TATRA BANKA

Member of Raiffeisen Bank International

Interim consolidated financial statements for six months ended 30 June 2024 prepared in accordance with International Accounting Standard IAS 34 as adopted by the European Union

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Interim consolidated financial statements for 6 months ended 30 June 2024
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Contents **Page**

Consolidated Statement of Profit and Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	5
I. GENERAL INFORMATION	7
II. PRINCIPAL ACCOUNTING POLICIES	12
III. SEGMENT REPORTING	33
IV. OTHER NOTES	37
1. Net interest income and dividend income	37
2. Net fee and commission income	37
3. Net profit/(loss) from financial instruments measured at fair value through profit or loss	38
4. Other operating profit/(loss)	38
5. General administrative expenses	38
6. Contribution to the Resolution Fund and the Deposit Guarantee Fund	39
7. Net modification profit/(loss)	39
8. (Creation)/release of provisions	39
9. Impairment allowances for financial assets and provisions for commitments and guarantees provided	39
10. Impairment allowances for non-financial assets	40
Movement in impairment allowances for non-financial assets:	40
11. Special levy on regulated entities	40
12. Income tax	40
13. Basic and diluted earnings per share	41
14. Cash, cash balances at central banks and other demand deposits	41
15. Financial assets held for trading	41
16. Non-trading financial assets mandatorily measured at fair value through profit or loss	42
17. Financial assets measured at fair value through other comprehensive income	42
18. Financial assets measured at amortised cost	43
19. Receivables from hedging derivatives	48
20. Non-current tangible and intangible assets and right-of-use assets	49
21. Current tax asset	52
22. Deferred tax asset	52
23. Other assets	52
24. Financial liabilities held for trading	52
25. Financial liabilities measured at amortised cost	53
26. Liabilities from hedging derivatives	56
27. Provisions	56
28. Current tax liability	57
29. Other liabilities	57
30. Equity	57
31. Valuable items received for custody and management	58
32. Sale and repurchase agreements	59
33. Assets pledged as collateral	59
34. Offsetting financial assets and liabilities	60
35. Fair value hedges relating to hedging transactions	61
36. Derivative financial instruments	63
37. Fair value of financial instruments	64
38. Risk report	68
39. Contingent liabilities and other off-balance sheet items	93
40. Leases as a lessee (IFRS 16)	94
41. Related parties	95
42. Average number of employees	96
43. Capital management	96
44. Post-balance sheet events	98
45. Approval of the separate financial statements	98

TATRA BANKA
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Consolidated statement of comprehensive income for 6 months ended 30 June 2024
prepared in accordance with International Accounting Standard IAS 34
as adopted by the European Union (in thousands of EUR)

	Note	*30.6.2024*	*30.6.2023*
Interest income calculated using the effective interest rate		404 221	313 683
Other interest income		553	480
Interest expense		(172 622)	(124 516)
Net interest income	**(1)**	**232 152**	**189 647**
Dividend income		20	40
Net interest income and dividend income	**(1)**	**232 172**	**189 687**
Fee and commission income		126 111	112 580
Fee and commission expense		(35 407)	(30 644)
Net fee and commission income	**(2)**	**90 704**	**81 936**
Net profit/(loss) from financial instruments measured at fair value through profit or loss	(3)	20 723	19 763
Other operating profit/(loss)	(4)	941	404
General administrative expenses	(5)	(149 856)	(132 242)
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(6)	(1 407)	(7 343)
Net modification profit/(loss)	(7)	-	-
(Creation)/release of provisions	(8)	279	(150)
Impairment allowances for financial assets and provisions for commitments and guarantees provided	(9)	(3 596)	(26 500)
Impairment allowances for non-financial assets	(10)	(1 545)	50
Profit before special levy on regulated entities and before income tax		**188 415**	**125 605**
Special levy on regulated entities	(11)	(39 613)	**-**
Profit before income tax		**148 802**	**125 605**
Income tax	(12)	(32 833)	(28 918)
Profit after tax		**115 969**	**96 687**
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		(265)	3 017
Income tax related to items that can be reclassified to profit or loss		55	(653)
Items that can be reclassified to profit or loss		**(210)**	**2 364**
Items that will not be reclassified to profit or loss			
Equity instruments measured at fair value through other comprehensive income		4	7
Income tax related to items that will not be reclassified to profit or loss		(1)	(2)
Items that will not be reclassified to profit or loss		**3**	**5**
Other comprehensive income after income tax		**(207)**	**2 369**
Comprehensive income after tax		**115 762**	**99 056**
Basic and diluted earnings per ordinary share (face value EUR 800) in EUR	**(13)**	**1 442**	**1 235**
Basic and diluted earnings per ordinary share (face value EUR 4 000) in EUR	**(13)**	**7 210**	**6 175**
Basic and diluted earnings per preference share (face value EUR 4) in EUR	**(13)**	**7,2**	**6,2**

TATRA BANKA
Member of Raiffeisen Bank International

Consolidated statement of financial position for 6 months ended 30 June 2024
prepared in accordance with International Accounting Standard IAS 34
as adopted by the European Union (in thousands of EUR)

	Note	*30.6.2024*	*31.12.2023*
Assets			
Cash and other demand deposits	(14)	246 707	251 002
Cash balances at central banks	(14)	996 997	3 954 534
Financial assets held for trading	(15)	45 320	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	(16)	35 912	37 231
Financial assets measured at fair value through other comprehensive income	(17)	103 159	103 690
Financial assets measured at amortised cost	(18)	18 348 056	17 553 173
Receivables from hedging derivatives	(19)	37 088	48 344
Non-current tangible assets and right-of-use assets	(20)	87 419	90 491
Non-current intangible assets	(20)	64 919	66 969
Current tax asset	(21)	130	66
Deferred tax asset	(22)	42 275	44 200
Other assets	(23)	87 210	52 465
Total assets		**20 095 192**	**22 231 147**
Equity and liabilities			
Financial liabilities held for trading	(24)	26 875	22 458
Financial liabilities measured at amortised cost	(25)	18 198 685	20 253 582
Liabilities from hedging derivatives	(26)	171 512	196 582
Provisions	(27)	56 295	62 059
Current tax liability	(28)	11 782	14 788
Other liabilities	(29)	57 713	59 346
Total liabilities		**18 522 862**	**20 608 815**
Equity (excluding current year profit)	(30)	1 456 361	1 385 172
Profit after tax		115 969	237 160
Total equity		**1 572 330**	**1 622 332**
Total equity and liabilities		**20 095 192**	**22 231 147**

TATRA BANKA
Member of Raiffeisen Bank International

Consolidated statement of changes in equity for 6 months ended 30 June 2024
prepared in accordance with International Accounting Standard IAS 34
as adopted by the European Union (in thousands of EUR)

	Share capital	***Share capital – treasury shares***	***Share premium***	***Share premium – treasury shares***	***Reserve and other funds***	***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)**	**15 676**	**(3 473)**	**911 188**	**100 000**	**237 160**	**1 622 332**
Total profit after tax										
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**237 160**	**237 160**
Other comprehensive income										
Debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	(210)	-	-	-	**(210)**
Equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	3	-	-	-	**3**
Other comprehensive income net of income tax	**-**	**-**	**-**	**-**	**-**	**(207)**	**-**	**-**	**-**	**(207)**
Total profit after tax	**-**	**-**	**-**	**-**	**-**	**(207)**	**-**	**-**	**237 160**	**115 762**
Transactions with owners recognised directly in equity										
Contributions and distributions										
Distribution of profit, of which:	-	-	-	-	**-**	-	**71 276**	-	**(237 160)**	**(165 884)**
transfer to retained earnings	-	-	-	-	-	-	*226 308*	-	*(226 308)*	**-**
dividend paid – ordinary shares	-	-	-	-	-	-	*(122 387)*	-	-	**(122 387)**
dividend paid – preference shares	-	-	-	-	-	-	*(32 645)*	-	-	**(32 645)**
*AT1 revenue payment***	-	-	-	-	-	-	-	-	*(10 852)*	**(10 852)**
Sale of treasury shares	-	248	-	4 551	-	-	-	-	-	**4 799**
Profit from the sale of ordinary and preference shares	-	-	156	-	-	-	-	-	-	**156**
Repurchase of preference shares	-	(246)	-	(4 589)	-	-	-	-	-	**(4 835)**
Total transactions with owners	**-**	**2**	**156**	**38**	**310**	**-**	**71 276**	**-**	**(237 160)**	**(165 764)**
Equity as at 30 June 2024	**64 326**	**(62)**	**298 810**	**(1 173)**	**15 676**	**(3 680)**	**982 464**	**100 000**	**115 969**	**1 572 330**

** For more information on AT1 capital, see Note 30 "Equity".*
*** Payment of proceeds from AT1 Investment Certificate (Distribution of the parent company's profit for 2023 and payment of dividends).*

TATRA BANKA
Member of Raiffeisen Bank International

Consolidated statement of changes in equity for the year ended 31 December 2023

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

	Share capital	*Share capital – treasury shares*	*Share premium*	*Share premium – treasury shares*	*Reserve and other funds*	*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)**	**15 366**	**(8 877)**	**830 820**	**100 000**	**186 775**	**1 484 450**
Effect of the implementation of amendments to IAS 12**	-	-	-	-	-	-	175	-	-	**175**
Equity as at 1 January 2023	**64 326**	**(136)**	**298 447**	**(2 271)**	**15 366**	**(8 877)**	**830 995**	**100 000**	**186 775**	**1 484 625**
Total profit after tax										
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**237 160**	**237 160**
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**	**-**	**-**	**237 160**	**242 564**
Transactions with owners recognised directly in equity										
Contributions and distributions										
Distribution of profit, of which:	-	-	-	-	**310**	-	**80 193**	-	**(186 775)**	**(106 272)**
transfer to retained earnings	-	-	-	-	*310*	-	*178 999*	-	*(179 308)*	**-**
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**	**310**	**-**	**80 193**	**-**	**(186 775)**	**(104 857)**
Equity as at 31 December 2023	**64 326**	**(64)**	**298 654**	**(1 135)**	**15 676**	**(3 473)**	**911 188**	**100 000**	**237 160**	**1 622 332**

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

TATRA BANKA
Member of Raiffeisen Bank International

Consolidated cash flow statement for 6 months ended 30 June 2024
prepared in accordance with International Accounting Standard IAS 34
as adopted by the European Union (in thousands of EUR)

	Note	*30.6.2024*	*30.6.2023*
Cash flows from operating activities			
Profit before tax		**188 415**	**125 605**
Adjustments for non-cash transactions:		***(218 924)***	***(154 583)***
Interest expense	(1)	172 622	124 516
Interest income	(1)	(404 774)	(314 163)
Dividend income	(1)	(20)	(40)
Impairment allowances, provisions for losses and other provisions, net	(8-9)	(3 465)	18 160
(Profit)/loss from the sale and other disposal of non-current assets	(4)	(88)	(71)
Unrealised (profit)/loss from financial derivatives and securities held for trading	(3)	263	1 930
Unrealised (profit)/loss from non-trading financial assets mandatorily measured at fair value through profit or loss	(3)	(563)	(469)
Net profit/(loss) from financial instruments held for trading – fair value remeasurement – for fair value hedging	(3)	(429)	278
Net (profit)/loss from the sale of securities measured at fair value through other comprehensive income	(4)	-	-
Net (profit)/loss from the sale of securities at amortised cost	(4)	-	-
Depreciation and amortisation	(5)	17 848	17 204
Transfers to tangible assets		333	153
(Profit)/loss from foreign exchange and other transactions with cash and cash equivalents	(3)	(651)	(2 081)
Cash flows from operating activities before changes in working capital, interest received and paid, and income tax paid		***(30 509)***	***(28 978)***
(Increase)/decrease in operating assets:			
Obligatory reserve with the National Bank of Slovakia	(14)	2 957 536	644 129
Loans and advances to banks and customers	(18)	(209 798)	(264 303)
Financial assets held for trading	(15)	(16 550)	(17 473)
Non-trading financial assets mandatorily measured at fair value through profit or loss	(16)	2 065	(1 197)
Other assets	(23)	(34 738)	(24 236)
Increase/(decrease) in operating liabilities:			
Deposits from customers and current bank accounts	(26)	(301 214)	(422 340)
Financial liabilities held for trading	(25)	4 367	(3 913)
Other liabilities	(29)	(1 634)	(2 409)
Cash (used in)/earned from operating activities before interest paid and received and income tax paid		***2 369 525***	***(120 720)***
Interest paid	(1)	(243 715)	(41 445)
Interest received (except for debt securities at amortised cost)	(1)	360 551	295 254
Income tax paid	(12)	(73 537)	(29 935)
Cash flows from operating activities, net		**2 412 824**	**103 154**
Cash flows from investment activities			
Purchase of debt securities at amortised cost	(18)	(635 322)	(532 729)
Increase in cash flows from debt securities at amortised cost	(18)	12 201	135 591
Purchase of debt securities measured at fair value through other comprehensive income	(17)	-	-
Increase in cash flows from debt securities measured at fair value through other comprehensive income	(17)	-	37 350
Interest received from debt securities at amortised cost	(18)	43 309	16 635
Proceeds from the sale or disposal of non-current tangible and intangible assets	(20)	128	128
Purchase of non-current tangible and intangible assets	(20)	(14 650)	(12 577)
Acquisition of subsidiary, net of cash acquired		-	(285)
Dividends received	(1)	20	40
Cash flows from investment activities, net		**(594 314)**	**(355 847)**

Consolidated cash flow statement for 6 months ended 30 June 2024
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	Note	*30.6.2024*	*30.6.2023*
Cash flows from financing activities			
(Repurchase) of preference shares	(30)	(4 836)	(3 349)
Sale of preference shares	(30)	4 955	3 985
Loans received	(26)	246 803	55 239
Loans paid	(26)	(2 213 951)	(446 606)
Subordinated debt	(26)	(27)	277
Received debt security liabilities	(26)	348 618	802 609
Repayment of debt security liabilities	(26)	(28 000)	(59 617)
Repayment of lease liabilities	(26)	(10 289)	(6 770)
Dividends paid	(30)	(165 883)	(106 273)
Cash flows from financing activities, net		**(1 822 610)**	**239 495**
Effects of exchange rate changes on cash and cash equivalents and other effects	(14)	(195)	19
Change in cash and cash equivalents		**(4 294)**	**(13 181)**
Cash and cash equivalents, beginning of the year	(14)	251 002	226 348
Cash and cash equivalents, end of the year	(14)	**246 707**	**213 167**

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

I. GENERAL INFORMATION

Scope of activities

The Tatra banka consolidated group (hereinafter the "Group") consists of the parent company, Tatra banka, a.s., Bratislava (hereinafter the "Bank" or the "Parent Company") in the legal form of a joint-stock company with its registered office at Hodžovo námestie 3, Bratislava, Slovak Republic, and 6 subsidiaries. The Bank was established on 17 September 1990 in the Slovak Republic and incorporated with the Business Register on 1 November 1990. The identification number of the Parent Company is 00 686 930; the tax identification number is 202 040 8522.

The Group offers a wide range of banking and financial services. Its core activities include receipt of deposits, provision of loans, domestic and cross-border money transfers, provision of investment services and investment activities. The valid list of all of the Group's activities is stated in the Business Register of the Parent Company, its subsidiaries and associates.

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

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

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

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

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

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

The Parent Company 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. In addition, the Group has 7 Tatra Leasing branches.

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

The members of the statutory and supervisory bodies of the Parent Company (Group) as at 30 June 2024:

Supervisory Board

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

Board of Directors

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

Changes in the Supervisory Board of the Parent Company (Group) in 2024:

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

Changes in the Board of Directors of the Parent Company (Group) in 2024:

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

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

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

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

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

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

Definition of the consolidated group:

As at 30 June 2024, the Group consisted of the Parent Company and the following companies (hereinafter the "consolidated companies"):

Company	*Direct share in %*	*Group's share in %*	*Indirect share through a company*	*Company ID*	*Core business activity*	*Consolidation method*	*Registered office*
Tatra Asset Management, správ. spol., a.s.	100%	100%	n/a	35 742 968	Asset management	Full consolidation method	Bratislava
Doplnková dôchodková spoločnosť Tatra banky, a.s.	100%	100%	n/a	36 291 111	Supplementary pension scheme	Full consolidation method	Bratislava
Tatra-Leasing, s.r.o.	100%	100%	n/a	31 326 552	Lease	Full consolidation method	Bratislava
Eurolease RE Leasing, s.r.o.	-	100%	Tatra-Leasing, s.r.o.	45 985 812	Mediation activities	Full consolidation method	Bratislava
Rent PO, s.r.o.	-	100%	Tatra-Leasing, s.r.o.	35 823 267	Lease	Full consolidation method	Bratislava
Tatra Leasing Broker, s.r.o.	11.3%	100%	Tatra-Leasing, s.r.o.	44 426 682	Lease	Full consolidation method	Bratislava

As at 31 December 2023, the Group consisted of the Parent Company and the following companies:

Company	*Direct share in %*	*Group's share in %*	*Indirect share through a company*	*Company ID*	*Core business activity*	*Consolidation method*	*Registered office*
Tatra Asset Management, správ. spol., a.s.	100%	100%	n/a	35 742 968	Asset management	Full consolidation method	Bratislava
Doplnková dôchodková spoločnosť Tatra banky, a.s.	100%	100%	n/a	36 291 111	Supplementary pension scheme	Full consolidation method	Bratislava
Tatra-Leasing, s.r.o.	100%	100%	n/a	31 326 552	Lease	Full consolidation method	Bratislava
Eurolease RE Leasing, s.r.o.	-	100%	Tatra-Leasing, s.r.o.	45 985 812	Mediation activities	Full consolidation method	Bratislava
Rent PO, s.r.o.	-	100%	Tatra-Leasing, s.r.o.	35 823 267	Lease	Full consolidation method	Bratislava
Tatra Leasing Broker, s.r.o.	11.3%	100%	Tatra-Leasing, s.r.o.	44 426 682	Lease	Full consolidation method	Bratislava

Changes in the Group during 2024

During 2024 there were no changes in the structure of the Group.

