



Consolidated Financial Statements

prepared in accordance with the International Financial Reporting Standards
as adopted by the European Union

for the year ended 31 December 2024

Content

Consolidated Statement of Income	3
Consolidated Statement of Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8
Performance / Return	11
1. Segment reporting	11
2. Net interest income	14
3. Net fee and commission income	15
4. Dividend income	15
5. Net trading result	16
6. Net gain from financial instruments measured at fair value through profit or loss	16
7. Rental income from investment properties & other operating leases	17
8. General administrative expenses	17
9. Net gain/(loss) from derecognition of financial assets measured at amortised cost	18
10. Net impairment loss from financial instruments	18
11. Other operating result	19
12. Taxes on income	20
Financial instruments – Material accounting policy information	23
Financial instruments held at amortised cost	28
13. Cash and cash equivalents	28
14. Financial assets at amortised cost	28
15. Trade and other receivables	36
16. Financial liabilities at amortised costs	37
Financial instruments at fair value through profit or loss	41
17. Derivative financial instruments	41
18. Non-trading financial assets at fair value through profit or loss	42
Financial instruments – other disclosure matters	43
19. Fair value of financial instruments	43
20. Hedge accounting	49
21. Offsetting of financial instruments	53
22. Transfers of financial assets – repurchase transactions and securities lending	53
23. Financial assets pledged as collaterals	54
Risk and capital management	55
24. Risk management	55
25. Own funds and capital requirements	60
26. Credit risk	64
27. Market risk	93
28. Liquidity risk	96
29. Operational risk	100
Non-current assets and other investments	101
30. Property, equipment, investment properties and right of use assets	101
31. Intangible assets	102
32. Other assets	103
Leases	104
33. The Group as a lessor	104
34. Leases where the Group is a lessee	106
Accruals, provisions, contingent liabilities and legal proceedings	107
35. Other liabilities	107
36. Provisions	107
37. Contingent liabilities	111
Capital instruments, equity and reserves	111
38. Total equity	111
Scope of consolidation	113
39. Subsidiaries	113
40. Investments in associates and joint ventures	114
Other disclosure matters	117
41. Related-party transactions and principal shareholders	117
42. Audit fees and tax consultancy fees	118
43. Analysis of remaining maturities	119
44. Events after the balance sheet date	120



Independent Auditor's Report

To the Shareholder, Supervisory Board, and Board of Directors of Slovenská sporiteľňa, a.s.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Slovenská sporiteľňa, a.s. (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 21 February 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended 31 December 2024;
- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of changes in equity for the year ended 31 December 2024;
- the consolidated statement of cash flows for the year ended 31 December 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Act No. 423/2015 on Statutory Audit and on the amendments and supplements to the Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory Audit") that are relevant to our audit of the consolidated financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Act on Statutory Audit.

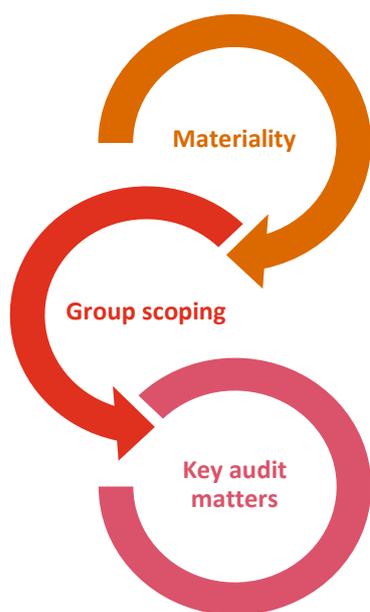
To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Bank, to its parent or to its subsidiaries within the European Union are in accordance with the applicable law and regulations in the Slovak Republic and that we have not provided non-audit services that are prohibited under Regulation (EU) No. 537/2014.



The non-audit services that we have provided to the Group, in the period from 1 January 2024 to 31 December 2024, are disclosed in Note 42 to the consolidated financial statements.

Our audit approach

Overview



Overall Group materiality is EUR 22.46 million, which represents approximately 5% of the consolidated profit before income tax (in the consolidated statement of income the line named: “Pre-tax result from continuing operations”).

We focused our audit work on the Bank which is the most material consolidated reporting unit. The Bank as a standalone reporting unit represents over 99% of the Group’s total assets as at 31 December 2024 and over 99% of the Group’s net result for the year then ended.

