 566/2001 Coll. on Securities and Investment Services, the preparation of the Extended Report for the NBS, other assurance audit services related to the review of interim financial statements, and other non-audit.*

as adopted by the European Union (in thousands of EUR)

6. Contribution to the Resolution Fund and the Deposit Guarantee Fund

	31.3.2024	*31.3.2023*
Contribution to the Resolution Fund and the Deposit Guarantee Fund		
Contribution to the Resolution Fund*	(2 101)	(6 600)
Contribution to the Deposit Guarantee Fund	(1 407)	(1 384)
Total	**(3 508)**	**(7 984)**

** The Resolution Fund represents an annual contribution for banks within the EU that are members of the Banking Union, the amount of which depends on the size and risk profile of the Bank as defined in the Bank Recovery and Resolution Directive 2016/59/EU.*

7. Net modification profit/(loss)

	31.3.2024	*31.3.2023*
Financial assets measured at amortised cost:	**-**	**-**
Net modification profit/(loss) – Stage 1	-	-
Net modification profit/(loss) – Stage 2	-	-
Net modification profit/(loss) – Stage 3	-	-
Total	**-**	**-**

8. (Creation)/release of provisions

	31.3.2024	*31.3.2023*
(Creation)/release of provisions for:	**(403)**	**(83)**
(Creation)/release of provisions for litigations	(403)	(83)
Total	**(403)**	**(83)**

9. Impairment allowances for financial assets and provisions for commitments and guarantees provided

	31.3.2024	*31.3.2023*
Impairment allowances for financial assets (Stage 1):	**(229)**	**(1 878)**
(Creation)/release	(229)	(1 878)
Impairment allowances for financial assets (Stage 2):	**8 088**	**(10 718)**
(Creation)/release	8 088	(10 718)
Impairment allowances for financial assets (Stage 3):	**(5 566)**	**(2 911)**
(Creation)/release	(5 566)	(2 911)
Impairment allowances for financial assets (POCI):	**169**	**(1 014)**
(Creation)/release	169	(1 014)
Total	**2 462**	**(16 521)**

Detailed information on impairment allowances for expected credit losses is disclosed in Note 17 "*Financial assets measured at fair value through other comprehensive income*" and in Note 18 "*Financial liabilities measured at amortised cost*".

	31.3.2024	*31.3.2023*
Provisions for commitments and guarantees provided (Stage 1):	**282**	**162**
(Creation)/release	282	162
Provisions for commitments and guarantees provided (Stage 2):	**182**	**818**
(Creation)/release	182	818
Provisions for commitments and guarantees provided (Stage 3):	**165**	**57**
(Creation)/release	165	57
Total	**629**	**1 037**

as adopted by the European Union (in thousands of EUR)

10. Impairment allowances for non-financial assets

Movement in impairment allowances for non-financial assets:

	31.3.2024	*31.3.2023*
(Creation)/release of impairment allowances for non-current tangible assets	-	-
(Creation)/release of impairment allowances for non-current intangible assets	-	-
(Creation)/release of impairment allowances for other assets	4	55
Total	**4**	**55**

11. Special levy on regulated entities

	31.3.2024	*31.3.2023*
Special levy on regulated entities	(20 529)	-
Total	**(20 529)**	-

Effective from 1 January 2024, the government of the Slovak Republic imposed an additional levy obligatory for regulated entities, which establishes the obligation for banks to pay a special levy from 2024. Method of calculation is stated in Note II. Principal Accounting Policies t).

12. Income tax

	31.3.2024	*31.3.2023*
Current tax expense	(11 360)	(10 704)
Deferred tax (expense)/income	(3 752)	682
Total	**(15 112)**	**(10 022)**

Slovak legal entities are obliged to report taxable income and remit corporate income taxes thereon to the respective tax authorities. In 2024, the corporate income tax rate amounted to 21% (2023: 21%).

Deferred tax assets and liabilities as at 31 March 2024 and as at 31 December 2023 relate to the following items:

	Book value	*Tax value*	*Permanent difference*	*Temporary difference*	*31.3.2024*	*31.12.2023*
Deferred tax assets						
Financial assets measured at fair value through other comprehensive income	102 904	107 813	-	4 909	1 031	940
Financial assets measured at amortised cost	18 052 544	18 274 064	102 504	119 016	24 993	25 506
Non-current tangible assets and right-of-use assets	86 737	88 709	-	1 972	414	345
Other assets	26 733	27 751	1 018	-	-	-
Financial liabilities measured at amortised cost	18 005 588	18 012 789	-	7 201	1 512	1 749
Provisions	49 989	14	32 073	17 902	3 759	5 646
Other liabilities	47 549	16 575	2 447	28 527	5 992	7 176
Total					**37 701**	**41 362**
Deferred tax liabilities						
Total					**-**	**-**
Net deferred tax asset/(liability)					**37 701**	**41 362**

The Bank regularly tests the recognition of loan receivables upon their write-off for tax purposes and based on the results, it adjusts the percentage of the estimate of tax deductibility of impairment allowances for credit losses. Accordingly, as at 31 March 2024 the Bank did not recognise a deferred tax asset in the amount of EUR 22 616 thousand (31 December 2023: EUR 23 011 thousand) with regard to part of the impairment allowances for expected credit losses and provisions for commitments and guarantees provided.

as adopted by the European Union (in thousands of EUR)

13. Basic and diluted earnings per share

31.3.2024	***Ordinary shares Face value EUR 800***	***Ordinary Shares Face value EUR 4 000***	***Preference shares Face value EUR 4***
Comprehensive income after tax in the reporting period attributable to:	40 688	7 031	6 152
Weighted average number of shares outstanding during the period	60 616	2 095	1 833 061
Basic and diluted earnings per share	**671**	**3 355**	**3,4**

31.3.2023	***Ordinary shares Face value EUR 800***	***Ordinary Shares Face value EUR 4 000***	***Preference shares Face value EUR 4***
Comprehensive income after tax in the reporting period attributable to:	28 810	4 978	4 330
Weighted average number of shares outstanding during the period	60 616	2 095	1 822 271
Basic and diluted earnings per share	**475**	**2 375**	**2,4**

Information on the method of calculation of earnings per share is stated in Note II. Principal Accounting Policies (s).

14. Cash, cash balances at central banks and other demand deposits

	31.3.2024	***31.12.2023***
Cash on hand	216 118	223 136
Cash balances at central banks	1 012 663	3 954 534
Other demand deposits	30 234	25 157
Total	**1 259 015**	**4 202 827**

The obligatory minimum reserve is recognised as interest-bearing deposits under the regulations of the National Bank of Slovakia and are part of the item "*Cash balances at central banks*".

15. Financial assets held for trading

	31.3.2024	***31.12.2023***
Positive fair value of financial derivatives held for trading	**24 635**	**24 405**
Interest rate contracts	20 618	19 894
Currency contracts	4 017	4 511
Debt securities	**17 795**	4 577
Government bonds	17 795	**4 577**
Total	**42 430**	**28 982**

as adopted by the European Union (in thousands of EUR)

16. Non-trading financial assets mandatorily measured at fair value through profit or loss

	31.3.2024	*31.12.2023*
Equity securities, debt securities and other securities with variable yield	**16 476**	**15 449**
Equity securities	6 659	6 079
Debt securities	5 931	5 484
Mutual fund certificates*	3 886	3 886
Total	**16 476**	**15 449**

** The Bank held equity securities (mutual fund certificates) for which the option of measurement at fair value through other comprehensive income (FVOCI) could not be used because these securities have a defined maturity and do not meet the definition of an equity instrument under IAS 32. As at 31 March 2024, the value of the above mutual fund certificates was EUR 831 thousand (31 December 2023: EUR 831 thousand).*

17. Financial assets measured at fair value through other comprehensive income

	31.3.2024	*31.12.2023*
Debt securities	**100 717**	**101 503**
Government bonds	-	-
Bonds issued by a bank sector	64 205	64 213
Bonds issued by other sectors	36 512	37 290
Equity instruments	**2 187**	**2 187**
Equity securities	2 187	2 187
Total	**102 904**	**103 690**

Classification of debt securities measured at fair value through other comprehensive income as at 31 March 2024:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Debt securities	**100 776**	**(59)**	**100 717**
Government bonds	-	-	-
Bonds issued by a bank sector	64 230	(25)	64 205
Bonds issued by other sectors	36 546	(34)	36 512
Total	**100 776**	**(59)**	**100 717**

Classification of debt securities measured at fair value through other comprehensive income as at 31 December 2023:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Debt securities	**101 565**	**(62)**	**101 503**
Government bonds	-	-	-
Bonds issued by a bank sector	64 242	(29)	64 213
Bonds issued by other sectors	37 323	(33)	37 290
Total	**101 565**	**(62)**	**101 503**

as adopted by the European Union (in thousands of EUR)

18. Financial assets measured at amortised cost

Classification of financial assets measured at amortised cost as at 31 March 2024:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Loans and advances to banks	**207 763**	**(1)**	**207 762**
Money-market business	118 290	-	118 290
Reverse repo transactions	89 196	-	89 196
Other loans and advances to banks	277	(1)	276
Loans and advances to customers	**14 328 460**	**(220 126)**	**14 108 334**
Overdraft loans and current account overdrafts	965 943	(20 886)	945 057
Receivables from credit cards	117 986	(5 164)	112 822
Factoring and loans covered by bills of exchange	94 643	(507)	94 136
Mortgage and housing loans	5 510 813	(31 451)	5 479 362
Home Equity Loans	1 103 381	(7 565)	1 095 816
Consumer loans	919 168	(80 580)	838 588
Investment, operating and other loans	5 616 526	(73 973)	5 542 553
Change in the fair value of hedged items in interest rate risk hedging – Loans and advances to customers	**4 761**	**-**	**4 761**
Debt securities	**3 733 080**	**(1 393)**	**3 731 687**
Treasury bills	27 267	(1)	27 266
Government bonds	3 473 704	(1 186)	3 472 518
Bonds issued by a bank sector	212 528	(45)	212 483
Bonds issued by other sectors	19 581	(161)	19 420
Total	**18 274 064**	**(221 520)**	**18 052 544**

Classification of financial assets measured at amortised cost as at 31 December 2023:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Loans and advances to banks	**194 778**	-	**194 778**
Money-market business	142 126	-	142 126
Reverse repo transactions	52 652	-	52 652
Other loans and advances to banks	-	-	-
Loans and advances to customers	**14 188 293**	**(223 866)**	**13 964 427**
Overdraft loans and current account overdrafts	928 442	(20 492)	907 950
Receivables from credit cards	119 871	(5 308)	114 563
Factoring and loans covered by bills of exchange	101 314	(721)	100 593
Mortgage and housing loans	5 485 079	(33 402)	5 451 677
Home Equity Loans	1 119 413	(8 572)	1 110 841
Consumer loans	892 961	(79 776)	813 185
Investment, operating and other loans	5 541 213	(75 595)	5 465 618
Change in the fair value of hedged items in interest rate risk hedging – Loans and advances to customers	**17 537**	**-**	**17 537**
Debt securities	**3 237 466**	**(1 378)**	**3 236 088**
Government bonds	3 054 737	(1 233)	3 053 504
Bonds issued by a bank sector	163 144	(55)	163 089
Bonds issued by other sectors	19 585	(90)	19 495
Total	**17 638 074**	**(225 244)**	**17 412 830**

As at 31 March 2024, the total amount of syndicated loans managed by the Bank was in the amount of EUR 1 363 433 thousand (31 December 2023: EUR 1 396 167 thousand). The Bank’s share amounted to EUR 489 717 thousand (31 December 2023: EUR 501 882thousand). Syndicated loans are included in “*Investment, operating and other loans*”.

as adopted by the European Union (in thousands of EUR)

Classification of financial assets measured at amortised cost by customer group as at 31 March 2024:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Banks	420 291	(46)	420 245
Public sector	3 503 018	(1 188)	3 501 830
Corporate clients	6 187 178	(61 716)	6 125 462
Retail clients	8 163 577	(158 570)	8 005 007
Total	**18 274 064**	**(221 520)**	**18 052 544**

Classification of financial assets measured at amortised cost by customer group as at 31 December 2023:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Banks	357 922	(55)	357 867
Public sector	3 056 861	(1 234)	3 055 627
Corporate clients	6 100 514	(64 298)	6 036 216
Retail clients	8 122 777	(159 657)	7 963 120
Total	**17 638 074**	**(225 244)**	**17 412 830**

An overview of the quality of financial assets measured at amortised cost is stated in Note 38 "*Risk report*".

Movements in impairment allowances for losses from financial assets measured at amortised cost as at 31 March 2024:

	As at 1 January 2024	*Creation/ (Release)**	*Use*	*Other adjustments*	*As at 31 March 2024*
Impairment allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**52 455**	**235**	**-**	**-**	**52 690**
Banks	-	-	-	-	-
Corporate clients	22 785	573	-	-	23 358
Retail clients	28 458	(382)	-	-	28 076
Debt securities	1 212	44	-	-	1 256
Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2)	**52 781**	**(8 244)**	**-**	**-**	**44 537**
Banks	-	1	-	-	1
Corporate clients	15 037	(1 099)	-	-	13 938
Retail clients	37 578	(7 117)	-	-	30 461
Debt securities	166	(29)	-	-	137
Specific impairment allowances for individually and collectively assessed items (Stage 3)	**115 543**	**5 462**	**(1 011)**	**(33)**	**119 961**
Banks	-	-	-	-	-
Corporate clients	22 392	(1 923)	(33)	(24)	20 412
Retail clients	93 151	7 385	(978)	(9)	99 549
Debt securities	-	-	-	-	-
Impairment allowances for financial assets recognised as impaired on initial recognition (POCI)	**4 465**	**(92)**	**(56)**	**15**	**4 332**
Banks	-	-	-	-	-
Corporate clients	3 995	(159)	-	12	3 848
Retail clients	470	67	(56)	3	484
Debt securities	-	-	-	-	-
Total	**225 244**	**(2 639)**	**(1 067)**	**(18)**	**221 520**

**The amount of creation/(release) of the impairment allowances for losses from financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR (20) thousand.*

as adopted by the European Union (in thousands of EUR)

Movements in impairment allowances for losses from financial assets measured at amortised cost as at 31 December 2023:

	As at 1 January 2023	*Creation/ (Release)**	*Use*	*Other adjustments*	*As at 31 December 2023*
Impairment allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**36 462**	**15 993**	-	**-**	**52 455**
Banks	-	-	-	-	-
Corporate clients	20 307	2 478	-	-	22 785
Retail clients	15 320	13 138	-	-	28 458
Debt securities	835	377	-	-	1 212
Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2)	**58 377**	**(5 596)**	-	**-**	**52 781**
Banks	-	-	-	-	-
Corporate clients	16 440	(1 403)	-	-	15 037
Retail clients	41 887	(4 309)	-	-	37 578
Debt securities	50	116	-	-	166
Specific impairment allowances for individually and collectively assessed items (Stage 3)	**126 760**	**15 769**	**(27 130)**	**144**	**115 543**
Banks	-	-	-	-	-
Corporate clients	39 886	(6 021)	(11 519)	46	22 392
Retail clients	86 874	21 790	(15 611)	98	93 151
Debt securities	-	-	-	-	-
Impairment allowances for financial assets recognised as impaired on initial recognition (POCI)	**3 938**	**1 623**	**(512)**	**(584)**	**4 465**
Banks	-	-	-	-	-
Corporate clients	3 406	1 571	(404)	(578)	3 995
Retail clients	532	52	(108)	(6)	470
Debt securities	-	-	-	-	-
Total	**225 537**	**27 789**	**(27 642)**	**(440)**	**225 244**

**The amount of creation/(release) of the impairment allowances for losses from financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR 488 thousand.*

The following table represents the carrying amount of transfers between the impairment stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 31 March 2024:

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**180 830**	**115 360**	**2 119**	**13 322**	**1 616**	**6 623**
Corporate clients	33 584	29 865	1 077	795	-	-
Retail clients	147 246	85 495	1 042	12 527	1 616	6 623
Debt securities	**12 156**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**22 013**	**10 422**	**362**	**18**	**3**	**195**
Banks	-	-	-	-	-	-
Corporate clients	13 011	4 908	362	-	-	-
Retail clients	9 002	5 514	-	18	3	195
Total	**214 999**	**125 782**	**2 481**	**13 340**	**1 619**	**6 818**

as adopted by the European Union (in thousands of EUR)

The following table presents the decreases in the impairment allowance from the stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 31 March 2024:

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**(7 960)**	**(1 279)**	**(296)**	**(2 012)**	**(336)**	**(262)**
Corporate clients	(438)	(162)	(17)	(41)	-	-
Retail clients	(7 522)	(1 117)	(279)	(1 971)	(336)	(262)
Debt securities	**(98)**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**(175)**	**(13)**	**-**	**-**	**-**	**(3)**
Banks	-	-	-	-	-	-
Corporate clients	(76)	(6)	-	-	-	-
Retail clients	(99)	(7)	-	-	-	(3)
Total	**(8 233)**	**(1 292)**	**(296)**	**(2 012)**	**(336)**	**(265)**

The following table presents the increases in the impairment allowance from the stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 31 March 2024:

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**1 785**	**6 684**	**97**	**5 358**	**38**	**2 520**
Corporate clients	142	433	1	108	-	-
Retail clients	1 643	6 251	96	5 250	38	2 520
Debt securities	**2**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**111**	**219**	**-**	**14**	**-**	**65**
Banks	-	-	-	-	-	-
Corporate clients	92	25	-	-	-	-
Retail clients	19	194	-	14	-	65
Total	**1 898**	**6 903**	**97**	**5 372**	**38**	**2 585**

as adopted by the European Union (in thousands of EUR)

The following table represents the carrying amount of transfers between the impairment stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 31 December 2023:

	From Stage 2 to Stage 1	***From Stage 1 to Stage 2***	***From Stage 3 to Stage 2***	***From Stage 2 to Stage 3***	***From Stage 3 to Stage 1***	***From Stage 1 to Stage 3***
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**849 278**	**534 684**	**3 334**	**52 073**	**1 812**	**18 302**
Corporate clients	203 470	134 186	397	18 998	656	373
Retail clients	645 808	400 498	2 937	33 075	1 156	17 929
Debt securities	**-**	**23 961**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**655 168**	**56 894**	**1**	**246**	**102**	**14**
Banks	-	3 250	-	-	-	-
Corporate clients	622 207	43 515	-	206	93	-
Retail clients	32 961	10 129	1	40	9	14
Total	**1 504 446**	**615 539**	**3 335**	**52 319**	**1 914**	**18 316**

The transfer of corporate client exposures from Stage 2 to Stage 1 is due to improved macroeconomic scenarios during 2023 (compared to 2022). The transfer of retail client exposures from Stage 1 to Stage 2 was due to the implementation of the holistic ESG flag for exposures secured by real estate with a possible threat by one of physical risks. The increase in the significant impairment of credit risk (SICR) parameter from 70% to 90% is the main reason for the transfer of retail client exposures from Stage 2 to Stage 1.