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

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 30 June 2024 was EUR 1 130 thousand; as at 31 December 2023: EUR 1 134 thousand), the Group does not expect a materially negative impact on its economic results.

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

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

Climate change

The Group considers ESG (Environmental, Social, Governance) principles to be important with respect to the long-term positive effects of responsible financing. Therefore, the Group 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 Group 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 Group 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 Group must be able to assess transactions and projects based on clear ESG criteria. In 2020, the Group's parent company proposed and implemented a harmonised definition of sustainability for loan products as binding rules for the Group'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 Group'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 Group 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 Group provides ESG loans which meet the contractual terms of the basic lending arrangement as stated above, meet the SPPI test and are measured at amortised cost.

II. PRINCIPAL ACCOUNTING POLICIES

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

a) Basis for presentation

Interim consolidated financial statements of the Group (the "financial statements") for the 6 months ended 30 June 2024 and the comparative figures for 2023 and the 6 months ended 30 June 2023, have been prepared in accordance with International Accounting Standard IAS 34 - Interim Financial Reporting as adopted by the Authorities of the European Union ("EU").

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

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

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

Purpose of preparation

Interim consolidated financial statements prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, as adopted by the European Union for the 6 months ended 30 June 2024. The interim consolidated financial statements were prepared on 5 August 2024 and published on the Parent company's website. For the purposes of these interim consolidated financial statements, the Consolidated Statement of Financial Position as at 31 December 2023 and the Separate Profit and Loss Statement and other parts of the comprehensive income for the 6 months ended 30 June 2023 are presented as comparable figures for the previous period.

These interim consolidated financial statements are not audited.

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

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

Basis of preparing the financial statements

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

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

Significant accounting judgements

The presentation of financial statements in conformity with IFRS requires the preparation of estimates and assumptions that affect the recognised amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and their recognised amounts of revenues

and expenses during the reporting period. Actual results may differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules, or other factors could subsequently result in a change in estimates which could have a material impact on the reported financial position and results of operations.

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

- The creation of impairment allowances for expected credit losses and identified future contingent liabilities involves many uncertainties concerning the outcomes of the risks mentioned above and requires the Group'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 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 30 June 2024. The item is reported in Note 9 "*Impairment allowances for financial assets and provisions for commitments and guarantees provided*".

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

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

b) Consolidation principles

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (see Note I. GENERAL INFORMATION) prepared for the year ended 30 June 2024.

IFRS 12 requires disclosures about significant judgments and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates, and in unconsolidated structured entities. Based on the prepared analysis, the Group does not have an investment in consolidated or unconsolidated structured entities.

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

I. Business combinations
The acquisition method is applied to business combinations where the Group acquires control. The consideration provided on acquisition is generally measured at fair value, as are the net assets acquired. Recognised goodwill is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. The related acquisition costs (transaction costs) are expensed as incurred, except if related to the issue of debt and equity securities.

The consideration provided does not include amounts related to the settlement of any relationships existing before business combination. Such amounts are recognised in profit or loss.

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

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

III. Non-controlling interests
Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interests in a subsidiary that do not result in a loss of control are recognised in equity.

IV. Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other equity items. Any gain or loss arising on the loss of control is recognised in profit or loss. Any non-controlling interest retained in a former subsidiary is measured at fair value at the date when control is lost.

V. Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains on transactions with entities recognised using the equity method are eliminated against the investments in such entities, up to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent of no evidence of impairment of the investment.

VI. Method of consolidation
The Bank assessed its shares in and control over its subsidiaries, joint ventures and associates with respect to IFRS 10, IFRS 11 and IFRS 12. Subsidiaries are consolidated using the full consolidation method.

c) 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 Group and are recognised in the financial statements at the actual exchange rate of the European Central Bank valid as at the date of the transaction.

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

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

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

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

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

Cash, cash balances at central banks and other demand deposits consist of cash and balances on 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 purpose of preparing the statement of cash flows (see the consolidated statement of cash flows).

e) Financial instruments

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

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

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

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

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

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

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

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

Occasional or insignificant sales, pre-maturity sales or sales which do not constitute a change in 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 Group 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 Group 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 Group 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 Group will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

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

Modification of time value of money and the benchmark test

The time value of money is the element of interest that provides consideration for the passage of time. 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 (r) “*Recognition of income and expenses: Interest, fees and commissions of an interest-rate nature*” section.

Loans are recognised by the Group in the statement of financial position when providing funds to the debtor. During this exercise, the Group creates potential liabilities that are associated with credit risk. The Group recognises potential off-balance sheet liabilities and creates provisions for such liabilities that represent the level of risk of issued guarantees, letters of credit and undrawn credit limits as at the 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 Group 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 Group 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 Group 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 Group 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 Group's equity until the moment of disposal or impairment of the given debt security. In the event of the disposal of a debt security, the cumulative gains and losses recognised in "*Revaluation reserve from financial instruments measured at fair value through other comprehensive income*" are reclassified to the statement of comprehensive income under Note 4 Other operating profit/(loss) in item "*Net profit/(loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss*".

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

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

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

Measurement of expected credit losses

The measurement of expected credit losses reflects a probability-weighted amount of loss that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and

supportable information that is available without undue cost or effort as at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

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

Significant increase in credit risk

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

Quantitative criteria

The Group uses quantitative criteria as the primary indicator of a significant increase in credit risk for all material portfolios. For quantitative staging, the Group compares the lifetime PD curve at the measurement date with the forward lifetime PD curve at the date of initial recognition. For the estimation

of the lifetime PD curve at the date of initial recognition, assumptions are made about the structure of the PD curve. For highly-rated financial instruments (i.e. instrument with higher than average rating of the portfolio), it is assumed that the PD curve will deteriorate over time. For low-rated financial instruments, it is assumed that the PD curve will improve over time. The degree of improvement or deterioration will depend on the level of the initial rating.

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

Qualitative criteria

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

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

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

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

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

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

Backstop

A backstop is applied if the financial instrument is considered to have experienced a significant increase in credit risk when a borrower is more than 30 days past due on its contractual payments. In some limited cases, the presumption that financial assets which are more than 30 days past due should be in Stage 2 is rebutted. Rebuttance can be performed only due to technical reasons (such as failed or incorrect IT processes for past due data calculation), and only in rare situations when correction of input data cannot be successfully remedied in the original IT system.

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

Definition of default and impaired assets

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

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

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

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

Explanation of inputs, assumptions and estimation techniques

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

Probability of default

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

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

Loss given default

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

Exposure at default

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

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

Discount factor

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

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

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

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

Forward-looking information

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

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

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

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

Economic scenarios used as at 30 June 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	5,75	5,48	5,42
	Downside	8,67	6,46	6,07
	Upside	4,48	4,40	4,40
Interest rates	Baseline	2,43	2,18	1,98
	Downside	3,58	2,56	2,23
	Upside	1,01	1,70	1,66
GDP growth	Baseline	2,07	2,63	2,36
	Downside	-0,48	1,78	1,79
	Upside	3,76	3,19	2,73
Real estate price index	Baseline	2,96	3,05	3,14
	Downside	2,64	2,66	2,70
	Upside	3,42	3,63	3,82

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 Group'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 Group may apply corrections of potentially incomplete information as regards the portfolio's credit quality (forward-looking information principle) as Post-Model Adjustments (PMA).

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

As at 30 June 2024, the Group applied two quantification approaches:
- "General Industry Based Approach" – based on an assessment of specific risk factors, the first step requires the identification of a high-risk industry portfolio. Subsequently, the amount of additional impairment allowances is calculated based on a simulation of the deterioration of credit rating of the counterparties (rating deterioration of clients in the identified industries by 3 grades). The simulation results in a calculation of the need for additional impairment allowances, which are subsequently allocated to individual clients from the identified industries. This approach was also applied as at 31 December 2023.
- "Specific Industry Based Approach" – method implemented in June 2023. Due to increased uncertainty and risk in the Commercial Real Estate (CRE) portfolio, RBI performed stress testing of clients classified in the CRE segment. Based on the stress testing results, the need for additional impairment allowances was calculated as an amount representing the potential amount of losses under the stress scenario conditions.

Sensitivity analysis

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

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

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

Write-offs

The Group writes off the loans and advances provided to clients if, on the basis of an in-depth analysis, it proves that there is no real expectation of another recovery or the chance of another recovery is minimal. The usual, but not the only write-off indicators are the following: (i) the debtor does not carry out any activity, no repayment has been made over the past two years and there is no collateral or (ii) the debtor is in bankruptcy, all the assets being monetised and the proceeds realised; (iii) the court has

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

Loans are written off on the basis of a valid decision of a court, Board of Directors, or another body of the Group (i.e. Problem Loan Committee and Executive Committee), in line with an internal directive on waiving their enforcement against booked impairment allowance. If the amount of the written-off receivable is higher than the impairment allowance created, further impairment allowance is created up to the amount of the written-off receivable and subsequently is derecognised from the statement of comprehensive income. The written-off receivables for which the right to recovery have not expired are recorded in the off-balance sheet. As at 30 June 2024, written-off receivables for which the right to recovery have not expired were in the amount of EUR 16 385 thousand (as at 31 December 2023: EUR 8 338 thousand).

After the write-off, the Group 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 Group, after writing off the loans and advances provided to the client, collects additional amounts from the client or obtains control over the collateral that is higher than originally estimated, the yield is recognised in the statement of comprehensive income under “*Impairment allowances for financial assets and provisions for commitments and guarantees provided*”.

Loan collateral

In terms of handling collateral, the Group 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 Group mainly accepts the following types of collateral:
- Financial collateral
- Guarantees
- Real estate
- Chattel
- Receivables
- Life insurance

In terms of legal instruments, the Group 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 Group’s internal regulations. The method of determining the value of collateral is specific for each type of collateral, and the Group respects a degree of prudence.

The value of pledged collateral is determined on a case-by-case basis for each type of collateral depending on the type of collateral and transaction, and individual risk characteristics. The value of pledged collateral is obtained by discounting the initial value of collateral obtained in valuation and revaluation. Factors based on which discounting factors are determined relate mainly to the enforceability of collateral if the counterparty defaults (e.g. type, location and condition of real estate), potential default of the security provider (e.g. credit quality and maturity of financial collateral), and other factors (the Group’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 Group 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 Group's decision on the enforcement of collateral is individual and depends on factors such as the current condition and value of the collateral, the current amount receivable, the promptness of the satisfaction of the receivable, collection-related costs etc. The relevant competent body of the Group decides which security instrument will be used in specific cases.

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

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

When the Group determines that a specific portfolio business model is to hold financial assets in order to collect contractual cash flows (or both: to collect contractual cash flows and to sell financial assets) and assumes that for the financial assets in question, the contractual cash flows do not constitute purely principal and interest payments, the Group recognises those financial assets under "*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 Group has acquired financial assets held for trading to utilise short-term price fluctuations in order to generate profits. In this category, the Group recognises securities - debt securities, treasury bills and shares. Debt securities and treasury bills are recognised by the Group in the statement of financial position line "*Financial assets held for trading*". All purchases and sales of trading securities are recognised as at the settlement date.

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

Derivative financial instruments

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

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

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

Embedded derivatives

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

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

5. Hedging derivatives

Within implementation of IFRS 9, the Group has decided to continue using the original accounting under IAS 39 in the reporting of hedging derivatives. Hedging derivatives are derivatives designed in the Group's strategy to hedge certain risks and 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 Group'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 3 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 Group cancels the hedging relationship, the derivative instrument expires or is sold, terminated, or exercised, or when the hedging relationship no longer meets the criteria for fair-value hedge accounting.

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

Cash flow hedges

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

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

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

6. Financial liabilities measured at amortised cost (AC)

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

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

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

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

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

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

f) Derecognition of financial instruments

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

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

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

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

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

g) Modification of financial instruments

Modification under IFRS 9 represents a change in the contractual cash flows of the loan/asset 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 Group 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 (eg loan for a debt security).

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

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

h) Fair value of financial instruments

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

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

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Fair value of derivative instruments is also subject to credit 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 Group classifies the respective financial instrument based on an observable market price into Level 1. If the security is not traded on the stock exchange or the NBS benchmark for the security is not disclosed, the Group measures the security at fair value derived from inputs other than quoted prices.

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

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

Transfers between valuation levels

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

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

i) Sale and repurchase agreements – repo transactions

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

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

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

j) Non-current tangible and intangible assets

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

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

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

k) Goodwill

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

l) Impairment of tangible and intangible assets

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

m) 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 Parent Company 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 20 "*Non-current tangible assets and right-of-use assets*" and a lease liability presented in Note 25 "*Financial liabilities measured at amortised cost*". The right-of-use asset is depreciated and the liability accrues interest. This results in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals. When determining the amount of a lease liability, the Group 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 Group 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 Group considers low-cost assets to be assets with a cost not exceeding EUR 5 000.

The Group as a lessor

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

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

The Group recognises lease payments under operating leases on a straight-line basis over the lease term in Note 4 "*Other operating profit/(loss)*" under "*Income from non-banking operations*".

The Group as a lessee

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

Information on leased assets is stated in Note 20 "*Non-current tangible assets and right-of-use assets*" under "*Land and buildings – Right-of-use assets*". Information on leases where the Group is a lessee is presented in Note 40 "*Lease and lessee*" (IFRS 16).

n) 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*".

o) Provisions

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

p) Provision for employee benefits

The Parent Company has a long-term employee benefit program comprising a lump-sum retirement benefit. As at 30 June 2024, the Parent Company had 3 372 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 Group also has a defined contribution plan for employees. All company contributions are included in personnel expenses in Note 5 "*General administrative expenses*".

q) 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.

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

1) Interest and interest-related charges and fees

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

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

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

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

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

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

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

2) Fee and commission income/expense

Fees and commissions 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 Group collects or pays for the provision of a specific service. Unaccrued fees include current account maintenance services, execution of payment orders, loan management, provision of information, carrying out instructions to buy and sell securities for customers, management of customer security portfolios, etc. This category also includes commissions received for mediation of insurance for customers. Accrued fees include fees for guarantees. Fees and commissions are recognised in the statement of comprehensive income in Note 2 as "*Net fee and commission income*" from financial assets and liabilities not measured at fair value.

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

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

3) Dividend income

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

4) Income to be partially returned

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

s) Basic and diluted earnings per share

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

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

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

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

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

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

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

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

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

The Group pays various local taxes and value added tax (VAT). Various 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 Group applies IFRS 8 – Operating Segments. The accounting principles related to the reported segments are consistent with the Group's accounting principles.

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

Corporate clients include all resident and non-resident companies, including state-owned companies. In terms of products, corporate clients 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 Parent Company's own account and risk originated from managing market risk positions like FX-dealing, securities and derivatives trading, money market trading, liquidity management and funding, strategic placement positioning (investment portfolio), interest rate gapping (maturity transformation).

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

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

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

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

The structure of items presented in Note III "Segment reporting" is consistent with similar items of the statement of comprehensive income.

