



**TATRA BANKA**

 *Member of RBI Group*

**Interim separate financial statements  
for the 9 months ended  
30 September 2023  
prepared in accordance with  
International Financial Reporting  
Standard IAS 34 as adopted by the  
European Union**

## Interim separate financial statements for the 9 months ended 30 September 2023

prepared in accordance with International Financial Reporting Standard IAS 34  
as adopted by the European Union

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**TATRA BANKA**  
 Member of RBI Group

**Separate statement of profit and loss and other comprehensive income for the 9 months ended 30 September 2023**

prepared in accordance with International Financial Reporting Standard IAS 34,  
 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 the effective interest rate		487 343	217 845
Other interest income		638	12 188
Interest expense		<u>(208 833)</u>	<u>(13 337)</u>
<b>Net interest income</b>	<b>(1)</b>	<b>279 148</b>	<b>216 696</b>
Dividend income		10 040	10 040
<b>Net interest income and dividend income</b>	<b>(1)</b>	<b>289 188</b>	<b>226 736</b>
Fee and commission income		150 851	141 956
Fee and commission expense		<u>(46 713)</u>	<u>(42 470)</u>
<b>Net fee and commission income</b>	<b>(2)</b>	<b>104 138</b>	<b>99 486</b>
Net profit / (loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(3)	-	196
Net profit / (loss) from financial instruments held for trading and exchange rate differences	(4)	32 891	27 549
Net profit / (loss) from non-trading financial instruments mandatorily at fair value through profit or loss	(5)	754	(457)
Other operating profit	(6)	4 734	3 873
Other operating loss	(6)	(2 075)	(2 190)
General administrative expenses	(7)	(190 883)	(169 608)
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)	78	570
(Creation) / release of provisions for expected losses from commitments and guarantees given	(11)	2 682	(1 164)
Impairment allowances for financial assets not measured at fair value through profit or loss	(12)	(27 587)	(34 350)
Impairment allowances for non-financial assets	(13)	73	541
Profit/(loss) on non-current assets and assets for disposal classified as held for sale	(14)	<u>-</u>	<u>1 038</u>
<b>Profit before income tax</b>		<b>206 650</b>	<b>140 992</b>
Income tax	(15)	<u>(43 538)</u>	<u>(26 068)</u>
<b>Profit after tax</b>		<b>163 112</b>	<b>114 924</b>
<b>Other comprehensive income after income tax:</b>			
<b>Items that 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 that can be reclassified to profit or loss		<u>(814)</u>	<u>3 225</u>
<b>Items that can be reclassified to profit or loss</b>		<b>2 959</b>	<b>(12 381)</b>
<b>Items that 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 that will not be reclassified to profit or loss		<u>(4)</u>	<u>(4)</u>
<b>Items that 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>166 084</b>	<b>102 557</b>
<b>Basic and diluted earnings per ordinary share (face value EUR 800) in EUR</b>	<b>(16)</b>	<b>2 070</b>	<b>1 278</b>
<b>Basic and diluted earnings per ordinary share (face value EUR 4 000) in EUR</b>	<b>(16)</b>	<b>10 350</b>	<b>6 390</b>
<b>Basic and diluted earnings per preference share (face value EUR 4) in EUR</b>	<b>(16)</b>	<b>10,4</b>	<b>6.4</b>

**Separate statement of profit and loss and other comprehensive income for the 3 months ended 30 September 2023**

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

	<i>Note</i>	<b>3. quarter 2023</b>	<b>3. quarter 2022</b>
Interest income calculated using the effective interest rate		183 227	78 232
Other interest income		157	2 171
Interest expense		<u>(85 066)</u>	<u>(4 941)</u>
<b>Net interest income</b>	<b>(1)</b>	<b>98 318</b>	<b>75 462</b>
Dividend income		-	-
<b>Net interest income and dividend income</b>	<b>(1)</b>	<b>98 318</b>	<b>75 462</b>
Fee and commission income		51 664	47 278
Fee and commission expense		<u>(16 903)</u>	<u>(14 699)</u>
<b>Net fee and commission income</b>	<b>(2)</b>	<b>34 761</b>	<b>32 579</b>
Net profit / (loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(3)	-	-
Net profit / (loss) from financial instruments held for trading and exchange rate differences	(4)	14 217	11 566
Net profit / (loss) from non-trading financial instruments mandatorily at fair value through profit or loss	(5)	(141)	311
Other operating profit	(6)	-	971
Other operating loss	(6)	1 648	(421)
General administrative expenses	(7)	(65 051)	(56 825)
Contribution to the Resolution fund and the Deposit Guarantee fund	(8)	-	-
Net modification profit / (loss)	(9)	-	-
(Creation) / release of provisions	(10)	214	125
(Creation) / release of provisions for expected losses from commitments and guarantees given	(11)	1 925	1 375
Impairment allowances for financial assets not measured at fair value through profit or loss	(12)	(1 080)	(11 800)
Impairment allowances for non-financial assets	(13)	23	(17)
Profit/(loss) on non-current assets and assets for disposal classified as held for sale	(14)	<u>-</u>	<u>762</u>
<b>Profit before income tax</b>		<b>84 021</b>	<b>54 088</b>
Income tax	(15)	<u>(17 087)</u>	<u>(7 905)</u>
<b>Profit after tax</b>		<b>66 934</b>	<b>46 183</b>
<b>Other comprehensive income after income tax:</b>			
<b>Items that can be reclassified to profit or loss</b>			
Debt instruments at fair value through other comprehensive income		756	(4 184)
Income tax related to items that can be reclassified to profit or loss		<u>(161)</u>	<u>854</u>
<b>Items that can be reclassified to profit or loss</b>		<b>595</b>	<b>(3 330)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Equity instruments at fair value through other comprehensive income		10	-
Income tax related to items that will not be reclassified to profit or loss		<u>(2)</u>	<u>-</u>
<b>Items that will not be reclassified to profit or loss</b>		<b>8</b>	<b>-</b>
<b>Other comprehensive income after income tax</b>		<b>603</b>	<b>(3 330)</b>
<b>Comprehensive profit after tax</b>		<b>67 537</b>	<b>42 853</b>

**Separate statement of financial position for the 9 months ended 30 September 2023**  
prepared in accordance with International Financial Reporting Standard IAS 34,  
as adopted by the European Union (in thousands of EUR)

	<i>Note</i>	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Assets</b>			
Cash and Other deposits payable on demand	(17)	197 791	224 292
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)	15 358	13 919
Financial assets at fair value through other comprehensive income	(20)	152 243	186 047
Financial assets at amortised cost	(21)	17 448 528	16 406 267
Receivables from hedging transactions	(22)	19 091	18 489
Investments in subsidiaries, joint ventures and associates	(23)	61 013	60 246
Non-current tangible assets	(24)	88 436	92 095
Non-current intangible assets	(24)	45 963	46 573
Deferred tax asset	(25)	43 464	42 946
Other assets	(26)	21 661	28 301
Non-current assets held for sale	(27)	-	531
<b>Total assets</b>		<b>21 228 960</b>	<b>21 602 237</b>
<b>Equity and liabilities</b>			
Financial liabilities held for trading	(28)	34 134	53 705
Financial liabilities at amortised cost	(29)	19 528 035	19 945 223
Liabilities from hedging transactions	(30)	78 139	79 209
Provisions	(31)	53 399	57 369
Current tax liability	(32)	11 659	6 085
Other liabilities	(33)	47 429	45 460
<b>Total liabilities</b>		<b>19 752 795</b>	<b>20 187 051</b>
Equity (excluding current year profit)	(34)	1 313 053	1 221 347
Profit after tax		163 112	193 839
<b>Total equity</b>		<b>1 476 165</b>	<b>1 415 186</b>
<b>Total equity and liabilities</b>		<b>21 228 960</b>	<b>21 602 237</b>

## Separate statement of changes in equity for the 9 months ended 30 September 2023

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

	Share capital	Share capital – treasury shares	Share premium	Share premium – treasury shares	Reserve and other funds	Fair value reserve for financial instruments at fair value through other comprehensive income	Retained earnings	AT1 capital	Profit after tax	Total
<b>Equity as at 31 December 2022</b>	<b>64 326</b>	<b>(136)</b>	<b>298 447</b>	<b>(2 271)</b>	<b>14 446</b>	<b>(8 877)</b>	<b>755 412</b>	<b>100 000</b>	<b>193 839</b>	<b>1 415 186</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>14 446</b>	<b>(8 877)</b>	<b>755 587</b>	<b>100 000</b>	<b>193 839</b>	<b>1 415 186</b>
<i>Total profit after tax</i>										
<b>Profit after tax</b>	-	-	-	-	-	-	-	-	<b>163 112</b>	<b>163 112</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>13</b>
<b>Other comprehensive income net of income tax</b>	-	-	-	-	-	<b>2 972</b>	-	-	-	<b>2 972</b>
<b>Total profit after tax</b>	-	-	-	-	-	<b>2 972</b>	-	-	<b>163 112</b>	<b>166 084</b>
<i>Transactions with owners of the Bank</i>										
<i>Contributions and distributions</i>										
Distribution of profit out of which:	-	-	-	-	-	-	<b>87 566</b>	-	<b>(193 839)</b>	<b>(106 273)</b>
<i>transfer to retained earnings</i>	-	-	-	-	-	-	186 372	-	(186 372)	-
<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 equity shares	-	320	-	5 505	-	-	-	-	-	<b>5 825</b>
Sale of ordinary and preference shares	-	-	203	-	-	-	-	-	-	<b>203</b>
Repurchase of preference shares	-	(270)	-	(4 765)	-	-	-	-	-	<b>(5 035)</b>
<b>Total transactions with owners of the Bank</b>	-	<b>50</b>	<b>203</b>	<b>740</b>	-	-	<b>87 566</b>	-	<b>(193 839)</b>	<b>(105 280)</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>14 446</b>	<b>(5 905)</b>	<b>843 153</b>	<b>100 000</b>	<b>163 112</b>	<b>1 476 165</b>

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

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

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

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

	Share capital	Share capital – treasury shares	Share premium	Share premium – treasury shares	Reserve and other funds	Fair value reserve for financial instruments at fair value through other comprehensive income	Retained earnings	AT1 capital	Profit after tax	Total
<b>Equity as at 1 January 2022</b>	<b>64 326</b>	<b>(21)</b>	<b>298 414</b>	<b>(336)</b>	<b>14 446</b>	<b>3 117</b>	<b>725 619</b>	<b>100 000</b>	<b>150 913</b>	<b>1 356 478</b>
<i>Total profit after tax</i>										
<b>Profit after tax</b>	-	-	-	-	-	-	-	-	<b>193 839</b>	<b>193 839</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>193 839</b>	<b>181 845</b>
<i>Transactions with owners of the Bank</i>										
<i>Contributions and distributions</i>										
Distribution of profit out of which:							29 793	-	(150 913)	<b>(121 120)</b>
<i>transfer to retained earnings</i>							144 820	-	(144 820)	-
<i>dividend paid – ordinary shares</i>							(101 802)	-	-	<b>(101 802)</b>
<i>dividend paid – preference shares</i>							(13 225)	-	-	<b>(13 225)</b>
<i>AT1 revenue payment</i>							-	-	(6 093)	<b>(6 093)</b>
Disposal of equity shares	-	513	-	8 505	-	-	-	-	-	<b>9 018</b>
Sale of ordinary and preference shares	-	-	33	-	-	-	-	-	-	<b>33</b>
Repurchase of preference shares	-	(628)	-	(10 440)	-	-	-	-	-	<b>(11 068)</b>
<b>Total transactions with owners of the Bank</b>	-	<b>(115)</b>	<b>33</b>	<b>(1 935)</b>	-	-	<b>29 793</b>	-	<b>(150 913)</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>14 446</b>	<b>(8 877)</b>	<b>755 412</b>	<b>100 000</b>	<b>193 839</b>	<b>1 415 186</b>

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

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

**Separate cash flow statement for the 9 months ended 30 September 2023**  
prepared in accordance with International Financial Reporting Standard IAS 34,  
as adopted by the European Union (in thousands of EUR)

	<b>Note</b>	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>206 650</b>	<b>140 991</b>
<b>Adjustments for non-cash transactions:</b>		<b>(250 472)</b>	<b>(205 583)</b>
Interest expense	(1)	208 833	13 337
Interest income	(1)	(477 940)	(219 992)
Dividend income	(1)	(10 040)	(10 040)
Impairment loss allowances, provisions for losses and other provisions, net	(10-13)	19 173	23 765
(Profit) / loss on sale and other disposal of non-current assets	(6)	3 882	2 484
Unrealised (profit) / loss from financial derivatives and financial assets 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)	(3 084)	(5 358)
Unrealized (profit) / loss from hedging derivatives	(4)	(18 866)	58 003
Net / (profit) loss from financial assets at fair value through other comprehensive income		830	3 530
Depreciation and amortisation	(7)	24 586	24 021
(Profit) / loss from foreign exchange operations and other operations with cash and cash equivalents	(4)	(1 561)	(13 239)
(Profit)/loss from sale of non-current assets held for sale	(14)	-	3 922
<b>Cash flows used in operating activities before changes in working capital, interest received and paid and income tax paid</b>		<b>(43 822)</b>	<b>(64 592)</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)	(272 858)	(1 262 633)
Financial assets held for trading	(18)	4 991	34 070
Non-trading financial assets mandatorily at fair value through profit or loss	(19)	1 531	2 925
Other Assets	(26)	6 714	(21 336)
<b>Increase / (decrease) in operating liabilities:</b>			
Deposits from customers and current bank accounts	(29)	(853 278)	871 284
Financial liabilities held for trading	(28)	(19 586)	(407)
Other liabilities	(33)	12 100	(3 311)
<b>Cash (used in) earned from operations before interest paid and received and income tax paid</b>		<b>179 082</b>	<b>7 038</b>
Interest paid	(1)	(82 924)	(22 201)
Interest received	(1)	442 094	203 160
Income tax paid	(15)	(39 300)	(38 875)
<b>Cash flows from operating activities, net</b>		<b>498 952</b>	<b>149 122</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	(1)	29 365	10 486
Proceeds from the sale or disposal of non-current tangible and intangible assets	(24)	133	411
Purchase of non-current tangible and intangible assets	(24)	(23 802)	(17 539)
Investments in subsidiaries, joint ventures and associates	(23)	(767)	(342)
Sell of subsidiaries, joint ventures and associates	(23)	-	1 436
Dividends received	(1)	10 040	10 040
<b>Cash flows from investment activities, net</b>		<b>(725 870)</b>	<b>(52 507)</b>



**Separate cash flow statement for the 9 months ended 30 September 2023**  
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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	(34)	(5 035)	(7 910)
Sale of preference shares	(34)	6 028	5 938
Loans received	(29)	12 324	169 523
Loans paid	(29)	(440 000)	(155 681)
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)	(5 956)
Dividends paid	(34)	(106 273)	(121 121)
<b>Cash flows from financing activities, net</b>		<b>200 456</b>	<b>(112 491)</b>
Effects of exchange rate changes on cash and cash equivalents and other effects	(17)	(40)	(3)
<b>Change in cash and cash equivalents</b>		<b>(26 501)</b>	<b>(15 873)</b>
Cash and cash equivalents, beginning of the year*	(17)	224 292	144 274
<b>Cash and cash equivalents, end of the year*</b>	(17)	<b>197 792</b>	<b>128 401</b>

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

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

**Scope of activities**

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

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

The Bank'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%
Other	10.89%	10.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

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

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

The Bank'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
Other	13 648	13 648
<b>Total</b>	<b>64 326</b>	<b>64 326</b>

The Bank performs its activities in the Slovak Republic through its 77 branches, corporate centres and corporate centre sub-agencies and 57 branches of the Organisational Unit of Raiffeisen Bank.

The Bank'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 Bank as at 30 September 2023:**

***Supervisory Board***

Chairman:	Andrii STEPANENKO
Vice-chairman:	Johann STROBL
Members:	Peter LENNKH Peter GOLHA Tomáš BOREČ 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 Bank's Supervisory Board in 2023:**

There were no changes in the structure of the Bank's Supervisory Board during 2023.

**Changes in the Bank's 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

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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**Business names of the Bank's subsidiary entities as at 30 September 2023**

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

**Business names of the Bank's joint venture entities as at 30 September 2023**

	<b>Seat</b>	<b>Type of ownership interest</b>	<b>% of ownership</b>
Monilogi s.r.o	Bratislava	direct	26 %

Voting right percentage in each company is the same as the percentage of ownership.

