TATRA BANKA
Member of RBI Group

Separate Financial Statements for the Year Ended 31 December 2024 Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union and Independent Auditor's Report

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

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Tatra banka, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of Tatra banka, a.s. and the Audit Committee:

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Tatra banka, a.s. (the "Bank"), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of profit and loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Bank in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended, as amended (hereinafter the "Act on Statutory Audit") related to independence and ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud	Summary of the auditor's response to the risks
Impairment allowances for loans and advances to customers	
Refer to Note d) 2. and 18 of the separate financial statements At 31 December 2024, the gross carrying amount of loans and advances to customers (hereinafter the "loans") amounted to EUR 14 500 million, for which impairment allowances for loans and advances to customers (hereinafter the "impairment allowances") were recognised totalling EUR 226 million. For the purpose of estimating expected losses, individual loans are classified into one of three impairment stages, or a Purchased or Originated Credit-Impaired ("POCI") category in accordance with the requirements of IFRS 9 Financial Instruments.	Based on our assessment of the risk and understanding of the industry, we assessed the amount of the impairment allowances, applied methodology and assumptions used to calculate the impairment allowances. We tested the design and operating effectiveness of selected key controls management of the Bank has implemented for the impairment assessment and impairment allowance recognition. With the assistance of our IT specialists, we tested IT controls relating to access rights and change management of the relevant IT applications.

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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Impairment allowances are determined using statistical models for impairment Stages 1 and 2. Impairment allowances for impaired loans (Stage 3) are calculated for collectively- and individually-assessed exposures differently:

Impairment allowances for portfolio-assessed exposures are based on statistical models, primarily based on the Bank's historical data.
Impairment allowances for individually-assessed exposures are determined by estimating probability-weighted discounted future cash flows for each exposure for different scenarios relating to future loan repayments.

Bank management uses its professional judgment when determining when to recognise an expected loss and in what amount. The most significant judgments when quantifying impairment allowances relate to:

Early identification of exposures with a significant increase in credit risk (Stage 2) and credit-impaired exposures (Stage 3);
Assumptions used in statistical models of expected credit losses, such as default probabilities, loss given default and macroeconomic factors considered in the forward-looking information;
Future cash flows for different scenarios relating to future loan repayments;
Probabilities assigned to each future loan repayment scenario for significant exposures;
Loan collateral valuation.

The determination of the loan impairment allowance amount is considered to be a key audit matter due to the high level of judgment that management of the Bank had to make, particularly in relation to the early identification of exposures with a significant increase in credit risk (Stage 2) and the quantification of impairment allowances for individually-assessed exposures.
Given the current geopolitical and macroeconomic situation, the above estimates involve a higher degree of uncertainty and subjectivity of management's judgments.
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<u>Identification of exposures with a significant increase in credit risk and impaired loans</u>
We tested system-based and manual controls over the timely classification of loans to the relevant stage. In cooperation with our specialists, we assessed the appropriateness of the Bank's methodology and the assumptions for the classification of exposures to individual impairment stages.
We assessed the correctness of the classification to individual impairment stages on a sample of the loans.

<u>Assumptions used for portfolio-assessed exposures</u>
We assessed the model methodology and internal validation report in cooperation with our specialists. We assessed whether the modelling assumptions, such as the probability of default and loss given default, took into consideration relevant material risks, and whether they were appropriate in the light of historical and forward-looking information, the current economic environment and the position of customers. We assessed the adequacy of the risk parameters used in the calculation of impairment allowances.

Due to the high volatility of economic scenarios caused by the current geopolitical and macroeconomic situation, we assessed whether the macroeconomic and other parameters used in the ECL statistical models fairly reflect the expected degree of defaults and recoverability of loans in the future. We assessed the additional management adjustments related to the estimation of expected losses beyond statistical models.

<u>Assumptions used for individually-assessed exposures</u>
On a sample of individually significant exposures:

We evaluated the appropriateness of the allowance creation methodology and its application.
Based on available external and internal information, we formed an independent opinion on the required amount of impairment allowances.
We verified the accuracy of the input data used when taking into account specific risk factors.
We verified the accuracy of loan collateral valuation.

<u>Inclusion of information on future developments in the calculation of expected credit losses</u>
In cooperation with our specialists, we assessed the macroeconomic scenarios used by management of the Bank to estimate adjustments to the probability of default and loss given default (model inputs) in light of expected future economic developments and assessed the appropriateness of the applied approach.

The final conclusion was supported by an analysis conducted at the overall portfolio level to identify anomalies in the classification of loans into different impairment stages and other anomalies in the impairment allowance amount calculated by the Bank.
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Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management of the Bank is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management of the Bank determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on the separate financial statements stated above does not apply to other information in the annual report.

In connection with the audit of separate financial statements, it is our responsibility to gain an understanding of the information disclosed in the annual report and assess whether such information is materially inconsistent with the separate financial statements or our knowledge of the entity and its position obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of separate financial statements, the annual report was not available to us.

When we obtain the annual report, we will assess whether the Bank's annual report, excluding the requirements on sustainability reporting, includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the separate financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2024 is consistent with the separate financial statements for the relevant year; and
- The annual report, excluding the requirements on sustainability reporting, includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Bank and its position, obtained in the audit of the separate financial statements.

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities

Appointment of the Auditor

We were appointed as the statutory auditor by the Bank's General Meeting on 26 March 2024. The length of our total uninterrupted engagement including previous renewals of the engagement (extensions of the period for which we were appointed) and our reappointments as the statutory auditors is 2 years.

Consistency with the Additional Report to the Audit Committee

Our audit opinion expressed herein is consistent with the additional report prepared for the Bank's Audit Committee, which we issued on the same date as the date of this audit report.

Non-Audit Services

We did not provide the Bank with any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities and remained independent of the Bank when conducting the audit.

Other than statutory audit services and services disclosed in the annual report or separate financial statements, we provided no other services to the Bank and its controlled undertakings.

Presentation of the Separate Financial Statements in Compliance with the Requirements of the European Single Electronic Format ("ESEF")

Management is responsible for the presentation of the separate financial statements for the year ended 31 December 2024 included in the Annual Financial Report that complies with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The presentation of the separate financial statements for the year ended 31 December 2024 in electronic XHTML format is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the compliance of the presentation of the accompanying separate financial statements with the requirements of the ESEF Regulation.

After management provides us with the electronic XHTML format of the accompanying separate financial statements, our responsibility will be to perform an engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits and Reviews of Historical Financial Information, with the objective of obtaining reasonable assurance on the compliance of the separate financial statements with the requirements of the ESEF Regulation. Our updated auditor's report will either state that based on the procedures performed, the presentation of the separate financial statements complies, in all material respects, with the requirements.

Bratislava, 19 February 2025

Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKAu No. 865

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

TATRA BANKA
Member of RBI Group

Separate Statement of Profit and Loss and Other Comprehensive Income for the Year Ended as at 31 December 2024
Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union (in thousands of EUR)

	Note	***2024***	***2023***
Interest income calculated using the effective interest rate		780 803	687 549
Other interest income		1 059	657
Interest expense		(324 400)	(303 115)
Net interest income	**(1)**	**457 462**	**385 091**
Dividend income		20	20 440
Net interest income and dividend income	**(1)**	**457 482**	**405 531**
Fee and commission income		233 503	205 398
Fee and commission expense		(76 965)	(63 870)
Net fee and commission income	**(2)**	**156 538**	**141 528**
Net profit/(loss) on financial instruments remeasured through profit or loss	(3)	42 995	42 068
Other operating profit/(loss)	(4)	3 346	339
General administrative expenses	(5)	(290 061)	(260 091)
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(6)	(1 407)	(7 343)
Net modification profit/(loss)	(7)	(368)	(218)
(Creation)/release of provisions	(8)	972	170
Impairment allowances for financial assets and provisions for commitments and guarantees provided	(9)	(22 720)	(26 044)
Impairment allowances for non-financial assets	(10)	(1 679)	(376)
Profit before special levy on business in regulated industries and before income tax		**345 098**	**295 564**
Special levy on business in regulated industries	(11)	(78 268)	-
Profit before income tax		**266 830**	**295 564**
Income tax	(12)	(50 501)	(58 277)
Profit after tax		**216 329**	**237 287**
Other comprehensive income after income tax:			
Items that can be reclassified to profit or loss			
Debt instruments measured at fair value through other comprehensive income		1 502	6 852
Income tax related to items that can be reclassified to profit or loss		(234)	(1 461)
Items that can be reclassified to profit or loss		**1 268**	**5 391**
Items that will not be reclassified to profit or loss			
Equity instruments measured at fair value through other comprehensive income		4	17
Income tax related to items that will not be reclassified to profit or loss		(2)	(4)
Items that will not be reclassified to profit or loss		**2**	**13**
Other comprehensive income after income tax		**1 270**	**5 404**
Comprehensive income after tax		**217 599**	**242 691**
Basic and diluted earnings per ordinary share (face value EUR 800) in EUR	**(13)**	**2 711**	**3 024**
Basic and diluted earnings per ordinary share (face value EUR 4 000) in EUR	**(13)**	**13 555**	**15 120**
Basic and diluted earnings per preference share (face value EUR 4) in EUR	**(13)**	**13.6**	**15.1**

Separate Statement of Financial Position for the Year Ended as at 31 December 2024
Prepared in Accordance with International Financial Reporting Standards
as Adopted by the European Union (in thousands of EUR)

	Note	*2024*	*2023*
Assets			
Cash and other demand deposits	(14)	251 904	248 293
Cash balances at central banks	(14)	1 497 618	3 954 534
Financial assets held for trading	(15)	23 345	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	(16)	12 045	15 449
Financial assets measured at fair value through other comprehensive income	(17)	94 457	103 690
Financial assets measured at amortised cost	(18)	18 418 851	17 412 830
Receivables from hedging derivatives	(19)	68 515	48 344
Investments in subsidiaries and associates	(20)	58 942	58 942
Non-current tangible assets and right-of-use assets	(21)	86 681	89 652
Non-current intangible assets	(21)	53 156	50 557
Deferred tax asset	(22)	51 723	41 362
Other assets	(23)	31 738	20 530
Total assets		**20 648 975**	**22 073 165**
Equity and liabilities			
Financial liabilities held for trading	(24)	11 070	22 458
Financial liabilities measured at amortised cost	(25)	18 692 698	20 174 751
Liabilities from hedging derivatives	(26)	198 948	196 582
Provisions	(27)	61 017	59 064
Current tax liability	(28)	12 207	13 741
Other liabilities	(29)	68 987	53 375
Total liabilities		**19 044 927**	**20 519 971**
Equity (excluding current year profit)	(30)	1 387 719	1 315 907
Profit after tax		216 329	237 287
Total equity		**1 604 048**	**1 553 194**
Total equity and liabilities		**20 648 975**	**22 073 165**

Separate Statement of Changes in Equity for the Year Ended 31 December 2024
Prepared in Accordance with International Financial Reporting Standards
as Adopted by the European Union (in thousands of EUR)

	Share capital	Share capital – treasury shares	Share premium	Share premium – treasury shares	Reserve and other funds	Fair value reserve for financial instruments at fair value through other comprehensive income	Retained earnings	AT1 capital*	Profit after tax	Total
Equity as at 1 January 2024	**64 326**	**(64)**	**298 654**	**(1 135)**	**14 446**	**(3 473)**	**843 153**	**100 000**	**237 287**	**1 553 194**
Total profit after tax										
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**216 329**	**216 329**
Other comprehensive income										
Debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	1 268	-	-	-	**1 268**
Equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	2	-	-	-	**2**
Other comprehensive income net of income tax	**-**	**-**	**-**	**-**	**-**	**1 270**	**-**	**-**	**-**	**1 270**
Total profit after tax	**-**	**-**	**-**	**-**	**-**	**1 270**	**-**	**-**	**216 329**	**217 599**
Transactions with owners recognised directly in equity										
Contributions and distributions										
Distribution of profit, of which:	-	-	-	-	-	-	71 404	-	(237 287)	**(165 883)**
transfer to retained earnings	-	-	-	-	-	-	*226 435*	-	*(226 435)*	**-**
dividend paid – ordinary shares	-	-	-	-	-	-	*(137 012)*	-	-	**(137 012)**
dividend paid – preference shares	-	-	-	-	-	-	*(18 019)*	-	-	**(18 019)**
*AT1 revenue payment***	-	-	-	-	-	-	-	-	*(10 852)*	**(10 852)**
Sale of treasury shares	-	247	-	4 551	-	-	-	-	-	**4 798**
Profit from the sale of ordinary and preference shares	-	-	156	-	-	-	-	-	-	**156**
Repurchase of preference shares	-	(294)	-	(5 522)	-	-	-	-	-	**(5 816)**
Total transactions with owners	**-**	**(47)**	**156**	**(971)**	**-**	**-**	**71 404**	**-**	**(237 287)**	**(166 745)**
Equity as at 31 December 2024	**64 326**	**(111)**	**298 810**	**(2 106)**	**14 446**	**(2 203)**	**914 557**	**100 000**	**216 329**	**1 604 048**

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

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

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

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

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

Separate Statement of Cash Flows for the Year Ended 31 December 2024
Prepared in Accordance with International Financial Reporting Standards
as Adopted by the European Union (in thousands of EUR)

	Note	2024	2023
Cash flows from operating activities			
Profit before tax		**345 098**	**295 564**
Adjustments for non-cash transactions:		***(409 026)***	***(367 445)***
Interest expense	(1)	324 400	303 115
Interest income	(1)	(781 862)	(688 206)
Dividend income	(1)	(20)	(20 440)
Impairment allowances, provisions for losses and other provisions, net	(8-10)	5 375	1 673
(Profit)/loss from the sale and other disposal of non-current assets	(4)	1 580	(1 081)
Unrealised (profit)/loss from financial derivatives and securities held for trading	(3)	10 178	447
Unrealised (profit)/loss from non-trading financial assets mandatorily measured at fair value through profit or loss	(3)	(3 067)	(1 310)
Net profit/(loss) from financial instruments held for trading – fair value remeasurement – for fair value hedging	(3)	(399)	348
Net (profit)/loss from the sale of securities measured at fair value through other comprehensive income	(4)	-	323
Net (profit)/loss from the sale of securities at amortised cost	(4)	(7)	3 500
Depreciation and amortisation	(5)	36 173	33 842
(Profit)/loss from foreign exchange and other transactions with cash and cash equivalents	(3)	(1 377)	344
Cash flows from operating activities before changes in working capital, interest received and paid, and income tax paid		***(63 928)***	***(71 881)***
(Increase)/decrease in operating assets:			
Obligatory reserve with the National Bank of Slovakia	(14)	2 389 739	480 751
Loans and advances to banks and customers	(18)	(289 858)	(341 978)
Financial assets held for trading	(15)	(4 109)	17 832
Non-trading financial assets mandatorily measured at fair value through profit or loss	(16)	6 653	-
Other assets	(23)	(11 249)	7 875
Increase/(decrease) in operating liabilities:			
Deposits from customers and current bank accounts	(25)	(41 687)	229 211
Financial liabilities held for trading	(24)	(11 822)	(31 263)
Other liabilities	(29)	26 271	17 341
Cash (used in)/earned from operating activities before interest paid and received and income tax paid		***2 000 010***	***307 888***
Interest paid	(1)	(346 894)	(169 174)
Interest received (except for debt securities at amortised cost)	(1)	768 219	647 026
Income tax paid	(12)	(140 901)	(50 326)
Cash flows from operating activities, net		**2 280 434**	**735 414**
Cash flows from investment activities			
Purchase of debt securities at amortised cost	(18)	(917 860)	(974 893)
Increase in cash flows from debt securities at amortised cost	(18)	244 581	372 668
Purchase of debt securities measured at fair value through other comprehensive income	(17)	-	(767)
Increase in cash flows from debt securities measured at fair value through other comprehensive income	(17)	12 000	92 055
Interest received from debt securities at amortised cost	(1)	71 718	45 124
Proceeds from the sale or disposal of non-current tangible and intangible assets	(21)	318	150
Purchase of non-current tangible and intangible assets	(21)	(39 335)	(34 402)
Dividends received	(1)	20	20 440
Cash flows from investment activities, net		**(628 558)**	**(479 625)**

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

	Note	2024	2023
Cash flows from financing activities			
(Repurchase) of preference shares	(30)	(5 818)	(6 968)
Sale of preference shares	(30)	4 955	8 383
Loans received	(25)	150 980	-
Loans paid	(25)	(2 237 000)	(890 000)
Subordinated debt	(25)	(185)	459
Received debt security liabilities	(25)	896 448	835 694
Repayment of debt security liabilities	(25)	(278 000)	(60 000)
Repayment of lease liabilities	(25)	(13 998)	(12 891)
Dividends paid	(30)	(165 883)	(106 273)
Cash flows from financing activities, net		**(1 648 501)**	**(231 596)**
Effects of exchange rate changes on cash and cash equivalents and other effects	(14)	234	(195)
Change in cash and cash equivalents		**3 611**	**24 001**
Cash and cash equivalents, beginning of the year*	(14)	248 293	224 292
Cash and cash equivalents, end of the reporting period*	(14)	**251 904**	**248 293**

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

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

I. GENERAL INFORMATION

Scope of activities

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

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

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

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

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

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

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

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

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

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

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

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

Supervisory Board	
Chairman:	Andrii STEPANENKO
Members:	Peter GOLHA Tomáš BOREC Iveta MEDVEĎOVÁ Iveta UHRINOVÁ Hannes MÖSENBACHER Andreas GSCHWENTER Marie Valerie BRUNNER
Board of Directors	
Chairman:	Michal LIDAY
Members:	Zuzana KOŠTIALOVÁ Peter MATÚŠ Natália MAJOR Bernhard HENHAPPEL Oliver PICHLER Martin KUBÍK

Changes in the Bank’s Supervisory Board in 2024:

Johann Strobl – end of office as Vice-Chairman and Member of the Supervisory Board as at 30 June 2024.
Peter Lennkh – end of office as Member of the Supervisory Board as at 30 June 2024.
Marie Valerie Brunner – start of office as Member of the Supervisory Board as at 10 October 2024.

