Report of the Cover Pool Monitor of the Covered Bond Programme of Slovenská sporiteľňa, a. s. for 2024

April 25, 2025

SLOVENSKÁ sporiteľňa

Reason for submitting the report

This report has been prepared and submitted to the National Bank of Slovakia (hereinafter referred to as the "NBS") on the basis of Act No 483/2001 Coll. on Banks and on amendments to certain acts, as amended (hereinafter referred to as the "Banking Act"), which stipulates the obligation of the Cover Pool Monitor (hereinafter referred to as the "CP Monitor") of the covered bond programme to submit a Report on the Covered Bond Programme (hereinafter referred to as the "Report") for the previous year by 30 April of the current calendar year.

Content of the submitted report

The Report contains mainly information on the Covered Bond Programme (hereinafter referred to as "CB Programme") in Slovenská sporiteľňa, a. s. (hereinafter referred to as the "Bank"), namely:

a) the number, volume, yields and maturities of the covered bonds issued (hereinafter referred to as "CBs") and allocation of primary and substitution assets to individual issues,
b) the volume of assets in the cover pool and CBs in euro or foreign currency,
c) the structure of the cover pool,
d) coverage ratio,
e) average amounts and maturities of the primary assets (hereinafter referred to as "PA"), fixation period and weighted interest rate, breakdown of weighted interest rates and the volume of loans granted according to the fixation period, breakdown of PA by maturity,
f) the volume of defaulted mortgage loans and the volume of mortgage loans removed from the cover pool,
g) the reasons for substantial changes in adding or excluding assets to and from the cover pool,
h) the structure of real estate securing PA in the cover pool, divided into family houses, apartments, building plots and buildings under construction,
i) the proportional distribution of real estate securing PA according to the regional division of the Slovak Republic (hereinafter referred to as "Slovakia") and the ratio of the value of the property to the amount of the mortgage loan,
j) method of calculation and the amount of estimated liabilities or costs of the Bank issuing the CBs,
k) methodology and results of stress testing,
l) activities of the CP Monitor and supervision of the NBS in connection with the CB Programme for the last calendar year,
m) other facts related to the activities of the bank that is the issuer of the CBs.

Opinion of the CP Monitor

In the course of 2024, the Bank carried out activities related to the CB Programme in accordance with the Banking Act, NBS Decree No. 13 of 2018 and NBS Decree No. 5 of 2023 on the Register of Covered Bonds (hereinafter referred to as the "NBS Measure") and other related generally binding legal regulations. Within the framework of internal processes and procedures, the Bank has created the required organizational, technical, legal and personnel conditions to meet the requirements imposed on the issuer of CBs by the relevant provisions of the Banking Act.

The opinion is based on the findings that I obtained during the supervision and control of the implementation of the CB program in the bank, in particular in accordance with Section 79 of the Banking Act, which I carried out on a regular monthly basis. I performed the activities of the Monitor autonomously, independently and impartially, in cooperation with the bank, which allowed me to inspect the required records, documents, systems and premises related to the CB Programme during the year. In my absence, as well as during the monthly supervision and inspection, I cooperated with my deputy, Mrs. Ing. Soňa Vágnerová.

Bratislava, 25/04/2025

Ing. Vladimír Jánošík
CP Monitor of the CB programme

a) the number, volume, yields and maturities of the CB issues, the allocation of primary and substitution assets to individual issues

Due to the slowdown in the growth of mortgage lending during 2024, the bank did not issue any CB in 2024.