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

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

The consolidated statement of comprehensive income and other indicators by segment as at 30 June 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	81 779	1 650	149 217	(23 501)	209 145	23 027	232 172
Net fee and commission income	14 657	4 776	72 311	(90)	91 654	(950)	90 704
From payment transfers business	*7 377*	*988*	*39 799*	*-*	*48 164*	*197*	*48 361*
From credit processing business	*3 696*	*32*	*4 506*	*-*	*8 234*	*(70)*	*8 164*
From securities business	*681*	*2 757*	*6 431*	*(90)*	*9 779*	*(359)*	*9 420*
From activities related to the management of investment and pension funds	*19*	*1 109*	*18 334*	*-*	*19 462*	*49*	*19 511*
From activities regarding mediation for third parties	*12*	*-*	*4 739*	*-*	*4 751*	*298*	*5 049*
From guarantee business	*2 810*	*206*	*127*	*-*	*3 143*	*-*	*3 143*
For other banking services	*62*	*(316)*	*(1 625)*	*-*	*(1 879)*	*(1 065)*	*(2 944)*
Net profit/(loss) from financial instruments measured at fair value through profit or loss	4 309	(459)	13 963	2 941	20 754	(31)	20 723
Other operating profit/(loss)	-	-	-	-	-	941	941
General administrative expenses	(23 074)	(2 107)	(117 237)	(1 749)	(144 167)	(5 689)	(149 856)
Net modification profit/(loss)	(401)	(67)	(1 517)	(216)	(2 201)	794	(1 407)
Contribution to the Resolution Fund and the Deposit Guarantee Fund	-	-	-	-	-	-	-
(Creation)/release of provisions	-	-	-	-	-	279	279
Impairment allowances for financial assets and provisions for commitments and guarantees provided	(2 709)	3	(1 034)	145	(3 595)	(1)	(3 596)
Impairment allowances for non-financial assets	-	-	-	-	-	(1 545)	(1 545)
Profit before special levy on regulated entities and before income tax	**74 561**	**3 796**	**115 703**	**(22 470)**	**171 590**	**16 825**	**188 415**
Special levy on regulated entities	-	-	-	-	-	(39 613)	(39 613)
Profit before income tax	**74 561**	**3 796**	**115 703**	**(22 470)**	**171 590**	**(22 788)**	**148 802**
Income tax	-	-	-	-	-	(32 833)	(32 833)
Profit after tax	**74 561**	**3 796**	**115 703**	**(22 470)**	**171 590**	**(55 621)**	**115 969**
Total assets	**4 848 453**	**651 154**	**8 841 760**	**5 177 898**	**19 519 265**	**575 927**	**20 095 192**
Total equity and liabilities	**3 761 392**	**878 545**	**10 103 831**	**1 839 445**	**16 583 213**	**3 511 979**	**20 095 192**

The consolidated statement of comprehensive income and other indicators by segment as at 30 June 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	70 822	3 238	142 335	(37 109)	**179 286**	10 401	**189 687**
Net fee and commission income	14 292	5 329	62 991	(249)	**82 363**	(427)	**81 936**
From payment transfers business	*7 822*	*1 000*	*35 675*	*(16)*	***44 481***	*(237)*	***44 244***
From credit processing business	*3 688*	*26*	*4 688*	*-*	***8 402***	*21*	***8 423***
From securities business	*185*	*2 764*	*5 045*	*(233)*	***7 761***	*(177)*	***7 584***
From activities related to the management of investment and pension funds	*23*	*1 340*	*14 348*	*-*	***15 711***	*32*	***15 743***
From activities regarding mediation for third parties	*8*	*-*	*3 878*	*-*	***3 886***	*17*	***3 903***
From guarantee business	*2 490*	*197*	*142*	*-*	***2 829***	*5*	***2 834***
For other banking services	*76*	*2*	*(785)*	*-*	***(707)***	*(88)*	***(795)***
Net profit/(loss) from financial instruments measured at fair value through profit or loss	4 080	453	11 920	3 385	**19 838**	(75)	**19 763**
Other operating profit/(loss)	-	-	-	-	**-**	404	**404**
General administrative expenses	(20 112)	(1 792)	(103 369)	(1 715)	**(126 988)**	(5 254)	**(132 242)**
Contribution to the Resolution Fund and the Deposit Guarantee Fund	(1 062)	(226)	(3 463)	(1 019)	**(5 770)**	(1 573)	**(7 343)**
Net modification profit/(loss)	-	-	-	-	**-**	-	**-**
(Creation)/release of provisions	-	-	-	-	**-**	(150)	**(150)**
Impairment allowances for financial assets and provisions for commitments and guarantees provided	6 772	(323)	(32 549)	(400)	**(26 500)**	-	**(26 500)**
Impairment allowances for non-financial assets	-	-	-	-	**-**	50	**50**
Profit before income tax	**74 792**	**6 679**	**77 865**	**(37 107)**	**122 229**	**3 376**	**125 605**
Income tax	-	-	-	-	**-**	(28 918)	**(28 918)**
Profit after tax	**74 792**	**6 679**	**77 865**	**(37 107)**	**122 229**	**(25 542)**	**96 687**
Total assets	**4 795 753**	**616 415**	**8 671 195**	**7 150 359**	**21 233 722**	**476 345**	**21 710 067**
Total equity and liabilities	**3 034 988**	**1 647 347**	**9 902 886**	**4 226 002**	**18 811 223**	**2 898 844**	**21 710 067**

IV. OTHER NOTES

1. Net interest income and dividend income

	30.6.2024	*30.6.2023*
Interest income calculated using the effective interest rate:	**404 221**	**313 683**
From loans and advances to banks measured at amortised cost	51 671	66 171
From loans and advances to customers measured at amortised cost	289 081	219 449
From finance lease	8 553	6 289
From debt securities measured at amortised cost	41 410	20 292
From debt securities measured at fair value through other comprehensive income	521	453
From derivatives – hedge accounting, interest rate risk	12 985	1 029
Other interest income:	**553**	**480**
From debt securities held for trading	256	316
From derivates held from trading	279	146
From financial liabilities	-	2
From other interest income	18	16
Interest expense:	**(172 622)**	**(124 516)**
On deposits from banks	(25 492)	(41 406)
On deposits from customers	(76 067)	(34 818)
On subordinated debts	(4 300)	(3 390)
On liabilities from debt securities issued by the Bank measured at amortised cost	(34 697)	(26 379)
On derivatives – hedge accounting, interest rate risk	(30 952)	(17 724)
On liabilities from debt securities designated as measured at fair value through other comprehensive income	(141)	(62)
On loans and deposits measured at amortised cost (including negative interest)	-	(11)
On lease liabilities	(379)	(298)
On other interest expense	(594)	(428)
Net interest income	**232 152**	**189 647**
Dividend income:	**20**	**40**
From dividends from financial assets measured at fair value through other comprehensive income	20	40
Net interest and dividend income	**232 172**	**189 687**

2. Net fee and commission income

	30.6.2024	*30.6.2023*
Total fee and commission income:	**126 111**	**112 580**
Fee and commission income related to IFRS 15	**122 967**	**109 745**
From payment transfers business	77 847	70 327
From credit processing business	9 249	9 386
From securities business	10 303	8 321
From activities regarding investment and pension fund management	19 553	15 762
From activities regarding mediation for third parties	5 172	4 007
From other banking services	843	1 942
Other fee and commission income	**3 144**	**2 835**
From guarantee business	3 144	2 835
Total fee and commission expenses:	**(35 407)**	**(30 644)**
From payment transfers business	(29 486)	(26 083)
From credit processing business	(1 085)	(963)
From securities business	(883)	(737)
From activities regarding investment and pension fund management	(42)	(19)
From activities regarding mediation for third parties	(123)	(104)
From other banking services	(3 787)	(2 737)
From guarantees business	(1)	(1)
Net fee and commission income	**90 704**	**81 936**

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

	30.6.2024	*30.6.2023*
Net profit/(loss) from debt securities:	**2 835**	**1 960**
Revaluation to fair value	523	450
Profit/(loss) from securities sold	2 312	1 510
Interest rate transactions- loans and advances to clients:	**(29)**	**193**
Revaluation to fair value	(29)	193
Net profit/(loss) from derivatives:	**2 982**	**1 654**
Derivatives - interest rate contracts	(10)	(22)
Derivatives - currency contracts	2 992	1 676
Net profit/(loss) from hedge accounting:	**429**	**(278)**
Revaluation to fair value of hedging instruments	11 452	17 668
Revaluation to fair value of hedged items	(11 023)	(17 946)
Foreign exchange differences	**14 506**	**16 234**
Total	**20 723**	**19 763**

4. Other operating profit/(loss)

	30.6.2024	*30.6.2023*
Profit / (loss) from loans and advances sold	-	1
Income from non-banking operations	1 901	1 774
Other operating income	990	633
Net loss from disposal of non-current tangible and intangible assets	-	(75)
Other operating expenses	(1 950)	(1 928)
Total	**941**	**404**

5. General administrative expenses

	30.6.2024	*30.6.2023*
Personnel costs:	**(88 340)**	**(75 471)**
Wages and salaries	(62 163)	(53 613)
Social security costs	(22 770)	(19 274)
Other social expenses	(3 148)	(2 606)
(Creation)/release of provisions for employee benefits	(259)	22
Other administrative expenses:	**(43 667)**	**(39 567)**
Costs of premises	(5 330)	(5 480)
Costs of information technology	(15 011)	(13 605)
Communication costs	(1 416)	(1 282)
Legal and consultancy costs*	(5 662)	(5 536)
Advertising and entertainment expenses	(8 796)	(7 516)
Consumption of stationeries	(251)	(272)
Transport and processing of cash	(423)	(340)
Travel costs	(754)	(663)
Education of employees	(1 501)	(1 395)
Other taxes and charges	(132)	(155)
Other expenses	(4 391)	(3 323)
Depreciation and amortisation of non-current tangible and intangible assets:	**(17 849)**	**(17 204)**
Non-current tangible assets and right-of-use assets	(11 186)	(10 785)
of which: right-of-use assets	(5 608)	(5 482)
Non-current intangible assets	(6 663)	(6 419)
Total	**(149 856)**	**(132 242)**

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

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

	30.6.2024	***30.6.2023***
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 Group as defined in the Bank Recovery and Resolution Directive 2016/59/EU.*

7. Net modification profit/(loss)

	30.6.2024	***30.6.2023***
Financial assets measured at amortised cost:	**-**	**-**
Net modification profit/(loss) – Stage 1	-	-
Net modification profit/(loss) – Stage 2	-	-
Net modification profit/(loss) – Stage 3	-	-
Total	**-**	**-**

8. (Creation)/release of provisions

	30.6.2024	***30.6.2023***
(Creation)/release of provisions for:	**279**	**(150)**
(Creation)/release of provisions for litigations	279	(150)
Total	**279**	**(150)**

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

	30.6.2024	***30.6.2023***
Provisions for commitments and guarantees provided (Stage 1):	**(182)**	**(2 612)**
(Creation)/release	(182)	(2 612)
Provisions for commitments and guarantees provided (Stage 2):	**754**	**2 304**
(Creation)/release	754	2 304
Provisions for commitments and guarantees provided (Stage 3):	**(778)**	**22**
(Creation)/release	(778)	22
Total	**(206)**	**(286)**

	30.6.2024	***30.6.2023***
Impairment allowances for financial assets without increase in credit risk since initial recognition (Stage 1):	**2 859**	**(7 153)**
(Creation)/release	2 859	(7 153)
Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2):	**11 797**	**(10 419)**
(Creation)/release	11 797	(10 419)
Impairment allowances for financial assets, credit impaired (Stage 3):	**(19 023)**	**(8 293)**
(Creation)/release	(19 023)	(8 293)
Impairment allowances for financial assets (POCI):	**977**	**(349)**
(Creation)/release	977	(349)
Total	**(3 390)**	**(26 214)**

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

10. Impairment allowances for non-financial assets

Movement in impairment allowances for non-financial assets:

	30.6.2024	*30.6.2023*
(Creation)/release of impairment allowances for non-current tangible assets	1	-
(Creation)/release of impairment allowances for non-current intangible assets	(1 553)	-
(Creation)/release of impairment allowances for other assets	7	50
Total	**(1 545)**	**50**

11. Special levy on regulated entities

	30.6.2024	*30.6.2023*
Special levy on regulated entities	(39 613)	-
Total	**(39 613)**	-

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

12. Income tax

	30.6.2024	*30.6.2023*
Current tax expense	(30 854)	(27 461)
Deferred tax (expense)/income	(1 979)	(1 457)
Total	**(32 833)**	**(28 918)**

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

Deferred tax assets and liabilities as at 30 June 2024 and as at 31 December 2023 relate to the following items:

	Book value	*Tax value*	*Permanent difference*	*Temporary difference*	*30.6.2024*	*31.12.2023*
Deferred tax assets						
Financial assets measured at amortised cost	18 348 056	18 568 095	103 547	116 492	24 463	24 383
Financial assets measured at fair value through other comprehensive income	103 159	107 888	-	4 729	993	940
Financial liabilities measured at amortised cost	18 198 685	18 204 732	-	6 047	1 270	1 457
Non-current tangible assets and right-of-use assets	152 338	168 243	-	15 905	3 340	2 708
Other assets	87 210	92 522	1 015	4 297	902	1 035
Provisions	56 295	692	32 424	23 179	4 868	6 085
Other liabilities	57 713	24 407	2 646	30 660	6 439	7 592
Total					**42 275**	**44 200**
Net deferred tax asset/(liability)					**42 275**	**44 200**

The Group regularly tests the recognition of loan receivables upon their write-off for tax purposes and based on the results, it adjusts the percentage of the estimate of tax deductibility of impairment allowances for credit losses. Accordingly, as at 30 June 2024 the Group did not recognise a deferred tax

asset in the amount of EUR 22 955 thousand (31 December 2023: EUR 23 011 thousand) with regard to part of the impairment allowances for expected credit losses and provisions for commitments and guarantees provided.

13. Basic and diluted earnings per share

30.6.2024	***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:	87 426	15 108	13 228
Weighted average number of shares outstanding during the period	60 616	2 095	1 834 278
Basic and diluted earnings per share	**1 442**	**7 210**	**7,2**

30.6.2023	***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:	74 850	12 935	11 271
Weighted average number of shares outstanding during the period	60 616	2 095	1 825 558
Basic and diluted earnings per share	**1 235**	**6 175**	**6,2**

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

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

	30.6.2024	***31.12.2023***
Cash on hand	210 357	223 137
Cash balances at central banks	996 997	3 954 534
Other demand deposits	36 350	27 865
Total	**1 243 704**	**4 205 536**

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

15. Financial assets held for trading

	30.6.2024	***31.12.2023***
Positive fair value of financial derivatives held for trading	**21 532**	**24 405**
Interest rate contracts	17 256	19 894
Currency contracts	4 276	4 511
Debt securities	**23 788**	**4 577**
Government bonds	23 788	4 577
Total	**45 320**	**28 982**

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

	30.6.2024	*31.12.2023*
Equity securities, debt securities and other securities with variable yield	**9 570**	**15 449**
Equity securities	-	6 079
Debt securities	5 837	5 484
Mutual fund certificates*	3 733	3 886
Loans and advances to customers	**26 342**	**21 782**
Loans and advances provided to corporate clients	26 342	21 782
Total	**35 912**	**37 231**

** The Group 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 30 June 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

	30.6.2024	*31.12.2023*
Debt securities	**100 860**	**101 503**
Government bonds	-	-
Bonds issued by a bank sector	64 529	64 213
Bonds issued by other sectors	36 331	37 290
Equity instruments	**2 299**	**2 187**
Equity securities	2 299	2 187
Total	**103 159**	**103 690**

Classification of debt securities measured at fair value through other comprehensive income as at 30 June 2024:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Debt securities	**100 916**	**(56)**	**100 860**
Government bonds	-	-	-
Bonds issued by a bank sector	64 552	(23)	64 529
Bonds issued by other sectors	36 364	(33)	36 331
Total	**100 916**	**(56)**	**100 860**

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

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

18. Financial assets measured at amortised cost

Classification of financial assets measured at amortised cost as at 30 June 2024:

	Gross carrying amount	***Impairment allowances***	***Net carrying amount***
Loans and advances to banks	**184 205**	**(2)**	**184 203**
Money-market business	113 502	-	113 502
Reverse repo transactions	70 150	-	70 150
Other loans and advances to banks	553	(2)	551
Loans and advances to customers	**14 572 428**	**(247 115)**	**14 325 313**
Overdraft loans and current account overdrafts	935 227	(23 643)	911 584
Receivables from credit cards	120 502	(4 928)	115 574
Factoring and loans covered by bills of exchange	88 640	(513)	88 127
Mortgage and housing loans	5 547 191	(28 943)	5 518 248
Home Equity Loans	1 093 091	(6 764)	1 086 327
Consumer loans	1 381 912	(93 609)	1 288 303
Finance lease receivables	367 942	(14 418)	353 524
Investment, operating and other loans	5 037 923	(74 297)	4 963 626
Change in the fair value of hedged items in interest rate risk hedging – Loans and advances to customers	**(881)**	**-**	**(881)**
Debt securities	**3 840 729**	**(1 308)**	**3 839 421**
Treasury bills	27 881	-	27 881
Government bonds	3 569 308	(1 108)	3 568 200
Bonds issued by a bank sector	212 544	(44)	212 500
Bonds issued by other sectors	30 996	(156)	30 840
Total	**18 596 481**	**(248 425)**	**18 348 056**

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
Loans and advances to customers	**14 351 046**	**(246 276)**	**14 104 770**
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	1 288 592	(88 646)	1 199 946
Finance lease receivables	386 358	(13 540)	372 818
Investment, operating and other loans	4 921 977	(75 595)	4 846 382
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	**17 800 827**	**(247 654)**	**17 553 173**

As at 30 June 2024, the total amount of syndicated loans managed by the Group was in the amount of EUR 1 486 843 thousand (31 December 2023: EUR 1 396 167 thousand). The Group's share amounted to EUR 556 420 thousand (31 December 2023: EUR 501 882 thousand). Syndicated loans are included in "*Investment, operating and other loans*".