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

There were no changes to the structure of the Bank’s Board of Directors during 2024.

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

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

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

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

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

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

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

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

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

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

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

Changes in the Bank's group

There were no changes to the Bank's group structure during 2024.

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

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

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

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

The separate and consolidated financial statements for 2023, the Annual Report for 2023, the distribution of profit, retained earnings and the determination of royalties to the members of the Supervisory Board for 2023 were approved by the Bank's General Meeting held on 26 March 2024. Dividends for which no entitlement arose as at the date of the General Meeting amounted to EUR 335 thousand and 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.

Impact of the situation in Ukraine

Given the minimum amount of exposure to entities from Russia, Belarus and Ukraine (gross carrying amount of exposures to entities from Russia, Belarus and Ukraine as at 31 December 2024 was EUR 501 thousand; as at 31 December 2023: EUR 1 134 thousand), the Bank does not expect a materially negative impact on its economic results.

The Russian invasion of Ukraine only affects the Bank indirectly, via changes caused to the macroeconomic environment. In 2021-2023, it caused a sharp rise in energy prices and raised concerns about the EU's energy security. In 2024, energy prices were significantly lower than the 2022 peak prices, although still above the levels seen at the beginning of 2021. An energy price shock led to high inflation, tightening of monetary policy, higher interest rates and slower economic growth. However, with decreasing energy prices and consequently lower inflation, the ECB began decreasing interest rates. As a result, rates have been slowly moving from restrictive to neutral levels. Thanks to the combined use of fiscal and monetary policy, the European economy was able to overcome the inflationary shock and rapid increase in rates without significant negative impacts on the economy. Although the economy was in slight recession, there was no significant increase in unemployment or loan defaults.

ESG – Sustainability reporting

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

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

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

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

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

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

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

II. PRINCIPAL ACCOUNTING POLICIES

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

a) Statement of compliance

The separate financial statements of the Bank (the "financial statements") for 2024 and comparatives for 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") in Commission Regulation (EC) No 1126/2008, as amended, including valid interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Bank has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for the reporting period beginning on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements.

Accounting Standard	Title
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

New and revised IFRS Accounting Standards adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Bank has not applied the following amendments to IFRS Accounting Standards that have been issued by the IASB and adopted by the EU but are not yet effective:

Accounting Standard	Title	Effective Date
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS Accounting Standards as adopted by the EU do not significantly differ from IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), except for the following new accounting standards and amendments to the existing accounting standards, which were not adopted by the EU as at date of authorisation of these financial statements:

Accounting Standard	Title	EU Adoption Status
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026)	Not yet adopted by the EU
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (IASB effective date: 1 January 2026)	Not yet adopted by the EU
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11 (IASB effective date: 1 January 2026)	Not yet adopted by the EU
IFRS 18	Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by the EU
IFRS 19	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)	Not yet adopted by the EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

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

Accounting Standard	Title	EU Adoption Status
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by the IASB indefinitely; earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Bank does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Bank in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Bank's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39 Financial Instruments: Recognition and Measurement** would not significantly impact the financial statements if applied as at the balance sheet date.

BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS

- **IFRS 18 Presentation and Disclosures in Financial Statements** issued by the IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. This standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) The introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** issued by the IASB on 9 May 2024. This standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for eligible subsidiaries and sets out the disclosure requirements for subsidiaries that elect to apply it.

- **Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback** issued by the IASB on 22 September 2022. The Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of a gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

- **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current** issued by the IASB on 23 January 2020 and **Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants** issued by the IASB on 31 October 2022. The amendments issued in January 2020 provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments issued in October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements** issued by the IASB on 25 May 2023. The amendments add disclosure requirements and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability** issued by the IASB on 15 August 2023. The amendments contain guidance specifying when a currency is exchangeable and how to determine the exchange rate when it is not.

- **Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments** issued by the IASB on 30 May 2024. The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. The amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

- **Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity** issued by the IASB on 18 December 2024. The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met and to measure the hedged item using the same volume assumptions as those used for the hedging instrument. The amendments to IFRS 7 and IFRS 19 introduce disclosure requirements for contracts for nature-dependent electricity with specified characteristics.

- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards – Volume 11** issued by the IASB on 18 July 2024. The amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7).

- **IFRS 14 Regulatory Deferral Accounts** issued by the IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS Accounting Standards and that currently recognise regulatory deferral accounts in accordance with their previous GAAP to continue to do so upon transition to IFRS Accounting Standards.

- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by the IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Purpose of preparation

The purpose of preparing these separate financial statements in the Slovak Republic is to comply with Act on Accounting No. 431/2002 Coll., as amended. The Bank prepares its separate and consolidated financial statements and annual report under special regulation – Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the Application of International Accounting Standards (IFRS). Separate and consolidated financial statements prepared in compliance with IFRS as at 31 December 2024, dated 19 February 2025 will be available in the Financial Statements Register in accordance with Act No. 431/2002 Coll. on Accounting, as amended. The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, the user should not rely exclusively on these financial statements when making decisions.

Basis of preparing the financial statements

The financial statements were prepared under the assumption that the Bank would continue as a going concern and on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur. Transactions and other events are reported in profit or loss in the period to which they relate.

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

Significant accounting estimates and uncertainty

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

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

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

- Rules and regulations on income tax and a special levy on business in regulated industries 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. Since many areas of the Slovak tax law have not been sufficiently validated yet in practice, there is uncertainty as to how they will be applied by the tax authorities. The extent of this uncertainty cannot be quantified and disappears only when legal precedents or official interpretations of the competent authorities become available. The item is recognised in Notes "*Income tax*" and *"Special levy on business in regulated industries".*

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

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

b) Foreign currencies

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

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

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

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

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

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

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

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

d) Financial instruments

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

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

The acquisition price is the best estimate of the fair value of a financial instrument upon acquisition. However, if the acquisition price differs from the fair value and:
- The fair value of the financial instrument is derived from a quoted price in an active market, or the financial instrument is measured at fair value and a profit or loss incurred on the first day is recognised;
- In all other cases, the financial instrument is measured at fair value, and the difference between the fair value and the transaction price is retained and only recognised through profit or loss if it results from a change in a factor, such as the time that market participants take into consideration when determining the price of a financial instrument.

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

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

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

Financial assets are measured at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

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

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

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

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

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

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

Analysis of contractual cash flow characteristics

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

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

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

Modification of time value of money and the benchmark test

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

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

1. Financial assets measured at amortised cost (AC)

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

Loans and advances

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

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

Debt securities

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

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

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

The Bank has two portfolios of financial assets measured at fair value through other comprehensive income. These portfolios are:
- Equity instruments not held for trading; and
- Debt securities meeting the SPPI test in the *"hold to collect and sell"* business model.

Equity instruments

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

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

Debt securities

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

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

The calculation of expected credit losses (ECL) requires the use of accounting estimates which may differ from the actual results. The calculation also takes into account the Group's accounting policies.

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

Measurement of expected credit losses

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

The measurement of the impairment allowance for ECL for financial assets measured at amortised cost and at fair value through other comprehensive income is the area that requires the use of models and assumptions about future economic conditions and credit behaviour. Significant judgements are:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and their assumptions;
- Establishing the number and relative weightings of forward-looking scenarios;
- Establishing groups of similar financial assets.

The estimation of credit exposure for risk management purposes requires the use of models. The assessment of credit risk of a portfolio of assets entails the following estimations:
- Probability of default (PD);
- Exposure at default (EAD); and
- Loss given default (LGD).

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

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

A financial instrument is considered impaired if one or more of the events representing a default of the customer have occurred. If the fair value of the impaired asset was recognised at a lower amount than the cash flows from the impaired asset, the Bank recognises a profit.

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

Significant increase in credit risk

A financial instrument has experienced a significant increase in credit risk if one or more of the following quantitative and qualitative criteria have been met:

Quantitative criterion

The quantitative criterion is the primary indicator of a significant increase in credit risk for all material portfolios (mortgages and home equity loans, non-purpose consumer loans, credit cards for private individuals, and private individual overdrafts).
Based on the lifetime PD models, the Bank compares the lifetime PD curve at the measurement date with the PD curve at the initial recognition date. Determining whether a significant increase in credit risk (SICR) has occurred is assessed for each portfolio separately based on a comparison of statistical breakdowns of both curves for the worsening portion of the portfolio.

Qualitative criteria

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

For sovereign, bank, corporate and project finance portfolios, if the borrower meets one or more of the following criteria:

- External market indicators: 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);
- Changes in contract terms: 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;
- Changes to management approach;
- Expert judgement.

For retail portfolios, if the borrower meets one or more of the following criteria:

- Forbearance
- Overdue by more than 30 days
- Default on another product
- Expert judgement (holistic indicator)

The assessment of a significant increase in credit risk incorporates forward-looking information and is performed at a deal level for non-retail portfolios on a quarterly basis and for retail portfolios on a monthly basis. The Bank does not use 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 when the borrower is in serious financial difficulty and meets one or more of the following criteria.

The Bank uses the following indicators to determine default of the client and the financial asset, depending also on the client segment: permanent default on the repayment of a material portion of a receivable of more than 90 days, declaration of immediate maturity, declaration of bankruptcy, 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 carrying amount of all client credit exposures that the receivable must exceed. In the corporate portfolio, the Bank applies a limit that depends on the default type. In the event of a permanent default on the repayment of a receivable of more than 90 days, the limit is set at EUR 500 and simultaneously 1% of the carrying amount. In the event of restructuring, the limit of a change to the net present value is set at 1%, and for other types the receivables are assessed with no limit application.

Explanation of inputs, assumptions and estimation techniques

The ECL is determined on a 12-month basis or a lifetime basis depending on the stage of the instrument. Forward-looking economic information is also included in PD and LGD estimates. These inputs vary by product type. The resulting ECLs are the discounted product of the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Probability of default

The PD is the likelihood of a borrower defaulting on its financial obligation over the next 12 months or during the remaining lifetime of the obligation. This probability is calculated individually for each product type based on the longest data series available for the relevant product in the Bank's internal database. Subsequently, a statistical method of the survival analysis is used to estimate how the default will develop from initial recognition over the lifetime of the loan. The relevant early repayment/refinance assumptions are also considered in the calculation.

If the lifetime PD model for a portfolio is not available, the 12-month PD extrapolation until the end of the lifetime of the loan is used as a basis. For small-scale portfolios, benchmark 12-month PD values recommended by the Group methodology are used instead of own estimates.

Loss given default

The LGD represents the Bank's expectation of the amount of future potential loss from a financial asset (loan) at the time of default. The expected loss for a defaulted corporate portfolio is calculated as the result of the weighted average of estimated probabilities of 2-3 scenarios of the repayment of each loan separately. Such scenarios define the potential development of a client's situation, their ability to repay the loan and/or the estimated proceeds from the sale of collateral. This expected loss is quantified as an impairment allowance or provision for the respective loan. The expected loss is regularly reassessed on a monthly basis and takes into consideration the developments in a client's situation, the respective financial asset, the value of collateral and other factors which may have an impact on the Bank's future loss from the respective financial asset. As regards a retail portfolio, the loss is calculated as the sum of the recovered amounts collected over the collection cycle from the moment of the loan default for the given loan. Under the simplified methodology for portfolios without advanced models, the Bank does not use the loan-level proceeds, but rather proceeds are calculated based on the date on which the default occurred.

Exposure at default

The EAD is the estimation model of amounts the Bank expects to be due at the time of default and over the next 12 months or during 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. 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

For balance sheet exposure which is not leasing or purchased or originated credit-impaired asset (POCI), the discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

The ECL is the product of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The calculated values of ECLs are then weighted by a forward-looking scenario.

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

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

Forward-looking information

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

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. The impact of economic variables on PD and LGD 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.

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

In addition to the baseline economic scenario, Raiffeisen Research also provides an upside and downside scenario. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes that each chosen scenario is representative of. The following fixed weights are used in retail: 25% (upside and downside) and 50% (baseline).

Economic scenarios used as at 31 December 2024 include the following key indicators for the Slovak Republic for the years ended 31 December 2025 to 2027:

	(%)	*2025*	*2026*	*2027*
Unemployment rates	Baseline	5.43	5.25	5.21
	Downside	7.99	6.67	6.63
	Upside	4.31	4.63	4.59
Interest rates	Baseline	2.18	1.90	1.90
	Downside	3.18	2.46	2.46
	Upside	0.96	1.23	1.23
GDP growth	Baseline	1.92	2.50	1.91
	Downside	-0.35	1.24	0.65
	Upside	3.37	3.30	2.71
Real estate price index	Baseline	2.89	2.99	3.10
	Downside	2.78	2.82	2.86
	Upside	3.15	3.40	3.67

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

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

Non-standard conditions may give rise to a situation where a specific risk factor occurs (or a number of risk factors or a combination thereof) with a potential impact on a certain portion of the Bank's credit portfolio, eg certain economic industries. If such a risk factor occurs suddenly, over a short period of time, or the factor is of a temporary nature, such a factor may not be (partially or fully) reflected in the credit quality rating of the counterparty. In such a case, the Bank may apply corrections of potentially incomplete information as regards the portfolio's credit quality (forward-looking information principle) as Post-Model Adjustments (PMA) or Special Risk Factors (SRF) in line with the Group's methodology for the consideration of forward-looking information using the Industry Matrix. The Industry Matrix supplements macroeconomic scenarios (which focus on overall development at the country level) to take into consideration potential specifics at the lower level, eg the specific phase of a credit cycle of individual industries.

In line with the Group's methodology for the Industry Matrix, the Bank currently defines SRF for non-retail exposures at the level of economic industries based on the Industry Matrix to reflect the impact of specific risk factors on the most sensitive industries. The application of this method resulted in quantification of additional credit impairment of the portfolio (expected loss or impairment allowance), which is subsequently allocated to individual clients from a set of identified industries.

