



**TATRA BANKA**

 *Member of RBI Group*

**Interim consolidated financial  
statements for nine months ended  
30 September 2023  
prepared in accordance with  
International  
Accounting Standard IAS 34  
as adopted by the European Union**



TATRA BANKA  
Member of RBI Group

## Interim consolidated financial statements for 9 months ended 30 September 2023

prepared in accordance with International Accounting Standard IAS 34

as adopted by the European Union

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**Consolidated statement of comprehensive income for 9 months ended 30 September 2023**  
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as adopted by the European Union (in thousands of EUR)

	<b>Note</b>	<b>30.9.2023</b>	<b>30.9.2022</b>
Interest income calculated using effective interest rate method		502 272	222 264
Other interest income		638	20 288
Interest expenses		<u>(210 139)</u>	<u>(13 610)</u>
<b>Net interest income</b>	<b>(1)</b>	<b>292 771</b>	<b>228 942</b>
Dividend income	(1)	<u>40</u>	<u>40</u>
<b>Net interest income and dividend income</b>	<b>(1)</b>	<b>292 811</b>	<b>228 982</b>
Fee and commission income		171 533	161 348
Fee and commission expense		<u>(48 115)</u>	<u>(43 456)</u>
<b>Net fee and commission income</b>	<b>(2)</b>	<b>123 418</b>	<b>117 892</b>
Net profit/(loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(3)	1	196
Net profit/(loss) from financial instruments held for trading and exchange rate differences	(4)	32 914	27 546
Net profit/(loss) from non-trading financial instruments mandatorily at fair value through profit or loss	(5)	944	(953)
Other operating profit	(6)	3 537	3 787
Other operating loss	(6)	(3 169)	(2 663)
General administrative expenses	(7)	(200 562)	(178 707)
Contribution to the Resolution fund and the Deposit guarantee fund	(8)	(7 343)	(11 228)
Net modification profit / (loss)	(9)	-	-
(Creation)/release of provisions	(10)	364	570
(Creation)/release of provisions for expected losses from commitments and guarantees given	(11)	2 253	(1 414)
Impairment allowances for financial assets not measured at fair value through profit or loss	(12)	(27 822)	(36 454)
Impairment allowances for non-financial assets	(13)	73	(908)
Profit/(loss) on non-current assets and assets for disposal classified as held for sale	(14)	<u>-</u>	<u>1 205</u>
<b>Profit before tax</b>		<b>217 419</b>	<b>147 851</b>
Income tax	(15)	<u>(48 519)</u>	<u>(28 434)</u>
<b>Profit after tax</b>		<b>168 900</b>	<b>119 417</b>
<b>Other comprehensive income after income tax:</b>			
<b>Items which can be reclassified to profit or loss</b>			
Debt instruments at fair value through other comprehensive income		3 773	(15 606)
Income tax related to items which can be reclassified to profit or loss		<u>(814)</u>	<u>3 225</u>
<b>Items which can be reclassified to profit or loss</b>		<b>2 959</b>	<b>(12 381)</b>
<b>Items which will not be reclassified to profit or loss</b>			
Equity instruments at fair value through other comprehensive income		17	18
Income tax related to items which will not be reclassified to profit or loss		<u>(4)</u>	<u>(4)</u>
<b>Items which will not be reclassified to profit or loss</b>		<b>13</b>	<b>14</b>
<b>Other comprehensive income after income tax</b>		<b>2 972</b>	<b>(12 367)</b>
<b>Comprehensive profit after tax</b>		<b>171 872</b>	<b>107 050</b>
<b>Basic and diluted earnings per ordinary share (face value EUR 800) in EUR</b>	<b>(16)</b>	<b>2 142</b>	<b>1 334</b>
<b>Basic and diluted earnings per ordinary share (face value EUR 4 000) in EUR</b>	<b>(16)</b>	<b>10 710</b>	<b>6 670</b>
<b>Basic and diluted earnings per preference share (face value EUR 4) in EUR</b>	<b>(16)</b>	<b>10,7</b>	<b>6,7</b>

**Consolidated statement of financial position for 9 months ended 30 September 2023**  
prepared in accordance with International Accounting Standard IAS 34  
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	<b>Note</b>	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Assets</b>			
Cash and Other deposits payable on demand	(17)	200 297	226 348
Cash balances at central banks	(17)	3 091 994	4 435 285
Financial assets held for trading	(18)	43 418	47 246
Non-trading financial assets mandatorily at fair value through profit or loss	(19)	34 409	33 136
Financial assets at fair value through other comprehensive income	(20)	152 243	186 047
Financial assets at amortised cost	(21)	17 592 741	16 527 447
Receivables from hedging transactions	(22)	19 091	18 489
Tangible fixed assets	(23)	89 401	92 815
Intangible non-current assets	(23)	62 948	64 747
Current tax asset	(24)	50	434
Deferred tax asset	(25)	46 665	46 702
Other assets	(26)	69 481	45 588
Non-current assets held for sale	(27)	-	531
<b>Total assets</b>		<b>21 402 738</b>	<b>21 724 815</b>
<b>Equity and liabilities</b>			
Financial liabilities held for trading	(28)	34 134	53 705
Financial liabilities at amortised cost	(29)	19 617 117	19 991 090
Liabilities from hedging transactions	(30)	78 139	79 209
Provisions	(31)	56 089	60 002
Current tax liability	(32)	13 907	7 516
Deferred tax liability	(33)	-	-
Other liabilities	(34)	52 134	48 843
<b>Total liabilities</b>		<b>19 851 520</b>	<b>20 240 365</b>
Equity (excluding profit for current year)	(35)	1 382 318	1 297 675
Profit after tax		168 900	186 775
<b>Total equity</b>		<b>1 551 218</b>	<b>1 484 450</b>
<b>Total equity and liabilities</b>		<b>21 402 738</b>	<b>21 724 815</b>

**Consolidated statement of changes in equity for 9 months ended 30 September 2023**

prepared in accordance with International Accounting Standard IAS 34

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

	<i>Share capital</i>	<i>Share capital – treasury shares</i>	<i>Share premium</i>	<i>Share premium – treasury shares</i>	<i>Reserve and other funds</i>	<i>Revaluation differences from instruments at fair value through other comprehensive income</i>	<i>Retained earnings</i>	<i>AT1 capital</i>	<i>Profit after tax</i>	<i>Total</i>
<b>Equity as at 31 December 2022</b>	<b>64 326</b>	<b>(136)</b>	<b>298 447</b>	<b>(2 271)</b>	<b>15 366</b>	<b>(8 877)</b>	<b>830 820</b>	<b>100 000</b>	<b>186 775</b>	<b>1 484 450</b>
Impact of amendment of IAS 12*	-	-	-	-	-	-	175	-	-	175
<b>Equity as at 1 January 2023</b>	<b>64 326</b>	<b>(136)</b>	<b>298 447</b>	<b>(2 271)</b>	<b>15 366</b>	<b>(8 877)</b>	<b>830 995</b>	<b>100 000</b>	<b>186 775</b>	<b>1 484 625</b>
<i>Total profit after tax</i>										
<b>Profit after tax</b>	-	-	-	-	-	-	-	-	<b>168 900</b>	<b>168 900</b>
<i>Other comprehensive income</i>										
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	2 959	-	-	-	<b>2 959</b>
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	13	-	-	-	-
<b>Other comprehensive income net of income tax</b>	-	-	-	-	-	<b>2 972</b>	-	-	-	<b>2 972</b>
<b>Transfer in equity</b>	-	-	-	-	-	<b>2 972</b>	-	-	<b>168 900</b>	<b>171 872</b>
<i>Transactions with owners of the Group</i>										
<i>Contributions and distributions</i>										
Distribution of profit, of which	-	-	-	-	<b>310</b>	-	<b>80 193</b>	-	<b>(186 775)</b>	<b>(106 273)</b>
<i>transfer to retained earnings</i>	-	-	-	-	310	-	178 999	-	(179 308)	-
<i>dividend paid – ordinary shares</i>	-	-	-	-	-	-	(87 584)	-	-	<b>(87 584)</b>
<i>dividend paid – preference shares</i>	-	-	-	-	-	-	(11 222)	-	-	<b>(11 222)</b>
<i>AT1 revenue payment</i>	-	-	-	-	-	-	-	-	(7 467)	<b>(7 467)</b>
Disposal of treasury shares	-	320	-	5 505	-	-	-	-	-	<b>5 825</b>
Profit from the sale of ordinary and preference shares	-	-	203	-	-	-	-	-	-	<b>203</b>
Repurchase of preference shares	-	(270)	-	(4 765)	-	-	-	-	-	<b>(5 035)</b>
<b>Total contributions and distributions</b>	-	<b>50</b>	<b>203</b>	<b>740</b>	-	-	<b>80 193</b>	-	<b>(186 775)</b>	<b>(105 279)</b>
<b>Equity as at 30 September 2023</b>	<b>64 326</b>	<b>(86)</b>	<b>298 650</b>	<b>(1 531)</b>	<b>15 676</b>	<b>(5 905)</b>	<b>911 188</b>	<b>100 000</b>	<b>168 900</b>	<b>1 551 218</b>

The accompanying Notes are an integral part of these financial statements.

This is an English language translation of the original Slovak language document.

## Consolidated statement of changes in equity for the year ended 31 December 2022

prepared in accordance with International Accounting 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	Revaluation differences from instruments at fair value through other comprehensive income	Retained earnings	AT1 capital	Profit after tax	Total
<b>Equity as at 1 January 2022</b>	<b>64 326</b>	<b>(21)</b>	<b>298 414</b>	<b>(336)</b>	<b>15 366</b>	<b>3 117</b>	<b>789 886</b>	<b>100 000</b>	<b>162 054</b>	<b>1 432 806</b>
<i>Total profit after tax</i>										
<b>Profit after tax</b>	-	-	-	-	-	-	-	-	<b>186 775</b>	<b>186 775</b>
<i>Other comprehensive income</i>										
Debt instruments at fair value through other comprehensive income	-	-	-	-	-	(12 008)	-	-	-	<b>(12 008)</b>
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	14	-	-	-	<b>14</b>
<b>Other comprehensive income net of income tax</b>	-	-	-	-	-	<b>(11 994)</b>	-	-	-	<b>(11 994)</b>
<b>Total profit after tax</b>	-	-	-	-	-	<b>(11 994)</b>	-	-	<b>186 775</b>	<b>174 781</b>
<i>Transactions with owners of the Group</i>										
<i>Contributions and distributions</i>										
Distribution of profit, of which:	-	-	-	-	-	-	40 934	-	(162 054)	<b>(121 120)</b>
<i>transfer to retained earnings</i>	-	-	-	-	-	-	155 961	-	(155 961)	-
<i>dividend payment – ordinary shares</i>	-	-	-	-	-	-	(101 802)	-	-	<b>(101 802)</b>
<i>dividend payment – preference shares</i>	-	-	-	-	-	-	(13 225)	-	-	<b>(13 225)</b>
<i>AT1 revenue payment</i>	-	-	-	-	-	-	-	-	(6 093)	<b>(6 093)</b>
Disposal of treasury shares	-	513	-	8 505	-	-	-	-	-	<b>9 018</b>
Profit from the sale of ordinary and preference shares	-	-	33	-	-	-	-	-	-	<b>33</b>
Repurchase of preference shares	-	(628)	-	(10 440)	-	-	-	-	-	<b>(11 068)</b>
<b>Total contributions and distributions</b>	-	<b>(115)</b>	<b>33</b>	<b>(1 935)</b>	-	-	<b>40 934</b>	-	<b>(162 054)</b>	<b>(123 137)</b>
<b>Equity as at 31 December 2022</b>	<b>64 326</b>	<b>(136)</b>	<b>298 447</b>	<b>(2 271)</b>	<b>15 366</b>	<b>(8 877)</b>	<b>830 820</b>	<b>100 000</b>	<b>186 775</b>	<b>1 484 450</b>

The accompanying Notes are an integral part of these financial statements.

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## Consolidated cash flow statement for 9 months ended 30 September 2023

prepared in accordance with International Accounting Standard IAS 34  
as adopted by the European Union (in thousands of EUR)

	Note	30.9.2023	30.9.2022
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>217 419</b>	<b>147 851</b>
<b>Adjustments for non-cash transactions</b>		<b>(266 034)</b>	<b>(214 234)</b>
Interest expense	(1)	210 139	13 610
Interest income	(1)	(502 910)	(242 552)
Dividend income	(1)	(40)	(40)
Impairment loss allowances, provisions for losses and other provisions, net	(10-13)	19 277	27 463
(Profit)/loss on sale and other disposal of investment property	(6)	(20)	(876)
(Profit)/loss from sale of non-current assets held for sale	(14)	-	4 162
Unrealised (profit)/loss from financial derivatives and securities held for trading	(4)	3 715	(86 016)
Unrealised (profit)/loss from non-trading financial assets mandatorily at fair value through profit or loss	(5)	(3 275)	(5 358)
Unrealised (profit)/loss from hedging derivatives	(4)	(18 866)	58 003
Net (profit)/loss from securities at fair value through other comprehensive income		830	3 530
Depreciation and amortisation	(7)	26 371	26 368
Impairment allowances for investment property		306	711
(Profit)/loss from foreign exchange operations and other operations with cash and cash equivalents	(4)	(1 561)	(13 239)
<b>Cash flows used in operating activities before changes in working capital, interest received and paid and income tax paid</b>		<b>(48 615)</b>	<b>(66 383)</b>
<b>(Increase)/decrease in operating assets</b>			
Obligatory reserve with National Bank of Slovakia	(17)	1 343 290	451 038
Loans and advances to banks and customers	(21)	(295 529)	(1 256 049)
Financial assets held for trading	(18)	4 991	34 070
Non-trading financial assets mandatorily at fair value through profit or loss	(19)	1 888	(8 135)
Other assets	(26)	(23 848)	(30 617)
<b>Increase/(decrease) in operating liabilities:</b>			
Deposits from customers and current bank accounts	(29)	(844 179)	866 932
Financial liabilities held for trading	(28)	(19 586)	(407)
Other liabilities	(33)	3 292	1 093
<b>Cash (used in)/earned from operations before interest paid received and income tax paid</b>		<b>121 704</b>	<b>(8 458)</b>
Interest paid	(1)	(80 290)	(22 071)
Interest received	(1)	466 729	223 985
Income tax paid	(15)	(42 525)	(44 317)
<b>Cash flows from operating activities, net</b>		<b>465 618</b>	<b>149 139</b>
<b>Cash flows from investment activities</b>			
(Increase) in debt securities at amortised cost	(21)	(913 780)	69 146
Decrease in debt securities at amortised cost	(21)	135 591	(252 700)
(Increase) in debt securities at fair value through other comprehensive income	(20)	-	(5 599)
Decrease in debt securities at fair value through other comprehensive income	(20)	37 350	132 154
Interest received from financial assets at amortised cost	(21)	29 365	10 486
Proceeds from the sale or disposal of non-current tangible and intangible assets	(23)	128	606
Acquisition of goodwill	(23)	-	-
Purchase of non-current tangible and intangible assets	(23)	(20 969)	(17 358)
Acquisition of subsidiary, net of cash acquired		(118)	(325)
Dividends received	(1)	40	40
<b>Cash flows from investment activities, net</b>		<b>(732 393)</b>	<b>(63 550)</b>

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	<b>Note</b>	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Cash flows from financing activities</b>			
Redemption of preference shares	(35)	(5 035)	(7 910)
Sale of preference shares	(35)	6 028	5 938
Loans received	(29)	55 761	187 579
Loans paid	(29)	(443 130)	(184 071)
Subordinated debt	(29)	410	161
Received debt security liabilities	(29)	802 609	2 555
Repayments of debt security liabilities	(29)	(59 617)	-
Rentals paid	(29)	(9 990)	(5 974)
Dividends paid	(35)	(106 273)	(121 121)
<b>Cash flows from financing activities, net</b>		<b>240 763</b>	<b>(122 843)</b>
Effects of exchange rate changes on cash and cash equivalents and other effects	(17)	(40)	(2)
<b>Change in cash and cash equivalents</b>		<b>(26 051)</b>	<b>(37 255)</b>
Cash and cash equivalents, beginning of the year	(17)	226 348	167 532
<b>Cash and cash equivalents, end of the year</b>	(17)	<b>200 297</b>	<b>130 278</b>

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



**Notes to interim consolidated financial statements for 9 months ended 30 September 2023**  
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**I. GENERAL INFORMATION**

**Scope of activities**

The consolidated group of Tatra banka (hereinafter referred to as the "Group") consists of the parent company Tatra banka, a joint stock company (hereinafter referred to as "the Bank" or "the Parent company") with its registered office in Bratislava at Hodžovo námestie č. 3 plus 6 subsidiaries and one joint venture. The Bank was established on 17 September 1990 and registered in the Commercial Register on 1 November 1990. The identification number of the Bank is 00 686 930; the tax identification number is 202 040 8522.

The Group offers 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. Valid list of all the Group's activities is registered in the Commercial Register of the Parent company, its subsidiaries and associates.

The Parent Company's Shareholders as a percentage of voting rights:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Raiffeisen CEE Region Holding GmbH. Vienna	89.11%	89.11%
Others	10.89%	10.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Shareholders of the Parent company as a percentage of the subscribed share capital:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Raiffeisen CEE Region Holding GmbH. Vienna	78.78%	78.78%
Others	21.22%	21.22%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The Parent company's Shareholders as absolute shares of subscribed share capital:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Raiffeisen CEE Region Holding GmbH, Vienna	50 678	50 678
Others	13 648	13 648
<b>Total</b>	<b>64 326</b>	<b>64 326</b>

The Parent company performs its activities in the Slovak Republic through 77 branches, corporate centres and corporate centre sub-agencies and 57 branches of the Organisational Unit of Raiffeisen Bank. In addition, there are 7 other branches of Tatra Leasing.

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

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**The members of the statutory and supervisory bodies of the Parent company's (the Group) as at 30 September 2023:**

**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 Martin KUBÍK

**Changes in the Parent company's (the Group) Supervisory Board in 2023:**

There were no changes to the composition of the Group's Supervisory Board during 2023.

**Changes in the Parent company's (the Group) Board of Directors in 2023:**

Johannes Schuster – termination of office of a member of the Board of Directors as at 30.6.2023.

**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, Austria

The RBI Group represents the parent company Raiffeisen Bank International and its subsidiaries and associated undertakings owned directly or indirectly through its subsidiaries.

Raiffeisen Bank International AG prepares consolidated financial statements. The consolidated financial statements of the Raiffeisen Bank International AG Group (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.



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Member of RBI Group

## Notes to interim consolidated financial statements for 9 months ended 30 September 2023

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### Definition of the consolidated group:

As at 30 September 2023, the Group comprised the Parent Company and the following companies (the "consolidated entities"):

<i>Company</i>	<i>Direct share in %</i>	<i>Share of the Group in %</i>	<i>Indirect share through consolidated companies</i>	<i>Company ID No.</i>	<i>Principal activities</i>	<i>Consolidation method</i>	<i>Seat</i>
Tatra Asset Management, správ. spol., a.s.	100 %	100 %	n/a	35 742 968	Asset management	Full consolidation	Bratislava
Doplnková dôchodková spoločnosť Tatra banky, a.s.	100 %	100 %	n/a	36 291 111	Supplementary pension	Full consolidation	Bratislava
Tatra-Leasing, s.r.o.	100 %	100 %	n/a	31 326 552	Leasing	Full consolidation	Bratislava
Eurolease RE Leasing, s.r.o.	-	100 %	Tatra-Leasing, s.r.o.	45 985 812	Mediation activities	Full consolidation	Bratislava
Rent PO, s.r.o.	-	100 %	Tatra-Leasing, s.r.o.	35 823 267	Leasing	Full consolidation	Bratislava
Tatra Leasing Broker, s.r.o.	11,3 %	100 %	Tatra-Leasing, s.r.o.	44 426 682	Leasing	Full consolidation	Bratislava
Monilogi, s.r.o.	26 %	26 %	n/a	54 508 673	Mediation activities	Equity method	Bratislava

### Changes in the Group in 2023

As of the decisive date of 2 March 2023 the company Rent PO, s.r.o. merged with the company Rent GRJ, s.r.o., the company GRJ, s.r.o. ceased to exist on this date.

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***Distribution of the Parent company's profit for 2022 and payment of dividends***

Dividends – ordinary shares	87 584
Dividends – preference shares	11 497
AT1 Investment certificate revenue payment*	7 467
Contribution to retained earnings	87 291
<b>Total</b>	<b>193 839</b>

\*AT1 Investment certificate revenue payment will take place in accordance with the issue conditions of the instrument.

Dividend amount per 1 piece of ordinary share with nominal value of 800 EUR amounted to 1 232 EUR.  
 Dividend amount per 1 piece of ordinary share with nominal value of 4 000 EUR amounted to 6 160 EUR.  
 Dividend amount per 1 piece of preference share with nominal value of 4 EUR amounted to 6.17 EUR.

The separate and consolidated financial statements for 2022, the Annual Report for 2022, the distribution of profit, retained earnings and the determination of royalties to the members of the Supervisory Board for 2022 were approved by the Parent company's General Meeting held on 30 March 2023. Dividends for which no entitlement arose till the date of the General Meeting in amount of EUR 275 thousand, were recognised in retained earnings of previous years.

***Regulatory requirements***

The Group 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 positions of the Group.

***Impact of the situation in Ukraine***

Considering the minimum amount of exposure to entities from Russia, Belarus and Ukraine (the gross carrying amount of exposures as at 30 September 2023 to entities from Russia, Belarus and Ukraine was in amount of EUR 1 148 thousand, at 31 December 2022 in amount of EUR 874 thousand), the Group does not expect a material negative impact on the Bank's results.

Russia's invasion of Ukraine has only indirectly affected the Group through the changes in the macroeconomic environment that it has triggered. These include, in particular, the rapid growth in energy prices and concerns about energy security, high inflation, tighter monetary policy, higher interest rates and slowing economic growth. The impact of these changes on the macroeconomic environment of the Slovak banking sector is complex and multi-layered. Higher inflation and higher interest rates lead to a nominal increase in revenues, while inflationary pressures and a slowing economy simultaneously push up operating and risk costs.

Provisioning methodology of the Group captures forward looking information in calculation of provisions in several ways. Besides macro-economic scenarios, Industry Module is specifically designed to capture different stage of credit cycle or different impact of distortions like Covid-19, supply squeeze or UA-RU induced impacts. Within Industry Module, so called Special Risk Factors approach is implemented and is designed to address RU-UA war and its impact on the economy driven mainly by sanctions imposed on Russia, exploded prices of oil and energies, high inflation, significantly increased interest rates and generally high volatility and uncertainty.

***Climate change***

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

ESG (Environment, Social, Governance) means sustainability and social responsibility.

For all ESG-linked instruments, it is equally necessary to examine whether they meet the SPPI test and, based on the result, assign the instrument to 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 such that the instrument meets the definition of a Master Credit Agreement and is valid:
  - the contractual cash flows before and after the event/change (reset point) represent principal and interest payments and thus meet the SPPI test
  - the contingent event is specific to the debtor and is specified in the contract

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- the contractual terms do not represent an investment in or exposure to a specific asset or cash flows that are not solely interest and principal payments and therefore do not meet the SPPI test;

If the contingent event is neither borrower-specific nor meets the de minimis condition, the financial asset may not meet the SPPI test.

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**II. PRINCIPAL ACCOUNTING POLICIES**

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

**a) Basis for presentation**

Interim consolidated financial statements of the Group (the "financial statements") for the 9 months ended 30 September 2023 and the comparative figures for 2022 and the 9 months ended 30 September 2022, 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 2022.

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 consolidated financial statements prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union for the 9 months ended 30 September 2023. The interim consolidated financial statements were prepared on 20 November 2023 and published on the Parent company's website. For the purposes of these interim consolidated financial statements, the Consolidated Statement of Financial Position as at 31 December 2022 and the Separate Profit and Loss Statement and other parts of the comprehensive income for the 9 months ended 30 September 2022 are presented as comparable figures for the previous period.

These interim consolidated financial statements are not audited.

The preparation of regular consolidated financial statements in the Slovak Republic is in accordance with Act No. 431/2002 Coll., as amended. The Parent company 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 2022, dated 17 February 2023 available in the register of financial statements in accordance with Act no. 431/2002 Coll. on accounting, as amended.

The Group 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.

The financial statements have been prepared on a historical cost basis, except for the following material items, which are measured on the following alternative basis on each reporting date.

<b>Items</b>	<b>Measurement basis</b>
Non-derivative financial instruments at fair value through profit or loss	Fair value
Derivative financial instruments	Fair value
Debt and equity securities at fair value through other comprehensive income	Fair value
Recognised financial assets and financial liabilities as hedged items when qualifying fair value hedging relationships (which would otherwise be measured at	Amortised cost adjusted for hedging gain or loss

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amortised cost)

**Basis for preparing the financial statements**

The financial statements have been prepared on the accrual basis, i.e. the Group recognises the effects of transactions and other events as they occur. Transactions and other events are recognised in the financial statements in the period to which they relate on a going concern basis.

The currency used in the financial statements is the euro ('EUR') and balances are presented in thousands of euros unless otherwise stated.

**Significant accounting estimates**

The preparation of financial statements in conformity with IFRS requires to make of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates by future changes in economic conditions business strategies, regulatory actions, accounting rules, or other factors, and may cause estimates to change, which could materially affect the financial position and results of operations.