Table 1 - Allocation of primary and substitution assets to individual issues (the bank does not record any additional assets as of 31/12/2024)

ISIN	Volume of CB issue (mil. eur)	Volume of primary assets (mil. eur)	Weighted Average LTV for the issue (%)	Primary assets to CBs issue ratio (%)
SK4120008947	4.4	6.0	40.2	137.2
SK4120012683	100.0	136.8	40.6	136.8
SK4120010950	10.0	13.8	39.1	138.3
SK4120014507	250.0	342.1	40.9	136.8
SK4000022398	500.0	684.1	40.6	136.8
SK4120011586	9.0	12.4	40.0	138.2
SK4000015400	500.0	684.2	40.7	136.8
SK4000020673	500.0	684.3	40.6	136.9
SK4120005505	16.6	22.8	41.3	137.1
SK4000023636	500.0	684.2	40.6	136.8
SK4000017190	500.0	684.1	40.6	136.8
SK4000021820	500.0	684.3	44.5	136.9
SK4120009218	6.6	9.0	40.9	137.0
SK4000021119	500.0	684.2	40.7	136.8
SK4120009804	4.9	6.8	39.8	139.4

b) the volume of primary assets in the cover pool and CBs in euro or in foreign currency

Table 2 - Volume of primary assets and covered bonds, EUR million

Item*	12/2023	12/2024
Primary assets	5 721.5	5 339.2
Covered bonds	4 151.4	3 901.4

* SLSP,a.s. keeps primary assets and covered bonds only in EUR

The total nominal value of the issued CBs is covered by the cover pool assets in the amount of at least the coverage ratio of 105% (Section 69, Banking Act).

c) Structure of the cover pool

Table 3 - Development of the cover pool, EUR million

Item	12/2023	12/2024
Cover pool	**5 771.5**	**5 424.2**
Primary assets	5 721.5	5 339.2
Substitution assets	-	-
Hedging derivatives	-	-
Liquid assets	50.0	85.0

The bank complies with the requirements for the structure of the cover pool in accordance with the Banking Act.

The bank (Section 74 of the Banking Act) fully covers the negative cash flows of coupons from the CBs within 180 days by means of positive cash flows from the primary assets in the cover pool and at the same time accumulates funds to a reasonable extent for the payment of the principal of the CB within 180 days. In the event of an additional need, i.e. a timing mismatch between the payment of the principal amount of the CBs and an unexpected change in the bank's liquidity situation, the bank demonstrated the ability to replenish liquid assets with level 1 assets in sufficient volumes.

d) Coverage ratio

The coverage ratio as of 31.12.2024 is 137.4%, which exceeds the required level of 105% (Section 69, Banking Act), as well as the minimum level of voluntary overcollateralization set by the Bank (107.5%) and the level of overcollateralization required by the Moody's rating agency (107.5%) to meet the highest rating for CBs, grade "Aaa".

Table 4 - Development of the coverage ratio in %

Item	12/2023	12/2024
Coverage ratio	137.5	137.4

The value of the coverage ratio in 2024 is in accordance with the bank's approved document "Funding, Interest Rate Positioning & Investment Strategy for 2024"

e) average amount, maturity of PA, fixation period and weighted interest rate, breakdown of weighted interest rates and volume of loans granted by fixation period, breakdown of PA by maturity

Table 5 – Main characteristics of PA

Item	12/2023	12/2024
Average volume (mil. eur)	47 527.5	46 593.5
Maturity (year)	21.2	21.0
Fixation period (year)	4.9	4.8
Weighted interest rate (%)	1.77	2.40

Compared to last year, the increase in the weighted average client interest rate is due to the refixing and refinancing of mortgage loans, especially with 3 and 5-year fixation at higher interest rates.

Table 6 - Breakdown of weighted interest rates according to the fixation period, EUR million

Interest rate type	Primary assets	Weighted interest rate (%)
Variable	-	-
Fix up to 1 year	155.6	4.98
Fix from 1 to 3 years	1 205.0	3.82
Fix from 3 to 5 years	3 661.8	1.86
Fix from 5 to 10 years	299.6	1.82
Fixn over 10 years	17.2	2.67
Total	5 339.2	2.40