As at 31 December 2024, the Bank applied two quantification approaches:

- "General Industry Based Approach" – based on an assessment of specific risk factors, the first step requires the identification of a high-risk industry portfolio. Subsequently, the amount of additional impairment allowances is calculated based on a simulation of the deterioration of credit rating of the counterparties (rating deterioration of clients from the identified industries by 3, 6 or 9 grades by industry-risk category defined in the Industry Matrix – "yellow", "orange" or "red" category). The simulation results in a calculation of the need for additional impairment allowances, which are subsequently allocated to individual clients from the identified industries. This setup has been applied since November 2024 and represents the update of the Group's Industry Matrix, as part of which a new industry-risk category ("orange") was established. Until November 2024, the Bank applied uniform deterioration of credit risk of the counterparty by 3 grades (regardless of the industry-risk

category, ie rating deterioration of clients by 3 grades was defined for both "yellow" and "red" categories).
- "Specific Industry Based Approach" – method implemented in June 2023. Due to increased uncertainty and risk in the Commercial Real Estate (CRE) portfolio, RBI performed stress testing of clients classified in the CRE segment. Based on the stress testing results, the need for additional impairment allowances was calculated as an amount representing the potential amount of losses under the stress scenario conditions.

In addition, the Bank considers ESG-related risks based on the Group's approach using stress testing where a client's PD derived from their environmental score (E-score) has additionally worsened. This approach is based on the stress testing of financial performance of corporate clients in defined macroeconomic and climate scenarios. Under the scenario conditions, the performance and additional costs of individual industries are estimated – ie industry production and the amount of operating expenses, which is subsequently allocated to individual clients, and this estimated financial position of a client is entered into the rating model and is used to forecast their PD. The forecasted PD is used to calculate the ECL and the impact represents the need for additional impairment allowances, which are allocated to individual industries (the allocation mechanism takes into account the average E-score of the industry and the defined threshold of the minimum impact on the ECL).

The impact of the current SRF for non-retail exposures as at 31 December 2024 on the amount of impairment allowances totals approximately EUR 22.1 million (of which General Industry Based Approach, CRE portfolio stress testing, and ESG stress testing amount to EUR 12.2 million, EUR 9 million and EUR 0.9 million, respectively).

The holistic flag for retail is associated with increased risk which the Bank anticipates in high-risk industries (based on the RBI Industry Matrix), which may not be immediately and reliably captured by the rating models. As regards the micro businesses segment, clients whose core business is in a high-risk industry were transferred to Stage 2. As regards the individuals segment, unsecured loans of clients whose employer operates in such a high-risk industry were transferred to Stage 2.

The impact of the current holistic flags for retail exposures amounts to EUR 7 million (additional ECLs) for the micro businesses segment and to EUR 5.2 million for the individuals segment.

Sensitivity analysis

The assumptions affecting the ECL impairment 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;
  - 3-month money market ECB interest rate;
  - Real estate prices.

Write-offs

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

In the event of ongoing litigation or other actions that might eventually lead to a recovery, the Bank usually writes off the receivables into the off-balance sheet.

Loans are written off on the basis of a valid decision of a court, Board of Directors, or another body of the Bank (i.e. Problem Loan Committee and Executive Committee), in line with an internal directive on waiving their enforcement against booked impairment allowance. If the amount of the written-off receivable is higher than the impairment allowance created, further impairment allowance is created up to the amount of the written-off receivable and subsequently is derecognised from the statement of comprehensive income. The written-off receivables for which the right to recovery have not expired are recorded in the off-balance sheet. As at 31 December 2024, written-off receivables for which the right to recovery have not expired were in the amount of EUR 7 164 thousand (as at 31 December 2023: EUR 5 930 thousand).

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

Loan collateral

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

The Bank mainly accepts the following types of collateral:
- Financial collateral
- Guarantees
- Real estate
- Chattel
- Receivables
- Life insurance

In terms of legal instruments, the Bank uses:
- Pledges
- Assignments of receivable intended to serve as security
- Transfers of title intended to serve as security
- Blockages of cash
- Contracts for purchase of securities
- Agreements on liability replacement

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

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

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

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

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

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

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

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

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

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

Financial assets held for trading

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

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

Derivative financial instruments

In this category, the Bank discloses derivative financial instruments – interest rate swaps, currency swaps, index swaps, currency forwards, interest rate options, currency options, share index options, currency, interest rate and index futures and commodity derivatives.
All purchases and sales that require delivery within the time frame established by regulation or market convention ("regular way") are recognised as spot transactions. Transactions that do not meet the "standard way" settlement criteria are treated as financial derivatives.

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

Embedded derivatives

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

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

5. Hedging derivatives

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

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

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

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

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

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

Fair value hedges

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

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

Cash flow hedges

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

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

Macro hedges

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

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

6. Financial liabilities measured at amortised cost (AC)

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

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

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

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

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

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

e) Derecognition of financial instruments

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

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

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

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

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

f) Modification of financial instruments

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

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

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

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

g) Fair value of financial instruments

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

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

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

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

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

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

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

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

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

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

Transfers between valuation levels

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

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

h) Investments in subsidiaries and associates

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

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

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

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

i) Sale and repurchase agreements – repo transactions

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

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

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

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

j) Non-current tangible and intangible assets

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

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

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

k) Impairment of tangible and intangible assets

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

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

l) Leases

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

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

The Bank as a lessee

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

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

m) Non-current assets held for sale

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

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

n) Provisions

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

o) Provision for employee benefits

The Bank has a long-term employee benefit program comprising a lump-sum retirement benefit. As at 31 December 2024, the Bank had 3 407 employees included in the program (31 December 2023: 3 349 employees).

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

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

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

p) Accrued interest

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

q) Classification of liabilities

The Bank classifies a liability as current at the reporting date if:
- The liability is primarily held for trading;
- The liability is expected to be settled within 12 months after the reporting period; or
- The Bank does not have an unconditional right at the reporting date to defer the settlement of the liability for at least 12 months after the reporting period.

Other liabilities are classified as non-current. A liability is classified as non-current also if the Bank has the right at the reporting date to refinance or roll over the liability for at least 12 months after the reporting period under an existing loan facility, even if the liability would otherwise be due within a shorter period.

r) Recognition of income and expenses

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

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

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

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

1) Interest and interest-related charges and fees

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

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

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

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

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

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

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

2) Fee and commission income/expense

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

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

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

3) Dividend income

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

s) Basic and diluted earnings per share

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

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

t) Taxation and deferred tax

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

The Bank implemented the rules stipulated by the Global Minimum Tax Act (Pillar II) in cooperation with its parent company, which prepares the Group's consolidated financial statements. Global tax rules (Pillar II) apply to entities that are part of a multi-national group of companies that reported a consolidated profit of EUR 750 000 thousand or more in at least two reporting periods of the four preceding reporting periods. Given the high tax burden, the implementation of the Act has had no financial impact on the Bank. In addition, the Bank applies an exemption from IAS 12 and does not recognise or disclose information on deferred tax assets and liabilities related to income tax under Pillar II.

The Amendment to the Act on the Special Levy on Business in Regulated Industries became effective on 1 January 2024 laying down the obligation for banks to pay the special levy as of 2024. The levy is paid on a monthly basis, at a coefficient of 0.025, which represents a rate of 30% p.a. of the profit/loss adjusted to comply with Slovak Accounting Standards and by a coefficient reflecting the share of income from banking operations in total income. The special levy of regulated entities is a tax-deductible expense. The levy rate will be gradually reduced by 5% p.a. over the 2025 – 2027 period, and will be 4.356% as of 2028. Under International Financial Reporting Standards (IFRS), the bank levy is considered to be a form of current tax. For tax purposes, the levy is classified as a tax-deductible expense and enters the calculation of the tax base. 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 Bank is working on the implementation of the Financial Transaction Tax Act. In line with the provisions of the act, the Bank is considered a payer of the tax on behalf of its clients and also a taxable entity as regards the Bank's transactions subject to tax. The financial impact is being analysed due to amendments to legislation.

The Bank recognises deferred income tax using the balance sheet method when temporary differences arise between the tax values of assets or liabilities and their carrying amounts for the purposes of financial reporting. The Bank analysed the impact of the introduction of the special bank levy on deferred taxes. Based on the analysis, the Bank identified two areas where the special bank levy has an impact on deferred tax, namely:

- Lease liabilities and lease receivables that comprise a temporary difference when calculating the special levy;
- Remeasurement of securities from the portfolio measured at fair value through other comprehensive income. Profit/(loss) on the sale of securities is subsequently included in the base for the special levy calculation.

The Bank assessed the impact of the above two areas on deferred tax and given the immateriality of such an impact as at 31 December 2024, the Bank did not recognise a deferred tax adjustment due to the bank levy.

For other deferred tax items, the Bank applied the tax rate that is expected to apply in the following years, effective from 1 January 2025 for entities whose taxable income amounts to EUR 5 million or more, ie 24% (31 December 2023: 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 has offset its current tax assets and liabilities on a net basis.

In line with IAS 12 Income Taxes, the Bank recognises deferred tax on transactions that upon initial recognition result in equal taxable and deductible temporary differences. Lease transactions (right-of-use and lease liability) meet this condition at the Bank.

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

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

III. SEGMENT REPORTING

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

The basis for classifying by segment is an internal principle for the Bank management that is customer oriented. It also reflects the segmentation principle of the majority shareholder (Raiffeisen Bank International AG). The segmentation applied by the Bank is as follows:
- Corporate clients
- Financial institutions and public sector
- Retail customers
- Investment Banking and Treasury
- Equity investments and others

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

Financial institutions and public sector include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Corporate customers	***Financial institutions and public sector***	***Retail customers***	***Investment banking and Treasury***	***Total reportable segments***	***Equity investments and non-reportable segments***	***Total***
Net interest income and dividend income	156 717	4 003	292 588	(34 004)	**419 304**	38 178	**457 482**
Net fee and commission income	30 454	7 169	119 662	(323)	**156 962**	(424)	**156 538**
From payment transfers business	*15 940*	*2 408*	*83 439*	*(1)*	***101 786***	*(15)*	***101 771***
From credit processing business	*7 878*	*33*	*9 196*	-	***17 107***	*(48)*	***17 059***
From securities business	*393*	*4 757*	*23 947*	*(322)*	***28 775***	612	***29 387***
From activities regarding mediation for third parties	*15*	-	*9 954*	-	***9 969***	*726*	***10 695***
From guarantee business	*6 202*	*426*	*238*	-	***6 866***	*11*	***6 877***
For other banking services	*26*	*(455)*	*(7 112)*	-	***(7 541)***	*(1 710)*	***(9 251)***
Net profit/(loss) on financial instruments remeasured through profit or loss	8 638	(399)	28 857	6 275	**43 371**	(376)	**42 995**
Other operating profit/(loss)	-	-	-	-	**-**	3 353	**3 353**
General administrative expenses	(44 325)	(3 108)	(227 772)	(3 666)	**(278 871)**	(11 190)	**(290 061)**
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(799)	(141)	(3 042)	(398)	**(4 380)**	2 973	**(1 407)**
Net modification profit/(loss)	(307)	-	(61)	-	**(368)**	-	**(368)**
(Creation)/release of provisions	-	-	-	-	**-**	972	**972**
Impairment allowances for financial assets and provisions for commitments and guarantees provided	(6 094)	(37)	(16 970)	404	**(22 697)**	(23)	**(22 720)**
Impairment allowances for non-financial assets	-	-	-	-	**-**	(1 679)	**(1 679)**
Profit before special levy on business in regulated industries and before income tax	**144 284**	**7 487**	**193 293**	**(31 712)**	**313 352**	**31 746**	**345 098**
Special levy on business in regulated industries	-	-	-	-	**-**	(78 268)	**(78 268)**
Profit before income tax	**144 284**	**7 487**	**193 293**	**(31 712)**	**313 352**	**(46 522)**	**266 830**
Income tax	-	-	-	-	**-**	(50 501)	**(50 501)**
Profit after tax	**144 284**	**7 487**	**193 293**	**(31 712)**	**313 352**	**(97 023)**	**216 329**
Total assets	**5 134 945**	**654 562**	**8 535 893**	**5 753 734**	**20 079 134**	**569 841**	**20 648 975**
Total equity and liabilities	**4 458 341**	**847 049**	**10 293 642**	**1 964 664**	**17 563 696**	**3 085 279**	**20 648 975**

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

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

	Corporate customers	***Financial institutions and public sector***	***Retail customers***	***Investment banking and Treasury***	***Total reportable segments***	***Equity investments and non-reportable segments***	***Total***
Net interest income and dividend income	144 691	6 218	280 755	(66 275)	**365 389**	40 142	**405 531**
Net fee and commission income	28 366	8 095	105 936	(542)	**141 855**	(327)	**141 528**
From payment transfers business	*15 068*	*2 213*	*73 606*	*(33)*	***90 854***	*(109)*	***90 745***
From credit processing business	*7 682*	*45*	*8 876*	-	***16 603***	*50*	***16 653***
From securities business	*425*	*5 436*	*20 072*	*(509)*	***25 424***	*(185)*	***25 239***
From activities regarding mediation for third parties	*10*	-	*8 295*	-	***8 305***	*279*	***8 584***
From guarantee business	*5 148*	*402*	*278*	-	***5 828***	*8*	***5 836***
For other banking services	*33*	*(1)*	*(5 191)*	-	***(5 159)***	*(370)*	***(5 529)***
Net profit/(loss) on financial instruments remeasured through profit or loss	8 476	(165)	25 516	9 263	**43 090**	(1 022)	**42 068**
Other operating profit/(loss)	-	-	-	(3 823)	**(3 823)**	4162	**339**
General administrative expenses	(39 048)	(2 557)	(203 443)	(3 573)	**(248 621)**	(11 470)	**(260 091)**
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(2 102)	(412)	(6 933)	(2 034)	**(11 481)**	4 138	**(7 343)**
Net modification profit/(loss)	-	-	-	-	**-**	(218)	**(218)**
(Creation)/release of provisions	-	-	-	-	**-**	170	**170**
Impairment allowances for financial assets and provisions for commitments and guarantees provided	5 748	(137)	(31 200)	(455)	**(26 044)**	-	**(26 044)**
Impairment allowances for non-financial assets	-	-	-	-	**-**	(376)	**(376)**
Profit before special levy on business in regulated industries and before income tax	**146 131**	**11 042**	**170 631**	**(67 439)**	**260 365**	**35 199**	**295 564**
Special levy on business in regulated industries	-	-	-	-	**-**	**-**	**-**
Profit before income tax	**146 131**	**11 042**	**170 631**	**(67 439)**	**260 365**	**35 199**	**295 564**
Income tax	-	-	-	-	**-**	(58 277)	**(58 277)**
Profit after tax	**146 131**	**11 042**	**170 631**	**(67 439)**	**260 365**	**(23 078)**	**237 287**
Total assets	**5 064 185**	**662 342**	**8 276 722**	**7 514 180**	**21 517 429**	**555 736**	**22 073 165**
Total equity and liabilities	**4 291 054**	**696 826**	**10 188 453**	**3 890 218**	**19 066 551**	**3 006 614**	**22 073 165**

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

IV. OTHER NOTES

1. Net interest income and dividend income

	2024	*2023*
Interest income calculated using the effective interest rate:	**780 803**	**687 549**
From loans and advances to banks measured at amortised cost	75 962	141 975
From loans and advances to customers measured at amortised cost	591 119	483 484
From debt securities measured at amortised cost	88 608	51 339
From debt securities measured at fair value through other comprehensive income	1 041	809
From derivatives – hedge accounting, interest rate risk	24 073	9 942
Other interest income:	**1 059**	**657**
From debt securities held for trading	511	482
From derivates held for trading	469	106
From financial liabilities	-	2
From other interest income	79	67
Interest expense:	**(324 400)**	**(303 115)**
On deposits from banks	(27 243)	(92 832)
On deposits from customers	(150 109)	(95 992)
On subordinated debts	(8 354)	(7 601)
On liabilities from debt securities issued by the Bank measured at amortised cost	(76 793)	(58 266)
On derivatives – hedge accounting, interest rate risk	(59 958)	(46 595)
On liabilities from debt securities designated as measured at fair value through other comprehensive income	(180)	(78)
On loans and deposits measured at amortised cost (including negative interest)	-	(6)
On lease liabilities	(731)	(668)
On other interest expense	(1 032)	(1 077)
Net interest income	**457 462**	**385 091**
Dividend income:	**20**	**20 440**
From dividends from financial assets measured at fair value through other comprehensive income	20	40
From dividends from investments in subsidiaries, joint ventures and associates	-	20 400
Net interest and dividend income	**457 482**	**405 531**

The decrease in interest income and expense vis-à-vis banks is due to the repayment of a significant portion of the TLTRO (Targeted Longer-term Refinancing Operations) programme at the beginning of 2024. An increase in interest income and expense vis-à-vis clients is due to increased interest rates on provided loans and term deposits.