Classification of financial assets measured at amortised cost by customer group as at 30 June 2024:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Banks	396 749	(46)	396 703
Public sector	3 600 634	(1 108)	3 599 526
Corporate clients	6 086 327	(80 914)	6 005 413
Retail clients	8 512 771	(166 357)	8 346 414
Total	**18 596 481**	**(248 425)**	**18 348 056**

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	3 058 883	(1 234)	3 057 649
Corporate clients	5 970 043	(80 455)	5 889 588
Retail clients	8 413 979	(165 910)	8 248 069
Total	**17 800 827**	**(247 654)**	**17 553 173**

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

Movements in impairment allowances for losses from financial assets measured at amortised cost as at 30 June 2024:

	As at 1 January 2024	*Creation/ (Release)**	*Use*	*Transfers, FX differences*	*As at 30 June 2024*
Impairment allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**58 934**	**(2 851)**	**-**	**-**	**56 083**
Banks	-	-	-	-	-
Corporate clients	28 273	1 237	-	-	29 510
Retail clients	29 449	(4 059)	-	-	25 390
Debt securities	1 212	(29)	-	-	1 183
Impairment allowances for financial assets with significant increase in credit risk since initial recognition, but not credit impaired (Stage 2)	**55 281**	**(12 167)**	**-**	**-**	**43 114**
Banks	-	2	-	-	2
Corporate clients	17 509	(3 725)	-	-	13 784
Retail clients	37 606	(8 403)	-	-	29 203
Debt securities	166	(41)	-	-	125
Specific impairment allowances for individually and collectively assessed items (Stage 3)	**128 168**	**18 698**	**(2 015)**	**(45)**	**144 806**
Banks	-	-	-	-	-
Corporate clients	30 354	5 322	(1 779)	61	33 958
Retail clients	97 814	13 376	(236)	(106)	110 848
Debt securities	-	-	-	-	-
Impairment allowances for financial assets recognised as impaired on initial recognition (POCI)	**5 271**	**(736)**	**(87)**	**(26)**	**4 422**
Banks	-	-	-	-	-
Corporate clients	4 230	(671)	(24)	(29)	3 506
Retail clients	1 041	(65)	(63)	3	916
Debt securities	-	-	-	-	-
Total	**247 654**	**2 944**	**(2 102)**	**(71)**	**248 425**

**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 (76) thousand.*

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

	As at 1 January 2023	*Creation/ (Release)**	*Use*	*Transfers, FX differences*	*As at 31 December 2023*
Impairment allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	**40 789**	**18 145**	**-**	**-**	**58 934**
Banks	-	-	-	-	-
Corporate clients	23 707	4 566	-	-	28 273
Retail clients	16 247	13 202	-	-	29 449
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)	**61 253**	**(5 972)**	**-**	**-**	**55 281**
Banks	-	-	-	-	-
Corporate clients	18 682	(1 173)	-	-	17 509
Retail clients	42 521	(4 915)	-	-	37 606
Debt securities	50	116	-	-	166
Specific impairment allowances for individually and collectively assessed items (Stage 3)	**138 579**	**17 754**	**(28 364)**	**199**	**128 168**
Banks	-	-	-	-	-
Corporate clients	47 384	(5 319)	(11 794)	83	30 354
Retail clients	91 195	23 073	(16 570)	116	97 814
Debt securities	-	-	-	-	-
Impairment allowances for financial assets recognised as impaired on initial recognition (POCI)	**5 322**	**1 037**	**(512)**	**(576)**	**5 271**
Banks	-	-	-	-	-
Corporate clients	3 919	1 268	(404)	(553)	4 230
Retail clients	1 403	(231)	(108)	(23)	1 041
Debt securities	-	-	-	-	-
Total	**245 943**	**30 964**	**(28 876)**	**(377)**	**247 654**

**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 251 thousand.*

The following table represents the carrying amount of transfers between the impairment stages for financial assets measured at amortised cost and contingent liabilities and other off-balance sheet items as at 30 June 2024:

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**334 288**	**308 511**	**4 285**	**39 745**	**3 914**	**17 643**
Corporate clients	121 272	79 032	1 579	15 145	124	1 683
Retail clients	213 016	229 479	2 706	24 600	3 790	15 960
Debt securities	**12 126**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**36 380**	**22 580**	**385**	**6 190**	**12**	**64**
Banks	-	-	-	-	-	-
Corporate clients	23 293	16 981	383	6 178	-	-
Retail clients	13 087	5 599	2	12	12	64
Total	**382 794**	**331 091**	**4 670**	**45 935**	**3 926**	**17 707**

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 30 June 2024:

	From Stage 2 to Stage 1	***From Stage 1 to Stage 2***	***From Stage 3 to Stage 2***	***From Stage 2 to Stage 3***	***From Stage 3 to Stage 1***	***From Stage 1 to Stage 3***
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**(14 260)**	**(4 412)**	**(988)**	**(5 489)**	**(1 258)**	**(662)**
Corporate clients	(2 691)	(722)	(34)	(2 363)	(128)	(30)
Retail clients	(11 569)	(3 690)	(954)	(3 126)	(1 130)	(632)
Debt securities	**(98)**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**(312)**	**(24)**	**(3)**	**(357)**	**(10)**	**-**
Banks	-	-	-	-	-	-
Corporate clients	(166)	(13)	-	(357)	-	-
Retail clients	(146)	(11)	(3)	-	(10)	-
Total	**(14 670)**	**(4 436)**	**(991)**	**(5 846)**	**(1 268)**	**(662)**

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 30 June 2024:

	From Stage 2 to Stage 1	***From Stage 1 to Stage 2***	***From Stage 3 to Stage 2***	***From Stage 2 to Stage 3***	***From Stage 3 to Stage 1***	***From Stage 1 to Stage 3***
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**3 471**	**13 101**	**190**	**16 069**	**41**	**8 343**
Corporate clients	1 225	2 225	25	7 278	-	1 051
Retail clients	2 246	10 876	165	8 791	41	7 292
Debt securities	**2**	**-**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**125**	**276**	**-**	**933**	**-**	**25**
Banks	-	-	-	-	-	-
Corporate clients	102	66	-	927	-	-
Retail clients	23	210	-	6	-	25
Total	**3 598**	**13 377**	**190**	**17 002**	**41**	**8 368**

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

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**980 748**	**666 204**	**4 184**	**64 870**	**2 911**	**19 196**
Corporate clients	262 229	229 582	707	25 187	676	373
Retail clients	718 519	436 622	3 477	39 683	2 235	18 823
Debt securities	**-**	**23 961**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**662 218**	**72 206**	**1**	**246**	**102**	**14**
Banks	-	3 250	-	-	-	-
Corporate clients	629 257	58 827	-	206	93	-
Retail clients	32 961	10 129	1	40	9	14
Total	**1 642 966**	**762 371**	**4 185**	**65 116**	**3 013**	**19 210**

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

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

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	**(21 534)**	**(2 978)**	**(1 360)**	**(5 603)**	**(1 278)**	**(433)**
Corporate clients	(4 430)	(1 645)	(64)	(1 852)	(52)	(4)
Retail clients	(17 104)	(1 333)	(1 296)	(3 751)	(1 226)	(429)
Debt securities	**-**	**(3)**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**(2 387)**	**(187)**	**-**	**(1)**	**(2)**	**-**
Banks	-	-	-	-	-	-
Corporate clients	(2 117)	(174)	-	-	-	-
Retail clients	(270)	(13)	-	(1)	(2)	-
Total	**(23 921)**	**(3 168)**	**(1 360)**	**(5 604)**	**(1 280)**	**(433)**

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

	From Stage 2 to Stage 1	*From Stage 1 to Stage 2*	*From Stage 3 to Stage 2*	*From Stage 2 to Stage 3*	*From Stage 3 to Stage 1*	*From Stage 1 to Stage 3*
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**5 591**	**18 420**	**207**	**20 282**	**22**	**8 935**
Corporate clients	1 624	5 547	36	4 429	-	52
Retail clients	3 967	12 873	171	15 853	22	8 883
Debt securities	**-**	**124**	**-**	**-**	**-**	**-**
Commitments and financial guarantees provided	**1 286**	**310**	**-**	**27**	**-**	**11**
Banks	-	-	-	-	-	-
Corporate clients	1 233	200	-	-	-	-
Retail clients	53	110	-	27	-	11
Total	**6 877**	**18 854**	**207**	**20 309**	**22**	**8 946**

Balance of finance lease receivables as at 30 June 2024 and 31 December 2023:

	30.6.2024	*31.12.2023*
Gross investment	**413 968**	**434 081**
Less than 3 months	41 710	43 729
3 months to 1 year	87 691	90 079
1 to 5 years	228 602	240 149
More than 5 years	55 965	60 124
Unrealised finance income	**46 026**	**47 723**
Less than 3 months	3 966	3 944
3 months to 1 year	10 368	10 379
1 to 5 years	25 005	25 934
More than 5 years	6 687	7 466
Net investment	**367 942**	**386 358**
Less than 3 months	37 744	39 785
3 months to 1 year	77 323	79 700
1 to 5 years	203 597	214 215
More than 5 years	49 278	52 658

Assets leased under finance lease:

	30.6.2024	*31.12.2023*
Lease of vehicles	184 543	196 320
Lease of real estate	70 440	70 521
Lease of movable assets	112 959	119 517
Total	**367 942**	**386 358**

19. Receivables from hedging derivatives

	30.6.2024	*31.12.2023*
Positive fair value of financial derivatives for fair value hedging of interest rate risk	**37 088**	**48 344**
Interest–rate contracts	37 088	48 344
Total	**37 088**	**48 344**

A detailed overview of receivables from hedging derivatives is shown in Note 35 “*Fair value hedges relating to hedging transaction*s”.

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

Movements in non-current tangible assets for own use as at 30 June 2024:

	*Land and buildings – Operating lease**	*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	**1 548**	**82 628**	**34 075**	**48 188**	**17 094**	**4 970**	**4 862**	**193 365**
Additions	-	-	-	-	-	-	8 475	8 475
Disposals	(76)	(493)	(51)	(503)	(83)	(357)	-	(1 563)
Transfer from own use to non-current assets held for sale	-	-	-	-	-	-	-	-
Transfer from tangible assets under construction	-	3 293	2 040	3 083	952	919	(10 287)	-
30 June 2024	**1 472**	**85 428**	**36 064**	**50 768**	**17 963**	**5 532**	**3 050**	**200 277**
Accumulated depreciation								
1 January 2024	**(469)**	**(41 022)**	**(17 927)**	**(32 853)**	**(8 563)**	**(2 040)**	**-**	**(102 874)**
Depreciation charges	(140)	(5 608)	(1 200)	(3 093)	(871)	(274)	-	(11 186)
Disposals	97	140	51	502	82	329	-	1 201
Transfer from own use to non-current assets held for sale	-	-	-	-	-	-	-	-
Impairment allowance	-	-	-	-	-	1	-	1
30 June 2024	**(512)**	**(46 490)**	**(19 076)**	**(35 444)**	**(9 352)**	**(1 984)**	**-**	**(112 858)**
Carrying amount as at 1 January 2024	**1 079**	**41 606**	**16 148**	**15 335**	**8 531**	**2 930**	**4 862**	**90 491**
Carrying amount as at 30 June 2024	**960**	**38 938**	**16 988**	**15 324**	**8 611**	**3 548**	**3 050**	**87 419**

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

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

	*Land and buildings – Operating lease**	*Land and buildings – Right-of-use of assets*	*Land and buildings*	*Machinery & equipment*	*Other non-current assets*	*Vehicles*	*Assets under construction*	*Total*
Cost								
1 January 2023	**1 409**	**80 882**	**31 331**	**51 139**	**17 582**	**4 475**	**5 400**	**192 218**
Additions	-	-	-	-	-	-	20 935	20 935
Disposals	(375)	(6 264)	(3 591)	(9 634)	(1 640)	(502)	-	(22 006)
Transfer from own use to non-current assets held for sale	-	-	2 218	-	-	-	-	2 218
Transfer from tangible assets under construction	514	8 010	4 117	6 683	1 152	997	(21 473)	-
31 December 2023	**1 548**	**82 628**	**34 075**	**48 188**	**17 094**	**4 970**	**4 862**	**193 365**
Accumulated depreciation								
1 January 2023	**(227)**	**(35 749)**	**(16 645)**	**(36 310)**	**(8 422)**	**(2 050)**	**-**	**(99 403)**
Depreciation charges	(295)	(11 093)	(2 245)	(6 166)	(1 688)	(516)	-	(22 003)
Disposals	102	5 820	2 919	9 623	1 547	526	-	20 537
Transfer from own use to non-current assets held for sale	-	-	(1 687)	-	-	-	-	(1 687)
Impairment allowance	(49)	-	(269)	-	-	-	-	(318)
31 December 2023	**(469)**	**(41 022)**	**(17 927)**	**(32 853)**	**(8 563)**	**(2 040)**	**-**	**(102 874)**
Carrying amount as at 1 January 2023	**1 182**	**45 133**	**14 686**	**14 829**	**9 160**	**2 425**	**5 400**	**92 815**
Carrying amount as at 31 December 2023	**1 079**	**41 606**	**16 148**	**15 335**	**8 531**	**2 930**	**4 862**	**90 491**

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

Movements in intangible assets as at 30 June 2024:

	Software	*Goodwill*	*Other intangible assets*	*Intangible assets under construction*	*Total*
Cost					
1 January 2024	**139 279**	**12 876**	**4 367**	**12 787**	**169 309**
Additions	-	-	-	6 176	6 176
Disposals	-	-	-	-	-
Transfer from intangible assets under construction	6 783	-	-	(6 783)	-
30 June 2024	**146 062**	**12 876**	**4 367**	**12 180**	**175 485**
Accumulated amortisation					
1 January 2024	**(96 526)**	**-**	**(4 367)**	**(1 447)**	**(102 340)**
Amortisation charges	(6 663)	-	-	-	(6 663)
Disposals	(10)	-	-	-	(10)
Impairment allowance	(1 553)	-	-	-	(1 553)
30 June 2024	**(104 752)**	**-**	**(4 367)**	**(1 447)**	**(110 566)**
Carrying amount as at 1 January 2024	**42 753**	**12 876**	**-**	**11 340**	**66 969**
Carrying amount as at 30 June 2024	**41 310**	**12 876**	**-**	**10 733**	**64 919**

Movements in intangible assets as at 31 December 2023:

	Software	*Goodwill*	*Other intangible assets*	*Intangible assets under construction*	*Total*
Cost					
1 January 2023	**134 150**	**12 876**	**4 367**	**9 953**	**161 346**
Additions	-	-	-	17 510	17 510
Disposals	(9 547)	-	-	-	(9 547)
Transfer from intangible assets under construction	14 676	-	-	(14 676)	-
31 December 2023	**139 279**	**12 876**	**4 367**	**12 787**	**169 309**
Accumulated amortisation					
1 January 2023	**(93 235)**	**-**	**(3 364)**	**-**	**(96 599)**
Amortisation charges	(12 801)	-	(1 003)	-	(13 804)
Disposals	9 721	-	-	-	9 721
Impairment allowance	(211)	-	-	(1 447)	(1 658)
31 December 2023	**(96 526)**	**-**	**(4 367)**	**(1 447)**	**(102 340)**
Carrying amount as at 1 January 2023	**40 915**	**12 876**	**1 003**	**9 953**	**64 747**
Carrying amount as at 31 December 2023	**42 753**	**12 876**	**-**	**11 340**	**66 969**

Development of goodwill in the periods:

	30.6.2024	*31.12.2023*
As at 1 January	12 875	12 875
Additions	-	-
Impairment allowance	-	-
Carrying amount	**12 875**	**12 875**

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

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

In 2021, the Group acquired a 100% share in IMPULS-LEASING Slovakia s.r.o. Goodwill in the amount of EUR 655 thousand arose on the acquisition.