The audit of the credit loss allowance estimate required our significant attention given the nature of this estimate and its significance to the consolidated financial statements.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	EUR 22.46 million
How we determined it	We determined Group materiality as approximately 5% of the consolidated profit before income tax.
Rationale for the materiality benchmark applied	Performance of the Group is most commonly evaluated by the financial statements' users based on the Group's profitability. The quantitative threshold of approximately 5% was applied to consolidated profit before income tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Credit loss allowance estimate</p> <p>As explained in the Notes 14, 15 and 33 to the consolidated financial statements, management estimated total credit loss allowances for loans and advances to customers, finance lease receivables and trade and other receivables at EUR 352.5 million.</p> <p>The carrying value of loans and advances to customers, finance lease receivables and trade and other receivables measured at amortised cost may be materially misstated if individual or collective credit loss allowances are not appropriately identified and estimated. The estimates required for measuring credit loss allowances are significant estimates.</p>	<p>We assessed and tested the design and operating effectiveness of manual and automated controls related to the timely identification of defaulted loans.</p> <p>We tested design and operating effectiveness of the IT general controls, including access to programs and data, program changes and computer operations related to quantification of credit loss allowances.</p> <p>We verified that models used for accurate quantification of credit loss allowances are in line with the requirements of IFRS 9.</p>



Key audit matter	How our audit addressed the key audit matter
<p>The identification of significant increase in credit risk or default; the estimation of credit loss including estimates of future cash flows and valuation of collateral as well as application of comprehensive credit models are judgmental. In 2024, the Group deployed new retail LGD and PD models.</p> <p>Incorporation of forward-looking information in the macro models together with application of stage overlays in the ECL calculation represent a significant management judgement.</p> <p>In 2024, the estimate of credit loss allowances continued to be significantly influenced by the current geopolitical and macroeconomic situation.</p> <p>Due to the significance of the amount of the credit loss allowances and material impact of the credit loss allowances on the net result for the year, we consider the credit loss allowance estimate as a key audit matter.</p>	<p>A sample of loan exposures was examined in order to test accuracy of credit loss allowances calculated on an individual basis. We considered management’s assumptions, including forecasts of future cash flows, by comparing them to historical performance of the customer and expected future performance. We assessed external and internal valuations of the underlying collateral and compared them to the values used by management in the expected credit loss quantification.</p> <p>On a sample basis, we assessed the underlying models, including the new models, reasonableness of assumptions, and completeness and accuracy of the underlying data, which were used by the Group to estimate collective credit loss allowances for loans that share similar credit risk characteristics.</p> <p>The underlying models and expert judgement applied by the Group in response to the current macroeconomic situation were assessed by our specialists dealing with financial risk management and modelling.</p> <p>The specialists assessed reasonableness of the forward-looking information considering external sources of macro predictions prepared by local and global authorities and its impact on the risk parameters and accuracy of the collective credit loss allowances. Our specialists have assessed a validation process implemented by the Group and interpreted the results of the validation report.</p> <p>The specialists also assessed the design and application of the models for compliance with the relevant reporting standards, including introduction of additional criteria used for identification of significant increase in credit risk. They assessed the relevance of the criteria used in application of stage overlays and tested on a sample basis that the criteria were applied appropriately.</p>

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed. The Bank as a standalone reporting unit represents over 99% of the Group’s total assets as at 31 December 2024 and over 99% of the Group’s net result for the year then ended. We focused our audit work on the Bank which is the most material consolidated reporting unit. Except for the Bank, we did not identify other significant reporting units where full-scope audit procedures were required.



Reporting on other information including the Annual Report

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and separate financial statements and our auditor's reports thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report, excluding the requirements related to sustainability reporting, we will also consider when it becomes available to us whether it includes the disclosures required by the Act on Accounting No. 431/2002, as amended (hereafter the "Accounting Act"). This will include checking the consistency of the Annual Report for the financial year for which the consolidated financial statements are prepared with the consolidated financial statements, and whether the Annual Report, excluding the requirements related to sustainability reporting, has been prepared in accordance with the Accounting Act.

In addition, our updated report will either state that we have nothing to report in regard of the above, or will describe any material misstatements we identified in the Annual Report based on our knowledge and understanding of the Group and its environment, which we obtained during our audit.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment as an independent auditor

We were first appointed as auditors of the Group on 27 March 2017. Our appointment has been renewed annually by the shareholder's resolution representing a total period of uninterrupted engagement appointment of eight years. Our appointment for the year ended 31 December 2024 was approved by the shareholder's resolution on 20 February 2024.

Presentation of the consolidated financial statements in compliance with the requirements of the European Single Electronic Format ("ESEF")

The management is responsible for the presentation of the consolidated financial statements for the year ended 31 December 2024 included in the Annual Financial Report that complies with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The presentation of the consolidated financial statements for the year ended 31 December 2024 in electronic XHTML format marked up using the XBRL markup language is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the compliance of the presentation of the accompanying consolidated financial statements with the requirements of the ESEF Regulation.