2. Net fee and commission income

	2024	*2023*
Total fee and commission income:	**233 503**	**205 398**
Fee and commission income related to IFRS 15	**226 624**	**199 560**
From payment transfers business	164 627	144 963
From credit processing business	19 377	18 510
From securities business	31 221	26 976
From activities regarding mediation for third parties	10 695	8 584
From other banking services	704	527
Other fee and commission income	**6 879**	**5 838**
From guarantee business	6 879	5 838
Total fee and commission expenses:	**(76 965)**	**(63 870)**
From payment transfers business	(62 856)	(54 218)
From credit processing business	(2 318)	(1 857)
From securities business	(1 834)	(1 737)
From other banking services	(9 955)	(6 056)
From guarantees business	(2)	(2)
Net fee and commission income	**156 538**	**141 528**

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

3. Net profit/(loss) on financial instruments remeasured through profit or loss

	2024	*2023*
Net profit/(loss) from debt securities:	**6 512**	**3 779**
Fair value remeasurement	(1 231)	1 111
Profit/(loss) from debt securities sold	7 743	2 668
Net profit/(loss) from derivative transactions:	**5 551**	**9 379**
Derivative transactions – interest rate	(736)	(546)
Derivative transactions – currency	6 287	9 925
Net profit/(loss) from hedge accounting:	**398**	**(349)**
Revaluation to fair value of hedging instruments	25 540	36 816
Revaluation to fair value of hedged instruments	(25 142)	(37 165)
Foreign exchange differences	**30 534**	**29 259**
Total	**42 995**	**42 068**

4. Other operating profit/(loss)

	2024	*2023*
Net profit/(loss) from derecognition of financial assets and liabilities measured at amortised cost – debt securities	(7)	(3 500)
Net profit/(loss) from derecognition of financial assets measured at fair value through other comprehensive income – debt securities	-	(323)
Income from non-banking operations	6 242	6 164
Other operating income	859	938
Net profit/(loss) from disposal of non-current tangible and intangible assets	(2)	(222)
Other operating expenses	(3 746)	(2 718)
Total	**3 346**	**339**

5. General administrative expenses

	2024	*2023*
Personnel costs:	**(170 454)**	**(151 984)**
Wages and salaries	(119 180)	(106 893)
Social security costs	(44 517)	(38 559)
Other social expenses	(6 242)	(5 675)
(Creation)/release of provisions for employee benefits	(515)	(857)
Other administrative expenses:	**(83 434)**	**(74 265)**
Costs of premises	(10 697)	(10 298)
Costs of information technology	(29 799)	(26 466)
Communication costs	(2 265)	(1 904)
Legal and consultancy costs*	(10 580)	(10 359)
Advertising and entertainment expenses	(17 328)	(15 708)
Consumption of stationeries	(465)	(473)
Transport and processing of cash	(780)	(675)
Travel costs	(1 379)	(1 335)
Education of employees	(3 063)	(2 377)
Other taxes and charges	(200)	(239)
Other expenses	(6 878)	(4 431)
Depreciation and amortisation of non-current tangible and intangible assets:	**(36 173)**	**(33 842)**
Non-current tangible assets and right-of-use assets	(21 890)	(21 519)
of which: right-of-use assets	*(11 171)*	*(11 057)*
Non-current intangible assets	(14 283)	(12 323)
Total	**(290 061)**	**(260 091)**

** "Legal and consultancy costs" include the fee for the statutory audit in the amount of EUR 295 thousand (2023: EUR 229 thousand), of which other audit-related assurance services in the amount of EUR 26 thousand (2023: EUR 38 thousand) that were related to audit procedures related to NBS prudential returns and FINREP and COREP returns, agreed upon procedures under Act No. 566/2001 Coll. on Securities and Investment Services, the preparation of the Extended Report for the NBS, other assurance audit services in the amount of EUR 199 thousand (2023: EUR 95 thousand) related to the review of interim financial statements, and other non-audit services in the amount of EUR 0 thousand (2023: EUR 11 thousand).*

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

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

	2024	*2023*
Contribution to the Resolution Fund and the Deposit Guarantee Fund		
Contribution to the Resolution Fund*	-	(5 959)
Contribution to the Deposit Guarantee Fund	(1 407)	(1 384)
Total	**(1 407)**	**(7 343)**

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

7. Net modification profit/(loss)

	2024	*2023*
Financial assets measured at amortised cost:	**(368)**	**(218)**
Net modification profit/(loss) – Stage 1	(30)	(112)
Net modification profit/(loss) – Stage 2	(338)	(101)
Net modification profit/(loss) – Stage 3	-	(5)
Total	**(368)**	**(218)**

8. (Creation)/release of provisions

	2024	*2023*
(Creation)/release of provisions for:	**972**	**170**
(Creation)/release of provisions for litigation	972	170
Total	**972**	**170**

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

	2024	*2023*
Impairment allowances for financial assets (Stage 1):	**8 910**	**(16 012)**
(Creation)/release	8 910	(16 012)
Impairment allowances for financial assets (Stage 2):	**9 872**	**5 132**
(Creation)/release	9 872	5 132
Impairment allowances for financial assets (Stage 3):	**(42 164)**	**(17 070)**
(Creation)/release	(42 164)	(17 070)
Impairment allowances for financial assets (POCI):	**1 092**	**(574)**
(Creation)/release	1 092	(574)
Total	**(22 290)**	**(28 524)**

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

	2024	*2023*
Provisions for commitments and guarantees provided (Stage 1):	**(204)**	**(596)**
(Creation)/release	(204)	(596)
Provisions for commitments and guarantees provided (Stage 2):	**(395)**	**2 882**
(Creation)/release	(395)	2 882
Provisions for commitments and guarantees provided (Stage 3):	**169**	**194**
(Creation)/release	169	194
Total	**(430)**	**2 480**

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

For more information on provisions for commitments and guarantees provided, see Note "*Provisions*".

10. Impairment allowances for non-financial assets

Movement in impairment allowances for non-financial assets:

	2024	*2023*
(Creation)/release of impairment allowances for non-current tangible assets	(31)	(269)
(Creation)/release of impairment allowances for non-current intangible assets	(1 607)	(211)
(Creation)/release of impairment allowances for other assets	(41)	104
Total	**(1 679)**	**(376)**

11. Special levy on business in regulated industries

	2024	*2023*
Special levy on business in regulated industries	(78 268)	-
Total	**(78 268)**	**-**

With effect from 1 January 2024, the Government of the Slovak Republic introduced an additional levy mandatory for regulated industries laying down the obligation for banks to pay the special levy as of 2024.

12. Income tax

	2024	*2023*
Current tax expense	(61 099)	(57 982)
Deferred tax (expense)/income	10 598	(295)
Total	**(50 501)**	**(58 277)**

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

Pre-tax profit tax differs from the theoretical tax that would arise using the applicable income tax rate as follows:

	2024	*2023*
Profit before tax	**266 830**	**295 564**
Theoretical tax calculated using the tax rate of 21% (2023: 21%)	56 034	62 068
Tax impact:		
Non-taxable income	(963)	(4 297)
Tax non-deductible expense	1 708	1 996
Impairment allowances and provisions, net	575	(1 385)
Additional tax of prior periods	(388)	(105)
Effect of increased corporate income tax from 21% to 24% on deferred tax	(6 465)	-
Income tax expense	**50 501**	**58 277**
Effective tax for the reporting period	**18.93%**	**19.72%**

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

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

	Book value	*Tax value*	*Permanent difference*	*Temporary difference*	*2024*	*2023*
Deferred tax assets:						
Financial assets measured at fair value through other comprehensive income	94 457	97 386	-	2 929	703	940
Financial assets measured at amortised cost	18 418 851	18 645 885	98 756	128 278	30 787	25 506
Non-current tangible assets and right-of-use assets	86 681	89 536	-	2 855	685	345
Other assets	31 738	32 674	936	-	-	-
Financial liabilities measured at amortised cost	18 692 698	18 698 177	-	5 479	1 315	1 749
Provisions	61 017	17	32 308	28 692	6 885	5 646
Other liabilities	68 987	19 236	2 469	47 282	11 348	7 176
Net deferred tax asset/(liability)					**51 723**	**41 362**

The Bank regularly tests the recognition of loan receivables upon their write-off for tax purposes and based on the results, it adjusts the percentage of the estimate of tax deductibility of impairment allowances for credit losses.

13. Basic and diluted earnings per share

2024	***Ordinary shares Face value EUR 800***	***Ordinary shares Face value EUR 4 000***	***Preference shares Face value EUR 4***
Comprehensive income after tax in the reporting period attributable to:	164 302	28 393	24 904
Weighted average number of shares outstanding during the period	60 616	2 095	1 837 581
Basic and diluted earnings per share	**2 711**	**13 555**	**13.6**

2023	***Ordinary shares Face value EUR 800***	***Ordinary shares Face value EUR 4 000***	***Preference shares Face value EUR 4***
Comprehensive income after tax in the reporting period attributable to:	183 325	31 680	27 686
Weighted average number of shares outstanding during the period	60 616	2 095	1 830 871
Basic and diluted earnings per share	**3 024**	**15 120**	**15.1**

Information on the method of calculation of earnings per share is stated in Note II. Principal Accounting Policies, *Basic and diluted earnings per share*.

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

	2024	***2023***
Cash on hand	241 815	223 136
Cash balances at central banks	1 497 618	3 954 534
Other demand deposits	10 089	25 157
Total	**1 749 522**	**4 202 827**

Compulsory minimum reserves are recognised as interest-bearing deposits in line with measures of the National Bank of Slovakia under "*Cash balances at central banks*". The amount of the reserve depends on the amount of deposits received by the Bank. The Bank's ability to use the reserve is limited in accordance with applicable legislation. Therefore, it is not included in "*Cash and cash equivalents*" for the purpose of preparing the statement of cash flows (see the "*Separate statement of cash flows*").

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

15. Financial assets held for trading

	2024	*2023*
Positive fair value of financial derivatives held for trading	**13 757**	**24 405**
Interest rate contracts	11 153	19 894
Currency contracts	2 604	4 511
Debt securities	**9 588**	**4 577**
Government bonds	9 588	4 577
Total	**23 345**	**28 982**

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

	2024	*2023*
Equity securities, debt securities and other securities with variable yield	**12 045**	**15 449**
Equity securities	4 509	6 079
Debt securities	3 511	5 484
Mutual fund certificates*	4 025	3 886
Total	**12 045**	**15 449**

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

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

	2024	*2023*
Debt securities	**92 157**	**101 503**
Bonds issued by the bank sector	54 407	64 213
Bonds issued by other sectors	37 750	37 290
Equity instruments	**2 300**	**2 187**
Equity securities	2 300	2 187
Total	**94 457**	**103 690**

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

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Debt securities	**92 181**	**(24)**	**92 157**
Bonds issued by a bank sector	54 415	(8)	54 407
Bonds issued by other sectors	37 766	(16)	37 750
Total	**92 181**	**(24)**	**92 157**

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

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

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

18. Financial assets measured at amortised cost

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

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Loans and advances to banks	**173 158**	**-**	**173 158**
Money-market business	122 850	-	122 850
Reverse repo transactions	49 643	-	49 643
Other loans and advances to banks	665	-	665
Loans and advances to customers	**14 499 762**	**(225 986)**	**14 273 776**
Overdraft loans and current account overdrafts	856 056	(21 347)	834 709
Receivables from credit cards	127 933	(4 917)	123 016
Factoring and loans covered by bills of exchange	83 689	(354)	83 335
Mortgage and housing loans	5 665 340	(26 553)	5 638 787
Home Equity Loans	1 071 080	(5 619)	1 065 461
Consumer loans	971 417	(80 360)	891 057
Investment, operating and other loans	5 724 247	(86 836)	5 637 411
Change in the fair value of hedged items in interest rate risk hedging – Loans and advances to customers	**24 806**	**-**	**24 806**
Debt securities	**3 948 158**	**(1 047)**	**3 947 111**
Government treasury bills	19 166	-	19 166
Government bonds	3 672 852	(883)	3 671 969
Bonds issued by a bank sector	224 710	(29)	224 681
Bonds issued by other sectors	31 430	(135)	31 295
Total	**18 645 884**	**(227 033)**	**18 418 851**

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

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

As at 31 December 2024, the total amount of syndicated loans managed by the Bank was in the amount of EUR 1 696 218 thousand (31 December 2023: EUR 1 396 167 thousand). The Bank's share amounted to EUR 613 918 thousand (31 December 2023: EUR 501 882 thousand). Syndicated loans are included in "*Investment, operating and other loans*".

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

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

	Gross carrying amount	***Impairment allowances***	***Net carrying amount***
Banks	397 868	(29)	397 839
Public sector	3 693 355	(883)	3 692 472
Corporate clients	6 215 769	(69 475)	6 146 294
Retail clients	8 338 892	(156 646)	8 182 246
Total	**18 645 884**	**(227 033)**	**18 418 851**

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

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

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

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

	As at 1 January 2024	***Creation/ (Release)****	***Use***	***Other adjustments***	***As at 31 December 2024***
Impairment allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**52 455**	**(8 952)**	**-**	**-**	**43 503**
Banks	-	-	-	-	-
Corporate clients	22 785	449	-	-	23 234
Retail clients	28 458	(9 142)	-	-	19 316
Debt securities	1 212	(259)	-	-	953
Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2)	**52 781**	**(10 623)**	**-**	**-**	**42 158**
Banks	-	-	-	-	-
Corporate clients	15 037	(5 608)	-	-	9 429
Retail clients	37 578	(4 943)	-	-	32 635
Debt securities	166	(72)	-	-	94
Specific impairment allowances for individually and collectively assessed items (Stage 3)	**115 543**	**39 894**	**(17 783)**	**(127)**	**137 527**
Banks	-	-	-	-	-
Corporate clients	22 392	12 125	(756)	(387)	33 374
Retail clients	93 151	27 769	(17 027)	260	104 153
Debt securities	-	-	-	-	-
Impairment allowances for financial assets recognised as impaired on initial recognition (POCI)	**4 465**	**(467)**	**(92)**	**(61)**	**3 845**
Banks	-	-	-	-	-
Corporate clients	3 995	(602)	(24)	(66)	3 303
Retail clients	470	135	(68)	5	542
Debt securities	-	-	-	-	-
Total	**225 244**	**19 852**	**(17 875)**	**(188)**	**227 033**

**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 (187) thousand.*

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

The reversal of impairment allowances for retail clients in Stages 1 and 2 was primarily due to a decrease in the ECB's interest rate, which is one of the main inputs for macroeconomic models. A modification of the PD parameter resulting from the validation of rating models had a significant impact on a decrease in impairment allowances for corporate clients in Stage 2. The modification of the PD parameter ensures a better reflection of the historical default rate. An increase in impairment allowances in Stage 3 for corporate clients was due to a number of new defaults during 2024, where on the basis of the expected cash flow the Bank allocated impairment allowances to cover potential loan losses.