Table 7 - Breakdown of fixed assets by maturity, EUR million

Remaining maturity of primary assets	Primary assets
from 0 - to 1 year	2.9
from 1 - to 2 years	10.2
from 2 - to 5 years	77.5
from 5 - to 10 years	341.9
from 10 - to 15 years	647.0
from 15 - to 20 years	965.5
from 20 - to 25 years	1 552.5
from 25 - to 30 years	1 741.5
Total	5 339.2

f) Volume of defaulted mortgage loans and volume of mortgage loans removed from the cover pool

Table 8 – Removed and defaulted mortgage loans, EUR million

Item	12/2023	12/2024
Exclusion total	68.6	158.6
Exclusion due to repayment	21.0	30.0
Exclusion due to default	2.2	1.5

An essential criterion for the quality of PA in the Register of Covered Bonds (hereinafter referred to as "CB register")) is the persistently low volume of exclusions of PA from the cover pool due to mortgage loan defaults.

g) the reasons for substantial changes in adding and removal of assets from the cover pool

Adding cover pool assets:

The bank did not increase/add the cover pool in 2024.

Removing of assets from the cover pool:

PA were removed from the cover pool for the following reasons:

1) Failure to comply with the legal criteria for the inclusion of PA in the CB register:
   - the residual maturity of the mortgage loan is more than 30 years;
   - the debtor is considered to be defaulted (Regulation (EU) No 575/2013 of the European Parliament and of the Council, Article 178, which lays down the criteria for a defaulted debtor, i.e. a defaulted debtor is a debtor with a credit obligation 90 days past due). The bank has taken a significantly more responsible approach and tightened the criteria for PA entering the cover pool to a maximum of 30 days,
   - the mortgage loan is not established as a residential property according to Act No. 90/2016 Coll. on housing loans and on amendments to certain acts, as amended,
   - LTV, which expresses the ratio of the outstanding principal of the mortgage loan to the value of the pledged property, whereby the unpaid principal must not be higher than 80% of the value of the property for CB issued after 1 January 2018 and for re-registered mortgage bonds must not exceed 70%. The bank has an internally set limit of 70% for all mortgage loans included in the CB register.

2) Failure to comply with the conditions resulting from a set of additional internal criteria, or the use of internal criteria for the management of cover pool assets. As this is confidential information from the bank's point of view, it is not specifically described in this report, but I consider the setting and application of these internal criteria to be a relevant complement to investor protection.

3) From 1 July 2019, the Bank only includes mortgage loans for which there is an expert opinion or appraisal by an expert (Regulation (EU) No 575/2013 of the European Parliament and of the Council, Articles 125, 208 and 229), while other types of valuation have been excluded from the criteria for the entry of a mortgage loan into the RCD.

4) Possible data quality resulting primarily from non-compliance with the Banking Act and NBS Decree No. 13.

5) Repayment of the loan, or early repayment of the loan.

   The most common reason for delisting PA from the cover pool was loan repayment and insufficient LTV (regular annual revaluation of collateral value).

h) the structure of real estate providing PA in the cover set, divided into family houses, apartments, building plots and buildings under construction

Table 9 - Structure of real estate securing primary assets in the cover pool, type, volume and share as at 31.12.2024, EUR million

Item	Real estate value	Primary assets	Primary assets ratio (%)
Multi-family house	5 849.9	2 046.7	38.3
Single-family house	9 661.2	3 066.4	57.4
Buldings under construction	557.9	226.1	4.2
Total	16 069.0	5 339.2	

Primary assets whose collateral is a building plot are not included in the CB register.

i) the proportional distribution of real estate securing PA according to the territorial division of the Slovak Republic and the ratio of the value of the property to the amount of the mortgage loan

Table 10 - distribution of real estate by territorial division of the Slovak Republic (regions) and by the ratio of real estate value to mortgage loan amount (LTV ratio) as at 31.12.2024, EUR million