After management provides us with the electronic XHTML format of the accompanying consolidated financial statements marked up using the XBRL markup language, our responsibility will be to perform an engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits and Reviews of Historical Financial Information, with the objective to obtain reasonable assurance on the compliance of the consolidated financial statements with the requirements of the ESEF Regulation. Our updated auditor's report will either state that based on the procedures performed, the presentation of the consolidated financial statements complies, in all material respects, with the requirements of the ESEF Regulation, or we will describe any material non-compliance that we would identify in this regard.

The engagement partner on the audit resulting in this independent auditor's report is Rastislav Petruška.



PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No. 161



Mgr. Rastislav Petruška, FCCA
UDVA licence No. 1108

21 February 2025
Bratislava, Slovak Republic



Consolidated Statement of Income

for the year ended 31 December 2024

EUR ths.	Notes	2023	2024
Net interest income	2	523,037	568,912
Interest income		760,214	913,799
Other similar income		47,642	59,987
Interest expenses		(218,052)	(320,338)
Other similar expenses		(66,767)	(84,536)
Net fee and commission income	3	207,503	232,343
Fee and commission income		223,629	247,131
Fee and commission expenses		(16,126)	(14,788)
Dividend income	4	571	492
Net trading result	5	21,620	18,578
Net gain from financial instruments measured at fair value through profit or loss	6	2,093	6,520
Net result from equity method investments		(236)	1,122
Rental income from investment properties & other operating leases	7	458	482
Personnel expenses	8	(176,515)	(191,190)
Other administrative expenses	8	(121,287)	(128,042)
Depreciation and amortisation	8	(34,264)	(34,462)
Net gain/ (loss) from derecognition of financial assets measured at amortised cost	9	4	(10,426)
Net other loss from derecognition of financial instruments not measured at fair value through profit or loss		(147)	(24)
Net impairment loss from financial instruments	10	(15,203)	(13,050)
Other operating result	11	(8,657)	532
<i>Levies on banking activities</i>		(4,447)	-
Pre-tax result from continuing operations		398,977	451,787
Taxes on income	12	(90,112)	(166,321)
Net result for the period		308,865	285,466
Net result attributable to non-controlling interests		(273)	7
Net result attributable to owners of the parent		309,138	285,459

Earnings per share

Earnings per share constitute net profit/loss for the year attributable to owners of the parent divided by the average number of ordinary shares outstanding. Diluted earnings per share represent the maximum potential dilution (through an increase in the average number of shares) that would occur if all subscription and conversion rights granted were exercised (also see note 38 Total equity). As in the previous year no subscription and conversion rights were outstanding during the financial year. Diluted earnings per share were equal to the basic earnings per share.

		2023	2024
Net result attributable to owners of the parent	EUR ths.	309,138	285,459
Number of outstanding shares	pcs.	212,000	212,000
Basic and diluted earnings per share	EUR	1,458	1,347

The notes on pages 8 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

For a detailed split of income tax items within other comprehensive income please refer to note 12 Taxes on income.

EUR ths.	2023	2024
Net result for the period	308,865	285,466
Other comprehensive result		
Items that may not be reclassified to profit or loss	(335)	(348)
Remeasurement of defined benefit plans	(423)	(536)
Fair value reserve of equity instruments	(1)	5
Deferred taxes relating to items that may not be reclassified	89	183
Items that may be reclassified to profit or loss	(241)	(175)
Currency reserve	(241)	(175)
Gains/ (losses) during the period	(241)	(175)
Total other comprehensive result	(576)	(523)
Total comprehensive income	308,289	284,943
Total comprehensive result attributable to non-controlling interests	(273)	7
Total comprehensive income attributable to owners of the parent	308,562	284,936