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

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

**The amount of creation/(release) of the impairment allowances for losses from financial assets measured at amortised cost includes the impact of unwinding in the amount of EUR 188 thousand.*

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

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

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to customers	**600 920**	**463 886**	**4 981**	**43 627**	**3 667**	**33 127**
Corporate clients	94 257	96 427	2 153	15 262	-	2 096
Retail clients	506 663	367 459	2 828	28 365	3 667	31 031
Debt securities	**17 116**	-	-	-	-	-
Commitments and financial guarantees provided	**57 878**	**55 770**	**302**	**650**	**18**	**39**
Banks	-	-	-	-	-	-
Corporate clients	44 801	16 459	297	626	-	4
Retail clients	13 077	39 311	5	24	18	35
Total	**675 914**	**519 656**	**5 283**	**44 277**	**3 685**	**33 166**

The transfer of retail client exposures from Stage 2 to Stage 1 was due to the reversal of the ESG holistic flag (for exposures secured by real estate with a possible threat by one of the physical risks). The transfer from Stage 1 to Stage 2 was due to the introduction of new holistic flags for unsecured loans of PI clients with employers in identical industries and for all loans of micro clients from medium-risk industries in transport, warehousing and construction and from high-risk industries.

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

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to customers	**(16 613)**	**(7 663)**	**(2 014)**	**(7 046)**	**(1 053)**	**(1 338)**
Corporate clients	(2 169)	(520)	(690)	(2 412)	-	(31)
Retail clients	(14 444)	(7 143)	(1 324)	(4 634)	(1 053)	(1 307)
Debt securities	**(109)**	-	-	-	-	-
Commitments and financial guarantees provided	**(354)**	**(124)**	**(1)**	**-**	**(13)**	**(1)**
Banks	-	-	-	-	-	-
Corporate clients	(220)	(57)	-	-	-	-
Retail clients	(134)	(67)	(1)	-	(13)	(1)
Total	**(17 076)**	**(7 787)**	**(2 015)**	**(7 046)**	**(1 066)**	**(1 339)**

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

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

	From Stage 2 to Stage 1	***From Stage 1 to Stage 2***	***From Stage 3 to Stage 2***	***From Stage 2 to Stage 3***	***From Stage 3 to Stage 1***	***From Stage 1 to Stage 3***
Loans and advances to customers	**3 434**	**17 266**	**156**	**21 601**	**26**	**16 766**
Corporate clients	1 149	2 033	27	9 473	-	1 559
Retail clients	2 285	15 233	129	12 128	26	15 207
Debt securities	**2**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**127**	**417**	**-**	**21**	**-**	**18**
Banks	-	-	-	-	-	-
Corporate clients	109	135	-	6	-	-
Retail clients	18	282	-	15	-	18
Total	**3 563**	**17 683**	**156**	**21 622**	**26**	**16 784**

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

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

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

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

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

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

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

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

19. Receivables from hedging derivatives

	2024	*2023*
Positive fair value of financial derivatives for fair value hedging of interest rate risk	**68 515**	**48 344**
Micro interest rate contracts	21 169	10 648
Portfolio interest rate contracts	47 346	37 696
Total	**68 515**	**48 344**

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

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

20. Investments in subsidiaries and associates

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

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

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

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

	*Land and buildings-Right-of-use of assets**	*Land and buildings*	*Machinery & equipment*	*Other non-current assets*	*Vehicles*	*Assets under construction*	*Total*
Cost							
1 January 2024	**82 429**	**32 407**	**47 974**	**16 858**	**3 944**	**4 782**	**188 394**
Additions	-	-	-	-	-	20 884	20 884
Disposals	(2 746)	(321)	(3 050)	(356)	(736)	-	(7 209)
Transfer from tangible assets under construction	7 159	3 368	6 037	1 576	1 070	(19 210)	-
31 December 2024	**86 842**	**35 454**	**50 961**	**18 078**	**4 278**	**6 456**	**202 069**
Accumulated depreciation							
1 January 2024	**(40 994)**	**(15 164)**	**(32 647)**	**(8 368)**	**(1 569)**	**-**	**(98 742)**
Depreciation charges	(11 171)	(2 467)	(6 069)	(1 765)	(418)	-	(21 890)
Disposals	1 194	226	3 049	307	499	-	5 275
Impairment allowance	-	(31)	-	-	-	-	(31)
31 December 2024	**(50 971)**	**(17 436)**	**(35 667)**	**(9 826)**	**(1 488)**	**-**	**(115 388)**
Carrying amount as at 1 January 2024	**41 435**	**17 243**	**15 327**	**8 490**	**2 375**	**4 782**	**89 652**
Carrying amount as at 31 December 2024	**35 871**	**18 018**	**15 294**	**8 252**	**2 790**	**6 456**	**86 681**

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

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

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

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

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

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

	Software	*Assets under construction*	*Total*
Cost			
1 January 2024	**132 440**	**9 905**	**142 345**
Additions	-	18 449	18 449
Disposals	-	-	-
Transfer from intangible assets under construction	15 740	(15 740)	-
31 December 2024	**148 180**	**12 614**	**160 794**
Accumulated amortisation			
1 January 2024	**(91 788)**	**-**	**(91 788)**
Amortisation charges	(14 283)	-	(14 283)
Disposals	40	-	40
Impairment allowance	(1 607)	-	(1 607)
31 December 2024	**(107 638)**	**-**	**(107 638)**
Carrying amount as at 1 January 2024	**40 652**	**9 905**	**50 557**
Carrying amount as at 31 December 2024	**40 542**	**12 614**	**53 156**

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

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

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

Insurance coverage

The Bank concluded an insurance contract for assets and business disruption (International Insurance Program) under which its buildings are covered up to EUR 53 035 thousand, operational-commercial facilities up to EUR 11 956 thousand, business disruption up to EUR 2 000 thousand, insurance of electronics (local amendment to the fronting contract), under which the Bank’s ATMs and cash dispensers (cashomats) are covered up to EUR 5 512 thousand, and liability insurance – damage to third party assets, life and health, expenses for an insured person’s defence with an insured amount of EUR 10 000 thousand. Vehicles are insured under a motor hull insurance contract up to a maximum risk of EUR 5 013 thousand.

22. Deferred tax asset

	2024	*2023*
Tax asset – deferred	51 723	41 362
Tax liability – deferred	-	-
Total	**51 723**	**41 362**

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

23. Other assets

	2024	*2023*
Prepayments and other deferrals	29 601	18 715
Inventories	770	1 001
Other assets	1 367	814
Total	**31 738**	**20 530**

The increase in “*Prepayments and other deferrals*” is due to an increase in supplier invoices paid in advance.

24. Financial liabilities held for trading

	2024	*2023*
Negative fair value of financial derivatives held for trading	**11 070**	**22 458**
Interest rate contracts	10 680	18 711
Currency contracts	390	3 747
Liabilities from debt securities held for trading	**-**	**-**
Total	**11 070**	**22 458**

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

25. Financial liabilities measured at amortised cost

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

	2024	*2023*
Deposits from banks	**294 294**	**2 426 319**
Current accounts and interbank settlement	6 946	4 200
Money-market business	242	608
Loans received	150 980	2 285 200
Subordinated debt	136 126	136 311
Deposits from customers	**15 710 165**	**15 744 880**
Current accounts and settlement	12 338 173	12 313 444
Time deposits	3 371 682	3 431 045
Savings deposits	235	253
Loans received	75	138
Change in the fair value of hedged items in interest rate risk hedging – Deposits from customers	**(20 343)**	**(44 503)**
Liabilities from debt securities	**2 662 250**	**1 998 383**
Debt securities issued – covered bonds	1 419 364	933 859
Debt securities issued – uncovered bonds	1 242 886	1 064 524
Other financial liabilities	**46 332**	**49 672**
of which: Lease liabilities	*37 881*	*43 497*
Total	**18 692 698**	**20 174 751**

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

	2024	*2023*
Banks	294 294	2 426 319
Public sector	225 632	500 099
Corporate clients	5 820 285	5 610 861
Retail clients	9 643 905	9 589 417
Total	**15 984 116**	**18 126 696**

Under the TLTRO programme (Targeted Longer-term Refinancing Operations), the Bank received 4 loans from the central bank totalling EUR 3 137 000 thousand, which are recognised under *"Deposits from banks",* line "*"Loans received"*. As at 31 December 2023, outstanding borrowings included in the balance sheet under the third series of the Targeted Longer-term Refinancing Operations (TLTRO-III) programme due to the central bank amounted to EUR 2 285 200 thousand. As at 31 December 2024, all loans were repaid.

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

Type of loan	*Currency*	*Type of loan by maturity*	*Start of loan drawing*	*Interest rate*	*Contractual maturity*	*2024*	*2023*
Loans received from banks:							
– central bank	EUR	Long-term	March 2021	-	March 2024	-	2 247 052
– central bank	EUR	Long-term	December 2021	-	December 2024	-	38 148
Repo transactions received from banks:							
– commercial banks	EUR	Short-term	December 2024	2.7 %	January 2025	135 718	-
– commercial banks	EUR	Short-term	December 2024	2.7 %	January 2025	15 262	-
Subordinated debt from banks:							
– commercial banks	EUR	Long-term	November 2019	3M EURIBOR + 2.4%	November 2029	136 126	136 311
Total						**287 106**	**2 421 511**

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

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

Name	*Interest rate*	*Currency*	*Number of bonds issued*	*Bonds unit face value in currency*	*Issue date*	*Maturity date*	*Frequency of coupon payment*	*2024*	*2023*
Covered bonds									
HZL 068	5.00%	EUR	1 000	10 000	14.10.2011	14.10.2031	annually	10 051	10 044
HZL 083	1.11%	EUR	500	100 000	29.4.2015	29.4.2025	annually	49 993	48 571
HZL 088	1.00%	EUR	500	100 000	16.11.2016	16.11.2026	annually	48 503	47 161
HZL 089 – repaid	0.90%	EUR	-	100 000	10.2.2017	10.2.2024	annually	-	28 099
TATSK FVHDG	0.13%	EUR	2 500	100 000	1.7.2019	1.7.2026	annually	241 727	233 742
TATSK KD4	0.125%	EUR	300	100 000	5.3.2021	5.3.2025	annually	29 852	28 836
TATSK KD5	3.375%	EUR	5 000	100 000	31.1.2023	31.1.2026	annually	514 628	513 831
TB KD6	0.00%	EUR	25 000	1 000	3.11.2023	3.11.2025	no coupon	24 341	23 575
TB KD7	2.75%	EUR	5 000	100 000	9.10.2024	9.10.2028	annually	500 270	-
Uncovered bonds									
TB FLOAT1	6M EUR EURIBOR	EUR	1 000	100 000	26.10.2020	26.10.2027	semi-annually	102 447	103 181
TB FIX1	0.50%	EUR	250	100 000	26.10.2020	26.10.2027	annually	24 772	24 684
TB FVHDG GREEN	0.50%	EUR	3 000	100 000	23.4.2021	23.4.2028	annually	283 630	273 517
TB FIX2	3.20%	EUR	70 981	1 000	10.10.2022	9.10.2026	annually	71 445	71 414
TB GREEN – repaid	5.50%	EUR	-	100 000	25.10.2022	25.10.2025	annually	-	201 918
TB FIX3 – repaid	3.60%	EUR	-	1 000	28.10.2022	28.10.2025	annually	-	50 302
TB GREEN FVHDG2	7.50%	USD	200	100 000	10.11.2022	10.11.2029	semi-annually	19 420	18 618
TB GREEN2	5.95%	EUR	3 000	100 000	17.2.2023	17.2.2026	annually	315 155	314 819
TB ZERO	0.00%	EUR	7 000	1 000	26.5.2023	11.5.2026	no coupon	6 450	6 071
TB GREEN FVHDG3	4.97%	EUR	3 500	100 000	29.4.2024	29.4.2030	annually	369 268	-
TB FIX4	3.75%	EUR	1 000	50 000	29.10.2024	29.10.2029	annually	50 298	-
Total issued bonds								**2 662 250**	**1 998 383**

In addition to the above covered bonds, the Bank has also issued covered bonds which were not sold (face value of EUR 970 000 thousand, carrying amount of EUR 937 809 thousand). The above covered bonds are included in the off-balance sheet accounts and the Bank may use them as collateral.

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

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

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

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

26. Liabilities from hedging derivatives

	2024	***2023***
Negative fair value of financial derivatives for fair value hedging of interest rate risk	**198 948**	**196 582**
Micro interest rate contracts	98 937	91 636
Portfolio interest rate contracts	100 011	104 946
Total	**198 948**	**196 582**

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

27. Provisions

Movements in provisions as at 31 December 2024:

	As at 1 January 2024	***Creation/ (Release)***	***Usage***	***As at 31 December 2024***
Commitments and financial guarantees provided (Stage 1)	7 530	205	-	7 735
Commitments and financial guarantees provided (Stage 2)	1 723	393	-	2 116
Commitments and financial guarantees provided (Stage 3)	375	(168)	-	207
Litigation	22 547	(125)	(156)	22 266
Provisions for employee benefits	5 326	732	(30)	6 028
Employee provisions	21 344	11 319	(10 156)	22 507
Other provisions	219	(61)	-	158
Total	**59 064**	**12 295**	**(10 342)**	**61 017**

Movements in provisions as at 31 December 2023:

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

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

Annual discount rate	3.53%
Future actual annual rate of salary increases	2.00%
Annual employee turnover	2.30% – 6.30%
Retirement age	According to the applicable legislation

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

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

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

28. Current tax liability

	2024	*2023*
Current tax liability	12 207	13 741
Total	**12 207**	**13 741**

29. Other liabilities

	2024	*2023*
Unbilled liabilities	48 097	35 718
Other liabilities to the state budget	1 949	1 507
Social fund payables	1 983	1 879
Liabilities to employees	11 571	9 329
Other liabilities	5 387	4 942
Total	**68 987**	**53 375**

30. Equity

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

	2024	*2023*
Share capital – ordinary shares	56 873	56 873
Share capital – preference shares	7 453	7 453
Treasury shares	(2 217)	(1 199)
Share premium	298 810	298 654
Reserve and other funds	14 446	14 446
Revaluation reserve from financial instruments measured at fair value through other comprehensive income	(2 203)	(3 473)
Retained earnings (excluding profit after tax for the current year)	914 557	843 153
AT1 capital	100 000	100 000
Total	**1 387 719**	**1 315 907**

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

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

Movements in ordinary and preference shares during 2024:

Number of shares	*1 Jan 2024*	*Purchase/sale*	*31 Dec 2024*
Ordinary shares: EUR 800	60 616	-	60 616
Ordinary shares: EUR 4 000	2 095	-	2 095
Preference shares	1 847 426	11 892	1 835 534

Description of rights:

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

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

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

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

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

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

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

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

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

31. Valuable items received for custody and management

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

	2024	***2023***
Valuable items received for custody	**14 854**	**18 118**
Merchandise and warehouse trust receipts	12 759	13 258
Gold	2 095	4 860
Valuable items received for depositary management	**8 717 832**	**7 508 096**
Securities	8 717 832	7 508 096
Total	**8 732 686**	**7 526 214**

In addition to the Bank's function as depositary under the Securities Act, the Bank provides standard securities management services for the Parent Company (Raiffeisen Bank International). The volume of securities managed on behalf of RBI amounted to EUR 4 804 936 thousand (as at 31 December 2023: EUR 3 924 866 thousand).

While acting as a depositary for the amounts in the table above, in accordance with its function of a depositary for Tatra Asset Management, správ. spol., a.s. ("TAM"), as at 31 December 2024 the Bank recognised securities deposited for management by TAM mutual funds in the amount of EUR 1 720 761 thousand (as at 31 December 2023: EUR 1 473 079 thousand) in the off-balance sheet accounts.

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

32. Sale and repurchase agreements

As at 31 December 2024 and 31 December 2023, the following repurchase transactions were made:

	2024	*2023*
Repo deals (debtor)		
Deposits from banks	150 980	-
Total	**150 980**	**-**

As collateral for the received repurchase transactions, the Bank provided debt securities and loans at the carrying amount of EUR 157 436 thousand of the portfolio of financial assets measured at amortised cost.

