

## Slovenská sporiteľňa achieved profit after tax in the amount of EUR 134.6 million in the first half of 2016; the volume of loans grew by 10%

*Consolidated, unaudited financial results of Slovenská sporiteľňa as of 30 June 2016 according to International Financial Reporting Standards (IFRS).*

*„The bank achieved excellent results for the first half of the year. Our business is growing both in loans and deposits along with positive development in the area of risk costs. However, it has to be said that our results were significantly influenced by two one-off transactions, namely sale of our stake in Visa Europe and forming of the joint venture Global Payments. I am pleased that we were able to donate part of these funds to Foundation of Slovenská sporiteľňa for support of projects in the field of education, culture and social aid,“*  
Štefan Máj, Chairman of the Board of Directors and General Manager of Slovenská sporiteľňa commented on the results.

### FINANCIAL HIGHLIGHTS AS OF 30 JUNE 2016 (Y/Y COMPARISON)

- Net interest income remained stable at EUR 231.5 million (in 2015 it was EUR 231.7 million)
- Net fee and commission income increased 3.5% y/y from EUR 62.5 million to EUR 64.7 million
- Operating profit went up by 0.6% y/y from EUR 168.5 million to EUR 169.5 million
- Net profit after tax increased by 49.4% y/y from EUR 90.1 million to EUR 134.6 million
- Volume of loans and receivables to customers grew by 10.2% y/y from EUR 8.7 billion to EUR 9.6 billion
- Deposits from customers increased by 5.4% y/y from EUR 10.4 billion to EUR 10.9 billion
- Cost/income ratio reached 44.5%
- Capital adequacy reached 22.29% and considerably exceeds the limit stipulated by the law (according to NBS, Basel III requirements and IRB approach)
- Loan-to-deposit-ratio increased slightly y/y from 83.9% to 87.8%

### BUSINESS PERFORMANCE OVERVIEW OF SLOVENSKÁ SPORITELŇA AS OF 30 JUNE 2016

**Net interest income** remained stable at EUR 231.5 million (in 2015 it was EUR 231.7 million) despite the low interest rates on the market. The stable development was mainly achieved due to y/y increase of loans to customers by EUR 0.9 billion and the changing structure of deposit products.

**Net fee and commission income** went up by 3.5% from EUR 62.5 million to EUR 64.7 million. This increase is mainly the result of the intensified loan business and larger number of client transactions involving fund transfers.

In 2016 the bank achieved a profit in the amount of EUR 6.8 million in the area of **net trading and fair value result**, i.e. an increase compared with the corresponding period of 2015. The main reason behind this increase was mainly higher revenues from revaluation of derivate instruments.

**General administrative expenses** went up moderately in y/y comparison and reached EUR 135.8 million (in 2015 it was EUR 131.4 million). General administrative expenses were kept at a favourable level despite the posting of annual contribution into the Deposit Protection Fund for 2016 in the amount of EUR 2.5 million (due to a change in legislation) which is an increase by EUR 1.3 million compared with the first half of 2015.

**Cost/income ratio** increased slightly from 43.8% to 44.5%.

The bank sold its stake in the company Visa Europe Ltd. to the company Visa Inc. in the second quarter. Total one-off yield from this transaction was EUR 26.8 million. Slovenská sporiteľňa decided to donate 10% of this amount to Foundation of Slovenská sporiteľňa to support various projects in line with our corporate social responsibility strategy.

**Risk costs for loans and receivables** achieved EUR 21.3 million in 2016 which is a decrease by 31.9% compared with the corresponding period of 2015. The reason behind this decrease is the positive development of in the area of credit risk. The share of defaulted loans on total loan volume remained low at 5.3%.

**Total risk costs of the bank** (for loans, receivables and off-balance items) were significantly lower in 2015 despite the 10.2% increase of loan portfolio. In the first half of this year they amounted to EUR 18.8 million compared with EUR 32.1 million in 2015.

As part of **other operating income** the bank posted an extraordinary income in the amount of EUR 14.5 million which was generated by contributing part of the undertaking related to merchant acquiring business to the newly established company Global Payments, s.r.o. This company is a joint venture which will provide payment services to merchant in the Czech Republic, Romania and the Slovak Republic.

**Consolidated net profit after tax** attributable to owners of parent increased by 49.4% y/y and reached EUR 134.6 million.

In the first half of 2016 the bank reported a contribution into the Resolution fund in the amount of EUR 4.0 million (in the first half of 2015 it was EUR 2.4 million). Total levies (bank levy, contribution into the Deposit Protection Fund, contribution into the Resolution Fund) amounted to EUR 18.8 million in 2016 (EUR 15.2 million in 2015).