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

21. Current tax asset

	30.6.2024	*31.12.2023*
Tax asset – current	130	66
Total	**130**	**66**

22. Deferred tax asset

	30.6.2024	*31.12.2023*
Tax asset – deferred	42 275	44 200
Total	**42 275**	**44 200**

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

23. Other assets

	30.6.2024	*31.12.2023*
Prepayments and other deferrals	26 889	25 271
Inventories	915	1 005
Lease-related advances	57 561	24 388
Other assets	1 845	1 801
Total	**87 210**	**52 465**

24. Financial liabilities held for trading

	30.6.2024	*31.12.2023*
Negative fair value of financial derivatives held for trading	**16 818**	**22 458**
Interest rate contracts	15 453	18 711
Currency contracts	1 365	3 747
Liabilities from debt securities held for trading	**10 057**	**-**
Total	**26 875**	**22 458**

25. Financial liabilities measured at amortised cost

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

	30.6.2024	***31.12.2023***
Deposits from banks	**549 490**	**2 549 688**
Current accounts and interbank settlement	14 728	4 200
Money-market business	3 366	608
Loans received	395 112	2 408 569
Subordinated debt	136 284	136 311
Deposits from customers	**15 328 895**	**15 694 256**
Current accounts and settlement	11 614 508	12 277 206
Time deposits	3 714 028	3 416 659
Savings deposits	256	253
Loans received	103	138
Change in the fair value of hedged items in interest rate risk hedging – Deposits from customers	**(70 920)**	**(44 503)**
Liabilities from debt securities	**2 313 760**	**1 998 383**
Debt securities issued – covered bonds	899 994	933 859
Debt securities issued – other bonds	1 413 766	1 064 524
Other financial liabilities	**77 460**	**55 758**
of which: Lease liabilities	*41 081*	*43 682*
Total	**18 198 685**	**20 253 582**

Classification of deposits measured at amortised cost by customer segment as at 30 June 2024 and 31 December 2023:

	30.6.2024	***31.12.2023***
Banks	549 490	2 549 688
Public sector	672 685	500 099
Corporate clients	4 963 496	5 560 237
Retail clients	9 692 714	9 633 920
Total	**15 878 385**	**18 243 944**

Under the TLTRO programme (targeted longer-term refinancing operations), the Parent Company received 4 loans from the central bank in the amount of EUR 3 137 000 thousand. As at 30 June 2024, outstanding borrowings included in the balance sheet under the third series of the targeted longer-term refinancing operations (TLTRO-III) programme due to the central bank amount to EUR 38 891 thousand. As collateral for the received deals, the Parent Company provided purchased securities and an issued covered bond collateralised by provided mortgage loans, housing mortgage loans and non-purpose loans pledged by real estate in the total amount of EUR 38 962 thousand.

As at 30 June 2024 and 31 December 2023, the Parent Company analysed whether it expected to meet the lending targets based on its current lending volumes and projections and believes that it has reasonable certainty that it will meet these targets.

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

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

Type of loan	***Currency***	***Type of loan by maturity***	***Interest rate***	***Start of loan drawing***	***Contractual maturity***	***30.6.2024***	***31.12.2023***
Loans received from banks:							
– central bank	EUR	Long-term	-	March 2021	March 2024	-	2 247 052
– central bank	EUR	Long-term	3,75%	December 2021	December 2024	38 891	38 148
– commercial bank	EUR	Long-term	2,0%	January 2022	January 2027	11 523	14 324
– commercial bank	EUR	Long-term	4,58%	June 2021	June 2029	75 786	36 346
– bank for reconstruction and development	EUR	Long-term	3,492%	August 2018	May 2030	48 772	59 922
– commercial bank	EUR	Long-term	4,3%	March 2023	April 2028	48 837	12 777
Received repo contracts from banks:							
– commercial banks	EUR	Short-term	3,45 %	June 2024	July 2024	138 297	-
– commercial banks	EUR	Short-term	3,45 %	June 2024	July 2024	33 006	-
Subordinated debt from banks:							
– commercial banks	EUR	Long-term	3M EURIBOR + 2.4 %	November 2019	November 2029	136 284	136 311
Total						**531 396**	**2 544 880**

The Group 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*	*30.6.2024*	*31.12.2023*
Covered bonds									
HZL 068	5.00%	EUR	1 000	10 000	14.10.2011	14.10.2031	annually	10 296	10 044
HZL 083	1.11%	EUR	500	100 000	29.4.2015	29.4.2025	annually	48 778	48 571
HZL 088	1.00%	EUR	500	100 000	16.11.2016	16.11.2026	annually	47 325	47 161
HZL 089 - paid	0.90%	EUR	280	100 000	10.2.2017	10.2.2024	annually	-	28 099
TATSK FVHDG	0.13%	EUR	2 500	100 000	1.7.2019	1.7.2026	annually	234 632	233 742
TATSK KD4	0.125%	EUR	300	100 000	5.3.2021	5.3.2025	annually	29 318	28 836
TATSK KD5	3.375%	EUR	5 000	100 000	31.1.2023	31.1.2026	annually	505 692	513 831
TB KD6	0.00%	EUR	25 000	1 000	3.11.2023	3.11.2025	no coupon	23 953	23 575
Uncovered bonds									
TB FLOAT1	6M EUR EURIBOR	EUR	1 000	100 000	26.10.2020	26.10.2027	semi-annually	102 859	103 181
TB FIX1	0.50%	EUR	250	100 000	26.10.2020	26.10.2027	annually	24 790	24 684
TB FVHDG GREEN	0.50%	EUR	3 000	100 000	23.4.2021	23.4.2028	annually	272 805	273 517
TB FIX2	3.20%	EUR	70 981	1 000	10.10.2022	9.10.2026	annually	72 558	71 414
TB GREEN	5.50%	EUR	2 000	100 000	25.10.2022	25.10.2025	annually	207 398	201 918
TB FIX3	3.60%	EUR	50 000	1 000	28.10.2022	28.10.2025	annually	51 199	50 302
TB GREEN FVHDG2	7.50%	USD	200	100 000	10.11.2022	10.11.2029	semi-annually	18 784	18 618
TB GREEN2	5.95%	EUR	3 000	100 000	17.2.2023	17.2.2026	annually	305 945	314 819
TB ZERO	0.00%	EUR	7 000	1 000	26.5.2023	11.5.2026	no coupon	6 256	6 071
TB GREEN FVHDG3	4,97%	EUR	3 500	100 000	29.4.2024	29.4.2030	annually	351 172	-
Total issued bonds								**2 313 760**	**1 998 383**

In addition to the above covered bonds, the Parent Company issued a covered bond (face value of EUR 970 000 thousand, book value of EUR 910 194 thousand), which was not sold but pledged as collateral within the TLTRO programme. The above covered bonds are included in the off-balance sheet accounts.

The Parent Company issues covered bonds as one of the financing sources on the capital markets. For the purposes of meeting the requirements for eligible liabilities, the Parent Company 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 Parent Company are book-entry, bearer and freely transferable. They are traded on the Bratislava Stock Exchange.

26. Liabilities from hedging derivatives

	30.6.2024	31.12.2023
Negative fair value of financial derivatives for fair value hedging of interest rate risk	**171 512**	**196 582**
Interest rate contracts	171 512	196 582
Total	**171 512**	**196 582**

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

27. Provisions

Movements in provisions for contingent liabilities as at 30 June 2024:

	As at 1 January 2024	*Creation/ (Release)*	*Usage*	*As at 30 June 2024*
Provisions for guarantees and loan commitments without increase in credit risk since initial recognition (Stage 1)	8 166	182	-	8 348
Provisions for guarantees and loan commitments with significant increase in credit risk since initial recognition (Stage 2)	1 794	(754)	-	1 040
Specific provision for guarantees and loan commitments – for individually and collectively measured items (Stage 3)	373	778	-	1 151
Litigation (Note 39)	22 566	128	(83)	22 611
Provisions for employee benefits	5 559	460	(15)	6 004
Employee provisions	23 382	4 044	(10 470)	16 956
Other provisions	219	(34)	-	185
Total	**62 059**	**4 804**	**(10 568)**	**56 295**

Movements in provisions for contingent liabilities as at 31 December 2023:

	As at 1 January 2023	*Creation/ (Release)*	*Usage*	*As at 31 December 2023*
Provisions for guarantees and loan commitments without increase in credit risk since initial recognition (Stage 1)	7 099	1 067	-	8 166
Provisions for guarantees and loan commitments with significant increase in credit risk since initial recognition (Stage 2)	4 804	(3 010)	-	1 794
Specific provision for guarantees and loan commitments – for individually and collectively measured items (Stage 3)	567	(194)	-	373
Litigation (Note 39)	22 362	753	(549)	22 566
Provisions for employee benefits	4 489	1 111	(41)	5 559
Employee provisions	20 377	12 053	(9 048)	23 382
Other provisions	304	(85)	-	219
Total	**60 002**	**11 695**	**(9 638)**	**62 059**

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

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

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

The Group does not have pension arrangements separate from the state pension system of the Slovak Republic. Pursuant to the Slovak legal regulations, an employer is obliged to pay contributions to social security, 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.

28. Current tax liability

	30.6.2024	*31.12.2023*
Current tax liability	11 782	14 788
Total	**11 782**	**14 788**

29. Other liabilities

	30.6.2024	*31.12.2023*
Unbilled liabilities and other	32 673	37 051
Other liabilities to the state budget	1 733	1 507
Social fund payables	1 973	1 933
Liabilities to employees	11 195	9 563
Other liabilities	10 139	9 292
Total	**57 713**	**59 346**

30. Equity

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

	30.6.2024	*31.12.2023*
Share capital – ordinary shares	56 873	56 873
Share capital – preference shares	7 453	7 453
Treasury shares	(1 235)	(1 199)
Share premium	298 810	298 654
Reserve and other funds	15 676	15 676
Revaluation reserve from financial instruments measured at fair value through other comprehensive income	(3 680)	(3 473)
Retained earnings (excluding profit after tax for the current year)	982 464	911 188
AT1 capital	100 000	100 000
Total	**1 456 361**	**1 385 172**

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

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*	*30 June 2024*
Ordinary shares: EUR 800	60 616	-	60 616
Ordinary shares: EUR 4 000	2 095	-	2 095
Preference shares	1 847 426	365	1 847 791

Description of rights:

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

- The right to a share of the Parent Company's profit (dividend), based on the proportion of the total face value of their shares to the total face value of all shareholders;
- The right to attend the General Meeting, vote at the General Meeting, ask for information thereon and explanations regarding the Parent Company'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 a share of 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 Parent Company creates a share premium fund from ordinary and preference share premiums.

Reserve fund and other funds: In 1992, the Parent Company 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 Parent Company's share capital, but not less than the minimum reserve fund stipulated by the applicable law. The Parent Company created a special-purpose reserve fund in accordance with the Methodological Instruction of the Ministry of Finance of 1990 from exchange rate differences of foreign capital resulting from devaluation. Its use is intended to cover the losses from banking transactions.

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

The AT1 capital investment certificate is a perpetual instrument without the obligation to deliver cash. The Group 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 Parent Company 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

	30.6.2024	***31.12.2023***
Valuable items received for custody	**19 392**	**18 118**
Merchandise and warehouse trust receipts	12 719	13 258
Gold	6 673	4 860
Total	**19 392**	**18 118**

The Group recognises valuable items received for custody and management at fair values. Valuable items received for custody and management are not owned by the Group. As a result, they are not part of its assets.

In addition to the amounts in the table above, in accordance with the Parent Company's function of a depositary for Tatra Asset Management, správ. spol., a.s. ("TAM"), as at 30 June 2024, the Parent Company recognised deposited securities managed in TAM mutual funds in the amount of EUR 1 585 597 thousand (as at 31 December 2023: EUR 1 473 079 thousand) in the off-balance sheet accounts. In addition, through Tatra Asset Management, správ. spol., a. s., the Group manages 28 open-end mutual funds with a net asset value of EUR 2 493 267 thousand (31 December 2023: EUR 2 466 706 thousand) and through Doplnková dôchodková spoločnosť Tatra banky, a.s. it manages 6 supplementary pension funds with a net asset value of EUR 1 244 339 thousand (31 December 2023: EUR 1 140 573 thousand.)

32. Sale and repurchase agreements

As at 30 June 2024 and as at 31 December 2023 the following repurchase agreements were concluded:

	30.6.2024	***31.12.2023***
Repo deals (debtor)		
Deposits from banks	171 302	-
Total	**171 302**	**-**

As collateral for repo transactions received, the Group provided debt securities with carrying amount of EUR 184 200 thousand from the portfolio of financial assets measured at amortized cost.

	30.6.2024	***31.12.2023***
Reverse repo deals (creditor)		
Loans and advances to banks	70 150	52 652
Total	**70 150**	**52 652**

As part of the reverse repo deals, the Group received government debt securities as collateral at fair value of EUR 52 794 thousand.

33. Assets pledged as collateral

Liabilities secured by the Group's assets:

	30.6.2024	***31.12.2023***
Deposits from banks measured at amortised cost – Received loans from the National Bank of Slovakia	38 892	2 285 200
Deposits from banks measured at amortised cost – REPO loans	171 301	-
Liabilities from debt securities	899 994	933 859
Financial liabilities held for trading – Negative fair value of financial derivatives held for trading	1 645	5 533
Total	**1 111 832**	**3 224 592**

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

	30.6.2024	***31.12.2023***
Other demand deposits	388	1 334
Loans and advances to banks measured at amortised cost	111 260	127 820
Loans and advances to customers measured at amortised cost	2 276 261	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	186 255	1 533 274
Total	**2 574 164**	**4 684 806**

Other pledged assets without a liability:

	30.6.2024	***31.12.2023***
Debt securities measured at amortised cost	2 829 946	931 261
Total	**2 829 946**	**931 261**

As at 30 June 2024, the Parent Company determined the volume of mortgage loans usable as collateral for future issues of covered bonds in the amount of EUR 2 496 609 thousand (31 December 2023: EUR 1 816 144 thousand).

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

Due to the received TLTRO loan, the Group does not anymore pledge government bonds and bonds issued by the banking sector held in the portfolio of securities measured at amortised cost in favour of the NBS (31 December 2023: EUR 1 602 701 thousand). The Group does have the possibility to draw an intraday loan for the pledged securities in amount of EUR 1 000 000 thousand (31 December 2023: the Group did not have the possibility to draw). With the exception of the TLTRO loan, the Group did not draw any other financing from the central bank as at 30 June 2024 (31 December 2023: also no drawing).

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

	30.6.2024 Face value	***30.6.2024 Carrying amount***
Government bonds	3 661 953	3 638 989
Bonds issued by other sectors	293 685	288 435
Corporate loans	89 067	89 075
Total	**4 044 705**	**4 016 499**

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 Group'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 Group's statement of financial position or not.

The following table provides an overview of framework agreements for offsetting the assets and liabilities as at 30 June 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	58 192	58 040	152
Total assets	**58 192**	**58 040**	**152**
Liabilities:			
Negative fair value of financial derivates held for trading	174 042	58 040	116 002
Total liabilities	**174 042**	**58 040**	**116 002**

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

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

35. Fair value hedges relating to hedging transactions

The Group 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 30 June 2024, in relation to the above hedging instruments, the Group recognised a net profit in the amount of EUR 11 452 thousand. As at 30 June 2023, in relation to the hedging instruments, the Group recognised a net profit in the amount of EUR 17 668 thousand. As at 30 June 2024, the net loss from hedged items related to the hedged risk amounted to EUR 11 023 thousand. As at 30 June 2023, the Group recognised a net loss of EUR 17 946 thousand. Both items are recognised in Note 3 "*Net profit/(loss) from financial instruments measured at fair value through profit or loss*".