The following table presents the decreases in the impairment allowance from the stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 31 December 2023:

	From Stage 2 to Stage 1	***From Stage 1 to Stage 2***	***From Stage 3 to Stage 2***	***From Stage 2 to Stage 3***	***From Stage 3 to Stage 1***	***From Stage 1 to Stage 3***
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	**(19 844)**	**(1 672)**	**(1 118)**	**(5 105)**	**(845)**	**(429)**
Corporate clients	(3 343)	(527)	(3)	(1 414)	-	(4)
Retail clients	(16 501)	(1 145)	(1 115)	(3 691)	(845)	(425)
Debt securities	-	-	-	-	-	-
Commitments and financial guarantees provided	**(2 333)**	**(140)**	**-**	**(1)**	**(2)**	**-**
Banks	-	-	-	-	-	-
Corporate clients	(2 063)	(127)	-	-	-	-
Retail clients	(270)	(13)	-	(1)	(2)	-
Total	**(22 177)**	**(1 815)**	**(1 118)**	**(5 106)**	**(847)**	**(429)**

as adopted by the European Union (in thousands of EUR)

The following table presents the increases in the impairment allowance from the stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 31 December 2023:

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**4 716**	**15 966**	**180**	**16 291**	**18**	**8 522**
Corporate clients	1 042	3 460	16	1 636	-	52
Retail clients	3 674	12 506	164	14 655	18	8 470
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**1 206**	**260**	**-**	**27**	**-**	**11**
Banks	-	-	-	-	-	-
Corporate clients	1 153	150	-	-	-	-
Retail clients	53	110	-	27	-	11
Total	**5 922**	**16 350**	**180**	**16 318**	**18**	**8 533**

19. Receivables from hedging derivatives

	31.3.2024	*31.12.2023*
Positive fair value of financial derivatives for fair value hedging of interest rate risk	**46 636**	**48 344**
Interest–rate contracts	46 636	48 344
Total	**46 636**	**48 344**

A detailed overview of receivables from hedging transactions is shown in Note 35 "*Fair Value Hedges Relating to Hedging Transaction*s".

20. Investments in subsidiaries and associates

Company	*Ownership interest (in %)*	*Cost*	*Impairment allowance*	*Carrying amount as at 31 March 2024*	*Carrying amount as at 31 December 2023*
Subsidiaries					
Tatra-Leasing, s.r.o.	100.00	46 419	-	46 419	46 419
Tatra Asset Management, správ. spol., a. s.	100.00	1 660	-	1 660	1 660
Doplnková dôchodková spoločnosť Tatra banky, a. s.	100.00	10 846	-	10 846	10 846
Tatra Leasing Broker, s.r.o.	11.30	17	-	17	17
Total		**58 942**	**-**	**58 942**	**58 942**

The Bank owns indirect shares in its subsidiaries through Tatra-Leasing, s.r.o., as set out in Note I. General Information. The Bank owns a 100% share in all of these indirectly-owned subsidiaries with 100% voting rights.

as adopted by the European Union (in thousands of EUR)

21. Non-current tangible and intangible assets and right-of-use assets

Movements in non-current tangible assets as at 31 March 2024:

	*Land and buildings-Right-of-use of assets**	*Land and buildings*	*Machinery & equipment*	*Other non-current assets*	*Vehicles*	*Assets under construction*	*Total*
Cost							
1 January 2024	**82 429**	**32 407**	**47 974**	**16 858**	**3 944**	**4 782**	**188 394**
Additions	-	-	-	-	-	2 581	2 581
Disposals	(148)	-	(32)	-	(36)	-	(216)
Transfer from tangible assets under construction	1 500	1 426	2 048	610	92	(5 676)	-
31 March 2024	**83 781**	**33 833**	**49 990**	**17 468**	**4 000**	**1 687**	**190 759**
Accumulated depreciation							
1 January 2024	**(40 994)**	**(15 164)**	**(32 647)**	**(8 368)**	**(1 569)**	**-**	**(98 742)**
Depreciation charges	(2 775)	(595)	(1 556)	(426)	(100)	-	(5 452)
Disposals	104	-	32	-	36	-	172
Impairment allowance	-	-	-	-	-	-	-
31 March 2024	**(43 665)**	**(15 759)**	**(34 171)**	**(8 794)**	**(1 633)**	**-**	**(104 022)**
Carrying amount as at 1 January 2024	**41 435**	**17 243**	**15 327**	**8 490**	**2 375**	**4 782**	**89 652**
Carrying amount as at 31 March 2024	**40 116**	**18 074**	**15 819**	**8 674**	**2 367**	**1 687**	**86 737**

** An analysis of the maturity of cash flows from lease liabilities is included in Note 40 "Leases as a lessee (IFRS 16)"*

Movements in non-current tangible assets as at 31 December 2023:

	*Land and buildings-Right-of-use of assets**	*Land and buildings*	*Machinery & equipment*	*Other non-current assets*	*Vehicles*	*Assets under construction*	*Total*
Cost							
1 January 2023	80 757	29 663	50 922	17 343	3 629	5 301	187 615
Additions	-	-	-	-	-	20 075	20 075
Disposals	(6 159)	(3 591)	(9 634)	(1 640)	(490)	-	(21 514)
Transfer to non-current assets held for sale	-	2 218	-	-	-	-	2 218
Transfer from tangible assets under construction	7 831	4 117	6 686	1 155	805	(20 594)	-
31 December 2023	**82 429**	**32 407**	**47 974**	**16 858**	**3 944**	**4 782**	**188 394**
Accumulated depreciation							
1 January 2023	(35 654)	(13 880)	(36 114)	(8 235)	(1 637)	-	(95 520)
Depreciation charges	(11 057)	(2 247)	(6 155)	(1 659)	(401)	-	(21 519)
Disposals	5 717	2 919	9 622	1 526	469	-	20 253
Transfer to non-current assets held for sale	-	(1 687)	-	-	-	-	(1 687)
Impairment allowance	-	(269)	-	-	-	-	(269)
31 December 2023	**(40 994)**	**(15 164)**	**(32 647)**	**(8 368)**	**(1 569)**	**-**	**(98 742)**
Carrying amount as at 1 January 2023	**45 103**	**15 783**	**14 808**	**9 108**	**1 992**	**5 301**	**92 095**
Carrying amount as at 31 December 2023	**41 435**	**17 243**	**15 327**	**8 490**	**2 375**	**4 782**	**89 652**

** An analysis of the maturity of cash flows from lease liabilities is included in Note 40 "Leases as a lessee (IFRS 16)"*

as adopted by the European Union (in thousands of EUR)

Movements in non-current intangible assets as at 31 March 2024:

	Software	*Assets under construction*	*Total*
Cost			
1 January 2024	**132 440**	**9 905**	**142 345**
Additions	-	1 946	1 946
Disposals	-	-	-
Transfer from intangible assets under construction	2 675	(2 675)	-
31 March 2024	**135 115**	**9 176**	**144 291**
Accumulated amortisation			
1 January 2024	**(91 788)**	**-**	**(91 788)**
Amortisation charges	(3 012)	-	(3 012)
Disposals	-	-	-
Impairment allowance	-	-	-
31 March 2024	**(94 800)**	**-**	**(94 800)**
Carrying amount as at 1 January 2024	**40 652**	**9 905**	**50 557**
Carrying amount as at 31 March 2024	**40 315**	**9 176**	**49 491**

Movements in non-current intangible assets as at 31 December 2023:

	Software	*Assets under construction*	*Total*
Cost			
1 January 2023	127 620	7 902	135 522
Additions	-	16 342	16 342
Disposals	(9 519)	-	(9 519)
Transfer from intangible assets under construction	14 339	(14 339)	-
31 December 2023	**132 440**	**9 905**	**142 345**
Accumulated amortisation			
1 January 2023	(88 949)	-	(88 949)
Amortisation charges	(12 323)	-	(12 323)
Disposals	9 695	-	9 695
Impairment allowance	(211)	-	(211)
31 December 2023	**(91 788)**	**-**	**(91 788)**
Carrying amount as at 1 January 2023	**38 671**	**7 902**	**46 573**
Carrying amount as at 31 December 2023	**40 652**	**9 905**	**50 557**

22. Deferred tax asset

	31.3.2024	*31.12.2023*
Tax asset – deferred	37 701	41 362
Tax liability – deferred	-	-
Total	**37 701**	**41 362**

Net deferred income tax asset resulted mainly from temporary deductible differences described in Note 12 "*Income tax*".

as adopted by the European Union (in thousands of EUR)

23. Other assets

	31.3.2024	*31.12.2023*
Prepayments and other deferrals	24 518	18 715
Inventories	1 081	1 001
Other assets	1 134	814
Total	**26 733**	**20 530**

24. Financial liabilities held for trading

	31.3.2024	*31.12.2023*
Negative fair value of financial derivatives held for trading	**20 701**	**22 458**
Interest rate contracts	18 909	18 711
Currency contracts	1 792	3 747
Liabilities from debt securities held for trading	**10 156**	**-**
Total	**30 857**	**22 458**

25. Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost by product group are as follows:

	31.3.2024	*31.12.2023*
Deposits from banks	**221 494**	**2 426 319**
Current accounts and interbank settlement	19 811	4 200
Money-market business	2 554	608
Loans received	62 849	2 285 200
Subordinated debt	136 280	136 311
Deposits from customers	**15 673 080**	**15 744 880**
Current accounts and settlement	11 697 103	12 313 444
Time deposits	3 975 601	3 431 045
Savings deposits	256	253
Loans received	120	138
Change in the fair value of hedged items in interest rate risk hedging – Deposits from customers*	**(56 918)**	**(44 503)**
Liabilities from debt securities	**1 949 685**	**1 998 383**
Debt securities issued – covered bonds	893 548	933 859
Debt securities issued – uncovered bonds	1 056 137	1 064 524
Other financial liabilities	**218 247**	**49 672**
of which: Lease liabilities	*42 176*	*43 497*
Total	**18 005 588**	**20 174 751**

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as adopted by the European Union (in thousands of EUR)

Classification of deposits measured at amortised cost by customer segment as at 31 March 2024 and 31 December 2023:

	31.3.2024	***31.12.2023***
Banks	221 494	2 426 319
Public sector	492 925	500 099
Corporate clients	5 659 348	5 610 861
Retail clients	9 520 807	9 589 417
Total	**15 894 574**	**18 126 696**

Under the TLTRO programme (targeted longer-term refinancing operations), the Bank received 4 loans from the central bank in the amount of EUR 3 137 000 thousand. As at 31 March 2024, outstanding borrowings included in the balance sheet under the third series of the targeted longer-term refinancing operations (TLTRO-III) programme due to the central bank amount to EUR 38 523 thousand. As collateral for the received deals, the Bank provided an issued covered bond collateralised by provided mortgage loans, housing mortgage loans and non-purpose loans pledged by real estate in the total amount of EUR 38 962 thousand.

As at 31 March 2024 and 31 December 2023, the Bank analysed whether it expected to meet the lending targets based on its current lending volumes and projections and believes that it has reasonable certainty that it will meet these targets.

Based on an analysis of the observable conditions of comparably collateralised refinancing sources available on the market, the Bank concludes that the conditions for the TLTRO III direct government programmes do not constitute a significant market advantage. TLTRO III financial liabilities are recognised and measured as financial instruments in accordance with IFRS 9, as TLTRO instruments are understood as a separate market organised by the central bank in the context of its money market policy.

Loans received and subordinated debt by type of counterparty is as follows:

Type of loan	***Currency***	***Type of loan by maturity***	***Start of loan drawing***	***Interest rate***	***Contractual maturity***	***31.3.2024***	***31.12.2023***
Loans received from banks:							
– central bank	EUR	Long-term	March 2021	-	March 2024	-	2 247 052
– central bank	EUR	Long-term	December 2021	4.0%	December 2024	38 523	38 148
Received repo contracts from banks:							
– commercial banks	EUR	Short-term	March 2024	3,6 %	April 2024	24 326	-
Subordinated debt from banks:							
– commercial banks	EUR	Long-term	November 2019	3M EURIBOR + 2.4%	November 2029	136 280	136 311
Total						**199 129**	**2 421 511**

as adopted by the European Union (in thousands of EUR)

The Bank issued covered and uncovered bonds with the following conditions:

Name	*Interest rate*	*Currency*	*Number of bonds issued*	*Bonds unit face value in currency*	*Issue date*	*Maturity date*	*Frequency of coupon payment*	*31.3.2024*	*31.12.2023*
Covered bonds									
HZL 068	5.00%	EUR	1 000	10 000	14.10.2011	14.10.2031	annually	10 169	10 044
HZL 083	1.11%	EUR	500	100 000	29.4.2015	29.4.2025	annually	48 837	48 571
HZL 088	1.00%	EUR	500	100 000	16.11.2016	16.11.2026	annually	47 066	47 161
HZL 089 - paid	0.90%	EUR	280	100 000	10.2.2017	10.2.2024	annually	-	28 099
TATSK FVHDG	0.13%	EUR	2 500	100 000	1.7.2019	1.7.2026	annually	233 325	233 742
TATSK KD4	0.125%	EUR	200	100 000	5.3.2021	5.3.2025	annually	29 057	28 836
TATSK KD5	3.375%	EUR	5 000	100 000	31.1.2023	31.1.2026	annually	501 330	513 831
TB KD6	0.00%	EUR	25 000	1 000	3.11.2023	3.11.2025	no coupon	23 763	23 575
Uncovered bonds									
TB FLOAT1	6M EUR EURIBOR	EUR	1 000	100 000	26.10.2020	26.10.2027	semi-annually	104 473	103 181
TB FIX1	0.50%	EUR	250	100 000	26.10.2020	26.10.2027	annually	24 737	24 684
TB FVHDG GREEN	0.50%	EUR	3 000	100 000	23.4.2021	23.4.2028	annually	272 893	273 517
TB FIX2	3.20%	EUR	70 981	1 000	10.10.2022	9.10.2026	annually	71 984	71 414
TB GREEN	5.50%	EUR	2 000	100 000	25.10.2022	25.10.2025	annually	204 640	201 918
TB FIX3	3.60%	EUR	50 000	1 000	28.10.2022	28.10.2025	annually	50 748	50 302
TB GREEN FVHDG2	7.50%	USD	200	100 000	10.11.2022	10.11.2029	semi-annually	19 008	18 618
TB GREEN2	5.95%	EUR	3 000	100 000	17.2.2023	17.2.2026	annually	301 491	314 819
TB ZERO	0.00%	EUR	7 000	1 000	26.5.2023	11.5.2026	no coupon	6 163	6 071
Total issued bonds								**1 949 684**	**1 998 383**

In addition to the above covered bonds, the Bank issued covered bonds (face value of EUR 970 000 thousand, book value of EUR 903 986 thousand), which were not sold but pledged as collateral within the TLTRO programme. The above covered bonds are included in the off-balance sheet accounts.

The Bank issues covered bonds as one of the financing sources on the capital markets. For the purposes of meeting the requirements for eligible liabilities, the Bank also issued unsecured non-subordinated bonds.

The bond-related rights are governed by generally-binding legal regulations and relevant documentation (securities prospectus, issue or final terms), which the issuer publishes on its website.

All bonds issued by the Bank are book-entry, bearer and freely transferable. They are traded on the Bratislava Stock Exchange.

as adopted by the European Union (in thousands of EUR)

26. Liabilities from hedging derivatives

	31.3.2024	*31.12.2023*
Negative fair value of financial derivatives for fair value hedging of interest rate risk	**188 558**	**196 582**
Interest rate contracts	188 558	196 582
Total	**188 558**	**196 582**

A detailed overview of liabilities from hedging transactions is shown in Note 35 "*Fair value hedges related to hedging transactions*".