The effect of a change in accounting estimates is included prospectively in profit or loss in the period in which the change in estimate occurs, provided that the change affects only that period, or in profit or loss in subsequent periods, provided that the change also affects subsequent periods. Significant areas involving the need for subjective judgement:

- The creation of impairment allowances for credit losses 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 the impairment allowances for expected credit losses for financial assets at amortised cost and at fair value through other comprehensive income, loan commitments and financial guarantees is an area which requires application of 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 provisions recognised as at 31 December 2022. The item is reported in "(Creation)/release of provisions for expected losses from commitments and guarantees given" or "Impairment allowances for financial assets not measured at fair value through profit or loss".
- The income tax rules and regulations have recently experienced significant changes; there is a limited historical precedent 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 review 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 adjustment for the uncertain realisation of a deferred tax asset is disclosed in the Note 15 "Income Tax".
- Provisions for litigation consider 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. (Creation)/release of provisions for litigation is reported in " (Creation)/release of provisions".
- Amounts recognised as provisions are based on the management's judgment and represent the best estimate of expenses required to settle the liability with uncertain timing or uncertain amount payable.

**b) Consolidation principles**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (refer to Note I. GENERAL INFORMATION) for the year ended 31 December 2022.

IFRS 12 requires disclosure about significant judgments and assumptions used to define the character of an investment in a company or in an agreement, investments in subsidiaries, joint-agreements and affiliates and in non-consolidated structured entities. Based on the analysis performed

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The accompanying Notes are an integral part of these financial statements.

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by management, the Group does not have any interest in consolidated structured entities, nor in unconsolidated structured entities.

Associates are those entities in which the Bank has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Bank has joint control, whereby the Bank has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

*I. Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Acquisition related costs (transaction costs) are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss.

*II. Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*III. Non-controlling interests (NCI)*

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*IV. Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other component of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*V. Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*VI. Method of consolidation*

The Bank has assessed the shares in and control over its subsidiaries with respect to IFRS 10, IFRS 11 and IFRS 12. Subsidiaries are consolidated using the full consolidation method.

**c) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into euros and reported in the financial statements as at the exchange rate declared by the European Central Bank (ECB) valid as at the balance sheet date. Income and expenses denominated in foreign currencies are recorded in euros in the underlying accounting system of the Group and are reported 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 held for trading and exchange rate differences*".

Exchange rate gains (losses) from equity financial instruments at fair value through other comprehensive income are included in "*Other comprehensive income*".

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The unrealised gain or loss from fixed term transactions are recognised only in EUR where fair value is calculated by the standard mathematical formula on the anticipated forward exchange rate basis, which takes into account the European Central Bank spot rate and interest rates effective as at the balance sheet date and is reported in the item "*Hedging derivative financial assets*" or in the item "*Hedging derivative financial liabilities*" in the statement of financial position, and "*Net profit/(loss) from financial instruments held for trading and exchange rate differences*" in the statement of comprehensive income.

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

**d) 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 advances in the National Bank of Slovakia, including the compulsory minimum reserve in the National Bank of Slovakia. Other demand deposits (cash equivalents) include current deposits due to banks payable on demand.

The compulsory minimum reserves in the National Bank of Slovakia are 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.

**e) Financial instruments**

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

The Group has applied a new approach to the classification and measurement of financial assets that considers the business model in which the assets are managed and as well as the characteristics of their cash flows.

The Group 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 business model are not contrary to the intention to hold the financial assets to maturity to collect contractual cash flows.

A financial asset is classified as subsequently measured at FVOCI if it is held within 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.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election 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 in the statement of comprehensive income.

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In addition, the Group has the option at initial recognition to irrevocably designate a financial asset as at 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.

### **Business model assessment**

The Group made an assessment of the objective of the business model in which a financial asset is held at a portfolio level, as this reflects the way the business is managed and information is provided to management.

The Group has the following business models:

- Credit and investment portfolio *"hold-to-collect"*
- Liquid portfolio *"hold and sell"*
- Trading portfolio
- Hedging portfolio
- Equity investment portfolio

The following are considered as evidence when assessing which business model is relevant:

- How the performance of the business model (and the financial assets held within that business model) is evaluated and reported to the entity's key management personnel,
- What are the risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed,
- How managers of the Group are compensated (e.g., whether the compensation is based on the fair value of the assets managed or the contractual cash flows collected),
- The frequency, value and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity, and
- Whether sales activity and the collection of contractual cash flows are integral or incidental to the business model (*"hold-to-collect"* versus *"hold and sell"* business model).

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

### **Analysis of contractual cash flow characteristics**

Once the Group determines that the business model of a specific portfolio is to hold the financial assets to collect the contractual cash flows (or 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. 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 Group 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 Group 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 (IFRS 9.B4.1.9A). It does not take into account other risks (credit, liquidity etc.) or costs (administrative, etc.) associated with holding a financial asset.

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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.

### **11. 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 non-derivative 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 rate method, less impairment losses.

When signing a loan agreement, the Group books the credit facility as off-balance sheet. The loan is recognised by the Group in the statement of financial position when providing funds to the debtor. During this exercise, the Group creates potential liabilities that are associated with credit risk. The Group 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 balance sheet date.

#### **Debt securities**

The portfolio is a non-derivative financial asset with fixed or determinable payments and a fixed maturity that the Group intends and has the ability to hold to maturity in accordance with the established "hold-to-collect" business model. The portfolio includes, in particular, securities issued by the government and other creditworthy 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 effective interest rate method“.

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

The Group owns two portfolios of financial assets at fair value through other comprehensive income. These are portfolios for:

- Equity investments not held for trading and
- Debt securities in "hold and sell" business model.

#### **Equity investments**

Equity investments in the portfolio of financial assets at fair value through other comprehensive income are measured at fair value. This portfolio includes, in particular, shares in privately-owned companies in which there is no active market, or in companies in which they are required to participate (S.W.I.F.T. s. c., D. Trust Certifikačná Autorita, a. s., Slovak Banking Credit Bureau, 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 investment measured at FVOCI are never reclassified to profit or loss and 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 in the portfolio of financial assets at fair value through other comprehensive income are initially measured at fair value plus or minus transaction costs directly attributable to the acquisition or issue. Unrealised gains and losses arising from changes in fair value are recognised in the item "Revaluation reserve for financial instruments at fair value through other comprehensive income" within

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the Group's equity until the moment of disposal or impairment. In the event of a disposal or impairment of a debt security, the cumulative gains and losses recognised in "*Revaluation differences for financial instruments 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, loan commitments 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, the management also considers the Group's accounting policies.

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

**Measurement of expected credit losses**

The measurement of expected credit losses reflects an unbiased and probability-weighted amount 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 at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and at fair value through other comprehensive income is an 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 for 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 Group 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 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. Their expected credit loss is measured on a lifetime basis (Stage 3).

Expected credit losses are recognised in the Statement of comprehensive income as "*Impairment allowances for financial assets not measured at fair value through profit or loss*" and as "*(Creation)/ release of provisions for expected losses from commitments and guarantees given*". If the reason for recognition of an allowance no longer applies or the amount of the allowance/provision is unreasonable, surplus allowances/provisions will be released through the same line of the statement of comprehensive income.

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### Significant increase in credit risk

The Group 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 Group uses quantitative criteria as the primary indicator of a significant increase in credit risk for all material portfolios. For quantitative staging, the Group compares the lifetime PD curve at 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 a better than average rating of relevant 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 Group applies 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, personal loans, credit cards for private individuals (PI), and PI overdrafts. Significance trigger (a threshold value) is defined during model development as it is evaluated for each of these portfolios separately. It corresponds to a predefined quantile of distribution of logit differences of cumulative PDs (current and at origination), assessed on worsening portfolio. Currently, RBI Group's recommended quantile = 0.5 (i.e., median) is used for all portfolios.

#### Qualitative criteria

The Group uses qualitative criteria as a secondary indicator of significant increase in credit risk for all material portfolios. 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 Group.

For retail portfolios, if the borrower meets one or both 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 Group.

#### 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. Rebutance can be performed only due to technical reasons (such as

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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 Group 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 Group 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 unlikelihood 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 financial covenants,
  - An active market for that financial asset has disappeared because of financial difficulties,
  - 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 Group 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 Group'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 case of insufficient data for the above-mentioned models, benchmark values (constants) 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 Group'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 for 36 months from 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 36-month observation period of the number of defaulted loans for that product type. In a simplified methodology, the Group does not use the loan-level yields, but yields are counted by date of default.

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### **Exposure at default**

Exposure at default is based on the amounts the Group 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 which has been adjusted for indirect costs.

No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3.

### **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 Group 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 provide a best-case and worst-case scenario. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, considering the range of possible outcomes that each chosen scenario is representative of. Since the adoption of IFRS 9 in January 2018, the following weights for individual economic scenarios are used in retail: 25% (upturn/ optimistic): 50% (base): 25% (downturn/ pessimistic).

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

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Economic scenarios used as at 30 September 2023 include the following key indicators for the Slovak republic for the years ended 31 December 2024 to 2026:

	(%)	2024	2025	2026
Unemployment rate	Baseline	6.12	5.85	5.72
	Downside	8.76	7.32	6.60
	Upside	5.57	5.55	5.54
Interest rates	Baseline	3.40	3.03	2.63
	Downside	4.37	3.56	2.95
	Upside	2.18	2.34	2.22
GDP growth	Baseline	2.42	2.03	1.98
	Downside	0.23	0.81	1.25
	Upside	3.93	2.87	2.48
Real estate price index	Baseline	3.01	3.10	3.19
	Downside	2.55	2.45	2.43
	Upside	3.21	3.39	3.55

Economic scenarios used as at 31 December 2022 include the following key indicators for the Slovak republic for the years ended 31 December 2023 to 2025:

	(%)	2023	2024	2025
Unemployment rate	Baseline	6.11	5.84	5.71
	Downside	8.72	7.29	7.16
	Upside	3.96	4.38	4.25
Interest rates	Baseline	2.60	2.15	1.78
	Downside	3.50	2.65	2.27
	Upside	2.12	1.88	1.51
GDP growth	Baseline	1.71	2.47	2.50
	Downside	-1.13	0.90	0.92
	Upside	3.25	3.33	3.35
Real estate price index	Baseline	2.88	2.97	3.06
	Downside	2.67	2.65	2.63
	Upside	3.10	3.31	3.54

### 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 Group writes off the loans and advances provided to clients if, based on 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, though not 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



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decided (e.g., in case of legal restructuring, debt elimination, etc.) to write off part of the receivable, or (iv) the Group sells the claim, and others. In the event of ongoing litigation or other actions that might eventually lead to a recovery, the Group usually writes off the receivables into the off-balance sheet.

Loans are written-off based on a valid decision of a court, Board of Directors, or another body of the Group (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 30 September 2023 written off receivables for which the right to recovery have not expired were in the amount of EUR 32 463 thousand (as at 31 December 2022: EUR 33 228 thousand).

After the write-off, the Group does not carry out active enforcement, and only in cases of write-offs to the off-balance sheet does it continue to conduct litigation in order to achieve a recovery in the future. If the Group, 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 not measured at fair value through profit or loss*".

### Loan collateral

In terms of handling collateral, the Group places emphasis on valuing and revaluing of individual collaterals, 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 Group mainly accepts the following types of collateral:

- Financial collateral
- Guarantees
- Real estate
- Movable assets
- Receivables
- Life insurance

In terms of legal instruments, the Group uses:

- Pledges
- Assignments of receivables 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 depends on the type of collateral and the minimum requirements pursuant to the effective legislative standards implemented in the Group's internal regulations. The method of determining the value of collateral is specific for each type of collateral, and the Group 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 (business strategy and Group 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 Group will determine the claim value of collateral up to 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.

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The Group'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 Group decides which security instrument will be used in specific cases.

The Group mainly uses the following forms of enforcement of collateral:

- Voluntary auction,
- Foreclosure procedure,
- Realisation of the collateral for the Group's receivable in a bankruptcy procedure,
- Sale of receivables.

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

When the Group 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 Group recognises those financial assets under "non-trading financial assets mandatorily 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 designated to be measured at fair value through profit or loss (FVTPL)**

**a. Financial assets held for trading**

The Group has acquired held-for-trading financial assets to utilise short-term price fluctuations in order to generate profits. In this category, the Group recognises securities – debt securities, treasury bills and shares. Debt securities and treasury bills are recognised by the Group 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 recognised at fair value. The Bank discloses unrealised gains and losses on revaluing such assets to fair value and net interest income in the statement of comprehensive income line "Net profit / (loss) from financial instruments held for trading and exchange rate differences".

**b. Derivative financial instruments**

In this category, the Group 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 Group 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 held for trading and exchange rate differences".

**c. 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 Group 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

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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 Group has decided to continue using the original accounting under IAS 39 in the reporting of hedging derivatives. Hedging derivatives are derivatives designed in the Group's strategy to hedge certain risks and meeting all classification criteria for hedging derivatives under international accounting standards. The relationship between the hedging instrument and the hedged item is documented at the origin of the hedging transaction. At the origin and during the existence of the hedging relationship the hedging effectiveness is tested so that the changes in fair values or cash flows from hedged or hedging items are offset with the final results within the range of 80% to 125%.

#### **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 Group 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 "*Hedging derivative financial assets*". The negative fair value of a hedging derivative is recognised in the statement of financial position, line "*Hedging derivative financial liabilities*". 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 held for trading and exchange rate differences*". 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 Group 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 Group 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 "*Hedging derivative financial assets*". The negative fair value of a hedging derivative is recognised in the statement of financial position, line "*Hedging derivative financial liabilities*". 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 Group 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 Group 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 Group 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 the note "*Change in fair value of hedged items in interest rate risk hedging*". 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 held for trading and exchange rate differences*".

The positive fair value of the hedging derivative is presented in the statement of financial position in "*Hedging derivative financial assets*". The negative fair value of the hedging derivative is recognised in the statement of financial position in "*Hedging derivative financial liabilities*". The movement in the fair value of the hedging derivative and the hedged instrument attributable to the hedged risk is recognised

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in the statement of comprehensive income in "*Net profit / (loss) from financial instruments held for trading and exchange rate differences*". 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 hedging item.

### **6. Financial liabilities measured at amortised cost (AC)**

All liabilities of the Group, 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 Group's external funds and, in the event of bankruptcy, composition or Group'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 Group 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 Group, 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.

#### **f) Derecognition of financial instruments**

The Group 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 Group neither transfers nor substantially retains all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group substantially retains all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group derecognises financial liabilities only when the Group'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 Group derecognises the original financial liability and recognises a new financial liability. The Group proceeds similarly in case there is a fundamental change in the terms of the existing financial liability or part of it.

#### **g) Modification of financial instruments**

Modification under IFRS 9 represents a change in the contractual cash flows of the loan/asset based on 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 Group defines qualitative criteria as follows:

- Change in loan currency,
- Changes that cause the SPPI test to fail,
- Change in the type of financial asset (e.g. from loan to debt security).

The Group defines the quantitative criteria as follows:

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- Extending maturity by more than 50% and over 2 years (cumulative), and/or
- Change in the amortised value (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.

If the modification does not result in the obligation to derecognise the loan/asset, the Group 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 "*Net modification profit / (loss)*".

### h) 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 impairment 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).

Insofar as market prices are available (which is mainly the case for securities traded on the stock exchange and active markets), the Group 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 Group 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 revalued to fair value, the Group 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 Group transfers such security to *Level 2*.

If at the initial recognition, the security was measured primarily at a theoretical price – *Level 2*, the Group changes the security's category 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*.

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**i) Sale and repurchase agreements – repo transaction**

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

Investment property represents assets held by the Group in order to earn rentals or for further capital appreciation. Investment property is recognised at cost less accumulated depreciation and provisions for impairment. The net book value of investment property, depreciation charges and rentals are described in "*non-current tangible and intangible assets and investment property*". The creation and release of impairment allowances due to the impairment of investment property is recognised in "*Other operating profit/(loss)*" in "*Creation of impairment allowances for investment property*" or "*Release of impairment allowances for investment property*".

To determine the level of provisions, the Group uses a proprietary model to determine the fair value of investment property, which is based on discounted future income from rentals less direct operating expenses. The fair value of investment property that is not leased but held for appreciation is determined using an independent appraiser's calculation.

The estimated useful life of buildings classified as investment property is 20 to 40 years.

**l) Goodwill**

Goodwill represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company as at the acquisition date. Goodwill is initially recognised at cost and subsequently its value is adjusted for accumulated losses by its impairment. Goodwill is tested from once to several times a year provided that the events or changes in circumstances indicate that the impairment of value is in compliance with IAS 36 – Impairment of assets. Impairment of goodwill cannot be reversed in the following reporting periods.

**m) Impairment of tangible and intangible assets**

At each balance sheet date, the Group 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 the 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.

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**n) Assets held for development and construction**

The Group applies the principles of IAS 2 "Inventories" to assets held for development and construction that are designated for subsequent sale. The aforementioned assets are measured at the lower value of either the cost or the net realisable value. The Group recognises assets held for development and construction in "Other assets" as "Assets held for development and construction".

**o) Leases**

**IFRS 16 Leases**

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. 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. 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).

IFRS 16 does not largely affect the lessor's accounting. The lessor will continue to distinguish between finance and operating leases.

**1. The Group as a lessor**

The Group as a lessor initially assesses whether the lease takes the form of a finance lease or an operating lease.

For the classification of a lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards of ownership of the asset. If the Group transfers substantially all the risks and rewards, the lease is classified as financial. Otherwise as an operating lease. One indicator of a finance lease is a lease term that lasts for almost the entire useful life of the asset.

The Group recognises lease payments under operating leases on a straight-line basis over the lease term in Note 7 "Other operating profit/(loss)" in "Income from non-banking operations".

**2 The Group as lessee**

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

The Group recognises assets related to operating leases in the statement of financial position in the note 25 "non-current tangible and intangible assets and investment property" under "Land and buildings – Right of use assets". Information on leases where the Group is a lessee is presented in Note 47 Leases as a lessee (IFRS 16).

**p) 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 fewer selling costs and are reported under "non-current assets held for sale".

**q) Provisions**

The amount of provisions is recognised as an expense and liability when the Group 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.

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Any loss resulting from the recognition of provision for liability is recognised in the statement of comprehensive income for the period.

### r) Provisions for employee benefits

The Group has a long-term employee benefit program comprising a lump-sum retirement benefit. As at 30 September 2023, the Group had 3 327 employees included in the program (31 December 2022: 3 324 employees).

The method of calculating the liability applies actuarial calculations, based on employee 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 balance sheet 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 Group also has a defined contribution plan for employees. All company contributions are included in personnel expenses in Note 8 "General administrative expenses".

### s) Accrued interest

Accrued interest income and expenses related to financial assets and liabilities are presented together with the corresponding assets and liabilities in the statement of financial position.

### t) Recognition of income and expense

Income represents an increase in economic benefits during the accounting 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 accounting 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 Group 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 charges and fees 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, interest related charges and fees 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.

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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 rate method.

Interest income from "*Financial assets held for trading*" are in the statement of comprehensive income in "*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 Group 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 that do not form part of the effective interest rate are recognised depending on whether the service is provided on a one-off basis or for a specified period. In case of a service 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.

Fees and commissions are recognised in the statement of comprehensive income in "*Net fee and commission income*" from financial assets and liabilities not measured at fair value.

The Group 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 Group will receive consideration for the service provided.

In the contract, the Group 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 Group. Revenue is recognised when the service is delivered, i.e., the Group 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 Group 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 Group 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 when the dividend is approved to the Group in the statement of comprehensive income line "*Net interest income and dividend income*".

### 4) Income to be partially returned

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

## u) Basic and diluted earnings per share

The Group reports earnings per share attributable to the holders of each class of share. The Group 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 share is determined based on the face value of each class of share in relation to the percentage of the total face value of all shares.

## v) Taxation and deferred taxation

The Group 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

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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 Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided, using the balance sheet method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The tax rate anticipated for future periods was used to determine deferred income tax, i.e., 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 Group intends to settle its current tax assets and liabilities on a net basis.

As of 1 January 2023, the Group implemented the amendment to IAS 12 Income taxes and started reporting deferred tax from transactions that, on initial recognition, result in the same taxable and deductible temporary differences. In the Group, leasing transactions (right of use and Lease liabilities lessee) meet this condition. The bank recalculated the impact of the introduction of this change as of 1 January 2023 and reported the entire amount in retained earnings of previous years.

The Group 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 Group pays various local taxes and value added tax (VAT). Various local taxes are recognised in the statement of comprehensive income line "*Other operating profit/(loss)*". VAT that is non-deductible for the Group is recognised as "*General administrative expenses*" and VAT on the acquisition of noncurrent tangible and intangible assets is included in the cost of non-current tangible and intangible assets.

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### III. SEGMENT REPORTING

When reporting by segment, the Group applies IFRS 8 – “*Operating Segments*”. The accounting principles related to the reported segments are consistent with the Group’s accounting principles.

The basis for classifying by segment is an internal principle for the Parent Company management that is customer oriented. It also reflects the segmentation principle of the majority shareholder Raiffeisen Bank International AG. The segmentation applied by the Parent Company 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 are 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/Supra-Nationals*, 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 include 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/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 Parent company’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).

Segment reporting is based on the schemes of contribution margins that are calculated as a basis for the management of the Parent Company. 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.

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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 Group decided not to report the total amount of revenues from foreign entities owing to their immateriality.

The Parent Company's management monitors the interest income of individual segments on a net basis.

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The consolidated statement of comprehensive income and other indicators by segment as at 30 September 2023:

	<i>Corporate customers</i>	<i>Financial institutions and public sector</i>	<i>Retail customers</i>	<i>Investment banking and treasury</i>	<i>Total reportable segments</i>	<i>Equity investments and other</i>	<i>Total</i>
Net interest income and dividend income	109 795	4 340	215 209	(53 637)	<b>275 707</b>	17 104	<b>292 811</b>
Net fee and commission income	21 111	8 040	95 096	(328)	<b>123 919</b>	(501)	<b>123 418</b>
From payment transfers business	11 461	1 443	53 669	(24)	<b>66 549</b>	(320)	<b>66 229</b>
From credit processing business	5 523	40	6 916	-	<b>12 479</b>	31	<b>12 510</b>
From securities business	245	4 213	8 119	(304)	<b>12 273</b>	(187)	<b>12 086</b>
From activities related to the management of investment and pension funds	36	2 043	21 661	-	<b>23 740</b>	57	<b>23 797</b>
From activities regarding mediation for third parties	9	-	6 035	-	<b>6 044</b>	80	<b>6 124</b>
From guarantee business	3 776	300	210	-	<b>4 286</b>	7	<b>4 293</b>
For other banking services	61	1	(1 514)	-	<b>(1 452)</b>	(169)	<b>(1 621)</b>
Net profit/(loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss	1	-	-	-	<b>1</b>	-	<b>1</b>
Net profit/(loss) from financial instruments held for trading and exchange rate differences	7 729	355	17 642	7 399	<b>33 125</b>	(211)	<b>32 914</b>
Net profit/(loss) from non-trading financial instruments mandatorily at fair value through profit or loss	-	193	561	-	<b>754</b>	190	<b>944</b>
Other operating profit	-	-	-	-	-	3 537	<b>3 537</b>
Other operating loss	-	-	-	-	-	(3 169)	<b>(3 169)</b>
General administrative expenses	(30 611)	(2 756)	(156 699)	(2 618)	<b>(192 684)</b>	(7 878)	<b>(200 562)</b>
Contribution to the Resolution fund and the Deposit Guarantee fund	(1 563)	(323)	(5 197)	(1 544)	<b>(8 627)</b>	1 284	<b>(7 343)</b>
Net profit/(loss) from adjustment of profit or loss (Creation)/release of provisions	122	-	(114)	-	<b>8</b>	356	<b>364</b>
(Creation)/release of provisions for expected losses from commitments and guarantees given	1 907	(37)	383	-	<b>2 253</b>	-	<b>2 253</b>
Impairment allowances for financial assets not measured at fair value through profit or loss	8 177	(121)	(35 623)	(330)	<b>(27 897)</b>	75	<b>(27 822)</b>
Impairment allowances for non-financial assets	-	-	-	-	-	73	<b>73</b>
Net profit on non-current assets held for sale	-	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>116 668</b>	<b>9 691</b>	<b>131 258</b>	<b>(51 058)</b>	<b>206 559</b>	<b>10 860</b>	<b>217 419</b>
Income tax	-	-	-	-	-	(48 519)	<b>(48 519)</b>
<b>Profit after tax</b>	<b>116 668</b>	<b>9 691</b>	<b>131 258</b>	<b>(51 058)</b>	<b>206 559</b>	<b>(37 659)</b>	<b>168 900</b>
<b>Total assets</b>	<b>5 073 169</b>	<b>613 807</b>	<b>8 269 780</b>	<b>6 766 375</b>	<b>20 723 131</b>	<b>679 607</b>	<b>21 402 738</b>
<b>Total equity and liabilities</b>	<b>3 611 261</b>	<b>693 847</b>	<b>9 837 766</b>	<b>4 232 525</b>	<b>18 375 399</b>	<b>3 027 339</b>	<b>21 402 738</b>

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The consolidated statement of comprehensive income and other indicators by segment as at 30 September 2022:

	<i>Corporate customers</i>	<i>Financial institutions and public sector</i>	<i>Retail customers</i>	<i>Investment banking and treasury</i>	<i>Total reportable segments</i>	<i>Equity investments and other</i>	<i>Total</i>
Net interest income and dividend income	69 663	2 219	163 660	(9 292)	<b>226 250</b>	2 732	<b>228 982</b>
Net fee and commission income	21 535	7 483	88 939	(311)	<b>117 646</b>	246	<b>117 892</b>
From payment transfers business	12 129	1 827	45 360	(28)	<b>59 288</b>	(66)	<b>59 222</b>
From credit processing business	5 534	91	10 194	-	<b>15 819</b>	5	<b>15 824</b>
From securities business	136	3 090	7 489	(283)	<b>10 432</b>	(65)	<b>10 367</b>
From activities related to the management of investment and pension funds	229	2 302	21 076	-	<b>23 607</b>	331	<b>23 938</b>
From activities regarding mediation for third parties	13	-	4 719	-	<b>4 732</b>	31	<b>4 763</b>
From guarantee business	3 457	176	229	-	<b>3 862</b>	9	<b>3 871</b>
For other banking services	37	(3)	(128)	-	<b>(94)</b>	1	<b>(93)</b>
Net profit/(loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	-	196	<b>196</b>	-	<b>196</b>
Net profit/(loss) from financial instruments held for trading and exchange rate differences	7 001	287	16 615	1 216	<b>25 119</b>	2 427	<b>27 546</b>
Net profit/(loss) from non-trading financial instruments mandatorily at fair value through profit or loss	-	10	(562)	95	<b>(457)</b>	(496)	<b>(953)</b>
Other operating profit	-	-	-	-	-	3 787	<b>3 787</b>
Other operating loss	-	-	-	-	-	(2 663)	<b>(2 663)</b>
General administrative expenses	(27 537)	(2 191)	(139 761)	(1 945)	<b>(171 434)</b>	(7 273)	<b>(178 707)</b>
Contribution to the Resolution fund and the Deposit Guarantee fund	(1 185)	(226)	(4 811)	(1 456)	<b>(7 678)</b>	(3 550)	<b>(11 228)</b>
(Creation)/release of provisions	-	-	-	-	-	570	<b>570</b>
(Creation)/release of provisions for expected losses from commitments and guarantees	(876)	(4)	(534)	-	<b>(1 414)</b>	-	<b>(1 414)</b>
Impairment allowances for financial assets not measured at fair value through profit or loss	(8 140)	(2)	(29 288)	(176)	<b>(37 606)</b>	1 152	<b>(36 454)</b>
Impairment allowances for non-financial assets	-	-	-	-	-	(908)	<b>(908)</b>
Net profit on non-current assets held for sale	-	-	-	-	-	1 205	<b>1 205</b>
<b>Profit before income tax</b>	<b>60 461</b>	<b>7 576</b>	<b>94 258</b>	<b>(11 673)</b>	<b>150 622</b>	<b>(2 771)</b>	<b>147 851</b>
Income tax	-	-	-	-	-	(28 434)	<b>(28 434)</b>
<b>Profit after tax</b>	<b>60 461</b>	<b>7 576</b>	<b>94 258</b>	<b>(11 673)</b>	<b>150 622</b>	<b>(31 205)</b>	<b>119 417</b>
<b>Total assets</b>	<b>4 638 094</b>	<b>565 033</b>	<b>8 463 818</b>	<b>6 328 908</b>	<b>19 995 853</b>	<b>451 131</b>	<b>20 446 984</b>
<b>Total equity and liabilities</b>	<b>3 067 755</b>	<b>1 400 704</b>	<b>9 809 511</b>	<b>4 014 096</b>	<b>18 292 066</b>	<b>2 154 918</b>	<b>20 446 984</b>

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**IV. OTHER NOTES**

**1. Net interest and dividend income**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Interest income calculated using effective interest rate method:</b>	<b>502 272</b>	<b>222 264</b>
from loans and advances to banks at amortised cost	102 796	5 015
from loans and advances to customers at amortised cost	353 746	205 081
from financial leases	9 882	-
from debt securities at amortised cost	34 266	10 992
from debt securities at fair value through other comprehensive income	1 582	1 176
<b>Other interest income:</b>	<b>638</b>	<b>20 288</b>
from financial leases	-	8 114
from debt securities held for trading	442	75
from derivatives held for trading	134	1 128
from financial liabilities	2	10 922
from other interest income	60	49
<b>Interest expense:</b>	<b>(210 139)</b>	<b>(13 610)</b>
on deposits from banks	(67 606)	(235)
on deposits from customers	(77 867)	(2 646)
on subordinated debts	(5 440)	(2 100)
on liabilities from debt securities issued by the bank at amortised cost	(57 985)	(2 441)
on liabilities from debt securities at fair value through profit or loss	(78)	(58)
on loans and deposits at amortised cost (including negative interest)	(12)	(5 570)
on financial leases	(484)	(410)
other interest expenses	(667)	(150)
<b>Net interest income</b>	<b>292 771</b>	<b>228 942</b>
<b>Dividend income:</b>	<b>40</b>	<b>40</b>
from financial assets at fair value through other comprehensive income	40	40
<b>Net interest and dividend income</b>	<b>292 811</b>	<b>228 982</b>

**2. Net fee and commission income**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Fee and commission income:</b>	<b>171 533</b>	<b>161 348</b>
<i>out of which related to IFRS 15:</i>	<b>167 238</b>	<b>157 475</b>
from payment transfers business	106 694	97 021
from credit processing business	13 987	17 198
from securities business	13 255	11 729
from activities related to the management of investment and pension funds	23 816	23 961
from activities regarding mediation for third parties	6 282	5 049
for other banking services	3 204	2 517
<b>Other fee and commission income</b>	<b>4 295</b>	<b>3 873</b>
from guarantee business	4 295	3 873
<b>Fee and commission expenses:</b>	<b>(48 115)</b>	<b>(43 456)</b>
<i>out of which related to IFRS 15:</i>	<b>(48 113)</b>	<b>(43 454)</b>
from payment transfers business	(40 465)	(37 799)
from credit processing business	(1 477)	(1 374)
from securities business	(1 169)	(1 362)
from activities related to the management of investment and pension funds	(19)	(23)
from activities regarding mediation for third parties	(158)	(286)
for other banking services	(4 825)	(2 610)
<b>Other fee and commission expenses</b>	<b>(2)</b>	<b>(2)</b>
from guarantees business	(2)	(2)
<b>Net fee and commission income</b>	<b>123 418</b>	<b>117 892</b>

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**3. Net profit/(loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Net profit / (loss) from derecognition of financial assets at amortised cost:</b>	<b>1</b>	<b>-</b>
Profit / (loss) from debt securities sold	-	-
Profit / (loss) from loans and advances sold	1	-
<b>Net profit / (loss) from derecognition of financial assets at fair value through other comprehensive income:</b>	<b>-</b>	<b>196</b>
Profit / (loss) from debt securities sold	-	196
<b>Total</b>	<b>1</b>	<b>196</b>

**4. Net profit/(loss) from financial instruments held for trading and exchange rate differences**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Interest rate contracts – securities:</b>	<b>1 665</b>	<b>93</b>
Revaluation to fair value	(325)	(822)
Profit/(loss) from securities sold	1 990	915
<b>Interest rate transactions- loans and advances to clients:</b>	<b>-</b>	<b>-</b>
Revaluation to fair value	-	-
<b>Interest rate contracts – derivatives:</b>	<b>335</b>	<b>3 317</b>
Realised profit/(loss) from derivatives	-	-
Revaluation to fair value	335	3 317
<b>Net gain/(loss) on hedge accounting:</b>	<b>1 272</b>	<b>107</b>
Revaluation to fair value of hedging instruments - interest rate derivatives	23 301	(169 046)
Revaluation to fair value of hedged instruments - debt securities	(12 842)	(14 036)
Revaluation to fair value of hedged instruments - debt securities liabilities	(4 751)	72 500
Revaluation to fair value of hedged instruments - loans to customers	(8 223)	(354)
Revaluation to fair value of hedged instruments - deposits with customers	3 787	111 043
<b>Currency contracts:</b>	<b>6 495</b>	<b>4 116</b>
Realised profit/(loss) from derivatives	5 738	3 904
Revaluation to fair value of derivatives	757	212
<b>Foreign exchange differences</b>	<b>23 147</b>	<b>19 913</b>
<b>Total</b>	<b>32 914</b>	<b>27 546</b>

**5. Net profit/(loss) from non-trading financial instruments mandatorily at fair value through profit or loss**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Interest-rate contracts – securities:</b>	<b>754</b>	<b>(457)</b>
Revaluation to fair value	754	(457)
<b>Loans and advances</b>	<b>190</b>	<b>(496)</b>
Revaluation to fair value	190	(496)
<b>Total</b>	<b>944</b>	<b>(953)</b>



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**6. Other operating profit/(loss)**

	<b>30.9.2023</b>	<b>30.9.2022</b>
Income from non-banking operations	2 477	2 017
Other operating income	1 060	1 770
<b>Other operating income</b>	<b>3 537</b>	<b>3 787</b>

	<b>30.9.2023</b>	<b>30.9.2022</b>
Net loss from disposal of tangible and intangible fixed assets	(127)	(72)
Other operating expenses	(2 393)	(2 591)
<b>Other operating expenses</b>	<b>(2 520)</b>	<b>(2 663)</b>

**7. General administrative expenses**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Personnel costs:</b>	<b>(115 419)</b>	<b>(101 099)</b>
Wages and salaries	(81 990)	(72 200)
Social security costs	(29 588)	(25 642)
Other social expenses	(3 869)	(3 276)
(Creation)/release of provisions for employee benefits	28	19
<b>Other administrative expenses:</b>	<b>(58 772)</b>	<b>(51 783)</b>
Costs of premises	(7 920)	(7 467)
Costs of information technology	(20 024)	(18 358)
Communication costs	(1 712)	(1 534)
Legal and consultancy costs*	(8 301)	(9 381)
Advertising and entertainment expenses	(11 268)	(8 397)
Consumption of stationeries	(402)	(406)
Transport and processing of cash	(497)	(581)
Travel costs	(1 010)	(809)
Education of employees	(1 769)	(1 280)
Other taxes and charges	(211)	(212)
Other expenses	(5 658)	(3 358)
<b>Depreciation and amortisation of non-current tangible and intangible assets:</b>	<b>(26 371)</b>	<b>(25 825)</b>
Non-current tangible assets	(16 325)	(16 192)
<i>out of which: right-of-use assets</i>	(8 218)	(8 350)
Non-current intangible assets	(10 046)	(9 633)
<b>Total</b>	<b>(200 562)</b>	<b>(178 707)</b>

\* "Legal and consultancy costs" include fee for the statutory audit from which other audit-related assurance services, that 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, preparation of Long-form report for NBS, and other audit services, that related to review of interim financial statements of the Parent company and other non-audit service.

**8. Contribution to the Resolution fund and the Deposit Guarantee fund**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Contribution to the Resolution fund and the Deposit Guarantee fund</b>		
Contribution to the Resolution fund*	(5 959)	(6 202)
Contribution to the Deposit Guarantee fund	(1 384)	(5 026)
<b>Total</b>	<b>(7 343)</b>	<b>(11 228)</b>

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

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**9. Net modification of profit/(loss)**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Financial assets at amortised cost:</b>	-	-
Net modification profit / (loss) – Stage 1	-	-
Net modification profit / (loss) – Stage 2	-	-
Net modification profit / (loss) – Stage 3	-	-
Net modification profit / (loss) – POCI	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. (Creation)/release of provisions**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>(Creation)/release of provisions for:</b>	<b>364</b>	<b>570</b>
(Creation)/release of provisions for litigations	364	570
<b>Total</b>	<b>364</b>	<b>570</b>

**11. (Creation)/release of provisions for expected losses from provided commitments and guarantees**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Provisions for provided commitments and guarantees (Stage 1):</b>	<b>(1 133)</b>	<b>(2 465)</b>
(Creation)/release	(1 133)	(2 465)
<b>Provisions for provided commitments and guarantees (Stage 2):</b>	<b>3 208</b>	<b>778</b>
(Creation)/release	3 208	778
<b>Provisions for provided commitments and guarantees (Stage 3):</b>	<b>178</b>	<b>273</b>
(Creation)/release	178	273
<b>Total</b>	<b>2 253</b>	<b>(1 414)</b>

**12. Impairment allowances for financial assets not measured at fair value through profit or loss**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Impairment allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1):</b>	<b>(6 679)</b>	<b>(15 894)</b>
(Creation)/release	(6 679)	(15 894)
<b>Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2):</b>	<b>(6 465)</b>	<b>(12 882)</b>
(Creation)/release	(6 465)	(12 882)
<b>Impairment allowances for credit impaired financial assets (Stage 3):</b>	<b>(14 341)</b>	<b>(7 026)</b>
(Creation)/release	(14 341)	(7 026)
<b>Impairment allowances for financial assets (POCI):</b>	<b>(337)</b>	<b>(652)</b>
(Creation)/release	(337)	(652)
<b>Total</b>	<b>(27 822)</b>	<b>(36 454)</b>

For further information on the impairment allowances for expected credit losses, see Note 20 „Financial assets at fair value through other comprehensive income“ and Note 21 „Financial assets at amortised cost“.

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**13. Impairment allowances for non-financial assets**

Movement in impairment allowances for non-financial assets:

	<b>30.9.2023</b>	<b>30.9.2022</b>
(Creation)/release of impairment allowances for non-current tangible assets	-	542
(Creation)/release of impairment allowances for non-current intangible assets	-	(1 449)
(Creation)/release of impairment allowances for other assets	73	(1)
<b>Total</b>	<b>73</b>	<b>(908)</b>

**14. Net profit/(loss) on non-current assets held for sale**

	<b>30.9.2023</b>	<b>30.9.2022</b>
Net profit/(loss) on assets held for sale	-	296
Result of deconsolidation	-	909
<b>Total</b>	<b>-</b>	<b>1 205</b>

**15. Income tax**

	<b>30.9.2023</b>	<b>30.9.2022</b>
Current tax expense	(49 123)	(36 092)
Deferred tax (expense)/income	604	7 658
<b>Total</b>	<b>(48 519)</b>	<b>(28 434)</b>

Slovak legal entities must individually report taxable income and remit corporate income taxes thereon to the appropriate authorities. In 2023, the corporate income tax rate amounted to 21% (2022: 21%).

Deferred tax assets and liabilities as at 30 September 2023 and as at 31 December 2022 relate to the following items:

	<b>Book value</b>	<b>Tax value</b>	<b>Permanent difference</b>	<b>Temporary difference</b>	<b>30.9.2023</b>	<b>31.12.2022</b>
Deferred tax assets						
Financial assets at amortised cost	17 592 741	17 836 159	3 909	239 509	50 297	45 055
Financial liabilities at amortised cost	19 617 117	19 627 992	-	10 875	2 284	2 640
Non-current tangible assets and investment property	152 349	167 060	-	14 711	3 089	4 036
Other assets	68 807	73 975	1 003	4 165	875	712
Provisions	56 089	843	22 677	32 569	6 839	7 745
Financial assets at fair value through other comprehensive income	152 243	159 800	-	7 557	1 587	2 405
Other liabilities	52 134	21 090	1 944	29 100	6 111	6 542
<b>Total</b>					<b>71 082</b>	<b>69 135</b>
Probably useable tax loss carry-forwards		-	-	-	-	-
<b>Net deferred tax asset/(liability)</b>					<b>71 082</b>	<b>69 135</b>
Uncertain realisation adjustment of deferred tax asset					(24 414)	(22 425)
<b>Net deferred tax asset/(liability)</b>					<b>46 668</b>	<b>46 710</b>

As at 30 September 2023 the Group did not present a deferred tax asset of EUR 24 414 thousand (31 December 2022: EUR 22 425 thousand), which relates mainly to deductible temporary differences arising from impairment allowances for loans and advances. The Group regularly performs testing of

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derecognition of loan receivables for write-offs from the tax point of view and, based on the results, adjusts the percentage of eligibility estimate of impairment allowances for loans and advances.

**16. Basic and diluted earnings per share**

<b>30.9.2023</b>	<b>Ordinary shares Face value EUR 800</b>	<b>Ordinary shares Face value EUR 4 000</b>	<b>Preference shares Face value EUR 4</b>
Profit after tax in the accounting period attributable to:	129 850	22 439	19 583
Weighted average number of shares outstanding during the period	60 616	2 095	1 828 315
<b>Basic and diluted earnings per share</b>	<b>2 142</b>	<b>10 710</b>	<b>10,7</b>

  

<b>30.9.2022</b>	<b>Ordinary shares Face value EUR 800</b>	<b>Ordinary shares Face value EUR 4 000</b>	<b>Preference shares Face value EUR 4</b>
Profit after tax in the accounting period attributable to:	80 849	13 971	12 230
Weighted average number of shares outstanding during the period	60 616	2 095	1 833 882
<b>Basic and diluted earnings per share</b>	<b>1 334</b>	<b>6 670</b>	<b>6,7</b>

Information on method of calculation of earnings per share is disclosed in Section II. Principal accounting Policies t).

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Cash in hand	188 645	213 268
Balances at central banks	3 091 994	4 435 285
Other deposits payable on demand	11 652	13 080
<b>Total</b>	<b>3 292 291</b>	<b>4 661 633</b>

The obligatory minimum reserve is maintained as an interest-bearing deposit under the regulations of the National Bank of Slovakia and are the part of item "Balances at central banks". The amount of the reserve depends on the level of deposits accepted by the Group. The Parent company's option to draw a reserve is limited in accordance with the applicable legislation. Therefore, it is not included in "Cash and cash equivalents" for the purposes of cash flow statement preparation (see the "Consolidated cash flow statement").

**18. Financial assets held for trading**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Positive fair value of financial derivatives held for trading</b>	<b>39 017</b>	<b>42 892</b>
Interest rate contracts	33 486	36 910
Currency contracts	5 531	5 982
<b>Debt securities</b>	<b>4 401</b>	<b>4 354</b>
Government bonds	4 401	4 354
<b>Total</b>	<b>43 418</b>	<b>47 246</b>

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**19. Non-trading financial assets mandatorily at fair value through profit or loss**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Equity securities, debt securities and other securities with variable yield</b>	<b>15 358</b>	<b>13 919</b>
Equity securities	5 642	5 033
Debt securities	5 030	4 897
Mutual funds units*	4 686	3 989
<b>Loans and advances to customers</b>	<b>19 051</b>	<b>19 217</b>
Loans and advances to corporate sector	19 051	19 217
<b>Total</b>	<b>34 409</b>	<b>33 136</b>

\* The Group had equity securities (mutual fund units) in that portfolio for which the fair value through other comprehensive income (FVOCI) option could not be used because those securities have a defined maturity and do not meet the definition of an equity instrument under IAS 32. As at 30 September 2023, the value of the above mutual fund units was EUR 820 thousand (31 December 2022: EUR 894 thousand).

**20. Financial assets at fair value through other comprehensive income**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Debt securities</b>	<b>152 127</b>	<b>185 938</b>
Government bonds	54 472	53 496
Bonds issued by bank sector	62 497	74 792
Bonds issued by other sectors	35 158	57 650
<b>Equity investments</b>	<b>116</b>	<b>109</b>
Equity instruments	116	109
<b>Total</b>	<b>152 243</b>	<b>186 047</b>

Classification of debt securities measured at fair value through other comprehensive income as at 30 September 2023:

	<b>Gross book value</b>	<b>Impairment allowances</b>	<b>Net book value</b>
<b>Debt securities</b>	<b>152 193</b>	<b>(66)</b>	<b>152 127</b>
Government bonds	54 478	(6)	54 472
Bonds issued by bank sector	62 529	(32)	62 497
Bonds issued by other sectors	35 186	(28)	35 158
<b>Total</b>	<b>152 193</b>	<b>(66)</b>	<b>152 127</b>

Classification of debt securities measured at fair value through other comprehensive income as at 31 December 2022:

	<b>Gross book value</b>	<b>Impairment allowances</b>	<b>Net book value</b>
<b>Debt securities</b>	<b>186 108</b>	<b>(170)</b>	<b>185 938</b>
Government bonds	53 517	(21)	53 496
Bonds issued by bank sector	74 804	(12)	74 792
Bonds issued by other sectors	57 787	(137)	57 650
<b>Total</b>	<b>186 108</b>	<b>(170)</b>	<b>185 938</b>

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**21. Financial assets at amortised cost**

Classification of financial assets measured at amortised cost as at 30 September 2023:

	<b>Gross book value</b>	<b>Impairment allowances</b>	<b>Net book value</b>
<b>Loans and advances to banks</b>	<b>166 616</b>	-	<b>166 616</b>
Money-market business	125 468	-	125 468
Reverse repo transactions	41 143	-	41 143
Other loans and advances to banks	5	-	5
<b>Loans and advances to customers</b>	<b>14 314 046</b>	<b>(267 982)</b>	<b>14 046 064</b>
Overdraft loans and current account overdrafts	1 044 422	(21 619)	1 022 803
Receivables from credit cards	113 548	(6 193)	107 355
Factoring and loans backed by bills of exchange	34 609	(359)	34 250
Mortgage and housing loans	5 478 611	(36 575)	5 442 036
Home Equity Loans	1 134 206	(8 694)	1 125 512
Consumer loans	1 249 692	(98 680)	1 151 012
Financial lease receivables*	363 120	(12 560)	350 560
Investment, operating and other loans	4 895 838	(83 302)	4 812 536
<b>Debt securities</b>	<b>3 381 320</b>	<b>(1 259)</b>	<b>3 380 061</b>
Treasury bills	18 660	-	18 660
Government bonds	3 180 120	(1 075)	3 179 045
Bonds issued by bank sector	163 027	(81)	162 946
Bonds issued by other sector	19 513	(103)	19 410
<b>Total</b>	<b>17 861 982</b>	<b>(269 241)</b>	<b>17 592 741</b>

Classification of financial assets measured at amortised cost as at 31 December 2022:

	<b>Gross book value</b>	<b>Impairment allowances</b>	<b>Net book value</b>
<b>Loans and advances to banks</b>	<b>195 011</b>	-	<b>195 011</b>
Money-market business	149 782	-	149 782
Reverse repo transactions	45 224	-	45 224
Other loans and advances to banks	5	-	5
<b>Loans and advances to customers</b>	<b>13 981 867</b>	<b>(245 058)</b>	<b>13 736 809</b>
Overdraft loans and current account overdrafts	1 032 361	(19 501)	1 012 860
Receivables from credit cards	109 190	(4 503)	104 687
Factoring and loans backed by bills of exchange	66 670	(599)	66 071
Mortgage and housing loans	5 423 611	(35 717)	5 387 894
Home Equity Loans	1 136 710	(8 238)	1 128 472
Consumer loans	1 145 585	(71 511)	1 074 074
Financial lease receivables*	356 179	(12 490)	343 689
Investment, operating and other loans	4 711 561	(92 499)	4 619 062
<b>Debt securities</b>	<b>2 596 512</b>	<b>(885)</b>	<b>2 595 627</b>
Government bonds	2 400 053	(797)	2 399 256
Bonds issued by bank sector	176 830	(30)	176 800
Bonds issued by other sector	19 629	(58)	19 571
<b>Total</b>	<b>16 773 390</b>	<b>(245 943)</b>	<b>16 527 447</b>

As at 30 September 2023, the total amount of syndicated loans managed by the Group was in the amount of EUR 1 384 591 thousand (31 December 2022: EUR 1 454 711 thousand). The Group's share amounted to EUR 486 271 thousand (31 December 2022: EUR 495 576 thousand). Syndicated loans are included in "Investment, operating and other loans".

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Classification of financial assets measured at amortised cost by customer group as at 30 September 2023:

	<b>Gross book value</b>	<b>Impairment allowances</b>	<b>Net book value</b>
Banks	329 643	(81)	329 562
Public sector	3 203 075	(1 076)	3 201 999
Corporate clients	5 970 294	(83 687)	5 886 607
Retail clients	8 358 970	(184 397)	8 174 573
<b>Total</b>	<b>17 861 982</b>	<b>(269 241)</b>	<b>17 592 741</b>

Classification of financial assets measured at amortised cost by customer group as at 31 December 2022:

	<b>Gross book value</b>	<b>Impairment allowances</b>	<b>Net book value</b>
Banks	371 841	(30)	371 811
Public sector	2 405 005	(798)	2 404 207
Corporate clients	5 804 599	(93 749)	5 710 850
Retail clients	8 191 945	(151 366)	8 040 579
<b>Total</b>	<b>16 773 390</b>	<b>(245 943)</b>	<b>16 527 447</b>

An overview of the quality of financial assets measured at amortised values is stated in Note 43 "Risk report".