The following tables provide an overview of receivables and payables from hedging transactions as at 30 June 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	-	350 000	2 780 170	2 072 701
Total interest rate transactions	**-**	**350 000**	**2 780 170**	**2 072 701**

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	2 040 893	11 324	72 014	19 451
Micro financial derivatives for fair value hedging	**2 040 893**	**11 324**	**72 014**	**19 451**
Interest rate risk	3 161 979	25 764	99 498	(7 999)
Portfolio financial derivatives for fair value hedging	**3 161 979**	**25 764**	**99 498**	**(7 999)**

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

	Assets – Carrying amount of the hedged item	*Liabilities – Carrying amount of the hedged item*	*Carrying amount of the hedging instrument*	*Accumulated amount of fair value hedge adjustments included in the carrying amount*	*Changes in fair value used for calculating hedge ineffectiveness*
Debt securities	973 844	-	1 020 893	7 089	(18 939)
Loans and advances	1 390 000	-	1 390 000	(881)	(18 418)
Deposits from customers	-	1 771 979	1 771 979	(70 920)	26 417
Debt securities issued	-	973 495	1 020 000	(46 129)	(83)
Hedged financial instruments	**2 363 844**	**2 745 474**	**5 202 872**	**(110 841)**	**(11 023)**

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

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

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

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

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

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

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

36. Derivative financial instruments

The total volume of unsettled derivative financial instruments as at 30 June 2024 is as follows:

	Face values by maturity				*Fair values*	
	Up to 1 year	***From 1 to 5 years***	***More than 5 years***	***Total***	***Positive (Note 15 and Note 19)***	***Negative (Note 24 and Note 26)***
a) Interest rate contracts for hedging	**350 000**	**2 780 170**	**2 072 701**	**5 202 871**	**37 088**	**(171 512)**
OTC products:						
Interest rate swaps	350 000	2 780 170	2 072 701	5 202 871	37 088	(171 512)
b) Interest-rate contracts for trading	**693 375**	**852 707**	**96 683**	**1 642 766**	**17 256**	**(15 453)**
OTC products:						
Interest rate swaps	693 375	670 162	96 683	1 460 220	15 274	(14 394)
Interest rate options-buy	-	102 277	-	102 277	1 982	-
Interest rate options-sell	-	80 269	-	80 269	-	(1 059)
Stock exchange products:						
Interest rate futures	-	-	-	-	-	-
c) Currency contracts for trading	**524 696**	**-**	**-**	**524 696**	**4 276**	**(1 365)**
OTC products:						
Currency swaps	401 326	-	-	401 326	3 490	(440)
Currency-interest rate swaps				-		
Currency forwards	78 905	-	-	78 905	209	(369)
Currency options-buy	23 772	-	-	23 772	576	-
Currency options-sell	20 692	-	-	20 692	1	(555)
Total	**1 568 071**	**3 632 877**	**2 169 385**	**7 370 333**	**58 620**	**(188 329)**

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

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

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 30 June 2024:

Financial assets at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial assets held for trading	**23 788**	**21 532**	**-**	**45 320**
Positive fair value of derivative financial instruments held for trading	-	21 532	-	21 532
Debt securities	23 788	-	-	23 788
Non-trading financial assets mandatorily measured at fair value through profit or loss	**-**	**5 837**	**30 075**	**35 912**
Equity securities	-	-	-	-
Debt securities	-	5 837	-	5 837
Mutual fund certificates	-	-	3 733	3 733
Loans provided to customers	-	-	26 342	26 342
Financial assets measured at fair value through other comprehensive income	**41 840**	**59 020**	**2 299**	**103 159**
Equity instruments	-	-	2 299	2 299
Debt securities	41 840	59 020	-	100 860
Receivables from hedging derivatives	**-**	**37 088**	**-**	**37 088**
Positive fair value of derivative financial instruments for fair value hedging	-	37 088	-	37 088
Total	**65 628**	**123 477**	**32 374**	**221 479**

Financial liabilities at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial liabilities held for trading	**10 057**	**16 818**	**-**	**26 875**
Negative fair value of derivative financial instruments for trading	-	16 818	-	16 818
Debt securities and other fixed income securities	10 057	-	-	10 057
Liabilities from hedging derivatives	**-**	**171 512**	**-**	**171 512**
Negative fair value of derivative financial instruments for fair value hedging	-	171 512	-	171 512
Total	**10 057**	**188 330**	**-**	**198 387**

** 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.*

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

Financial assets at fair value	*Level 1**	*Level 2***	*Level 3****	*Total*
Financial assets held for trading	**4 577**	**24 405**	**-**	**28 982**
Positive fair value of derivative financial instruments held for trading	-	24 405	-	24 405
Debt securities	4 577	-	-	4 577
Non-trading financial assets mandatorily measured at fair value through profit or loss	**-**	**11 563**	**25 668**	**37 231**
Equity securities	-	6 079	-	6 079
Debt securities	-	5 484	-	5 484
Mutual fund certificates	-	-	3 886	3 886
Loans provided to customers	-	-	21 782	21 782
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**	**27 855**	**218 247**

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.

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 30 June 2024*
Mutual fund certificates	3 886	508	(661)	-	3 733
Equity securities	2 187	108	-	4	2 299
Loans and advances	21 782	4 589	(29)	-	26 342
Total	**27 855**	**5 205**	**(690)**	**4**	**32 374**

Qualitative information on financial instruments for Level 3 measurements:

Financial instrument	*Valuation method*	*Fair value*	*Significant unobservable inputs*	*Range of unobserva-ble inputs*	*Positive sensitivity**	*Negative sensitivity**
Mutual fund certificates	Net asset value	3 733	Deduction	20 – 50%	373	(373)
Equity securities	Market value	2 299	-	-	230	(230)
Loans and advances		26 342	Credit and liquid markup	0 – 10%	2 634	(1 317)
Total		**32 374**			**3 237**	**(1 890)**

** 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 Group 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 Group classifies the securities to Level 1. If the security is not traded on the stock exchange or the NBS benchmark for the security is not disclosed, the Group measures the security at fair value derived from inputs other than quoted prices and classifies the security to Level 2.

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

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 Group 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 Group used the discounted rate calculated by the discount rate adjustment technique to discount future contractual cash flows.

	Fair value as at 30.6.2024	***Carrying amount as at 30.6.2024***	***Fair value as at 31.12.2023***	***Carrying amount as at 31.12.2023***
Assets				
Financial assets measured at amortised cost	**17 839 154**	**18 348 937**	**16 980 454**	**17 535 636**
Loans and advances to banks	**184 203**	**184 203**	**194 778**	**194 778**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*184 203*	*184 203*	*194 778*	*194 778*
Loans and advances to customers	**13 973 858**	**14 325 313**	**13 670 257**	**14 104 770**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*13 973 858*	*14 325 313*	*13 670 257*	*14 104 770*
Debt securities	**3 681 093**	**3 839 421**	**3 115 419**	**3 236 088**
of which Level 1	*3 223 322*	*3 381 169*	*2 694 038*	*2 821 814*
of which Level 2	*457 771*	*458 252*	*421 381*	*414 274*
of which Level 3	-	-	-	-
Liabilities				
Financial liabilities measured at amortised cost	**18 254 294**	**18 269 605**	**20 215 986**	**20 298 085**
Deposits from banks	**549 489**	**549 489**	**2 549 877**	**2 549 688**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*549 489*	*549 489*	*2 549 877*	*2 549 688*
Deposits from customers	**15 313 606**	**15 328 895**	**15 626 687**	**15 694 257**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*15 313 606*	*15 328 895*	*15 626 687*	*15 694 257*
Liabilities from debt securities	**2 313 738**	**2 313 760**	**1 983 665**	**1 998 383**
of which Level 1	-	-	-	-
of which Level 2	*2 313 738*	*2 313 760*	*1 983 665*	*1 998 383*
of which Level 3	-	-	-	-
Other financial liabilities	**77 461**	**77 461**	**55 757**	**55 757**
of which Level 1	-	-	-	-
of which Level 2	-	-	-	-
of which Level 3	*77 461*	*77 461*	*55 757*	*55 757*

38. Risk report

Credit risk

The Group 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 Group classifies loan exposure borne by the Group by setting limits of risk accepted with respect to one debtor, or a group of debtors, and with respect to individual countries. The aforementioned risks are monitored on a regular basis and reviewed at least annually. Exposure to one debtor, including banks and securities dealers, is also limited by partial limits set for balance sheet and off-balance sheet exposures, and by daily limits of exposure in relation to items traded, such as forward foreign currency contracts. The actual exposure is compared to set limits on a daily basis.

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

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

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

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

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

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

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

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

Credit risk related to balance sheet assets:	***30.6.2024***	***31.12.2023***
Cash and other demand deposits	246 707	251 002
Cash balances at central banks	996 997	3 954 534
Financial assets held for trading	45 320	28 982
Non-trading financial assets mandatorily measured at fair value through profit or loss	35 912	37 231
Financial assets at fair value through other comprehensive income	103 159	103 690
Financial assets at amortised cost	18 348 056	17 553 173
Receivables from hedging derivatives	37 088	48 344
Other assets	26 889	25 271
Total	**19 840 128**	**22 002 227**

Credit risk related to off-balance sheet items:	***30.6.2024***	***31.12.2023***
Contingent liabilities from guarantees and letters of credit	779 291	721 384
Irrevocable loan commitments/ “stand-by facility”	987 602	983 002
Revocable loan commitments/ “stand-by facility”	2 371 982	2 314 319
Total	**4 138 875**	**4 018 705**

The table below shows a summary of the quality of the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 30 June 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	**18 596 482**	**17 000 555**	**1 340 460**	**247 379**	**8 088**	**56 084**	**43 114**	**144 806**	**4 422**	**18 348 056**
Loans and advances to banks	184 205	183 656	549	-	-	-	2	-	-	184 203
Loans and advances to customers	14 572 429	12 994 096	1 322 866	247 379	8 088	54 901	42 987	144 806	4 422	14 325 313
Public sector	*3 451*	*3 397*	*54*	-	-	*6*	-	-	-	*3 445*
Corporate clients	*6 055 324*	*5 441 583*	*540 723*	*67 553*	*5 465*	*29 504*	*13 783*	*33 958*	*3 506*	*5 974 573*
Retail clients	*8 513 654*	*7 549 116*	*782 089*	*179 826*	*2 623*	*25 391*	*29 204*	*110 848*	*916*	*8 347 295*
Debt securities	3 840 729	3 823 684	17 045	-	-	1 183	125	-	-	3 839 421
Banks	*212 544*	*207 547*	*4 997*	-	-	*35*	*9*	-	-	*212 500*
Public sector	*3 597 189*	*3 597 189*	-	-	-	*1 108*	-	-	-	*3 596 081*
Corporate clients	*30 996*	*18 948*	*12 048*	-	-	*40*	*116*	-	-	*30 840*
Change in fair value of hedged items in interest rate risk hedging	(881)	(881)	-	-	-	-	-	-	-	(881)
Financial assets measured at fair value through other comprehensive income	**100 916**	**94 114**	**6 802**	**-**	**-**	**44**	**12**	**-**	**-**	**100 860**
Debt securities	100 916	94 114	6 802	-	-	44	12	-	-	100 860
Banks	*64 552*	*57 750*	*6 802*	-	-	*11*	*12*	-	-	*64 529*
Public sector	-	-	-	-	-	-	-	-	-	-
Corporate clients	*36 364*	*36 364*	-	-	-	*33*	-	-	-	*36 331*
Contingent liabilities and other off-balance sheet items	**4 138 875**	**3 891 926**	**238 489**	**8 460**	**-**	**8 348**	**1 040**	**1 151**	**-**	**4 128 336**

** 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.*

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	**17 800 827**	**16 071 488**	**1 495 262**	**224 537**	**9 540**	**58 934**	**55 281**	**128 168**	**5 271**	**17 553 173**
Loans and advances to banks	194 778	194 778	-	-	-	-	-	-	-	194 778
Loans and advances to customers	14 351 046	12 650 974	1 465 995	224 537	9 540	57 722	55 115	128 168	5 271	14 104 770
Public sector	*4 156*	*4 029*	*127*	-	-	*10*	*1*	-	-	*4 145*
Corporate clients	*5 950 448*	*5 224 208*	*656 704*	*63 148*	*6 388*	*28 263*	*17 508*	*30 354*	*4 230*	*5 870 093*
Retail clients	*8 396 442*	*7 422 737*	*809 164*	*161 389*	*3 152*	*29 449*	*37 606*	*97 814*	*1 041*	*8 230 532*
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	**4 018 705**	**3 696 316**	**320 428**	**1 961**	**-**	**8 166**	**1 794**	**373**	**-**	**4 008 372**

** 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 investments are not included.*

The summary below represents net carrying amount of overdue financial assets measured at amortised cost and overdue financial assets measured at fair value through other comprehensive income by overdue days as at 30 June 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	**192 989**	**3 663**	**109**	**66 365**	**23 130**	**1 126**	**8 518**	**11 858**	**61 870**	**477**	**69**	**260**
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	92 510	5	1	21 515	7 952	39	1 195	363	23 817	57	-	182
Retail clients	100 479	3 658	108	44 850	15 178	1 087	7 323	11 495	38 053	420	69	78
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
Total	**192 989**	**3 663**	**109**	**66 365**	**23 130**	**1 126**	**8 518**	**11 858**	**61 870**	**477**	**69**	**260**

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

	Stage 1 ≤ 30 days	***Stage 1 > 30 days ≤ 90 days***	***Stage 1 > 90 days***	***Stage 2 ≤ 30 days***	***Stage 2 > 30 days ≤ 90 days***	***Stage 2 > 90 days***	***Stage 3 ≤ 30 days***	***Stage 3 > 30 days ≤ 90 days***	***Stage 3 > 90 days***	***POCI ≤ 30 days***	***POCI > 30 days ≤ 90 days***	***POCI > 90 days***
Loans and advances to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances to customers	**184 891**	**1 950**	**87**	**92 680**	**26 297**	**951**	**26 183**	**10 892**	**40 090**	**451**	**126**	**320**
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	110 855	35	-	42 956	7 733	4	19 645	593	7 427	68	-	197
Retail clients	74 036	1 915	87	49 724	18 564	947	6 538	10 299	32 663	383	126	123
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-	-	-	-
Corporate clients	-	-	-	-	-	-	-	-	-	-	-	-
Total	**184 891**	**1 950**	**87**	**92 680**	**26 297**	**951**	**26 183**	**10 892**	**40 090**	**451**	**126**	**320**

The following summary represents an analysis of the impaired portfolio of financial assets and portfolio of assets recognised as impaired upon the initial recognition measured at amortised cost and financial assets measured at fair value through other comprehensive income as at 30 June 2024:

	Gross carrying amount (Stage 3)	***Impairment allowances (Stage 3)***	***Recoverable value of received collateral***
Banks	-	-	-
Corporate clients	72 970	37 460	32 838
Retail clients	182 497	111 768	53 112
Total	**255 467**	**149 228**	**85 950**

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

	Gross carrying amount (Stage 3)	***Impairment allowances (Stage 3)***	***Recoverable value of received collateral***
Banks	-	-	-
Corporate clients	69 472	34 582	29 493
Retail clients	164 605	98 857	51 596
Total	**234 077**	**133 439**	**81 089**

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

	30.6.2024	***31.12.2023***
Collateralisation of issued loans		
Cash and cash equivalents	12 550	11 327
Guarantees	305 082	309 654
Securities	57 546	49 871
Real estate	7 940 912	7 866 536
Movables	496 808	483 486
Receivables and other collateral	190 279	139 640
Total	**9 003 177**	**8 860 514**

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

	30.6.2024	***31.12.2023***
Collateralisation of contingent liabilities and other off-balance sheet items		
Cash and cash equivalents	40 418	49 329
Guarantees	132 207	131 734
Securities	6 161	5 809
Real estate	199 454	285 898
Movables	-	1 016
Receivables and other collaterals	78 649	113 552
Total	**456 889**	**587 338**

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

	30.6.2024		***31.12.2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Loans and advances to banks	**183 656**	**549**	**194 778**	**-**
Minimum risk	-	-	-	-
Excellent credit rating	10 122	-	-	-
Very good credit rating	173 534	-	194 778	-
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	549	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Loans and advances to customers	**12 832 934**	**1 241 290**	**12 495 984**	**1 354 349**
Of which public sector:	***3 398***	***53***	***4 029***	***127***
Minimum risk	-	-	-	-
Excellent credit rating	-	-	-	-
Very good credit rating	2 444	29	3 087	12
Good credit rating	83	-	15	71
Standard credit rating	300	24	168	-
Ordinary credit rating	563	-	500	-
Sub-standard credit rating	8	-	259	34
Significantly sub-standard credit rating	-	-	-	10
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Of which corporate clients without project financing:	***3 671 058***	***468 515***	***3 529 185***	***567 098***
Minimum risk	11 588	347	8 520	7
Excellent credit rating	79 606	11 258	54 738	1 095
Very good credit rating	730 074	9 236	775 299	6 994
Good credit rating	1 035 741	71 595	805 812	72 642
Standard credit rating	1 097 617	49 101	1 155 095	85 445
Ordinary credit rating	572 538	211 780	574 904	108 318
Sub-standard credit rating	131 940	52 681	144 206	224 855
Significantly sub-standard credit rating	9 699	8 546	10 029	16 464
Doubtful/high risk of default	35	53 970	582	51 278
Defaulted	8	-	-	-
With no assigned rating	2 212	1	-	-
Of which corporate clients – project financing:	***1 692 074***	***54 824***	***1 595 959***	***52 614***
Excellent project financing profile rating	989 164	4 135	824 293	4 430
Good project financing profile rating	702 909	19 452	771 666	18 052
Acceptable project financing profile rating	-	2 472	-	8 408
Weak project financing profile rating	-	28 765	-	21 724
Defaulted	1	-	-	-
Of which retail clients:	***7 466 404***	***717 898***	***7 366 811***	***734 510***
Excellent credit rating	-	-	-	-
Very good credit rating	1 823 840	83 031	1 744 885	85 333
Good credit rating	4 280 028	301 514	4 287 268	284 850
Ordinary credit rating	1 047 218	140 585	1 041 019	150 182
Sub-standard credit rating	229 685	192 768	217 764	214 145
Defaulted	-	-	-	-
With no assigned rating	85 633	-	75 875	-
Debt securities	***3 823 684***	***17 045***	**3 208 199**	**29 267**
Minimum risk	181 005	-	-	-
Excellent credit rating	244 036	-	237 204	5 069
Very good credit rating	3 278 143	4 997	2 850 681	12 045
Good credit rating	120 500	-	120 314	12 153
Standard credit rating	-	12 048	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Financial assets measured at amortised cost	**16 840 274**	**1 258 884**	**15 898 961**	**1 383 616**