27. Provisions

Movements in provisions as at 31 March 2024:

	As at 1 January 2024	*Creation/ (Release)*	*Usage*	*As at 31 March 2024*
Commitments and financial guarantees provided (Stage 1)	7 530	(281)	-	7 249
Commitments and financial guarantees provided (Stage 2)	1 723	(183)	-	1 540
Commitments and financial guarantees provided (Stage 3)	375	(165)	-	210
Litigation (Note 39)	22 547	571	(30)	23 088
Provisions for employee benefits	5 326	-	(12)	5 314
Employee provisions	21 344	353	(9 310)	12 387
Other provisions	219	(18)	-	201
Total	**59 064**	**277**	**(9 352)**	**49 989**

Movements in provisions as at 31 December 2023:

	As at 1 January 2023	*Creation/ (Release)*	*Usage*	*As at 31 December 2023*
Commitments and financial guarantees provided (Stage 1)	6 935	595	-	7 530
Commitments and financial guarantees provided (Stage 2)	4 604	(2 881)	-	1 723
Commitments and financial guarantees provided (Stage 3)	569	(194)	-	375
Litigation (Note 39)	22 062	734	(249)	22 547
Provisions for employee benefits	4 294	1 073	(41)	5 326
Employee provisions	18 601	11 001	(8 258)	21 344
Other provisions	304	(85)	-	219
Total	**57 369**	**10 243**	**(8 548)**	**59 064**

Key assumptions used in the actuarial calculation of provisions for employee benefits:

Annual discount rate	4.05%
Future actual annual rate of salary increases	2.00%
Annual employee turnover	3.00% – 8.50%
Retirement age	According to the applicable legislation

Long-term provisions for employee benefits are calculated using the valid mortality tables issued by the Statistical Office of the Slovak Republic.

The Bank does not have pension arrangements separate from the state pension system of the Slovak Republic. Pursuant to the Slovak legal regulations, an employer is obliged to pay contributions to social security, sickness insurance, health insurance, accident insurance, unemployment insurance, and contributions to a guarantee fund set as a percentage of the assessment base. These expenses are recognised in the statement of comprehensive income in the period in which an employee was entitled to a salary.

as adopted by the European Union (in thousands of EUR)

28. Current tax liability

	31.3.2024	*31.12.2023*
Current tax liability	17 632	13 741
Total	**17 632**	**13 741**

29. Other liabilities

	31.3.2024	*31.12.2023*
Unbilled liabilities	28 968	35 718
Other liabilities to the state budget	1 804	1 507
Social fund payables	1 881	1 879
Liabilities to employees	9 964	9 329
Other liabilities	4 932	4 942
Total	**47 549**	**53 375**

30. Equity

Equity, except for the profit for the current year, consists of:

	31.3.2024	*31.12.2023*
Share capital – ordinary shares	56 873	56 873
Share capital – preference shares	7 453	7 453
Treasury shares	(2 609)	(1 199)
Share premium	298 654	298 654
Reserve and other funds	14 446	14 446
Revaluation reserve from financial instruments measured at fair value through other comprehensive income	(3 820)	(3 473)
Retained earnings (excluding profit after tax for the current year)	914 221	843 153
AT1 capital	100 000	100 000
Total	**1 385 218**	**1 315 907**

The type, form, nature, number and face value of ordinary shares and preference shares issued by the Bank:

Type	*Ordinary shares*	*Ordinary shares*	*Preference shares*
Form	Registered	Registered	Registered
Nature	Book-entry	Book-entry	Book-entry
Number	60 616 pcs	2 095 pcs	1 863 357 pcs
Face value per share	EUR 800	EUR 4 000	EUR 4
Issue No. (ISIN)	SK1110001502 series 01-05	SK1110015510	SK1110007186 SK1110008424 SK1110010131 SK1110012103 SK1110013937 SK1110014901 SK1110016237 SK1110016591

Movements in ordinary and preference shares during 2024:

Number of shares	*1 Jan 2024*	*Purchase/sale*	*31 March 2024*
Ordinary shares: EUR 800	60 616	-	60 616
Ordinary shares: EUR 4 000	2 095	-	2 095
Preference shares	1 847 426	(18 738)	1 828 688

Description of rights:

Each holder of an ordinary share is the Bank’s shareholder. Each shareholder enjoys their fundamental shareholder rights resulting from the Commercial Code and from the Bank’s Articles of Association, mainly:

- The right to share in the Bank's profit (dividend), based on the proportion of the total face value of their shares to the total face value of all shareholders;

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- The right to attend the General Meeting, vote at the General Meeting, ask for information thereon and explanations regarding the Bank's issues and/or issues concerning the controlled entities and related to the agenda of the General Meeting, make motions at the General Meeting; and
- The right to share in the liquidation balance.

Each holder of preference shares has similar rights as holders of ordinary shares; the only difference is that the preference shares are not equipped with the right to vote at a General Meeting, except for cases in which the law assigns a voting right to such shares. A preferential right to dividends is attached to preference shares and solely consists of the right to a dividend amounting to a fixed multiple of the dividend awarded at the distribution of profit to shareholders holding the ordinary shares according to the formula: DPA = 1.001 x DKA800/200 = 1.001 x DKA4000/1000 (DPA – preferential dividend per preference share at a face value of EUR 4, DKA800 – dividend per ordinary share at a face value of EUR 800, and DKA4000 – dividend per ordinary share at a face value of EUR 4 000).

A voting right exercisable at the General Meeting is determined by the face value of the share, where one vote is assigned to each share at a face value of EUR 800 and five voting rights are assigned to each ordinary share at a face value of EUR 4 000. If the law requires voting by the preference shareholders, their voting is conducted separately and each preference share at a face value of EUR 4 is assigned one vote.

Ordinary shares are publicly tradable on stock markets, preference shares are not publicly tradable. The Bank creates a share premium fund from ordinary and preference share premiums.

Reserve fund and other funds: In 1992, the Bank established a reserve fund at 10% of the share capital, which is intended to cover losses. The reserve fund was replenished annually with 10% of net profit, up to 20% of the Bank's share capital, but not less than the minimum reserve fund stipulated by the applicable law. The Bank created a special-purpose reserve fund in accordance with the Methodological Instruction of the Ministry of Finance of 1990 from exchange rate differences of foreign capital resulting from devaluation. Its use is intended to cover the losses from banking transactions.

In August 2018, the Bank issued subordinated AT1 capital investment certificates in the amount of EUR 100 000 thousand with the interest rate of 12M EURIBOR + 6.50% meeting the requirements for Tier 1 capital.

The AT1 capital investment certificate is a perpetual instrument without the obligation to deliver cash. The Bank may, at its discretion, repay the certificate no earlier than 5 years after issue. Early repayment must be approved by the Supervisory Board of the Bank and the regulator. AT1 capital investment certificates comply with the definition of an equity instrument in accordance with IAS 32.

31. Valuable items received for custody and management

	31.3.2024	*31.12.2023*
Valuable items received for custody	**18 974**	**18 118**
Merchandise and warehouse trust receipts	13 355	13 258
Gold	5 619	4 860
Total	**18 974**	**18 118**

The Bank recognises valuable items received for custody and management at fair values. Valuable items received for custody and management are not owned by the Bank. As a result, they are not part of its assets, and are included in the off-balance sheet.

In addition to the amounts in the table above, in accordance with the Bank’s function of a depositary for Tatra Asset Management, správ. spol., a.s. (“TAM”), as at 31 March 2024, the Bank recognised deposited securities managed in TAM mutual funds in the amount of EUR 1 545 469 thousand (as at 31 December 2023: EUR 1 473 079 thousand) in the off-balance sheet.

as adopted by the European Union (in thousands of EUR)

32. Sale and repurchase agreements

As at 31 March 2024 and as at 31 December 2023 the following repurchase agreements were concluded:

	31.3.2024	***31.12.2023***
Repo deals (debtor)		
Deposits from banks	24 327	-
Total	**24 327**	**-**

As collateral for repo transactions received, the Group provided debt securities with carrying amount of EUR 27 623 thousand from the portfolio of financial assets measured at amortized cost.

	31.3.2024	***31.12.2023***
Reverse repo deals (creditor)		
Loans and advances to banks	89 196	52 652
Total	**89 196**	**52 652**

As part of the reverse repo deals, the Bank received government debt securities as collateral at fair value of EUR 73 861 thousand.

33. Assets pledged as collateral

Liabilities secured by the Bank's assets:

	31.3.2024	***31.12.2023***
Deposits from banks measured at amortised cost – Received loans from the National Bank of Slovakia	38 523	2 285 200
Liabilities from debt securities	24 326	933 859
Financial liabilities held for trading – Negative fair value of financial derivatives held for trading	893 548	5 533
Liabilities from borrowed securities	2 747	-
Total	**959 144**	**3 224 592**

Collateral attributable to the aforementioned liabilities comprised the following assets recognised in the statement of financial position:

	31.3.2024	***31.12.2023***
Other demand deposits	784	1 334
Loans and advances to banks measured at amortised cost	118 290	127 820
Loans and advances to customers measured at amortised cost	2 273 259	2 922 626
Debt securities held for trading	-	4 577
Debt securities measured at fair value through other comprehensive income	-	95 175
Debt securities measured at amortised cost	29 692	1 533 274
Total	**2 422 025**	**4 684 806**

Other pledged assets without a liability:

	31.3.2024	***31.12.2023***
Debt securities measured at amortised cost	2 979 392	931 261
Total	**2 979 392**	**931 261**

As at 31 March 2024, the Bank determined the volume of mortgage loans usable as collateral for future issues of covered bonds in the amount of EUR 2 493 935 thousand (31 December 2023: EUR 1 816 144 thousand).

The Bank opened margin accounts as collateral for its derivative transactions. The amount of cash deposited by the Bank in margin accounts depends on the volume and risk exposures of the deals made. The amount of cash deposited in margin accounts equals the amount of assets pledged as collateral and is recognised under "*Financial assets measured at amortised cost*".

Due to the received TLTRO loan, the Bank does not anymore pledge government bonds and bonds issued by the banking sector held in the portfolio of securities measured at amortised cost in favour of the NBS (31 December 202.3: EUR 1 602 701 thousand). The Bank does not have the possibility to draw an intraday loan for the pledged securities (31 December 2023: the Bank did not have the possibility to draw). With the exception of the TLTRO loan, the Bank did not draw any other financing from the central bank as at 31 March 2024 (31 December 2023: also no drawing).

as adopted by the European Union (in thousands of EUR)

The Bank has determined the amount of highly liquid assets usable as collateral in the monetary policy operations of the European Central Bank, except for deposits with central banks and other banks for the following financial assets:

	31.3.2024 Face value	***31.3.2024 Carrying amount***
Government bonds	3 439 653	3 448 509
Bonds issued by other sectors	369 985	366 269
Total	**3 809 638**	**3 814 778**

34. Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Bank's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or a similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Bank's statement of financial position or not.

The following table provides an overview of framework agreements for offsetting the assets and liabilities as at 31 March 2024:

	Asset/Liability in the statement of financial position	***Value not offset in the statement of financial position: Financial instrument***	***Net value***
Assets:			
Positive fair value of financial derivates held for trading	70 795	70 644	151
Total assets	**70 795**	**70 644**	**151**
Liabilities:			
Negative fair value of financial derivates held for trading	193 775	70 644	123 131
Total liabilities	**193 775**	**70 644**	**123 131**

The following table provides an overview of framework agreements for offsetting the assets and liabilities as at 31 December 2023:

	Asset/Liability in the statement of financial position	***Value not offset in the statement of financial position: Financial instrument***	***Net value***
Assets:			
Positive fair value of financial derivates held for trading	72 197	72 063	134
Total assets	**72 197**	**72 063**	**134**
Liabilities:			
Negative fair value of financial derivates held for trading	204 062	72 063	131 999
Total liabilities	**204 062**	**72 063**	**131 999**

35. Fair value hedges relating to hedging transactions

The Bank uses interest rate swaps to hedge the interest rate risk related to issued debt securities – mortgage bonds and debentures from the debt securities portfolio and debt securities from the portfolio of financial assets measured at fair value through other comprehensive income. Changes in fair values of these interest rate swaps as a result of interest rate changes offset, to a large extent, changes in the fair values of issued mortgage bonds and debentures caused by changes in risk-free interest rates. Hedging was effective during the reporting period.

as adopted by the European Union (in thousands of EUR)

As at 31 March 2024, in relation to the above hedging instruments, the Bank recognised a net profit in the amount of EUR 370 thousand. As at 31 March 2023, in relation to the hedging instruments, the Bank recognised a net profit in the amount of EUR 15 359 thousand. As at 31 March 2024, the net loss from hedged items related to the hedged risk amounted to EUR 131 thousand. As at 31 March 2023, the Bank recognised a net loss of EUR 15 530 thousand. Both items are recognised in Note 4 "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*".

The following tables provide an overview of receivables and payables from hedging transactions as at 31 March 2024:

The table below shows the periods when cash flow hedges are expected:

	Up to 3 Months	*More than 3 months, up to 1 year*	*More than 1 year, up to 5 years*	*More than 5 years*
Financial derivatives for fair value hedging	-	200 000	2 513 420	1 995 360
Total interest rate transactions	**-**	**200 000**	**2 513 420**	**1 995 360**

Effects of hedge accounting on the financial position and performance – hedging instruments:

	Face value of the hedging instrument	*Assets – Fair value of the hedging instrument*	*Liabilities – Fair value of the hedging instrument*	*Changes in fair value used for calculating hedge ineffectiveness*
Interest rate risk	1 606 860	10 572	89 224	10
Micro financial derivatives for fair value hedging	**1 606 860**	**10 572**	**89 224**	**10**
Interest rate risk	3 101 920	36 064	99 334	360
Portfolio financial derivatives for fair value hedging	**3 101 920**	**36 064**	**99 334**	**360**

Effects of hedge accounting on the financial position and performance – hedged items:

	Assets – Carrying amount of the hedged item	*Liabilities – Carrying amount of the hedged item*	*Carrying amount of the hedging instrument*	*Accumulated amount of fair value hedge adjustments included in the carrying amount*	*Changes in fair value used for calculating hedge ineffectiveness*
Debt securities	929 189	-	936 860	20 792	(1 749)
Loans and advances	1 390 000	-	1 390 000	4 761	(12 775)
Deposits from customers	-	1 711 920	1 711 920	(56 918)	12 415
Debt securities issued	-	621 129	670 000	(48 185)	1 978
Hedged financial instruments	**2 319 189**	**2 333 049**	**4 708 780**	**(79 550)**	**(131)**

as adopted by the European Union (in thousands of EUR)

The following tables provide an overview of receivables and payables from hedging transactions as at 31 December 2023:

The table below shows the periods when cash flow hedges are expected:

	Up to 3 Months	*More than 3 months, up to 1 year*	*More than 1 year, up to 5 years*	*More than 5 years*
Financial derivatives for fair value hedging	-	128 000	2 392 891	1 795 360
Total interest rate transactions	**-**	**128 000**	**2 392 891**	**1 795 360**

Effects of hedge accounting on the financial position and performance – hedging instruments:

	Face value of the hedging instrument	*Assets – Fair value of the hedging instrument*	*Liabilities – Fair value of the hedging instrument*	*Changes in fair value used for calculating hedge ineffectiveness*
Interest rate risk	1 384 460	10 648	91 636	(10 376)
Micro financial derivatives for fair value hedging	**1 384 460**	**10 648**	**91 636**	**(10 376)**
Interest rate risk	2 931 792	37 696	104 947	47 192
Portfolio financial derivatives for fair value hedging	**2 931 792**	**37 696**	**104 947**	**47 192**

Effects of hedge accounting on the financial position and performance – hedged items:

	Assets – Carrying amount of the hedged item	*Liabilities – Carrying amount of the hedged item*	*Carrying amount of the hedging instrument*	*Accumulated amount of fair value hedge adjustments included in the carrying amount*	*Changes in fair value used for calculating hedge ineffectiveness*
Debt securities	688 901	-	686 460	22 430	38 873
Loans and advances	1 300 000	-	1 300 000	17 536	25 411
Deposits from customers	-	1 631 792	1 631 792	(44 503)	(72 603)
Debt securities issued	-	649 708	698 000	(46 177)	(28 846)
Hedged financial instruments	**1 988 901**	**2 281 500**	**4 316 252**	**(50 714)**	**(37 165)**

as adopted by the European Union (in thousands of EUR)

36. Derivative financial instruments

The total volume of unsettled derivative financial instruments as at 31 March 2024 is as follows:

	Face values by maturity				*Fair values*	
	Up to 1 year	*From 1 to 5 years*	*More than 5 years*	*Total*	*Positive (Note 15 and Note 19)*	*Negative (Note 24 and Note 26)*
a) Interest rate contracts for hedging	**200 000**	**2 513 420**	**1 995 360**	**4 708 780**	**46 636**	**(188 558)**
OTC products:						
Interest rate swaps	200 000	2 513 420	1 995 360	4 708 780	46 636	(188 558)
b) Interest-rate contracts for trading	**420 027**	**814 389**	**96 867**	**1 331 283**	**20 618**	**(18 909)**
OTC products:						
Interest rate swaps	420 000	691 965	96 867	1 208 832	18 719	(17 936)
Interest rate options-buy	27	72 413	-	72 440	1 899	-
Interest rate options-sell	-	50 011	-	50 011	-	(973)
Stock exchange products:						
Interest rate futures	-	-	-	-	-	-
c) Currency contracts for trading	**489 238**	**-**	**-**	**489 238**	**4 017**	**(1 792)**
OTC products:		-	-			
Currency swaps	384 131	-	-	384 131	3 067	(791)
Currency-interest rate swaps	-	-	-	-	-	-
Currency forwards	66 291	-	-	66 291	268	(335)
Currency options-buy	19 274	-	-	19 274	680	-
Currency options-sell	19 542	-	-	19 542	2	(666)
Total	**1 109 265**	**3 327 809**	**2 092 227**	**6 529 301**	**71 271**	**(209 259)**

The total volume of unsettled derivative financial instruments as at 31 December 2023 is as follows:

	Face values by maturity				*Fair values*	
	Up to 1 year	*From 1 to 5 years*	*More than 5 years*	*Total*	*Positive (Note 15 and Note 19)*	*Negative (Note 24 and Note 26)*
a) Interest rate contracts for hedging	**128 000**	**2 392 891**	**1 795 360**	**4 316 251**	**48 344**	**(196 582)**
OTC products:						
Interest rate swaps	128 000	2 392 891	1 795 360	4 316 251	48 344	(196 582)
b) Interest-rate contracts for trading	**449 147**	**719 635**	**75 750**	**1 244 532**	**19 895**	**(18 711)**
OTC products:						
Interest rate swaps	420 000	594 516	75 750	1 090 266	18 258	(17 924)
Interest rate options-buy	132	74 222	-	74 354	1 637	-
Interest rate options-sell	56	50 897	-	50 953	-	(787)
Stock exchange products:						
Interest rate futures	28 959	-	-	28 959	-	-
c) Currency contracts for trading	**607 954**	**-**	**-**	**607 954**	**4 510**	**(3 747)**
OTC products:						
Currency swaps	494 631	-	-	494 631	3 754	(3 114)
Currency-interest rate swaps	-	-	-	-	-	-
Currency forwards	62 151	-	-	62 151	212	(101)
Currency options-buy	24 562	-	-	24 562	543	-
Currency options-sell	26 610	-	-	26 610	1	(532)
Total	**1 185 101**	**3 112 526**	**1 871 110**	**6 168 737**	**72 749**	**(219 040)**

as adopted by the European Union (in thousands of EUR)

37. Fair value of financial instruments

Financial instruments measured at fair value

The fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where market prices are available (in this case, in particular, for securities and derivatives traded on a stock exchange and on functioning markets), the fair value estimate is based on market prices. All other financial instruments were valued on the basis of internal valuation models, including present value or option price models, or an external expert opinion was used.