	2024	*2023*
Reverse repo deals (creditor)		
Loans and advances to banks	49 643	52 652
Total	**49 643**	**52 652**

As part of the reverse repo deals, the Bank received debt securities as collateral at fair value of EUR 37 760 thousand.

33. Assets pledged as collateral

Liabilities secured by the Bank's assets:

	2024	*2023*
Deposits from banks measured at amortised cost – Received loans from the National Bank of Slovakia	-	2 285 200
Deposits from banks measured at amortised cost – REPO loans received from banks	150 980	-
Liabilities from debt securities	1 419 364	933 859
Financial liabilities held for trading – Negative fair value of financial derivatives held for trading	204 640	5 533
Total	**1 774 984**	**3 224 592**

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

	2024	*2023*
Other demand deposits	365	1 334
Loans and advances to banks measured at amortised cost	122 850	127 820
Loans and advances to customers measured at amortised cost	2 884 051	2 922 626
Debt securities held for trading	-	4 577
Debt securities measured at fair value through other comprehensive income	-	95 175
Debt securities measured at amortised cost	189 614	1 533 274
Total	**3 196 880**	**4 684 806**

Other pledged assets without a liability:

	2024	*2023*
Debt securities measured at amortised cost	3 065 947	931 261
Total	**3 065 947**	**931 261**

As at 31 December 2024, the Bank determined the volume of mortgage loans usable as collateral for future issues of covered bonds in the amount of EUR 1 902 513 thousand (31 December 2023: EUR 1 816 144 thousand).

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

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

The Bank repaid all TLTRO loans. As a result, it has no government bonds and bonds issued by the banking sector held in the portfolio of securities measured at amortised cost pledged in favour of the NBS (31 December 2023: EUR 1 602 701 thousand). However, as part of liquidity management, the Bank preventively retained an open position for debt securities. The Bank does not have the option to draw an intraday loan for the pledged securities (31 December 2023: the Bank did not have this option). The Bank had not drawn any financing from the central bank as at 31 December 2024 (31 December 2023: also no drawing, except for TLTRO).

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:

	2024 Face value	***2024 Carrying amount***
Government bonds	3 692 316	3 719 281
Bonds issued by other sectors	281 685	280 233
Corporate loans	193 768	193 828
Total	**4 167 769**	**4 193 342**

34. Offsetting financial assets and liabilities

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

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

	Asset/Liability in the statement of financial position	***Value not offset in the statement of financial position: Financial instrument***	***Net value***
Assets:			
Positive fair value of financial derivates held for trading	79 567	79 549	18
Total assets	**79 567**	**79 549**	**18**
Liabilities:			
Negative fair value of financial derivates held for trading	205 416	79 549	125 867
Total liabilities	**205 416**	**79 549**	**125 867**

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

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

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

35. Fair value hedges related to hedging transactions

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

As at 31 December 2024, in relation to the above hedging instruments, the Bank recognised a net profit in the amount of EUR 25 540 thousand. As at 31 December 2023, in relation to the hedging instruments, the Bank recognised a net profit in the amount of EUR 36 816 thousand. As at 31 December 2024, the net loss from hedged items related to the hedged risk amounted to EUR 25 142 thousand. As at 31 December 2023, the Bank recognised a net loss of EUR 37 165 thousand. Both items are recognised in Note "*Net profit/(loss) on financial instruments remeasured through profit or loss*".

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

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

	Up to 3 Months	*More than 3 months, up to 1 year*	*More than 1 year, up to 5 years*	*More than 5 years*
Financial derivatives for fair value hedging	-	620 000	3 831 847	2 081 986
Total interest rate transactions	**-**	**620 000**	**3 831 847**	**2 081 986**

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

	Face value of the hedging instrument	*Assets – Fair value of the hedging instrument*	*Liabilities – Fair value of the hedging instrument*	*Changes in fair value used for calculating hedge ineffectiveness*
Interest rate risk	2 641 672	21 169	100 011	8 650
Micro financial derivatives for fair value hedging	**2 641 672**	**21 169**	**100 011**	**8 650**
Interest rate risk	3 892 160	47 346	98 937	16 890
Portfolio financial derivatives for fair value hedging	**3 892 160**	**47 346**	**98 937**	**16 890**

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

	Assets – Carrying amount of the hedged item	*Liabilities – Carrying amount of the hedged item*	*Face value of the hedging instrument*	*Accumulated amount of fair value hedge adjustments included in the carrying amount*	*Changes in fair value used for calculating hedge ineffectiveness*
Debt securities	1 133 365	-	1 121 672	45 783	19 648
Loans and advances	1 960 000	-	1 960 000	24 806	7 270
Deposits from customers	-	1 932 160	1 932 160	(20 343)	(24 160)
Debt securities issued	-	1 512 811	1 520 000	(18 301)	(27 900)
Hedged financial instruments	**3 093 365**	**3 444 971**	**6 533 832**	**31 945**	**(25 142)**

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

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

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

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

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

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

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

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

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

36. Derivative financial instruments

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

	Face values by maturity				*Fair values*	
	Up to 1 year	***From 1 to 5 years***	***More than 5 years***	***Total***	***Positive (Note15 and Note 19)***	***Negative (Note 24 and Note 26)***
a) Interest rate contracts for hedging	**620 000**	**3 831 847**	**2 081 986**	**6 533 832**	**68 515**	**(198 948)**
OTC products:						
Interest rate swaps	620 000	3 831 847	2 081 986	6 533 832	68 515	(198 948)
b) Interest-rate contracts for trading	**781 046**	**739 091**	**91 900**	**1 612 037**	**11 153**	**(10 680)**
OTC products:						
Interest rate swaps	713 829	630 263	91 900	1 435 992	10 237	(10 149)
Interest rate options-buy	36 109	62 211	-	98 320	701	(217)
Interest rate options-sell	31 109	46 617	-	77 725	215	(314)
Stock exchange products:						
Interest rate futures	-	-	-	-	-	-
c) Currency contracts for trading	**423 101**	**-**	**-**	**423 101**	**2 604**	**(390)**
OTC products:						
Currency swaps	354 554	-	-	354 554	2 498	(169)
Currency-interest rate swaps						
Currency forwards	42 679	-	-	42 679	102	(220)
Currency options-buy	13 651	-	-	13 651	3	-
Currency options-sell	12 217	-	-	12 217	1	(1)
Total	**1 824 146**	**4 570 938**	**2 173 886**	**8 568 970**	**82 272**	**(210 018)**

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

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

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

37. Fair value of financial instruments

Financial instruments measured at fair value

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

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

Financial assets at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial assets held for trading	**9 588**	**13 757**	**-**	**23 345**
Positive fair value of derivative financial instruments held for trading	-	13 757	-	13 757
Debt securities	9 588	-	-	9 588
Non-trading financial assets mandatorily measured at fair value through profit or loss	**-**	**8 020**	**4 025**	**12 045**
Equity securities		4 509	-	4 509
Debt securities	-	3 511	-	3 511
Mutual fund certificates	-	-	4 025	4 025
Financial assets measured at fair value through other comprehensive income	**43 392**	**48 765**	**2 300**	**94 457**
Equity instruments	-	-	2 300	2 300
Debt securities	43 392	48 765	-	92 157
Receivables from hedging derivatives	**-**	**68 515**	**-**	**68 515**
Positive fair value of derivative financial instruments for fair value hedging	-	68 515	-	68 515
Total	**52 980**	**139 057**	**6 325**	**198 362**

Financial liabilities at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial liabilities held for trading	**-**	**11 070**	**-**	**11 070**
Negative fair value of derivative financial instruments for trading	-	11 070	-	11 070
Debt securities and other fixed income securities	-	-	-	-
Liabilities from hedging derivatives	**-**	**198 948**	**-**	**198 948**
Negative fair value of derivative financial instruments for fair value hedging	-	198 948	-	198 948
Total	**-**	**210 018**	**-**	**210 018**

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

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

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

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

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

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

Movements between Level 1 and Level 2

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

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

Movements in Level 3 financial instruments at fair value

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

	As at 31 December 2023	*Increase/ Decrease*	*Revaluation: Profit/loss*	*Revaluation: Other comprehen-sive income*	*As at 31 December 2024*
Mutual fund certificates	3 886	936	(797)	-	4 025
Equity securities	2 187	108	-	5	2 300
Total	**6 073**	**1 044**	**(797)**	**5**	**6 325**

Qualitative information on financial instruments for Level 3 measurements:

Financial instrument	*Valuation method*	*Fair value*	*Significant unobserv-able Inputs*	*Range of unobserva-ble Inputs*	*Positive sensitivity**	*Negative sensitivity**
Mutual fund certificates	Net asset value	4 025	deduction	20 – 50%	403	(403)
Equity securities	Market value	2 300	-	-	230	(230)
Total		**6 325**			**633**	**(633)**

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

Financial instruments recognised at amortised cost

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

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

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

1. Determination of future cash flows at the level of individual transactions representing the loan receivable;
2. Calculation of the respective discount rate that takes into consideration factors such as:
   - Market rates
   - Client’s credit quality
   - Liquidity
   - Administration expenses

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

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

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

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

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

	Fair value as at 2024	***Carrying amount as at 2024***	***Fair value as at 2023***	***Carrying amount as at 2023***
Assets				
Financial assets measured at amortised cost	**18 190 590**	**18 394 045**	**16 843 819**	**17 395 293**
Loans and advances to banks	**173 158**	**173 158**	**194 778**	**194 778**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*173 158*	*173 158*	*194 778*	*194 778*
Loans and advances to customers	**14 152 867**	**14 273 776**	**13 533 622**	**13 964 427**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*14 152 867*	*14 273 776*	*13 533 622*	*13 964 427*
Debt securities	**3 864 565**	**3 947 111**	**3 115 419**	**3 236 088**
of which Level 1	*3 320 968*	*3 410 877*	*2 694 038*	*2 821 814*
of which Level 2	*543 597*	*536 234*	*421 381*	*414 274*
of which Level 3	-	-	-	-
Investments in subsidiaries and associates	**58 942**	**58 942**	**58 942**	**58 942**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*58 942*	*58 942*	*58 942*	*58 942*
Liabilities				
Financial liabilities measured at amortised cost	**18 710 400**	**18 713 041**	**20 136 909**	**20 219 254**
Deposits from banks	**294 294**	**294 294**	**2 426 319**	**2 426 319**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*294 294*	*294 294*	*2 426 319*	*2 426 319*
Deposits from customers	**15 698 138**	**15 710 165**	**15 677 253**	**15 744 880**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*15 698 138*	*15 710 165*	*15 677 253*	*15 744 880*
Liabilities from debt securities	**2 671 636**	**2 662 250**	**1 983 665**	**1 998 383**
of which Level 1	-	-	-	-
of which Level 2	*2 671 636*	*2 662 250*	*1 983 665*	*1 998 383*
of which Level 3	-	-	-	-
Other financial liabilities	**46 332**	**46 332**	**49 672**	**49 672**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*46 332*	*46 332*	*49 672*	*49 672*

38. Risk report

Credit risk

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

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

The Bank assesses and manages credit risk of retail debtors using scoring models (probability of default estimation) developed for individual products, or a specific client. Another important tool in credit quality management is the system of credit approval by risk assessment specialists, whose goal is to optimise the portfolio yields 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 maintain the quality of the existing portfolio are also important components that contribute to maintaining the entire portfolio quality and the targeted level of risk costs of the Bank. The impact of climate risk, primarily physical risk, is reflected in a higher estimate of the loss given default for products secured by residential real estate.

When collecting receivables, the Bank uses a broad scale of tools and collection strategies depending on the type and amount of receivables. The Bank uses both internal and external sources to collect receivables. In the event of an unsuccessful collection of receivables from clients, the receivables are forwarded to external agencies specialising in the enforcement of receivables. 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.

The climate risk as part of the credit risk is fully reflected through the transfer risk as part of client assessment and loan application, which also result in a client’s E-scoring. The Bank takes into account ESG-related corporate information provided by the client, internal models and external third-party inputs. The physical risk is fully reflected in the appraisal of property used as collateral for a loan.

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

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

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

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

	2024	***2023***
Credit risk related to balance sheet assets:		
Cash and other demand deposits	251 904	248 293
Cash balances at central banks	1 497 618	3 954 534
Financial assets held for trading	23 345	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	12 045	15 449
Financial assets at fair value through other comprehensive income	94 457	103 690
Financial assets at amortised cost	18 418 851	17 412 830
Receivables from hedging derivatives	68 515	48 344
Other assets	29 601	18 715
Total	**20 396 336**	**21 830 837**

	2024	***2023***
Credit risk related to off-balance sheet items:		
Contingent liabilities from guarantees and letters of credit	802 225	772 086
Irrevocable loan commitments/"stand-by facility"	1 227 188	983 003
Revocable loan commitments/"stand-by facility"	2 639 144	2 403 809
Total	**4 668 557**	**4 158 898**

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

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

	Total carrying amount	***Carrying amount – Stage 1****	***Carrying amount – Stage 2*****	***Carrying amount – Stage 3******	***Carrying amount – POCI*******	***Impairment allowances – Stage 1***	***Impairment allowances – Stage 2***	***Impairment allowances – Stage 3***	***Impairment allowances – POCI***	***Net carrying amount***
Financial assets measured at amortised cost	**18 645 882**	**17 365 937**	**1 044 531**	**228 130**	**7 284**	**43 503**	**42 158**	**137 527**	**3 844**	**18 418 850**
Loans and advances to banks	173 157	172 880	277	-	-	-	-	-	-	173 157
Loans and advances to customers	14 499 761	13 232 232	1 032 115	228 130	7 284	42 550	42 064	137 527	3 844	14 273 776
Public sector	*1 338*	*1 319*	*19*	-	-	*1*	-	-	-	*1 337*
Corporate clients	*6 184 337*	*5 787 415*	*332 839*	*58 576*	*5 507*	*23 233*	*9 429*	*33 374*	*3 302*	*6 114 999*
Retail clients	*8 314 086*	*7 443 498*	*699 257*	*169 554*	*1 777*	*19 316*	*32 635*	*104 153*	*542*	*8 157 440*
Debt securities	3 948 158	3 936 019	12 139	-	-	953	94	-	-	3 947 111
Banks	*224 710*	*224 710*	-	-	-	*29*	-	-	-	*224 681*
Public sector	*3 692 018*	*3 692 018*	-	-	-	*883*	-	-	-	*3 691 135*
Corporate clients	*31 430*	*19 291*	*12 139*	-	-	*41*	*94*	-	-	*31 295*
Change in fair value of hedged items in interest rate risk hedging	24 806	24 806	-	-	-	-	-	-	-	24 806
Financial assets measured at fair value through other comprehensive income*****	**92 181**	**92 181**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**92 157**
Debt securities	92 181	92 181	-	-	-	24	-	-	-	92 157
Banks	*54 415*	*54 415*	-	-	-	*8*	-	-	-	*54 407*
Public sector	-	-	-	-	-	-	-	-	-	-
Corporate clients	*37 766*	*37 766*	-	-	-	*16*	-	-	-	*37 750*
Contingent liabilities and other off-balance sheet items	**4 668 557**	**4 418 014**	**248 292**	**2 251**	**-**	**7 735**	**2 116**	**207**	**-**	**4 658 499**

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

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

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

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

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

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

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

	Stage 1 ≤ 30 days	*Stage 1 > 30 days ≤ 90 days*	*Stage 1 > 90 days*	*Stage 2 ≤ 30 days*	*Stage 2 > 30 days ≤ 90 days*	*Stage 2 > 90 days*	*Stage 3 ≤ 30 days*	*Stage 3 > 30 days ≤ 90 days*	*Stage 3 > 90 days*	*POCI ≤ 30 days*	*POCI > 30 days ≤ 90 days*	*POCI > 90 days*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**165 289**	**4 996**	**193**	**55 544**	**11 684**	**745**	**8 565**	**11 160**	**54 859**	**806**	**28**	**57**
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	106 977	2	-	12 087	739	2	1 136	749	18 475	526	-	24
Retail clients	58 312	4 994	193	43 457	10 945	743	7 429	10 411	36 384	280	28	33
Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
Total	**165 289**	**4 996**	**193**	**55 544**	**11 684**	**745**	**8 565**	**11 160**	**54 859**	**806**	**28**	**57**