**Changes in the Bank's group**

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.

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

**The impact of the situation in Ukraine**

Considering the minimum amount of exposure to entities from Russia, Belarus and Ukraine (the gross book value of exposures to entities from Russia, Belarus and Ukraine as of 30 September 2023 was EUR 1 148 thousand, as of 31 December 2022 it was EUR 874 thousand) the bank does not expect materially negative impact on the bank's economic results.

Russia's invasion of Ukraine affects the bank only indirectly, through the changes in the macroeconomic environment that it caused. These are mainly the extraordinary rise in energy prices and concerns about energy security, high inflation, tightening of monetary policy, higher interest rates and slowing economic growth. The impact of these changes in the macroeconomic environment on the Slovak banking sector is complex and multi-layered. Higher inflation and higher interest rates lead to a nominal increase in income, while inflationary pressures and a slowing economy simultaneously push up operating and risk costs.

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Provisioning methodology of Tatra banka captures forward looking information in provisioning calculation 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 bank has implemented an accounting policy for ESG - linked financial instruments in accordance with the opinions published by IFRS working groups.

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

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

In the event that the contingent event is not specific to the borrower or does not meet the de minimis condition, the SPPI financial asset may not meet the 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) Statement of compliance

Interim individual financial statements of the Bank (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 separate 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 individual financial statements were prepared on 23 October 2023 and published on the bank's website. For the purposes of these interim separate financial statements, the Separate Statement of Financial Position as at 31 December 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 separate financial statements are not audited.

The preparation of regular separate financial statements in the Slovak Republic is in accordance with Act No. 431/2002 Coll., as amended. The Bank prepares its separate and consolidated financial statements and annual report under special regulations - Regulation (EC) 1606/2002 of the European Parliament and of the Council on the Application of International Financial Reporting Standards (IFRS). The Separate and consolidated financial statements prepared in accordance with IFRS as at 31 December 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 bank prepares its financial statements for general use. The information provided can only be used for specific purposes or to assess individual transactions. Readers of financial statements should not rely on those financial statements as the sole source of information in making their decisions.

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 designated as hedged items in qualifying fair value hedging relationships (which otherwise would have been measured	Amortised cost adjusted for hedging gain or loss

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at amortised cost)

***Basis of preparing the financial statements***

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

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

***Significant accounting judgements***

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

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

- The creation of impairment allowances for 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 30 September 2023. 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 and / or interpretation judgement with respect to the extensive and complex issues affecting the banking sector. Furthermore, the tax authorities have broad powers as regards the interpretation of tax laws and regulations during the tax audit of a taxpayer. As a result, there is a higher degree of uncertainty as to the final outcome of any potential 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 "Income Tax".
- Provisions for investments in subsidiaries and associated undertakings represent the best estimate of a loss, taking into account objective factors affecting the future cash flows in subsidiaries and associated undertakings. The item is reported in "Impairment allowances for investments in subsidiaries, joint ventures and associates."
- Provisions for litigation take into account a significant degree of judgment in the expected future development of the respective litigation based on the facts available at the time of their creation. However, the actual outcome of the respective litigation may ultimately differ significantly from the expected state as a result of the development of the litigation itself. (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) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into euros and reported in the financial statements at the exchange rate declared by the European Central Bank (ECB)

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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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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 Bank 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".

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 "Receivables from hedging transactions" or in the item "Liabilities from hedging transactions" 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.

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

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

The compulsory minimum reserve in the National Bank of Slovakia is a required deposit with restricted drawing to be held by all commercial banks licensed in the Slovak Republic. The interest rate is determined by the European Central Bank on a regular basis after the end of each period.

**d) Financial instruments**

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

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

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

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

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

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

Occasional or insignificant sales, pre-maturity sales or sales which do not constitute a change in 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.



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

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

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

### **Business model assessment**

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

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

The Bank will consider:

- prepayment, extension terms,
- leverage features,

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- 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.

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

**1. Financial assets measured at amortised cost (AC)**

The main components of the portfolio of financial assets measured at amortised cost are:

- Loans and advances in "hold-to-collect" business model and
- Debt securities in "hold-to-collect" business model.

**Loans and advances**

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

**Debt securities**

The portfolio is a financial asset with fixed or determinable payments and a fixed maturity that the Bank 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 the effective interest rate“.

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

The Bank owns two portfolios of financial assets measured 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 (Bratislava Stock Exchange, 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

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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 the Bank'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 reserve 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 Bank's accounting policies.

The Bank assesses on a forward-looking basis the expected credit losses associated with its debt instruments – assets measured at amortised cost and through other comprehensive income (FVOCI) and with the exposure arising from loan commitments, leasing receivables and financial guarantee contracts. The Bank 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 of a portfolio of assets entails further estimations as to the probability of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is the predominant approach used for the purposes of measuring expected credit losses under IFRS 9.

IFRS 9 prescribes a three-stage model for impairment 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

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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.

### **Significant increase in credit risk**

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

#### **Quantitative criteria**

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

The Bank applies increase in PD as a criteria 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 Bank 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 Bank.

For retail portfolios, if the borrower meets one or both of the criteria enlisted below

- Forbearance
- Expert judgement

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

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

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

### **Definition of default and impaired assets**

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

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

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

- The borrower is in long-term forbearance,
- The borrower is deceased,
- The borrower is insolvent,
- The borrower is in breach of 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 Bank and are consistent with the definition of default used for internal credit risk management purposes.

### **Explanation of inputs, assumptions and estimation techniques**

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

### **Probability of default**

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

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

### **Loss given default**

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Loss given default represents the Bank's expectation of the extent of loss on a defaulted exposure. Loss given default varies by type of counterparty and product. Loss given default is expressed as a percentage loss per unit of exposure at the time of default. Loss given default is calculated by counting the yield collected 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 Bank does not use the loan-level yields, but yields are counted by date of default.

### **Exposure at default**

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

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

### **Discount factor**

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

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

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

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

### **Forward-looking information**

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

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

In addition to the base economic scenario, Raiffeisen Research also provide a best case and worst case scenario. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes that each chosen scenario is representative of. Since the adoption of IFRS 9 in January 2018, the following weights for individual economic scenarios are used in retail: 25% (upside/ optimistic), 50% (base), 25% (downside/ pessimistic).

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

Economic scenarios used as at 30 September 2023 include the following key indicators for the Slovak republic for the years ending 31 December 2023 to 2025:

	(%)	2024	2025	2026
Unemployment rates	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 ending 31 December 2023 to 2025:

	(%)	2023	2024	2025
Unemployment rates	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

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

Loans are written off on the basis of a valid decision of a court, Board of Directors, or another body of the Bank (i.e. Problem Loan Committee and Executive Committee), in line with an internal directive on waiving their enforcement against booked impairment allowance. If the amount of the written-off receivable is higher than the impairment allowance created, further impairment allowance is created up to the amount of the written-off receivable and subsequently is derecognised from the statement of comprehensive income. The written-off receivables for which the right to recovery have not expired are recorded in the off-balance sheet. As at 30 September 2023 written off receivables for which the right to recovery have not expired were in the amount of EUR 20 934 thousand (as at 31 December 2022 EUR 20 935 thousand).

After the write-off, the Bank does not carry out active enforcement, 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 Bank, after writing off the loans and advances provided to the client, collects additional amounts from the client or obtains control over the collateral that is higher than originally estimated, the yield is recognised in the statement of comprehensive income under „Impairment allowances for financial assets not measured at fair value through profit or loss“.

#### **Loan collateral**

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

The Bank mainly accepts the following types of collateral:

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

In terms of legal instruments, the Bank uses:

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

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

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

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

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

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

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

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

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

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

#### **a. Financial assets held for trading**

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

Financial assets held for trading are initially 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 Bank discloses derivative financial instruments - interest rate swaps, currency swaps, index swaps, currency forwards, interest rate options, currency options, share index options, currency, interest rate and index futures and commodity derivatives.

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

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

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characteristics of the host contract and if the embedded derivative recognised separately meets the definition of a derivative and if the primary contract is not accounted for at fair value, the changes in which are recognised in the statement of comprehensive income. If an embedded derivative is separated, the host contract is recognised in accordance with other standards.

### **5. Hedging derivatives**

Within implementation of IFRS 9, the Bank has decided to continue using the original accounting under IAS 39 in the reporting of hedging derivatives. Hedging derivatives are derivatives designed in the Bank's strategy to hedge certain risks and which meet all classification criteria for hedging derivatives under international accounting standards. 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 set off 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 Bank cancels the hedging relationship, the derivative instrument expires or is sold, terminated, or exercised, or when the hedging relationship no longer meets the criteria for fair-value hedge accounting.

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

The positive fair value of a hedging derivative is recognised in the statement of financial position, line "*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 Bank used the so-called carve-out to IAS 39 adopted by the European Union, which enables hedging of the interest rate risk of core deposits. The Bank uses macro hedges for a dynamically changing portfolio of fixed loans and deposits, where it can periodically add hedging and hedging items. In this way, the Bank hedges its interest rate risk, with the hedged items (designated part of the portfolio) being remeasured at fair value associated with movements in the risk-free interest rate (or benchmark rate). The fair value of the hedged portfolio of loans and deposits is recognised in 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

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value of the hedging derivative and the hedged instrument attributable to the hedged risk is recognised in the statement of comprehensive income in "*Net profit / (loss) from financial instruments 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 Bank, except for financial liabilities held for trading and hedging derivative financial liabilities, are measured at amortised cost. Subordinated debt is recognised under Financial liabilities measured at amortised cost.

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

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

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

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

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

**e) Derecognition of financial instruments**

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

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

If the financial assets are modified resulting in a significant change in cash flows (see "Modification of financial instruments"), the original asset is derecognised and a new financial asset is recognised. The Bank derecognises financial liabilities only when the Bank's obligations are discharged or cancelled, or when they expire.

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

**f) Modification of financial instruments**

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

The Bank defines qualitative criteria as follows:

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

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The Bank defines the quantitative criteria as follows:

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

In the event that a modification does not result in the obligation to derecognise the loan/asset, the Bank is required to recognise gains or losses on modifications. Gain or loss is equal to the difference between NPV from the new (modified) cash flow and current book value recorded in Note 9 "Net modification profit / (loss)".

**g) Fair value of financial instruments**

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

- The fair values of financial assets and financial liabilities with standard terms and conditions traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Fair value of derivative instruments is also subject to credit 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 Bank groups the respective financial instrument based on an observable market price into Level 1. If the security is not traded on the stock exchange or the NBS benchmark for the security is not disclosed, the Bank measures the security at fair value derived from inputs other than quoted prices.

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

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

**Transfers between valuation levels**

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

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

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**h) Investments in subsidiaries, joint ventures and associates**

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

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

Shares in subsidiaries and associates are valued at cost less impairment allowances for losses from reduction in the net realisable value of the share arising from decrease in the equity of a company, that are reported in the statement of comprehensive income in line "Impairment allowances for investments in subsidiaries, joint ventures and associates".

Dividends from shares in subsidiaries and associates are reported in the statement of comprehensive income in line " Net interest income and dividend income".

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

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) Impairment of tangible and intangible assets**

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

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

**l) Leases**

**IFRS 16 Leases**

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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 Bank as lessor**

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

### **2. The Bank as a lessee**

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

The Bank recognises assets related to operating leases in the statement of financial position in the note 24 "Non-current tangible assets" under "Land and buildings - Right of use assets". Information on leases where the Bank is a lessee is presented in Note 44 Leases as a lessee (IFRS 16).

### **m) Non-current assets held for sale**

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

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

### **n) Provisions**

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

### **o) Provision for employee benefits**

The Bank has a long-term employee benefit program comprising a lump-sum retirement benefit. As at 30 September 2023, the Bank 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's age, number of years worked, employee turnover, mortality tables, and discount rates.

The employee benefit costs are assessed using the projected unit credit method with actuarial valuation

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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 Bank has also a defined contribution plan for employees. All company contributions are included in personnel expenses in Note 8 "General administrative expenses".

**p) Accrued interest**

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

**q) Recognition of income and expenses**

Income represents an increase in economic benefits during the 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 Bank assesses each contract and product terms and conditions on an individual basis when recognising income and expense:

- Service or other fulfilment for which the reward is received or paid,
- The period in which the income or expense are to be recognised,
- Correct income and expense amount to be recognised depending on product terms and conditions or contract,
- Correct recognition of all discounts and rebates related to received or provided service,
- Significant financial component, if any
- Non-financial services,
- Client rewards,
- Uncertain income

**1) Interest and interest related charges and fees**

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

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

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

Interest income and expenses, and interest related charges arising on all interest-bearing instruments except for "Financial assets held for trading" are accrued in the statement of comprehensive income using the effective interest 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 Bank is a contractual party with deferred payment for received or provided services, income or expense are recognised individually in interest income or expense in the amount related to the service price.

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2) Fee and commission income/expense

Fees and commissions are recognised as expense or income depending on whether the service is provided on a one-off basis or for a specified period. 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 Bank applies IFRS 15 to customer contracts if:

- the parties have agreed to the contract,
- it is possible to identify the rights of each party regarding the provision of services,
- it is possible to identify payment terms,
- the contract has a commercial substance,
- it is probable that the Bank will receive consideration for the service provided.

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

3) Dividend income

Dividend income is recognised when the dividend is approved to the Bank 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 Bank promised to return, is recognised as liability that is measured as at each financial statement date on contractual and probability basis.

**r) Basic and diluted earnings per share**

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

The profit attributable to each class of 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.

**s) Taxation and deferred taxation**

The Bank calculates income tax in accordance with the provisions of the relevant legislation of the Slovak Republic, based on taxable profit. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's 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 Bank intends to settle its current tax assets and liabilities on a net basis.



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As of 1 January 2023, the Bank 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 Bank, 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 Bank recognises the due corporate income tax in the statement of financial position line "Current tax asset" or "Current tax liability" and the deferred tax in "Deferred tax asset" or "Deferred tax liability".

The Bank pays various local taxes and value added tax (VAT). Various non-deductible local taxes are recognised in the statement of comprehensive income line "General administrative expenses" and VAT on the acquisition of 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 Bank applies IFRS 8 – “Operating Segments”. The accounting principles related to the reported segments are consistent with the Bank’s accounting principles.

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

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

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

Financial institutions and public sector include:

Banks/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 included nostro accounts and term deposits made. On the side of liabilities, they included mainly loro accounts, term deposits received and loans received from banks.

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

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

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

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

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

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

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

“Special levy of selected financial institutions” was allocated to individual segments according to the daily balances of all liabilities and to all segments.