The following table shows a summary of financial instruments recognised at fair value divided into Levels 1 to 3 based on fair value measurements as at 31 March 2024:

Financial assets at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial assets held for trading	**17 795**	**24 635**	**-**	**42 430**
Positive fair value of derivative financial instruments held for trading	-	24 635	-	24 635
Debt securities	17 795	-	-	17 795
Non-trading financial assets mandatorily measured at fair value through profit or loss	**-**	**12 590**	**3 886**	**16 476**
Equity securities	-	6 659	-	6 659
Debt securities	-	5 931	-	5 931
Mutual fund certificates	-	-	3 886	3 886
Financial assets measured at fair value through other comprehensive income	**42 093**	**58 624**	**2 187**	**102 904**
Equity instruments	-	-	2 187	2 187
Debt securities	42 093	58 624	-	100 717
Receivables from hedging derivatives	**-**	**46 636**	**-**	**46 636**
Positive fair value of derivative financial instruments for fair value hedging	-	46 636	-	46 636
Total	**59 888**	**142 485**	**6 073**	**208 446**

Financial liabilities at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial liabilities held for trading	**10 156**	**20 701**	**-**	**30 857**
Negative fair value of derivative financial instruments for trading	-	20 701	-	20 701
Debt securities and other fixed income securities	10 156	-	-	10 156
Liabilities from hedging derivatives	**-**	**188 558**	**-**	**188 558**
Negative fair value of derivative financial instruments for fair value hedging	-	188 558	-	188 558
Total	**10 156**	**209 259**	**-**	**219 415**

** Level 1 – derived from listed prices on active markets.*
*** Level 2 – derived from active markets other than prices for identical assets or liabilities.*
**** Level 3 – inputs for assets or liabilities, which are not based on observable market data.*

as adopted by the European Union (in thousands of EUR)

The following table shows a summary of financial instruments recognised at fair value divided into Levels 1 to 3 based on fair value measurements as at 31 December 2023:

Financial assets at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial assets held for trading	**4 577**	**24 405**	**-**	**28 982**
Positive fair value of derivative financial instruments held for trading	-	24 405	-	24 405
Debt securities	4 577	-	-	4 577
Non-trading financial assets mandatorily measured at fair value through profit or loss	**-**	**11 563**	**3 886**	**15 449**
Equity securities	-	6 079	-	6 079
Debt securities	-	5 484	-	5 484
Mutual fund certificates	-	-	3 886	3 886
Financial assets measured at fair value through other comprehensive income	**42 848**	**58 655**	**2 187**	**103 690**
Equity instruments	-	-	2 187	2 187
Debt securities	42 848	58 655	-	101 503
Receivables from hedging derivatives	**-**	**48 344**	**-**	**48 344**
Positive fair value of derivative financial instruments for fair value hedging	-	48 344	-	48 344
Total	**47 425**	**142 967**	**6 073**	**196 465**

Financial liabilities at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial liabilities held for trading	**-**	**22 458**	**-**	**22 458**
Negative fair value of derivative financial instruments for trading	-	22 458	-	22 458
Debt securities and other fixed income securities	-	-	-	-
Liabilities from hedging derivatives	**-**	**196 582**	**-**	**196 582**
Negative fair value of derivative financial instruments for fair value hedging	-	196 582	-	196 582
Total	**-**	**219 040**	**-**	**219 040**

** Level 1 – derived from listed prices on active markets.*
*** Level 2 – derived from active markets other than prices for identical assets or liabilities.*
**** Level 3 – inputs for assets or liabilities, which are not based on observable market data.*

Movements between Level 1 and Level 2

During 2024, there were no movements in bonds measured at fair value that were transferred from Level 1 to Level 2 based on a change in the bond price source.

as adopted by the European Union (in thousands of EUR)

Movements in Level 3 financial instruments at fair value

If there is at least one significant parameter of the measurement that is not observable on the market, this instrument is assigned to Level 3 measured at fair value. The following table shows changes in the financial instruments at fair value whose valuation models are based on unobservable inputs:

	As at 31 December 2023	*Increase/ Decrease*	*Revaluation: Profit/loss*	*Revaluation: Other comprehen-sive income*	*As at 31 March 2024*
Mutual fund certificates	3 886	-	-	-	3 886
Equity securities	2 187	-	-	-	2 187
Total	**6 073**	**-**	-	**-**	**6 073**

Qualitative information on financial instruments for Level 3 measurements:

Financial instrument	*Valuation method*	*Fair value*	*Significant unobserv-able Inputs*	*Range of unobserva-ble Inputs*	*Positive sensitivity**	*Negative sensitivity**
Mutual fund certificates	Net asset value	3 886	deduction	20 – 50%	389	(389)
Equity securities	Market value	2 187	-	-	219	(219)
Total		**6 073**			**607**	**(607)**

** Equity investments measured at net asset value – price deterioration between -10% and +10%.*

Financial instruments recognised at amortised cost

For the purposes of valuation of non-impaired receivables to banks and customers, the Bank uniformly implemented an approach applicable to the whole Group. For valuation of retail and corporate portfolios the method of discounting future cash flows until maturity is used.

For the retail portfolio, future cash flows are discounted by a rate that takes into consideration the actual market situation and specific risk factors of the respective retail sub-portfolios. For the corporate portfolio, future cash flows are discounted by a rate that takes into consideration the actual market situation and risk specific factors of the respective transactions.

The calculation of fair values of the respective transactions comprises of two essential steps:

1. Determination of future cash flows at the level of individual transactions representing the loan receivable;
2. Calculation of the respective discount rate that takes into consideration factors such as:

- Market rates
- Client’s credit quality
- Liquidity
- Administration expenses

For the discounted future cash flows method, components of the discount factor taking into consideration a credit quality, level of liquidity costs and market rates change during the lifetime of the transaction (depending on the current situation at the time of the respective cash flows), while for example administrative costs are constant all the time at a level given by calibration at the beginning of the transaction.

As regards debt securities measured at amortised cost and liabilities from debt securities measured at amortised cost, if market prices are available, the Bank classifies the securities to Level 1. If the security is not traded on the stock exchange or the NBS benchmark for the security is not disclosed, the Bank measures the security at fair value derived from inputs other than quoted prices and classifies the security to Level 2. For valuation of the defaulted portfolio, the Bank recognises as fair value the net value of the respective exposures, which represents the gross amount less any impairment allowances.

as adopted by the European Union (in thousands of EUR)

Fixed interest liabilities to banks or customers were remeasured to fair values, which were different than their carrying amount in the statement of financial position, provided that their remaining maturity exceeded one year. Floating interest liabilities were taken into account only if the interest extension period was longer than 1 year. Only then the discounting on the basis of the anticipated interest rate in line with market rates will have a significant impact.

The Bank used the income approach to calculate the fair value of its liabilities to banks and customers. Within the income approach, it applied the present value technique. The Bank used the discounted rate calculated by the discount rate adjustment technique to discount future contractual cash flows. The table below does not include the item "*Change in the fair value of hedged items in interest rate risk hedging*".

	Fair value as at 31.3.2024	***Carrying amount as at 31.3.2024***	***Fair value as at 31.12.2023***	***Carrying amount as at 31.12.2023***
Assets				
Financial assets measured at amortised cost	**17 431 494**	**18 047 783**	**16 843 819**	**17 395 293**
Loans and advances to banks	*207 762*	*207 762*	**194 778**	**194 778**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*207 762*	*207 762*	*194 778*	*194 778*
Loans and advances to customers	**13 639 563**	**14 108 334**	**13 533 622**	**13 964 427**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*13 639 563*	*14 108 334*	*13 533 622*	*13 964 427*
Debt securities	**3 584 169**	**3 731 687**	**3 115 419**	**3 236 088**
of which Level 1	*3 136 550*	*3 286 359*	*2 694 038*	*2 821 814*
of which Level 2	*447 619*	*445 328*	*421 381*	*414 274*
of which Level 3	-	-	-	-
Investments in subsidiaries and associates	**58 942**	**58 942**	**58 942**	**58 942**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*58 942*	*58 942*	*58 942*	*58 942*
Liabilities				
Financial liabilities measured at amortised cost	**18 025 199**	**18 062 506**	**20 136 909**	**20 219 254**
Deposits from banks	**221 494**	**221 494**	**2 426 319**	**2 426 319**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*221 494*	*221 494*	*2 426 319*	*2 426 319*
Deposits from customers	**15 651 612**	**15 673 080**	**15 677 253**	**15 744 880**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*15 651 612*	*15 673 080*	*15 677 253*	*15 744 880*
Liabilities from debt securities	**1 933 846**	**1 949 685**	**1 983 665**	**1 998 383**
of which Level 1	-	-	-	-
of which Level 2	*1 933 846*	*1 949 685*	*1 983 665*	*1 998 383*
of which Level 3	-	-	-	-
Other financial liabilities	**218 247**	**218 247**	**49 672**	**49 672**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*218 247*	*218 247*	*49 672*	*49 672*

38. Risk report

Credit risk

The Bank bears a credit risk, i.e. the risk that the counterparty will not be able to fully repay the amounts owed at their maturity. The Bank classifies loan exposure borne by the Bank by setting limits of risk accepted with respect to one debtor, or a group of debtors, and with respect to individual countries. The aforementioned risks are monitored on a regular basis and reviewed at least annually. Exposure to one debtor, including banks and securities dealers, is also limited by partial limits set for balance sheet and off-balance sheet exposures, and by daily limits of exposure in relation to items traded, such as forward foreign currency contracts. The actual exposure is compared to set limits on a daily basis.

The loan exposure is managed based on regular analyses of the ability of debtors and potential debtors to repay the principal amount and interest and using potential adjustments to such loan limits. Credit risks are also partially managed by collaterals and guarantees received from private individuals or legal entities.

Retail debtors are assessed by the Bank using the scoring models developed for individual products, or an individual client. Credit risk in the retail loan portfolio is managed using the following main tools: credit scoring, which is a tool used by the Bank to estimate the expected loss by estimating the probability of loan default for private individuals and retail legal entities; and an important tool in credit quality management is the system of credit underwriting by risk assessment specialists, whose goal is to optimise revenues from the portfolio in relation to the risk borne by the Bank. The regular monitoring of the existing loan portfolio quality and trends in the portfolio together with appropriate strategies to secure the quality of the existing portfolio are also a very important component that contributes to retaining the entire portfolio quality and the targeted level of risk costs of the Bank.

When collecting receivables, the Bank uses a very broad scale of tools and collection strategies depending on the type and amount of receivables. The Bank uses both internal and external sources to collect receivables. In the event of an unsuccessful collection of receivables from clients, the receivables are subsequently forwarded to external agencies specialising in the enforcement of receivables via the courts. Receivables with higher amounts and specific receivables are dealt with by an in-house expert team in co-operation with the legal department and other professional units of the Bank.

As part of credit risk monitoring and management, the Bank also closely observes the area of exposure and residual risks.

Exposure risk represents the risk resulting from the concentration of the Bank’s transactions with an entity, a group of economically-related parties, state, geographical area, industry sector, collateral provider, etc. The risk is closely related to both exposures in the Banking Book and exposures in the Trading Book. To manage exposure risk effectively, the Bank focuses on quality portfolio management and its adequate diversification while adhering to set exposure limits (large assets exposure and others). The Bank also develops methods for exposure risk quantification.

Residual risk represents the risk stemming from the insufficient enforceability of rights arising to the Bank from security received against credit risk. The Bank eliminates this risk in particular by means of consistently observing legal and operational requirements, conservative valuation and revaluation methods, and by applying appropriate discounts depending on the type and quality of the received collateral.

The Bank also bears a credit risk in trading with OTC derivatives. This risk is monitored on a daily basis and mitigated by collateral contracts which allow the Bank to request additional collateral from the counterparty to ensure at least the current value of the derivative transactions with the counterparty. For counterparties that are not financial institutions, the Bank requires, in addition to the current value, a potential future value of derivatives within the 10-day horizon. In the event of failure to provide the relevant collateral, the Bank has the right to terminate all derivative transactions with the counterparty prematurely, offsetting the individual losses and gains, and the potential resulting loss to the client is realised against the collateral provided by the client.

as adopted by the European Union (in thousands of EUR)

The table below shows the maximum amount of credit risk regardless of received collateral:

	31.3.2024	***31.12.2023***
Credit risk related to balance sheet assets:		
Cash and other demand deposits	246 352	248 293
Cash balances at central banks	1 012 663	3 954 534
Financial assets held for trading	42 430	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	16 476	15 449
Financial assets at fair value through other comprehensive income	102 904	103 690
Financial assets at amortised cost	18 052 544	17 412 830
Receivables from hedging derivatives	46 636	48 344
Other assets	24 518	18 715
Total	**19 544 523**	**21 830 837**

	31.3.2024	***31.12.2023***
Credit risk related to off-balance sheet items:		
Contingent liabilities from guarantees and letters of credit	762 362	772 086
Irrevocable loan commitments/ "stand-by facility"	1 037 701	983 003
Revocable loan commitments/ "stand-by facility"	2 360 583	2 403 809
Total	**4 160 646**	**4 158 898**

as adopted by the European Union (in thousands of EUR)

The table below shows a summary of the quality of the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 31 March 2024:

	Total carrying amount	***Carrying amount – Stage 1****	***Carrying amount – Stage 2*****	***Carrying amount – Stage 3******	***Carrying amount – POCI*******	***Impairment allowances – Stage 1***	***Impairment allowances – Stage 2***	***Impairment allowances – Stage 3***	***Impairment allowances – POCI***	***Net carrying amount***
Financial assets measured at amortised cost	**18 274 063**	**16 775 312**	**1 286 953**	**204 038**	**7 760**	**52 690**	**44 536**	**119 961**	**4 332**	**18 052 544**
Loans and advances to banks	207 763	207 486	277	-	-	-	1	-	-	207 762
Loans and advances to customers	14 328 460	12 847 195	1 269 467	204 038	7 760	51 434	44 399	119 961	4 332	14 108 334
Public sector	*2 051*	*2 041*	*10*	-	-	*5*	-	-	-	*2 046*
Corporate clients	*6 167 593*	*5 551 719*	*566 080*	*43 921*	*5 873*	*23 353*	*13 938*	*20 412*	*3 848*	*6 106 042*
Retail clients	*8 158 816*	*7 293 435*	*703 377*	*160 117*	*1 887*	*28 076*	*30 461*	*99 549*	*484*	*8 000 246*
Debt securities	3 733 079	3 715 870	17 209	-	-	1 256	136	-	-	3 731 687
Banks	*212 528*	*207 517*	*5 011*	-	-	*35*	*10*	-	-	*212 483*
Public sector	*3 500 971*	*3 500 971*	-	-	-	*1 187*	-	-	-	*3 499 784*
Corporate clients	*19 580*	*7 382*	*12 198*	-	-	*34*	*126*	-	-	*19 420*
Change in fair value of hedged items in interest rate risk hedging	4 761	4 761	-	-	-	-	-	-	-	4 761
Financial assets measured at fair value through other comprehensive income****	**100 777**	**94 020**	**6 757**	**-**	**-**	**46**	**14**	**-**	**-**	**100 717**
Debt securities	100 777	94 020	6 757	-	-	46	14	-	-	100 717
Banks	*64 231*	*57 474*	*6 757*	-	-	*12*	*14*	-	-	*64 205*
Public sector	-	-	-	-	-	-	-	-	-	-
Corporate clients	*36 546*	*36 546*	-	-	-	*34*	-	-	-	*36 512*
Contingent liabilities and other off-balance sheet items	**4 160 646**	**3 888 790**	**270 343**	**1 513**	**-**	**7 249**	**1 540**	**210**	**-**	**4 151 647**

** Stage 1 – without a significant increase in credit risk since the initial recognition.*
*** Stage 2 – with a significant increase in credit risk since the initial recognition, but not credit impaired.*
**** Stage 3 – credit impaired.*
***** POCI – recognised as impaired upon the initial recognition.*
****** Equity instruments not included.*

as adopted by the European Union (in thousands of EUR)

The table below shows a summary of the quality of the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 31 December 2023:

	Total carrying amount	***Carrying amount – Stage 1****	***Carrying amount – Stage 2*****	***Carrying amount – Stage 3******	***Carrying amount – POCI*******	***Impairment allowances – Stage 1***	***Impairment allowances – Stage 2***	***Impairment allowances – Stage 3***	***Impairment allowances – POCI***	***Net carrying amount***
Financial assets measured at amortised cost	**17 638 074**	**16 013 172**	**1 417 730**	**199 220**	**7 952**	**52 455**	**52 781**	**115 543**	**4 465**	**17 412 830**
Loans and advances to banks	194 778	194 778	-	-	-	-	-	-	-	194 778
Loans and advances to customers	14 188 293	12 592 658	1 388 463	199 220	7 952	51 243	52 615	115 543	4 465	13 964 427
Public sector	*2 129*	*2 124*	*5*	-	-	*6*	-	-	-	*2 123*
Corporate clients	*6 080 924*	*5 443 439*	*583 423*	*48 115*	*5 947*	*22 779*	*15 037*	*22 392*	*3 995*	*6 016 721*
Retail clients	*8 105 240*	*7 147 095*	*805 035*	*151 105*	*2 005*	*28 458*	*37 578*	*93 151*	*470*	*7 945 583*
Debt securities	3 237 466	3 208 199	29 267	-	-	1 212	166	-	-	3 236 088
Banks	*163 144*	*151 099*	*12 045*	-	-	*35*	*20*	-	-	*163 089*
Public sector	*3 054 737*	*3 049 668*	*5 069*	-	-	*1 144*	*89*	-	-	*3 053 504*
Corporate clients	*19 585*	*7 432*	*12 153*	-	-	*33*	*57*	-	-	*19 495*
Change in fair value of hedged items in interest rate risk hedging	17 537	17 537	-	-	-	-	-	-	-	17 537
Financial assets measured at fair value through other comprehensive income*****	**101 565**	**94 718**	**6 847**	**-**	**-**	**47**	**15**	**-**	**-**	**101 503**
Debt securities	101 565	94 718	6 847	-	-	47	15	-	-	101 503
Banks	*64 242*	*57 395*	*6 847*	-	-	*14*	*15*	-	-	*64 213*
Public sector	-	-	-	-	-	-	-	-	-	-
Corporate clients	*37 323*	*37 323*	-	-	-	*33*	-	-	-	*37 290*
Contingent liabilities and other off-balance sheet items	**4 158 898**	**3 843 289**	**313 648**	**1 961**	**-**	**7 530**	**1 723**	**375**	**-**	**4 149 270**

** Stage 1 – without a significant increase in credit risk since the initial recognition.*
*** Stage 2 – with a significant increase in credit risk since the initial recognition, but not credit impaired.*
**** Stage 3 – credit impaired.*
***** POCI – recognised as impaired upon the initial recognition.*
****** Equity instruments not included.*

as adopted by the European Union (in thousands of EUR)

The summary below represents net carrying amount of overdue financial assets measured at amortised cost and overdue financial assets measured at fair value through other comprehensive income by overdue days as at 31 March 2024:

	Stage 1 ≤ 30 days	*Stage 1 > 30 days ≤ 90 days*	*Stage 1 > 90 days*	*Stage 2 ≤ 30 days*	*Stage 2 > 30 days ≤ 90 days*	*Stage 2 > 90 days*	*Stage 3 ≤ 30 days*	*Stage 3 > 30 days ≤ 90 days*	*Stage 3 > 90 days*	*POCI ≤ 30 days*	*POCI > 30 days ≤ 90 days*	*POCI > 90 days*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**149 639**	**36 187**	**99**	**77 830**	**14 355**	**1 703**	**12 659**	**12 301**	**45 585**	**580**	**86**	**116**
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	83 465	32 129	0	28 806	1 397	35	6 729	203	14 166	159	26	88
Retail clients	66 174	4 058	98	49 024	12 958	1 668	5 929	12 098	31 420	421	59	28
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
Total	**149 639**	**36 187**	**99**	**77 830**	**14 355**	**1 703**	**12 659**	**12 301**	**45 585**	**580**	**86**	**116**

The summary below represents net carrying amount of overdue financial assets measured at amortised cost and overdue financial assets measured at fair value through other comprehensive income by overdue days as at 31 December 2023:

	Stage 1 ≤ 30 days	*Stage 1 > 30 days ≤ 90 days*	*Stage 1 > 90 days*	*Stage 2 ≤ 30 days*	*Stage 2 > 30 days ≤ 90 days*	*Stage 2 > 90 days*	*Stage 3 ≤ 30 days*	*Stage 3 > 30 days ≤ 90 days*	*Stage 3 > 90 days*	*POCI ≤ 30 days*	*POCI > 30 days ≤ 90 days*	*POCI > 90 days*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**150 494**	**1 950**	**87**	**81 833**	**17 957**	**951**	**24 886**	**9 458**	**32 070**	**299**	**117**	**129**
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	98 458	35	0	32 154	3 154	4	19 315	514	2 007	27	-	99
Retail clients	52 037	1 915	87	49 679	14 804	947	5 571	8 944	30 063	272	117	30
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
Total	**150 494**	**1 950**	**87**	**81 833**	**17 957**	**951**	**24 886**	**9 458**	**32 070**	**299**	**117**	**129**

as adopted by the European Union (in thousands of EUR)

The following summary represents an analysis of the impaired portfolio of financial assets and portfolio of assets recognised as impaired upon the initial recognition measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 31 March 2024:

	Gross carrying amount (Stage 3)	*Impairment allowances (Stage 3)*	*Recoverable value of received collateral*
Banks	-	-	-
Corporate clients	49 796	24 260	23 570
Retail clients	162 002	100 033	47 173
Total	**211 798**	**124 293**	**70 743**

The following summary represents an analysis of the impaired portfolio of financial assets and portfolio of assets recognised as impaired upon the initial recognition measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 31 December 2023:

	Gross carrying amount (Stage 3)	*Impairment allowances (Stage 3)*	*Recoverable value of received collateral*
Banks	-	-	-
Corporate clients	54 061	26 388	26 468
Retail clients	153 111	93 620	46 606
Total	**207 172**	**120 008**	**73 074**

The summary of individual types of received collateral for financial assets at recoverable value is provided as follows:

	31.3.2024	*31.12.2023*
Collateralisation of issued loans		
Cash and cash equivalents	14 006	11 327
Guarantees	296 863	309 654
Securities	79 186	49 871
Real estate	7 941 673	7 823 945
Movables	44 451	40 758
Receivables and other collateral	158 306	139 640
Total	**8 534 485**	**8 375 195**

The summary of individual types of received collateral for contingent liabilities and other off-balance sheet items at recoverable value is provided as follows:

	31.3.2024	*31.12.2023*
Collateralisation of contingent liabilities and other off-balance sheet items		
Cash and cash equivalents	47 340	49 329
Guarantees	122 298	131 734
Securities	5 239	5 809
Real estate	167 969	285 898
Movables	-	1 016
Receivables and other collaterals	84 707	113 552
Total	**427 553**	**587 338**

as adopted by the European Union (in thousands of EUR)

The summary below represents the quality of the portfolio of financial assets measured at amortised cost that are non-impaired (Stage 1 and 2) and non-overdue in accordance with the internal rating:

	31.3.2024		***31.12.2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Loans and advances to banks	**207 486**	**277**	**194 778**	**-**
Minimum risk	-	-	-	-
Excellent credit rating	10 064	-	-	-
Very good credit rating	197 422	-	194 778	-
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	277	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Loans and advances to customers	**12 658 397**	**1 165 676**	**12 437 668**	**1 276 817**
Of which public sector:	***2 041***	***10***	***2 124***	***5***
Minimum risk	-	-	-	-
Excellent credit rating	-	-	-	-
Very good credit rating	1 535	10	1 622	5
Good credit rating	6	-	2	-
Standard credit rating	-	-	-	-
Ordinary credit rating	500	-	500	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Of which corporate clients without project financing:	***3 821 690***	***486 890***	***3 753 389***	***494 555***
Minimum risk	8 906	104	7 474	7
Excellent credit rating	40 706	630	45 715	961
Very good credit rating	1 405 733	14 637	1 372 026	6 428
Good credit rating	722 331	68 542	735 311	67 193
Standard credit rating	1 018 677	61 269	989 517	71 096
Ordinary credit rating	495 088	91 775	471 081	91 212
Sub-standard credit rating	122 106	198 269	125 040	202 100
Significantly sub-standard credit rating	8 129	5 821	6 643	10 243
Doubtful/high risk of default	-	45 841	582	45 315
Defaulted	-	-	-	-
With no assigned rating	14	2	-	-
Of which corporate clients – project financing:	***1 613 825***	***47 210***	***1 590 986***	***51 876***
Excellent project financing profile rating	846 321	4 281	824 293	4 430
Good project financing profile rating	767 504	19 862	766 693	17 314
Acceptable project financing profile rating	-	5 902	-	8 408
Weak project financing profile rating	-	17 165	-	21 724
Defaulted	-	-	-	-
Of which retail clients:	***7 220 841***	***631 566***	***7 091 169***	***730 381***
Excellent credit rating	-	-	-	-
Very good credit rating	1 740 056	81 865	1 744 885	85 333
Good credit rating	4 363 846	240 220	4 286 671	284 850
Ordinary credit rating	793 584	115 590	765 974	146 053
Sub-standard credit rating	235 231	193 891	217 764	214 145
Defaulted	-	-	-	-
With no assigned rating	88 124	-	75 875	-
Debt securities	**3 715 870**	**17 209**	**3 208 199**	**29 267**
Minimum risk	115 806	-	-	-
Excellent credit rating	297 953	-	237 204	5 069
Very good credit rating	3 181 390	5 011	2 850 681	12 045
Good credit rating	120 721	-	120 314	12 153
Standard credit rating	-	12 198	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Financial assets measured at amortised cost	**16 581 753**	**1 183 162**	**15 840 645**	**1 306 084**

as adopted by the European Union (in thousands of EUR)

The summary below represents the quality of the portfolio of contingent liabilities and other off-balance sheet items that are non-impaired (Stage 1 and 2) in accordance with the internal rating:

	31.3.2024		***31.12.2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Contingent liabilities and other off-balance sheet items to banks	**116 457**	**3 264**	**133 537**	**3 250**
Minimum risk	-	-	-	-
Excellent credit rating	5 652	-	160	-
Very good credit rating	110 560	3 250	132 929	3 250
Good credit rating	245	-	448	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	14	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Contingent liabilities and other off-balance sheet items to customers	**3 772 334**	**267 078**	**3 709 752**	**310 398**
Of which public sector:	***2 159***	***203***	***2 173***	***275***
Minimum risk	-	-	-	-
Excellent credit rating	-	-	-	17
Very good credit rating	1 355	203	1 365	258
Good credit rating	804	-	808	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Of which corporate clients without project financing:	***2 810 985***	***163 214***	***2 688 744***	***198 918***
Minimum risk	22 202	240	7 787	19
Excellent credit rating	88 931	1 275	87 578	1 435
Very good credit rating	1 173 807	42 085	1 159 829	27 547
Good credit rating	692 701	11 349	590 206	40 461
Standard credit rating	488 197	27 507	483 007	22 571
Ordinary credit rating	279 689	42 115	288 709	59 489
Sub-standard credit rating	62 088	19 782	68 755	27 517
Significantly sub-standard credit rating	3 341	2 543	2 849	3 061
Doubtful/high risk of default	-	10 052	24	10 552
Defaulted	-	-	-	-
With no assigned rating	29	6 266	-	6 266
Of which corporate clients – project financing	***259 263***	***-***	***305 437***	***10***
Excellent project financing profile rating	110 509	-	136 037	-
Good project financing profile rating	148 754	-	169 400	-
Acceptable project financing profile rating	-	-	-	-
Weak project financing profile rating	-	-	-	10
Defaulted	-	-	-	-
Of which retail clients:	***699 927***	***103 661***	***713 398***	***111 195***
Excellent credit rating	-	-	-	-
Very good credit rating	53 847	345	60 620	-
Good credit rating	522 069	83 689	528 030	86 772
Standard credit rating	54 942	12 428	53 978	14 608
Sub-standard credit rating	9 281	5 515	8 329	6 587
Defaulted	-	-	-	-
With no assigned rating	59 788	1 684	62 441	3 228
Contingent liabilities and other off-balance sheet items	**3 888 791**	**270 342**	**3 843 289**	**313 648**

as adopted by the European Union (in thousands of EUR)

The summary below represents the quality of the portfolio of financial assets measured at fair value through other comprehensive income that are non-impaired (Stage 1 and 2) and non-overdue in accordance with the internal rating:

	31.3.2024		***31.12.2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Debt securities	**94 020**	**6 757**	**94 718**	**6 847**
Minimum risk	-	-	-	-
Excellent credit rating	8 739	-	8 725	-
Very good credit rating	85 281	6 757	85 993	6 847
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**94 020**	**6 757**	**94 718**	**6 847**

The scoring system of the Bank's corporate clients (applied for the entire RBI Group) is based on the client's economic rating and complies with the rules of the Internal Rating Based Approach (IRB). The rating range has 28 grades from 1A to 10A for corporate clients, and 5 grades for project financing from 6.1 to 6.5.

The table below represents details of the rating scale:

Institution Rating Scale	***10-Grade Rating Scale***	***28-Grade Rating Scale***			***Description***
A1	0.5	1A	1B	1C	Minimum risk
A2	1.0	2A	2B	2C	Excellent credit rating
A3	1.5	3A	3B	3C	Very good credit rating
B1	2.0	4A	4B	4C	Good credit rating
B2	2.5	5A	5B	5C	Standard credit rating
B3	3.0	6A	6B	6C	Ordinary credit rating
B4	3.5	7A	7B	7C	Sub-standard credit rating
B5	4.0	8A	8B	8C	Significantly sub-standard credit rating
C	4.5	9A	9B	9C	Doubtful/high risk of default
D	5.0	10A			Defaulted

The summary below represents the net carrying amount of loans and advances to banks and loans and advances to customers by industry concentration risk:

	31.3.2024	***31.12.2023***
A. Agriculture, forestry and fisheries	281 251	281 627
B. Mining and quarrying	2 091	2 204
C. Industrial production	780 084	733 613
D. Supply of electricity, gas, steam and air-conditioning	307 194	323 263
E. Water supply	69 517	69 246
F. Construction	551 924	533 228
G. Wholesale and retail trade	839 708	808 053
H. Transport and storage	287 559	278 346
I. Accommodation and catering services	60 027	55 054
J. Information and communication	272 780	280 914
K. Financial and insurance activities	1 063 544	1 057 300
L. Real estate activities	1 408 720	1 400 732
M. Professional, scientific and technical activities	390 594	386 428
N. Administrative and support services	91 626	85 531
O. Public administration and defence, compulsory social security	4 235	4 320
P. Education	9 940	10 514
Q. Health and social assistance	123 861	124 141
R. Arts, entertainment and recreation	38 968	40 433
S. Other service activities	23 229	23 993
T. Activities of households, private households with domestic staff	7 709 244	7 660 265
Total	**14 316 096**	**14 159 205**

as adopted by the European Union (in thousands of EUR)

The structure of the Bank's credit risk exposure to the Slovak Republic (entities controlled by the Slovak Republic, guarantees issued by the Slovak Republic, and similar exposures) is as follows:

	31.3.2024	*31.12.2023*
Treasury bills	27 267	-
Loans and advances to banks	1 012 665	3 954 543
Loans and advances to customers	191 782	193 499
Debt securities	2 929 616	2 647 142
Total	**4 161 330**	**6 795 184**

The following summary presents the change in the amount of impairment allowances for expected credit losses and advances measured at amortised cost as at 31 March 2024:

	Impairment allowances – Stage 1	*Impairment allowances – Stage 2*	*Impairment allowances Stage 3*	*Impairment allowances – POCI*	*Total*
As at 1 January 2024	**51 243**	**52 615**	**115 543**	**4 465**	**223 866**
Net changes due to credit risk change	(1 950)	(7 540)	8 239	(79)	(1 330)
Increase due to origin or acquisition	5 930	1 602	-	-	7 532
Decrease due to derecognition	(3 789)	(2 277)	(2 777)	(13)	(8 856)
Write-off	-	-	(1 011)	(56)	(1 067)
Unwinding	-	-	(35)	15	(20)
Foreign exchange differences and transfers	-	-	2	-	2
As at 31 March 2024	**51 434**	**44 400**	**119 961**	**4 332**	**220 127**

The following summary presents the change in the amount of impairment allowances for expected credit losses and advances measured at amortised cost as at 31 December 2023:

	Impairment allowances – Stage 1	*Impairment allowances – Stage 2*	*Impairment allowances Stage 3*	*Impairment allowances – POCI*	*Total*
As at 1 January 2023	**35 627**	**58 327**	**126 760**	**3 938**	**224 652**
Net changes due to credit risk change	2 994	(2 535)	28 404	1 760	30 623
Increase due to origin or acquisition	22 248	12 165	-	-	34 413
Decrease due to derecognition	(9 626)	(15 342)	(12 635)	(137)	(37 740)
Write-off	-	-	(27 130)	(512)	(27 642)
Unwinding	-	-	148	40	188
Foreign exchange differences and transfers	-	-	(4)	(624)	(628)
As at 31 December 2023	**51 243**	**52 615**	**115 543**	**4 465**	**223 866**

Sensitivity analysis of impairment allowances

The retail loan portfolio's sensitivity to the change of probability of default (PD) was tested by a 10% increase/decrease in the PD scenario. In the event of a 10% increase/decrease in PD, the impact on the ECL of the retail loan portfolio would be +/- 2.3%.