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

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

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

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

	Gross carrying amount	*Impairment allowances*	*Recoverable value of received collateral*
Banks	-	-	-
Corporate clients	64 082	36 677	18 119
Retail clients	171 332	104 694	48 155
Total	**235 414**	**141 371**	**66 274**

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

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

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

	2024	*2023*
Collateralisation of issued loans		
Cash and cash equivalents	94 828	11 327
Guarantees	251 128	309 654
Securities	42 125	49 871
Real estate	8 145 662	7 823 945
Movables	63 570	40 758
Receivables and other collateral	133 031	139 640
Total	**8 730 344**	**8 375 195**

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

	2024	*2023*
Collateralisation of contingent liabilities and other off-balance sheet items		
Cash and cash equivalents	27 342	49 329
Guarantees	160 948	131 734
Securities	5 988	5 809
Real estate	211 382	285 898
Movables	-	1 016
Receivables and other collaterals	105 923	113 552
Total	**511 583**	**587 338**

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

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

	2024		*2023*	
	Stage 1	*Stage 2*	*Stage 1*	*Stage 2*
Loans and advances to banks	**172 880**	**277**	**194 778**	**-**
Minimum risk	-	-	-	-
Excellent credit rating	60	-	-	-
Very good credit rating	172 820	-	194 778	-
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	277	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Loans and advances to customers	**13 059 191**	**956 853**	**12 437 668**	**1 276 817**
Of which public sector:	***1 320***	***18***	***2 124***	***5***
Minimum risk	-	-	-	-
Excellent credit rating	-	-	-	-
Very good credit rating	829	18	1 622	5
Good credit rating	-	-	2	-
Standard credit rating	-	-	-	-
Ordinary credit rating	491	-	500	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Of which corporate clients without project financing:	***4 082 270***	***271 920***	***3 753 389***	***494 555***
Minimum risk	11 121	101	7 474	7
Excellent credit rating	157 496	1 420	45 715	961
Very good credit rating	1 196 182	6 218	1 372 026	6 428
Good credit rating	1 108 475	63 778	735 311	67 193
Standard credit rating	928 119	24 098	989 517	71 096
Ordinary credit rating	544 645	83 423	471 081	91 212
Sub-standard credit rating	132 742	50 072	125 040	202 100
Significantly sub-standard credit rating	3 202	9 601	6 643	10 243
Doubtful/high risk of default	287	33 209	582	45 315
Defaulted	-	-	-	-
With no assigned rating	1	-	-	-
Of which corporate clients – project financing:	***1 597 759***	***47 653***	***1 590 986***	***51 876***
Excellent project financing profile rating	1 034 235	10 133	824 293	4 430
Good project financing profile rating	562 806	4 980	766 693	17 314
Acceptable project financing profile rating	718	2 884	-	8 408
Weak project financing profile rating	-	29 656	-	21 724
Defaulted	-	-	-	-
Of which retail clients:	***7 377 842***	***637 262***	***7 091 169***	***730 381***
Excellent credit rating	-	-	-	-
Very good credit rating	1 895 384	20 152	1 744 885	85 333
Good credit rating	4 453 323	279 361	4 286 671	284 850
Ordinary credit rating	743 953	164 142	765 974	146 053
Sub-standard credit rating	233 716	173 607	217 764	214 145
Defaulted	-	-	-	-
With no assigned rating	51 466	-	75 875	-
Debt securities	**3 936 019**	**12 139**	**3 208 199**	**29 267**
Minimum risk	173 391	-	-	-
Excellent credit rating	344 160	-	237 204	5 069
Very good credit rating	3 327 155	-	2 850 681	12 045
Good credit rating	91 313	-	120 314	12 153
Standard credit rating	-	12 139	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Financial assets measured at amortised cost	**17 168 090**	**969 269**	**15 840 645**	**1 306 084**

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

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

	2024		*2023*	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Contingent liabilities and other off-balance sheet items to banks	**118 341**	**2 019**	**133 537**	**3 250**
Minimum risk	-	-	-	-
Excellent credit rating	149	-	160	-
Very good credit rating	118 042	2 000	132 929	3 250
Good credit rating	150	-	448	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	19	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Contingent liabilities and other off-balance sheet items to customers	**4 299 677**	**246 269**	**3 709 752**	**310 398**
Of which public sector:	***245***	***904***	***2 173***	***275***
Minimum risk	-	-	-	-
Excellent credit rating	-	-	-	17
Very good credit rating	236	880	1 365	258
Good credit rating	-	24	808	-
Standard credit rating	-	-	-	-
Ordinary credit rating	9	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Of which corporate clients without project financing:	***3 454 807***	***88 588***	***2 688 744***	***198 918***
Minimum risk	18 496	187	7 787	19
Excellent credit rating	269 358	692	87 578	1 435
Very good credit rating	1 221 343	17 905	1 159 829	27 547
Good credit rating	1 016 467	4 281	590 206	40 461
Standard credit rating	604 993	7 287	483 007	22 571
Ordinary credit rating	280 166	8 604	288 709	59 489
Sub-standard credit rating	41 615	41 359	68 755	27 517
Significantly sub-standard credit rating	979	1 108	2 849	3 061
Doubtful/high risk of default	138	7 158	24	10 552
Defaulted	-	-	-	-
With no assigned rating	1 252	7	-	6 266
Of which corporate clients – project financing	**255 838**	**-**	***305 437***	***10***
Excellent project financing profile rating	96 418	-	136 037	-
Good project financing profile rating	159 420	-	169 400	-
Acceptable project financing profile rating	-	-	-	-
Weak project financing profile rating	-	-	-	10
Defaulted	-	-	-	-
Of which retail clients:	***588 787***	***156 777***	***713 398***	***111 195***
Excellent credit rating	-	-	-	-
Very good credit rating	40 125	5 044	60 620	-
Good credit rating	454 562	129 508	528 030	86 772
Standard credit rating	40 715	9 276	53 978	14 608
Sub-standard credit rating	8 465	4 159	8 329	6 587
Defaulted	-	-	-	-
With no assigned rating	44 920	8 790	62 441	3 228
Contingent liabilities and other off-balance sheet items	**4 418 018**	**248 288**	**3 843 289**	**313 648**

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

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

	2024		***2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Debt securities	**92 181**	**-**	**94 718**	**6 847**
Minimum risk	-	-	-	-
Excellent credit rating	37 766	-	8 725	-
Very good credit rating	54 415	-	85 993	6 847
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Financial assets measured at fair value through other comprehensive income*	**92 181**	**-**	**94 718**	**6 847**

** Equity instruments are not included.*

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

The table below represents details of the rating scale:

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

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

	2024	***2023***
A. Agriculture, forestry and fisheries	277 499	281 627
B. Mining and quarrying	1 731	2 204
C. Industrial production	809 869	733 613
D. Supply of electricity, gas, steam and air-conditioning	264 431	323 263
E. Water supply	67 301	69 246
F. Construction	449 893	533 228
G. Wholesale and retail trade	762 480	808 053
H. Transport and storage	298 734	278 346
I. Accommodation and catering services	62 431	55 054
J. Information and communication	263 399	280 914
K. Financial and insurance activities	989 859	1 057 300
L. Real estate activities	1 477 920	1 400 732
M. Professional, scientific and technical activities	497 186	386 428
N. Administrative and support services	112 855	85 531
O. Public administration and defence, compulsory social security	2 644	4 320
P. Education	9 325	10 514
Q. Health and social assistance	125 894	124 141
R. Arts, entertainment and recreation	83 144	40 433
S. Other service activities	23 200	23 993
T. Activities of households, private households with domestic staff	7 867 138	7 660 265
Total	**14 446 933**	**14 159 205**

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

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

	2024	*2023*
Loans and advances to banks	1 497 620	3 954 543
Loans and advances to customers	178 308	193 499
Debt securities	3 134 598	2 647 142
Total	**4 810 526**	**6 795 184**

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

	Impairment allowances – Stage 1	*Impairment allowances – Stage 2*	*Impairment allowances Stage 3*	*Impairment allowances – POCI*	*Total*
As at 1 January 2024	**51 243**	**52 615**	**115 543**	**4 465**	**223 866**
Net changes due to credit risk change	(19 069)	(7 006)	57 342	(322)	30 945
Increase due to origin or acquisition	26 588	6 929	-	-	33 517
Decrease due to derecognition	(16 212)	(10 474)	(17 448)	(146)	(44 280)
Write-off	-	-	(17 783)	(92)	(17 875)
Unwinding	-	-	(126)	(61)	(187)
Foreign exchange differences and transfers	-	-	(1)	-	(1)
As at 31 December 2024	**42 550**	**42 064**	**137 527**	**3 844**	**225 985**

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

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

Sensitivity analysis of impairment allowances

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

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

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

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

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

Non-performing exposures (NPE)

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

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

The table below presents the summary of non-performing exposures as at 31 December 2024:

	Gross carrying amount	*Share of non-performing exposures*	*% coverage of non-performing exposures*
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**234 093**	**1.61%**	**60.24%**
Public sector	-	-	-
Corporate clients	64 082	1.04%	57.23%
Retail clients	170 011	2.04%	61.37%
Debt securities	**901**	**0.02%**	**100.00%**
Total	**234 994**	**1.16%**	**60.39%**

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

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

Forborne exposures

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

A key aspect when deciding whether a loan is forborne is the client's financial situation in the business sector at the time of forbearance (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 forbearance (eg change in loan terms), and if the change is treated as an easing of conditions, such loans are flagged as forborne exposures. If a loan previously classified as a non-performing loan (NPL, defaulted) and subsequently declassified as an NPL (after the reasons for default under Article 178 of the CRR ceased to exist) is modified as above (forbearance), or is in default for more than 30 days, such a loan is considered to be a non-performing exposure (NPE), regardless of whether there is a reason for default under Article 178 of the CRR. Such monitoring is performed over a two-year period after the loan is declassified as an NPL. The decision as to whether a loan is classified as defaulted and/or forborne is not a reason for the creation of a specific impairment allowance.

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

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

The Bank may provide forbearance, ie modify 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.

The summary below presents an analysis of forborne exposures as at 31 December 2024:

	Gross carrying amount	***Impairment allowances***	***Net carrying amount***
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**118 180**	**(33 044)**	**85 136**
Public sector	-	-	-
Corporate clients	80 451	(18 804)	61 647
Retail clients	37 729	(14 240)	23 489
Total	**118 180**	**(33 044)**	**85 136**

The summary below presents an analysis of forborne exposures as at 31 December 2023:

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

Defaulted loan portfolio (NPL)

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

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

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

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

	Defaulted loans (Gross carrying amount)	*Impairment allowances for defaulted loans*	*Defaulted loans (Net book value)*	*Recoverable value of received collateral for defaulted loans*
Loans and advances	**233 956**	**140 988**	**92 968**	**65 459**
Banks	-	-	-	-
Corporate clients	64 082	36 677	27 405	18 119
Retail clients	169 874	104 311	65 563	47 340
Contingent liabilities and other off-balance sheet items	**2 249**	**205**	**2 044**	**1 042**
Corporate clients	1 944	88	1 856	895
Retail clients	305	117	188	147
Total	**236 205**	**141 193**	**95 012**	**66 501**

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

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

Concentration risk by geographic region

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

	2024	*2023*
Assets	**1 797 738**	**1 553 288**
Of which Austria	*360 680*	*363 669*
Of which Czech Republic	*325 002*	*324 769*
Of which Germany	*179 282*	*110 977*
Of which Poland	*166 553*	*171 046*
Of which Croatia	*118 255*	*78 781*
Of which Hungary	*76 538*	*83 894*
Of which Lithuania	*66 542*	*34 300*
Of which Malta	*63 767*	*50 332*
Of which Bulgaria	*51 086*	*81 021*
Of which other countries (mainly EU countries)	*390 034*	*254 500*
Liabilities	**3 487 071**	**2 533 678**
Of which Austria	*2 643 928*	*1 774 273*
Of which Ukraine	*200 514*	*198 811*
Of which Germany	*185 882*	*50 101*
Of which Czech Republic	*121 702*	*96 507*
Of which Hungary	*69 076*	*68 192*
Of which Cyprus	*36 230*	*48 342*
Of which other countries (mainly EU countries)	*229 739*	*297 452*

Market risk

The Bank's market risks result from open positions in transactions with interest rate, currency, commodity and equity products that are subject to market changes. The Bank uses quantitative approaches to assess the level of market risk associated with the Bank's positions and potential losses. The Bank also applies a system of limits which take into consideration the Bank's risk management strategy. The system of limits is continuously monitored.

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

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

Currency risk

Currency risk represents the potential for loss from unfavourable movements in foreign currency exchange rates. The Bank manages currency risk by using a system of limits for open positions.

The Bank's foreign exchange (FX) position is monitored via a comprehensive system of limits taking into account the following:
- Each currency separately;
- Aggregate position;
- Specific limits reflecting the current market situation, and specifically if any turbulence occurs;
- Option limits – gamma, vega;
- Client positions which are closed back-to-back, without an impact on the Bank's currency risk;
- Stop-loss limits.

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

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

	Present value of exchange rate	***Exchange rate in sensitivity scenario***	***Bank's position in the respective currency***	***Economic loss of the Bank for a given scenario with an impact on equity***
CHF	0.9412	0.8941	(2 240)	(112)
JPY	163.0600	171.2130	1 746	(87)
CZK	25.1850	26.4443	1 084	(54)
NOK	11.7950	12.3848	1 057	(53)
CAD	1.4948	1.5695	629	(31)
Total			**2 276**	**(338)**

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

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

Items in foreign currencies

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

	2024	***2023***
Assets	**170 347**	**147 279**
Of which: USD	*65 068*	*38 314*
Of which: CZK	*91 546*	*97 970*
Of which: other currencies (PLN, HUF, GBP and other)	*13 733*	*10 995*
Liabilities	**494 656**	**568 680**
Of which: USD	*301 182*	*361 492*
Of which: CZK	*105 338*	*92 816*
Of which: other currencies (PLN, HUF, GBP and other)	*88 136*	*114 372*

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

	Net FX position as at 31 December 2024	***Net FX position as at 31 December 2023***
USD	(236 114)	(323 178)
CZK	(13 792)	5 154
Other (GBP, CHF, PLN, HUF and other)	(74 403)	(103 377)
Total net FX balance sheet position	**(324 309)**	**(421 401)**
USD	236 115	327 481
CZK	14 878	(5 053)
Other (GBP, CHF, PLN, HUF and other)	75 973	109 824
Total net FX off-balance sheet position*	**326 966**	**432 252**
Total net FX position	**2 657**	**10 851**

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

Interest rate risk

Interest rate risk is the change in the value of financial instruments due to changes in interest rates.

Interest rate risk is monitored separately for the Banking Book and the Trading Book.

The Bank uses the following methods to monitor interest rate risk:
- Gap analysis method (interest rate GAP);
- Method of market value sensitivity to yield curve shift (Basis Point Value – BPV);
- Stop-loss limit to interest rate sensitive instruments.