Movement in impairment allowances for losses on financial assets measured at amortised cost as at 30 September 2023:

	<b>As at 1 January 2023</b>	<b>Creation/ (Release)*</b>	<b>Usage</b>	<b>Transfers, FX differences</b>	<b>As at 30 September 2023</b>
<b>Impairment allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1)</b>	<b>40 789</b>	<b>6 943</b>	<b>-</b>	<b>4</b>	<b>47 736</b>
Banks	-	-	-	-	-
Corporate clients	23 707	(279)	-	-	23 428
Retail clients	16 247	6 915	-	-	23 162
Debt securities	835	307	-	4	1 146
<b>Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2)</b>	<b>61 253</b>	<b>6 217</b>	<b>-</b>	<b>(4)</b>	<b>67 466</b>
Banks	-	-	-	-	-
Corporate clients	18 682	(4 272)	-	-	14 410
Retail clients	42 521	10 422	-	-	52 943
Debt securities	50	67	-	(4)	113
<b>Specific impairment allowance for individually and collectively assessed items (Stage 3)</b>	<b>138 579</b>	<b>14 478</b>	<b>(4 834)</b>	<b>212</b>	<b>148 435</b>
Banks	-	-	-	-	-
Corporate clients	47 384	(4 401)	(1 823)	59	41 219
Retail clients	91 195	18 879	(3 011)	153	107 216
Debt securities	-	-	-	-	-
<b>Impairment allowances for financial assets impaired on initial recognition (POCI)</b>	<b>5 322</b>	<b>1 291</b>	<b>(436)</b>	<b>(573)</b>	<b>5 604</b>
Banks	-	-	-	-	-
Corporate clients	3 919	1 587	(403)	(575)	4 528
Retail clients	1 403	(296)	(33)	2	1 076
Debt securities	-	-	-	-	-
<b>Total</b>	<b>245 943</b>	<b>28 929</b>	<b>(5 270)</b>	<b>(361)</b>	<b>269 241</b>

\* Creation/(release) of the impairment allowances for losses on financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR 259 thousand.

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Movement in impairment allowances for losses on financial assets measured at amortised cost as at 31 December 2022:

	<b>As at 1 January 2022</b>	<b>Creation/ (Release)*</b>	<b>Usage</b>	<b>Transfers, FX differences</b>	<b>As at 31 December 2022</b>
<b>Impairment allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1)</b>	<b>24 066</b>	<b>16 723</b>	-	-	<b>40 789</b>
Banks	-	-	-	-	-
Corporate clients	16 101	7 606	-	-	23 707
Retail clients	7 898	8 349	-	-	16 247
Debt securities	67	768	-	-	835
<b>Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2)</b>	<b>45 110</b>	<b>16 143</b>	-	-	<b>61 253</b>
Banks	-	-	-	-	-
Corporate clients	14 637	4 045	-	-	18 682
Retail clients	30 473	12 048	-	-	42 521
Debt securities	-	50	-	-	50
<b>Specific impairment allowance for individually and collectively assessed items (Stage 3)</b>	<b>165 850</b>	<b>608</b>	<b>(28 063)</b>	<b>184</b>	<b>138 579</b>
Banks	-	-	-	-	-
Corporate clients	56 774	(1 311)	(8 133)	54	47 384
Retail clients	109 076	1 919	(19 930)	130	91 195
Debt securities	-	-	-	-	-
<b>Impairment allowances for financial assets impaired on initial recognition (POCI)</b>	<b>3 798</b>	<b>1 980</b>	<b>(472)</b>	<b>16</b>	<b>5 322</b>
Banks	-	-	-	-	-
Corporate clients	3 087	1 173	(347)	6	3 919
Retail clients	711	807	(125)	10	1 403
Debt securities	-	-	-	-	-
<b>Total</b>	<b>238 824</b>	<b>35 454</b>	<b>(28 535)</b>	<b>200</b>	<b>245 943</b>

\* Creation/(release) of the impairment allowances for losses on financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR 164 thousand.



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The following table represents the gross carrying amount of transfers between the impairment stages for financial assets at amortised cost and contingent liabilities and other off-balance sheet items at 30 September 2023:

	<i>From Stage 2 to Stage 1</i>	<i>From Stage 1 to Stage 2</i>	<i>From Stage 3 to Stage 2</i>	<i>From Stage 2 to Stage 3</i>	<i>From Stage 3 to Stage 1</i>	<i>From Stage 1 to Stage 3</i>	<i>From Stage 3 to POCI*</i>
<b>Loans and advances to banks</b>	-	4	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>596 251</b>	<b>595 198</b>	<b>3 956</b>	<b>55 401</b>	<b>2 045</b>	<b>13 989</b>	<b>1 434</b>
Corporate clients	207 002	181 749	736	22 993	457	203	1 138
Retail clients	389 249	413 449	3 220	32 408	1 588	13 786	296
<b>Debt securities</b>	-	<b>28 789</b>	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>575 406</b>	<b>81 773</b>	<b>1</b>	<b>296</b>	<b>332</b>	<b>21</b>	-
Banks	-	3 250	-	-	-	-	-
Corporate clients	554 304	54 947	-	242	322	-	-
Retail clients	21 102	23 576	1	54	10	21	-
<b>Total</b>	<b>1 171 657</b>	<b>705 764</b>	<b>3 957</b>	<b>55 697</b>	<b>2 377</b>	<b>14 010</b>	<b>1 434</b>

\*In Group, such loans may arise from the purchase of such a loan in its own books (e.g., a loan purchased at a large discount that presents credit risk) or most often by modifying an existing loan at the client's request, a legal restructuring decision or a standstill between banks when a significant change arised and the qualitative and quantitative criteria are met.

The following table presents the transfers (decreases) of the impairment allowance from the stages for financial assets measured at amortized cost and contingent liabilities and other off-balance sheet items as at 30 September 2023:

	<i>From Stage 2 to Stage 1</i>	<i>From Stage 1 to Stage 2</i>	<i>From Stage 3 to Stage 2</i>	<i>From Stage 2 to Stage 3</i>	<i>From Stage 3 to Stage 1</i>	<i>From Stage 1 to Stage 3</i>	<i>From Stage 3 to POCI</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(14 879)</b>	<b>(3 428)</b>	<b>(1 238)</b>	<b>(4 898)</b>	<b>(862)</b>	<b>(332)</b>	<b>(1 255)</b>
Corporate clients	(3 720)	(1 310)	(62)	(1 754)	(41)	(4)	(1 077)
Retail clients	(11 159)	(2 118)	(1 176)	(3 144)	(821)	(328)	(178)
<b>Debt securities</b>	-	<b>(5)</b>	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>(2 346)</b>	<b>(254)</b>	<b>(1)</b>	<b>(2)</b>	<b>(2)</b>	-	-
Banks	-	-	-	-	-	-	-
Corporate clients	(2 105)	(227)	-	-	-	-	-
Retail clients	(241)	(27)	(1)	(2)	(2)	-	-
<b>Total</b>	<b>(17 225)</b>	<b>(3 687)</b>	<b>(1 239)</b>	<b>(4 900)</b>	<b>(864)</b>	<b>(332)</b>	<b>(1 255)</b>

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The following table presents the transfers (increases) of the impairment allowance from the stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 30 September 2023:

	<i>From Stage 2 to Stage 1</i>	<i>From Stage 1 to Stage 2</i>	<i>From Stage 3 to Stage 2</i>	<i>From Stage 2 to Stage 3</i>	<i>From Stage 3 to Stage 1</i>	<i>From Stage 1 to Stage 3</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>3 711</b>	<b>21 158</b>	<b>211</b>	<b>16 910</b>	<b>12</b>	<b>6 766</b>
Corporate clients	1 360	3 282	27	3 600	-	74
Retail clients	2 351	17 876	184	13 310	12	6 692
<b>Debt securities</b>	-	<b>61</b>	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>1 260</b>	<b>495</b>	-	<b>32</b>	-	<b>15</b>
Banks	-	-	-	-	-	-
Corporate clients	1 214	260	-	-	-	-
Retail clients	46	235	-	32	-	15
<b>Total</b>	<b>4 971</b>	<b>21 714</b>	<b>211</b>	<b>16 942</b>	<b>12</b>	<b>6 781</b>

The following table represents the gross carrying amount of transfers between the impairment stages for financial assets at amortised cost and contingent liabilities and other off-balance sheet items at 31 December 2022:

	<i>From Stage 2 to Stage 1</i>	<i>From Stage 1 to Stage 2</i>	<i>From Stage 3 to Stage 2</i>	<i>From Stage 2 to Stage 3</i>	<i>From Stage 3 to Stage 1</i>	<i>From Stage 1 to Stage 3</i>	<i>From Stage 3 to POCI*</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>1 716 157</b>	<b>947 383</b>	<b>6 308</b>	<b>45 531</b>	<b>3 178</b>	<b>20 932</b>	<b>2 954</b>
Corporate clients	202 617	293 844	59	7 546	158	4 666	2 636
Retail clients	1 513 540	653 539	6 249	37 985	3 020	16 266	318
<b>Debt securities</b>	-	<b>36 503</b>	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>191 002</b>	<b>681 724</b>	<b>111</b>	<b>175</b>	<b>106</b>	<b>480</b>	-
Banks	-	-	-	-	-	-	-
Corporate clients	112 679	614 561	9	43	-	432	-
Retail clients	78 323	67 163	102	132	106	48	-
<b>Total</b>	<b>1 907 159</b>	<b>1 665 610</b>	<b>6 419</b>	<b>45 706</b>	<b>3 284</b>	<b>21 412</b>	<b>2 954</b>

\*In Group, such loans may arise from the purchase of such a loan in its own books (e.g., a loan purchased at a large discount that presents credit risk) or most often by modifying an existing loan at the client's request, a legal restructuring decision or a standstill between banks when a significant change arised and the qualitative and quantitative criteria are met.

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The following table presents the transfers (decreases) of the impairment allowance from the stages for financial assets measured at amortized cost and contingent liabilities and other off-balance sheet items as at 31 December 2022:

	<i>From Stage 2 to Stage 1</i>	<i>From Stage 1 to Stage 2</i>	<i>From Stage 3 to Stage 2</i>	<i>From Stage 2 to Stage 3</i>	<i>From Stage 3 to Stage 1</i>	<i>From Stage 1 to Stage 3</i>	<i>From Stage 3 to POCI</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(18 681)</b>	<b>(4 865)</b>	<b>(4 052)</b>	<b>(3 247)</b>	<b>(1 624)</b>	<b>(173)</b>	<b>(1 528)</b>
Corporate clients	(3 743)	(2 693)	(47)	(1 093)	(57)	(13)	(1 117)
Retail clients	(14 938)	(2 172)	(4 005)	(2 154)	(1 567)	(160)	(411)
<b>Debt securities</b>	-	-	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>(772)</b>	<b>(1 382)</b>	<b>(72)</b>	<b>(1)</b>	<b>(73)</b>	-	-
Banks	-	-	-	-	-	-	-
Corporate clients	(421)	(1 332)	-	-	-	-	-
Retail clients	(351)	(50)	(72)	(1)	(73)	-	-
<b>Total</b>	<b>(19 453)</b>	<b>(6 247)</b>	<b>(4 124)</b>	<b>(3 248)</b>	<b>(1 697)</b>	<b>(173)</b>	<b>(1 528)</b>

The following table presents the transfers (increases) of 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 2022:

	<i>From Stage 2 to Stage 1</i>	<i>From Stage 1 to Stage 2</i>	<i>From Stage 3 to Stage 2</i>	<i>From Stage 2 to Stage 3</i>	<i>From Stage 3 to Stage 1</i>	<i>From Stage 1 to Stage 3</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>5 592</b>	<b>25 682</b>	<b>245</b>	<b>17 836</b>	<b>17</b>	<b>9 635</b>
Corporate clients	2 280	6 533	12	2 574	-	2 004
Retail clients	3 312	19 149	233	15 262	17	7 631
<b>Debt securities</b>	-	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>681</b>	<b>2 644</b>	<b>1</b>	<b>26</b>	-	<b>420</b>
Banks	-	-	-	-	-	-
Corporate clients	648	2 259	-	-	-	403
Retail clients	33	385	1	26	-	17
<b>Total</b>	<b>6 273</b>	<b>28 326</b>	<b>246</b>	<b>17 862</b>	<b>17</b>	<b>10 055</b>

Balance of financial lease assets as at 30 September 2023 and 31 December 2022:

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Gross investment</b>	<b>402 447</b>	<b>383 117</b>
Less than 3 months	31 976	38 081
3 months to 1 year	87 362	86 809
1 to 5 years	233 685	220 753
More than 5 years	49 424	37 474
<b>Unrealised financial income</b>	<b>39 327</b>	<b>26 938</b>
Less than 3 months	2 448	2 728
3 months to 1 year	9 272	6 728
1 to 5 years	22 191	14 758
More than 5 years	5 416	2 724
<b>Net investment</b>	<b>363 120</b>	<b>356 179</b>
Less than 3 months	29 528	35 353
3 months to 1 year	78 090	80 081
1 to 5 years	211 494	205 995
More than 5 years	44 008	34 750

The accompanying Notes are an integral part of these financial statements.

This is an English language translation of the original Slovak language document.

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Assets leased under finance lease contracts:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Vehicle leasing	192 379	185 839
Real estate leasing	60 650	55 532
Movable assets leasing	110 091	114 808
<b>Total</b>	<b><u>363 120</u></b>	<b><u>356 179</u></b>

**22. Receivables from hedging transactions**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Positive fair value of financial derivatives for fair value hedging</b>	<b><u>35 188</u></b>	<b><u>26 363</u></b>
Interest-rate contracts	35 188	26 363
<b>Change in fair value of hedged items in hedging of interest rate risk</b>	<b><u>(16 097)</u></b>	<b><u>(7 874)</u></b>
Loans and advances to clients	(16 097)	(7 874)
<b>Total</b>	<b><u>19 091</u></b>	<b><u>18 489</u></b>

A more detailed overview of hedge receivables is shown in note 40 Fair value hedges related to hedging transactions.



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#### 23. Non-current tangible and intangible assets and investment property

Movements in non-current tangible assets for own use as at 30 September 2023:

	<i>Land and Buildings- operating lease</i>	<i>Land and Buildings- Right-of-use of assets</i>	<i>Land and buildings</i>	<i>Machinery &amp; equipment</i>	<i>Other non-current assets</i>	<i>Vehicles</i>	<i>Assets in progress</i>	<i>Total</i>
<b>Cost</b>								
<b>1 January 2023</b>	<b>1 409</b>	<b>80 882</b>	<b>31 331</b>	<b>51 139</b>	<b>17 582</b>	<b>4 475</b>	<b>5 400</b>	<b>192 218</b>
Additions	-	-	-	-	-	-	13 304	13 304
Disposals	(41)	(847)	(754)	(1 404)	(599)	(416)	-	(4 061)
Transfer from own use to noncurrent assets held for sale*	-	-	-	-	-	-	-	-
Transfer from tangible assets in progress	109	5 395	3 615	3 853	1 125	985	(15 082)	-
<b>30 September 2023</b>	<b>1 477</b>	<b>85 430</b>	<b>34 192</b>	<b>53 588</b>	<b>18 108</b>	<b>5 044</b>	<b>3 622</b>	<b>201 461</b>
<b>Accumulated depreciation and provisions</b>								
<b>1 January 2023</b>	<b>(227)</b>	<b>(35 749)</b>	<b>(16 645)</b>	<b>(36 310)</b>	<b>(8 422)</b>	<b>(2 050)</b>	-	<b>(99 403)</b>
Additions	(237)	(8 217)	(1 694)	(4 481)	(1 264)	(432)	-	(16 325)
Disposals	39	543	667	1 397	571	451	-	3 668
Transfer from own use to non-current assets held for sale*	-	-	-	-	-	-	-	-
Impairment allowance	-	-	-	-	-	-	-	-
<b>30 September 2023</b>	<b>(425)</b>	<b>(43 423)</b>	<b>(17 672)</b>	<b>(39 394)</b>	<b>(9 115)</b>	<b>(2 031)</b>	-	<b>(112 060)</b>
<b>Carrying amount as at 1 January 2023</b>	<b>1 182</b>	<b>45 133</b>	<b>14 686</b>	<b>14 829</b>	<b>9 160</b>	<b>2 425</b>	<b>5 400</b>	<b>92 815</b>
<b>Carrying amount as at 30 September 2023</b>	<b>1 052</b>	<b>42 007</b>	<b>16 520</b>	<b>14 194</b>	<b>8 993</b>	<b>3 013</b>	<b>3 622</b>	<b>89 401</b>

\*See Note 27 Non-current assets held for sale



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Movements in non-current tangible assets for own use as at 31 December 2022:

	<i>Land and Buildings- operating lease</i>	<i>Land and Buildings- Right-of-use of assets</i>	<i>Land and buildings</i>	<i>Machinery &amp; equipment</i>	<i>Other non-current assets</i>	<i>Vehicles</i>	<i>Assets in progress</i>	<i>Total</i>
<b>Cost</b>								
<b>1 January 2022</b>	<b>2 120</b>	<b>74 836</b>	<b>35 195</b>	<b>57 785</b>	<b>16 119</b>	<b>4 751</b>	<b>4 079</b>	<b>194 885</b>
Additions	-	-	-	-	-	-	19 055	19 055
Disposals	(711)	(2 921)	(5 294)	(8 862)	(2 047)	(1 127)	-	(20 962)
Transfer from own use to noncurrent assets held for sale*	-	-	(603)	-	(157)	-	-	(760)
Transfer from tangible assets in progress	-	8 967	2 033	2 216	3 667	851	(17 734)	-
<b>31 December 2022</b>	<b>1 409</b>	<b>80 882</b>	<b>31 331</b>	<b>51 139</b>	<b>17 582</b>	<b>4 475</b>	<b>5 400</b>	<b>192 218</b>
<b>Accumulated depreciation and provisions</b>								
<b>1 January 2022</b>	<b>(710)</b>	<b>(26 613)</b>	<b>(21 089)</b>	<b>(42 007)</b>	<b>(5 802)</b>	<b>(2 412)</b>	-	<b>(98 633)</b>
Additions	(324)	(11 167)	(2 337)	(3 086)	(4 294)	(509)	-	(21 717)
Disposals	807	2 031	5 570	8 783	1 612	871	-	19 674
Transfer from own use to non - current assets held for sale*	-	-	309	-	62	-	-	371
Impairment allowance	-	-	902	-	-	-	-	902
<b>31 December 2022</b>	<b>(227)</b>	<b>(35 749)</b>	<b>(16 645)</b>	<b>(36 310)</b>	<b>(8 422)</b>	<b>(2 050)</b>	-	<b>(99 403)</b>
<b>Carrying amount as at 1 January 2022</b>	<b>1 410</b>	<b>48 223</b>	<b>14 106</b>	<b>15 778</b>	<b>10 317</b>	<b>2 339</b>	<b>4 079</b>	<b>96 252</b>
<b>Carrying amount as at 31 December 2022</b>	<b>1 182</b>	<b>45 133</b>	<b>14 686</b>	<b>14 829</b>	<b>9 160</b>	<b>2 425</b>	<b>5 400</b>	<b>92 815</b>

\*See Note 27 Non-current assets held for sale

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Movements in intangible assets as at 30 September 2023:

	<i>Software</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Intangible assets in progress</i>	<i>Total</i>
<b>Cost</b>					
<b>1 January 2023</b>	<b>134 150</b>	<b>12 876</b>	<b>4 367</b>	<b>9 953</b>	<b>161 346</b>
Additions	-	-	-	8 328	8 328
Consolidation adjustments	-	-	-	(59)	(59)
Disposals	(5 518)	-	-	-	(5 518)
Transfer from tangible assets in progress	9 984	-	-	(9 984)	-
<b>30 September 2023</b>	<b>138 616</b>	<b>12 876</b>	<b>4 367</b>	<b>8 238</b>	<b>164 097</b>
<b>Amortisation</b>					
<b>1 January 2023</b>	<b>(93 235)</b>	-	<b>(3 364)</b>	-	<b>(96 599)</b>
Depreciation	(9 043)	-	(1 003)	-	(10 046)
Disposals	5 496	-	-	-	5 496
Impairment allowance	-	-	-	-	-
<b>30 September 2023</b>	<b>(96 782)</b>	-	<b>(4 367)</b>	-	<b>(101 149)</b>
<b>Carrying amount at 1.1.2023</b>	<b>40 915</b>	<b>12 876</b>	<b>1 003</b>	<b>9 953</b>	<b>64 747</b>
<b>Carrying amount at 30.9.2023</b>	<b>41 834</b>	<b>12 876</b>	-	<b>8 238</b>	<b>62 948</b>

Movements in intangible assets as at 31 December 2022:

	<i>Software</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Intangible assets in progress</i>	<i>Total</i>
<b>Cost</b>					
<b>1 January 2022</b>	<b>180 867</b>	<b>12 876</b>	<b>4 367</b>	<b>5 158</b>	<b>203 268</b>
Additions	-	-	-	17 228	17 228
Disposals	(59 150)	-	-	-	(59 150)
Transfer from tangible assets in progress	12 433	-	-	(12 433)	-
<b>31 December 2022</b>	<b>134 150</b>	<b>12 876</b>	<b>4 367</b>	<b>9 953</b>	<b>161 346</b>
<b>Amortisation</b>					
<b>1 January 2022</b>	<b>(136 943)</b>	-	<b>(554)</b>	-	<b>(137 497)</b>
Depreciation	(12 039)	-	(1 364)	-	(13 403)
Disposals	58 953	-	-	-	58 953
Impairment allowance	(3 206)	-	(1 446)	-	(4 652)
<b>31 December 2022</b>	<b>(93 235)</b>	-	<b>(3 364)</b>	-	<b>(96 599)</b>
<b>Carrying amount at 1.1.2022</b>	<b>43 924</b>	<b>12 876</b>	<b>3 813</b>	<b>5 158</b>	<b>65 771</b>
<b>Carrying amount at 31.12.2022</b>	<b>40 915</b>	<b>12 876</b>	<b>1 003</b>	<b>9 953</b>	<b>64 747</b>

Development of goodwill in the periods:

	<b>30.9.2023</b>	<b>31.12.2022</b>
As at 1 January	12 875	12 875
Additions	-	-
Impairment	-	-
<b>Carrying amount</b>	<b>12 875</b>	<b>12 875</b>

Goodwill of EUR 9 021 thousand arose on the acquisition of Doplnková dôchodková spoločnosť Tatra banky, a.s. in 2006, and goodwill of EUR 3 199 thousand arose on the acquisition of 51.5% ownership interest in Tatra-Leasing s.r.o. in 2015.

Goodwill in Doplnková dôchodková spoločnosť Tatra banky, a.s. resulted from business combination, mainly from the expected future income from pension funds management, as well as expected synergies from the integration of the company into the Group structure. These benefits are not reported separately as the related future economic benefits cannot be reliably measured separately.

In 2021, the Group acquired 100% stake in IMPULS-LEASING Slovakia s.r.o., from this acquisition arose a goodwill in the amount of EUR 655 thousand.

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The Group assessed the recoverable amount of goodwill at the balance sheet date and did not identify any impairment.

**24. Current tax asset**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Tax asset – current	50	434
<b>Total</b>	<b>50</b>	<b>434</b>

**25. Deferred tax asset**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Tax asset – deferred	46 665	46 702
<b>Total</b>	<b>46 665</b>	<b>46 702</b>

Net deferred income tax asset resulted mainly from temporary deductible differences described in Note 15 "Income tax".

**26. Other assets**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Prepayments and other deferrals	24 570	31 203
Inventories	1 098	891
Lease-related prepayments	37 427	11 471
Other assets	6 386	1 203
<b>Total</b>	<b>69 481</b>	<b>45 588</b>

**27. Non-current assets held for sale**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Non-current assets held for sale	-	531
<b>Total</b>	<b>-</b>	<b>531</b>

**28. Financial liabilities held for trading**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Negative fair value of financial derivatives held for trading</b>	<b>34 134</b>	<b>48 989</b>
Interest rate contracts	31 420	35 076
Currency contracts	2 714	13 913
<b>Liabilities from debt securities held for trading</b>	<b>-</b>	<b>4 716</b>
<b>Total</b>	<b>34 134</b>	<b>53 705</b>



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**29. Financial liabilities at amortised costs**

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Deposits from banks</b>	<b>3 016 106</b>	<b>3 324 862</b>
Current accounts and interbank settlement	21 225	3 211
Money-market business	608	11 842
Loans received	2 858 010	3 173 957
Subordinated debt	136 263	135 852
<b>Deposits from customers</b>	<b>14 593 576</b>	<b>15 447 584</b>
Current accounts and settlement	11 507 792	12 828 664
Term deposits	3 085 379	2 618 351
Savings deposits	249	310
Loans received	156	259
<b>Liabilities from debt securities</b>	<b>1 945 565</b>	<b>1 161 538</b>
Issued debt securities – mortgage bonds	885 126	432 074
Issued debt securities – other bonds	1 060 439	729 464
<b>Other financial liabilities</b>	<b>61 870</b>	<b>57 106</b>
<i>Out of which: Lease liabilities</i>	<i>43 894</i>	<i>46 955</i>
<b>Total</b>	<b>19 617 117</b>	<b>19 991 090</b>

Deposits measured at amortised cost by customer segment as at 30 September 2023 and as at 31 December 2022:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Banks	3 016 106	3 324 862
Public sector	501 527	457 329
Corporate clients	4 800 904	5 442 726
Retail clients	9 291 145	9 547 529
<b>Total</b>	<b>17 609 682</b>	<b>18 772 446</b>

Under the TLTRO (Targeted Long-Term Refinancing Operations) programme, the Parent company received 4 loans from the central bank in the total amount of EUR 3 137 000 thousand. As at 30 September 2023, the outstanding loans included in the balance sheet under the third series of the Targeted Longer-Term Refinancing Operations (TLTRO-III) programme to the Central Bank amounted to EUR 2 716 077 thousand. As collateral for the business received, the Parent Company provided purchased securities and its own issued covered bond, which is secured by mortgage loans, housing loans and non-purpose loans guaranteed by real estate, for a total amount of EUR 3 550 824 thousand.