The retail loan portfolio's sensitivity to the change in the loss given default (LGD) was tested by a 10% increase/decrease in the LGD scenario. If the LGD increased by 10%, the impact on the ECL of the retail loan portfolio would be +7.4%. If the LGD decreased by 10%, the impact on the ECL of the retail loan portfolio would be -9.8%.

The corporate loan portfolio's sensitivity (Stage 1 and Stage 2) to the change of probability of default (PD) was tested by a 10% increase/decrease in the PD scenario. In the event of a 10% increase/decrease in PD, the impact on the ECL of the corporate loan portfolio would be +/- 10%.

The corporate loan portfolio's sensitivity (Stage 1 and Stage 2) to the change in the loss given default (LGD) was tested by a 10% increase/decrease in the LGD scenario. In the event of a 10% increase/decrease in LGD, the impact on the ECL of the corporate loan portfolio would be +/- 10%.

as adopted by the European Union (in thousands of EUR)

Non-performing exposures (NPE)

Non-performing exposures are defined in the technical standard governing the reporting of forborne exposures and non-performing exposures, as issued by the EBA (European Bank Authority). Non-performing exposures (NPE) include both defaulted (NPL) and non-defaulted exposures.

Based on changes (implementation of IFRS 9), in line with the EBA standard definition (FINREP ANNEX III REV1/FINREP ANNEX V), cash balances at central banks and other demand deposits and government and corporate bonds purchased to the Banking Book are part of the share of non-performing exposures, resulting in a decrease of the indicator.

The table below represents the summary of non-performing exposures as at 31 March 2024:

	Gross carrying amount	*Share of non-performing exposures*	*% coverage of non-performing exposures*
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**209 046**	**1,46%**	**59,13%**
Public sector	-	-	-
Corporate clients	49 796	0,81%	48,72%
Retail clients	159 250	1,95%	62,38%
Debt securities	**901**	**0,02%**	**100,00%**
Total	**209 947**	**1,08%**	**59,30%**

The table below represents the summary of non-performing exposures as at 31 December 2023:

	Gross carrying amount	*Share of non-performing exposures*	*% coverage of non-performing exposures*
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**205 931**	**1.45%**	**58.26%**
Public sector	-	-	-
Corporate clients	54 061	0.89%	48.81%
Retail clients	151 870	1.87%	61.62%
Debt securities	**901**	**0.03%**	**100.00%**
Total	**206 832**	**0.95%**	**58.44%**

Forborne exposures

This section applies exclusively to non-default exposures based on Article 178 CRR. In the business sphere, when credit conditions change for the benefit of the client, the Bank differentiates between modified loans and forborne loans based on valid definitions in the technical standard (ITS) governing the reporting of forborne exposures and non-performing exposures, as issued by the EBA (European Bank Authority).

A key aspect when deciding whether a loan is forborne is in the business sector the client's financial situation at the time of the change in maturity or loan terms. If, on the basis of the client's creditworthiness (taking into account the internal early warning system), it can be assumed that the client has financial difficulties at the time of changing loan terms, and if the change is treated as easing of conditions, such loans are flagged as forborne exposures. If such a change is made to a loan or such a loan becomes overdue for more than 30 days and was previously considered to be defaulted but is subsequently considered as non-defaulted (under Article 178 CRR), the loan is considered to be a default exposure (NPE) regardless of whether there is a reason for default under Article 178 CRR. Such monitoring is performed over a two-year period after the loan is no longer considered to be defaulted. The decision as to whether the loan is classified as defaulted and/or forborne is not a reason for the creation of a specific impairment allowance.

as adopted by the European Union (in thousands of EUR)

Under IFRS 9, non-defaulted forborne exposures are automatically transferred to Stage 2 and are therefore subject to lifetime expected credit losses. The transfer back to Stage 1 is only possible after all of the exit criteria have been met (including a trial period in the retail segment) and, at the same time, criteria for the classification to Stage 2 are not met (quantitative or qualitative).

The Bank may adjust the terms and conditions of repayment of its loan receivables if the client's financial situation is poor and the client would not be able to repay its obligations to the Bank in real time.

For overdrafts, where an agreement on repayments of outstanding debt due is concluded – the contract is not prolonged, it is only transformed into an instalment loan after the expiry of the final maturity of the loan or after being declared as immediately due.

For instalment loans, repayment schedules are changed due to the client's inability to pay within the agreed deadlines. For retail loans, there is a possibility to apply for loan restructuring in the form of a temporary reduction of repayments, mostly for a period of 12 months, with subsequent changes to the original loan (extension of the maturity, change of the instalment amount) so as not to reduce the cash flows after termination of the credit relationship (i.e. there is no impairment).

The summary below represents the analysis of forborne exposures as at 31 March 2024:

	Gross carrying amount	***Impairment allowances***	***Net carrying amount***
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**126 976**	**(33 466)**	**93 510**
Public sector	-	-	-
Corporate clients	88 145	(20 392)	67 753
Retail clients	38 831	(13 074)	25 757
Total	**126 976**	**(33 466)**	**93 510**

The summary below represents the analysis of forborne exposures as at 31 December 2023:

	Gross carrying amount	***Impairment allowances***	***Net carrying amount***
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**109 682**	**(32 380)**	**77 302**
Public sector	-	-	-
Corporate clients	74 634	(19 910)	54 724
Retail clients	35 048	(12 470)	22 578
Total	**109 682**	**(32 380)**	**77 302**

Defaulted loan portfolio (NPL)

There is no definition of defaulted loans in the methodology of International Financial Reporting Standards. The Bank also uses impaired loans as the equivalent for non-performing loans.

To determine the client’s default, the Bank mainly uses the following indicators, also depending on the client’s segment: permanent delay in the repayment of a material portion of a receivable of more than 90 days, declaration of immediate maturity, bankruptcy or insolvency, a portion of the loan receivables from the client written off, legal restructuring, suspended interest on receivables, sale of the receivables from the client resulting in a loss or an anticipated loss from a deal. In the retail portfolio, the Bank applies a limit set at an absolute materiality threshold of EUR 100 and a relative materiality threshold of 1% of the gross carrying amount of all client credit exposures that the receivable must exceed. In the corporate portfolio, the Bank applies a limit that depends on the default type. In the event of a permanent default of more than 90 days, the limit is set at EUR 500 and simultaneously 1% of the gross carrying value, in restructuring the limit of a change in the net present value is set at 1%, and for other types the receivable is assessed with no limit application.

as adopted by the European Union (in thousands of EUR)

The summary below represents the analysis of the defaulted loan portfolio (balance sheet items) and the impairment off-balance sheet portfolio analysis (guarantees and irrevocable loan commitments) as at 31 March 2024:

	Defaulted loans (Gross carrying amount)	*Impairment allowances for defaulted loans*	*Defaulted loans (Net book value)*	*Recoverable value of received collateral for defaulted loans*
Loans and advances	**208 975**	**123 555**	**85 420**	**68 102**
Banks	-	-	-	-
Corporate clients	49 796	24 260	25 536	23 570
Retail clients	159 179	99 295	59 884	44 532
Contingent liabilities and other off-balance sheet items	**1 505**	**199**	**1 306**	**668**
Corporate clients	1 019	39	980	478
Retail clients	486	160	326	190
Total	**210 480**	**123 754**	**86 726**	**68 770**

The summary below represents the analysis of the defaulted loan portfolio (balance sheet items) and the impairment off-balance sheet portfolio analysis (guarantees and irrevocable loan commitments) as at 31 December 2023:

	Defaulted loans (Gross carrying amount)	*Impairment allowances for defaulted loans*	*Defaulted loans (Net book value)*	*Recoverable value of received collateral for defaulted loans*
Loans and advances	**205 852**	**119 968**	**85 884**	**72 114**
Banks	-	-	-	-
Corporate clients	54 061	26 388	27 673	26 468
Retail clients	151 791	93 580	58 211	45 646
Contingent liabilities and other off-balance sheet items	**1 960**	**376**	**1 584**	**663**
Corporate clients	1 592	244	1 348	467
Retail clients	368	132	236	196
Total	**207 812**	**120 344**	**87 468**	**72 777**

Concentration risk by geographic regions

The structure of assets and liabilities related to entities outside the Slovak Republic:

	31.3.2024	*31.12.2023*
Assets	**1 784 063**	**1 553 288**
Of which Austria	*354 528*	*363 669*
Of which Czech Republic	*352 535*	*324 769*
Of which United States of America	*41 397*	*12 837*
Of which Poland	*177 505*	*171 046*
Of which Netherlands	*37 122*	*37 403*
Of which Great Britain	*3 036*	*2 022*
Of which Germany	*154 769*	*110 977*
Of which Croatia	*99 252*	*78 781*
Of which Bulgaria	*80 965*	*81 021*
Of which Hungary	*71 387*	*83 894*
Of which other countries (mainly EU countries)	*411 568*	*286 870*
Liabilities	**2 476 494**	**2 533 678**
Of which Austria	*1 751 683*	*1 774 273*
Of which Hungary	*65 174*	*68 192*
Of which Czech Republic	*91 705*	*96 507*
Of which Germany	*74 271*	*50 101*
Of which Ukraine	*198 853*	*198 811*
Of which United States of America	*27 688*	*26 930*
Of which other countries (mainly EU countries)	*267 121*	*318 864*

as adopted by the European Union (in thousands of EUR)

Market risk

The Bank is exposed to market risks. Market risks result from open positions from transactions with interest rate, currency, commodity and equity products that are subject to general and specific market changes. To assess the approximate level of market risk associated with the Bank's positions, and the expected maximum amount of potential losses, the Bank uses internal reports and models for individual types of risk faced by the Bank. The Bank uses a system of limits, the aim of which is to ensure that the level of risks the Bank is exposed to at any time does not exceed the level of risks the Bank is willing and able to accept. These limits are monitored on a daily basis.

For the risk management purposes, market risk is regarded as the risk of potential losses the Bank may incur due to unfavourable developments in market rates and prices. To manage market risk, the Bank uses a system of limits imposed on individual positions and portfolios.

As to the structure of trades, the Bank primarily faces the following market risks:
- Currency risk; and
- Interest rate risk.

Market risks to which the Bank faces insignificant exposure (face value does not exceed 0.1% of the Bank's balance):
- Equity price risk;
- Commodity risk.

Currency risk

Currency risk represents the potential for loss resulting from unfavourable movements in foreign currency exchange rates. The Bank manages this risk by determining and monitoring open position limits.

The currency position of the Bank is monitored separately for each currency, as well as the group limit for specific currencies if monitoring is necessary, e.g. in the event of market turbulences. Limits for these positions are set in line with the RBI Group standards. Data on the Bank's currency positions and on the compliance with the limits set by RBI are reported on a weekly basis.

In addition to the limit on an open foreign exchange position, the Bank also sets gamma and vega limits on an option position for each currency pair subject to trading. The gamma limit sets the maximum allowable rate of change in the foreign exchange position from option contracts due to a change in the underlying exchange rate. The vega limit sets the maximum allowable rate of change in the value of options due to a change in the volatility of the underlying currency pair.

Positions from client option trades to currency pairs, where no gamma and vega limits on trading have been specified by the Bank, are closed at the market, so as to ensure that the Bank has no open position for this currency pair.

In addition, the Bank has set a stop-loss limit for the overall foreign exchange position.

Items in foreign currencies

The financial statements consist of the following assets and liabilities denominated in foreign currencies:

	31.3.2024	***31.12.2023***
Assets	**191 200**	**147 279**
Of which: USD	*64 678*	*38 314*
Of which: CZK	*113 754*	*97 970*
Of which: other currencies (PLN, HUF, GBP and other)	*12 768*	*10 995*
Liabilities	**507 258**	**568 680**
Of which: USD	*302 864*	*361 492*
Of which: CZK	*105 135*	*92 816*
Of which: other currencies (PLN, HUF, GBP and other)	*99 259*	*114 372*

as adopted by the European Union (in thousands of EUR)

The Bank's net foreign exchange (FX) position of assets, liabilities and equity as at 31 March 2024 and 31 December 2023 was as follows:

	Net FX position as at 31 March 2024	*Net FX position as at 31 December 2023*
USD	(238 186)	(323 178)
CZK	8 619	5 154
Other (GBP, CHF, PLN, HUF and other)	(86 491)	(103 377)
Total net FX balance sheet position	**(316 058)**	**(421 401)**
USD	241 812	327 481
CZK	(6 826)	(5 053)
Other (GBP, CHF, PLN, HUF and other)	94 659	109 824
Total net FX off-balance sheet position*	**329 645**	**432 252**
Total net FX position	**13 587**	**10 851**

** Net foreign exchange (FX) off-balance sheet position includes spot transactions and FX derivatives (except for option contracts). Option contracts are reported as "option delta equivalents". The same approach is used to calculate the capital requirement.*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

The Bank controls and manages its interest rate risk for all trades, and for the Banking Book and the Trading Book separately. Interest rate risk is monitored and assessed on a daily basis. Interest rate risk in the Banking Book in terms of change in the Bank's income is monitored and evaluated monthly, always as at the end of the month. Interest rate risk in the Banking Book in terms of changes in the economic value is monitored and evaluated on a daily basis.

To monitor interest rate risk, the Bank uses the gap analysis method (interest GAP), method of market value sensitivity to yield curve shift by defined number of basis points (basis point value – BPV), method of interest yield sensitivity to yield curve shift by defined number of basis points and stop-loss limit to interest rate sensitive instruments.

The internal interest rate risk limits applicable in the Banking Book are set in the form of limits on open positions in each time band of the interest gap for each currency that is included in the Banking Book (mainly EUR and USD). The Bank's limit on the interest rate risk of the Banking Book is set in the form of limits on the sensitivity of the overall position to the yield curve shifts (BPV) in the Banking Book, with a limit on the position concentration in one time basket and one currency.

The interest rate risk limits applicable in the Trading Book are set in the form of limits related to the sensitivity of the overall position to yield curve shifts (BPV). The limits are set for individual currencies included in the Trading Book. The loss resulting from interest rate variations is limited to stop-loss limit.
Market Risk Management regularly submits information on the actual amount of credit risk in individual currencies and information on the use of the Banking Book's credit risk limits to the Assets and Liabilities Committee (ALCO).

In the event of exceeding the set limit, the interest rate positions are closed by using both traditional and derivative financial instruments.

The following table presents the carrying amount of non-derivative financial instruments and the face value of derivative financial instruments with a floating interest rate as at 31 March 2024 and 31 December 2023:

	Non-derivative assets 31.3.2024	*Non-derivative liabilities 31.3.2024*	*Derivatives 31.3.2024*	*Non-derivative assets 31.12.2023*	*Non-derivative liabilities 31.12.2023*	*Derivatives 31.12.2023*
EURIBOR 1M	1 097 992	-	17 491	868 598	-	15 988
EURIBOR 3M	2 415 529	136 280	5 106 005	2 599 573	136 311	4 621 022
EURIBOR 6M	308 983	104 473	890 900	295 048	103 181	869 600
PRIBOR (1M, 3M, 6M)	25 526	-	1 246	22 779	-	1 324
Other	19 774	-	24 420	17 742	-	23 891
Total	**3 867 804**	**240 753**	**6 040 062**	**3 803 740**	**239 492**	**5 531 825**

as adopted by the European Union (in thousands of EUR)

The table below provides information on balance sheet amounts, to what extent the Bank is exposed to interest rate risk according to the contractual maturity date of financial instruments or, the date of remeasurement for instruments which are remeasured to market interest rates prior to maturity. Those assets and liabilities that do not have a contractual maturity date or are not interest-bearing are grouped in the "Unspecified" category.

The interest rate gap of financial assets and liabilities as at 31 March 2024:

	Up to 3 months included	*From 3 months to 1 year included*	*From 1 to 5 years included*	*Over 5 years included*	*Unspecified*	*Total*
Assets						
Cash and other demand deposits	30 234	-	-	-	216 118	246 352
Cash balances at central banks	1 012 663	-	-	-	-	1 012 663
Financial assets held for trading	5	35	4 548	13 208	24 634	42 430
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	-	-	16 476	16 476
Financial assets measured at fair value through other comprehensive income	370	11 799	88 548	-	2 187	102 904
Financial assets measured at amortised cost	5 247 635	2 608 524	6 207 850	3 852 828	135 707	18 052 544
Receivables from hedging derivatives	-	-	-	-	46 636	46 636
Other assets	-	-	-	-	26 733	26 733
Interest rate position for financial assets as at 31 March 2024	**6 290 907**	**2 620 358**	**6 300 946**	**3 866 036**	**468 491**	**19 546 738**
Liabilities						
Financial liabilities held for trading	-	-	-	-	30 857	30 857
Financial liabilities measured at amortised cost*	7 436 993	1 951 351	5 860 691	2 646 659	109 894	18 005 588
Liabilities from hedging derivatives	-	-	-	-	188 558	188 558
Provisions	-	-	-	-	49 989	49 989
Other liabilities	-	-	-	-	47 549	47 549
Interest rate position for financial liabilities as at 31 March 2024	**7 436 993**	**1 951 351**	**5 860 691**	**2 646 659**	**426 847**	**18 322 541**
Net interest rate position as at 31 March 2024	**(1 146 086)**	**669 007**	**440 255**	**1 219 377**	**41 644**	**1 224 197**

**The Bank uses its own model to categorise the non-term deposits according to interest rate sensitivity, whereas these deposits are categorised for up to 10 years.*

as adopted by the European Union (in thousands of EUR)

The interest rate gap of financial assets and liabilities as at 31 December 2023:

	Up to 3 months included	*From 3 months to 1 year included*	*From 1 to 5 years included*	*Over 5 years included*	*Unspecified*	*Total*
Assets						
Cash and other demand deposits	25 157	-	-	-	223 136	248 293
Cash balances at central banks	3 954 534	-	-	-	-	3 954 534
Financial assets held for trading	-	3	4 574	-	24 405	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	-	-	15 449	15 449
Financial assets measured at fair value through other comprehensive income	438	11 918	89 147	-	2 187	103 690
Financial assets measured at amortised cost	5 019 172	2 637 166	6 021 598	3 604 337	130 557	17 412 830
Receivables from hedging derivatives	-	-	-	-	48 344	48 344
Other assets	-	-	-	-	20 530	20 530
Interest rate position for financial assets as at 31 December 2023	**8 999 301**	**2 649 087**	**6 115 319**	**3 604 337**	**464 608**	**21 832 652**
Liabilities						
Financial liabilities held for trading	-	-	-	-	22 458	22 458
Financial liabilities measured at amortised cost*	9 207 135	1 962 692	6 065 705	2 820 347	118 872	20 174 751
Liabilities from hedging derivatives	-	-	-	-	196 582	196 582
Provisions	-	-	-	-	59 064	59 064
Other liabilities	-	-	-	-	53 375	53 375
Interest rate position for financial liabilities as at 31 December 2023	**9 207 135**	**1 962 692**	**6 065 705**	**2 820 347**	**450 351**	**20 506 230**
Net interest rate position as at 31 December 2023	**(207 834)**	**686 395**	**49 614**	**783 990**	**14 257**	**1 326 422**

**The Bank uses its own model to categorize the non-term deposits according to interest rate sensitivity, whereas these deposits are categorised for up to 10 years.*

Equity price risk

Equity price risk arises from the Bank's exposure to changes in equity investment prices. Equity price risk is determined at the Bank level. Equity price risk is measured using individual exposures and by calculating and monitoring the overall equity investment position. Equity investment positions are reported at the level of the overall portfolio on a weekly basis.