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

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

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The separate 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	105 676	4 901	207 306	(53 039)	<b>264 844</b>	24 344	<b>289 188</b>
Net fee and commission income	20 827	6 220	77 842	(328)	<b>104 561</b>	(423)	<b>104 138</b>
From payment transfers business	11 213	1 666	53 696	(24)	<b>66 551</b>	(185)	<b>66 366</b>
From credit processing business	5 523	40	6 655	-	<b>12 218</b>	31	<b>12 249</b>
From securities business	245	4 213	14 213	(304)	<b>18 367</b>	(187)	<b>18 180</b>
From activities regarding mediation for third parties	9	-	6 193	-	<b>6 202</b>	80	<b>6 282</b>
From guarantee business	3 776	300	210	-	<b>4 286</b>	7	<b>4 293</b>
For other banking services	61	1	(3 125)	-	<b>(3 063)</b>	(169)	<b>(3 232)</b>
Net profit / (loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	-	-	-	-	-
Net profit / (loss) from financial instruments held for trading and exchange rate differences	7 729	355	17 642	7 399	<b>33 125</b>	(234)	<b>32 891</b>
Net profit / (loss) from non-trading financial instruments mandatorily at fair value through profit or loss	-	193	561	-	<b>754</b>	-	<b>754</b>
Other operating profit	-	-	-	-	-	4 734	<b>4 734</b>
Other operating loss	-	-	-	-	-	(2 075)	<b>(2 075)</b>
General administrative expenses	(28 775)	(1 907)	(149 717)	(2 618)	<b>(183 017)</b>	(7 866)	<b>(190 883)</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 modification profit / (loss)	-	-	-	-	-	-	-
(Creation) / release of provisions	-	-	-	-	-	78	<b>78</b>
(Creation) / release of provisions for expected losses from commitments and guarantees given	2 336	(37)	383	-	<b>2 682</b>	-	<b>2 682</b>
Impairment allowances for financial assets not measured at fair value through profit or loss	7 833	(121)	(34 969)	(330)	<b>(27 587)</b>	-	<b>(27 587)</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>114 063</b>	<b>9 281</b>	<b>113 851</b>	<b>(50 460)</b>	<b>186 735</b>	<b>19 915</b>	<b>206 650</b>
Income tax	-	-	-	-	-	(43 538)	<b>(43 538)</b>
<b>Profit after tax</b>	<b>114 063</b>	<b>9 281</b>	<b>113 851</b>	<b>(50 460)</b>	<b>186 735</b>	<b>(23 623)</b>	<b>163 112</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>505 829</b>	<b>21 228 960</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>2 853 561</b>	<b>21 228 960</b>

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

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The separate 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	66 273	1 745	155 711	(8 468)	<b>215 261</b>	11 475	<b>226 736</b>
Net fee and commission income	21 306	5 181	73 395	(311)	<b>99 571</b>	(85)	<b>99 486</b>
From payment transfers business	12 129	1 827	45 432	(28)	<b>59 360</b>	(66)	<b>59 294</b>
From credit processing business	5 534	91	9 924	-	<b>15 549</b>	5	<b>15 554</b>
From securities business	136	3 090	14 181	(283)	<b>17 124</b>	(65)	<b>17 059</b>
From activities regarding mediation for third parties	13	-	5 005	-	<b>5 018</b>	31	<b>5 049</b>
From guarantee business	3 457	176	229	-	<b>3 862</b>	9	<b>3 871</b>
For other banking services	37	(3)	(1 376)	-	<b>(1 342)</b>	1	<b>(1 341)</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>	2 430	<b>27 549</b>
Net profit / (loss) from non-trading financial instruments mandatorily at fair value through profit or loss	-	10	(562)	95	<b>(457)</b>	-	<b>(457)</b>
Other operating profit	-	-	-	-	-	3 873	<b>3 873</b>
Other operating loss	-	-	-	-	-	(2 190)	<b>(2 190)</b>
General administrative expenses	(25 732)	(1 324)	(133 416)	(1 945)	<b>(162 417)</b>	(7 191)	<b>(169 608)</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 given	(623)	(4)	(537)	-	<b>(1 164)</b>	-	<b>(1 164)</b>
Impairment allowances for financial assets not measured at fair value through profit or loss	(6 166)	(13)	(27 995)	(176)	<b>(34 350)</b>	-	<b>(34 350)</b>
Impairment allowances for non-financial assets	-	-	-	-	-	541	<b>541</b>
Net profit on non-current assets held for sale	-	-	-	-	-	1 038	<b>1 038</b>
<b>Profit before income tax</b>	<b>60 874</b>	<b>5 656</b>	<b>78 400</b>	<b>(10 849)</b>	<b>134 081</b>	<b>6 911</b>	<b>140 992</b>
Income tax	-	-	-	-	-	(26 068)	<b>(26 068)</b>
<b>Profit after tax</b>	<b>60 874</b>	<b>5 656</b>	<b>78 400</b>	<b>(10 849)</b>	<b>134 081</b>	<b>(19 157)</b>	<b>114 924</b>
<b>Total assets</b>	<b>4 943 805</b>	<b>564 912</b>	<b>8 070 456</b>	<b>6 286 188</b>	<b>19 865 361</b>	<b>474 889</b>	<b>20 340 250</b>
<b>Total equity and liabilities</b>	<b>3 632 769</b>	<b>812 590</b>	<b>9 822 444</b>	<b>4 014 096</b>	<b>18 281 899</b>	<b>2 058 351</b>	<b>20 340 250</b>

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**IV. OTHER NOTES**

**1. Net interest income and dividend income**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Interest income calculated using the effective interest rate:</b>	<b>487 343</b>	<b>217 845</b>
From loans and advances to banks at amortised cost	102 796	5 015
From loans and advances to customers at amortised cost	348 854	200 662
From debt securities at amortised cost	34 111	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>12 188</b>
From debt securities held for trading	442	75
From derivatives held from trading	134	1 128
From financial liabilities	2	10 934
From other interest income	60	51
<b>Interest expense:</b>	<b>(208 833)</b>	<b>(13 337)</b>
On deposits from banks	(65 828)	(42)
On deposits from customers	(78 362)	(2 642)
On subordinated debts	(5 440)	(2 100)
On liabilities from debt securities issued by the bank at amortised cost	(57 985)	(2 441)
On derivatives held for trading	(78)	(58)
On loans and deposits at amortised cost (including negative interest)	(5)	(5 495)
On lease liabilities	(469)	(409)
Other interest expenses	(666)	(150)
<b>Net interest income</b>	<b>279 148</b>	<b>216 696</b>
<b>Dividend income:</b>	<b>10 040</b>	<b>10 040</b>
From financial assets at fair value through other comprehensive income	40	40
From investments in subsidiaries, joint ventures and associates	10 000	10 000
<b>Net interest and dividend income</b>	<b>289 188</b>	<b>226 736</b>

**2. Net fee and commission income**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Fee and commission income:</b>	<b>150 851</b>	<b>141 956</b>
<b>out of which related to IFRS 15</b>	<b>146 556</b>	<b>138 083</b>
From payment transfers business	106 830	97 092
From credit processing business	13 639	16 705
From securities business	19 349	18 421
From activities regarding mediation for third parties	6 282	5 049
For other banking services	456	816
<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>(46 713)</b>	<b>(42 470)</b>
<b>out of which related to IFRS 15</b>	<b>(46 711)</b>	<b>(42 468)</b>
From payment transfers business	(40 464)	(37 798)
From credit processing business	(1 390)	(1 151)
From securities business	(1 169)	(1 362)
From activities regarding mediation for third parties	(3 688)	(2 157)
<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>104 138</b>	<b>99 486</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 and liabilities at amortised cost:</b>		
Profit / (loss) from debt securities sold	-	-
<b>Net profit / (loss) from derecognition of financial assets at fair value through other comprehensive income:</b>		
Profit / (loss) from debt securities sold	-	<b>196</b>
<b>Total</b>	<b>-</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>	-	-
Revaluation to fair value	-	-
<b>Interest rate contracts – derivatives:</b>	<b>335</b>	<b>3 317</b>
Profit / (loss) from derivatives	-	-
Revaluation to fair value	335	3 317
<b>Net profit / (loss) from 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 hedging instruments - Debt securities	(12 842)	(14 036)
Revaluation to fair value of hedging instruments - Liabilities from debt securities	(4 751)	72 500
Revaluation to fair value of hedging instruments - Loans to customers	(8 223)	(354)
Revaluation to fair value of hedging instruments - Deposits from 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>23 124</b>	<b>19 916</b>
<b>Total</b>	<b>32 891</b>	<b>27 549</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>Total</b>	<b>754</b>	<b>(457)</b>

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

	<b>30.9.2023</b>	<b>30.9.2022</b>
Net profit from disposal of tangible and intangible fixed assets	-	-
Income from non-banking operations	3 964	2 999
Other operating income	770	874
<b>Other operating income</b>	<b>4 734</b>	<b>3 873</b>

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	<b>30.9.2023</b>	<b>30.9.2022</b>
Net loss from disposal of tangible and intangible fixed assets	(115)	(84)
Other operating expenses	(1 960)	(2 106)
<b>Other operating expenses</b>	<b><u>(2 075)</u></b>	<b><u>(2 190)</u></b>

**7. General administrative expenses**

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>Personnel costs:</b>	<b>s</b>	<b>(95 813)</b>
Wages and salaries	(77 526)	(68 453)
Social security costs	(27 878)	(24 171)
Other social expenses	(3 787)	(3 208)
(Creation) / release of provisions for employee benefits	28	19
<b>Other administrative expenses:</b>	<b>(57 134)</b>	<b>(49 773)</b>
Costs of premises	(7 916)	(7 461)
Costs of information technology	(19 744)	(17 826)
Communication costs	(1 428)	(1 272)
Legal and consultancy costs*	(7 617)	(8 731)
Advertising and entertainment expenses	(11 129)	(8 232)
Consumption of stationeries	(385)	(398)
Transport and processing of cash	(497)	(581)
Travel costs	(901)	(706)
Education of employees	(1 755)	(1 269)
Other taxes and charges	(202)	(194)
Other expenses	(5 560)	(3 103)
<b>Depreciation and amortisation of non-current tangible and intangible assets:</b>	<b>(24 586)</b>	<b>(24 022)</b>
Non-current tangible assets	(15 953)	(15 813)
<i>out of which: right-of-use assets</i>	(8 195)	(8 332)
Non-current intangible assets	(8 633)	(8 209)
<b>Total</b>	<b><u>(190 883)</u></b>	<b><u>(169 608)</u></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 non-audit services, which related to review of interim financial statements and other non-audit services.

**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><u>(7 343)</u></b>	<b><u>(11 228)</u></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 Bank as defined in the Bank Recovery and Resolution Directive 2016/59/EU.

**9. Net modification 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><u>-</u></b>	<b><u>-</u></b>



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

	<b>30.9.2023</b>	<b>30.9.2022</b>
<b>(Creation) / release of provisions for:</b>	<b>78</b>	<b>570</b>
(Creation) / release of provisions for litigations	78	570
<b>Total</b>	<b>78</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>(635)</b>	<b>(2 195)</b>
(Creation) / release	(635)	(2 195)
<b>Provisions for provided commitments and guarantees (Stage 2):</b>	<b>3 139</b>	<b>758</b>
(Creation) / release	3 139	758
<b>Provisions for provided commitments and guarantees (Stage 3):</b>	<b>178</b>	<b>273</b>
(Creation) / release	178	273
<b>Total</b>	<b>2 682</b>	<b>(1 164)</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>(6 973)</b>	<b>(12 604)</b>
(Creation) / release	(6 973)	(12 604)
<b>Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2):</b>	<b>(7 339)</b>	<b>(15 050)</b>
(Creation) / release	(7 339)	(15 050)
<b>Impairment allowances for credit impaired financial assets (Stage 3):</b>	<b>(12 479)</b>	<b>(5 754)</b>
(Creation) / release	(12 479)	(5 754)
<b>Impairment allowances for financial assets (POCI):</b>	<b>(796)</b>	<b>(942)</b>
(Creation) / release	(796)	(942)
<b>Total</b>	<b>(27 587)</b>	<b>(34 350)</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“.

**13. Impairment allowances for investments in subsidiaries, joint ventures and associates**

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	-	-
(Creation) / release of impairment allowances for other assets	73	(1)
<b>Total</b>	<b>73</b>	<b>541</b>

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**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	-	1 038
<b>Total</b>	<b>-</b>	<b>1 038</b>

**15. Income tax**

	<b>30.9.2023</b>	<b>30.9.2022</b>
Current tax expense	(44 697)	(30 194)
Deferred tax (expense)/income	1 159	4 126
<b>Total</b>	<b>(43 538)</b>	<b>(26 068)</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:

	<i>Book value</i>	<i>Tax value</i>	<i>Permanent difference</i>	<i>Temporary difference</i>	<b>30.9.2023</b>	<b>31.12.2022</b>
Deferred tax assets						
Financial assets at amortised cost	17 448 528	17 697 392	3 909	244 955	51 441	46 853
Financial liabilities at amortised cost	19 528 035	19 538 864	-	10 829	2 274	2 633
Financial assets at fair value through other comprehensive income	152 243	159 800	-	7 557	1 587	2 405
Provisions	53 399	-	22 663	30 736	6 455	7 330
Other assets	21 661	22 664	1 003	-	-	-
Other liabilities	47 429	17 839	1 944	27 646	5 806	6 259
<b>Total</b>					<b>67 563</b>	<b>65 480</b>
Deferred tax liabilities						
Non-current tangible assets	88 436	89 942	-	1 506	316	(109)
<b>Total</b>					<b>316</b>	<b>(109)</b>
<b>Net deferred tax asset/(liability)</b>					<b>67 879</b>	<b>65 371</b>
Uncertain realisation adjustment of deferred tax asset					(24 415)	(22 425)
<b>Net deferred tax asset/(liability)</b>					<b>43 464</b>	<b>42 946</b>

As at 30 September 2023, the Bank did not present a deferred tax asset of EUR 24 415 thousand (31 December 2022: EUR 22 425 thousand), which relates mainly to deductible temporary differences arising from impairment allowances for loans and advances. The Bank regularly performs testing of 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>	<i>Ordinary shares Face value EUR 800</i>	<i>Ordinary Shares Face value EUR 4 000</i>	<i>Preference shares Face value EUR 4</i>
Profit after tax in the accounting period attributable to:	125 477	21 684	18 923
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>2 070</b>	<b>10 350</b>	<b>10,4</b>

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<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: Weighted average number of shares outstanding during the period	77 455	13 385	11 717
	<u>60 616</u>	<u>2 095</u>	<u>1 833 882</u>
<b>Basic and diluted earnings per share</b>	<b><u>1 278</u></b>	<b><u>6 390</u></b>	<b><u>6,4</u></b>

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

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Cash in hand	188 644	213 267
Balances at central banks	3 091 994	4 435 285
Other deposits payable on demand	9 147	11 025
<b>Total</b>	<b><u>3 289 785</u></b>	<b><u>4 659 577</u></b>

The obligatory minimum reserve is maintained as an interest-bearing deposit under the regulations of the National Bank of Slovakia and are part of item "Balances at central banks". The amount of the reserve depends on the level of deposits accepted by the Bank. The Bank's ability 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 „Separate 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><u>39 017</u></b>	<b><u>42 892</u></b>
Interest rate contracts	33 486	36 910
Currency contracts	5 531	5 982
<b>Debt securities</b>	<b><u>4 401</u></b>	<b><u>4 354</u></b>
Government bonds	4 401	4 354
<b>Total</b>	<b><u>43 418</u></b>	<b><u>47 246</u></b>

**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><u>15 358</u></b>	<b><u>13 919</u></b>
Equity investments	5 642	5 033
Debt securities	5 030	4 897
Mutual funds units*	4 686	3 989
<b>Total</b>	<b><u>15 358</u></b>	<b><u>13 919</u></b>

\*As at 31 December 2022, the Bank held equity securities (mutual fund shares) for which the option of fair value through other comprehensive income (FVOCI) could not be used because these securities have a defined maturity and do not meet the definition of an equity instrument under IAS 32. As at 30 September 2023, the value of the above-mentioned mutual fund shares was EUR 820 thousand (31.12.2022: EUR 894 thousand).

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**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>

**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>-</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>14 149 455</b>	<b>(247 604)</b>	<b>13 901 851</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	879 140	(90 862)	788 278
Investment, operating and other loans	5 464 919	(83 302)	5 381 617
<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	3 184 020	(1 075)	3 182 945
Bonds issued by bank sector	159 127	(81)	159 046
Bonds issued by other sector	19 513	(103)	19 410
<b>Total</b>	<b>17 697 391</b>	<b>(248 863)</b>	<b>17 448 528</b>

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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>-</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>13 840 281</b>	<b>(224 652)</b>	<b>13 615 629</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	816 075	(63 597)	752 478
Investment, operating and other loans	5 255 664	(92 497)	5 163 167
<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>16 631 804</b>	<b>(225 537)</b>	<b>16 406 267</b>

As at 30 September 2023, the total amount of syndicated loans managed by the Bank was in the amount of EUR 1 384 591 thousand (31 December 2022: EUR 1 454 711 thousand). The Bank'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".

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	3 200 942	(1 076)	3 199 866
Corporate clients	6 080 838	(70 052)	6 010 786
Retail clients	8 085 968	(177 654)	7 908 314
<b>Total</b>	<b>17 697 391</b>	<b>(248 863)</b>	<b>17 448 528</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	2 402 492	(798)	2 401 694
Corporate clients	5 918 229	(80 096)	5 838 133
Retail clients	7 939 242	(144 613)	7 794 629
<b>Total</b>	<b>16 631 804</b>	<b>(225 537)</b>	<b>16 406 267</b>

An overview of the quality of financial assets measured at amortised values is stated in Note 42 "Risk report".