The Parent company has analysed as of 30 September 2023 and as of 31 December 2022 whether it expects to meet the lending targets based on its current lending volumes and projections and believes that it has reasonable assurance that it will meet these targets.

TLTRO operations are one of the central bank's key measures in mitigating the economic consequences of the crisis. During the COVID-19 pandemic, the central bank made conditions even more attractive and, thanks to the possibility of obtaining an attractive interest rate on these operations, the central bank motivated commercial banks to lend. In 2022, the parent company increased the volume in TLTRO operations by EUR 10 000 thousand and in the amount of EUR 440 000 thousand in 2023.

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

In previous periods, the Group reported this instrument in accordance with IAS 20. Following the harmonization of the methodology with the Group's parent company, it changed the method of reporting in accordance with IFRS 9.

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

<i>Type of loan</i>	<i>Currency</i>	<i>Type of loan by maturity</i>	<i>Interest rate</i>	<i>Start of loan drawing</i>	<i>Contractual maturity</i>	<b>30.9.2023</b>	<b>31.12.2022</b>
Loans received from banks:							
- national bank	EUR	-	-	-	-	-	431 201
- national bank	EUR	Long-term	4,0%	December 2020	December 2023	453 744	443 256
- national bank	EUR	Long-term	4,0%	March 2021	March 2024	2 224 563	2 173 290
- national bank	EUR	Long-term	4,0%	December 2021	December 2024	37 770	36 908
- commercial bank	EUR	Long-term	2,0%	January 2022	January 2027	15 938	19 068
- commercial bank	EUR	Long-term	3,33%	June 2021	May 2026	33 867	14 754
- commercial bank	EUR	Long-term	4,3%	March 2023	January 2028	13 527	-
- bank for reconstruction and development	EUR	Long-term	4,28%	May 2014	May 2030	66 277	55 480
Subordinated debt from banks:	EUR	Short-term	3,43%	September 2023	October 2023	12 324	-
- commercial banks	EUR	Long-term	3M EURIBOR + 2,4 %	November 2019	November 2029	136 263	135 852
<b>Total</b>						<b>2 994 273</b>	<b>3 309 809</b>

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The Group issued covered mortgage bonds with the following conditions:

<i>Name</i>	<i>Interest rate</i>	<i>Currency</i>	<i>Number of bonds issued</i>	<i>Face value of 1 unit in currency</i>	<i>Issue date</i>	<i>Maturity date</i>	<i>Frequency of Coupon payment</i>	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Covered bonds</b>									
HZL 068	5.00 %	EUR	1 000	10 000	14.10.2011	14.10.2031	annually	10 418	10 037
HZL 083	1.11 %	EUR	500	100 000	29.4.2015	29.4.2025	annually	47 223	47 131
HZL 086	0.75 %	EUR	600	100 000	15.2.2016	15.2.2023	annually	-	60 387
HZL 088	1.00 %	EUR	500	100 000	16.11.2016	16.11.2026	annually	45 257	45 232
HZL 089	0.90 %	EUR	280	100 000	10.2.2017	10.2.2024	annually	27 915	27 384
TATSK FVHDG	0.13 %	EUR	2 500	100 000	1.7.2019	1.7.2026	annually	225 837	223 213
TATSK KD4	0.125%	EUR	200	100 000	5.3.2021	5.3.2025	annually	19 131	18 690
TATSK KD5	3,375%	EUR	5 000	100 000	31.1.2023	31.1.2026	annually	509 345	-
<b>Uncovered bonds</b>									
			1 000				semi-		
TB FLOAT1	6M EUR EURIBOR	EUR		100 000	26.10.2020	26.10.2027	annually	104 526	103 328
TB FIX1	0.50%	EUR	250	100 000	26.10.2020	26.10.2027	annually	24 755	24 597
TB GREEN FVHDG	0.50%	EUR	3 000	100 000	23.4.2021	23.4.2028	annually	261 313	258 709
TB FIX2	3.20%	EUR	70 981	1 000	10.10.2022	9.10.2026	annually	73 112	71 388
TB GREEN	5.50%	EUR	2 000	100 000	25.10.2022	25.10.2025	annually	210 164	201 880
TB FIX3	3.60%	EUR	50 000	1 000	28.10.2022	28.10.2025	annually	51 649	50 295
							semi-		
TB GREEN FVHDG2	7.50%	USD	200	100 000	10.11.2022	10.11.2029	annually	18 761	19 267
TB GREEN2	5,95%	EUR	3 000	100 000	17.2.2023	17.2.2026	annually	310 180	-
							without coupon		
TB ZERO	0,00%	EUR	7 000	1 000	26.5.2023	11.5.2026	coupon	5 979	-
<b>Total issued bonds</b>								<b>1 945 565</b>	<b>1 161 538</b>

In addition to the aforementioned covered bonds, the Parent Company issued a covered bond (nominal value EUR 1 000 000 thousand, carrying amount EUR 885 135 thousand) which was not sold by the Parent Company but provided as collateral under the TLTRO programme.

The Parent company issues covered bonds as one of the financing sources on the capital markets. For the purpose of meeting the requirement for eligible liabilities, the Parent company also issued unsecured non-subordinated bonds.

The rights arising from bonds 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 Parent company are book-entry, bearer and freely transferable. They are traded on the Bratislava Stock Exchange.

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**30. Liabilities from hedging transactions**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Negative fair value of financial derivatives for fair value hedging</b>	<b>199 032</b>	<b>196 315</b>
Interest rate contracts	199 032	196 315
<b>Change in fair value of hedged items in interest rate risk hedges</b>	<b>(120 893)</b>	<b>(117 106)</b>
Deposits to customers	(120 893)	(117 106)
<b>Total</b>	<b>78 139</b>	<b>79 209</b>

A more detailed overview of hedge liabilities is shown in note 40 Fair value hedges related to hedging transactions.

**31. Provisions**

Movements in provisions for contingent liabilities as at 30 September 2023:

	<b>As at 1 January 2022</b>	<b>Creation / (Release)</b>	<b>Usage</b>	<b>As at 30 September 2023</b>
Provision for guarantees and loan commitments without significant increase in credit risk since initial recognition (Stage 1)	7 099	1 131	-	8 230
Provision for guarantees and loan commitments with significant increase in credit risk since initial recognition (Stage 2)	4 804	(3 209)	-	1 595
Specific impairment allowances for guarantees and loan commitments to individually and collectively measured items (Stage 3)	567	(175)	-	392
Litigations (Note 44)	22 362	602	(537)	22 427
Provisions for employee benefits	4 489	-	(28)	4 461
Employee provisions	20 377	6 882	(8 511)	18 748
Other provisions	304	(68)	-	236
<b>Total</b>	<b>60 002</b>	<b>5 163</b>	<b>(9 076)</b>	<b>56 089</b>

Movements in provisions for contingent liabilities as at 31 December 2022:

	<b>As at 1 January 2022</b>	<b>Creation / (Release)</b>	<b>Usage</b>	<b>As at 31 December 2022</b>
Provision for guarantees and loan commitments without significant increase in credit risk since initial recognition (Stage 1)	6 252	847	-	7 099
Provision for guarantees and loan commitments with significant increase in credit risk since initial recognition (Stage 2)	2 867	1 937	-	4 804
Specific impairment allowances for guarantees and loan commitments to individually and collectively measured items (Stage 3)	878	(311)	-	567
Litigations (Note 44)	33 681	(10 046)	(1 273)	22 362
Provisions for employee benefits	5 377	(869)	(19)	4 489
Employee provisions	19 796	8 247	(7 666)	20 377
Other provisions	9 535	(9 231)	-	304
<b>Total</b>	<b>78 386</b>	<b>(9 426)</b>	<b>(8 958)</b>	<b>60 002</b>

Key assumptions used in actuarial valuation of provisions for employee benefits:

Real annual discount rate	0.85 %
Annual future real rate of salary increases	0.50 %
Annual employee turnover	3.5 % – 9.0 %
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.

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The Group 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, health insurance, accident insurance, unemployment insurance, and contributions to a guarantee fund set as a percentage of gross salary. These expenses are charged to the statement of comprehensive income in the period in which the employee was entitled to a salary.

**32. Current tax liability**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Current tax liability	13 907	7 516
<b>Total</b>	<b>13 907</b>	<b>7 516</b>

**33. Deferred tax liability**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Deferred tax liability	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**34. Other liabilities**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Outstanding and other liabilities	36 858	37 027
Other liabilities to the state budget	1 282	303
Social fund – liabilities	1 467	1 727
Liabilities to employees	8 996	7 430
Other liabilities	3 531	2 356
<b>Total</b>	<b>52 134</b>	<b>48 843</b>

**35. Equity**

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Share capital – ordinary shares	56 873	56 873
Share capital – preference shares	7 453	7 453
Treasury shares	(1 617)	(2 407)
Share premium	298 650	298 447
Reserve and other funds	15 676	15 366
Revaluation reserve for financial instruments at fair value through other comprehensive income	(5 905)	(8 877)
Retained earnings (excluding current year net profit after tax)	911 188	830 820
AT1 capital	100 000	100 000
<b>Total</b>	<b>1 382 318</b>	<b>1 297 675</b>

The type, form, nature, number and par value of equity shares and preference shares issued by the Parent company:

<b>Type</b>	<b>Ordinary shares</b>	<b>Ordinary shares</b>	<b>Preference shares</b>
Form	Registered	Registered	Registered
Nature	Non-certified	Non-certified	Non-certified
Number	60 616 pcs	2 095 pcs	1 863 357 pcs
Par value 1 pc	800 EUR	4 000 EUR	4 EUR
ISIN	SK1110001502 series 01-05	SK1110015510	SK1110007186 SK1110008424 SK1110010131 SK1110012103 SK1110013937 SK1110014901 SK1110016237 SK1110016591

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**Description of rights:**

Each holder of an equity share is the Parent Company's shareholder. Each shareholder enjoys its fundamental shareholder rights resulting from the Commercial Code and from the Parent Company's Articles, mainly:

- The right to share in the Parent Company's profit (dividend), based on the proportion of total face value of their shares to the total face value of all shareholders,
- The right to attend the General Meeting, vote at the General Meeting, ask for information and explanations regarding the Parent Company's issues and/or issues concerning the controlled entities and related to the agenda of the General Meeting, make proposals at the General Meeting, and
- The right to share in the liquidation balance.

Each holder of preference share has similar rights as a holder of equity share; the only difference is that the preference shares are not equipped with the right to vote at a General Meeting, except for cases for which the law assigns voting power 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:  $DPA = 1.001 \times DKA800/200 = 1.001 \times DKA4000/1000$  (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).

Voting power exercisable at the General Meeting is determined by the face value of the share, where one vote is assigned to each share at face value of EUR 800 and five voting rights to each ordinary share at face value of EUR 4 000. If the law requires voting by the preference shares' holders, their voting is conducted separately, and each preference share at face value of EUR 4 is assigned one vote.

Ordinary shares are publicly tradeable on stock markets, preference shares are not publicly tradeable. The parent company creates a share premium fund, which is derived from ordinary and preference shares.

Reserve fund and other funds: In 1992, the parent company established a reserve fund at 10% of the registered capital, which is intended to cover the company's losses. The reserve fund was replenished annually with 10% of net profit up to 20% of the parent company's share capital, but not less than the minimum reserve fund stipulated by applicable laws. The parent company has 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 losses from banking transactions.

In August 2020, the parent Company 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 Group may, on the basis of its decision, repay the certificate at the earliest 5 years after the issue. Early repayment must be approved by the supervisory board of the parent company and the regulator. AT1 capital investment certificates comply with the definition of an equity instrument in accordance with IAS 32.

**36. Values in custody and management**

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Values in custody</b>	<b>19 206</b>	<b>19 802</b>
Merchandise and warehouse trust receipts	15 806	16 273
Gold	3 400	3 529
<b>Total</b>	<b>19 206</b>	<b>19 802</b>

The Group recognises values received to custody and management from its clients at fair values. Values received to custody and management do not represent the Group's property and accordingly they are not part of the Group's assets.

In addition to the data presented in the table above, the Parent company, in accordance with its function as depositary for Tatra Asset Management, správ. spol., a. s., ("TAM"), has recognised

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as at 30 September 2023 securities deposited in the management of TAM's mutual funds in the amount of EUR 1 401 182 thousand (31 December 2022: EUR 1 466 073 thousand). At the same time, the Group, through the management company Tatra Asset Management, správ. spol., a. s., manages 31 open-end mutual funds with a net asset value of EUR 2 546 309 thousand (31 December 2022: EUR 2 578 696 thousand) and through the Supplementary Pension Company Tatra banka, a.s. it manages 6 supplementary pension funds with net asset value of EUR 1 053 636 thousand (31.12.2022: EUR 965 210 thousand.)

### 37. Sale and repurchase agreements

As at 30 September 2023 and as at 31 December 2022 the following repurchase agreements were concluded:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Repo deals (debtor)		
Deposits from banks	12 324	-
<b>Total</b>	<b>12 324</b>	<b>-</b>

As collateral for repo transactions received, the Group provided debt securities with carrying amount of EUR 12 127 thousand from the portfolio of financial assets measured at amortized cost.

	<b>30.9.2023</b>	<b>31.12.2022</b>
Reverse repo deals (creditor)		
Loans and advances to banks	41 143	45 224
<b>Total</b>	<b>41 143</b>	<b>45 224</b>

As part of the reverse repo deals, the Group received government debt securities as collateral with a fair value of EUR 34 900 thousand.

### 38. Assets pledged as collateral

Liabilities secured by the Group's assets:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Deposits to banks at amortised cost – received loans - repo transactions with National Bank of Slovakia	2 716 077	3 084 655
Deposits to banks at amortized cost- Loans received- repo transactions	12 324	-
Debt securities liabilities	885 127	432 074
Financial liabilities held for trading – negative fair value of financial derivatives held for trading	1 402	777
Borrowed securities liabilities	-	4 715
<b>Total</b>	<b>3 614 930</b>	<b>3 522 221</b>

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Other demand deposits	291	1 831
Loans and advances to banks at amortised cost	125 468	-
Loans and advances to customers at amortised cost	2 886 620	2 674 859
Debt securities for trading	4 401	4 354
Debt securities at fair value through other comprehensive income	145 959	130 540
Debt securities at amortised cost	2 085 671	1 989 446
<b>Total</b>	<b>5 248 410</b>	<b>4 801 030</b>

Other pledged assets without a liability:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Debt securities at amortised cost	583 338	64 656
<b>Total</b>	<b>583 338</b>	<b>64 656</b>

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As at 30 September 2023, the Parent Company has determined the volume of housing loans to be used as collateral for future covered bond issues in the amount of EUR 1 851 375 thousand (31 December 2022: EUR 2 281 128 thousand).

The Group opened margin accounts as a collateral for derivative transactions. The amount of cash deposited by the Group 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 in „*Financial assets at amortised cost*“.

Due to the TLTRO loan, the Group pledged to the NBS government bonds and bonds issued by the banking sector held in the portfolio of securities measured at amortised cost in the amount of EUR 2 221 836 thousand (31 December 2022: EUR 2 046 152 thousand). The Group does not have an intraday drawdown facility for the pledged securities (31 December 2022: also did not have a drawdown facility). With the exception of the TLTRO Facility, the Group has no other drawdowns from the Central Bank as at 30 September 2023 (31 December 2022: also no drawdown).

The Parent company 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:

	<b>30.9.2023</b> <b>Nominal</b> <b>value</b>	<b>30.9.2023</b> <b>Carrying</b> <b>amount</b>
Government bonds	3 253 396	3 233 299
Bonds issued by other sectors	298 561	290 230
<b>Total</b>	<b>3 551 957</b>	<b>3 523 529</b>

### 39. Offsetting financial assets and liabilities

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

The following summary represents the structure of framework agreements for offsetting assets and liabilities as at 30 September 2023:

	<b>Asset/Liability in the</b> <b>statement of financial</b> <b>position</b>	<b>Value not offset in the</b> <b>statement of financial</b> <b>position: Financial</b> <b>instrument</b>	<b>Net value</b>
<b>Assets:</b>			
Positive fair value of financial derivatives available-for-sale	74 138	74 101	37
<b>Total assets</b>	<b>74 138</b>	<b>74 101</b>	<b>37</b>
<b>Liabilities:</b>			
Negative fair value of financial derivatives available-for-sale	203 119	74 101	129 018
<b>Total liabilities</b>	<b>203 119</b>	<b>74 101</b>	<b>129 018</b>



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The following summary represents the structure of framework agreements for offsetting assets and liabilities as at 31 December 2022:

	<i>Asset/Liability in the statement of financial position</i>	<i>Value not offset in the statement of financial position: Financial instrument</i>	<i>Net value</i>
<b>Assets:</b>			
Positive fair value of financial derivatives available-for-sale	69 040	68 976	64
<b>Total assets</b>	<b>69 040</b>	<b>68 976</b>	<b>64</b>
<b>Liabilities:</b>			
Negative fair value of financial derivatives available-for-sale	211 950	68 976	142 974
<b>Total liabilities</b>	<b>211 950</b>	<b>68 976</b>	<b>142 974</b>

#### 40. Fair value hedges related to hedging transactions

The Group uses interest rate swaps to hedge the interest rate risk on debt securities issued - mortgage bonds from the portfolio of debt securities payable and debt securities from the portfolio of financial assets measured at fair value through other comprehensive income. Changes in the fair values of these interest rate swaps due to changes in interest rates substantially offset changes in the fair values of mortgage bonds issued and bonds purchased for sale caused by changes in risk-free interest rates. The hedge was effective during the reporting period.

As at 30 September 2023 in relation to the above mentioned hedging instruments, the Group recognised net loss in the amount of EUR 4 751 thousand. As at 30 September 2023 in relation to the hedging instruments, the Group recognised net profit in the amount of EUR 72 500 thousand. As at 30 September 2023, the net profit from hedged items that related to the hedged risk amounted to EUR 18 866 thousand. As at 30 September 2022, the Group recognised a net loss in the amount of EUR 58 003 thousand. Both items are recognised in Note 4 "Net profit / (loss) from financial instruments held for trading and exchange rate differences".

The following tables present an overview of the Receivables and payables from hedging transactions as at 30 September 2023:

Below is a table showing the periods when hedged cash flows are expected to occur:

	<i>Up to 3 Months</i>	<i>More than 3 months, up to 1 year</i>	<i>More than 1 year, up to 5 years</i>	<i>More than 5 years</i>
Fair value financial derivatives	-	28 000	2 255 041	1 869 239
<b>Total interest rate transactions</b>	<b>-</b>	<b>28 000</b>	<b>2 255 041</b>	<b>1 869 239</b>

The impact of hedge accounting on financial position and performance - hedging instruments:

	<i>Nominal value of the hedging instrument</i>	<i>Assets - Fair value of the hedging instrument</i>	<i>Liabilities - Fair value of the hedging instrument</i>	<i>Changes in fair value used in the calculation of hedge ineffectiveness</i>
Interest risk	1 360 239	26 961	76 785	18 866
<b>Micro financial derivatives for fair value hedging</b>	<b>1 360 239</b>	<b>26 961</b>	<b>76 785</b>	<b>18 866</b>
Interest risk	2 792 041	8 227	122 247	4 436
<b>Portfolio financial derivatives for fair value hedging</b>	<b>2 792 041</b>	<b>8 227</b>	<b>122 247</b>	<b>4 436</b>

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The impact of hedge accounting on financial position and performance - hedged instruments:

	<i>Assets - Carrying amount of the hedged instrument</i>	<i>Liabilities - Carrying amount of the hedged instrument</i>	<i>Carrying amount of the hedging instrument</i>	<i>Accumulated amount of the change in fair value included in the carrying amount</i>	<i>Changes in fair value used in the calculation of hedge ineffectiveness</i>
Debt securities	619 540	-	662 239	(14 395)	(12 842)
Loans and advances	1 160 000	-	1 160 000	(16 097)	(8 223)
Deposits to customers	-	1 632 041	1 632 041	(120 893)	3 787
Issued debt securities	-	626 306	698 000	(68 391)	(4 751)
<b>Hedged financial instruments</b>	<b>1 779 540</b>	<b>2 258 347</b>	<b>4 152 280</b>	<b>(219 776)</b>	<b>(22 029)</b>

The following tables present an overview of the Receivables and payables from hedging transactions as at 31 December 2022:

Below is a table showing the periods when hedged cash flows are expected to occur:

	<i>Up to 3 Months</i>	<i>More than 3 months, up to 1 year</i>	<i>More than 1 year, up to 5 years</i>	<i>More than 5 years</i>
Fair value financial derivatives	24 805	-	1 543 000	823 751
<b>Total interest rate transactions</b>	<b>24 805</b>	<b>-</b>	<b>1 543 000</b>	<b>823 751</b>

The impact of hedge accounting on financial position and performance - hedging instruments:

	<i>Nominal value of the hedging instrument</i>	<i>Assets - Fair value of the hedging instrument</i>	<i>Liabilities - Fair value of the hedging instrument</i>	<i>Changes in fair value used in the calculation of hedge ineffectiveness</i>
Interest risk <b>Micro financial derivatives for fair value hedging</b>	949 556	19 349	78 651	(56 007)
	<b>949 556</b>	<b>19 349</b>	<b>78 651</b>	<b>(56 007)</b>
Interest risk <b>Portfolio financial derivatives for fair value hedging</b>	1 442 000	7 014	117 664	(105 505)
	<b>1 442 000</b>	<b>7 014</b>	<b>117 664</b>	<b>(105 505)</b>

The impact of hedge accounting on financial position and performance - hedged instruments:

	<i>Assets - Carrying amount of the hedged instrument</i>	<i>Liabilities - Carrying amount of the hedged instrument</i>	<i>Carrying amount of the hedging instrument</i>	<i>Accumulated amount of the change in fair value included in the carrying amount</i>	<i>Changes in fair value used in the calculation of hedge ineffectiveness</i>
Debt securities	216 683	-	251 556	(14 372)	(18 090)
Loans and advances	653 375	-	653 375	(7 874)	(7 874)
Deposits to customers	-	788 625	788 625	(117 106)	113 379
Issued debt securities	-	620 935	698 000	(75 032)	74 112
<b>Hedged financial instruments</b>	<b>870 058</b>	<b>1 409 560</b>	<b>2 391 556</b>	<b>(214 384)</b>	<b>161 526</b>



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**41. Derivative financial instruments**

The total volume of unsettled derivative financial instruments as at 30 September 2023 is as follows:

	<i>Nominal amounts by maturity</i>				<i>Fair values</i>	
	<i>Up to 1 year</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>	<i>Positive (Note 18 and Note 22)</i>	<i>Negative (Note 28 and Note 30)</i>
<b>a) Interest rate contracts for hedging</b>	<b>28 000</b>	<b>2 255 041</b>	<b>1 869 239</b>	<b>4 152 280</b>	<b>35 188</b>	<b>(199 032)</b>
OTC products:						
Interest rate swaps	28 000	2 255 041	1 869 239	4 152 280	35 188	(199 032)
<b>b) Interest rate contracts for trading</b>	<b>231 447</b>	<b>926 925</b>	<b>80 133</b>	<b>1 238 505</b>	<b>33 486</b>	<b>(31 420)</b>
OTC products:						
Interest rate swaps	220 797	803 208	75 933	1 099 938	29 859	(29 407)
Interest rate options –buy	538	73 850	2 100	76 488	3 627	-
Interest rate options – sell	112	49 867	2 100	52 079	-	(2 013)
Stock exchange products:						
Interest rate futures	10 000	-	-	10 000	-	-
<b>c) Currency contracts for trading</b>	<b>591 304</b>	<b>-</b>	<b>-</b>	<b>591 304</b>	<b>5 531</b>	<b>(2 714)</b>
OTC products:						
Currency swaps	470 307	-	-	470 307	4 406	(1 455)
Currency-interest rate swaps	37 165	-	-	37 165	518	(517)
Currency forwards	60 599	-	-	60 599	156	(306)
Currency options-buy	12 398	-	-	12 398	449	-
Currency options-sell	10 835	-	-	10 835	2	(436)
<b>Total</b>	<b>850 751</b>	<b>3 181 966</b>	<b>1 949 372</b>	<b>5 982 089</b>	<b>74 205</b>	<b>(233 166)</b>

The total volume of unsettled derivative financial instruments as at 31 December 2022 is as follows:

	<i>Nominal amounts by maturity</i>				<i>Fair values</i>	
	<i>Up to 1 year</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>	<i>Positive (Note 18 and Note 22)</i>	<i>Negative (Note 28 and Note 30)</i>
<b>a) Interest rate contracts for hedging</b>	<b>24 805</b>	<b>1 543 000</b>	<b>823 751</b>	<b>2 391 556</b>	<b>26 363</b>	<b>(196 315)</b>
OTC products:						
Interest rate swaps	24 805	1 543 000	823 751	2 391 556	26 363	(196 315)
<b>b) Interest rate contracts for trading</b>	<b>78 904</b>	<b>1 035 267</b>	<b>148 720</b>	<b>1 262 891</b>	<b>36 909</b>	<b>(35 076)</b>
OTC products:						
Interest rate swaps	76 998	925 405	122 697	1 125 100	32 708	(32 568)
Interest rate options –buy	1 575	59 397	21 709	82 681	4 201	-
Interest rate options – sell	331	50 465	4 314	55 110	-	(2 508)
Stock exchange products:						
Interest rate futures	-	-	-	-	-	-
<b>c) Currency contracts for trading</b>	<b>605 706</b>	<b>52</b>	<b>-</b>	<b>605 758</b>	<b>5 983</b>	<b>(13 913)</b>
OTC products:						
Currency swaps	453 550	-	-	453 550	5 557	(13 019)
Currency-interest rate swaps	36 959	-	-	36 959	-	(39)
Currency forwards	43 985	52	-	44 037	207	(655)
Currency options-buy	29 676	-	-	29 676	219	-
Currency options-sell	41 536	-	-	41 536	-	(200)
<b>Total</b>	<b>709 415</b>	<b>2 578 319</b>	<b>972 471</b>	<b>4 260 205</b>	<b>69 255</b>	<b>(245 304)</b>

The accompanying Notes are an integral part of these financial statements.