Commodity risk

Commodity risk arises from the Bank's exposure to changes in commodity prices. Commodity risk is determined at the Bank level and is measured using positions in individual commodities. The sensitivity analysis is applied for the measurement and management of commodity risk.

Sensitivity analysis of market risks

The sensitivity analysis reflects the implications on the Bank's profit/loss arising from the movements in market parameters (interest rates, exchange rates, share prices, etc.) by predetermined delta values. For monitoring and limiting of risk, the Bank uses 100 basis points for interest rates, a 5% movement in exchange rates, and 50% movement in share prices, and 30% movement in commodity prices.

The GAP method sorts the Bank's positions into baskets and examines the Bank's final position in individual baskets. This method is used in interest rate risk management. The stress scenario is similar to the sensitivity analysis; however, it takes into consideration a marginal situation on the market. It combines movements in the market parameters so that these are the least favourable for the Bank.

The table below shows the Bank's sensitivity to movements in exchange rates, assuming negative movements in exchange rates by 5% to the detriment of the Bank.

Change in the present value of assets and liabilities of the Bank following the movements in exchange rates of the selected currencies to the detriment of the Bank as at 31 March 2024 (in thousands of EUR):

	Present value of exchange rate	*Exchange rate in sensitivity scenario*	*Bank's position in the respective currency*	*Economic loss of the Bank for a given scenario with an impact on equity*
JPY	163,4500	171,6225	6 884	(344)
USD	1,0811	1,1352	3 624	(181)
PLN	4,3123	4,5279	2 759	(138)
CZK	25,3050	26,5703	1 793	(90)
NOK	11,6990	12,2840	1 175	(59)
Total			**16 235**	**(812)**

Change in the present value of assets and liabilities of the Bank following the movements in exchange rates of the selected currencies to the detriment of the Bank as at 31 December 2023 (in thousands of EUR):

	Present value of exchange rate	*Exchange rate in sensitivity scenario*	*Bank's position in the respective currency*	*Economic loss of the Bank for a given scenario with an impact on equity*
PLN	4.3395	4.5565	4 794	(240)
USD	1.1050	1.1603	4 303	(215)
JPY	156.3300	164.1465	1 387	(69)
NOK	11.2405	11.8025	1 116	(56)
SEK	11.0960	10.5412	(987)	(49)
Total			**10 613**	**(629)**

The table below shows the Bank's sensitivity to movements in the interest rate assuming negative movement of the yield curve to the detriment of the Bank by 100 basis points.

Change in the present value of assets and liabilities of the Bank following the change in the interest rate for the selected currencies as at 31 March 2024 (in thousands of EUR):

	Yield curve shift	*Bank's loss from yield curve shift*
EUR	+100 BPV	(74 732)
USD	-100 BPV	(430)
Total		**(75 162)**

Change in the present value of assets and liabilities of the Bank following the change in the interest rate for the selected currencies as at 31 December 2023 (in thousands of EUR):

	Yield curve shift	*Bank's loss from yield curve shift*
EUR	+100 BPV	(63 967)
USD	-100 BPV	(975)
Total		**(64 941)**

As at 31 March 2024, the Bank's exposure position in the Trading Book to equity price risk was nil; as at 31 December 2023, it was also nil. The Bank, therefore, does not recognise this exposure position to equity price risk.

As at 31 March 2024, the Bank's exposure position to commodities in the Trading Book was insignificant; as at 31 December 2023, the Bank's position was also insignificant. Therefore, the Bank does not recognise this exposure position to commodity risk.

In the market risk sensitivity analysis, the Bank uses the negative development of exchange rates, yield curves movements, and a decrease in share prices. In the opposite scenario, the Bank would recognise a profit instead of a loss in approximately the same amount.

Liquidity risk

Liquidity risk is the risk that the Bank may not be able to fulfil its obligation to settle its liabilities when they fall due.

The Bank wishes to maintain its solvency, i.e. its ability to meet its financial liabilities in a duly and timely manner, and to manage its assets and liabilities so as to ensure continuous liquidity. Liquidity management is the responsibility of the Assets and Liabilities Committee (ALCO), the Treasury department and Capital Markets division. At its regular meetings, the ALCO assesses the Bank's liquidity and, subsequently, makes decisions based on the current state of affairs.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees, and from margin and other calls on cash settled derivatives. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Deposits from customers are one of the primary funding sources for the Bank. Although the terms of the majority of the deposits permit customer withdrawals with no advance notice, the actual balances maintained by customers provide a stable source of funding.

The Market Risk Management department monitors the Bank's liquidity on a daily basis and reports on its development. Information on the liquidity position is reported to the ALCO at least once a month. The Treasury department submits reports on the Bank's structure of assets and liabilities at regular meetings of the ALCO, and proposes the size and structure of the portfolio of highly-liquid securities held strategically for the following period subject to monitoring. The Treasury department informs the ALCO about new investments in securities on a regular basis.

as adopted by the European Union (in thousands of EUR)

The Bank monitors short-, medium- and long-term liquidity risk by developing a liquidity and crisis liquidity gap (3 scenarios: market crisis, currency crisis and combined scenario) compiled on the basis of the rules and assumptions set by the RBI parent company. Internal liquidity limits are approved by the Bank's management through an annual update of the liquidity management strategy. The Bank also monitors the regulatory coefficients set by the NBS and the ECB and the coefficients and limits set internally and/or by the RBI parent company.

The Bank's liquidity position reflecting the current contractual remaining maturity of assets and liabilities as at 31 March 2024:

	Up to 12 months	***Over 12 months***	***Unspecified***	***Total***
Cash and other demand deposits	246 352	-	-	246 352
Cash balances at central banks	1 012 663	-	-	1 012 663
Financial assets held for trading[3)]	40	17 755	24 635	42 430
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	16 476	16 476
Financial assets measured at fair value through other comprehensive income	12 169	88 548	2 187	102 904
Financial assets measured at amortised cost	3 444 679	14 260 453	347 412	18 052 544
Receivables from hedging derivatives[3)]	-	-	46 636	46 636
Investments in subsidiaries and associates	-	-	58 942	58 942
Non-current tangible assets and right-of-use assets	-	-	86 737	86 737
Non-current intangible assets	-	-	49 491	49 491
Deferred tax asset	-	-	37 701	37 701
Other assets	-	-	26 733	26 733
Total assets	**4 715 903**	**14 366 756**	**696 950**	**19 779 609**
Liabilities				
Financial liabilities held for trading[3)]	-	-	30 857	30 857
Financial liabilities measured at amortised cost[1)]	5 330 718	12 599 330	75 540	18 005 588
Liabilities from hedging derivatives [3)]	-	-	188 558	188 558
Provisions	-	-	49 989	49 989
Current tax liability	-	-	17 632	17 632
Other liabilities	-	-	47 549	47 549
Total liabilities	**5 330 718**	**12 599 330**	**410 125**	**18 340 173**
Net balance sheet position	**(614 815)**	**1 767 426**	**286 825**	**1 439 436**
Net off-balance sheet position[2)]	**(3 431 511)**	**-**	**4 242 286**	**810 775**
Cumulative balance sheet and off-balance sheet position	**(4 046 326)**	**1 767 426**	**4 529 111**	**2 250 211**

1) *The amounts of current accounts and passbooks are recognised under the estimated maturity model, which calculates the distribution of such behavioural cash flows as part of liquidity. The model is based on the Geometric Brownian Motion (GBM) and is reviewed annually. The main component of the model is the historical time series of observations. During the assessment process, the performed observations are compared to the modelled observations. In the event of a larger deviation, assumptions and/or model parameters should be reviewed. Based on the results of the review, new assumptions and/or new model parameters calculated on the basis of historical observations should be used for the model.*
2) *The off-balance sheet position includes receivables and payables from spot transactions and financial derivative transactions where the underlying instrument is replaced, from future loans and borrowings, guarantees and letters of credit, and option delta equivalents.*
3) *Positive/negative fair value of financial derivatives held for trading and receivables/payables from hedging derivatives are classified as not specified in line with the National Bank of Slovakia Report on the Current and Estimated Remaining Maturity of Assets and Liabilities.*

as adopted by the European Union (in thousands of EUR)

The Bank's liquidity position reflecting the current contractual remaining maturity of assets and liabilities as at 31 December 2023:

	Up to 12 months	*Over 12 months*	*Unspecified*	*Total*
Cash and other demand deposits	248 293	-	-	248 293
Cash balances at central banks	3 954 534	-	-	3 954 534
Financial assets held for trading3)	3	4 574	24 405	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	15 449	15 449
Financial assets measured at fair value through other comprehensive income	12 356	89 147	2 187	103 690
Financial assets measured at amortised cost	3 373 488	13 705 554	333 788	17 412 830
Receivables from hedging derivatives3)	-	-	48 344	48 344
Investments in subsidiaries and associates	-	-	58 942	58 942
Non-current tangible assets and right-of-use assets	-	-	89 652	89 652
Non-current intangible assets	-	-	50 557	50 557
Deferred tax asset	-	-	41 362	41 362
Other assets	-	-	20 530	20 530
Total assets	**7 588 674**	**13 799 275**	**685 216**	**22 073 165**
Liabilities				
Financial liabilities held for trading3)	-	-	22 458	22 458
Financial liabilities measured at amortised cost1)	6 983 153	13 119 396	72 202	20 174 751
Liabilities from hedging derivatives 3)	-	-	196 582	196 582
Provisions	-	-	59 064	59 064
Current tax liability	-	-	13 741	13 741
Other liabilities	-	-	53 375	53 375
Total liabilities	**6 983 153**	**13 119 396**	**417 422**	**20 519 971**
Net balance sheet position	**605 521**	**679 879**	**267 794**	**1 553 194**
Net off-balance sheet position2)	**(3 404 792)**	**(128)**	**4 660 443**	**1 255 523**
Cumulative balance sheet and off-balance sheet position	**(2 799 271)**	**679 751**	**4 928 237**	**2 808 717**

The amounts of current accounts and passbooks are recognised under the estimated maturity model which calculates the distribution of such behavioural cash flows as part of liquidity. The model is based on the Geometric Brownian Motion (GBM) and reviewed annually. The main component of the model is the historical time series of observations. During the assessment process, the performed observations are compared to the modelled observations. In the event of a larger deviation, assumptions and/or model parameters should be reviewed. Based on the results of the review, new assumptions and/or new model parameters calculated on the basis of historical observations should be used for the model.

1) *The off-balance sheet position includes receivables and liabilities from spot transactions and financial derivative transactions where the underlying instrument is replaced, in particular from future loans and borrowings, guarantees and letters of credit, and option delta equivalents.*
2) *Positive/negative fair value of financial derivatives held for trading and receivables/payables from hedging derivatives are classified as not specified in line with the National Bank of Slovakia Report on the Current and Estimated Remaining Maturity of Assets and Liabilities.*

as adopted by the European Union (in thousands of EUR)

The summary below represents an analysis of the earliest possible contractual maturity of financial assets, in the worst-case scenario, as at 31 March 2024 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial assets:						
Cash on hand	216 118	216 118	216 118	-	-	-
Cash balances at central banks	1 012 663	1 012 663	1 012 663	-	-	-
Other demand deposits	30 234	30 234	30 234	-	-	-
Loans and advances	14 316 096	16 078 031	2 595 785	2 354 328	5 273 261	5 854 657
Debt securities	3 860 016	4 563 904	76 563	413 227	1 250 046	2 824 068
Derivative financial assets:						
Positive fair value of financial derivatives held for trading	24 635	529 694	304 039	201 556	14 151	9 948
Positive fair value of financial derivatives held for fair value hedging	46 636	225 526	30 607	26 469	103 751	64 699

The summary below represents an analysis of the earliest possible contractual maturity of financial assets, in the worst-case scenario, as at 31 December 2023 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial assets:						
Cash on hand	223 136	223 136	223 136	-	-	-
Cash balances at central banks	3 954 534	3 954 534	3 954 534	-	-	-
Other demand deposits	25 157	25 157	25 157	-	-	-
Loans and advances	14 159 205	15 865 328	2 340 733	2 533 187	5 186 276	5 805 132
Debt securities	3 351 538	3 916 510	55 753	333 580	1 238 718	2 288 459
Derivative financial assets:						
Positive fair value of financial derivatives held for trading	24 405	642 385	499 670	122 256	12 025	8 434
Positive fair value of financial derivatives held for fair value hedging	48 344	207 644	23 465	28 258	96 179	59 742

as adopted by the European Union (in thousands of EUR)

The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 31 March 2024 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial liabilities:						
Liabilities from debt securities for trading	10 156	10 156	10 156	-	-	-
Deposits	15 894 574	16 011 335	15 078 453	652 525	138 885	141 472
Liabilities from issued debt securities	1 949 685	2 149 813	5 902	371 263	1 749 279	23 369
Other financial liabilities	218 247	218 247	178 180	8 340	25 606	6 121
Provisions	49 989	49 989	49 989	-	-	-
Other liabilities	47 549	47 549	47 549	-	-	-
Derivative financial liabilities:						
Negative fair value of financial derivatives held for trading	20 701	526 476	302 998	199 919	14 341	9 218
Negative fair value of financial derivatives held for fair value hedging	188 558	297 644	29 519	26 954	102 082	139 089

The summary below represents an analysis of the contractual maturity of future contingent liabilities and other off-balance sheet items, in the worst possible scenario, as at 31 March 2024 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Contingent liabilities and other off-balance sheet items:						
Contingent liabilities from guarantees	729 587	729 587	729 587	-	-	-
Contingent liabilities from letters of credit	32 775	32 775	32 775	-	-	-
From irrevocable loan commitments	1 037 701	1 037 701	1 037 701	-	-	-

as adopted by the European Union (in thousands of EUR)

The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 31 December 2023 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial liabilities:						
Deposits	18 171 199	18 303 019	17 458 390	554 422	146 455	143 752
Liabilities from debt securities	1 998 383	2 212 416	67 123	163 280	1 954 083	27 930
Other financial liabilities	49 672	49 672	8 327	7 670	26 507	7 168
Provisions	59 064	59 064	59 064	-	-	-
Other liabilities	53 375	53 375	53 375	-	-	-
Derivative financial liabilities:						
Negative fair value of financial derivatives held for trading	22 458	626 237	487 975	118 269	11 897	8 096
Negative fair value of financial derivatives held for fair value hedging	196 582	241 317	30 223	20 454	74 766	115 874

The summary below represents an analysis of the contractual maturity of future contingent liabilities and other off-balance sheet items, in the worst possible scenario, as at 31 December 2023 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Contingent liabilities and other off-balance sheet items:						
Contingent liabilities from guarantees	753 364	753 364	753 364	-	-	-
Contingent liabilities from letters of credit	18 722	18 722	18 722	-	-	-
From irrevocable loan commitments	983 003	983 003	983 003	-	-	-

Operational risk

Operational risk is the risk arising from inappropriate or incorrect procedures, human error, failures of the Bank's systems or from external events. Operational risk includes legal risk, the risk arising primarily from a failure to enforce contracts, risk of unsuccessful legal disputes or court rulings with adverse impacts on the Bank, and ESG risks related to the environmental, social and governance risks faced by the organisation. As in the case of other types of risk, operational risk is managed by applying the standard principle including the separation of functions in risk management and controlling.

For the purposes of the capital requirement calculation to cover operational risk, the Bank uses the "Standardised Approach" according to the requirements of BASEL II and the Banking Act. Under the Standardised Approach, the Bank's activities and the related Gross Income are divided into eight business lines. Gross Income for each business line is represented by a general indicator serving as a representative for a range of business activities, thereby representing an operational risk rate for each business line. The capital to cover operational risk is calculated as net interest income and net interest-free income multiplied by an assigned ß factor for each business line separately. The total capital requirement equals the sum of eight partial requirements for each business line and the average for the past three years.