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

	<i>As at 1 January 2023</i>	<i>Creation/ (Release)*</i>	<i>Usage</i>	<i>Other adjust- ments</i>	<i>As at 30 September 2023</i>
<b>Impairment allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1)</b>	<b>36 462</b>	<b>7 007</b>	-	-	<b>43 469</b>
Banks	-	-	-	-	-
Corporate clients	20 307	(262)	-	-	20 045
Retail clients	15 320	6 958	-	-	22 278
Debt securities	835	311	-	-	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>58 377</b>	<b>7 087</b>	-	-	<b>65 464</b>
Banks	-	-	-	-	-
Corporate clients	16 440	(4 010)	-	-	12 430
Retail clients	41 887	11 034	-	-	52 921
Debt securities	50	63	-	-	113
<b>Specific impairment allowances for individually and collectively assessed items (Stage 3)</b>	<b>126 760</b>	<b>12 827</b>	<b>(4 501)</b>	<b>173</b>	<b>135 259</b>
Banks	-	-	-	-	-
Corporate clients	39 886	(5 047)	(1 641)	36	33 234
Retail clients	86 874	17 874	(2 860)	137	102 025
Debt securities	-	-	-	-	-
<b>Impairment allowances for financial assets impaired on initial recognition (POCI)</b>	<b>3 938</b>	<b>1 750</b>	<b>(436)</b>	<b>(581)</b>	<b>4 671</b>
Banks	-	-	-	-	-
Corporate clients	3 406	1 811	(403)	(573)	4 241
Retail clients	532	(61)	(33)	(8)	430
Debt securities	-	-	-	-	-
<b>Total</b>	<b>225 537</b>	<b>28 671</b>	<b>(4 937)</b>	<b>(408)</b>	<b>248 863</b>

\*The amount of creation/(release) of the impairment allowances for losses from financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR 213 thousand.

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

	<i>As at 1 January 2022</i>	<i>Creation/ (Release)*</i>	<i>Usage</i>	<i>Other adjust- ments</i>	<i>As at 31 Decemb er 2022</i>
<b>Impairment allowances for financial assets without significant increase in credit risk since initial recognition (Stage 1)</b>	<b>22 144</b>	<b>14 318</b>	-	-	<b>36 462</b>
Banks	-	-	-	-	-
Corporate clients	15 085	5 222	-	-	20 307
Retail clients	6 992	8 328	-	-	15 320
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>40 986</b>	<b>17 391</b>	-	-	<b>58 377</b>
Banks	-	-	-	-	-
Corporate clients	10 742	5 698	-	-	16 440
Retail clients	30 244	11 643	-	-	41 887
Debt securities	-	50	-	-	50
<b>Specific impairment allowances for individually and collectively assessed items (Stage 3)</b>	<b>146 702</b>	<b>6 214</b>	<b>(26 295)</b>	<b>139</b>	<b>126 760</b>
Banks	-	-	-	-	-
Corporate clients	45 718	694	(6 534)	8	39 886
Retail clients	100 984	5 520	(19 761)	131	86 874
Debt securities	-	-	-	-	-
<b>Impairment allowances for financial assets impaired on initial recognition (POCI)</b>	<b>3 798</b>	<b>609</b>	<b>(472)</b>	<b>3</b>	<b>3 938</b>
Banks	-	-	-	-	-
Corporate clients	3 087	664	(347)	2	3 406
Retail clients	711	(55)	(125)	1	532
Debt securities	-	-	-	-	-
<b>Total</b>	<b>213 630</b>	<b>38 532</b>	<b>(26 767)</b>	<b>142</b>	<b>225 537</b>

\*The amount of creation/(release) of the impairment allowances for losses from financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR 106 thousand.

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>484 970</b>	<b>495 504</b>	<b>3 142</b>	<b>47 280</b>	<b>1 241</b>	<b>13 290</b>	<b>1 162</b>
Corporate clients	163 788	109 761	442	19 240	457	203	1 091
Retail clients	321 182	385 743	2 700	28 040	784	13 087	71
<b>Debt securities</b>	-	<b>28 789</b>	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>569 340</b>	<b>67 073</b>	<b>1</b>	<b>296</b>	<b>332</b>	<b>21</b>	-
Banks	-	-	-	-	-	-	-
Corporate clients	548 238	40 247	-	242	322	-	-
Retail clients	21 102	23 576	1	54	10	21	-
<b>Total</b>	<b>1 054 310</b>	<b>591 370</b>	<b>3 143</b>	<b>47 576</b>	<b>1 573</b>	<b>13 311</b>	<b>1 162</b>

\*In Bank, 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 arises and the qualitative and quantitative criteria are met.

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 following table presents the transfers (decreases) 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>	<i>From Stage 3 to POCI</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(13 596)</b>	<b>(2 460)</b>	<b>(1 003)</b>	<b>(4 491)</b>	<b>(536)</b>	<b>(328)</b>	<b>(1 148)</b>
Corporate clients	(2 999)	(492)	(3)	(1 391)	-	(4)	(1 077)
Retail clients	(10 597)	(1 968)	(1 000)	(3 100)	(536)	(324)	(71)
<b>Debt securities</b>	-	<b>(5)</b>	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>(2 295)</b>	<b>(214)</b>	<b>(1)</b>	<b>(2)</b>	<b>(2)</b>	-	-
Banks	-	-	-	-	-	-	-
Corporate clients	(2 054)	(187)	-	-	-	-	-
Retail clients	(241)	(27)	(1)	(2)	(2)	-	-
<b>Total</b>	<b>(15 891)</b>	<b>(2 679)</b>	<b>(1 004)</b>	<b>(4 493)</b>	<b>(538)</b>	<b>(328)</b>	<b>(1 148)</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 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>3 033</b>	<b>19 385</b>	<b>185</b>	<b>14 089</b>	<b>9</b>	<b>6 381</b>
Corporate clients	956	1 809	8	1 656	-	74
Retail clients	2 077	17 576	177	12 433	9	6 307
<b>Debt securities</b>	-	<b>61</b>	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>1 182</b>	<b>460</b>	-	<b>32</b>	-	<b>15</b>
Banks	-	-	-	-	-	-
Corporate clients	1 136	225	-	-	-	-
Retail clients	46	235	-	32	-	15
<b>Total</b>	<b>4 215</b>	<b>19 906</b>	<b>185</b>	<b>14 121</b>	<b>9</b>	<b>6 396</b>



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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 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>1 635 282</b>	<b>779 466</b>	<b>5 772</b>	<b>32 273</b>	<b>1 992</b>	<b>20 262</b>	<b>2 578</b>
Corporate clients	157 471	222 946	46	1 270	-	4 634	2 265
Retail clients	1 477 811	556 520	5 726	31 003	1 992	15 628	313
<b>Debt securities</b>	-	<b>36 503</b>	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>143 145</b>	<b>669 815</b>	<b>111</b>	<b>175</b>	<b>106</b>	<b>480</b>	-
Banks	-	-	-	-	-	-	-
Corporate clients	64 822	602 652	9	43	-	432	-
Retail clients	78 323	67 163	102	132	106	48	-
<b>Total</b>	<b>1 778 427</b>	<b>1 485 784</b>	<b>5 883</b>	<b>32 448</b>	<b>2 098</b>	<b>20 742</b>	<b>2 578</b>

The following table presents the transfers (decreases) 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>	<i>From Stage 3 to POCI</i>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>(17 301)</b>	<b>(3 465)</b>	<b>(3 892)</b>	<b>(2 155)</b>	<b>(1 156)</b>	<b>(170)</b>	<b>(1 383)</b>
Corporate clients	(2 716)	(1 872)	(36)	(63)	(1)	(13)	(1 117)
Retail clients	(14 585)	(1 593)	(3 856)	(2 092)	(1 155)	(157)	(266)
<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>(18 073)</b>	<b>(4 847)</b>	<b>(3 964)</b>	<b>(2 156)</b>	<b>(1 229)</b>	<b>(170)</b>	<b>(1 383)</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 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>4 726</b>	<b>23 081</b>	<b>239</b>	<b>14 747</b>	<b>13</b>	<b>9 447</b>
Corporate clients	1 575	5 022	12	461	-	1 990
Retail clients	3 151	18 059	227	14 286	13	7 457
<b>Debt securities</b>	-	-	-	-	-	-
<b>Provided commitments and financial guarantees</b>	<b>606</b>	<b>2 464</b>	<b>1</b>	<b>26</b>	-	<b>420</b>
Banks	-	-	-	-	-	-
Corporate clients	573	2 079	-	-	-	403
Retail clients	33	385	1	26	-	17
<b>Total</b>	<b>5 332</b>	<b>25 545</b>	<b>240</b>	<b>14 773</b>	<b>13</b>	<b>9 867</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>35 188</b>	<b>26 363</b>
Interest-rate contracts	35 188	26 363
<b>Change in fair value of hedged items in hedging of interest rate risk</b>	<b>(16 097)</b>	<b>(7 874)</b>
Loans and advances to customers	(16 097)	(7 874)
<b>Total</b>	<b>19 091</b>	<b>18 489</b>

A more detailed overview of receivables from hedging transactions is shown in note 39 Fair value hedges relating to hedging transactions.

## 23. Investments in subsidiaries, joint ventures and associates

<i>Company</i>	<i>Owner- ship interest in %</i>	<i>Cost</i>	<i>Impairme nt allowance</i>	<i>Carrying amount as at 30 September 2023</i>	<i>Carrying amount as at 31 December 2022</i>
<b>Subsidiaries</b>					
Tatra-Leasing, s.r.o.	100.00	46 419	-	46 419	46 419
Tatra Asset Management, správ. spol., a. s.	100.00	1 660	-	1 660	1 660
Doplňková dôchodková spoločnosť Tatra banky, a. s.	100.00	10 846	-	10 846	10 846
Tatra Leasing Broker, s.r.o.	11.30	17	-	17	17
<b>Associates</b>					
Monilogi s. r. o	26.00	2 071	-	2 071	1 304
<b>Total</b>		<b>61 013</b>	<b>-</b>	<b>61 013</b>	<b>60 246</b>

The Bank owns indirect shares in its subsidiaries through Tatra Residence, a.s. and Tatra-Leasing, s.r.o., as set out in Part I. General information of these Notes. The Bank owns a 100% share in all of these subsidiaries with 100% voting rights.

During 2023 the Bank raised the investment in the company Monilogi s. r. o. in amount of EUR 767 thousand.

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Movement of impairment allowances for investments in subsidiaries and associates:

	<b>30.9.2023</b>	<b>31.12.2022</b>
As at 1 January	-	25 619
Creation	-	(25 619)
<b>Total</b>	<b>-</b>	<b>-</b>

**24. Non-current tangible and intangible assets**

Movements in the non-current tangible assets as at 30 September 2023:

	<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>80 757</b>	<b>29 663</b>	<b>50 922</b>	<b>17 343</b>	<b>3 629</b>	<b>5 301</b>	<b>187 615</b>
Additions	-	-	-	-	-	12 812	12 812
Disposals	(847)	(754)	(1 401)	(596)	(416)	-	(4 014)
Transfer to non-current assets held for sale*	-	-	-	-	-	-	-
Transfer from tangible assets in progress	5 324	3 615	3 850	1 125	662	(14 576)	-
<b>30 September 2023</b>	<b>85 234</b>	<b>32 524</b>	<b>53 371</b>	<b>17 872</b>	<b>3 875</b>	<b>3 537</b>	<b>196 413</b>
<b>Accumulated depreciation and provisions</b>							
<b>1 January 2023</b>	<b>(35 654)</b>	<b>(13 880)</b>	<b>(36 114)</b>	<b>(8 235)</b>	<b>(1 637)</b>	-	<b>(95 520)</b>
Depreciation charge	(8 195)	(1 695)	(4 471)	(1 250)	(342)	-	(15 953)
Disposals	484	667	1 394	554	397	-	3 496
Transfer to non-current assets held for sale*	-	-	-	-	-	-	-
Impairment allowance	-	-	-	-	-	-	-
<b>30 September 2023</b>	<b>(43 365)</b>	<b>(14 908)</b>	<b>(39 191)</b>	<b>(8 931)</b>	<b>(1 582)</b>	-	<b>(107 977)</b>
<b>Carrying amount as at 1 January 2023</b>	<b>45 103</b>	<b>15 783</b>	<b>14 808</b>	<b>9 108</b>	<b>1 992</b>	<b>5 301</b>	<b>92 095</b>
<b>Carrying amount as at 30 September 2023</b>	<b>41 869</b>	<b>17 616</b>	<b>14 180</b>	<b>8 941</b>	<b>2 293</b>	<b>3 537</b>	<b>88 436</b>

\* see Note 27. Non-current assets held for sale

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Movements in the non-current tangible assets as at 31 December 2022:

	<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>74 711</b>	<b>33 582</b>	<b>57 450</b>	<b>15 889</b>	<b>3 838</b>	<b>4 055</b>	<b>189 525</b>
Additions	-	-	-	-	-	18 701	18 701
Disposals	(2 921)	(5 294)	(8 741)	(2 047)	(793)	-	(19 796)
Transfer to non-current assets held for sale*	-	(658)	-	(157)	-	-	(815)
Transfer from tangible assets in progress	8 967	2 033	2 213	3 658	584	(17 455)	-
<b>31 December 2022</b>	<b>80 757</b>	<b>29 663</b>	<b>50 922</b>	<b>17 343</b>	<b>3 629</b>	<b>5 301</b>	<b>187 615</b>
<b>Accumulated depreciation and provisions</b>							
<b>1 January 2022</b>	<b>(26 542)</b>	<b>(18 093)</b>	<b>(41 725)</b>	<b>(5 623)</b>	<b>(1 890)</b>	-	<b>(93 873)</b>
Depreciation charge	(11 143)	(2 341)	(3 064)	(4 261)	(405)	-	(21 214)
Disposals	2 031	5 570	8 675	1 587	658	-	18 521
Transfer to non-current assets held for sale*	-	82	-	62	-	-	144
Impairment allowance	-	902	-	-	-	-	902
<b>31. December 2022</b>	<b>(35 654)</b>	<b>(13 880)</b>	<b>(36 114)</b>	<b>(8 235)</b>	<b>(1 637)</b>	-	<b>(95 520)</b>
<b>Carrying amount as at 1 January 2022</b>	<b>48 169</b>	<b>15 489</b>	<b>15 725</b>	<b>10 266</b>	<b>1 948</b>	<b>4 055</b>	<b>95 652</b>
<b>Carrying amount as at 31 December 2022</b>	<b>45 103</b>	<b>15 783</b>	<b>14 808</b>	<b>9 108</b>	<b>1 992</b>	<b>5 301</b>	<b>92 095</b>

\* see Note 27. Non-current assets held for sale

Movements in the non-current tangible assets as at 30 September 2023:

	<i>Software</i>	<i>Intangible assets in progress</i>	<i>Total</i>
<b>Cost</b>			
<b>1 January 2023</b>	<b>127 620</b>	<b>7 902</b>	<b>135 522</b>
Additions	-	8 045	8 045
Disposals	(5 518)	-	(5 518)
Transfer from intangible assets in progress	9 756	(9 756)	-
<b>30 September 2023</b>	<b>131 858</b>	<b>6 191</b>	<b>138 049</b>
<b>Accumulated depreciation and provisions</b>			
<b>1 January 2023</b>	<b>(88 949)</b>	-	<b>(88 949)</b>
Depreciation charge	(8 633)	-	(8 633)
Disposals	5 496	-	5 496
Impairment allowance	-	-	-
<b>30 September 2023</b>	<b>(92 086)</b>	-	<b>(92 086)</b>
<b>Carrying amount as at 1 January 2023</b>	<b>38 671</b>	<b>7 902</b>	<b>46 573</b>
<b>Carrying amount as at 30 September 2023</b>	<b>39 772</b>	<b>6 191</b>	<b>45 963</b>

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Movements in the non-current tangible assets as at 31 December 2022:

	<i>Software</i>	<i>Intangible assets in progress</i>	<i>Total</i>
<b>Cost</b>			
<b>1 January 2022</b>	<b>174 038</b>	<b>4 384</b>	<b>178 422</b>
Additions	-	15 158	15 158
Disposals	(58 058)	-	(58 058)
Transfer from intangible assets in progress	<b>11 640</b>	<b>(11 640)</b>	-
<b>31 December 2022</b>	<b>127 620</b>	<b>7 902</b>	<b>135 522</b>
<b>Accumulated depreciation and provisions</b>			
<b>1 January 2022</b>	<b>(132 285)</b>	-	<b>(132 285)</b>
Depreciation charge	(11 515)	-	(11 515)
Disposals	58 057	-	58 057
Impairment allowance	(3 206)	-	(3 206)
<b>31 December 2022</b>	<b>(88 949)</b>	-	<b>(88 949)</b>
<b>Carrying amount as at 1 January 2022</b>	<b>41 753</b>	<b>4 384</b>	<b>46 137</b>
<b>Carrying amount as at 31 December 2022</b>	<b>38 671</b>	<b>7 902</b>	<b>46 573</b>