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## 42. Fair value of financial instruments

### Financial instruments at fair value

The fair value 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 in 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 Level 1 to Level 3 based on fair value measurements as at 30 September 2023:

<i>Financial assets at fair value</i>	<i>Level 1*</i>	<i>Level 2**</i>	<i>Level 3***</i>	<i>Total</i>
<b>Financial assets held for trading</b>	<b>4 401</b>	<b>39 017</b>	-	<b>43 418</b>
Positive fair value of financial derivative instruments for trading	-	39 017	-	39 017
Debt securities	4 401	-	-	4 401
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	-	<b>10 672</b>	<b>23 737</b>	<b>34 409</b>
Equity securities	-	5 642	-	5 642
Debt securities	-	5 030	-	5 030
Mutual fund units	-	-	4 686	4 686
Loans provided to customers	-	-	19 051	19 051
<b>Financial assets at fair value through other comprehensive income</b>	<b>95 066</b>	<b>57 061</b>	<b>116</b>	<b>152 243</b>
Equity instruments	-	-	116	116
Debt securities	95 066	57 061	-	152 127
<b>Receivables from hedging transactions</b>	-	<b>35 188</b>	-	<b>35 188</b>
Positive fair value of financial derivative instruments for fair value hedging	-	35 188	-	35 188
<b>Total</b>	<b>99 467</b>	<b>141 938</b>	<b>23 853</b>	<b>265 258</b>
<i>Financial liabilities at fair value</i>	<i>Level 1*</i>	<i>Level 2**</i>	<i>Level 3***</i>	<i>Total</i>
<b>Financial liabilities held for trading</b>	-	<b>34 134</b>	-	<b>34 134</b>
Negative fair value of financial derivative instruments for trading	-	34 134	-	34 134
Debt securities and other fixed income securities	-	-	-	-
<b>Liabilities from hedging transactions</b>	-	<b>199 032</b>	-	<b>199 032</b>
Negative fair value of financial derivative instruments for fair value hedging	-	199 032	-	199 032
<b>Total</b>	-	<b>233 166</b>	-	<b>233 166</b>

\* Level 1 – derived from listed prices on active markets.

\*\* Level 2 – derived on the basis of 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 (unobservable inputs).

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The following table shows a summary of financial instruments recognised at fair value divided into Level 1 to Level 3 based on fair value measurements as at 31 December 2022:

<i>Financial assets at fair value</i>	<i>Level 1*</i>	<i>Level 2**</i>	<i>Level 3***</i>	<i>Total</i>
<b>Financial assets held for trading</b>	<b>4 354</b>	<b>42 892</b>	-	<b>47 246</b>
Positive fair value of financial derivative instruments for trading	-	42 892	-	42 892
Debt securities	4 354	-	-	4 354
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	-	<b>9 930</b>	<b>23 206</b>	<b>33 136</b>
Equity securities	-	5 033	-	5 033
Debt securities	-	4 897	-	4 897
Mutual fund units	-	-	3 989	3 989
Loans provided to customers	-	-	19 217	19 217
<b>Financial assets at fair value through other comprehensive income</b>	<b>129 136</b>	<b>56 802</b>	<b>109</b>	<b>186 047</b>
Equity instruments	-	-	109	109
Debt securities	129 136	56 802	-	185 938
<b>Receivables from hedging transactions</b>	-	<b>26 363</b>	-	<b>26 363</b>
Positive fair value of financial derivative instruments for fair value hedging	-	26 363	-	26 363
<b>Total</b>	<b>133 490</b>	<b>135 987</b>	<b>23 315</b>	<b>292 792</b>
<i>Financial liabilities at fair value</i>	<i>Level 1*</i>	<i>Level 2**</i>	<i>Level 3***</i>	<i>Total</i>
<b>Financial liabilities held for trading</b>	<b>4 716</b>	<b>48 989</b>	-	<b>53 705</b>
Negative fair value of financial derivative instruments for trading	-	48 989	-	48 989
Debt securities and other fixed income securities	4 716	-	-	4 716
<b>Liabilities from hedging transactions</b>	-	<b>196 315</b>	-	<b>196 315</b>
Negative fair value of financial derivative instruments for fair value hedging	-	196 315	-	196 315
<b>Total</b>	<b>4 716</b>	<b>245 304</b>	-	<b>250 020</b>

\* Level 1 – derived from listed prices on active markets.

\*\* Level 2 – derived on the basis of 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 (unobservable inputs).

## Movements between Level 1 and Level 2

During 2023, there were no movements in bonds at fair value that were transferred from Level 1 to Level 2 based on a change in the bond price source.

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**Movements in Level 3 financial instruments at fair value**

If there is at least one significant parameter of the measurement that is not observable in 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:

	<b>As at 1 January 2023</b>	<b>Increase/ Decrease</b>	<b>Revaluation: Profit/loss</b>	<b>Revaluation: Other comprehensive income</b>	<b>As at 30 September 2023</b>
Mutual fund shares	3 989	577	120	-	4 686
Equity investments	109	-	-	7	116
Loans and advances	19 217	(257)	191	-	19 051
<b>Total</b>	<b>23 315</b>	<b>220</b>	<b>311</b>	<b>7</b>	<b>23 853</b>

Qualitative information on financial instruments for Level 3 measurements:

<b>Financial instrument</b>	<b>Valuation method</b>	<b>Fair value</b>	<b>Significant unobservable inputs</b>	<b>Range of unobservable inputs</b>	<b>Positive sensitivity*</b>	<b>Positive sensitivity*</b>
Mutual fund shares	Net asset value	4 686	discount	20 – 50 %	469	(469)
Equity investments	Market value	116	-	-	12	(12)
Loans and advances	Market value	19 051	credit and liquidity surcharge	0 – 10 %	1 905	(953)
<b>Total</b>		<b>23 853</b>			<b>2 386</b>	<b>(1 434)</b>

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

**Financial instruments recognised at amortised cost**

For purposes of valuation of non-impaired receivables to banks and customers, the Group uniformly implemented an approach applicable for 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 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 respective transactions.

Calculation of fair value of 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 discount factor which take into consideration credit quality, level of liquidity costs and market rates change during the lifetime of transaction (depending on current situation at the time of respective cash flows), while for example administrative costs are constant all of the time at level given by calibration at the beginning of transaction.

In case of debt securities at amortised cost and debt securities liabilities at amortised cost and available market prices, the Group 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 Group measures the security at fair value derived from inputs other than quoted prices and classifies the security to Level 2.

In case of valuation of the defaulted portfolio, the Group recognised the fair value as net value of respective exposures, which represents the gross amount less any impairment allowances. Deposits by banks and customers with fixed interest are remeasured to fair value that are different from their carrying amount, provided that their remaining maturity exceeds one year. Floating interest

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liabilities are considered only if the interest extension period is longer than 1 year. Only then will discounting on the basis of the presumed interest rate in line with market rates have a significant impact.

The Group uses the income approach to calculate the fair value of its liabilities to banks and customers. Within the income approach, it applies the present value technique. The Group uses the discounted rate calculated by the discount rate adjustment technique to discount future contractual cash flows.

	<i>Fair value as at 30.9.2023</i>	<i>Carrying amount as at 30.9.2023</i>	<i>Fair value as at 31.12.2022</i>	<i>Carrying amount as at 31.12.2022</i>
<b>Assets</b>				
<b>Financial assets at amortised cost</b>				
<b>Loans and advances to banks</b>	<b>16 833 555</b>	<b>17 592 741</b>	<b>15 807 933</b>	<b>16 527 447</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	166 616	166 616	195 011	195 011
<b>Loans and advances to customers</b>	<b>13 535 551</b>	<b>14 046 064</b>	<b>13 253 250</b>	<b>13 736 809</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	13 535 551	14 046 064	13 253 250	13 736 809
<b>Debt securities</b>	<b>3 131 388</b>	<b>3 380 061</b>	<b>2 359 672</b>	<b>2 595 627</b>
of which Level 1	2 599 138	2 838 237	2 187 705	2 418 797
of which Level 2	532 250	541 824	171 967	176 830
of which Level 3	-	-	-	-
<b>Liabilities</b>				
<b>Financial assets at amortised cost</b>				
<b>Deposits from banks</b>	<b>3 014 927</b>	<b>3 016 106</b>	<b>3 324 892</b>	<b>3 324 857</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	3 014 927	3 016 106	3 324 892	3 324 857
<b>Deposit from customers</b>	<b>14 533 577</b>	<b>14 593 576</b>	<b>15 314 649</b>	<b>15 447 589</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	14 533 577	14 593 576	15 314 649	15 447 589
<b>Liabilities from debt securities</b>	<b>1 911 424</b>	<b>1 945 565</b>	<b>1 126 689</b>	<b>1 161 538</b>
of which Level 1	-	-	-	-
of which Level 2	1 911 424	1 945 565	1 126 689	1 161 538
of which Level 3	-	-	-	-
<b>Other financial liabilities</b>	<b>61 870</b>	<b>61 870</b>	<b>57 106</b>	<b>57 106</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	61 870	61 870	57 106	57 106

### **43. Risk report**

#### **Credit risk**

The Group bears a credit risk, i.e., the risk that the counterparty will not be able to repay the amounts owed at their maturity in full. In regard to corporate portfolio the Group classifies loan exposure borne by the Group 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 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 Group using scoring models developed for individual products, or an individual client. Credit risk in the retail loan portfolio is managed using several tools: Credit scoring is a tool used by the Group in the loan decision-making process for private individuals and retail legal entities. 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 Group. 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 charges of the Group.

When collecting receivables, the Group uses a very broad scale of tools and collection strategies depending on the amount and type of receivable. The Group uses both internal and external resources to collect receivables. In the event of 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 Group.

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

Exposure risk represents the risk resulting from the concentration of the Group'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 Group's focuses on quality portfolio management and its adequate diversification while adhering to set exposure limits (large assets exposure and others). The Group also develops methods for exposure risk quantification.

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

The Group 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 Group to request additional collateral from the counterparty to ensure at least the current value of the derivative transactions with this counterparty. In case of counterparties that are not financial institutions, the Group requires, in addition to current value, a potential future value of derivatives within the 10-day horizon. In the event of failure to provide the relevant collateral, the Group 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.



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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<i>Credit risk related to balance sheet assets:</i>		
Cash and other demand deposits	200 297	226 348
Cash balances at central banks	3 091 994	4 435 285
Financial assets held for trading	43 418	47 246
Non-trading financial assets mandatorily at fair value through profit or loss	34 409	33 136
Financial assets at fair value through other comprehensive income	152 243	186 047
Financial assets at amortised cost	17 592 741	16 527 447
Receivables from hedging transactions	19 091	18 489
Other assets	24 570	31 203
<b>Total</b>	<b><u>21 158 763</u></b>	<b><u>21 505 201</u></b>
	<b>30.9.2023</b>	<b>31.12.2022</b>
<i>Credit risk related to off-balance sheet items:</i>		
Contingent commitments from guarantees and letters of credit	644 711	605 215
Irrevocable loan commitments/ "stand-by facility"	998 747	1 224 549
Revocable loan commitments/ "stand-by facility"	2 349 772	2 142 983
<b>Total</b>	<b><u>3 993 230</u></b>	<b><u>3 972 747</u></b>



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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 30 September 2023:

	<b>Total carrying amount</b>	<b>Gross carrying amount – Stage 1*</b>	<b>Gross carrying amount – Stage 2**</b>	<b>Gross carrying amount – Stage 3***</b>	<b>Gross carrying amount – POCI****</b>	<b>Allowances for expected credit losses – Stage 1</b>	<b>Allowances for expected credit losses – Stage 2</b>	<b>Allowances for expected credit losses – Stage 3</b>	<b>Allowances – POCI</b>	<b>Net carrying amount</b>
<b>Financial assets at amortised cost</b>	<b>17 870 437</b>	<b>15 699 365</b>	<b>1 916 405</b>	<b>244 292</b>	<b>10 375</b>	<b>47 736</b>	<b>67 466</b>	<b>148 436</b>	<b>5 604</b>	<b>17 601 195</b>
Loans and advances to banks	175 070	175 066	4	-	-	-	-	-	-	175 070
Loans and advances to customers	14 314 047	12 177 273	1 882 107	244 292	10 375	46 590	67 353	148 436	5 604	14 046 064
<i>Public sector</i>	4 330	4 117	187	26	-	9	1	26	-	4 294
<i>Corporate clients</i>	5 950 746	5 170 950	696 951	75 864	6 981	23 419	14 409	41 193	4 528	5 867 197
<i>Retail clients</i>	8 358 971	7 002 206	1 184 969	168 402	3 394	23 162	52 943	107 217	1 076	8 174 573
Debt securities	3 381 320	3 347 026	34 294	-	-	1 146	113	-	-	3 380 061
<i>Banks</i>	163 027	140 841	22 186	-	-	37	44	-	-	162 946
<i>Public sector</i>	3 198 780	3 198 780	-	-	-	1 075	-	-	-	3 197 705
<i>Corporate clients</i>	19 513	7 405	12 108	-	-	34	69	-	-	19 410
<b>Financial assets at fair value through other comprehensive income</b>	<b>152 193</b>	<b>145 590</b>	<b>6 603</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>152 127</b>
Debt securities	152 193	145 590	6 603	-	-	49	17	-	-	152 127
<i>Banks</i>	62 529	55 926	6 603	-	-	15	17	-	-	62 497
<i>Public sector</i>	54 478	54 478	-	-	-	6	-	-	-	54 472
<i>Corporate clients</i>	35 186	35 186	-	-	-	28	-	-	-	35 158
<b>Contingent liabilities and other off-balance sheet items</b>	<b>3 993 230</b>	<b>3 591 357</b>	<b>399 887</b>	<b>1 986</b>	<b>-</b>	<b>8 230</b>	<b>1 595</b>	<b>392</b>	<b>-</b>	<b>3 983 013</b>

\* Stage 1 – without significant increase in credit risk since initial recognition.

\*\* Stage 2 – with significant increase in credit risk since initial recognition, but not credit impaired.

\*\*\* Stage 3 – credit impaired.

\*\*\*\* POCI – recognised as impaired on initial recognition.



TATRA BANKA  
Member of RBI Group

## Notes to interim consolidated financial statements for 9 months ended 30 September 2023

prepared in accordance with International Accounting Standard IAS 34

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 2022:

	<b>Total carrying amount</b>	<b>Gross carrying amount – Stage 1*</b>	<b>Gross carrying amount – Stage 2**</b>	<b>Gross carrying amount – Stage 3***</b>	<b>Gross carrying amount – POCI****</b>	<b>Allowances for expected credit losses – Stage 1</b>	<b>Allowances for expected credit losses – Stage 2</b>	<b>Allowances for expected credit losses – Stage 3</b>	<b>Allowances – POCI</b>	<b>Net carrying amount</b>
<b>Financial assets at amortised cost</b>	<b>16 773 387</b>	<b>14 213 733</b>	<b>2 326 711</b>	<b>223 219</b>	<b>9 724</b>	<b>40 786</b>	<b>61 253</b>	<b>138 579</b>	<b>5 322</b>	<b>16 527 447</b>
Loans and advances to banks	195 011	195 011	-	-	-	-	-	-	-	195 011
Loans and advances to customers	13 981 864	11 434 378	2 314 543	223 219	9 724	39 951	61 203	138 579	5 322	13 736 809
<i>Public sector</i>	4 995	4 743	226	26	-	16	2	26	-	4 951
<i>Corporate clients</i>	5 784 924	4 665 339	1 041 545	72 854	5 186	23 688	18 680	47 358	3 919	5 691 279
<i>Retail clients</i>	8 191 945	6 764 296	1 272 772	150 339	4 538	16 247	42 521	91 195	1 403	8 040 579
Debt securities	2 596 512	2 584 344	12 168	-	-	835	50	-	-	2 595 627
<i>Banks</i>	176 830	176 830	-	-	-	30	-	-	-	176 800
<i>Public sector</i>	2 400 053	2 400 053	-	-	-	797	-	-	-	2 399 256
<i>Corporate clients</i>	19 629	7 461	12 168	-	-	8	50	-	-	19 571
<b>Financial assets at fair value through other comprehensive income</b>	<b>186 108</b>	<b>161 086</b>	<b>25 022</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>185 938</b>
Debt securities	186 108	161 086	25 022	-	-	106	64	-	-	185 938
<i>Banks</i>	74 804	74 804	-	-	-	12	-	-	-	74 792
<i>Public sector</i>	53 517	53 517	-	-	-	21	-	-	-	53 496
<i>Corporate clients</i>	57 787	32 765	25 022	-	-	73	64	-	-	57 650
<b>Contingent liabilities and other off-balance sheet items</b>	<b>3 972 747</b>	<b>2 906 206</b>	<b>1 063 435</b>	<b>3 106</b>	<b>-</b>	<b>7 099</b>	<b>4 804</b>	<b>567</b>	<b>-</b>	<b>3 960 277</b>

\* Stage 1 – without significant increase in credit risk since initial recognition.

\*\* Stage 2 – with significant increase in credit risk since initial recognition, but not credit impaired.

\*\*\* Stage 3 – credit impaired.

\*\*\*\* POCI – recognised as impaired on initial recognition.



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## Notes to interim consolidated financial statements for 9 months ended 30 September 2023

prepared in accordance with International Accounting Standard IAS 34

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

The summary below represents net book value of overdue financial assets at amortised cost and overdue financial assets at fair value through other comprehensive income by overdue days as at 30 September 2023:

	<i>Stage 1</i> <i>≤ 30</i> <i>days</i>	<i>Stage 1</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>Stage 1</i> <i>&gt; 90</i> <i>days</i>	<i>Stage 2</i> <i>≤ 30</i> <i>days</i>	<i>Stage 2</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>Stage 2</i> <i>&gt; 90</i> <i>days</i>	<i>Stage 3</i> <i>≤ 30</i> <i>days</i>	<i>Stage 3</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>Stage 3</i> <i>&gt; 90</i> <i>days</i>	<i>POCI</i> <i>≤ 30 days</i>	<i>POCI</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>POCI</i> <i>&gt; 90</i> <i>days</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>313 023</b>	<b>1 365</b>	<b>47</b>	<b>119 325</b>	<b>22 277</b>	<b>1 884</b>	<b>24 468</b>	<b>11 570</b>	<b>38 400</b>	<b>441</b>	<b>315</b>	<b>431</b>
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	244 610	502	11	63 495	6 457	163	18 682	569	7 504	94	10	290
Retail clients	68 413	863	36	55 830	15 820	1 721	5 786	11 001	30 896	347	305	141
<b>Debt securities</b>	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>313 023</b>	<b>1 365</b>	<b>47</b>	<b>119 325</b>	<b>22 277</b>	<b>1 884</b>	<b>24 468</b>	<b>11 570</b>	<b>38 400</b>	<b>441</b>	<b>315</b>	<b>431</b>

The summary below represents net book value of overdue financial assets at amortised cost and overdue financial assets at fair value through other comprehensive income by overdue days as at 31 December 2022:

	<i>Stage 1</i> <i>≤ 30</i> <i>days</i>	<i>Stage 1</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>Stage 1</i> <i>&gt; 90</i> <i>days</i>	<i>Stage 2</i> <i>≤ 30</i> <i>days</i>	<i>Stage 2</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>Stage 2</i> <i>&gt; 90</i> <i>days</i>	<i>Stage 3</i> <i>≤ 30</i> <i>days</i>	<i>Stage 3</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>Stage 3</i> <i>&gt; 90</i> <i>days</i>	<i>POCI</i> <i>≤ 30 days</i>	<i>POCI</i> <i>&gt; 30</i> <i>days ≤</i> <i>90 days</i>	<i>POCI</i> <i>&gt; 90</i> <i>days</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>118 010</b>	<b>1 123</b>	<b>81</b>	<b>111 788</b>	<b>13 810</b>	<b>1 719</b>	<b>9 139</b>	<b>11 197</b>	<b>36 890</b>	<b>596</b>	<b>263</b>	<b>1 194</b>
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	81 802	13	-	54 010	2 044	165	2 129	347	7 801	149	15	682
Retail clients	36 208	1 110	81	57 778	11 766	1 554	7 010	10 850	29 089	447	248	512
<b>Debt securities</b>	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>118 010</b>	<b>1 123</b>	<b>81</b>	<b>111 788</b>	<b>13 810</b>	<b>1 719</b>	<b>9 139</b>	<b>11 197</b>	<b>36 890</b>	<b>596</b>	<b>263</b>	<b>1 194</b>

The accompanying Notes are an integral part of these financial statements.

This is an English language translation of the original Slovak language document.

**Notes to interim consolidated financial statements for 9 months ended 30 September 2023**  
prepared in accordance with International Accounting Standard IAS 34  
as adopted by the European Union (in thousands of EUR)

The following summary presents an analysis of the impaired portfolio of financial assets and portfolio of purchased or originated credit-impaired assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 30 September 2023:

	<b>Gross book value (Stage 3)</b>	<b>Impairment allowances (stage 3)</b>	<b>Recoverable amount of received collateral</b>
Banks	-	-	-
Corporate clients	82 799	45 745	35 248
Retail clients	171 868	108 295	50 310
<b>Total</b>	<b>254 667</b>	<b>154 040</b>	<b>85 558</b>

The following summary presents an analysis of the impaired portfolio of financial assets and portfolio of purchased or originated credit-impaired assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 31 December 2022:

	<b>Gross book value (Stage 3)</b>	<b>Impairment allowances (stage 3)</b>	<b>Recoverable amount of received collateral</b>
Banks	-	-	-
Corporate clients	78 065	51 300	22 836
Retail clients	154 878	92 601	50 865
<b>Total</b>	<b>232 943</b>	<b>143 901</b>	<b>73 701</b>

The summary of individual types of received collaterals for financial assets at recoverable amount is as follows:

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Collateralization of provided loans</b>		
Cash and cash equivalents	11 312	30 127
Guarantees	310 298	247 797
Securities	40 967	50 795
Real estate	7 841 603	7 374 322
Movables	465 953	473 867
Receivables and other collaterals	163 236	163 112
<b>Total</b>	<b>8 833 369</b>	<b>8 340 020</b>

The summary of individual types of received collaterals for contingent liabilities and other off-balance sheet liabilities at recoverable amount is as follows:

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Collateralization of contingent liabilities and other off-balance sheet liabilities</b>		
Cash and cash equivalents	41 068	42 361
Guarantees	92 121	115 263
Securities	5 634	10 717
Real estate	277 194	298 585
Movables	95	333
Receivables and other collaterals	108 308	117 299
<b>Total</b>	<b>524 420</b>	<b>584 558</b>



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

	<b>30.9.2023</b>		<b>31.12.2022</b>	
	Stage 1	Stage 2	Stage 1	Stage 2
<b>Loans and advances to banks</b>	<b>175 066</b>	<b>4</b>	<b>195 011</b>	-
Minimum risk	-	-	1 130	-
Excellent credit rating	90	-	193 881	-
Very good credit rating	174 976	4	-	-
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	-	-	-	-
<b>Loans and advances to customers</b>	<b>11 888 941</b>	<b>1 744 856</b>	<b>11 326 948</b>	<b>2 193 513</b>
<b>of which public sector:</b>	<b>4 116</b>	<b>188</b>	<b>4 743</b>	<b>226</b>
Minimum risk	-	-	-	-
Excellent credit rating	-	-	7	5
Very good credit rating	1 471	6	2 174	39
Good credit rating	1 811	77	1 778	38
Standard credit rating	-	-	34	-
Ordinary credit rating	547	54	9	90
Sub-standard credit rating	287	39	741	54
Significantly sub-standard credit rating	-	12	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
<b>of which corporate clients without project financing:</b>	<b>3 374 506</b>	<b>570 635</b>	<b>3 149 206</b>	<b>865 461</b>
Minimum risk	7 191	81	9 198	11
Excellent credit rating	82 143	825	189 278	141 616
Very good credit rating	719 703	10 692	458 337	27 832
Good credit rating	832 430	61 171	847 719	80 298
Standard credit rating	1 018 618	71 584	917 601	85 407
Ordinary credit rating	572 120	136 681	529 309	198 176
Sub-standard credit rating	131 952	249 981	189 577	118 597
Significantly sub-standard credit rating	10 060	13 334	8 095	189 706
Doubtful/high risk of default	289	26 285	32	23 818
Defaulted	-	-	60	-
With no assigned rating	-	1	-	-
<b>of which corporate clients - project financing:</b>	<b>1 560 185</b>	<b>69 104</b>	<b>1 439 413</b>	<b>126 435</b>
Excellent project financing profile rating	779 961	4 570	717 954	-
Good project financing profile rating	780 026	26 139	721 459	66 414
Acceptable project financing profile rating	198	12 544	-	47 615
Weak project financing profile rating	-	25 851	-	12 406
Defaulted	-	-	-	-
<b>of which retail clients</b>	<b>6 950 134</b>	<b>1 104 929</b>	<b>6 733 586</b>	<b>1 201 391</b>
Excellent credit rating	-	-	-	-
Very good credit rating	1 822 152	29 226	1 650 328	38 805
Good credit rating	3 993 223	560 521	3 974 903	572 203
Ordinary credit rating	936 704	237 589	880 841	299 027
Sub-standard credit rating	142 829	277 549	142 682	271 643
Defaulted	-	-	-	-
With no assigned rating	55 226	44	84 832	19 713
<b>Debt securities</b>	<b>3 347 026</b>	<b>34 294</b>	<b>2 584 344</b>	<b>12 168</b>
Minimum risk	149 845	-	101 864	-
Excellent credit rating	210 170	-	2 116 969	-
Very good credit rating	2 952 045	22 186	306 137	12 168
Good credit rating	34 966	12 108	59 374	-
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	-	-	-	-
<b>Financial assets at amortised cost</b>	<b>15 411 033</b>	<b>1 779 154</b>	<b>14 106 303</b>	<b>2 205 681</b>

The accompanying Notes are an integral part of these financial statements.