The notes on pages 8 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2024

EUR ths.	Notes	31.12.2023	31.12.2024
Assets			
Cash and cash equivalents	13	3,030,858	1,988,940
Financial assets held for trading	17	60,289	48,101
Derivatives	17	60,289	48,101
Non-trading financial assets at fair value through profit or loss	18	19,438	27,358
Equity instruments	18	11,922	20,732
Debt securities	18	7,516	6,626
Financial assets at amortised cost	14	22,527,144	23,403,750
Pledged as collateral	23	4,937,680	3,217,703
Debt securities	14	4,121,181	4,471,610
Loans and advances to banks	14	10,032	10,408
Loans and advances to customers	14	18,395,931	18,921,732
Finance lease receivables	33	347,323	368,578
Hedge accounting derivatives	20	24,424	32,784
Investment properties	30	1,173	957
Investments in associates and joint ventures	40	50,583	64,503
Current tax assets	12	40	617
Trade and other receivables	15	133,614	163,691
Other assets	32	31,206	27,130
Deferred tax assets	12	70,201	83,039
Intangible assets	31	18,588	20,635
Property and equipment, right-of-use assets	30	144,648	149,341
Total assets		26,459,529	26,379,424
Liabilities and Equity			
Financial liabilities held for trading	17	56,596	45,522
Derivatives	17	56,596	45,522
Financial liabilities at amortised cost	16	23,668,712	23,617,617
Deposits from banks	16	1,247,163	205,924
Deposits from customers	16	17,580,176	18,734,723
Debt securities issued	16	4,658,119	4,622,240
Other financial liabilities	16	183,254	54,730
Lease liabilities	34	20,156	21,191
Hedge accounting derivatives	20	64,227	31,831
Current tax liabilities	12	19,746	20
Provisions	36	32,401	34,981
Other liabilities	35	133,086	123,356
Equity		2,464,605	2,504,906
Equity attributable to non-controlling interests	38	8,645	1,949
Equity attributable to owners of the parent	38	2,455,960	2,502,957
Subscribed capital	38	212,000	212,000
Legal reserve fund	38	79,795	79,795
Other funds	38	39,104	39,104
Retained earnings	38	1,645,680	1,693,233
Additional equity instruments	38	480,000	480,000
Other components of equity	38	(619)	(1,175)
Total liabilities and equity		26,459,529	26,379,424

The notes on pages 8 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

	Subscribed capital	Legal reserve fund	Other funds	Retained earnings	Fair value reserve	Currency reserve	Remeasurement of defined benefit pension liabilities	Additional equity instruments	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EUR ths.											
As at 01.01.2024	212,000	79,795	39,104	1,645,680	23	646	(1,288)	480,000	2,455,960	8,645	2,464,605
Dividends paid / Distribution for Investment certificate	-	-	-	(244,539)	-	-	-	-	(244,539)	(18)	(244,557)
Reclassification from other comprehensive income to retained earnings	-	-	-	33	(33)	-	-	-	-	-	-
Other changes	-	-	-	6,600	-	-	-	-	6,600	(6,685)	(85)
Total comprehensive result	-	-	-	285,459	10	(175)	(358)	-	284,936	7	284,943
Net result for the period	-	-	-	285,459	-	-	-	-	285,459	7	285,466
Other comprehensive result	-	-	-	-	10	(175)	(358)	-	(523)	-	(523)
Change from remeasurement of defined benefit pension liabilities	-	-	-	-	-	-	(358)	-	(358)	-	(358)
Change in fair value reserve	-	-	-	-	10	-	-	-	10	-	10
Change in currency reserve	-	-	-	-	-	(175)	-	-	(175)	-	(175)
As at 31.12.2024	212,000	79,795	39,104	1,693,233	-	471	(1,646)	480,000	2,502,957	1,949	2,504,906

For more details on deferred tax please refer to note 12.

For more details on changes in equity please refer to note 38.

	Subscribed capital	Legal reserve fund	Other funds	Retained earnings	Fair value reserve	Currency reserve	Remeasurement of defined benefit pension liabilities	Additional equity instruments	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EUR ths.											
As at 01.01.2023	212,000	79,795	39,104	1,467,619	24	887	(954)	380,000	2,178,475	1,806	2,180,281
Dividends paid / Distribution for Investment certificate	-	-	-	(123,978)	-	-	-	-	(123,978)	(18)	(123,996)
Capital increases	-	-	-	-	-	-	-	100,000	100,000	-	100,000
Other changes	-	-	-	(7,099)	-	-	-	-	(7,099)	7,130	31
Total comprehensive result	-	-	-	309,138	(1)	(241)	(334)	-	308,562	(273)	308,289
Net result for the period	-	-	-	309,138	-	-	-	-	309,138	(273)	308,865
Other comprehensive result	-	-	-	-	(1)	(241)	(334)	-	(576)	-	(576)
Change from remeasurement of defined benefit pension liabilities	-	-	-	-	-	-	(334)	-	(334)	-	(334)
Change in fair value reserve	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Change in currency reserve	-	-	-	-	-	(241)	-	-	(241)	-	(241)
As at 31.12.2023	212,000	79,795	39,104	1,645,680	23	646	(1,288)	480,000	2,455,960	8,645	2,464,605

The notes on pages 8 to 120 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2024

