

Slovenská sporiteľňa achieved profit after tax in the amount of EUR 177.2 million after the third quarter of 2021

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

“Our business results and those of the whole banking sector will be positive. However, when looking at them just in terms of year-on-year profit increase, you get a somewhat distorted picture. To get a more realistic picture, you must look at a longer time window. In other words, we should evaluate the year 2020 and 2021 together. In terms of profitability the banking sector is returning to where it was. But to achieve these numbers, it needs to do more business. We were able to record a 5% increase in loans, 9% increase in deposits and we are also doing quite well with investment products and insurance mediation. This just proves that our clients do not perceive us as just a bank but their financial partner. However, it must be said that provisions had a major impact on current business results. Last year, with the start of the pandemic, we didn't know how its consequences would translate into the economy, profitability, and unemployment. That is why we were very prudent in creating provisions. Today we see that the negative impact of the pandemic was not as severe as expected and due to the favourable development, we are continually releasing the provisions. That is great news, as it indicates that the financial health of private individuals and companies is strong. Personally, I am very pleased about two things. We received the Via Bona award in the Well-Governed Company category and Peter Krutil, my Board of Directors colleague, was voted the most respected CEO of the year by other Slovak CEOs,” said Pavel Cetkovský, CFO and Member of the Board of Directors of Slovenská sporiteľňa.

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

- Net interest income went down by 0.9% y/y from EUR 325.2 million to EUR 322.4 million
- Net fee and commission income increased by 20.4% y/y from EUR 106.4 million to EUR 128.1 million
- Operating profit went up by 7.4% y/y from EUR 225.6 million to EUR 242.2 million
- Net profit after tax increased to EUR 177.3 million (2020: EUR 74.1 million)
- Volume of loans and receivables to customers grew by 4.9% y/y from EUR 14.4 billion to EUR 15.1 billion
- Deposits from customers increased by 9.2% y/y from EUR 14.3 billion to EUR 15.6 billion
- Cost income ratio reached 47.2%
- Capital adequacy reached 20.92% 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 100.8% to 96.9%

BUSINESS PERFORMANCE OVERVIEW OF SLOVENSKÁ SPORITELŇA AS OF 30 SEPTEMBER 2021

Net interest income went down by 0.9% y/y from EUR 325.2 million to EUR 322.4 million. Net income from TLTRO operations had a positive impact on net interest income, making up for the lower interest income from loans. The bank also recorded a lower interest income from debt securities in 2021 compared with last year.

Net fee and commission income increased by 20.4% y/y from EUR 106.4 million to EUR 128.1 million. The increase was mainly recorded in fees and commissions from Asset Management Slovenskej sporiteľne, income from insurance mediation and increased net fees in relation to card companies.

The bank recorded a net profit of EUR 6.7 million in the area of **net trading and fair value result** (it was EUR 5.9 million in 2020) which is mainly attributable to derivative transactions.

General administrative expenses went up by 1.3% y/y to EUR 216.7 million (in 2020 it was EUR 214.0 million). Personal expenses decreased by 3.4%, while other administrative expenses grew by 15.0% 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 12.0%.

Operating profit went up by EUR 16.6 million, accounting for an increase of 7.4%. **Cost income ratio** went down to 47.2% compared with last year.

While the bank recorded a net impairment loss on financial assets in the amount of EUR 86.6 million in 2020, in three quarters of 2021 it recorded a net profit in the amount of EUR 1.6 million. This positive development is related to the release of provisions due to favourable credit risk development.

The share of defaulted loans on total loan volume decreased from 2.6% to 1.9% while the coverage with provisions improved from 105.0% to 117.0%.

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 177.2 million.

The volume of **loans to customers** increased by 4.9% y/y and achieved EUR 15.1 billion. **Retail loans** were the major driving force; they increased by 3.8% y/y (by EUR 0.4 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 6.2% (EUR 0.5 billion in absolute terms), while consumer loans went down by 10.8% y/y (EUR 0.2 billion in absolute terms).

Loans to corporate clients (including factoring and leasing products) increased by 6.5% y/y (by EUR 0.3 billion) and reached EUR 4.4 billion.

Retail deposits increased from EUR 12.7 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 14.3 billion to EUR 15.6 billion compared with the year 2020.

Current ratings of Slovenská sporiteľňa (as of 30 September 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.)	30.09.2020	30.09.2021	change
Net interest income	325,216	322,356	(0.9%)
Net fee and commission income	106,396	128,050	20.4%
Dividend income	615	574	(6.7%)
Net trading result	5,914	6,668	12.7%
Gains/losses from financial instruments measured at fair value through profit or loss	237	(213)	(189.9%)
Net result from equity method investments	995	1,263	27.0%
Rental income from investment properties & other operating leases	238	223	(6.5%)
Operating expense	(214,009)	(216,730)	1.3%
Impairment result from financial instruments	(86,574)	1,576	(101.8%)
Other operating result	(40,446)	(9,559)	(76.4%)
Levies on banking activities	(37,751)	(4,665)	(87.6%)
Pre-tax profit from continuing operations	98,579	233,908	137.3%
Taxes on income	(24,512)	(56,646)	131.1%
Net result for the period	74,067	177,262	139.3%

Operating income	439,612	458,922	4.4%
Operating expense	(214,009)	(216,730)	1.3%
Operating result	225,603	242,192	7.4%

Selected lines of Consolidated Balance sheet (unaudited data) (EUR ths.)	30.09.2020	30.09.2021	change
Cash and cash balances	1,272,064	3,241,173	154.8%
Derivatives	59,645	48,856	(18.1%)
Equity instruments	33,943	7,155	(78.9%)
Debt securities	3,683,644	3,825,284	3.8%
Loans and advances to banks	117,674	13,527	(88.5%)
Loans and advances to customers*	14,427,266	15,140,213	4.9%
Finance lease receivables*	234,909	224,182	(4.6%)
Hedge accounting derivatives	34,298	23,305	(32.1%)
Trade and other receivables*	80,346	117,308	46.0%
Total assets	20,244,374	22,933,501	13.3%
Derivatives	60,163	46,386	(22.9%)
Deposits from banks	1,754,030	2,963,791	69.0%
Deposits from customers	14,311,625	15,630,709	9.2%
Debt securities in issue	2,065,755	2,059,346	(0.3%)
Hedge accounting derivatives	51,513	38,153	(25.9%)
Total equity	1,763,608	1,919,398	8.8%
Total liabilities and equity	20,244,374	22,933,501	13.3%

Key ratios (consolidated)	30.09.2020	30.09.2021
Return on equity (ROE)	5.73%	12.94%
Return on assets (ROA)	0.52%	1.07%
Net interest margin (on interest bearing assets)	2.40%	2.29%
Cost income ratio	48.70%	47.23%
Capital adequacy – according to NBS requirements	19.68%	20.92%

Selected indicators of banking activities	31.12.2020	30.09.2021	change
Number of employees	3,789	3,691	(2.6%)
Number of customers (in thousand)	2,151	2,103	(2.2%)
Number of payment cards issued (in thousand)	1,535	1,554	1.2%
Number of users of internet banking services (in thousand)	1,152	1,197	3.9%
Number of ATMs	747	749	0.3%
Number of branches	206	203	(1.5%)