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

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

	Yield curve shift	***Bank's loss from yield curve shift***
EUR	+100 BPV	(68 528)
USD	-100 BPV	(1 095)
Total		**(69 623)**

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

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

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

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

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

	Non-derivative assets (2024)	*Non-derivative liabilities (2024)*	*Derivatives (2024)*	*Non-derivative assets (2023)*	*Non-derivative liabilities (2023)*	*Derivatives (2023)*
EURIBOR 1M	1 205 388	-	489 505	868 598	-	15 988
EURIBOR 3M	2 359 331	136 126	6 915 884	2 599 573	136 311	4 621 022
EURIBOR 6M	367 447	102 447	692 900	295 048	103 181	869 600
PRIBOR (1M, 3M, 6M)	21 808	-	12 543	22 779	-	1 324
Other	16 678	-	35 037	17 742	-	23 891
Total	**3 970 652**	**238 573**	**8 145 869**	**3 803 740**	**239 492**	**5 531 825**

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

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

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

	Up to 3 months included	*From 3 months to 1 year included*	*From 1 to 5 years included*	*Over 5 years included*	*Unspecified*	*Total*
Assets						
Cash and other demand deposits	10 089	-	-	-	241 815	251 904
Cash balances at central banks	1 497 618	-	-	-	-	1 497 618
Financial assets held for trading	9 538	-	-	49	13 758	23 345
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	-	-	12 045	12 045
Financial assets measured at fair value through other comprehensive income	-	10 585	81 572	-	2 300	94 457
Financial assets measured at amortised cost	5 217 435	2 230 441	7 062 631	3 772 974	135 370	18 418 851
Receivables from hedging derivatives	-	-	-	-	68 515	68 515
Other assets	-	-	-	-	31 738	31 738
Interest rate position for financial assets as at 31 December 2024	**6 734 680**	**2 241 026**	**7 144 203**	**3 773 023**	**505 541**	**20 398 473**
Liabilities						
Financial liabilities held for trading	-	-	-	-	11 070	11 070
Financial liabilities measured at amortised cost*	7 370 207	2 230 307	6 104 260	2 911 357	76 567	18 692 698
Liabilities from hedging derivatives	-	-	-	-	198 948	198 948
Provisions	-	-	-	-	61 017	61 017
Other liabilities	-	-	-	-	68 987	68 987
Interest rate position for financial liabilities as at 31 December 2024	**7 370 207**	**2 230 307**	**6 104 260**	**2 911 357**	**416 589**	**19 032 720**
Net interest rate position as at 31 December 2024	**(635 527)**	**10 719**	**1 039 943**	**861 666**	**88 952**	**1 365 753**

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

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

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

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

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

Equity price risk

Equity price risk arises from the Bank's exposure to changes in equity investment prices. Equity price risk is measured using individual exposures and by calculating and monitoring the overall equity investment position.

Commodity risk

Commodity risk is the risk of changes in commodity prices. The sensitivity analysis is used to measure and manage commodity risk.

Liquidity risk

Liquidity risk is the risk of a potential loss of the Bank's ability to settle its liabilities when they fall due.

Liquidity management is the responsibility of the Assets and Liabilities Committee (ALCO), the Treasury department and Capital Markets division. ALCO makes decisions which affect the portfolio structure to enable the Bank to meet regulatory and internally-set liquidity ratio limits.

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 calls on derivative transactions. The Bank applies a system of limits to cover expected and unexpected liabilities, sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing and credit facilities that should be in place to cover withdrawals at unexpected levels of demand.

Deposits from customers as the primary and stable source of funding for the Bank are modelled to cover all potential scenarios as regards the stability of such funds. The liquidity balance and structure are monitored on a daily basis. The system of limits includes the monitoring of short-, medium- and long-term sources of funding, which include 3 crisis scenarios: market crisis, currency crisis and a combined scenario.

The Bank monitors regulatory indicators and indicators and limits set internally and/or by the parent company (RBI).

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

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

	Up to 12 months	*Over 12 months*	*Unspecified*	*Total*
Cash and other demand deposits	251 904	-	-	251 904
Cash balances at central banks	1 497 618	-	-	1 497 618
Financial assets held for trading[3)]	9 537	51	13 757	23 345
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	12 045	12 045
Financial assets measured at fair value through other comprehensive income	10 585	81 572	2 300	94 457
Financial assets measured at amortised cost	3 305 352	14 754 652	358 847	18 418 851
Receivables from hedging derivatives[3)]	-	-	68 515	68 515
Investments in subsidiaries and associates	-	-	58 942	58 942
Non-current tangible assets and right-of-use assets	-	-	86 681	86 681
Non-current intangible assets	-	-	53 156	53 156
Deferred tax asset	-	-	51 723	51 723
Other assets	-	-	31 738	31 738
Total assets	**5 074 996**	**14 836 275**	**737 704**	**20 648 975**
Liabilities				
Financial liabilities held for trading[3)]	-	-	11 070	11 070
Financial liabilities measured at amortised cost[1)]	5 497 345	13 158 521	36 832	18 692 698
Liabilities from hedging derivatives [3)]	-	-	198 948	198 948
Provisions	-	-	61 017	61 017
Current tax liability	-	-	12 207	12 207
Other liabilities	-	-	68 987	68 987
Total liabilities	**5 497 345**	**13 158 521**	**389 061**	**19 044 927**
Net balance sheet position	**(422 349)**	**1 677 754**	**348 643**	**1 604 048**
Net off-balance sheet position[2)]	**(3 894 775)**	**(130)**	**3 995 402**	**100 497**
Cumulative balance sheet and off-balance sheet position	**(4 317 124)**	**1 677 624**	**4 344 045**	**1 704 545**

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

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

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

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

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

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

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

	Carrying amount	*Contractual cash flows*	*Remaining maturity*			
			Up to 3 months incl.	*From 3 months up to 1 year incl.*	*From 1 year up to 5 years incl.*	*Over 5 years incl.*
Non-derivative financial assets:						
Cash on hand	241 815	241 815	241 815	-	-	-
Cash balances at central banks	1 497 618	1 497 618	1 497 618	-	-	-
Other demand deposits	10 089	10 089	10 089	-	-	-
Loans and advances	14 446 934	16 585 035	3 096 326	2 354 859	5 190 371	5 943 479
Debt securities	4 056 392	4 777 801	170 877	441 979	1 250 509	2 914 436
Derivative financial assets:						
Positive fair value of financial derivatives held for trading	13 757	467 096	416 593	25 993	15 444	9 066
Positive fair value of financial derivatives held for fair value hedging	68 515	326 736	28 923	53 743	180 657	63 413

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

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

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

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

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial liabilities:						
Liabilities from debt securities held for trading	-	-	-	-	-	-
Deposits	16 004 459	16 103 849	15 144 350	728 899	230 600	-
Liabilities from issued debt securities	2 662 250	2 923 721	114 705	1 002 944	1 676 077	129 995
Other financial liabilities	46 332	46 332	11 279	7 756	24 422	2 875
Provisions	61 017	61 017	61 017	-	-	-
Other liabilities	68 987	68 987	68 987	-	-	-
Derivative financial liabilities:						
Negative fair value of financial derivatives held for trading	11 070	464 043	414 760	25 273	15 281	8 729
Negative fair value of financial derivatives held for fair value hedging	198 948	340 687	44 461	22 508	120 429	153 289

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

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Contingent liabilities and other off-balance sheet items:						
Contingent liabilities from guarantees	773 589	773 589	773 589	-	-	-
Contingent liabilities from letters of credit	28 636	28 636	28 636	-	-	-
From irrevocable loan commitments	1 227 188	1 227 188	1 227 188	-	-	-

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

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

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

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

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

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

Operational risk

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

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.

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.

OTHER DISCLOSURES

39. Contingent liabilities and other off-balance sheet items

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

	2024	***2023***
Contingent liabilities:	**802 225**	**772 086**
From financial guarantees	353 334	393 076
From other guarantees	420 255	360 288
From letters of credit	28 636	18 722
Commitments:	**3 866 332**	**3 386 812**
From irrevocable loan commitments:	1 227 188	983 003
Up to 1 year	*556 867*	*583 414*
More than 1 year	*670 321*	*399 589*
From revocable loan commitments:	2 639 144	2 403 809
Up to 1 year	*2 052 093*	*1 818 138*
More than 1 year	*587 051*	*585 671*
Total	**4 668 557**	**4 158 898**

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

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

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

The risk associated with off-balance sheet financial commitments and contingent liabilities is assessed similarly as for loans to customers, taking into account the financial position and activities of the entity to which the Bank issued the guarantee and taking into account the collateral obtained. As at 31 December 2024, the Bank created provisions for these risks amounting to EUR 10 058 thousand (as at 31 December 2023: EUR 9 628 thousand), Note "*Provisions*". As at 31 December 2024, other contingent liabilities amounted to EUR 420 thousand (as at 31 December 2023: EUR 420 thousand).

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

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

Litigations and claims

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

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

As at 31 December 2024, the Bank examined the status of legal disputes, taking into account the amount of claims made and IFRS requirements as regards the recognition of provisions and contingent liabilities in the amount of EUR 3 421 thousand (31 December 2023: EUR 4 100 thousand), which are included in the off-balance sheet accounts.

If it is probable that the Bank will be required to settle a claim and a reliable estimate of the amount can be made, the Bank creates provisions. The total provision for legal disputes amounts to EUR 22 266 thousand (31 December 2023: EUR 22 547 thousand), Note "*Provisions*". To determine the amount of provisions, the Bank uses professional judgement and relies on advice from legal counsel, taking into account all the circumstances and all available factors, including the application of publicly available information on disputes in the Slovak Republic from the past. For significant accounting estimates, see Note II.

40. Leases as a lessee (IFRS 16)

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

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

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

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

	2024	***2023***
Lease costs:	**(858)**	**(665)**
Short-term lease	(7)	(6)
Lease of low-value tangible assets	(851)	(659)

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

	2024	***2023***
Undiscounted lease liabilities:	**39 508**	**45 992**
Less than 1 year	11 199	11 040
1 to 5 years	25 358	27 645
More than 5 years	2 951	7 307

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

41. Related parties

Related parties of the Bank comprise:

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

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

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

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

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

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

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

*Related parties**	*RBI*	*RBI Group*	*Subsidiaries and associates*	*Statutory bodies and Supervisory Board***	*Other related parties*	*Total*
Loans and current accounts to banks and customers	129 123	51 819	618 652	1 099	3 801	**804 494**
Receivables from derivative financial transactions	79 318	-	-	-	-	**79 318**
Other assets	581	1 206	1 262	-	-	**3 049**
Deposits and current accounts from banks and customers	17 590	11 298	59 407	1 733	622	**90 650**
Liabilities from derivative financial transactions	204 640	27	-	-	-	**204 667**
Subordinated debt	136 126	-	-	-	-	**136 126**
Other liabilities	11 439	346	77	-	-	**11 862**
Guarantees issued	61 950	17 282	38 607	-	-	**117 839**
Loan commitments	37 000	3 532	157 479	116	825	**198 952**

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

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

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

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

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

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

Related parties*	***RBI***	***RBI Group***	***Subsidiaries and associates***	***Statutory bodies and Supervisory Board***	***Other related parties***	***Total***
Interest and dividend income	168 708	3 794	16 093	17	80	188 692
Fee and commission income	940	619	11 152	-	-	12 711
Unrealised gain/(loss) on derivative financial transactions	16 988	37	53	-	-	17 078
Operating revenues	3 249	120	2 695	-	-	6 064
Interest expense	(195 931)	(22)	(1 477)	(26)	(102)	(197 558)
Fee and commission expense	(1 189)	(12 358)	-	-	-	(13 547)
General administrative expense	(11 721)	(163)	2	(4 208)**	-	(16 090)
Total	**(18 956)**	**(7 973)**	**28 518**	**(4 217)**	**(22)**	**(2 650)**

** Groups of related parties under the IAS 24 definition*
***Wages and bonuses to the members of the Board of Directors, Supervisory Board and procura-holders*

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

Related parties*	***RBI***	***RBI Group***	***Subsidiaries and associates***	***Statutory bodies and Supervisory Board***	***Other related parties***	***Total***
Interest and dividend income	89 250	3 383	29 196	7	50	**121 886**
Fee and commission income	1 153	748	8 429	-	-	**10 330**
Unrealised gain/(loss) on derivative financial transactions	24 383	-	-	-	-	**24 383**
Operating revenues	1 302	1 541	2 591	-	-	**5 434**
Interest expense	(114 558)	(28)	(868)	(13)	(60)	**(115 527)**
Fee and commission expense	(913)	(10 197)	-	-	-	**(11 110)**
General administrative expense	(10 120)	(486)	2	(3 826)**	-	**(14 430)**
Total	**(9 503)**	**(5 039)**	**39 350**	**(3 832)**	**(10)**	**20 966**

** Groups of related parties under the IAS 24 definition*
***Wages and bonuses to the members of the Board of Directors, Supervisory Board and procura-holders*

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

In 2024 and 2023, the following remuneration was paid to the members of the Bank's statutory body:

	2024	***2023***
Short-term employee benefits	3 752	3 259
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment benefits	-	-
Total	**3 752**	**3 259**

The members of statutory body own preference shares of Tatra Banka. The terms of the preference shares are described in Note "*Equity*".

42. Average number of employees

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

	2024	***2023***
Bank employees	3 380	3 330
Of which: Members of the Board of Directors	*7*	*7*
Total	**3 380**	**3 330**

43. Capital management

In connection with the adopted new legislation 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 applies stricter rules to meet capital adequacy, liquidity and asset exposure requirements to ensure smooth compliance with this legislation 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.

As at the reporting date, for credit risk, the Bank used the standardised approach and the internal rating approach for calculating the regulatory capital requirement to cover credit risk. The general approach of internal ratings is applied by the Bank for the bulk of the non-retail portfolio. For the bulk of the retail portfolio, the advanced internal ratings-based approach is applied.

The IRB approach is used for central governments and central banks, institutions, corporate entities (including project financing, insurance companies, leasing companies and financial institutions) as of 1 January 2009, as of 1 April 2010 for the retail part of the portfolio, and as of 1 December 2013 for the SME portfolio. In connection with the approved IRB approach, the Bank continuously reassesses the performance of its rating models and subsequently ensures the required performance of the models. On 11 October 2023, the ECB approved a request of Tatra banka, a. s. to change the method of calculating RWA for credit risk from the internal rating method to the standardised method for Sovereigns class exposures.

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 Group and its business strategies to achieve an optimum compromise between the mitigation of individual risk types and augmentation of the market share, profit and return on capital. Major changes introduced by the 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.

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

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

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-weighted exposure, and with regard to Tier 1 capital expressed as its percentage of the total risk-weighted exposure and as own funds expressed as a percentage of the total risk-weighted exposure.

In 2024, the Bank complied with the level of capital adequacy defined for the Bank.

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

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

An additional own funds 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:

	2024	***2023***
Original own funds (TIER 1)	**1 287 718**	**1 286 976**
Paid-up share capital	64 326	64 326
(-) Treasury shares	(111)	(64)
Share premium	298 810	298 654
(-) Share premium – treasury shares	(2 106)	(1 134)
Funds from profit and other capital reserves	14 446	14 446
Other specific items of original own funds	914 556	914 221
Other temporary adjustments to Tier 1 capital	(2 203)	(3 473)
Additional own funds (TIER 1) (AT1 capital)	**100 000**	**100 000**
(-) Items deductible from the original own funds	**(35 488)**	**(36 474)**
(-) Intangible assets	(35 488)	(36 474)
Additional own funds (TIER 2)	**148 592**	**161 151**
Subordinated debts	131 008	135 000
IRB excess of provisions over expected losses eligible	17 584	26 151
(-) Items deductible from the original and additional own funds	**(4 754)**	**(5 211)**
(-) From the original own funds	(4 754)	(5 211)
Total own funds	**1 496 068**	**1 506 442**
Adequacy of own funds (%)	**19.46**	**19.55**
Own funds	**1 496 068**	**1 506 442**
Risk-weighted assets (RWA)	**7 686 475**	**7 704 114**
RWA from receivables recorded in the Banking Book	6 745 554	6 879 092
RWA from positions recorded in the Trading Book	14 809	14 762
RWA from operating risk – standardised approach	926 112	810 260

44. Post-balance sheet events

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

45. Approval of the separate financial statements

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

The financial statements were signed and authorised for issue on 19 February 2025 by the following bodies/persons:

a) Statutory body

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

Oliver Pichler
Member of the Board of Directors

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

Ľubica Jurkovičová
Accounting, Reporting
and Tax Director