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**TATRA BANKA**  
Member of RBI Group

**Notes to interim consolidated financial statements for 9 months ended 30 September 2023**  
prepared in accordance with International Accounting Standard IAS 34  
as adopted by the European Union (in thousands of EUR)

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

	<b>30.9.2023</b>		<b>31.12.2022</b>	
	Stage 1	Stage 2	Stage 1	Stage 2
<b>Contingent liabilities and other off-balance sheet items to banks</b>	<b>110 728</b>	<b>3 288</b>	<b>115 532</b>	<b>125</b>
Minimum risk	-	-	-	-
Excellent credit rating	156	-	96 618	120
Very good credit rating	110 422	3 288	18 806	5
Good credit rating	150	-	-	-
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	-	-	108	-
<b>Contingent liabilities and other off-balance sheet items to customers</b>	<b>3 480 627</b>	<b>396 601</b>	<b>2 790 673</b>	<b>1 063 311</b>
<b>of which public sector:</b>	<b>1 462</b>	<b>260</b>	<b>1 655</b>	<b>399</b>
Minimum risk	-	17	-	17
Excellent credit rating	-	-	49	141
Very good credit rating	1 358	243	1 167	241
Good credit rating	54	-	-	-
Standard credit rating	-	-	266	-
Ordinary credit rating	50	-	-	-
Sub-standard credit rating	-	-	173	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
<b>of which corporate clients without project financing:</b>	<b>2 423 390</b>	<b>247 216</b>	<b>1 584 625</b>	<b>877 734</b>
Minimum risk	8 048	14	4 611	1 667
Excellent credit rating	88 920	1 493	211 755	40 255
Very good credit rating	961 075	35 000	438 918	241 844
Good credit rating	607 057	53 035	417 516	211 310
Standard credit rating	395 836	34 753	230 157	169 433
Ordinary credit rating	298 828	69 479	230 165	143 733
Sub-standard credit rating	62 418	42 774	49 622	52 318
Significantly sub-standard credit rating	1 201	1 167	1 843	12 840
Doubtful/high risk of default	6	3 236	37	4 330
Defaulted	-	-	-	-
With no assigned rating	1	6 265	1	4
<b>of which corporate clients – project financing</b>	<b>367 393</b>	<b>3 274</b>	<b>431 748</b>	<b>6 758</b>
Excellent project financing profile rating	163 538	-	230 097	-
Good project financing profile rating	203 855	3 264	201 651	6 037
Acceptable project financing profile rating	-	-	-	711
Weak project financing profile rating	-	10	-	10
Defaulted	-	-	-	-
<b>of which retail clients:</b>	<b>688 382</b>	<b>145 851</b>	<b>772 645</b>	<b>178 420</b>
Excellent credit rating	-	-	-	-
Very good credit rating	56 086	1 334	59 398	4 178
Good credit rating	504 686	104 968	532 403	119 029
Standard credit rating	52 488	24 634	51 799	29 653
Sub-standard credit rating	4 368	7 990	4 984	8 043
Defaulted	-	-	-	-
With no assigned rating	70 754	6 925	124 061	17 517
<b>Contingent liabilities and other off-balance sheet items</b>	<b>3 591 355</b>	<b>399 889</b>	<b>2 906 205</b>	<b>1 063 436</b>

**Notes to interim consolidated financial statements for 9 months ended 30 September 2023**  
prepared in accordance with International Accounting Standard IAS 34  
as adopted by the European Union (in thousands of EUR)

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

	<b>30.9.2023</b>		<b>31.12.2022</b>	
	Stage 1	Stage 2	Stage 1	Stage 2
<b>Debt securities</b>	<b>145 590</b>	<b>6 603</b>	<b>161 086</b>	<b>25 022</b>
Minimum risk	-	-	-	-
Excellent credit rating	8 284	-	118 434	-
Very good credit rating	137 306	6 603	42 652	-
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	-	-	25 022
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>	<b>145 590</b>	<b>6 603</b>	<b>161 086</b>	<b>25 022</b>

The scoring system of the Group'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 10 for corporate clients, and 5 grades for project financing from 6.1 to 6.5.

The table below represents details of rating scale:

<b>Institution Rating Scale</b>	<b>10-Grade Rating Scale</b>	<b>28-Grade Rating Scale</b>			<b>Description</b>
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



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The summary below presents the net book value of the loans and advances to banks and loans and advances to customers in terms of the concentration risk by industry:

	<b>30.9.2023</b>	<b>31.12.2022</b>
A. Agriculture, forestry and fisheries	294 587	260 234
B. Mining and quarrying	26 439	17 762
C. Industrial production	793 755	794 248
D. Supply of electricity, gas, steam and air-conditioning	327 244	492 543
E. Water supply	68 899	63 184
F. Construction	601 517	548 264
G. Wholesale and retail trade	979 929	874 782
H. Transport and storage	423 393	424 205
I. Accommodation and catering services	66 814	67 855
J. Information and Communication	308 259	300 212
K. Financial and insurance activities	445 172	434 356
L. Real estate activities	1 435 292	1 429 338
M. Professional, scientific and technical activities	380 914	250 989
N. Administrative and support services	187 870	189 515
O. Public administration and defence, compulsory social security	5 327	6 516
P. Education	13 981	13 958
Q. Health and social assistance	151 317	138 257
R. Arts, entertainment and recreation	47 132	30 394
S. Other service activities	29 217	26 830
T. Activities of households, private households with domestic staff	7 634 076	7 568 378
<b>Total</b>	<b>14 221 134</b>	<b>13 931 820</b>

The structure of the Group '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:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Government bonds with no coupon	76 336	75 543
Loans and advances and current accounts to banks	3 092 001	4 435 295
Loans and advances to customers	202 427	279 505
Debt securities	2 822 183	2 197 753
<b>Total</b>	<b>6 192 947</b>	<b>6 988 096</b>

The following overview presents a change in the impairment allowances for expected losses on loans and advances measured at amortised cost as at 30 September 2023:

	<i><b>Impairment allowances for expected credit losses – stage 1</b></i>	<i><b>Impairment allowances for expected credit losses – stage 2</b></i>	<i><b>Impairment allowances for expected credit losses – stage 3</b></i>	<i><b>Impairment allowances – POCI</b></i>	<i><b>Total</b></i>
<b>As at 1 January 2023</b>	<b>39 951</b>	<b>61 203</b>	<b>138 579</b>	<b>5 322</b>	<b>245 055</b>
Consolidation adjustments	(3 270)	7 593	24 751	1 799	30 873
Net changes due to credit risk	17 144	10 594	-	-	27 738
Increase due to origin or acquisition	(7 235)	(12 037)	(10 272)	(507)	(30 051)
Decrease due to derecognition	-	-	(4 834)	(436)	(5 270)
Write-off	-	-	209	50	259
Unwinding	-	-	3	(624)	(621)
<b>As at 30 September 2023</b>	<b>46 590</b>	<b>67 353</b>	<b>148 436</b>	<b>5 604</b>	<b>267 983</b>

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The following overview presents a change in the impairment allowances for expected losses on loans and advances measured at amortised cost as at 31 December 2022:

	<i>Impairment allowances for expected credit losses – stage 1</i>	<i>Impairment allowances for expected credit losses – stage 2</i>	<i>Impairment allowances for expected credit losses – stage 3</i>	<i>Impairment allowances – POCI</i>	<i>Total</i>
<b>As at 1 January 2022</b>	<b>23 999</b>	<b>45 110</b>	<b>165 850</b>	<b>3 798</b>	<b>238 757</b>
Consolidation adjustments	(570)	18 806	18 737	3 334	40 307
Net changes due to credit risk	24 065	10 509	-	-	34 574
Increase due to origin or acquisition	(7 543)	(13 222)	(18 129)	(1 354)	(40 248)
Decrease due to derecognition	-	-	(28 063)	(472)	(28 535)
Write-off	-	-	148	16	164
Unwinding	-	-	36	-	36
<b>As at 31 December 2022</b>	<b>39 951</b>	<b>61 203</b>	<b>138 579</b>	<b>5 322</b>	<b>245 055</b>

### Sensitivity analysis of impairment allowances

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

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

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

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

### 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 include both defaulted 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 decrease of the indicator.

The table below represents the summary of non-performing exposures as at 30 September 2023:

	<i>Gross carrying amount</i>	<i>Share of non-performing exposures</i>	<i>% Coverage of non-performing exposures</i>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>252 983</b>	<b>1,77%</b>	<b>60,88%</b>
Public sector	-	-	-
Corporate clients	82 890	1,39%	55,16%
Retail clients	170 093	2,03%	63,66%
<b>Debt securities</b>	<b>901</b>	<b>0,03%</b>	<b>100,00%</b>
<b>Total</b>	<b>253 884</b>	<b>1,20%</b>	<b>61,02%</b>

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The table below represents the summary of non-performing exposures as at 31 December 2022:

	<i>Gross carrying amount</i>	<i>Share of non-performing exposures</i>	<i>% Coverage of non-performing exposures</i>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>231 280</b>	<b>1.65%</b>	<b>62.17%</b>
Public sector	-	-	-
Corporate clients	77 963	1.35%	65.63%
Retail clients	153 317	1.87%	60.39%
<b>Debt securities</b>	<b>901</b>	<b>0.03%</b>	<b>100.00%</b>
<b>Total</b>	<b>232 181</b>	<b>1.08%</b>	<b>62.32%</b>

### 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 Group 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 Group 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 change is made to a loan or such a loan becomes more than 30 days overdue 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 creation of a specific impairment allowance.

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 classification to Stage 2 are not met (quantitative or qualitative).

The Group 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 Group in real time.

In case of overdrafts, where an agreement on repayments of debt due is concluded - the contract is not prolonged, it is only transformed into an instalment loan after being declared as due. In case of 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).

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The summary below presents the analysis of forborne exposures as at 30 September 2023:

	<i>Gross book value</i>	<i>Allowances for expected credit losses</i>	<i>Net book value</i>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>137 195</b>	<b>(37 528)</b>	<b>99 667</b>
Public sector	-	-	-
Corporate clients	100 196	(23 674)	76 522
Retail clients	36 999	(13 854)	23 145
<b>Total</b>	<b>137 195</b>	<b>(37 528)</b>	<b>99 667</b>

The summary below presents the analysis of forborne exposures as at 31 December 2022:

	<i>Gross book value</i>	<i>Allowances for expected credit losses</i>	<i>Net book value</i>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>162 984</b>	<b>(41 297)</b>	<b>121 687</b>
Public sector	-	-	-
Corporate clients	124 605	(28 956)	95 649
Retail clients	38 379	(12 341)	26 038
<b>Total</b>	<b>162 984</b>	<b>(41 297)</b>	<b>121 687</b>

#### **Default loan portfolio (NPL)**

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

To determine the client's default, the Group 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 case of the retail portfolio, the group applies a limit set at the level of EUR 10, which the amount of the receivable must exceed. In the retail portfolio, the Group 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 Group applies a limit that depends on the default type. In case 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 change in net present value is set at 1% and in case of other types, the receivable is assessed with no limit application.



**TATRA BANKA**  
Member of RBI Group

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The summary below presents analysis of the default loan portfolio (balance sheet items) and impairment off-balance sheet portfolio analysis (guarantees and irrevocable loan commitments) as at 30 September 2023:

	<b>Defaulted loans (Gross book value)</b>	<b>Impairment allowances for default loans</b>	<b>Impaired loans (Net book value)</b>	<b>Recoverable value of received collateral for default loans</b>
<b>Loans and advances</b>	<b>252 875</b>	<b>154 000</b>	<b>98 875</b>	<b>84 528</b>
Banks	-	-	-	-
Corporate clients	82 857	45 725	37 132	35 245
Retail clients	170 018	108 275	61 743	49 283
<b>Contingent liabilities and other off-balance sheet items</b>	<b>1 959</b>	<b>391</b>	<b>1 568</b>	<b>746</b>
Corporate clients	1 603	251	1 352	577
Retail clients	356	140	216	169
<b>Total</b>	<b>254 834</b>	<b>154 391</b>	<b>100 443</b>	<b>85 274</b>

The summary below presents analysis of the default loan portfolio (balance sheet items) and impairment off-balance sheet portfolio analysis (guarantees and irrevocable loan commitments) as at 31 December 2022:

	<b>Defaulted loans (Gross book value)</b>	<b>Impairment allowances for default loans</b>	<b>Impaired loans (Net book value)</b>	<b>Recoverable value of received collateral for default loans</b>
<b>Loans and advances</b>	<b>231 057</b>	<b>143 782</b>	<b>87 275</b>	<b>72 903</b>
Banks	-	-	-	-
Corporate clients	77 963	51 198	26 765	23 158
Retail clients	153 094	92 584	60 510	49 745
<b>Contingent liabilities and other off-balance sheet items</b>	<b>3 091</b>	<b>569</b>	<b>2 522</b>	<b>586</b>
Corporate clients	2 642	402	2 240	397
Retail clients	449	167	282	189
<b>Total</b>	<b>234 148</b>	<b>144 351</b>	<b>89 797</b>	<b>73 489</b>

**Concentration risk by geographic regions**

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Assets</b>	<b>1 536 040</b>	<b>1 413 893</b>
<i>Of which Austria</i>	388 968	387 830
<i>Of which Czech Republic</i>	275 923	236 723
<i>Of which United States of America</i>	30 524	10 722
<i>Of which Poland</i>	170 733	171 468
<i>Of which Netherlands</i>	35 995	43 933
<i>Of which Great Britain</i>	2 471	28 102
<i>Of which Germany</i>	111 523	78 073
<i>Of which Spain</i>	159	12 541
<i>Of which Bulgaria</i>	61 121	61 904
<i>Of which Hungary</i>	97 251	88 296
<i>Of which other countries (mainly EU countries)</i>	361 372	294 301
<b>Liabilities</b>	<b>2 640 651</b>	<b>1 919 098</b>
<i>Of which Austria</i>	1 780 046	1 008 848
<i>Of which Hungary</i>	64 196	57 424
<i>Of which Luxembourg</i>	133 377	56 641
<i>Of which Czech Republic</i>	113 446	255 023
<i>Of which Germany</i>	48 952	49 902
<i>Of which Ukraine</i>	195 192	178 975
<i>Of which Romania</i>	2 269	2 347
<i>Of which other countries (mainly EU countries)</i>	303 173	309 938

The accompanying Notes are an integral part of these financial statements.

This is an English language translation of the original Slovak language document.

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**Market risk**

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

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

As to the structure of trades, the Group primarily faces the following market risks:

- Currency risk and
- Interest rate risk.

Market risks to which the Group faces insignificant exposure (nominal value does not exceed 0.1% of the Group's balance):

- Equity price risk and
- Commodity risk.

**Currency risk**

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

Open currency positions are subject to real-time monitoring through the information system. The currency position of the Group is monitored separately for each currency, as well as the Group limit for specific currencies if monitoring is necessary, e.g., in case of market turbulences. Limits for these positions are set in line with the RBI Group standards. Data on the Group'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 currency position, the Group also sets gamma and vega limits on an option position for each currency match 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 matches, where no *gamma* and *vega* limits on trading has been specified by the Group, are closed at the market, so as to ensure that the Group has no open position for this currency match.

In addition, the Group has set *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:

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Assets</b>	<b>139 868</b>	<b>158 338</b>
Of which: USD	58 413	37 788
Of which: CZK	71 315	84 912
Of which: other currencies (PLN, HUF, GBP and other)	10 140	35 638
<b>Liabilities</b>	<b>551 413</b>	<b>554 170</b>
Of which: USD	345 589	388 633
Of which: CZK	69 012	65 413
Of which: other currencies (PLN, HUF, GBP and other)	136 812	100 124

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The Group's net foreign exchange (FX) position of assets, liabilities as at 30 September 2023 and as at 31 December 2022 was as follows:

	<b>Net FX position as at 30 September 2023</b>	<b>Net FX position as at 31 December 2022</b>
USD	(287 176)	(350 845)
CZK	2 303	19 499
Other (GBP, CHF, PLN, HUF and other)	(126 672)	(64 486)
<b>Total net FX balance sheet position</b>	<b>(411 545)</b>	<b>(395 832)</b>
USD	291 390	354 115
CZK	(1 312)	(18 210)
Other (GBP, CHF, PLN, HUF and other)	132 012	60 298
<b>Total net FX off-balance sheet position</b>	<b>422 090</b>	<b>396 203</b>
<b>Total net FX position</b>	<b>10 545</b>	<b>371</b>

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

To monitor interest rate risk the Group uses the gap analysis method (interest GAP), method of market value sensitivity to yield curve shift by a defined number of basis points (basis point value – BPV), method of interest field sensitivity yield curve shift by a defined number of basis points, and stop-loss limits 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 Group'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 the 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.

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The table below provides information in the carrying amount, on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in case of instruments that re-price to a market rate of interest before maturity, the next re-pricing date. 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 30 September 2023:

	<b>Up to 3 months (including)</b>	<b>3 months – 1 year (including)</b>	<b>1 - 5 years (including)</b>	<b>Over 5 years</b>	<b>Not specified</b>	<b>Total</b>
<b>Assets</b>						
Cash and Other demand deposits	11 652	-	-	-	188 645	200 297
Cash balances at central banks	3 091 994	-	-	-	-	3 091 994
Financial assets held for trading	-	2	4 399	-	39 017	43 418
Non-trading financial assets designated at fair value through profit or loss	1 942	17 109	-	-	15 358	34 409
Financial assets at fair value through other comprehensive income	39 891	15 079	97 157	-	116	152 243
Financial assets at amortised cost	5 148 652	2 515 671	6 257 838	3 552 477	118 103	17 592 741
Receivables from hedging transactions	-	-	-	-	19 091	19 091
Other assets	-	-	-	-	69 481	69 481
<b>Interest rate position for financial assets at 30 September 2023</b>	<b>8 294 131</b>	<b>2 547 861</b>	<b>6 359 394</b>	<b>3 552 477</b>	<b>449 811</b>	<b>21 203 674</b>
<b>Liabilities</b>						
Financial liabilities held for trading	-	-	-	-	34 134	34 134
Financial liabilities at amortised cost*	6 855 489	3 965 361	5 965 738	2 688 580	141 949	19 617 117
Liabilities from hedging transactions	-	-	-	-	78 139	78 139
Provisions	-	-	-	-	56 089	56 089
Other liabilities	-	-	-	-	52 134	52 134
<b>Interest rate position for financial liabilities at 30 September 2023</b>	<b>6 855 489</b>	<b>3 965 361</b>	<b>5 965 738</b>	<b>2 688 580</b>	<b>362 445</b>	<b>19 837 613</b>
<b>Net interest rate position as at 30 September 2023</b>	<b>1 438 642</b>	<b>(1 417 500)</b>	<b>393 656</b>	<b>863 897</b>	<b>87 366</b>	<b>1 366 061</b>

\*The Group 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.



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The interest rate gap of financial assets and liabilities as at 31 December 2022:

	<b>Up to 3 months (including)</b>	<b>3 months – 1 year (including)</b>	<b>1 - 5 years (including)</b>	<b>Over 5 years</b>	<b>Not specified</b>	<b>Total</b>
<b>Assets</b>						
Cash and Other demand deposits	13 080	-	-	-	213 268	226 348
Cash balances at central banks	4 435 285	-	-	-	-	4 435 285
Financial assets held for trading	-	3	4 351	-	42 892	47 246
Non-trading financial assets designated at fair value through profit or loss	2 344	16 873	-	-	13 919	33 136
Financial assets at fair value through other comprehensive income	37 922	39 372	69 740	38 904	109	186 047
Financial assets at amortised cost	4 767 263	1 904 166	6 768 101	2 950 705	137 212	16 527 447
Receivables from hedging transactions	-	-	-	-	18 489	18 489
Other assets	-	-	-	-	45 588	45 588
<b>Interest rate position for financial assets at 31 December 2022</b>	<b>9 255 894</b>	<b>1 960 414</b>	<b>6 842 192</b>	<b>2 989 609</b>	<b>471 477</b>	<b>21 519 586</b>
<b>Liabilities</b>						
Financial liabilities held for trading	-	-	-	-	53 705	53 705
Financial liabilities at amortised cost*	6 561 278	3 118 922	7 094 696	3 074 876	141 318	19 991 090
Liabilities from hedging transactions	-	-	-	-	79 209	79 209
Provisions	-	-	-	-	60 002	60 002
Other liabilities	-	-	-	-	48 843	48 843
<b>Interest rate position for financial liabilities at 31 December 2022</b>	<b>6 561 278</b>	<b>3 118 922</b>	<b>7 094 696</b>	<b>3 074 876</b>	<b>383 077</b>	<b>20 232 849</b>
<b>Net interest rate position as at 31 December 2022</b>	<b>2 694 616</b>	<b>(1 158 508)</b>	<b>(252 504)</b>	<b>(85 267)</b>	<b>88 400</b>	<b>1 286 737</b>

\*The Group 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.

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### Equity price risk

Equity price risk arises from the Group's exposure to changes in equity investment prices. Equity price risk is determined at the Group 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 Group's exposure to changes in commodity prices. Commodity risk is determined at the Group level and is measured using positions in individual commodities. Sensitivity analysis is applied for the measurement and management of commodity risk.

### Sensitivity analysis of market risks

Sensitivity analysis reflects the implications on the Group'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 Group uses 100 basis points for interest rates, a 5% movement in exchange rates, a 50% movement in share prices, and 30% movement in commodity prices.

The GAP method sorts the Group's positions into baskets and examines the Group'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 Group.

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

Change in the present value of assets and liabilities of the Group following movements in exchange rates of the selected currencies to the detriment of the Group as at 30 September 2023 (in thousands of EUR):

	<i>Present value of exchange rate</i>	<i>Exchange rate in sensitivity scenario</i>	<i>Group's position in the respective currency</i>	<i>Economic loss of the Group for a given scenario with an impact on equity</i>
JPY	158,1000	166,0050	4 770	(239)
USD	1,0594	1,1124	4 199	(210)
CAD	1,4227	1,3516	(1 697)	(85)
CZK	24,3390	25,5560	984	(49)
CHF	0,9669	1,0152	827	(41)
<b>Total</b>			<b>9 083</b>	<b>(624)</b>

Change in the present value of assets and liabilities of the Group following movements in exchange rates of the selected currencies to the detriment of the Group as at 31 December 2022 (in thousands of EUR):

	<i>Present value of exchange rate</i>	<i>Exchange rate in sensitivity scenario</i>	<i>Group's position in the respective currency</i>	<i>Economic loss of the Group for a given scenario with an impact on equity</i>
HUF	400,8700	380,8265	(4 149)	(207)
USD	1,0666	1,1199	3 257	(163)
CZK	24,1160	25,3218	1 282	(64)
GBP	0,8869	0,8426	(1 215)	(61)
PLN	4,6808	4,9148	785	(39)
<b>Total</b>			<b>(40)</b>	<b>(534)</b>

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

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Change in the present value of assets and liabilities of the Group following changes in the interest rate for the selected currencies as at 30 September 2023 (in thousands of EUR):

	<i>Yield curve shift</i>	<i>Group's loss from yield curve shift</i>
EUR	+100 BPV	(72 402)
USD	-100 BPV	(671)
<b>Total</b>		<b><u>(73 073)</u></b>

Change in the present value of assets and liabilities of the Group following changes in the interest rate for the selected currencies as at 31 December 2022 (in thousands of EUR):

	<i>Yield curve shift</i>	<i>Group's loss from yield curve shift</i>
EUR	+100 BPV	(43 707)
USD	-100 BPV	(127)
<b>Total</b>		<b><u>(43 834)</u></b>

As at 30 September 2023, the Group's exposure position in the Trading book to equity price risk is nil, as at 31 December 2022 it was also nil. The Group, therefore, does not recognise this exposure position to equity price risk.

As at 30 September 2023, the Group's net exposure position to commodities in the Trading book is insignificant; as at 31 December 2022 the Group's position was also insignificant. Therefore, the Group does not recognise this exposure position to commodity risk.

The Group, in the sensitivity analysis scenario, uses the negative development of exchange rates, yield curves movements, and decrease in share prices. In case of exactly-opposite movements, the Group would book profit instead of loss in approximately the same amounts.

