

Slovenská sporiteľňa achieved profit after tax in the amount of EUR 91.2 million. The volume of housing loans grew by 5% y/y

Consolidated, unaudited financial results of Slovenská sporiteľňa as of 30 June 2021 according to International Financial Reporting Standards (IFRS).

“The economic situation became stable in the first half of the year, which is good news for our clients. Clients who had to defer their loans last year, have resumed normal loan repayments and because we already did our risk management homework in the past, we created significantly less new provisions in the first half of 2021. I am pleased that our clients are also responsible, as they are more inclined to invest and take out an insurance, improving our net fee and commission income. A win-win situation is always great. As our clients are willing to invest responsibly, we completed the first issue of green bonds in the amount of EUR 100 million. We saw quite a few positive developments in the second quarter; a stable 5-percent increase in housing loans in particular, which is a good indication of what to expect for the next months,” said Pavel Cetkovský, CFO and Member of the Board of Directors of Slovenská sporiteľňa.

FINANCIAL HIGHLIGHTS AS OF 30 JUNE 2021 (Y/Y COMPARISON)

- Net interest income went up by 0.3% y/y from EUR 217.3 million to EUR 217.8 million
- Net fee and commission income increased by 17% y/y from EUR 67.9 million to EUR 79.5 million
- Operating profit went up by 8.5% y/y from EUR 142.9 million to EUR 155.0 million
- Net profit after tax increased to EUR 91.2 million (2020: EUR 29.5 million)
- Volume of loans and receivables to customers grew by 2.7% y/y from EUR 14.2 billion to EUR 14.7 billion
- Deposits from customers increased by 8.9% y/y from EUR 14.4 billion to EUR 15.6 billion
- Cost income ratio reached 48.8%
- Capital adequacy reached 21.03% and continues to considerably exceed the limit stipulated by the law (according to ECB/NBS, Basel III and IRB approach)
- Loan-to-deposit ratio decreased y/y from 99.3% to 93.7%

BUSINESS PERFORMANCE OVERVIEW OF SLOVENSKÁ SPORITEL'ŇA AS OF 30 JUNE 2021

Net interest income went up by 0.3% y/y from EUR 217.3 million to EUR 217.8 million. Interest income from liabilities with a negative interest rate (TLTRO) had a positive impact on net interest income, making up for the lower interest income from loans.

Net fee and commission income increased by 17.0% y/y from EUR 67.9 million to EUR 79.5 million. All categories of net fees and commissions developed favourably, mainly income generated by Asset Management Slovenskej sporiteľne, income from insurance mediation and fees for payment services.

The bank recorded a net profit of EUR 3.9 million in the area of **net trading and fair value result** (it was EUR 3.7 million in 2020) which is mainly attributable to derivative transactions.

General administrative expenses went up by 2.3% y/y to EUR 147.9 million (in 2020 it was EUR 144.6 million). Personal expenses decreased by 2.2%, while other administrative expenses grew by 17.7% mainly as a result of the increased contribution into the Deposit Protection Fund. This increase was partially offset by a decrease of write-offs by 16.7%.

Operating profit went up by 8.5% to EUR 12.1 million. **Cost income ratio** went down to 48.8% compared with last year.

Net impairment of financial assets went down from EUR 63.5 million to EUR 26.0 million compared with 2020.

The share of defaulted loans on total loan volume decreased from 2.7% to 2.3% while the coverage with provisions improved from 95.8% to 110.0%.

Total levies of the bank went down from EUR 38.8 million to EUR 14.1 million. The cancelled bank levy had a positive impact but the contribution into the Deposit Protection Fund increased considerably from EUR 1.1 million to EUR 9.4 million. The annual contribution into the Single Resolution Fund went up from EUR 4.0 million to EUR 4.7 million.

Consolidated **profit after tax** reached EUR 91.2 million.

The volume of **loans to customers** increased by 0.4% y/y and achieved EUR 15.0 billion. **Retail loans** were the major driving force; they increased by 2.6% y/y (by EUR 0.3 billion) compared with 2020. Slovenská sporiteľňa again confirmed its position as market leader in retail loans; its market share in retail loans reached 24.7% in 2021. The main growth driver were housing loans which grew by 4.9% (EUR 0.4 billion in absolute terms), while consumer loans went down by 12.0% y/y (EUR 0.2 billion in absolute terms).

Loans to corporate clients (including factoring and leasing products) increased by 3.2% y/y (by EUR 0.1 billion) and reached EUR 4.2 billion.