To identify operational risk, the Bank uses a three-dimensional model compound of risk categories, business functions, and business lines (Risk Management Association methodology). Operational risk loss data collection covers the collection of all operational losses by individual risk categories of this three-dimensional model.

The Bank focuses primarily on process quality improvement and operational risk mitigation actions. The essential assumption of set goals is based on operational risk awareness and the Bank's operational risk culture.

The Bank also uses other tools to manage operational risk such as Key Risk Indicators and Self-Assessment and operational risk scenarios, which are designated to identify, analyse and monitor areas with increased operational risk.

The Bank is also active in preparing Business Continuity plans. The plans aim to minimize impacts of unexpected events on the Bank's operation.

Other risks

Simultaneously, in terms of implementing an internal process of capital adequacy determination, the Bank monitors and develops quantification and management methods aimed at other risks.

Basel III

In connection with the adopted new legislative rules known as Basel III (by Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, which is directly applicable in all member states of the EU with effect from 1 January 2015, and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudent supervision of credit institutions and investment firms), the Bank has prepared and applies these stricter rules in capital adequacy and liquidity; the Bank ensured smooth compliance with these rules while maintaining the required level of risk appetite, portfolio performance and return on capital.

The concepts, methodology, and documentation for the activities in the Basel III Project are prepared in close co-operation with Raiffeisen Bank International AG while reflecting the local specifics of the Bank and the entire bank environment.

The Bank's intention is to implement an advanced approach to the management, quantification, and reporting of individual risks as soon as possible. As at the reporting date, for credit risk, the Bank used the standardised approach and the internal rating approach for calculating the regulatory capital requirement to cover credit risk. The general approach of internal ratings is applied by the Bank for the bulk of the non-retail portfolio. For the bulk of the retail portfolio, the advanced internal ratings-based approach is applied.

The IRB approach is used for central governments and central banks, institutions, corporate entities (including project financing, insurance companies, leasing companies and financial institutions) as of 1 January 2009, as of 1 April 2010 for the retail part of the portfolio and as of 1 December 2013 for the SME portfolio. In connection with the approved IRB approach, the Bank continuously reassesses the performance of its rating models and subsequently ensures the required performance of the models.

as adopted by the European Union (in thousands of EUR)

The Bank modifies and supplements its methodology and process procedures for Pillar 2 (internal process of capital adequacy assessment) in the context of its risk appetite and performed business activities. As part of this process, pursuant to the approved methodology, the Bank performs a risk relevance and materiality assessment, a risk quantification and an assessment with respect to the Bank's capital and subsequent reporting on a regular basis. The process of capital allocation, which is closely linked with budgeting, forms an integral part.

An important aspect of the Bank's capital management is a thorough prediction of capital adequacy developments and its stress testing to eliminate the effects of unforeseen events and for efficient capital planning. Information on the Bank's individual risks and capital are reflected in the management of the Bank and its business strategies to achieve an optimum compromise between the mitigation of individual risk types and augmentation of the market share, profit and return on capital. Major changes introduced by the Bank with respect to the changing economic development included, for instance, implementing comprehensive stress testing for Pillar 1 risks as well as for other risk types identified by the Bank as material or partial optimisation of parameter estimates for the calculation of the own funds requirement for the retail portion of the portfolio. At the same time, the Bank actively uses the results of the stress testing in capital planning and capital management.

OTHER DISCLOSURES

39. Contingent liabilities and other off-balance sheet items

The Bank reports the following contingent liabilities and other off-balance sheet items:

	31.3.2024	***31.12.2023***
Contingent liabilities:	**762 362**	**772 086**
From financial guarantees	385 071	393 076
From other guarantees	344 516	360 288
From letters of credit	32 775	18 722
Commitments:	**3 398 284**	**3 386 812**
From irrevocable loan commitments:	1 037 701	983 003
Up to 1 year	*619 450*	*583 414*
More than 1 year	*418 251*	*399 589*
From revocable loan commitments:	2 360 583	2 403 809
Up to 1 year	*1 919 239*	*1 818 138*
More than 1 year	*441 344*	*585 671*
Total	**4 160 646**	**4 158 898**

Off-balance sheet commitments from guarantees represent obligations that the Bank will make payments in the event that a customer cannot fulfil its obligations to third parties.

A documentary letter of credit is an irrevocable undertaking of the issuing bank acting at the request of a customer (buyer) to make a payment to the beneficiary (seller) or to pay or accept bills of exchange drawn by the beneficiary upon the submission of the stipulated documents, provided all terms and conditions of the letter of credit are met. The documentary letters of credit are collateralised depending on the creditworthiness of the customer and on the same basis as guarantees or loans.

The primary purpose of unused credit facilities (loan commitments) is to ensure that funds are available to a customer as required. Commitments to grant loans issued by the Bank represent issued loan commitments and the unused part of approved overdraft loans.

The risk associated with off-balance sheet financial commitments and contingent liabilities is assessed similarly as for loans to customers, taking into account the financial position and activities of the entity to which the Bank issued the guarantee and taking into account the collateral obtained. As at 31 March 2024, the Bank created provisions for these risks amounting to EUR 8 999 thousand (as at 31 December 2023: EUR 9 628 thousand), Note 27 "*Provisions*". As at 31 March 2024, other contingent liabilities amounted to EUR 420 thousand (as at 31 December 2023: EUR 420 thousand).

An overview of the quality of contingent liabilities and other off-balance sheet items is stated in Note 38 "*Risk report*".

as adopted by the European Union (in thousands of EUR)

Litigations and claims

In the ordinary course of business, the Bank is subject to legal actions and complaints. Each dispute is subject to special monitoring and regular re-assessment as a part of the Bank's standard procedures. In the event of significant disputes the Bank cooperates with external lawyers submitting the changes in dispute to the Board of Directors on a regular basis. In 2024, the Bank was not subject to any new significant dispute and some long-term disputes developed in favour of the Bank. It is the policy of the Bank not to disclose details of ongoing legal actions in cases where such disclosure might be prejudicial. This policy is in line with wording of IAS 37.92.

The most serious legal proceedings concerns agreed credit facilities and a contract breach allegedly committed by the Bank by failing to execute payment transfer orders and renew credit facilities, which ultimately allegedly led to the termination of the customer's business activities and two related lawsuits for damages and lost profit. In the former case, the first and second instance courts rejected the claim made and the court of appeal dismissed an appeal. In the latter case, the court of first instance dismissed the action. In the Bank's view, both actions are speculative.

As at 31 March 2024, the Bank examined the status of legal disputes, taking into account the amount of claims made and IFRS requirements as regards the recognition of provisions and contingent liabilities in the amount of EUR 3 423 thousand (31 December 2023: EUR 4 100 thousand), which are included in the off-balance sheet accounts.

If it is probable that the Bank will be required to settle a claim and a reliable estimate of the amount can be made, the Bank creates provisions. The total provision for legal disputes amounts to EUR 23 088 thousand (31 December 2023: EUR 22 547 thousand), Note 27 "*Provisions*". To determine the amount of provisions, the Bank uses professional judgement and relies on advice from legal counsel, taking into account all the circumstances and all available factors, including the application of publicly available information on disputes in the Slovak Republic from the past. For significant accounting estimates, see Note II.

40. Leases as a lessee (IFRS 16)

The right-of-use asset (under IFRS 16) is part of the Bank's tangible assets. Its amount and movement, along with the amount and movement of accumulated depreciation of the right-of-use asset, are recognised under non-current tangible assets in *"Right-of-use asset".*

Depreciation of the right-of-use asset is included in the general administrative expenses under *"Depreciation and amortisation of non-current tangible and intangible assets",* where they are separately allocated: *"of which the right-of-use asset".*

The amount of interest expense on lease liabilities is disclosed in Note 1 "*Net interest and dividend income*", separately reported under "*Interest expense: lease liability*".

The following table provides an overview of lease costs under IFRS 16, which are part of the general administrative expenses under "*Other administrative expenses: Other expenses*" for which the Bank applied an exception in accordance with IFRS 16.22 to 49:

	31.3.2024	***31.3.2023***
Lease costs:	**(267)**	**(166)**
Short-term lease	(1)	(1)
Lease of low-value tangible assets	(266)	(165)

The following table provides an analysis of the maturity of contractual undiscounted cash flows from lease liabilities:

	31.3.2024	***31.12.2023***
Undiscounted lease liabilities:	**44 088**	**45 992**
Less than 1 year	11 077	11 040
1 to 5 years	26 777	27 645
More than 5 years	6 234	7 307

as adopted by the European Union (in thousands of EUR)

41. Related parties

Related parties of the Bank comprise:

a) RBI – Raiffeisen Bank International, the parent company;

b) The RBI Group comprises subsidiaries and associates that are members of the parent company's (Raiffeisen Bank International) Group owned directly or indirectly via its subsidiaries, except for subsidiaries and associates owned by the Bank, which are recognised separately;

c) The subsidiaries and associates represent subsidiaries and associates that are members of the Bank's Group stated in Note 1 GENERAL INFORMATION, section Business names of the Bank's subsidiaries;

d) The statutory bodies and the Supervisory Board are persons who are members the key management personnel of the Bank or its parent company;

e) Other related parties are close family members of the members of the Bank's management personnel – the Board of Directors and the Supervisory Board. Other related parties also include other related individuals with a relationship with the Bank.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. In the ordinary course of business, the Bank enters into a number of banking transactions with related parties. Bank transactions were carried out under normal conditions and relationships at market prices.

Assets, liabilities, commitments, issued and received guarantees as regards related parties as at 31 March 2024:

*Related parties**	*RBI*	*RBI Group*	*Subsidiaries and associates*	*Statutory bodies and Supervisory Board***	*Other related parties*	*Total*
Loans and current accounts to banks and customers	123 696	80 338	646 790	1 239	3 199	**855 262**
Receivables from derivative financial transactions	70 561	5	-	-	-	**70 566**
Other assets	435	1 200	2 038	-	-	**3 673**
Deposits and current accounts from banks and customers	17 537	2 995	46 756	1 240	373	**68 901**
Liabilities from derivative financial transactions	191 306	-	-	-	-	**191 306**
Subordinated debt	136 280	-	-	-	-	**136 280**
Other liabilities	11 869	103 807	77	-	-	**115 753**
Guarantees issued	69 226	13 262	47 679	-	-	**130 167**
Loan commitments	37 000	5 540	128 650	112	1 267	**172 569**

** Groups of related parties under the IAS 24 definition*
*** Including members of RBI Boards of Directors*

as adopted by the European Union (in thousands of EUR)

Assets, liabilities, commitments, issued and received guarantees as regards related parties as at 31 December 2023:

*Related parties**	*RBI*	*RBI Group*	*Subsidiaries and associates*	*Statutory bodies and Supervisory Board***	*Other related parties*	*Total*
Loans and current accounts to banks and customers	148 743	67 239	619 236	1 165	3 223	**839 606**
Receivables from derivative financial transactions	71 876	-	-	-	-	**71 876**
Other assets	950	986	1 078	-	-	**3 014**
Deposits and current accounts from banks and customers	2 706	4 461	52 188	1 326	389	**61 070**
Liabilities from derivative financial transactions	202 115	-	-	-	-	**202 115**
Subordinated debt	136 311	-	-	-	-	**136 311**
Other liabilities	5 680	947	77	-	-	**6 704**
Guarantees issued	70 330	13 365	50 702	-	-	**134 397**
Loan commitments	37 000	5 536	155 639	118	1 293	**199 586**

** Groups of related parties under the IAS 24 definition*
*** Including members of RBI Boards of Directors*

Revenues and expenses as regards related parties as at 31 March 2024:

*Related parties**	*RBI*	*RBI Group*	*Subsidiaries and associates*	*Statutory bodies and Supervisory Board*	*Other related parties*	*Total*
Interest and dividend income	36 710	1 131	3 731	4	18	**41 594**
Fee and commission income	55	22	3 208	-	-	**3 285**
Unrealised gain/(loss) on derivative financial transactions	2 023	5	-	-	-	**2 028**
Operating revenues	218	388	617	-	-	**1 223**
Interest expense	(42 412)	(7)	(267)	(5)	(21)	**(42 712)**
Fee and commission expense	(149)	(2 848)	-	-	-	**(2 997)**
General administrative expense	(2 888)	(81)	-	-	-	**(2 969)**
Total	**(6 443)**	**(1 390)**	**7 289**	**(1)**	**(3)**	**(548)**

** Groups of related parties under the IAS 24 definition*

Revenues and expenses as regards related parties as at 31 March 2023:

*Related parties**	*RBI*	*RBI Group*	*Subsidiaries and associates*	*Statutory bodies and Supervisory Board*	*Other related parties*	*Total*
Interest and dividend income	11 022	991	1 430	3	19	**13 465**
Fee and commission income	192	16	2 062	-	-	**2 270**
Unrealised gain/(loss) on derivative financial transactions	8 623	-	-	-	-	**8 623**
Operating revenues	129	1	552	-	-	**682**
Interest expense	(17 766)	(9)	(22)	-	(7)	**(17 804)**
Fee and commission expense	(165)	(2 368)	-	-	-	**(2 533)**
General administrative expense	(1 995)	(123)	-	-	-	**(2 118)**
Total	**40**	**(1 492)**	**4 022**	**3**	**12**	**2 585**

** Groups of related parties under the IAS 24 definition*

as adopted by the European Union (in thousands of EUR)

42. Average number of employees

The average number of Bank’s employees was as follows:

	31.3.2024	***31.12.2023***
Bank employees	3 360	3 330
Of which: Members of the Board of Directors	*7*	*7*
Total	**3 360**	**3 330**

43. Capital management

For capital management purposes, the Bank defines regulatory capital, capital adequacy, internal capital and economic capital.

Regulatory capital is the capital defined by the capital adequacy rules under Pillar 1. When quantifying regulatory capital, the Bank complies with current legislation, defining its structure and minimum amount.

Regulatory capital, referred to as own funds, consists of Tier 1 equity, additional Tier 1 capital and Tier 2 capital. Regulatory capital is used to cover credit risk from Banking Book activities, counterparty risk related to activities in the Trading Book, market risks (position risk for activities in the Trading Book, foreign exchange risk and commodity risk from all trading activities), settlement risk, CVA risk, OTC derivative and operational risk.

Capital adequacy is monitored with regard to Tier 1 regulatory capital expressed as its percentage of the total risk exposure, and with regard to Tier 1 capital expressed as its percentage of the total risk exposure and as own funds expressed as a percentage of the total risk exposure. The methodology for its quantification is regulated. Additional information on the Bank’s capital requirement is disclosed in Note 38 “*Risk report*”, part “BASEL III”.

In 2023, the Bank complied with the level of capital adequacy defined for the Bank.

Internal capital is the Bank’s own funds that the Bank maintains and places internally to cover its risks. The internal capital components are made up of capital items supplemented by other additional resources available to the Bank. The Bank's objective is to maintain the required amount of internal capital. In 2023 and 2024, the Bank met this objective.

Economic capital represents the necessary capital or relates to the Minimum Capital Requirement to cover unexpected losses from risks internally defined as material and quantified by the Bank. Economic capital thus ensures the financial stability of the Bank at the level of reliability corresponding to the Bank's credibility. The use of economic capital knowledge is important to the Bank, eg for active portfolio management, valuation, controlling etc.

An additional own resources requirement, the so-called “Pillar 2 requirement” (P2R), is designed to cover risks that are not covered or are not sufficiently covered by the first pillar own funds requirement. Its value was determined by bank supervision based on the SREP assessment from 1 January 2020 at 1.5%.

as adopted by the European Union (in thousands of EUR)

The below table provides the outline of the Bank's regulatory capital structure and the capital adequacy ratios:

	31.3.2024	***31.12.2023***
Original own funds (TIER 1)	**1 285 217**	**1 286 976**
Paid-up share capital	64 326	64 326
(-) Treasury shares	(139)	(64)
Share premium	298 654	298 654
(-) Share premium – treasury shares	(2 471)	(1 134)
Funds from profit and other capital reserves	14 446	14 446
Other specific items of original own funds	914 221	914 221
Other temporary adjustments to Tier 1 capital	(3 820)	(3 473)
Additional own funds (TIER 1) (AT1 capital)	**100 000**	**100 000**
(-) Items deductible from the original own funds	**(35 139)**	**(36 474)**
(-) Intangible assets	(35 139)	(36 474)
Additional own funds (TIER 2)	**151 707**	**161 151**
Subordinated debts	135 000	135 000
IRB excess of provisions over expected losses eligible	16 707	26 151
(-) Items deductible from the original and additional own funds	**(5 258)**	**(5 211)**
(-) From the original own funds	(5 258)	(5 211)
Total own funds	**1 496 527**	**1 506 442**
Adequacy of own funds (%)	**19,15**	**19.55**
Own funds	**1 496 527**	**1 506 442**
Risk-weighted assets (RWA)	**7 813 661**	**7 704 114**
RWA from receivables recorded in the Banking Book	6 982 833	6 879 092
RWA from positions recorded in the Trading Book	20 568	14 762
RWA from operating risk – standardised approach	810 260	810 260

44. Post-balance sheet events

There were no significant events between the balance sheet date and the date of authorisation of these financial statements that would require an adjustment or additional disclosure.

45. Approval of the separate financial statements

The annual separate financial statements for the immediately-preceding reporting period (as at 31 December 2023) were signed and authorised for issue on 19 February 2024.

The financial statements were signed and authorised for issue on 22 April 2024 by the following bodies/persons:

a) Statutory body

Oliver Pichler
Member of the Board of Directors

Martin Kubík
Member of the Board of Directors

b) Person responsible for the bookkeeping and the preparation of the financial statements

Ľubica Jurkovičová
Accounting, Reporting
and Tax Director