**25. Deferred tax asset**

	<b>30.9.2023</b>	<b>31.12.2022</b>
Tax asset – deferred	43 464	42 946
<b>Total</b>	<b>43 464</b>	<b>42 946</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	18 991	26 487
Inventories	1 095	888
Other assets	1 575	926
<b>Total</b>	<b>21 661</b>	<b>28 301</b>

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Non-current assets classified as 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 cost**

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>2 886 488</b>	<b>3 235 555</b>
Current accounts and interbank settlement	21 216	3 206
Money-market business	608	11 842
Loans received	2 728 401	3 084 655
Subordinated debt	136 263	135 852
<b>Deposits from customers</b>	<b>14 642 704</b>	<b>15 494 993</b>
Current accounts and settlement	11 524 489	12 872 071
Time deposits	3 117 810	2 622 353
Savings deposits	249	310
Loans received	156	259
<b>Other financial liabilities</b>	<b>1 945 565</b>	<b>1 161 538</b>
Issued debt securities – covered bonds	885 126	432 074
Debt securities issued – uncovered bonds	1 060 439	729 464
<b>Other financial liabilities</b> <i>out of which: Lease liabilities</i>	<b>53 278</b> 43 751	<b>53 137</b> 46 926
<b>Total</b>	<b>19 528 035</b>	<b>19 945 223</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	2 886 488	3 235 555
Public sector	501 527	457 329
Corporate clients	4 850 032	5 490 135
Retail clients	9 291 145	9 547 529
<b>Total</b>	<b>17 529 192</b>	<b>18 730 548</b>

Under the TLTRO programme (targeted longer-term refinancing operations), the Bank received 4 loans from the National Bank of Slovakia in the amount of EUR 3 137 000 thousand. As at 30 September 2023, outstanding borrowings included in the balance sheet under the third series of the targeted longer-term refinancing operations (TLTRO-III) program of the European Central Bank (ECB) amount to EUR 2 716 077 thousand. As collateral for the received repo deals, the Bank provided purchased securities and issued covered bond collateralised by provided mortgage loans, residential mortgage loans and non-purpose loans pledged by a real estate in the total amount of EUR 3 550 824 thousand.

The bank has analysed as of 30 September 2023 and 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. The bank prematurely repaid TLTRO operations in the amount of EUR 10 000 thousand in 2022 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 Bank 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 debt by type of counterparty is as follows:

<i>Type of loan</i>	<i>Currency</i>	<i>Type of loan by maturity</i>	<i>Start of loan drawing</i>	<i>Interest rate</i>	<i>Contractual maturity</i>	<b>30.9.2023</b>	<b>31.12.2022</b>
Loans received from banks:							
- national bank	-	-	-	-	-	-	431 201
- national bank	EUR	Long-term	December 2020	4,0%	December 2023	453 744	443 256
- national bank	EUR	Long-term	March 2021	4,0%	March 2024	2 224 563	2 173 290
- national bank	EUR	Long-term	December 2021	4,0%	December 2024	37 770	36 908
Received repo-trades from banks:							
- commercial bank	EUR	Short-term	September 2023	3,5%	October 2023	12 324	-
Subordinated debt from banks:							
- commercial banks	EUR	Long-term	November 2019	3M EURIBOR + 2,4%	November 2029	136 263	135 852
<b>Total</b>						<b>2 864 664</b>	<b>3 220 507</b>

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The Bank issued covered mortgage bonds with the following conditions:

<b>Name</b>	<b>Interest rate</b>	<b>Currency</b>	<b>Number of mortgage bonds issued</b>	<b>Mortgage bonds unit face value in currency</b>	<b>Issue date</b>	<b>Maturity date</b>	<b>Frequency of coupon payment</b>	<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 above mentioned covered bonds, the Bank issued a covered bond (nominal value of EUR 1 000 000 thousand, book value of EUR 885 135 thousand) which was not sold but pledged as collateral within the TLTRO programme.

The Bank issues covered bonds as one of the financing sources on the capital markets. For the purpose of meeting the requirement for eligible liabilities, the Bank 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 Bank 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 39 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 2023</b>	<b>Creation/ (Release)</b>	<b>Usage</b>	<b>As at 30 September 2023</b>
Provision for guarantees and irrevocable loan commitments without significant increase in credit risk since initial recognition (Stage 1)	6 935	635	-	7 570
Provision for guarantees and irrevocable loan commitments with significant increase in credit risk since initial recognition (Stage 2)	4 604	(3 139)	-	1 465
Specific impairment allowances for guarantees and irrevocable loan commitments (Stage 3)	569	(178)	-	391
Litigations (Note 43)	22 062	588	(237)	22 413
Provisions for employee benefits	4 294	-	(28)	4 266
Employee provisions	18 601	6 715	(8 258)	17 058
Other provisions	304	(68)	-	236
<b>Total</b>	<b>57 369</b>	<b>4 553</b>	<b>(8 523)</b>	<b>53 399</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 irrevocable loan commitments without significant increase in credit risk since initial recognition (Stage 1)	6 047	888	-	6 935
Provision for guarantees and irrevocable loan commitments with significant increase in credit risk since initial recognition (Stage 2)	2 846	1 758	-	4 604
Specific impairment allowances for guarantees and irrevocable loan commitments (Stage 3)	812	(243)	-	569
Litigations (Note 43)	33 516	(10 181)	(1 273)	22 062
Provisions for employee benefits	5 113	(800)	(19)	4 294
Employee provisions	17 793	7 814	(7 006)	18 601
Other provisions	9 534	(9 230)	-	304
<b>Total</b>	<b>75 661</b>	<b>(9 994)</b>	<b>(8 298)</b>	<b>57 369</b>

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

Real annual discount rate	4.06 %
Annual future real rate of salary increases	2.00 %
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.

The Bank does not have pension arrangements separate from the state pension system of the Slovak Republic. Pursuant to the Slovak legal regulations, an employer is obliged to pay contributions to social security, 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	11 659	6 085
<b>Total</b>	<b>11 659</b>	<b>6 085</b>

### 33. Other liabilities

	<b>30.9.2023</b>	<b>31.12.2022</b>
Outstanding and other liabilities	35 708	35 965
Other liabilities to the state budget	1 282	303
Social fund – liabilities	1 412	1 643
Liabilities to employees	8 900	7 334
Other liabilities	127	215
<b>Total</b>	<b>47 429</b>	<b>45 460</b>

### 34. 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	14 446	14 446
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)	843 153	755 412
AT1 capital	100 000	100 000
<b>Total</b>	<b>1 313 053</b>	<b>1 221 347</b>

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

<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 shares
Par value 1 pc	800 EUR	4 000 EUR	4 EUR
Issue No. (ISIN)	SK1110001502 series 01-05	SK1110015510	SK1110007186 SK1110008424 SK1110010131 SK1110012103 SK1110013937 SK1110014901 SK1110016237 SK1110016591

**Description of rights:**

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

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

Each holder of preference shares has similar rights as holders of equity shares; the only difference is that the preference shares are not equipped with the right to vote at a General Meeting, except for cases in which the law assigns 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 are assigned to each ordinary share at face value of EUR 4 000. If the law requires voting by the preference share holders, their voting is conducted separately and each preference share at face value of EUR 4 is assigned one vote.

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

Reserve fund and other funds: In 1992, the Bank established a reserve fund at 10% of the 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 Bank's share capital, but not less than the minimum reserve fund stipulated by applicable law. The Bank 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 the losses from banking transactions.

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

The AT1 capital investment certificate is a perpetual instrument without the obligation to deliver cash. The Bank may, on the basis of its decision, repay the certificate at the earliest 5 years after 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.

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**35. 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 Bank recognises values received in custody and management at fair values. Values received in custody and management do not represent the Bank's property and accordingly they are not part of the Bank's assets.

In addition to amounts in the table above, in accordance with the depositary function for Tatra Asset Management, správ. spol., a.s. ("TAM"), as at 30 September 2023 the Bank reported deposited securities in custody of the TAM mutual funds in the amount of EUR 1 401 182 thousand (as at 31 December 2022: EUR 1 466 073 thousand).

**36. 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 Bank 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 Bank received government debt securities as collateral with a fair value of EUR 34 900 thousand.

**37. Assets pledged as collateral**

Liabilities secured by the Bank'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 amortised 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>

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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>

As of 30 September 2023, the Bank determined the volume of mortgage loans usable as collateral for future issues of covered bonds in the amount of EUR 1 851 375 thousand (31 December 2022: EUR 2 281 128 thousand).

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

Due to the received TLTRO loan, the bank pledged government bonds and bonds issued by the banking sector held in the portfolio of securities valued at amortised costs in the amount of EUR 2 221 836 thousand in favour of the NBS (31 December 2022: EUR 2 046 152 thousand). The bank does not have the possibility to draw an intraday loan for the pledged securities (31 December 2022: bank did not have the possibility to draw). With the exception of the TLTRO loan, the bank does not draw any other financing from the central bank as of 30 September 2023 (31 December 2022: also no drawing).

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

	<b>30.9.2023 Nominal Value</b>	<b>30.9.2023 Carrying 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>

### 38. Offsetting financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Bank's statement of financial position or are subject to an enforceable / unenforceable master netting arrangement or 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 the assets and liabilities as at 30 September 2023:

	<b>Asset/Liability in the statement of financial position</b>	<b>Value not offset in the statement of financial position: Financial instrument</b>	<b>Net value</b>
<b>Assets:</b>			
Positive fair value of financial derivatives held 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 held 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 the 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 held 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 held for sale	211 950	68 976	142 974
<b>Total liabilities</b>	<b>211 950</b>	<b>68 976</b>	<b>142 974</b>

### 39. Fair value hedges relating to hedging transactions

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

As at 30 September 2023 in relation to the above mentioned hedging instruments, the Bank recognised net loss in the amount of EUR 4 751 thousand. As at 30 September 2022 in relation to the hedging instruments, the Bank recognised net gain 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 Bank 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 represent overview of Hedging derivative financial assets and liabilities as at 30 September 2023:

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

	<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 hedges	-	28 000	2 255 041	1 869 239
<b>Interest based transactions</b>	<b>-</b>	<b>28 000</b>	<b>2 255 041</b>	<b>1 869 239</b>

Effects of hedge accounting on financial position and performance - information regarding hedging instruments:

	<i>Nominal Amount 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 for calculating hedge ineffectiveness</i>
Interest rate 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 rate 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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Effects of hedge accounting on financial position and performance - information regarding hedging instruments:

	<i>Assets - Carrying amount of the hedged item</i>	<i>Liabilities - Carrying amount of the hedged item</i>	<i>Carrying amount of the hedged item</i>	<i>Accumulated amount of fair value hedge adjustments included in the carrying amount</i>	<i>Changes in fair value used for calculating 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 from customers	-	1 632 041	1 632 041	(120 893)	3 787
Debt securities issued	-	626 306	698 000	(68 391)	(4 751)
<b>Fair value hedges</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 represent overview of Hedging derivative financial assets and liabilities as at 31 December 2022:

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

	<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 hedges	24 805	-	1 543 000	823 751
<b>Interest based transactions</b>	<b>24 805</b>	<b>-</b>	<b>1 543 000</b>	<b>823 751</b>

Effects of hedge accounting on financial position and performance - information regarding hedging instruments:

	<i>Nominal Amount 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 for calculating hedge ineffectiveness</i>
Interest rate risk	949 556	19 349	78 651	(56 007)
<b>Micro financial derivatives for fair value hedging</b>	<b>949 556</b>	<b>19 349</b>	<b>78 651</b>	<b>(56 007)</b>
Interest rate risk	1 442 000	7 014	117 664	(105 505)
<b>Portfolio financial derivatives for fair value hedging</b>	<b>1 442 000</b>	<b>7 014</b>	<b>117 664</b>	<b>(105 505)</b>

Effects of hedge accounting on financial position and performance - information regarding hedging instruments:

	<i>Assets - Carrying amount of the hedged item</i>	<i>Liabilities - Carrying amount of the hedged item</i>	<i>Carrying amount of the hedged item</i>	<i>Accumulated amount of fair value hedge adjustments included in the carrying amount</i>	<i>Changes in fair value used for calculating 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 from customers	-	788 625	788 625	(117 106)	113 379
Debt securities issued	-	620 935	698 000	(75 032)	74 112
<b>Fair value hedges</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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**40. 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.

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



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**41. 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 Levels 1 to 3 based on fair value measurements as at 30 September 2023:

<b>Financial assets at fair value</b>	<b>Level 1*</b>	<b>Level 2**</b>	<b>Level 3***</b>	<b>Total</b>
<b>Financial assets held for trading</b>	<b>4 401</b>	<b>39 017</b>	<b>-</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>-</b>	<b>10 672</b>	<b>4 686</b>	<b>15 358</b>
Equity investments	-	5 642	-	5 642
Debt securities	-	5 030	-	5 030
Mutual funds units	-	-	4 686	4 686
<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>-</b>	<b>35 188</b>	<b>-</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>4 802</b>	<b>246 207</b>
<b>Financial assets at fair value</b>	<b>Level 1*</b>	<b>Level 2**</b>	<b>Level 3***</b>	<b>Total</b>
<b>Financial liabilities held for trading</b>	<b>-</b>	<b>34 134</b>	<b>-</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>-</b>	<b>199 032</b>	<b>-</b>	<b>199 032</b>
Negative fair value of financial derivative instruments for fair value hedging	-	199 032	-	199 032
<b>Total</b>	<b>-</b>	<b>233 166</b>	<b>-</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.

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The following table shows a summary of financial instruments recognised at fair value divided into Levels 1 to 3 based on fair value measurements as at 31 December 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>3 989</b>	<b>13 919</b>
Equity investments	-	5 033	-	5 033
Debt securities	-	4 897	-	4 897
Mutual funds units	-	-	3 989	3 989
<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>4 098</b>	<b>273 575</b>

<i>Financial assets 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.

## 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 comprehen- sive income</b>	<b>As at 30 September 2023</b>
Mutual fund shares	3 989	577	120	-	4 686
Equity investments	109	-	-	7	116
<b>Total</b>	<b>4 098</b>	<b>577</b>	<b>120</b>	<b>7</b>	<b>4 802</b>

Qualitative information on financial instruments for Level 3 measurements:

<b>Financial instrument</b>	<b>Valuation method</b>	<b>Fair value</b>	<b>Significant unobserv- able Inputs</b>	<b>Range of unobserva- ble Inputs</b>	<b>Positive sensitivity*</b>	<b>Negative sensitivity*</b>
Mutual fund shares	Net asset value	4 686	-	-	469	(469)
	Market value of discounted cash flows	116	-	-	12	(12)
<b>Total</b>		<b>4 802</b>			<b>481</b>	<b>(481)</b>

\* Equity investments valued 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 Bank uniformly implemented an approach applicable to the whole group. For valuation of retail and corporate portfolios the method of discounting future cash flows until maturity is used.

For the retail portfolio future cash flows are discounted by a rate that takes into consideration the actual market situation and specific risk factors of 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 the discount factor take into consideration credit quality, level of liquidity costs and market rates, which change during the lifetime of the transaction (depending on the current situation at the time of respective cash flows), while for example administrative costs are constant all the time at a level given by calibration at the beginning of the transaction.

In case of debt securities at amortised cost and debt securities liabilities at amortised cost and available market prices, the Bank classifies the securities to Level 1. If the security is not traded on the stock exchange or the NBS benchmark for the security is not disclosed, the Bank measures the security at fair value derived from inputs other than quoted prices and classifies the security to Level 2.

In case of valuation of the defaulted portfolio, the Bank recognises the net value as fair value of respective exposures, which represents the gross amount less any impairment allowances.

Deposits by banks and customers with fixed interest were remeasured to fair values that were different from their carrying amount, provided that their remaining maturity exceeded one year. Floating interest

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liabilities were taken into account only if the interest extension period was 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 Bank used the income approach to calculate the fair value of its liabilities to banks and customers. Within the income approach, it applied the present value technique. The Bank used the discounted rate calculated by the discount rate adjustment technique to discount future contractual cash flows.