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

	30.6.2024		***31.12.2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Contingent liabilities and other off-balance sheet items to banks	**133 006**	**2 046**	**133 537**	**3 250**
Minimum risk	-	-	-	-
Excellent credit rating	3 152	-	160	-
Very good credit rating	127 571	2 000	132 929	3 250
Good credit rating	245	-	448	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	46	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	2 038	-	-	-
Contingent liabilities and other off-balance sheet items to customers	**3 758 858**	**236 505**	**3 562 778**	**317 179**
Of which public sector:	***947***	***193***	***2 173***	***275***
Minimum risk	-	-	-	-
Excellent credit rating	-	-	-	17
Very good credit rating	802	193	1 365	258
Good credit rating	145	-	808	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Of which corporate clients without project financing:	***2 813 446***	***139 640***	***2 538 690***	***203 836***
Minimum risk	22 135	236	7 787	19
Excellent credit rating	154 616	9 531	87 618	1 435
Very good credit rating	956 755	16 741	954 084	27 483
Good credit rating	871 049	4 842	624 500	40 461
Standard credit rating	481 297	59 027	491 425	24 317
Ordinary credit rating	281 237	27 802	299 450	61 854
Sub-standard credit rating	42 148	7 075	70 953	28 388
Significantly sub-standard credit rating	3 934	768	2 849	3 061
Doubtful/high risk of default	25	7 353	24	10 552
Defaulted	-	-	-	-
With no assigned rating	250	6 265	-	6 266
Of which corporate clients – project financing	***267 448***	***-***	***305 437***	***1 873***
Excellent project financing profile rating	114 491	-	136 037	-
Good project financing profile rating	152 957	-	169 400	1 863
Acceptable project financing profile rating	-	-	-	-
Weak project financing profile rating	-	-	-	10
Defaulted	-	-	-	-
Of which retail clients:	***677 017***	***96 672***	***716 478***	***111 195***
Excellent credit rating	-	-	-	-
Very good credit rating	45 447	434	60 620	-
Good credit rating	501 664	83 242	528 030	86 772
Standard credit rating	58 923	7 756	57 058	14 608
Sub-standard credit rating	8 577	3 751	8 329	6 587
Defaulted	-	-	-	-
With no assigned rating	62 406	1 489	62 441	3 228
Contingent liabilities and other off-balance sheet items	**3 891 864**	**238 551**	**3 696 315**	**320 429**

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

	30.6.2024		***31.12.2023***	
	Stage 1	***Stage 2***	***Stage 1***	***Stage 2***
Debt securities	**94 114**	**6 802**	**94 718**	**6 847**
Minimum risk	-	-	-	-
Excellent credit rating	8 571	-	8 725	-
Very good credit rating	85 543	6 802	85 993	6 847
Good credit rating	-	-	-	-
Standard credit rating	-	-	-	-
Ordinary credit rating	-	-	-	-
Sub-standard credit rating	-	-	-	-
Significantly sub-standard credit rating	-	-	-	-
Doubtful/high risk of default	-	-	-	-
Defaulted	-	-	-	-
With no assigned rating	-	-	-	-
Financial assets measured at fair value through other comprehensive income*	**94 114**	**6 802**	**94 718**	**6 847**

** Equity investments are not included*

The scoring system of the Group's corporate clients (applied to the entire RBI Group) is based on a 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:

	30.6.2024	***31.12.2023***
A. Agriculture, forestry and fisheries	305 641	321 913
B. Mining and quarrying	3 941	4 258
C. Industrial production	865 173	828 872
D. Supply of electricity, gas, steam and air-conditioning	297 872	326 900
E. Water supply	79 933	80 470
F. Construction	613 482	606 442
G. Wholesale and retail trade	943 677	928 671
H. Transport and storage	390 872	412 839
I. Accommodation and catering services	70 706	67 444
J. Information and communication	302 736	302 438
K. Financial and insurance activities	431 943	444 097
L. Real estate activities	1 528 435	1 439 642
M. Professional, scientific and technical activities	438 169	427 489
N. Administrative and support services	217 094	188 103
O. Public administration and defence, compulsory social security	3 143	5 185
P. Education	14 278	13 647
Q. Health and social assistance	147 496	150 050
R. Arts, entertainment and recreation	47 237	48 771
S. Other service activities	29 675	30 245
T. Activities of households, private households with domestic staff	7 778 013	7 672 072
Total	**14 509 516**	**14 299 548**

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

	30.6.2024	*31.12.2023*
Government bonds with no coupons	27 881	-
Loans and advances to banks	996 998	3 954 543
Loans and advances to customers	182 986	193 499
Debt securities	3 016 130	2 647 142
Total	**4 223 995**	**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 30 June 2024:

	Impairment allowances – Stage 1	*Impairment allowances – Stage 2*	*Impairment allowances Stage 3*	*Impairment allowances – POCI*	*Total*
As at 1 January 2024	**57 722**	**55 115**	**128 168**	**5 271**	**246 276**
Net changes due to credit risk change	(8 840)	(10 733)	23 632	(466)	3 593
Increase due to origin or acquisition	14 766	3 756	-	-	18 522
Decrease due to derecognition	(8 747)	(5 149)	(4 932)	(269)	(19 097)
Write-off	-	-	(2 016)	(87)	(2 103)
Unwinding	-	-	(49)	(27)	(76)
Foreign exchange differences	-	-	3	-	3
As at 30 June 2024	**54 901**	**42 989**	**144 806**	**4 422**	**247 118**

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	**39 951**	**61 203**	**138 579**	**5 322**	**245 055**
Net changes due to credit risk change	2 469	(3 158)	31 333	1 572	32 216
Increase due to origin or acquisition	25 097	12 572	-	-	37 669
Decrease due to derecognition	(9 795)	(15 502)	(13 580)	(535)	(39 412)
Write-off	-	-	(28 363)	(512)	(28 875)
Unwinding	-	-	203	48	251
Foreign exchange differences	-	-	(4)	(624)	(628)
As at 31 December 2023	**57 722**	**55 115**	**128 168**	**5 271**	**246 276**

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 ECL of the retail loan portfolio would be +/- 2.3%.
The retail loan portfolio's sensitivity to the change in the loss given default (LGD) was tested by a 10% increase/decrease in the LGD scenario. If the LGD increases by 10%, the impact on ECL of the retail loan portfolio would be +7.4%. If the LGD decreases by 10%, the impact on the ECL of the retail loan portfolio would be -9.8%.

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

Non-performing exposures (NPE)

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

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

The table below represents the summary of non-performing exposures as at 30 June 2024:

	Gross carrying amount	***Share of non-performing exposures***	***% coverage of non-performing exposures***
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**254 625**	**1,75 %**	**58,59 %**
Public sector	-	-	-
Corporate clients	73 594	1,22 %	50,96 %
Retail clients	181 031	2,13 %	61,69 %
Debt securities	**901**	**0,02 %**	**100,00 %**
Total	**255 526**	**1,29 %**	**58,74 %**

Non-performing exposures (NPE)

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

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

The table below represents the summary of non-performing exposures as at 31 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	**232 507**	**1.62 %**	**57.38 %**
Public sector	-	-	-
Corporate clients	69 521	1.17 %	49.74 %
Retail clients	162 986	1.94 %	60.63 %
Debt securities	**901**	**0.03 %**	**100.00 %**
Total	**233 408**	**1.07 %**	**57.54 %**

Forborne exposures

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

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

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

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

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

The summary below represents the analysis of forborne exposures as at 30 June 2024:

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**146 801**	**(42 739)**	**104 062**
Public sector	-	-	-
Corporate clients	107 433	(28 363)	79 070
Retail clients	39 368	(14 376)	24 992
Total	**146 801**	**(42 739)**	**104 062**

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

	Gross carrying amount	*Impairment allowances*	*Net carrying amount*
Loans and advances to banks	**-**	**-**	**-**
Loans and advances to customers	**119 591**	**(36 852)**	**82 739**
Public sector	-	-	-
Corporate clients	82 758	(23 565)	59 193
Retail clients	36 833	(13 287)	23 546
Total	**119 591**	**(36 852)**	**82 739**

Defaulted loan portfolio (NPL)

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

To determine the client’s default, the Group mainly uses the following indicators, also depending on the client’s segment: permanent delay in the repayment of a material portion of a receivable of more than 90 days, declaration of immediate maturity, bankruptcy or insolvency, a portion of the loan receivables from the client written off, legal restructuring, suspended interest on receivables, sale of the receivables from the client resulting in a loss or an anticipated loss from a deal. With respect to retail portfolio, the Group applies a limit of EUR 10, which must be exceeded by the amount of a receivable. With respect to retail portfolio, the Group applies a limit set at an absolute materiality threshold of EUR 100 and a relative materiality threshold of 1% of the gross carrying amount of all client credit exposures, which must be exceeded by the amount of a receivable. In the corporate portfolio, the Group 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.

The summary below represents the analysis of the defaulted loan portfolio (balance sheet items) and the impairment off-balance sheet portfolio analysis (guarantees and irrevocable loan commitments) as at 30 June 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	**253 893**	**149 131**	**104 762**	**83 187**
Banks	-	-	-	-
Corporate clients	72 970	37 460	35 510	32 040
Retail clients	180 923	111 671	69 252	51 147
Contingent liabilities and other off-balance sheet items	**8 458**	**1 152**	**7 306**	**790**
Corporate clients	7 874	966	6 908	600
Retail clients	584	186	398	190
Total	**262 351**	**150 283**	**112 068**	**83 977**

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

	Defaulted loans (Gross carrying amount)	*Impairment allowances for defaulted loans*	*Defaulted loans (Net book value)*	*Recoverable value of received collateral for defaulted loans*
Loans and advances	**232 427**	**133 396**	**99 031**	**80 173**
Banks	-	-	-	-
Corporate clients	69 521	34 582	34 939	29 537
Retail clients	162 906	98 814	64 092	50 636
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	**234 387**	**133 772**	**100 615**	**80 836**

Concentration risk by geographic regions

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

	30.6.2024	***31.12.2023***
Assets	**1 763 311**	**1 553 290**
Of which Austria	*373 859*	*363 669*
Of which Czech Republic	*320 498*	*324 769*
Of which United States of America	*34 761*	*12 839*
Of which Poland	*177 081*	*171 046*
Of which Netherlands	*40 916*	*37 403*
Of which Great Britain	*3 101*	*2 022*
Of which Germany	*161 106*	*110 977*
Of which Spain	*153*	*165*
Of which Bulgaria	*80 451*	*81 021*
Of which Hungary	*76 279*	*83 894*
Of which other countries (mainly EU countries)	*495 106*	*365 485*
Liabilities	**3 025 302**	**2 593 599**
Of which Austria	*2 137 073*	*1 774 273*
Of which Hungary	*63 896*	*68 192*
Of which Luxembourg	*58 101*	*60 567*
Of which Czech Republic	*115 367*	*110 831*
Of which Germany	*188 034*	*50 101*
Of which Ukraine	*202 652*	*198 811*
Of which Romania	*1 600*	*1 689*
Of which other countries (mainly EU countries)	*258 579*	*329 135*

Market risk

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

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

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

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

Currency risk

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

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

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

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

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

Items in foreign currencies

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

	30.6.2024	***31.12.2023***
Assets	**180 811**	**147 295**
Of which: USD	*61 890*	*38 330*
Of which: CZK	*106 965*	*97 970*
Of which: other currencies (PLN, HUF, GBP and other)	*11 956*	*10 995*
Liabilities	**495 427**	**568 680**
Of which: USD	*294 491*	*361 492*
Of which: CZK	*108 238*	*92 816*
Of which: other currencies (PLN, HUF, GBP and other)	*92 698*	*114 372*

The Group's net foreign exchange (FX) position of assets, liabilities and equity as at 30 June 2024 and 31 December 2023 was as follows:

	Net FX position as at 30 June 2024	***Net FX position as at 31 December 2023***
USD	(232 601)	(323 162)
CZK	(1 273)	5 154
Other (GBP, CHF, PLN, HUF and other)	(80 742)	(103 377)
Total net FX balance sheet position	**(314 616)**	**(421 385)**
USD	233 091	327 481
CZK	2 166	(5 053)
Other (GBP, CHF, PLN, HUF and other)	90 615	109 824
Total net FX off-balance sheet position*	**325 872**	**432 252**
Total net FX position	**11 256**	**10 867**

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

Interest rate risk

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

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

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

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

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

Market Risk Management regularly submits information on the actual amount of credit risk in individual currencies and information on the use of the Banking Book's credit risk limits to the Assets and Liabilities Committee (ALCO). In the event of exceeding the set limit, the interest rate positions are closed by using both traditional and derivative financial instruments.

The following table represents the carrying amount of non-derivative financial instruments and the face value of derivative financial instruments with a floating interest rate as at 30 June 2024 and 31 December 2023:

	Non-derivative assets (30.6.2024)	***Non-derivative liabilities (30.6.2024)***	***Derivatives (30.6.2024)***	***Non-derivative assets (31.12.2023)***	***Non-derivative liabilities (31.12.2023)***	***Derivatives (31.12.2023)***
EURIBOR 1M	1 089 007	-	489 161	870 229	-	15 988
EURIBOR 3M	2 468 935	211 212	5 418 854	2 646 971	215 462	4 621 022
EURIBOR 6M	328 464	105 859	890 900	295 252	103 181	869 600
PRIBOR (1M, 3M, 6M)	27 399	-	12 720	22 779	-	1 324
Other	41 045	16 918	34 003	35 739	21 132	23 891
Total	**3 954 850**	**333 989**	**6 845 638**	**3 870 970**	**339 775**	**5 531 825**

The table below provides information on balance sheet amounts, to what extent the Group 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 30 June 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	36 350	-	-	-	210 357	246 707
Cash balances at central banks	996 997	-	-	-	-	996 997
Financial assets held for trading	-	227	10 531	13 030	21 532	45 320
Non-trading financial assets mandatorily measured at fair value through profit or loss	3 349	22 993	-	-	9 570	35 912
Financial assets measured at fair value through other comprehensive income	61	17 521	83 277	-	2 300	103 159
Financial assets measured at amortised cost	5 135 087	2 550 655	6 795 712	3 686 981	179 621	18 348 056
Receivables from hedging derivatives	-	-	-	-	37 088	37 088
Other assets	-	-	-	-	87 210	87 210
Interest rate position for financial assets as at 30 June 2024	**6 171 844**	**2 591 396**	**6 889 520**	**3 700 011**	**547 678**	**19 900 449**
Liabilities						
Financial liabilities held for trading	-	-	-	-	26 875	26 875
Financial liabilities measured at amortised cost*	7 008 538	2 207 979	5 904 987	2 964 720	112 461	18 198 685
Liabilities from hedging derivatives	-	-	-	-	171 512	171 512
Provisions	-	-	-	-	56 295	56 295
Other liabilities	-	-	-	-	57 713	57 713
Interest rate position for financial liabilities as at 30 June 2024	**7 008 538**	**2 207 979**	**5 904 987**	**2 964 720**	**424 856**	**18 511 080**
Net interest rate position as at 30 June 2024	**(836 694)**	**383 417**	**984 533**	**735 291**	**122 822**	**1 389 369**

**The Group 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.*

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	27 865	-	-	-	223 137	251 002
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	2 279	19 503	-	-	15 449	37 231
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	5 017 375	2 662 851	6 141 447	3 563 380	168 120	17 553 173
Receivables from hedging derivatives	-	-	-	-	48 344	48 344
Other assets	-	-	-	-	52 465	52 465
Interest rate position for financial assets as at 31 December 2023	**9 002 491**	**2 694 275**	**6 235 168**	**3 563 380**	**534 107**	**22 029 421**
Liabilities						
Financial liabilities held for trading	-	-	-	-	22 458	22 458
Financial liabilities measured at amortised cost*	9 203 345	1 975 562	6 135 881	2 813 836	124 958	20 253 582
Liabilities from hedging derivatives	-	-	-	-	196 582	196 582
Provisions	-	-	-	-	62 059	62 059
Other liabilities	-	-	-	-	59 346	59 346
Interest rate position for financial liabilities as at 31 December 2023	**9 203 345**	**1 975 562**	**6 135 881**	**2 813 836**	**465 403**	**20 594 027**
Net interest rate position as at 31 December 2023	**(200 854)**	**718 713**	**99 287**	**749 544**	**68 704**	**1 435 394**

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

Equity price risk

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

Commodity risk

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

Sensitivity analysis of market risks

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

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

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

Change in the present value of assets and liabilities of the Group following the movements in exchange rates of the selected currencies to the detriment of the Group as at 30 June 2024 (in thousands of EUR):

	Present value of exchange rate	***Exchange rate in sensitivity scenario***	***Bank's position in the respective currency***	***Economic loss of the Bank for a given scenario with an impact on equity***
JPY	171,9400	180,5370	8 788	(439)
CHF	0,9634	0,9152	(4 946)	(247)
PLN	4,3090	4,5245	2 773	(139)
CAD	1,4670	1,5404	1 921	(96)
NOK	11,3965	11,9663	1 134	(57)
Total			**9 670**	**(978)**

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

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

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

Change in the present value of assets and liabilities of the Group following the change in the interest rate for the selected currencies as at 30 June 2024 (in thousands of EUR):

	Yield curve shift	*Group's loss from yield curve shift*
EUR	+100 BPV	(69 738)
USD	-100 BPV	(825)
Total		**(70 563)**

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

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

As at 30 June 2024, the Group's exposure position in the Trading Book to equity price risk was nil; as at 31 December 2023, it was also nil. The Group, therefore, does not recognise this exposure position to equity price risk.