The volume of **loans to customers** increased by 10.2% compared with 2015 and achieved EUR 9.6 billion. **Retail loans** were the major driving force; they increased by 12.6% y/y (by EUR 852 million.). Slovenská sporiteľňa again confirmed its position as market leader in retail loans; its market share reached 27.3%. The main growth driver were housing loans which grew by 11.8% (by EUR 589 million) and consumer loans which grew by 14.7% (by EUR 190 million). **Loans to corporate clients** grew slightly by 0.8% y/y (by EUR 18 million) and reached EUR 2.4 billion. The highest growth was achieved in the SME segment with an annual increase of 9.2%.

**Deposits from customers** rose by 5.4% from EUR 10.4 billion to EUR 10.9 billion compared with the year 2015. **Retail deposits** increased from EUR 8.2 billion to EUR 9.2 billion, providing a solid base for financing and room for further growth of the bank.

**Current ratings of Slovenská sporiteľňa (as of 30 June 2016):**

Fitch	
Long-term rating	BBB+
Short-term rating	F2
Individual rating	bbb+
Outlook	stable

<b>Selected Unaudited Profit and Loss Statement Data</b> (in EUR mil.)	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>change</b>
Net interest income	231.5	231.7	(0.1%)
Net fee and commission income	64.7	62.5	3.5%
Dividend income	0.6	0.5	20.0%
Net trading and fair value result	6.8	2.7	151.9%
Net result from equity method investments	1.0	1.6	(37.5%)
Rental income from investment properties & other operating leases	0.7	0.9	(22.2%)
General administrative expenses	(135.8)	(131.4)	3.3%
Net profit/loss on financial assets not measured at fair value through profit or loss	26.8	-	-
Net impairment loss on financial assets not measured at fair value through profit or loss	(21.4)	(31.3)	(31.6%)
Other operating result	(1.7)	(18.0)	(90.6%)
thereof levies on banking activities	(16.3)	(14.0)	16.4%
<b>Pre-tax profit</b>	<b>173.2</b>	<b>119.2</b>	<b>45.3%</b>
Taxes on income	(38.5)	(28.8)	33.7%
<b>Net profit after tax attributable to owners of parent</b>	<b>134.6</b>	<b>90.1</b>	<b>49.4%</b>

Operating income	305.3	299.9	1.8%
Operating expense	(135.8)	(131.4)	3.3%
<b>Operating result</b>	<b>169.5</b>	<b>168.5</b>	<b>0.6%</b>

<b>Selected Unaudited Balance Sheet Data</b> (in EUR mil.)	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>change</b>
Cash and cash balances	322.7	299.8	7.6%
Financial assets – held for trading	65.9	71.9	(8.3%)
Financial assets – at fair value through profit or loss	8.7	18.9	(54.0%)
Financial assets – available for sale	1,341.2	1,232.8	8.8%
Financial assets – held to maturity	2,425.5	2,530.4	(4.1%)
Loans and receivables to credit institutions	267.4	79.9	234.7%
Loans and receivables to customers	9,603.6	8,711.1	10.2%
<b>Total assets</b>	<b>14,384.9</b>	<b>13,344.1</b>	<b>7.8%</b>
Financial liabilities held for trading	64.7	71.6	(9.6%)
Financial liabilities measured at amortised costs	12,558.1	11,757.1	6.8%
Deposits from banks	402.0	353.8	13.6%
Deposits from customers	10,937.4	10,378.1	5.4%
Debt securities issued	1,218.6	1,025.2	18.9%
Total equity	1,493.4	1,261.5	18.4%
<b>Total liabilities &amp; Equity</b>	<b>14,384.9</b>	<b>13,344.1</b>	<b>7.8%</b>

<b>Key ratios (consolidated)</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Return on equity (ROE)	17.80%	13.89%
Return on assets (ROA)	1.92%	1.38%
Net interest margin (on interest bearing assets)	3.51%	3.80%
Cost income ratio	44.47%	43.81%
Capital adequacy – according to NBS requirements	22.29%	20.79%

<b>Selected indicators of banking activities</b>	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>change</b>
Number of employees	4,255	4,205	1.2%
Number of customers (in thousand)	2,324	2,330	(0.3%)
Number of payment cards issued (in thousand)	1,463	1,425	2.7%
Number of POS terminals	10,455	10,366	0.9%
Number of users of Internetbanking services (in thousand)	923	899	2.7%
Number of ATMs	793	784	1.2%
Number of sales points	291	291	0.0%