Region	Primary assets	Proportional distribution (%)	Wighted LTV (%)
Bratislava - city	550.5	10.3	38.3
Banskobystrický region	501.2	9.4	41.3
Bratislavský region (excl. Bratislava - city)	466.7	8.7	39.3
Košický region	645.7	12.1	40.9
Nitriansky region	562.1	10.5	43.7
Prešovský region	569.2	10.7	41.8
Trenčiansky region	620.7	11.6	41.8
Trnavský region	723.5	13.6	42.1
Žilinský region	699.6	13.1	40.7
Total	5 339.2	100.0	41.2

j) method of calculation and amount of the bank's estimated liabilities or costs

In 2024, the bank's liabilities and costs arising from the Banking Act were estimated only in the amount of remuneration to the CB Programme administrator and his representative, which were approved by the NBS for the performance of their activities.

k) Methodology and results of stress testing

In accordance with the legal obligation under Section 76 of the Banking Act at least once a year (until 31.3.), the bank conducted stress testing to identify any change in the coverage ratio on the data as of 31.12.2024. The stress test itself was conducted in accordance with Section 27(7) of the Internal Capital Adequacy Assessment Act (ICAAP). In its internal regulations, the bank has defined in detail the procedures for quantifying individual types of risks.

As at 31.12.2024, the bank identified the following risks for individual items of the cover pool:

Cover pool	**Credit risk**	**Interest rate risk**	**Currency risk**	**Liquidity risk**	**Counterparty risk**	**Operational risk**	**Property price decrease risk**
Primary assets	X		X			X	X
Susbstitution assets	X	X	X	X	X		
Hedging derivatives		X	X	X	X		
Liquid assets - buffer	X	X	X	X	X		

X - risk relevant for the appropriate cover pool asset

X - risk relevant for the bank

The Bank conducted a one-year stress test, i.e. quantified the value of the coverage ratio within 2025 based on scenarios developed by the Market Analysis and Client Experience Division for the years 2025 to 2026. The bank quantified the coverage ratio on a scenario based on the internal requirements for the PA of the cover pool (LTV value of 70% and with a maximum of 30 days of overdue credit obligation). In the stress test, the bank did not consider a diversification effect between individual types of risks, i.e. the total impact of the stress scenario on the coverage ratio is the sum of the impacts of individual types of risks.

Based on stress testing, the coverage indicator decreased, and its value significantly exceeds the legally defined minimum level of the coverage indicator of 105% even after stress testing.

The bank considers the individual scenarios and the results of the calculation of individual risks to be confidential, which is why they are not included in this report.
According to the submitted analyses of the stress testing of the cover set, the bank sufficiently and safely, beyond the scope of legal obligations, ensures the fulfilment of its obligations arising from the CB Programme.

l) the activities of the administrator and the supervision of the NBS in connection with the CB Programme for the last calendar year

During 2024, the CP Monitor and his deputy of the CB Programme performed the following activities:

- a monthly inspection of the CB register/control of the CB register in the case of a new issue of CD, which consisted of checking the underlying data specified in the CB register based on the Banking Act and according to the NBS Measure. In the case of erroneous findings, these findings were reported to the bank and after correction, their removal was verified,
- cooperation in updating the CB register based on NBS Measures,
- communication with the bank in cases of changes in the CB register methodology and IT system settings,
- check of the loan documentation of mortgage loans included in the CB register in a selective manner and regular monthly evaluation of the check of the loan documentation of mortgage loans.

m) other facts related to the activities of the bank that is the issuer of the CB

- even after the amendment to the Banking Act, the bank has included and still plans to include in the cover pool only mortgage loans secured by residential real estate and meeting the conditions of Section 71 of the Banking Act, and therefore does not plan to include loans secured by commercial real estates,
- implementation (methodologically, technically) of the full text of NBS Decree No. 13/2018 as of 30/9/2024,
- the bank does not classify the own issued CBs (CBs which stays on bank´s own account – retained CBs) as negative liquidity outflows (Methodological Guideline of the NBS on filling in the tables of reports from the CB register),
- the bank performs activities to improve/control the quality and automation of the management of the entire CB Programme,
- regular update of the Bank's "Covered Bond Programme" internal guideline.