	<b>Fair value as at 30.9.2023</b>	<b>Carrying amount as at 30.9.2023</b>	<b>Fair value as at 31.12.2022</b>	<b>Carrying amount as at 31.12.2022</b>
<b>Assets</b>				
<b>Financial assets at amortised cost</b>				
<b>Loans and advances to banks</b>	<b>16 698 034</b>	<b>17 448 528</b>	<b>15 676 600</b>	<b>16 406 267</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>13 400 030</b>	<b>13 901 851</b>	<b>13 121 917</b>	<b>13 615 629</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	13 400 030	13 901 851	13 121 917	13 615 629
<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>Investments in subsidiaries, joint ventures and associates</b>	<b>61 013</b>	<b>61 013</b>	<b>60 246</b>	<b>60 246</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	61 013	61 013	60 246	60 246
<b>Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
<b>Deposits from banks</b>	<b>2 886 488</b>	<b>2 886 488</b>	<b>3 235 555</b>	<b>3 235 555</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	2 886 488	2 886 488	3 235 555	3 235 555
<b>Deposit from customers</b>	<b>14 582 565</b>	<b>14 642 704</b>	<b>15 362 133</b>	<b>15 494 993</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	14 582 565	14 642 704	15 362 133	15 494 993
<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>53 278</b>	<b>53 278</b>	<b>53 137</b>	<b>53 137</b>
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	53 278	53 278	53 137	53 137

## **42. Risk report**

### **Credit risk**

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

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

Retail debtors are assessed by the Bank using the scoring models developed for individual products, or an individual client. Credit risk in the retail loan portfolio is managed using the following main tools: credit scoring is a tool used by the Bank 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 Bank. The regular monitoring of the existing loan portfolio quality and trends in the portfolio together with appropriate strategies to secure the quality of the existing portfolio are also a very important component that contributes to retaining the entire portfolio quality and the targeted level of risk charges of the Bank.

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

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

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

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

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

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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	197 791	224 292
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	15 358	13 919
Financial assets at fair value through other comprehensive income	152 243	186 047
Financial assets at amortised cost	17 448 528	16 406 267
Receivables from hedging transactions	19 091	18 489
Other assets	18 991	26 487
<b>Total</b>	<b><u>20 987 414</u></b>	<b><u>21 358 032</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	698 437	634 798
Irrevocable loan commitments/ "stand-by facility"	998 747	1 224 549
Revocable loan commitments/ "stand-by facility"	2 355 960	2 193 957
<b>Total</b>	<b><u>4 053 144</u></b>	<b><u>4 053 304</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>17 697 391</b>	<b>15 627 273</b>	<b>1 840 725</b>	<b>220 996</b>	<b>8 397</b>	<b>43 470</b>	<b>65 464</b>	<b>135 259</b>	<b>4 671</b>	<b>17 448 527</b>
Loans and advances to banks	166 615	166 611	4	-	-	-	-	-	-	166 615
Loans and advances to customers	14 149 456	12 113 636	1 806 427	220 996	8 397	42 324	65 351	135 259	4 671	13 901 851
<i>Public sector</i>	2 166	2 160	6	-	-	5	-	-	-	2 161
<i>Corporate clients</i>	6 061 321	5 366 992	624 877	63 057	6 395	20 040	12 430	33 234	4 241	5 991 376
<i>Retail clients</i>	8 085 969	6 744 484	1 181 544	157 939	2 002	22 279	52 921	102 025	430	7 908 314
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>4 053 144</b>	<b>3 667 995</b>	<b>383 163</b>	<b>1 986</b>	<b>-</b>	<b>7 570</b>	<b>1 465</b>	<b>391</b>	<b>-</b>	<b>4 043 718</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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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>16 631 804</b>	<b>14 243 476</b>	<b>2 184 142</b>	<b>198 133</b>	<b>6 053</b>	<b>36 462</b>	<b>58 377</b>	<b>126 760</b>	<b>3 938</b>	<b>16 406 267</b>
Loans and advances to banks	195 011	195 011	-	-	-	-	-	-	-	195 011
Loans and advances to customers	13 840 281	11 464 121	2 171 974	198 133	6 053	35 627	58 327	126 760	3 938	13 615 629
<i>Public sector</i>	2 445	2 438	7	-	-	7	-	-	-	2 438
<i>Corporate clients</i>	5 898 594	4 873 088	964 159	57 413	3 934	20 300	16 440	39 886	3 406	5 818 562
<i>Retail clients</i>	7 939 242	6 588 595	1 207 808	140 720	2 119	15 320	41 887	86 874	532	7 794 629
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>4 053 304</b>	<b>3 018 485</b>	<b>1 031 713</b>	<b>3 106</b>	<b>-</b>	<b>6 935</b>	<b>4 604</b>	<b>569</b>	<b>-</b>	<b>4 041 196</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.



**Notes to the separate financial statements for the 9 months ended 30 September 2023**

prepared in accordance with International Financial Reporting 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:

	<b>Stage 1 ≤ 30 days</b>	<b>Stage 1 &gt; 30 days ≤ 90 days</b>	<b>Stage 1 &gt; 90 days</b>	<b>Stage 2 ≤ 30 days</b>	<b>Stage 2 &gt; 30 days ≤ 90 days</b>	<b>Stage 2 &gt; 90 days</b>	<b>Stage 3 ≤ 30 days</b>	<b>Stage 3 &gt; 30 days ≤ 90 days</b>	<b>Stage 3 &gt; 90 days</b>	<b>POCI ≤ 30 days</b>	<b>POCI &gt; 30 days ≤ 90 days</b>	<b>POCI &gt; 90 days</b>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>285 595</b>	<b>871</b>	<b>47</b>	<b>109 873</b>	<b>13 131</b>	<b>1 885</b>	<b>23 297</b>	<b>9 930</b>	<b>33 002</b>	<b>297</b>	<b>220</b>	<b>120</b>
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	235 448	8	11	54 263	199	163	18 579	297	4 315	67	10	92
Retail clients	50 147	863	36	55 610	12 932	1 721	4 718	9 633	28 687	230	210	28
<b>Debt securities</b>	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>285 595</b>	<b>871</b>	<b>47</b>	<b>109 873</b>	<b>13 131</b>	<b>1 885</b>	<b>23 297</b>	<b>9 930</b>	<b>33 002</b>	<b>297</b>	<b>220</b>	<b>120</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:

	<b>Stage 1 ≤ 30 days</b>	<b>Stage 1 &gt; 30 days ≤ 90 days</b>	<b>Stage 1 &gt; 90 days</b>	<b>Stage 2 ≤ 30 days</b>	<b>Stage 2 &gt; 30 days ≤ 90 days</b>	<b>Stage 2 &gt; 90 days</b>	<b>Stage 3 ≤ 30 days</b>	<b>Stage 3 &gt; 30 days ≤ 90 days</b>	<b>Stage 3 &gt; 90 days</b>	<b>POCI ≤ 30 days</b>	<b>POCI &gt; 30 days ≤ 90 days</b>	<b>POCI &gt; 90 days</b>
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loans and advances to customers</b>	<b>105 128</b>	<b>1 123</b>	<b>81</b>	<b>99 543</b>	<b>10 822</b>	<b>1 718</b>	<b>6 900</b>	<b>9 919</b>	<b>32 313</b>	<b>299</b>	<b>18</b>	<b>236</b>
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	76 320	13	0	46 419	736	165	1 584	68	4 802	1	-	191
Retail clients	28 808	1 110	81	53 124	10 085	1 554	5 315	9 851	27 511	298	18	45
<b>Debt securities</b>	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>105 128</b>	<b>1 123</b>	<b>81</b>	<b>99 543</b>	<b>10 822</b>	<b>1 718</b>	<b>6 900</b>	<b>9 919</b>	<b>32 313</b>	<b>299</b>	<b>18</b>	<b>236</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 the separate financial statements for the 9 months ended 30 September 2023**  
prepared in accordance with International Financial Reporting Standard IAS 34,  
as adopted by the European Union (in thousands of EUR)

The following summary represents an analysis of the impaired portfolio of financial assets and portfolio of 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 value of received collateral</b>
Banks	-	-	-
Corporate clients	69 452	37 476	30 553
Retail clients	159 941	102 454	44 984
<b>Total</b>	<b>229 393</b>	<b>139 930</b>	<b>75 537</b>

The following summary represents 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 value of received collateral</b>
Banks	-	-	-
Corporate clients	61 347	43 292	13 046
Retail clients	142 839	87 406	44 406
<b>Total</b>	<b>204 186</b>	<b>130 698</b>	<b>57 452</b>

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Collateralisation of issued loans</b>		
Cash and equivalents	11 312	30 127
Guarantees	310 298	247 797
Securities	40 967	50 795
Real estate	7 799 542	7 329 037
Movables	36 986	57 341
Receivables and other collateral	163 236	163 112
<b>Total</b>	<b>8 362 341</b>	<b>7 878 209</b>

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>Collateralisation of contingent liabilities and other off-balance sheet liabilities</b>		
Cash and 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>

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

The summary below represents the quality of the portfolio of financial assets at amortised cost that are 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>166 611</b>	<b>4</b>	<b>195 011</b>	-
Minimum risk	-	-	1 130	-
Excellent credit rating	90	-	193 881	-
Very good credit rating	166 521	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>11 825 361</b>	<b>1 668 571</b>	<b>11 356 677</b>	<b>2 050 945</b>
<b>Of which public sector:</b>	<b>2 160</b>	<b>6</b>	<b>2 438</b>	<b>7</b>
Minimum risk	-	-	-	-
Excellent credit rating	-	-	7	5
Very good credit rating	1 464	6	2 070	2
Good credit rating	246	-	-	-
Standard credit rating	-	-	34	-
Ordinary credit rating	450	-	-	-
Sub-standard credit rating	-	-	327	-
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>3 575 426</b>	<b>499 224</b>	<b>3 362 863</b>	<b>788 143</b>
Minimum risk	6 329	81	7 649	11
Excellent credit rating	72 933	729	727 502	141 460
Very good credit rating	1 268 842	10 177	436 918	25 671
Good credit rating	752 853	56 264	793 797	72 884
Standard credit rating	876 148	57 672	782 297	68 067
Ordinary credit rating	479 621	114 755	438 570	177 005
Sub-standard credit rating	110 571	231 748	168 982	103 444
Significantly sub-standard credit rating	7 840	7 649	7 116	183 671
Doubtful / high risk of default	289	20 148	32	15 930
Defaulted	-	-	-	-
With no assigned rating	-	1	-	-
<b>Of which corporate clients – project financing:</b>	<b>1 555 403</b>	<b>68 338</b>	<b>1 433 424</b>	<b>126 435</b>
Excellent project financing profile rating	779 961	4 570	717 276	-
Good project financing profile rating	775 244	25 373	716 148	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>6 692 372</b>	<b>1 101 003</b>	<b>6 557 952</b>	<b>1 136 360</b>
Excellent credit rating	-	-	-	-
Very good credit rating	1 822 152	29 226	1 650 328	38 805
Good credit rating	3 992 399	560 521	3 974 675	572 200
Ordinary credit rating	679 766	233 691	705 467	233 999
Sub-standard credit rating	142 829	277 521	142 650	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>15 338 998</b>	<b>1 702 869</b>	<b>14 136 032</b>	<b>2 063 113</b>

**Notes to the separate financial statements for the 9 months ended 30 September 2023**  
prepared in accordance with International Financial Reporting Standard IAS 34,  
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The summary below represents the quality of the portfolio of contingent liabilities and other off-balance sheet items that are non-impaired (Stage 1 and 2) in accordance with the internal rating:

	<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>3 557 266</b>	<b>379 876</b>	<b>2 902 952</b>	<b>1 031 589</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>2 512 955</b>	<b>233 755</b>	<b>1 701 885</b>	<b>846 012</b>
Minimum risk	8 048	14	3 467	1 667
Excellent credit rating	88 580	1 493	353 687	40 176
Very good credit rating	1 159 101	35 000	437 865	237 785
Good credit rating	551 675	52 951	413 159	209 993
Standard credit rating	369 355	32 375	225 568	151 357
Ordinary credit rating	277 140	65 118	218 651	137 644
Sub-standard credit rating	57 892	36 136	47 607	50 216
Significantly sub-standard credit rating	1 157	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>366 249</b>	<b>10</b>	<b>431 748</b>	<b>6 758</b>
Excellent project financing profile rating	163 538	-	230 097	-
Good project financing profile rating	202 711	-	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>676 600</b>	<b>145 851</b>	<b>767 664</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	531 163	119 029
Standard credit rating	40 706	24 634	48 058	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>3 667 994</b>	<b>383 164</b>	<b>3 018 484</b>	<b>1 031 714</b>

**Notes to the separate financial statements for the 9 months ended 30 September 2023**  
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The summary below represents the quality of the portfolio of financial assets at fair value through other comprehensive income that are 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>145 590</b>	<b>6 603</b>	<b>161 086</b>	<b>25 022</b>
<b>Debt securities</b>	-	-	-	-
Minimum risk	8 284	-	118 434	-
Excellent credit rating	137 306	6 603	42 652	-
Very good credit rating	-	-	-	-
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	25 022
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful / high risk of default	-	-	-	-
Defaulted	-	-	-	-
<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 Bank's corporate clients (applied for the entire RBI Group) is based on the client's economic rating and complies with the rules of the Internal Rating Based Approach (IRB). The rating range has 28 grades from 1A to 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

**Notes to the separate financial statements for the 9 months ended 30 September 2023**  
prepared in accordance with International Financial Reporting Standard IAS 34,  
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The summary below represents 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	256 759	226 544
B. Mining and quarrying	24 585	16 030
C. Industrial production	707 698	716 871
D. Supply of electricity, gas, steam and air-conditioning	324 668	489 848
E. Water supply	58 507	52 304
F. Construction	531 357	482 922
G. Wholesale and retail trade	869 471	776 873
H. Transport and storage	290 731	310 391
I. Accommodation and catering services	55 748	57 870
J. Information and Communication	287 935	283 168
K. Financial and insurance activities	1 000 054	973 235
L. Real estate activities	1 400 274	1 390 736
M. Professional, scientific and technical activities	342 274	214 949
N. Administrative and support services	91 707	85 772
O. Public administration and defense, compulsory social security	4 383	5 573
P. Education	11 052	11 630
Q. Health and social assistance	125 339	112 235
R. Arts, entertainment and recreation	40 371	23 288
S. Other service activities	23 706	22 032
T. Activities of households, private households with domestic staff	7 621 847	7 558 369
<b>Total</b>	<b>14 068 466</b>	<b>13 810 640</b>

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Government bonds with no coupon	76 336	75 543
Loans and advances 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 summary presents the change in the amount of impairment allowances for expected credit losses and advances measured at amortised cost as at 30 September 2023:

	<b>Impairment allowances for expected credit losses – Stage 1</b>	<b>Impairment allowances for expected credit losses – Stage 2</b>	<b>Impairment allowances for expected credit losses – Stage 3</b>	<b>Impairment allowances - POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>35 627</b>	<b>58 327</b>	<b>126 760</b>	<b>3 938</b>	<b>224 652</b>
Net changes due to credit risk	(1 221)	8 434	22 574	1 919	31 706
Increase due to origin or acquisition	15 033	10 510	-	-	25 543
Decrease due to derecognition	(7 115)	(11 920)	(9 747)	(169)	(28 951)
Write-off	-	-	(4 501)	(436)	(4 937)
Unwinding	-	-	170	43	213
Foreign exchange differences	-	-	3	(624)	(621)
<b>As at 30 September 2023</b>	<b>42 324</b>	<b>65 351</b>	<b>135 259</b>	<b>4 671</b>	<b>247 605</b>

**Notes to the separate financial statements for the 9 months ended 30 September 2023**  
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as adopted by the European Union (in thousands of EUR)

The following summary presents the change in the amount of impairment allowances for expected credit losses and advances measured at amortised cost as at 31 December 2022:

	<b>Impairment allowances for expected credit losses – Stage 1</b>	<b>Impairment allowances for expected credit losses – Stage 2</b>	<b>Impairment allowances for expected credit losses – Stage 3</b>	<b>Impairment allowances - POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>22 077</b>	<b>40 986</b>	<b>146 702</b>	<b>3 798</b>	<b>213 563</b>
Net changes due to credit risk	(1 268)	20 054	17 857	1 905	38 548
Increase due to origin or acquisition	22 206	10 380	-	-	32 586
Decrease due to derecognition	(7 388)	(13 093)	(11 643)	(1 296)	(33 420)
Write-off	-	-	(26 295)	(472)	(26 767)
Unwinding	-	-	103	3	106
Foreign exchange differences	-	-	36	-	36
<b>As at 31 December 2022</b>	<b>35 627</b>	<b>58 327</b>	<b>126 760</b>	<b>3 938</b>	<b>224 652</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:

	<b>Gross carrying amount</b>	<b>Share of non-performing exposures</b>	<b>% coverage of non-performing exposures</b>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>228 105</b>	<b>1,61%</b>	<b>61,34%</b>
Public sector	-	-	-
Corporate clients	69 504	1,15%	53,92%
Retail clients	158 601	1,96%	64,59%
<b>Debt securities</b>	<b>901</b>	<b>0,03%</b>	<b>100,00%</b>
<b>Total</b>	<b>229 006</b>	<b>1,09%</b>	<b>61,49%</b>

**Notes to the separate financial statements for the 9 months ended 30 September 2023**  
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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>203 039</b>	<b>1.47%</b>	<b>64.37%</b>
Public sector	-	-	-
Corporate clients	61 347	1.04%	70.57%
Retail clients	141 692	1.78%	61.68%
<b>Debt securities</b>	<b>901</b>	<b>0.03%</b>	<b>100.00%</b>
<b>Total</b>	<b>203 940</b>	<b>0.96%</b>	<b>64.53%</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 Bank differentiates between modified loans and forborne loans based on valid definitions in the technical standard (ITS) governing the reporting of forborne exposures and non-performing exposures, as issued by the EBA (European Bank Authority).