Retail deposits increased from EUR 12.6 billion to EUR 13.8 billion, providing a solid base for financing and room for further growth of the bank. **Deposits from customers** rose from EUR 14.4 billion to EUR 15.6 billion compared with the year 2020.

Current ratings of Slovenská sporiteľňa (as of 30 June 2021):

| Moody's | |
|-------------------|-----------|
| Long-term rating | A2 |
| Short-term rating | P-1 |
| Individual rating | baa2/baa1 |
| Outlook | stable |

| Condensed Consolidated Statement of Income (unaudited data) (EUR ths.) | 30.06.2020 | 30.06.2021 | change |
|---|---------------|----------------|---------------|
| Net interest income | 217,276 | 217,833 | 0.3% |
| Net fee and commission income | 67,949 | 79,471 | 17.0% |
| Dividend income | 601 | 532 | (11.5%) |
| Net trading result | 3,692 | 3,866 | 4.7% |
| Gains/losses from financial instruments measured at fair value through profit or loss | (2,770) | 63 | (102.3%) |
| Net result from equity method investments | 527 | 952 | 80.6% |
| Rental income from investment properties & other operating leases | 159 | 150 | (5.7%) |
| Operating expense | (144,582) | (147,877) | 2.3% |
| Impairment result from financial instruments | (63,518) | (25,959) | (59.1%) |
| Other operating result | (39,998) | (8,122) | (79.7%) |
| Levies on banking activities | (37,751) | (4,665) | (87.6%) |
| Pre-tax profit from continuing operations | 39,331 | 120,610 | 206.7% |
| Taxes on income | (9,802) | (29,453) | 200.5% |
| Net result for the period | 29,529 | 91,157 | 208.7% |

| | | | |
|-------------------------|----------------|----------------|-------------|
| Operating income | 287,434 | 302,867 | 5.4% |
| Operating expense | (144,582) | (147,877) | 2.3% |
| Operating result | 142,852 | 154,990 | 8.5% |

| Selected lines of Consolidated Balance sheet (unaudited data) (EUR ths.) | 30.06.2020 | 30.06.2021 | change |
|---|-------------------|-------------------|--------------|
| Cash and cash balances | 754,596 | 3,707,306 | 391.3% |
| Derivatives | 51,940 | 51,644 | (0.6%) |
| Equity instruments | 25,730 | 7,155 | (72.2%) |
| Debt securities | 3,676,812 | 3,812,091 | 3.7% |
| Loans and advances to banks | 12,010 | 12,737 | 6.1% |
| Loans and advances to customers* | 14,259,347 | 14,650,051 | 2.7% |
| Finance lease receivables* | 227,678 | 225,423 | (1.0%) |
| Hedge accounting derivatives | 34,597 | 27,296 | (21.1%) |
| Trade and other receivables* | 77,355 | 106,702 | 37.9% |
| Total assets | 19,403,133 | 22,907,282 | 18.1% |
| Derivatives | 52,265 | 49,393 | (5.5%) |
| Deposits from banks | 801,440 | 2,973,738 | 271.0% |
| Deposits from customers | 14,358,469 | 15,636,714 | 8.9% |
| Debt securities in issue | 2,423,289 | 2,099,900 | (2.0%) |
| Hedge accounting derivatives | 49,866 | 38,408 | (23.0%) |
| Total equity | 1,723,144 | 1,836,436 | 6.6% |
| Total liabilities and equity | 19,403,133 | 22,907,282 | 18.1% |

| Key ratios (consolidated) | 30.06.2020 | 30.06.2021 |
|--|------------|------------|
| Return on equity (ROE) | 3.48% | 10.17% |
| Return on assets (ROA) | 0.32% | 0.84% |
| Net interest margin (on interest bearing assets) | 2.44% | 2.36% |
| Cost income ratio | 50.30% | 48.80% |
| Capital adequacy – according to NBS requirements | 20.60% | 21.03% |

| Selected indicators of banking activities | 31.12.2020 | 30.06.2021 | change |
|--|------------|------------|--------|
| Number of employees | 3,789 | 3,730 | (1.6%) |
| Number of customers (in thousand) | 2,151 | 2,135 | (0.7%) |
| Number of payment cards issued (in thousand) | 1,535 | 1,547 | 0.8% |
| Number of users of internet banking services (in thousand) | 1,152 | 1,179 | 2.3% |
| Number of ATMs | 747 | 746 | (0.1%) |
| Number of branches | 206 | 205 | (0.5%) |