### Liquidity risk

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

The Group wishes to maintain its solvency, i.e. its ability to meet its financial liabilities duly and timely, 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 Asset and Liabilities Management function, and the Capital Markets division. The ALCO at its regular meetings assesses the Group's liquidity and, subsequently, makes decisions based on the current state of affairs.

The Group 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 Group 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 Group 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 during unexpected levels of demand.

Client deposits are one of the group's primary sources of funding. Although the terms of most deposits allow clients to withdraw them without prior notice, existing sources represent a stable source of funding.

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

The Group monitors short-term, medium- and long-term liquidity risk by developing a liquidity and crisis liquidity gap (3 scenarios) based on rules and assumptions set by the parent company RBI. Internal liquidity limits are approved by the Group's management through an annual update of the liquidity

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management strategy. The Group also monitors the regulatory coefficients set by the NBS and the ECB and the coefficients and limits set by the parent company RBI.  
The Group's liquidity position reflecting the existing contractual residual maturity of assets and liabilities as at 30 September 2023:

	<b>Up to 12 months</b>	<b>Over 12 months</b>	<b>Unspecified</b>	<b>Total</b>
<b>Assets</b>				
Cash and Other demand deposits	200 297	-	-	200 297
Cash balances at central banks	3 091 994	-	-	3 091 994
Financial assets held for trading	2	4 399	39 017	43 418
Non-trading financial assets mandatorily at fair value through profit or loss	19 051	-	15 358	34 409
Financial assets at fair value through other comprehensive income	54 970	97 157	116	152 243
Financial assets at amortised cost	3 633 649	13 639 774	319 318	17 592 741
Receivables from hedging transactions <sup>3</sup>	-	-	19 091	19 091
Non-current tangible assets	-	-	89 401	89 401
Non-current intangible assets	-	-	62 948	62 948
Current tax asset	-	-	50	50
Deferred tax asset	-	-	46 665	46 665
Other assets	-	-	69 481	68 481
Non-current assets and assets for disposal classified as held for sale	-	-	-	-
<b>Total assets</b>	<b>6 999 963</b>	<b>13 741 330</b>	<b>661 445</b>	<b>21 402 738</b>
<b>Liabilities</b>				
Financial liabilities held for trading <sup>3)</sup>	-	-	34 134	34 134
Financial liabilities at amortised cost <sup>1)</sup>	6 921 749	12 600 855	94 513	19 617 117
Liabilities from hedging transactions <sup>3)</sup>	-	-	78 139	78 139
Provisions	-	-	56 089	56 089
Deferred tax liability	-	-	13 907	13 907
Other liabilities	-	-	52 134	52 134
<b>Total liabilities</b>	<b>6 921 749</b>	<b>12 600 855</b>	<b>328 916</b>	<b>19 851 520</b>
<b>Net balance sheet position</b>	<b>78 214</b>	<b>1 140 475</b>	<b>332 529</b>	<b>1 551 218</b>
<b>Net off-balance sheet position<sup>2)</sup></b>	<b>(3 368 564)</b>	<b>(105)</b>	<b>4 462 201</b>	<b>1 093 532</b>
<b>Cumulative balance sheet and off- balance sheet position</b>	<b>(3 290 350)</b>	<b>1 140 370</b>	<b>4 794 730</b>	<b>2 644 750</b>

1) Amounts for current accounts and savings books are recognised based on the estimated maturity model.

2) 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 delta option equivalents.

3) Positive/ negative fair value of financial derivatives held for trading and hedging derivative assets/liabilities are classified as not specified under the National Bank of Slovakia Reporting on the current and estimated residual maturity of assets and liabilities.

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The Group's liquidity position reflecting the existing contractual residual maturity of assets and liabilities as at 31 December 2022:

	<b>Up to 12 months</b>	<b>Over 12 months</b>	<b>Unspecified</b>	<b>Total</b>
<b>Assets</b>				
Cash and Other demand deposits	226 348	-	-	226 348
Cash balances at central banks	4 435 285	-	-	4 435 285
Financial assets held for trading	3	4 351	42 892	47 246
Non-trading financial assets				
mandatorily at fair value through profit or loss	19 217	-	13 919	33 136
Financial assets at fair value through other comprehensive income	77 294	108 644	109	186 047
Financial assets at amortised cost	3 235 064	12 997 526	294 857	16 527 447
Receivables from hedging transactions <sup>3</sup>	-	-	18 489	18 489
Non-current tangible assets	-	-	92 815	92 815
Non-current intangible assets	-	-	64 747	64 747
Current tax asset	-	-	434	434
Deferred tax asset	-	-	46 702	46 702
Other assets	-	-	45 588	45 588
Non-current assets and assets for disposal classified as held for sale	-	-	531	531
<b>Total assets</b>	<b>7 993 211</b>	<b>13 110 521</b>	<b>621 083</b>	<b>21 724 815</b>
<b>Liabilities</b>				
Financial liabilities held for trading <sup>3)</sup>	-	-	53 705	53 705
Financial liabilities at amortised cost <sup>1)</sup>	4 833 367	15 067 568	90 155	19 991 090
Liabilities from hedging transactions <sup>3)</sup>	-	-	79 209	79 209
Provisions	-	-	60 002	60 002
Deferred tax liability	-	-	7 516	7 516
Other liabilities	-	-	48 843	48 843
<b>Total liabilities</b>	<b>4 833 367</b>	<b>15 067 568</b>	<b>339 430</b>	<b>20 240 365</b>
<b>Net balance sheet position</b>	<b>3 159 844</b>	<b>(1 957 047)</b>	<b>281 653</b>	<b>1 484 450</b>
<b>Net off-balance sheet position<sup>2)</sup></b>	<b>(3 371 664)</b>	<b>(127)</b>	<b>4 031 845</b>	<b>660 054</b>
<b>Cumulative balance sheet and off-balance sheet position</b>	<b>(211 820)</b>	<b>(1 957 174)</b>	<b>4 313 498</b>	<b>2 144 504</b>

1) Amounts for current accounts and savings books are recognised based on the estimated maturity model.

2) 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 delta option equivalents.

3) Positive/ negative fair value of financial derivatives held for trading and hedging derivative assets/liabilities are classified as not specified under the National Bank of Slovakia Reporting on the current and estimated residual maturity of assets and liabilities.



TATRA BANKA  
Member of RBI Group

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The summary below represents an analysis of the earliest possible contractual maturity of financial assets, in the worst-case scenario, as at 30 September 2023 (in non-discounted amounts):

	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Up to 3 months incl.</i>	<i>Remaining maturity</i>		
				<i>From 3 months up to 1 year incl.</i>	<i>From 1 year up to 5 years incl.</i>	<i>Over 5 years incl.</i>
<b>Non-derivative financial assets:</b>						
Cash in hand	188 645	188 645	188 645	-	-	-
Balances at central banks	3 091 994	3 091 994	3 091 994	-	-	-
Other deposits payable on demand	11 652	11 652	11 652	-	-	-
Loans and advances	14 231 731	15 870 945	2 180 934	2 617 494	5 219 292	5 853 225
Debt securities	3 551 947	4 084 998	166 105	455 773	1 218 022	2 245 098
<b>Derivative financial assets:</b>						
Positive fair value of financial derivatives held for trading	39 017	623 032	491 806	109 740	12 955	8 531
Positive fair value of financial derivatives for fair value hedges	35 188	209 405	21 499	23 174	98 983	65 749

The summary below represents an analysis of the earliest possible contractual maturity of financial assets, in the worst-case scenario, as at 31 December 2022 (in non-discounted amounts):

	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Up to 3 months incl.</i>	<i>Remaining maturity</i>		
				<i>From 3 months up to 1 year incl.</i>	<i>From 1 year up to 5 years incl.</i>	<i>Over 5 years incl.</i>
<b>Non-derivative financial assets:</b>						
Cash in hand	213 268	213 268	213 268	-	-	-
Balances at central banks	4 435 285	4 435 285	4 435 285	-	-	-
Other deposits payable on demand	13 080	13 080	13 080	-	-	-
Loans and advances	13 951 037	14 811 899	5 136 965	2 719 153	5 403 597	1 552 184
Debt securities	2 799 838	3 058 649	154 012	409 365	1 064 093	1 431 179
<b>Derivative financial assets:</b>						
Positive fair value of financial derivatives held for trading	42 892	609 343	278 479	290 833	34 334	5 697
Positive fair value of financial derivatives for fair value hedges	26 363	126 119	4 812	18 695	66 870	35 742

The accompanying Notes are an integral part of these financial statements.

This is an English language translation of the original Slovak language document.

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The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 30 September 2023 (in non-discounted amounts):

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Up to 3 months incl.</b>	<b>Remaining maturity</b>		
				<b>From 3 months up to 1 year incl.</b>	<b>From 1 year up to 5 years incl.</b>	<b>Over 5 years incl.</b>
<b>Non-derivative financial assets:</b>						
Financial liabilities held for trading	-	-	-	-	-	-
Financial liabilities at amortised cost	19 617 117	19 982 580	14 720 590	2 794 722	2 279 067	188 201
<i>Of which Deposits</i>	17 609 682	17 724 529	14 647 463	2 680 954	247 831	148 281
<i>Of which Liabilities from debt securities</i>	1 945 565	2 196 181	53 110	106 182	2 005 161	31 728
<i>Of which Other financial liabilities</i>	61 870	61 870	20 017	7 586	26 075	8 192
Provisions	56 089	56 089	56 089	-	-	-
Other liabilities	52 134	52 134	52 134	-	-	-
<b>Derivative financial assets:</b>						
Negative fair value of financial derivatives held for trading	34 134	565 529	436 278	108 244	12 827	8 180
Negative fair value of financial derivatives for fair value hedges	199 032	226 793	25 566	17 668	71 625	111 934

The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 30 September 2023 (in non-discounted amounts):

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Up to 3 months incl.</b>	<b>Remaining maturity</b>		
				<b>From 3 months up to 1 year incl.</b>	<b>From 1 year up to 5 years incl.</b>	<b>Over 5 years incl.</b>
<b>Contingent liabilities and other off-balance sheet items:</b>						
Contingent liabilities from guarantees	624 833	624 833	624 833	-	-	-
Contingent liabilities from letters of credit	19 878	19 878	19 878	-	-	-
From irrevocable loan commitments	998 747	998 747	998 747	-	-	-

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The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 31 December 2022 (in non-discounted amounts):

	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Up to 3 months incl.</i>	<i>Remaining maturity</i>		
				<i>From 3 months up to 1 year incl.</i>	<i>From 1 year up to 5 years incl.</i>	<i>Over 5 years incl.</i>
<b>Non-derivative financial assets:</b>						
Financial liabilities held for trading	4 716	4 716	4 716	-	-	-
Financial liabilities at amortised cost	19 991 090	20 375 491	15 060 070	764 698	4 262 420	288 303
<i>Of which Deposits</i>	<i>18 772 446</i>	<i>18 986 101</i>	<i>14 913 043</i>	<i>678 440</i>	<i>3 246 080</i>	<i>148 538</i>
<i>Of which Liabilities from debt securities</i>	<i>1 161 538</i>	<i>1 332 284</i>	<i>135 360</i>	<i>78 838</i>	<i>989 751</i>	<i>128 335</i>
<i>Of which Other financial liabilities</i>	<i>57 106</i>	<i>57 106</i>	<i>11 667</i>	<i>7 420</i>	<i>26 589</i>	<i>11 430</i>
Provisions	60 002	60 002	60 002	-	-	-
Other liabilities	48 843	48 843	48 843	-	-	-
<b>Derivative financial assets:</b>						
Negative fair value of financial derivatives held for trading	48 989	620 886	272 499	300 104	42 497	5 786
Negative fair value of financial derivatives for fair value hedges	196 315	283 866	5 776	40 213	181 320	56 557

The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 31 December 2022 (in non-discounted amounts):

	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Up to 3 months incl.</i>	<i>Remaining maturity</i>		
				<i>From 3 months up to 1 year incl.</i>	<i>From 1 year up to 5 years incl.</i>	<i>Over 5 years incl.</i>
<b>Contingent liabilities and other off-balance sheet items:</b>						
Contingent liabilities from guarantees	601 852	601 852	601 852	-	-	-
Contingent liabilities from letters of credit	3 363	3 363	3 363	-	-	-
From irrevocable loan commitments	1 224 549	1 224 549	1 224 549	-	-	-



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### **Operational risk**

Operational risk is the risk arising from inappropriate or erroneous procedures, human error, failures of the Group's systems or from external events. Operational risk also includes legal risk, i.e., the risk of loss primarily due to the failure to enforce contracts, and the risk of unsuccessful legal disputes or court rulings with adverse impacts on the Group. As in 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 Group uses the standardised approach according to the requirements of BASEL II and the Banking Act. Under the Standardised Approach, the Group'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  $\beta$  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 Group 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 obtaining of all operational losses by individual risk categories of this three-dimensional model.

The Group puts an emphasis on process quality improvement and operational risk mitigation actions. The essential assumption of set goals is based on operational risk awareness and operational risk Group culture.

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

### **Other risks**

Simultaneously, in terms of implementing an internal process of capital adequacy determination, the Group 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 Group has prepared and applies these stricter rules in capital adequacy and liquidity. The Group 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 Group International AG while reflecting the local specifics of the Group and the entire bank environment.

The Group'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 Group uses 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 Group for the bulk of the non-retail portfolios. For the bulk of the retail portfolios, the advanced internal ratings-based approach is applied.

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The IRB approach is used for central governments and central banks, institutions, and 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 Group continuously reassesses the performance of its rating models and subsequently ensures the required performance of the models.

The Group 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 Group performs a risk relevance and materiality assessment, a risk quantification and an assessment with respect to the Group'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 Group'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 Group's individual risks and capital are reflected in the management of the Group 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 Group with respect to changing economic developments included, for instance, implementing comprehensive stress testing for Pillar 1 risks as well as for other risk types identified by the Group, 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 Group actively uses the results of stress testing in capital planning and capital management.

## OTHER DISCLOSURES

### 44. Contingent liabilities and other off-balance sheet items

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Contingent liabilities:</b>	<b>644 711</b>	<b>605 215</b>
from guarantees	624 833	601 852
from letters of credit	19 878	3 363
<b>Commitments:</b>	<b>3 348 519</b>	<b>3 367 532</b>
from irrevocable loan commitments:	998 747	1 224 549
<i>up to 1 year</i>	558 188	263 915
<i>more than 1 year</i>	440 559	960 634
from revocable loan commitments:	2 349 772	2 142 983
<i>up to 1 year</i>	1 678 175	1 106 437
<i>more than 1 year</i>	671 597	1 036 546
<b>Total</b>	<b>3 993 230</b>	<b>3 972 747</b>

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

A documentary letter of credit is an irrevocable undertaking of the issuing Group 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 against stipulated documents, provided all terms and conditions of the letter of credit are complied with. 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 Group 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 in the same way as for customer loans, taking into account the financial position and activities of the entity to which the Group has provided the guarantee, as well as the collateral received. As at 30 September 2023, the Group has made provisions for the above risks in the amount of EUR 10 217 thousand (31 December 2022: EUR 12 470 thousand), Note 31 'Provisions for liabilities'. Other contingent liabilities at 30 September 2023 amount to EUR 420 thousand (31 December 2022: EUR 420 thousand).

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EUR 105 thousand). An overview of the quality of future liabilities and other off-balance sheet items is provided in Note 43 'Risk report'.

### Litigations and claims

In the sound course of business, the Group is subject to legal actions and complaints. Each dispute is subject to special monitoring and regular re-assessment as a part of the Group's standard procedures. In the event of significant disputes, the Group cooperates with external lawyers, submitting the changes in dispute to the Board of Directors on a regular basis. In 2023, the Group was not subject to new significant disputes, and some long-term disputes developed in favour of the Group. It is the policy of the Group 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 case of the most serious legal action revolves around agreed credit facilities and a contract breach allegedly committed by the Parent Company through failing to execute payment transfer orders and renew credit facilities, which ultimately allegedly led to the termination of the customer's business activities, and an additional two related lawsuits for damages and lost profit. In the former one, the first and second instance court rejected the applied claim and the court of appeal dismissed the appeal. In the latter case, the court of first instance dismissed the action. In the Group's view, both actions are speculative.

The Group has reviewed the status of the litigation as at 30 September 2023, taking into account the amount of the defendant's claims and the IFRS requirements in relation to the recognition of provisions and contingent liabilities in the amount of EUR 4 103 thousand (31 December 2022: EUR 3 669 thousand).

If it is probable that the Group will be required to settle a claim and an estimate of the amount of the claim can be determined reliably, the Group establishes a provision. The total amount of the provision for lawsuits is EUR 22 427 thousand (31 December 2022: EUR 22 362 thousand), note 31 "Provisions for liabilities". In determining the amount of the provision, the Group makes a professional estimate and relies on the advice of legal counsel, taking into account all the circumstances of the case and considering all available factors, including the application of publicly available information regarding past litigation in the Slovak Republic. For significant accounting estimates, see Note II.

### 45. Leases as a lessee (IFRS 16)

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

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

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

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

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Lease costs:</b>	<b>(547)</b>	<b>(513)</b>
Short-term lease	(55)	(42)
Low-value tangible assets leases	(492)	(471)

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Contractual undiscounted cash flows:</b>	<b>46 447</b>	<b>49 611</b>
Less than 1 year	10 741	10 635
1 to 5 years	27 299	27 795
More than 5 years	8 407	11 181

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**46. Related parties**

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 Group enters into several 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 related to related parties as at 30 September 2023:

<b>Related parties*</b>	<b>RBI</b>	<b>RBI Group</b>	<b>Statutory bodies and Supervisory Board**</b>	<b>Other related parties</b>	<b>Total</b>
Loans, advances and current accounts to banks and customers	129 541	42 380	1 316	2 165	<b>175 402</b>
Receivables from financial derivative transactions	74 013	-	-	-	<b>74 013</b>
Other assets	1 033	1 674	-	-	<b>2 707</b>
Deposits and current accounts from banks and customers	19 980	16 865	1 388	1 022	<b>39 255</b>
Liabilities from financial derivative transactions	201 775	4	-	-	<b>201 779</b>
Subordinated debts	136 263	-	-	-	<b>136 263</b>
Other liabilities	2 577	771	-	-	<b>3 348</b>
Guarantees issued	22 881	584	-	-	<b>23 465</b>
Loan commitments	37 000	4 842	115	1 255	<b>43 212</b>

\* Groups of related parties under the IAS 24 definition

\*\* Including members of RBI Boards of Directors

Assets, liabilities, commitments, issued and received guarantees related to related parties as at 31 December 2022:

<b>Related parties*</b>	<b>RBI</b>	<b>RBI Group</b>	<b>Statutory bodies and Supervisory Board**</b>	<b>Other related parties</b>	<b>Total</b>
Loans, advances and current accounts to banks and customers	143 052	56 958	1 369	1 946	<b>203 325</b>
Receivables from financial derivative transactions	68 848	-	-	-	<b>68 848</b>
Other assets	663	843	-	-	<b>1 506</b>
Deposits and current accounts from banks and customers	1 690	5 049	1 252	1 368	<b>9 359</b>
Liabilities from financial derivative transactions	208 586	-	-	-	<b>208 586</b>
Subordinated debts	135 852	-	-	-	<b>135 852</b>
Other liabilities	6 249	1 161	-	-	<b>7 410</b>
Guarantees issued	8 801	546	-	-	<b>9 347</b>
Loan commitments	37 000	5 541	118	1 421	<b>44 080</b>

\* Groups of related parties under the IAS 24 definition

\*\* Including members of RBI Boards of Directors

Revenue and expenses of related parties as at 30 September 2023:

<b>Related parties*</b>	<b>RBI</b>	<b>RBI Group</b>	<b>Statutory bodies and Supervisory Board</b>	<b>Other related parties</b>	<b>Total</b>
Interest and dividend income	54 860	2 343	9	58	<b>57 270</b>
Fee and commission income	658	362	-	-	<b>1 020</b>
Unrealised gain / (loss) on financial derivative transactions	28 045	(4)	-	-	<b>28 041</b>
Operating revenue	857	1 082	-	-	<b>1 939</b>
Interest expenses	(73 873)	(21)	-	(44)	<b>(73 938)</b>
Fee and commission expenses	(607)	(7 398)	-	-	<b>(8 005)</b>
General administrative expenses	(8 334)	(327)	-	-	<b>(8 661)</b>
<b>Total</b>	<b>1 606</b>	<b>(3 963)</b>	<b>9</b>	<b>14</b>	<b>(2 334)</b>

\* Groups of related parties under the IAS 24 definition

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Revenue and expenses of related parties as at 30 September 2022:

<i>Related parties*</i>	<i>RBI</i>	<i>RBI Group</i>	<i>Subsidiaries and Associates</i>	<i>Statutory bodies and Supervisory Board</i>	<i>Other related parties</i>	<i>Total</i>
Interest and dividend income	30 977	4 464	-	8	42	<b>35 491</b>
Fee and commission income	451	633	-	-	-	<b>1 084</b>
Unrealised gain / (loss) on financial derivative transactions	(121 552)	-	-	-	-	<b>(121 552)</b>
Operating revenue	332	13	-	-	-	<b>345</b>
Interest expenses	(28 446)	(37)	-	-	-	<b>(28 483)</b>
Fee and commission expenses	(575)	(6 087)	-	-	-	<b>(6 662)</b>
General administrative expenses	(7 859)	(331)	1	-	-	<b>(8 189)</b>
<b>Total</b>	<b>(126 672)</b>	<b>(1 345)</b>	<b>1</b>	<b>8</b>	<b>42</b>	<b>(127 966)</b>

\* Groups of related parties under the IAS 24 definition

#### 47. Average number of employees

The average number of Group's employees was as follows:

	<b>30.9.2023</b>	<b>31.12.2022</b>
Employees of the Group	3 479	3 463
Of which: Members of the Board of Directors	7	7
<b>Total</b>	<b>3 479</b>	<b>3 463</b>

#### 48. Capital management

For capital management purposes, the Group 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 Group 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 Grouping 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 Group's capital requirement is disclosed in Note 43 "Risk report", part "BASEL III".

During 2023, the Group complied with the level of capital adequacy defined for the Group.

Internal capital represents such own sources of the Group's financing that are internally held and placed by the Group to cover its risks. The capital consists of capital components supplemented by other additional funds available to the Group. The Group's objective is to maintain the required amount of internal capital. For 2023, the Group met this objective.

Economic capital is the necessary capital and/or it responds to the minimum capital requirement to cover unexpected losses resulting from internal risks, which are defined by the Group as material and quantifies them. Economic capital ensures the financial stability of the Group at the reliability level corresponding to the Group's credibility. The benefits of the knowledge of economic capital are important for the Group, for active portfolio management, valuation, and controlling etc.

An additional own resources requirement, the so-called "own resources requirement", is designed to cover risks that are not or are not sufficiently covered by the first pillar own funds requirement. Pillar 2 requirement (P2R). Its value has been determined to the parent company by the banking supervision based on the SREP assessment as of 1 January 2020 at 1.5%.

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The below table provides the outline of the structure of the Group's regulatory capital, including the capital adequacy ratios:

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>The original own funds (TIER 1)</b>	<b>1 282 317</b>	<b>1 244 259</b>
Paid-up share capital	64 326	64 326
(-) Treasury shares	(86)	(136)
Share premium	298 650	298 447
(-) Share premium- treasury shares	(1 531)	(2 271)
Funds from profit and other capital reserves	15 676	15 366
Other specific items of original own funds	911 186	877 403
Other temporary adjustments to Tier 1 capital	(5 904)	(8 876)
<b>The additional own funds (TIER 1) (AT1 equity)</b>	<b>100 000</b>	<b>100 000</b>
<b>(-) Items deductible from the original own funds</b>	<b>(49 214)</b>	<b>(59 835)</b>
(-) Intangible assets	(36 339)	(46 960)
(-) Goodwill	(12 875)	(12 875)
<b>Additional own funds (TIER 2)</b>	<b>171 287</b>	<b>165 610</b>
Subordinated debts	135 000	135 000
Excess of provisions over expected losses eligible	36 287	30 610
<b>(-) Items deductible from the original and additional own funds</b>	<b>(25 927)</b>	<b>(9 329)</b>
(-) From the original own funds	(25 927)	(9 329)
<b>Total own funds</b>	<b>1 478 463</b>	<b>1 440 705</b>
<b>Adequacy of own funds (%)</b>	<b>18,51</b>	<b>18,66</b>
<b>Own funds</b>	<b>1 478 463</b>	<b>1 440 705</b>
<b>Risk-weighted assets (RWA)</b>	<b>7 989 285</b>	<b>7 721 787</b>
RWA from receivables recorded in the Banking book	7 175 012	6 914 975
RWA from positions recorded in the Trading book	16 546	9 085
RWA from operating risk – standardised approach	797 727	797 727



TATRA BANKA  
Member of K&F Group

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**49. Events after the balance sheet date**

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

**50. Approval of the Consolidated financial statements**

The annual consolidated financial statements for the immediately preceding reporting period ended 31 December 2022 were signed and authorised for issue on 17 February 2023.

The financial statements were signed and authorised for issue on 20 November 2023 by the following bodies/persons:

a) Statutory body

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Michal Liday  
Chairman of the Board of Directors  
and Chief Executive Officer

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Bernhard Henhappel  
Member of the Board of Directors

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

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Ľubica Jurkovičová  
Accounting, Reporting  
and Tax Director