A key aspect when deciding whether a loan is forborne, is in the business sector the client's financial situation at the time of the change in maturity or loan terms. If, on the basis of the client's creditworthiness (taking into account the internal early warning system), it can be assumed that the client has financial difficulties at the time of changing loan terms, and if the change is treated as easing of conditions, such loans are flagged as forborne exposures. If such 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 Bank may adjust the terms and conditions of repayment of its loan receivables if the client's financial situation is poor and the client would not be able to repay its obligations to the Bank in real time.

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 represents the analysis of forborne exposures as at 30 September 2023:

	<i><b>Gross carrying amount</b></i>	<i><b>Allowances for expected credit losses</b></i>	<i><b>Net carrying amount</b></i>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>126 507</b>	<b>(32 767)</b>	<b>93 740</b>
Public sector	-	-	-
Corporate clients	91 564	(19 791)	71 773
Retail clients	34 943	(12 976)	21 967
<b>Total</b>	<b>126 507</b>	<b>(32 767)</b>	<b>93 740</b>

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

	<i><b>Gross carrying amount</b></i>	<i><b>Allowances for expected credit losses</b></i>	<i><b>Net carrying amount</b></i>
<b>Loans and advances to banks</b>	-	-	-
<b>Loans and advances to customers</b>	<b>139 319</b>	<b>(35 814)</b>	<b>103 505</b>
Public sector	-	-	-
Corporate clients	105 488	(24 564)	80 924
Retail clients	33 831	(11 250)	22 581
<b>Total</b>	<b>139 319</b>	<b>(35 814)</b>	<b>103 505</b>

**Default loan portfolio (NPL)**

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

To determine the client's default, the Bank mainly uses the following indicators, also depending on the client's segment: permanent delay in the repayment of a material portion of a receivable of more than 90 days, declaration of immediate maturity, bankruptcy or insolvency, a portion of the loan receivables from the client written off, legal restructuring, suspended interest on receivables, sale of the receivables from the client resulting in a loss or an anticipated loss from a deal. In the retail portfolio, the Bank applies a limit set at an absolute materiality threshold of EUR 100 and a relative materiality threshold of 1% of the gross carrying amount of all client credit exposures that the receivable must exceed. In the corporate portfolio, the Bank applies a limit that depends on the default type. In 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.

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The summary below represents 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>228 054</b>	<b>139 913</b>	<b>88 141</b>	<b>74 510</b>
Banks	-	-	-	-
Corporate clients	69 504	37 476	32 028	30 553
Retail clients	158 550	102 437	56 113	43 957
<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>230 013</b>	<b>140 304</b>	<b>89 709</b>	<b>75 256</b>

The summary below represents 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>202 833</b>	<b>130 683</b>	<b>72 150</b>	<b>56 654</b>
Banks	-	-	-	-
Corporate clients	61 347	43 292	18 055	13 368
Retail clients	141 486	87 391	54 095	43 286
<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>205 924</b>	<b>131 252</b>	<b>74 672</b>	<b>57 240</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>1 536 019</b>	<b>1 413 891</b>
<i>Of which Austria</i>	388 968	387 830
<i>Of which Czech Republic</i>	275 917	236 723
<i>Of which United States of America</i>	30 509	10 720
<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 Croatia</i>	78 114	12 541
<i>Of which Hungary</i>	61 121	61 904
<i>Of which Bulgaria</i>	97 251	88 296
<i>Of which other countries (mainly EU countries)</i>	283 416	294 302
<b>Liabilities</b>	<b>2 574 374</b>	<b>1 844 550</b>
<i>Of which Austria</i>	1 780 046	989 780
<i>Of which Hungary</i>	64 196	57 424
<i>Of which Czech Republic</i>	97 508	255 023
<i>Of which Germany</i>	48 952	49 902
<i>Of which Ukraine</i>	195 192	178 975
<i>Of which United States of America</i>	27 751	2 347
<i>Of which other countries (mainly EU countries)</i>	360 729	311 100

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 Bank is exposed to market risks. Market risks result from open positions from 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 Bank's positions, and the expected maximum amount of potential losses, the Bank uses internal reports and models for individual types of risk faced by the Bank. The Bank uses a system of limits, the aim of which is to ensure that the level of risks the Bank is exposed to at any time does not exceed the level of risks the Bank is willing and able to accept. These limits are monitored on a daily basis.

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

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

- Currency risk and
- Interest rate risk.

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

- Equity price risk
- Commodity risk.

**Currency risk**

Currency risk represents the potential for loss resulting from unfavourable movements in foreign currency exchange rates. The Bank 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 Bank 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 Bank's currency positions and on the compliance with the limits set by RBI are reported on a weekly basis.

In addition to the limit on an open currency position, the Bank 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 Bank, are closed at the market, so as to ensure that the Bank has no open position for this currency match.

In addition, the Bank 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>139 846</b>	<b>158 317</b>
<i>Of which: USD</i>	<i>58 398</i>	<i>37 774</i>
<i>Of which: CZK</i>	<i>71 308</i>	<i>84 905</i>
<i>Of which: other currencies (PLN, HUF, GBP and other)</i>	<i>10 140</i>	<i>35 638</i>
<b>Liabilities</b>	<b>551 413</b>	<b>554 170</b>
<i>Of which: USD</i>	<i>345 589</i>	<i>388 633</i>
<i>Of which: CZK</i>	<i>69 012</i>	<i>65 413</i>
<i>Of which: other currencies (PLN, HUF, GBP and other)</i>	<i>136 812</i>	<i>100 124</i>

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

	<i>Net FX position as at 30 September 2023</i>	<i>Net FX position as at 31 December 2022</i>
USD	(287 191)	(350 859)
CZK	2 296	19 492
Other (GBP, CHF, PLN, HUF and other)	(126 672)	(64 486)
<b>Total net FX balance sheet position</b>	<b>(411 567)</b>	<b>(395 853)</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>10 523</b>	<b>350</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 Bank controls and manages its interest rate risk for all trades, and for the Banking book, and the Trading book separately. Interest rate risk is monitored and assessed on a daily basis. The interest rate risk in the Banking book in terms of change in the Bank's income is monitored and evaluated monthly, always as at the end of the month. Interest rate risk in the Banking book is monitored and evaluated on a daily basis in terms of changes in economic value.

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

The internal interest rate risk limits applicable in the Banking book are set in the form of limits on open positions in each time band of the interest gap for each currency that is included in the Banking Book (mainly EUR and USD).

The Bank's limit on the interest rate risk of the Banking book is set in the form of limits on the sensitivity of the overall position to the yield curve shifts (BPV) in the Banking book, with a limit on the position concentration in one time basket and one currency.

The interest rate risk limits applicable in the Trading book are set in the form of limits related to the sensitivity of the overall position to yield curve shifts (BPV). The limits are set for individual currencies included in the Trading book. The loss resulting from interest rate variations is limited to stop-loss limit.

Market Risk Management regularly submits information on the actual amount of credit risk in individual currencies and information on the use of the Banking Book's credit risk limits to the Assets and Liabilities Committee (ALCO).

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

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The table below provides information on the carrying amount to the extent of the Bank'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:

	<i>Up to 3 months</i>	<i>From 3 months to 1 year</i>	<i>From 1 to 5 years included</i>	<i>Over 5 years included</i>	<i>Unspecified</i>	<i>Total</i>
<b>Assets</b>						
Cash and Other demand deposits	9 146	-	-	-	188 645	197 791
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	-	-	-	-	15 358	15 358
Financial assets at fair value through other comprehensive income	39 891	15 079	97 157	-	116	152 243
Financial assets at amortised cost	5 154 261	2 492 984	6 122 118	3 593 329	85 836	17 448 528
Receivables from hedging transactions	-	-	-	-	19 091	19 091
Other assets	-	-	-	-	21 661	21 661
<b>Interest rate position for financial assets as at 30 September 2023</b>	<b>8 295 292</b>	<b>2 508 065</b>	<b>6 223 674</b>	<b>3 593 329</b>	<b>369 724</b>	<b>20 990 084</b>
<b>Liabilities</b>						
Financial liabilities held for trading	-	-	-	-	34 134	34 134
Financial liabilities at amortised cost*	6 881 278	3 938 813	5 884 493	2 690 104	133 347	19 528 035
Liabilities from hedging transactions	-	-	-	-	78 139	78 139
Provisions	-	-	-	-	53 399	53 399
Other liabilities	-	-	-	-	47 429	47 429
<b>Interest rate position for financial liabilities as at 30 September 2023</b>	<b>6 881 278</b>	<b>3 938 813</b>	<b>5 884 493</b>	<b>2 690 104</b>	<b>346 448</b>	<b>19 741 136</b>
<b>Net interest rate position as at 30 September 2023</b>	<b>1 414 014</b>	<b>(1 430 748)</b>	<b>339 181</b>	<b>903 225</b>	<b>23 276</b>	<b>1 248 948</b>

\*The Bank uses its own model to categorize the non-term deposits according to interest rate sensitivity, whereas these deposits are categorized 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</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years included</b>	<b>Over 5 years included</b>	<b>Unspecified</b>	<b>Total</b>
<b>Assets</b>						
Cash and Other demand deposits	11 025	-	-	-	213 267	224 292
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	-	-	-	-	13 919	13 919
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	4 751 935	1 908 053	6 651 813	2 993 704	100 762	16 406 267
Receivables from hedging transactions	-	-	-	-	18 489	18 489
Other assets	-	-	-	-	28 301	28 301
<b>Interest rate position for financial assets as at 31 December 2022</b>	<b>9 236 167</b>	<b>1 947 428</b>	<b>6 725 904</b>	<b>3 032 608</b>	<b>417 739</b>	<b>21 359 846</b>
<b>Liabilities</b>						
Financial liabilities held for trading	-	-	-	-	53 705	53 705
Financial liabilities at amortised cost*	6 584 445	3 096 004	7 048 589	3 078 922	137 263	19 945 223
Liabilities from hedging transactions	-	-	-	-	79 209	79 209
Provisions	-	-	-	-	57 369	57 369
Other liabilities	-	-	-	-	45 460	45 460
<b>Interest rate position for financial liabilities as at 31 December 2022</b>	<b>6 584 445</b>	<b>3 096 004</b>	<b>7 048 589</b>	<b>3 078 922</b>	<b>373 006</b>	<b>20 180 966</b>
<b>Net interest rate position as at 31 December 2022</b>	<b>2 651 722</b>	<b>(1 148 576)</b>	<b>(322 685)</b>	<b>(46 314)</b>	<b>44 733</b>	<b>1 178 880</b>

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

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**Equity price risk**

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

**Commodity risk**

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

**Sensitivity analysis of market risks**

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

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

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

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

	<i>Present value of exchange rate</i>	<i>Exchange rate in sensitivity scenario</i>	<i>Bank's position in the respective currency</i>	<i>Economic loss of the Bank 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 Bank following the movements in exchange rates of the selected currencies to the detriment of the Bank as at 31 December 2022 (in thousand of EUR):

	<i>Present value of exchange rate</i>	<i>Exchange rate in sensitivity scenario</i>	<i>Bank's position in the respective currency</i>	<i>Economic loss of the Bank 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 Bank's sensitivity to movements in the interest rate assuming negative movement of the yield curve to the detriment of the Bank by 100 basis points.

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

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

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

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

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

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

The Bank 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 Bank would book profit instead of loss in approximately the same amount.

### Liquidity risk

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

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

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

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

The Market Risk Management function monitors the Bank'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 Treasury department submits reports on the Bank'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 Bank monitors short-, medium- and long-term liquidity risk by developing a liquidity and crisis liquidity gap (3 scenarios: market crisis, currency crisis and combined scenario) compiled on the basis



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of the rules and assumptions set by the parent company RBI. Internal liquidity limits are approved by the Bank's management through an annual update of the liquidity management strategy. The Bank also monitors the regulatory coefficients set by the NBS and the ECB and the coefficients and limits set by the parent company RBI.

The Bank's liquidity position reflecting the existing contractual remaining maturity of assets and liabilities as at 30 September 2023:

	<i>Up to 12 months</i>	<i>Over 12 months</i>	<i>Unspecified</i>	<i>Total</i>
<b>Assets</b>				
Cash and other demand deposits	197 791	-	-	197 791
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	-	-	15 358	15 358
Financial assets at fair value through other comprehensive income	54 970	97 157	116	152 243
Financial assets at amortised cost	3 583 259	13 559 867	305 402	17 448 528
Receivables from hedging transactions <sup>3</sup>	-	-	19 091	19 091
Investments in subsidiaries, joint ventures and associates	-	-	61 013	61 013
Non-current tangible assets	-	-	88 436	88 436
Non-current intangible assets	-	-	45 963	45 963
Deferred tax asset	-	-	43 464	43 464
Other assets	-	-	21 661	21 661
Non-current assets held for sale	-	-	-	-
<b>Total assets</b>	<b>6 928 016</b>	<b>13 661 423</b>	<b>639 521</b>	<b>21 228 960</b>
<b>Liabilities</b>				
Financial liabilities held for trading <sup>3)</sup>	-	-	34 134	34 134
Financial liabilities at amortised cost <sup>1)</sup>	6 916 314	12 525 810	85 911	19 528 035
Liabilities from hedging transactions <sup>3)</sup>	-	-	78 139	78 139
Provisions	-	-	53 399	53 399
Current tax liability	-	-	11 659	11 659
Other liabilities	-	-	47 429	47 429
<b>Total liabilities</b>	<b>6 916 314</b>	<b>12 525 810</b>	<b>310 671</b>	<b>19 752 795</b>
<b>Net balance sheet position</b>	<b>11 702</b>	<b>1 135 613</b>	<b>328 850</b>	<b>1 476 165</b>
<b>Net off-balance sheet position<sup>2)</sup></b>	<b>(3 374 752)</b>	<b>(105)</b>	<b>4 408 475</b>	<b>1 033 618</b>
<b>Cumulative balance sheet and off-balance sheet position</b>	<b>(3 363 050)</b>	<b>1 135 508</b>	<b>4 737 325</b>	<b>2 509 783</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 remaining maturity of assets and liabilities.