As at 30 June 2024, the Group's exposure position to commodities in the Trading Book was insignificant; as at 31 December 2023, the Group's position was also insignificant. Therefore, the Group does not recognise this exposure position to commodity risk.

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

Liquidity risk

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

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

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

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

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

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

The Group’s liquidity position reflecting the current contractual remaining maturity of assets and liabilities as at 30 June 2024:

	Up to 12 months	*Over 12 months*	*Unspecified*	*Total*
Assets				
Cash and other demand deposits	246 707	-	-	246 707
Cash balances at central banks	996 997	-	-	996 997
Financial assets held for trading[3)]	228	23 560	21 532	45 320
Non-trading financial assets mandatorily measured at fair value through profit or loss	26 342	-	9 570	35 912
Financial assets measured at fair value through other comprehensive income	17 582	83 277	2 300	103 159
Financial assets measured at amortised cost	3 386 056	14 599 066	362 934	18 348 056
Receivables from hedging derivatives[3)]	-	-	37 088	37 088
Non-current tangible assets and right-of-use assets	-	-	87 419	87 419
Non-current intangible assets	-	-	64 919	64 919
Current tax asset	-	-	130	130
Deferred tax asset	-	-	42 275	42 275
Other assets	-	-	87 210	87 210
Total assets	**4 673 912**	**14 705 903**	**715 377**	**20 095 192**
Liabilities				
Financial liabilities held for trading[3)]	-	-	26 875	26 875
Financial liabilities measured at amortised cost[1)]	5 222 427	12 907 635	68 623	18 198 685
Liabilities from hedging derivatives [3)]	-	-	171 512	171 512
Provisions	-	-	56 295	56 295
Current tax liability	-	-	11 782	11 782
Other liabilities	-	-	57 713	57 713
Total liabilities	**5 222 427**	**12 907 635**	**392 800**	**18 522 862**
Net balance sheet position	**(548 515)**	**1 798 268**	**322 577**	**1 572 330**
Net off-balance sheet position[2)]	**(3 362 241)**	**(27 580)**	**4 225 946**	**836 125**
Cumulative balance sheet and off-balance sheet position	**(3 910 756)**	**1 770 688**	**4 548 523**	**2 408 455**

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.*

The Group'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***
Assets				
Cash and other demand deposits	251 002	-	-	251 002
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	21 782	-	15 449	37 231
Financial assets measured at fair value through other comprehensive income	12 356	89 147	2 187	103 690
Financial assets measured at amortised cost	3 424 358	13 779 223	349 592	17 553 173
Receivables from hedging derivatives[3)]	-	-	48 344	48 344
Non-current tangible assets and right-of-use assets	-	-	90 491	90 491
Non-current intangible assets	-	-	66 969	66 969
Current tax asset	-	-	66	66
Deferred tax asset	-	-	44 200	44 200
Other assets	-	-	52 465	52 465
Total assets	**7 664 035**	**13 872 944**	**694 168**	**22 231 147**
Liabilities				
Financial liabilities held for trading[3)]	-	-	22 458	22 458
Financial liabilities measured at amortised cost[1)]	7 002 184	13 173 110	78 288	20 253 582
Liabilities from hedging derivatives [3)]	-	-	196 582	196 582
Provisions	-	-	62 059	62 059
Current tax liability	-	-	14 788	14 788
Other liabilities	-	-	59 346	59 346
Total liabilities	**7 002 184**	**13 173 110**	**433 521**	**20 608 815**
Net balance sheet position	**661 851**	**699 834**	**260 647**	**1 622 332**
Net off-balance sheet position[2)]	**(3 315 301)**	**(128)**	**4 711 145**	**1 395 716**
Cumulative balance sheet and off-balance sheet position	**(2 653 450)**	**699 706**	**4 971 792**	**3 018 048**

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

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

The summary below represents an analysis of the earliest possible contractual maturity of financial assets, in the worst-case scenario, as at 30 June 2024 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial assets:						
Cash on hand	210 357	210 357	210 357	-	-	-
Cash balances at central banks	996 997	996 997	996 997	-	-	-
Other demand deposits	36 350	36 350	36 350	-	-	-
Loans and advances	14 535 858	16 457 182	2 508 674	2 545 992	5 517 331	5 885 185
Debt securities	3 973 639	4 720 879	155 368	417 284	1 227 590	2 920 637
Derivative financial assets:						
Positive fair value of financial derivatives held for trading	21 532	696 747	321 503	146 582	151 507	77 155
Positive fair value of financial derivatives held for fair value hedging	37 088	284 059	35 679	34 511	146 369	67 500

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

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial assets:						
Cash on hand	223 137	223 137	223 137	-	-	-
Cash balances at central banks	3 954 534	3 954 534	3 954 534	-	-	-
Other demand deposits	27 865	27 865	27 865	-	-	-
Loans and advances	14 321 330	16 056 511	2 339 043	2 519 075	5 369 164	5 829 229
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

The summary below represents an analysis of the earliest possible contractual maturity of financial liabilities, in the worst-case scenario, as at 30 June 2024 (in non-discounted amounts):

			Remaining maturity			
	Carrying amount	***Contractual cash flows***	***Up to 3 months incl.***	***From 3 months up to 1 year incl.***	***From 1 year up to 5 years incl.***	***Over 5 years incl.***
Non-derivative financial liabilities:						
Liabilities from debt securities for trading	10 057	10 057	10 057	-	-	-
Deposits	15 878 385	15 971 365	14 871 764	714 076	243 299	142 226
Liabilities from debt securities	2 313 760	2 600 823	14 317	677 541	1 583 747	325 218
Other financial liabilities	77 460	77 460	38 629	8 454	25 358	5 019
Provisions	56 295	56 295	56 295	-	-	-
Other liabilities	57 713	57 713	57 713	-	-	-
Derivative financial liabilities:						
Negative fair value of financial derivatives held for trading	16 818	872 501	317 064	188 208	210 919	156 310
Negative fair value of financial derivatives held for fair value hedging	171 512	325 499	26 071	40 837	111 164	147 427

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 30 June 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	748 861	748 861	748 861	-	-	-
Contingent liabilities from letters of credit	30 430	30 430	30 430	-	-	-
From irrevocable loan commitments	987 602	987 602	987 602	-	-	-

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):

	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 liabilities:						
Deposits	18 243 944	18 384 282	17 422 518	584 182	231 623	145 959
Liabilities from debt securities	1 998 383	2 212 416	67 123	163 280	1 954 083	27 930
Other financial liabilities	55 758	55 758	14 238	7 701	26 651	7 168
Provisions	62 059	62 059	62 059	-	-	-
Other liabilities	59 346	59 346	59 346	-	-	-
Derivative financial liabilities:						
Negative fair value of financial derivatives held for trading	22 458	626 237	487 975	118 269	11 897	8 096
Negative fair value of financial derivatives held for fair value hedging	196 582	241 317	30 223	20 454	74 766	115 874

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

	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.*
Contingent liabilities and other off-balance sheet items:						
Contingent liabilities from guarantees	702 662	702 662	702 662	-	-	-
Contingent liabilities from letters of credit	18 722	18 722	18 722	-	-	-
From irrevocable loan commitments	983 002	983 002	983 002	-	-	-

Operational risk

Operational risk is the risk arising from inappropriate or incorrect procedures, human error, failures of the Group'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 Group. As in the case of other types of risk, operational risk is managed by applying the standard principle including the separation of functions in risk management and controlling.

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

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

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

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

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

Other risks

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

Basel III

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

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

The Group's intention is to implement an advanced approach to the management, quantification, and reporting of individual risks as soon as possible. As at the reporting date, for credit risk, the Group 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 Group 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 Group continuously reassesses the performance of its rating models and subsequently ensures the required performance of the models.

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

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

OTHER DISCLOSURES

39. Contingent liabilities and other off-balance sheet items

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

	30.6.2024	***31.12.2023***
Contingent liabilities:	**779 291**	**721 384**
From guarantees	327 965	342 374
From other guarantees	420 896	360 288
From letters of credit	30 430	18 722
Commitments:	**3 359 584**	**3 297 321**
From irrevocable loan commitments:	987 602	983 002
Up to 1 year	*336 221*	*464 854*
More than 1 year	*651 381*	*518 148*
From revocable loan commitments:	2 371 982	2 314 319
Up to 1 year	*817 900*	*601 176*
More than 1 year	*1 554 082*	*1 713 143*
Total	**4 138 875**	**4 018 705**

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

The risk associated with off-balance sheet financial commitments and contingent liabilities is assessed similarly as for loans to customers, taking into account the financial position and activities of the entity to which the Group issued the guarantee and taking into account the collateral obtained. As at 30 June 2024, the Group created provisions for these risks amounting to EUR 10 539 thousand (as at 31 December 2023: EUR 10 333 thousand), Note 27 "*Provisions*". As at 30 June 2024, other contingent liabilities amounted to EUR 420 thousand (as at 31 December 2023: EUR 420 thousand).

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

Litigations and claims

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

The most serious legal proceedings concerns agreed credit facilities and a contract breach allegedly committed by the Group 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 Group’s view, both actions are speculative.

As at 30 June 2024, the Group examined the status of legal disputes, taking into account the amount of claims made and IFRS requirements as regards the recognition of provisions and contingent liabilities in the amount of EUR 3 423 thousand (31 December 2023: EUR 4 100 thousand), which are included in the off-balance sheet accounts.

If it is probable that the Group will be required to settle a claim and a reliable estimate of the amount can be made, the Group creates provisions. The total provision for legal disputes amounts to EUR 22 611 thousand (31 December 2023: EUR 22 566 thousand), Note 27 “*Provisions*”. To determine the amount of provisions, the Group 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 Group’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 assets”.*

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 assets”.*

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

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

	30.6.2024	***30.6.2023***
Lease costs:	**(459)**	**(379)**
Short-term lease	(35)	(38)
Lease of low-value tangible assets	(424)	(341)

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

	30.6.2024	***31.12.2023***
Undiscounted lease liabilities:	**43 331**	**46 176**
Less than 1 year	11 387	11 080
1 to 5 years	26 704	27 789
More than 5 years	5 240	7 307

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

d) 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 Group 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 30 June 2024:

*Related parties**	*RBI*	*RBI Group*	*Statutory bodies and Supervisory Board***	*Other related parties*	*Total*
Loans and current accounts to banks and customers	138 836	62 670	1 167	3 049	**205 722**
Receivables from derivative financial transactions	57 949	5	-	-	**57 954**
Other assets	459	1 443	-	-	**1 902**
Deposits and current accounts from banks and customers	46 052	5 095	1 722	505	**53 374**
Liabilities from derivative financial transactions	173 157	11	-	-	**173 168**
Subordinated debt	136 284	-	-	-	**136 284**
Other liabilities	14 157	1 004	-	-	**15 161**
Guarantees issued	51 460	584	-	-	**52 044**
Loan commitments	37 000	5 538	110	1 250	**43 898**

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

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

*Related parties**	*RBI*	*RBI Group*	*Statutory bodies and Supervisory Board***	*Other related parties*	*Total*
Loans and current accounts to banks and customers	148 743	67 239	1 165	3 223	**220 370**
Receivables from derivative financial transactions	71 876	-	-	-	**71 876**
Other assets	950	986	-	-	**1 936**
Deposits and current accounts from banks and customers	2 706	4 461	1 326	389	**8 882**
Liabilities from derivative financial transactions	202 115	-	-	-	**202 115**
Subordinated debt	136 311	-	-	-	**136 311**
Other liabilities	5 680	947	-	-	**6 627**
Guarantees issued	70 330	13 365	-	-	**83 695**
Loan commitments	37 000	5 536	118	1 293	**43 947**

** 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 30 June 2024:

Related parties*	***RBI***	***RBI Group***	***Statutory bodies and Supervisory Board***	***Other related parties***	***Total***
Interest and dividend income	78 329	2 168	7	54	**80 558**
Fee and commission income	301	180	-	-	**481**
Unrealised gain/(loss) on derivative financial transactions	12 075	(6)	-	-	**12 069**
Operating revenues	620	600	-	-	**1 220**
Interest expense	(90 330)	(20)	(12)	(60)	**(90 422)**
Fee and commission expense	(624)	(5 725)	-	-	**(6 349)**
General administrative expense	(6 159)	(323)	-	-	**(6 482)**
Total	**(5 788)**	**(3 126)**	**(5)**	**(6)**	**(8 925)**

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

Revenues and expenses as regards related parties as at 30 June 2023:

Related parties*	***RBI***	***RBI Group***	***Statutory bodies and Supervisory Board***	***Other related parties***	***Total***
Interest and dividend income	30 143	1 613	6	38	**31 800**
Fee and commission income	467	192	-	-	**659**
Unrealised gain/(loss) on derivative financial transactions	18 430	(2)	-	-	**18 428**
Operating revenues	684	729	-	-	**1 413**
Interest expense	(42 607)	(14)	(2)	(16)	**(42 639)**
Fee and commission expense	(396)	(4 833)	-	-	**(5 229)**
General administrative expense	(5 630)	(249)	-	-	**(5 879)**
Total	**1 091**	**(2 564)**	**4**	**22**	**(1 447)**

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

42. Average number of employees

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

	30.6.2024	***31.12.2023***
Group employees	3 516	3 482
Of which: Members of the Board of Directors	*7*	*7*
Total	**3 516**	**3 482**

43. Capital management

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

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

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

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

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

Internal capital is the Group's own funds that the Group 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 Group. The Group's objective is to maintain the required amount of internal capital. In 2024, the Group 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 Group. Economic capital thus ensures the financial stability of the Group at the level of reliability corresponding to the Group's credibility. The use of economic capital knowledge is important to the Group, eg for active portfolio management, valuation, controlling etc.

An additional own resources requirement, the so-called "Pillar 2 requirement" (P2R), is designed to cover risks that are not covered or are not sufficiently covered by the first pillar own funds requirement. Its value for the Parent Company 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 Group's regulatory capital structure and the capital adequacy ratios:

	30.6.2024	***31.12.2023***
Original own funds (TIER 1)	**1 356 359**	**1 356 113**
Paid-up share capital	64 326	64 326
(-) Treasury shares	(62)	(64)
Share premium	298 810	298 654
(-) Share premium – treasury shares	(1 174)	(1 134)
Funds from profit and other capital reserves	15 676	15 676
Other specific items of original own funds	982 463	982 128
Other temporary adjustments to Tier 1 capital	(3 680)	(3 473)
Additional own funds (TIER 1) (AT1 capital)	**100 000**	**100 000**
(-) Items deductible from the original own funds	**(49 412)**	**(52 007)**
(-) Intangible assets	(36 537)	(39 132)
(-) Goodwill	(12 875)	(12 875)
Additional own funds (TIER 2)	**153 963**	**161 295**
Subordinated debts	135 000	135 000
IRB excess of provisions over expected losses eligible	18 963	26 295
(-) Items deductible from the original and additional own funds	**(5 313)**	**(5 697)**
(-) From the original own funds	(5 313)	(5 697)
Total own funds	**1 555 597**	**1 559 704**
Adequacy of own funds (%)	**19,42**	**19,39**
Own funds	**1 555 597**	**1 559 704**
Risk-weighted assets (RWA)	**8 010 632**	**8 042 964**
RWA from receivables recorded in the Banking Book	7 118 095	7 152 203
RWA from positions recorded in the Trading Book	16 538	14 762
RWA from operating risk – standardised approach	875 999	875 999

44. Post-balance sheet events

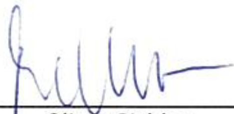
There were no significant events between the balance sheet date and the date of authorisation of these financial statements that would require an adjustment or additional disclosure.

45. Approval of the separate financial statements

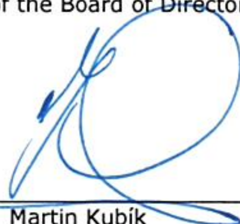
The annual consolidated financial statements for the immediately-preceding reporting period (as at 31 December 2023) were signed and authorised for issue on 19 February 2024.

The financial statements were signed and authorised for issue on 5 August 2024 by the following bodies/persons:

a) Statutory body



Oliver Pichler
Member of the Board of Directors



Martin Kubík
Member of the Board of Directors

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

Ľubica Jurkovičová
Accounting, Reporting
and Tax Director