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The Bank's liquidity position reflecting the existing contractual remaining 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	224 292	-	-	224 292
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	-	-	13 919	13 919
Financial assets at fair value through other comprehensive income	77 294	108 644	109	186 047
Financial assets at amortised cost	3 206 333	12 922 213	277 721	16 406 267
Receivables from hedging transactions <sup>3</sup>	-	-	18 489	18 489
Investments in subsidiaries, joint ventures and associates	-	-	60 246	60 246
Non-current tangible assets	-	-	92 095	92 095
Non-current intangible assets	-	-	46 573	46 573
Deferred tax asset	-	-	42 946	42 946
Other assets	-	-	28 301	28 301
Non-current assets held for sale	-	-	531	531
<b>Total assets</b>	<b>7 943 207</b>	<b>13 035 208</b>	<b>623 822</b>	<b>21 602 237</b>
<b>Liabilities</b>				
Financial liabilities held for trading <sup>3)</sup>	-	-	53 705	53 705
Financial liabilities at amortised cost <sup>1)</sup>	4 826 097	15 033 026	86 100	19 945 223
Liabilities from hedging transactions <sup>3)</sup>	-	-	79 209	79 209
Provisions	-	-	57 369	57 369
Current tax liability	-	-	6 085	6 085
Other liabilities	-	-	45 460	45 460
<b>Total liabilities</b>	<b>4 826 097</b>	<b>15 033 026</b>	<b>327 928</b>	<b>20 187 051</b>
<b>Net balance sheet position</b>	<b>3 117 110</b>	<b>(1 997 818)</b>	<b>295 894</b>	<b>1 415 186</b>
<b>Net off-balance sheet position<sup>2)</sup></b>	<b>(3 422 637)</b>	<b>(127)</b>	<b>4 002 262</b>	<b>579 498</b>
<b>Cumulative balance sheet and off-balance sheet position</b>	<b>(305 527)</b>	<b>(1 997 945)</b>	<b>4 298 156</b>	<b>1 994 684</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 remaining maturity of assets and liabilities.

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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	188 644	188 644	188 644	-	-	-
Balances at central banks	3 091 994	3 091 994	3 091 994	-	-	-
Other deposits payable on demand	9 147	9 147	9 147	-	-	-
Loans and advances	14 068 467	15 707 683	2 161 663	2 550 709	5 145 475	5 849 836
Debt securities	3 546 305	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 held for hedging	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	213 267	213 267	213 267	-	-	-
Balances at central banks	4 435 285	4 435 285	4 435 285	-	-	-
Other deposits payable on demand	11 025	11 025	11 025	-	-	-
Loans and advances	13 810 640	14 643 607	5 154 994	2 733 300	5 246 008	1 509 305
Debt securities	2 794 805	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 held for hedging	26 363	126 119	4 812	18 695	66 870	35 742

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The summary below represents an analysis of the earliest possible contractual maturity of contingent liabilities and other off-balance sheet items, 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 liabilities:</b>						
Financial liabilities held for trading	-	-	-	-	-	-
Financial liabilities at amortised cost	19 528 035	19 893 498	14 739 471	2 776 547	2 191 779	185 701
<i>Of which Deposits</i>	17 529 192	17 644 039	14 674 798	2 662 809	160 651	145 781
<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>	53 278	53 278	11 563	7 556	25 967	8 192
Provisions	53 399	53 399	53 399	-	-	-
Other liabilities	47 429	47 429	47 429	-	-	-
<b>Derivative financial liabilities:</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 held for hedging	199 032	226 793	25 566	17 668	71 625	111 934

The following overview shows the current contractual maturities of future contingent liabilities and other off-balance sheet items in the worst possible scenario as of 30 September 2023 (in undiscounted value):

	<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	678 559	678 559	678 559	-	-	-
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 contingent liabilities and other off-balance sheet items, in the worst-case scenario, as at 31 December 2022 (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 liabilities:</b>						
Financial liabilities held for trading	4 716	4 716	4 716	-	-	-
Financial liabilities at amortised cost	19 945 223	20 326 698	15 095 729	738 798	4 205 600	286 571
<i>Of which Deposits</i>	<i>18 730 548</i>	<i>18 941 277</i>	<i>14 951 370</i>	<i>652 671</i>	<i>3 189 957</i>	<i>147 279</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>53 137</i>	<i>53 137</i>	<i>8 999</i>	<i>7 289</i>	<i>25 892</i>	<i>10 957</i>
Provisions	57 369	57 369	57 369	-	-	-
Other liabilities	45 460	45 460	45 460	-	-	-
<b>Derivative financial liabilities:</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 held for hedging	196 315	283 866	5 776	40 213	181 320	56 557

The following overview shows the current contractual maturities of future contingent liabilities and other off-balance sheet items in the worst possible scenario as of 31. December 2022 (in undiscounted value):

	<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	631 435	631 435	631 435	-	-	-
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 errors, failures of the Bank'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, risk of unsuccessful legal disputes or court rulings with adverse impacts on the Bank. As in the case of other types of risk, operational risk is managed by applying the standard principle including the separation of functions in risk management and controlling.

For the purposes of the capital requirement calculation to cover operational risk, the Bank uses the „Standardised Approach“ according to the requirements of BASEL II and the Banking Act. Under the Standardised Approach, the Bank's activities and the related Gross Income are divided into eight business lines. Gross Income for each business line is represented by a general indicator serving as a representative for a range of business activities, thereby representing an operational risk rate for each business line. The capital to cover operational risk is calculated as net interest income and net interest-free income multiplied by an assigned  $\beta$  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 Bank uses a three-dimensional model compound of risk categories, business functions, and business lines (Risk Management Association methodology). Operational risk loss data collection covers the collection of all operational losses by individual risk categories of this three-dimensional model.

The Bank gives emphasis to process quality improvement and operational risk mitigation actions. The essential assumption of set goals is based on operational risk awareness and operational risk Bank culture.

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

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

### **Other risks**

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

### **Basel III**

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

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

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

The IRB approach is used for central governments and central banks, institutions, corporate entities (including project financing, insurance companies, leasing companies and financial institutions) as of 1 January 2009, as of 1 April 2010 for the retail part of the portfolio and as of 1 December 2013 for

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the SME portfolio. In connection with the approved IRB approach, the Bank continuously reassesses the performance of its rating models and subsequently ensures the required performance of the models.

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

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

## OTHER DISCLOSURES

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

The Bank 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>698 437</b>	<b>634 798</b>
From guarantees	678 559	631 435
From letters of credit	19 878	3 363
<b>Commitments:</b>	<b>3 354 707</b>	<b>3 418 506</b>
From irrevocable loan commitments:	998 747	1 224 549
<i>Up to 1 year</i>	559 939	688 778
<i>More than 1 year</i>	438 808	535 771
From revocable loan commitments:	2 355 960	2 193 957
<i>Up to 1 year</i>	1 739 797	1 622 976
<i>More than 1 year</i>	616 163	570 981
<b>Total</b>	<b>4 053 144</b>	<b>4 053 304</b>

Off-balance sheet commitments from guarantees represent obligations that the Bank 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 Bank acting at the request of a customer (buyer) to make a payment to the beneficiary (seller) or to pay or accept bills of exchange drawn by the beneficiary against the 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 Bank represent issued loan commitments and the unused part of approved overdraft loans.

The risk associated with off-balance sheet financial commitments and contingent liabilities is assessed similarly as for loans to customers, taking into account the financial position and activities of the entity to which the Bank issued the guarantee and taking into account the collateral obtained. As at 30 September 2023, the Bank created reserves for these risks amounting to EUR 9 426 thousand (as at 31 December 2022: EUR 12 108 thousand), Note 31 "Provisions". As at 30 September 2023, the other contingent liabilities amounted to EUR 420 thousand (as at 31 December 2022: EUR 105 thousand).

An overview of the quality of contingent liabilities and other off-balance sheet items is stated in Note 42 "Risk report".

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**Litigations and claims**

In the ordinary course of business, the Bank is subject to legal actions and complaints. Each dispute is subject to special monitoring and regular re-assessment as a part of the Bank's standard procedures. In the event of significant disputes the Bank cooperates with external lawyers submitting the changes in dispute to the Board of Directors on a regular basis. In 2023, the Bank was not subject to any new significant dispute and some long-term disputes developed in favour of the Bank. It is the policy of the Bank not to disclose details of ongoing legal actions in cases where such disclosure might be prejudicial. This policy is in line with wording of IAS 37.92.

The case of the most serious legal action revolves around agreed credit facilities and a contract breach allegedly committed by the Bank 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, related two 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 Bank's view, both actions are speculative.

As at 30 September 2023, the Bank examined the status of disputes, taking into account the amount of claims and IFRS requirements related to provision and contingent liabilities recognition in the amount of EUR 4 100 thousand (as at 31 December 2022: EUR 3 669 thousand).

If it is probable that the Bank will be required to settle a claim and a reliable estimate of the amount can be made, the Bank creates provisions. The total provision for claims is in the amount of EUR 22 413 thousand (31 December 2022: EUR 22 062 thousand), Note 31 "Provisions". To determine the amount of provisions, the Bank uses professional judgement and relies on advice from legal counsel, taking into account all the circumstances and all available factors, including the application of publicly available information on disputes in the Slovak Republic from the past. For important accounting estimates, see Note II.

**44. Leases as a lessee (IFRS 16)**

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

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

The amount of interest expense on lease liability is disclosed in Note 1 "Net interest and dividend income", separately reported in "Interest expenses: 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 Bank 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>(495)</b>	<b>(463)</b>
Short-term lease	(4)	(3)
Lease of low-value tangible fixed assets	(491)	(460)

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>46 305</b>	<b>49 581</b>
Less than 1 year	10 707	10 620
1 to 5 years	27 191	27 780
More than 5 years	8 407	11 181



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**45. 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 Bank 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>RBI</b>	<b>RBI Group</b>	<b>Subsidiaries and Associates</b>	<b>Statutory bodies and Supervisory Board**</b>	<b>Other related parties</b>	<b>Total</b>
Related parties *						
Loans and advances to banks and customers	129 541	42 380	569 081	1 316	2 165	<b>744 483</b>
Receivables from financial derivative transactions	74 013	-	-	-	-	<b>74 013</b>
Other assets	1 033	1 674	896	-	-	<b>3 603</b>
Deposits and current accounts from banks and customers	19 980	16 865	50 129	1 388	1 022	<b>89 384</b>
Liabilities from financial derivative transactions	201 775	4	-	-	-	<b>201 779</b>
Subordinated debt	136 263	-	-	-	-	<b>136 263</b>
Other liabilities	2 577	771	77	-	-	<b>3 425</b>
Guarantees issued	22 881	584	53 726	-	-	<b>77 191</b>
Loan commitments	37 000	4 842	144 787	115	1 255	<b>187 999</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>RBI</b>	<b>RBI Group</b>	<b>Subsidiaries and Associates</b>	<b>Statutory bodies and Supervisory Board**</b>	<b>Other related parties</b>	<b>Total</b>
Related parties *						
Loans and advances to banks and customers	143 052	56 958	544 100	1 369	1 946	<b>747 425</b>
Receivables from financial derivative transactions	68 848	-	-	-	-	<b>68 848</b>
Other assets	663	843	980	-	-	<b>2 486</b>
Deposits and current accounts from banks and customers	1 690	5 049	49 214	1 252	1 368	<b>58 573</b>
Liabilities from financial derivative transactions	208 586	-	-	-	-	<b>208 586</b>
Subordinated debt	135 852	-	-	-	-	<b>135 852</b>
Other liabilities	6 249	1 161	77	-	-	<b>7 487</b>
Guarantees issued	8 801	546	29 583	-	-	<b>38 930</b>
Loan commitments	37 000	5 541	112 500	118	1 421	<b>156 580</b>

\* Groups of related parties under the IAS 24 definition

\*\* Including members of RBI Boards of Directors

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

<b>Related Parties*</b>	<b>RBI</b>	<b>RBI Group</b>	<b>Subsidiaries and Associates</b>	<b>Statutory bodies and Supervisory Board</b>	<b>Other related parties</b>	<b>Total</b>
Interest and dividend income	54 860	2 343	15 765	9	58	<b>73 035</b>
Fee and commission income	658	362	6 216	-	-	<b>7 236</b>
Unrealised gain / (loss) on financial derivative transactions	28 045	(4)	-	-	-	<b>28 041</b>
Operating revenues	857	1 082	1 966	-	-	<b>3 905</b>
Interest expense	(73 873)	(21)	(586)	-	(44)	<b>(74 524)</b>
Fee and commission expense	(607)	(7 398)	-	-	-	<b>(8 005)</b>
General administrative expense	(8 334)	(327)	1	-	-	<b>(8 660)</b>
<b>Total</b>	<b>1 606</b>	<b>(3 963)</b>	<b>23 362</b>	<b>9</b>	<b>14</b>	<b>21 028</b>

\* Groups of related parties under the IAS 24 definition

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

<b>Related Parties*</b>	<b>RBI</b>	<b>RBI Group</b>	<b>Subsidiaries and Associates</b>	<b>Statutory bodies and Supervisory Board</b>	<b>Other related parties</b>	<b>Total</b>
Interest and dividend income	6 016	2 988	11 009	6	24	<b>20 043</b>
Fee and commission income	329	449	4 587	-	-	<b>5 365</b>
Unrealised gain / (loss) on financial derivative transactions	(79 969)	4	-	-	-	<b>(79 965)</b>
Operating revenues	207	1	1 081	-	-	<b>1 289</b>
Interest expense	(3 199)	(24)	-	-	-	<b>(3 223)</b>
Fee and commission expense	(367)	(3 996)	-	-	-	<b>(4 363)</b>
General administrative expense	(5 373)	(177)	1	-	-	<b>(5 549)</b>
<b>Total</b>	<b>(82 356)</b>	<b>(755)</b>	<b>16 678</b>	<b>6</b>	<b>24</b>	<b>(66 403)</b>

\* Groups of related parties under the IAS 24 definition

#### 46. Average number of employees

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
Bank employees	3 327	3 317
Of which: Members of the Board of Directors	7	7
<b>Total</b>	<b>3 327</b>	<b>3 317</b>

#### 47. Capital management

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

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

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

Capital adequacy is monitored with regard to Tier 1 regulatory capital expressed as its percentage of the total risk exposure, and with regard to Tier 1 capital expressed as its percentage of the total risk

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 the separate financial statements for the 9 months ended 30 September 2023**  
prepared in accordance with International Financial Reporting Standard IAS 34,  
as adopted by the European Union (in thousands of EUR)

exposure and as own funds expressed as a percentage of the total risk exposure. The methodology for its quantification is regulated. Additional information on the Bank's capital requirement is disclosed in Note 42 "Risk report", part "BASEL III".

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

Internal capital is the Bank's own funds that the Bank maintains and places internally to cover its risks. The internal capital components are made up of capital items supplemented by other additional resources available to the Bank. The Bank's objective is to maintain the required amount of internal capital. In 2022 and 2023, the Bank met this objective.

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

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

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

	<b>30.9.2023</b>	<b>31.12.2022</b>
<b>The original own funds (TIER 1)</b>	<b>1 213 054</b>	<b>1 159 800</b>
Paid-up share capital	64 326	64 326
(-) Treasury shares	(86)	(13)
Share premium	298 651	298 447
(-) Share premium - treasury shares	(1 531)	(2 271)
Funds from profit and other capital reserves	14 446	14 446
Other specific items of original own funds	843 153	793 864
Other temporary adjustments to Tier 1 capital	(5 905)	(8 876)
<b>The additional own funds (TIER 1) (AT1 capital)</b>	<b>100 000</b>	<b>100 000</b>
<b>(-) Items deductible from the original own funds</b>	<b>(33 239)</b>	<b>(41 989)</b>
(-) Intangible assets	(33 239)	(41 989)
<b>Additional own funds (TIER 2)</b>	<b>172 833</b>	<b>165 516</b>
Subordinated debts	135 000	135 000
IRB excess of provisions over expected losses eligible	37 833	30 516
<b>(-) Items deductible from the original and additional own funds</b>	<b>(25 102)</b>	<b>(9 128)</b>
(-) From the original own funds	(25 102)	(9 128)
<b>Total own funds</b>	<b>1 427 546</b>	<b>1 374 199</b>
<b>Adequacy of own funds (%)</b>	<b>18,66</b>	<b>18,61</b>
<b>Own funds</b>	<b>1 427 546</b>	<b>1 374 199</b>
<b>Risk-weighted assets (RWA)</b>	<b>7 648 798</b>	<b>7 385 518</b>
RWA from receivables recorded in the Banking book	6 891 254	6 635 435
RWA from positions recorded in the Trading book	16 546	9 085
RWA from operating risk – standardised approach	740 998	740 998

**Notes to the separate financial statements for the 9 months ended 30 September 2023**  
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**48. 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.

**49. Approval of the separate financial statements**

The annual separate financial statements for the immediately-preceding reporting period (as at 31 December 2022) were signed and authorised for issue on 17 February 2023.

The financial statements were signed and authorised for issue on 23 October 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