EUR ths.		2023	2024
Net result for the period	Notes	308,865	285,466
Non-cash adjustments for items in net profit/loss for the year			
Net allocation of credit loss allowances and other provisions	10	14,586	16,127
Depreciation, amortisation, impairment and reversal of impairment of assets	30, 31	32,260	33,881
Net gain/ (loss) from measurement and derecognition of financial assets and financial liabilities	6	(2,795)	3,280
Accrued interest, amortisation of discount and premium	2	66,697	14,220
Fair value adjust - hedging	20	54,423	32,188
Other adjustments		2,810	(13,166)
Cash flows from operations before changes in operating assets and liabilities			
Financial assets held for trading	17	16,850	12,188
Non-trading financial assets at fair value through profit or loss			
Equity instruments	18	335	(3,635)
Debt securities	18	(2)	2,453
Financial assets at amortised cost			
Debt securities	14	38,608	(344,314)
Loans and advances to banks	14	(10,006)	(376)
Loans and advances to customers	14	(912,789)	(549,253)
Finance lease receivables	33	(62,823)	(21,255)
Hedge accounting derivatives	20	(7,545)	(8,360)
Trade and other receivables	15	21,959	(30,077)
Other assets from operating activities	32, 12	(5,664)	3,322
Financial liabilities held for trading	17	(16,937)	(11,074)
Financial liabilities measured at amortised cost			
Deposits from banks	16	73,535	(1,041,239)
Deposits from customers	16	627,930	1,142,056
Other financial liabilities	16	69,464	(128,382)
Hedge accounting derivatives	20	(39,039)	(32,396)
Provisions	36	(6,298)	2,467
Other liabilities from operating activities	35, 12	13,538	(32,778)
Cash flow from operating activities		277,962	(668,657)
Dividends received from associates and other investments	4	571	493
Purchase of share in associates and joint ventures	40	(18,435)	(13,717)
Purchase of intangible assets, property and equipment	30, 31	(29,775)	(34,356)
Proceeds from sale of intangible assets, property and equipment	30, 31	2,760	844
Cash flow from investing activities		(44,879)	(46,736)
Dividends paid	38	(123,978)	(244,539)
AT1 certificate - issue	38	100,000	-
Repayment of subordinated debt	16	(4,250)	-
Issue of the bonds	16	1,610,470	266,114
Repayment of the bonds		(30,625)	(339,600)
Lease liabilities	34	(8,337)	(8,586)
Cash flow from financing activities		1,543,280	(326,611)
Cash and cash equivalents at beginning of the year			
	13	1,254,543	3,030,858
Cash flows from operating activities		277,962	(668,657)
Cash flow from investing activities		(44,879)	(46,736)
Cash flow from financing activities		1,543,280	(326,611)
Effect of foreign exchange rate changes on cash and cash equivalents		(48)	86
Cash and cash equivalents at end of period	13	3,030,858	1,988,940
Cash flows related to taxes, interest and dividends (included in cash flow from operating activities)			
		538,394	403,798
Payments for taxes on income	12	(76,968)	(199,272)
Interest paid	2	(139,965)	(331,522)
Interest received	2	754,756	934,099
Dividends received	4	571	493

Further information related to net debt reconciliation are provided in note 16.

The notes on pages 8 to 120 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

General information

The group of Slovenská sporiteľňa, a.s. (hereinafter referred to as 'the Group') consists of the parent company Slovenská sporiteľňa, a.s., (hereinafter referred to as 'the Bank') with its registered office at Tomášikova 48, 832 37 Bratislava, Slovak Republic and subsidiaries. The Bank was incorporated as a joint stock company on 15 March 1994 and registered in the Commercial Register on 1 April 1994. The identification number of the Bank is 00 151 653. The tax identification number of the Bank is 2020411536.

The Bank is a universal bank offering a wide range of banking and financial services to commercial, financial and private customers, principally in the Slovak Republic.

The Bank's sole shareholder is Erste Group Bank AG, which has its registered office at Am Belvedere 1, 1100 Vienna, and which is the ultimate 100% parent company of the Bank. Information on the shareholding structure of the ultimate parent company is disclosed in the 2024 financial statements of Erste Group Bank AG or up-to-date information is available on its homepage.

The Board of Directors of the Bank had five members as at 31 December 2024:

Ing. Peter Krutil (chairman), Ing. Pavel Cetkovský (member), RNDr. Milan Hain, PhD. (member), Mgr. Ing. Norbert Hovančák (member) and Mgr. Juraj Barta, CFA (member).

The chairman of the Board of Directors is also the Chief Executive Officer (CEO) of the Bank. Other members of the Board of Directors are the deputies of the Chief Executive Officer.

The Supervisory Board of the Bank had five members as at 31 December 2024:

Mag. Jan Homan (vice-chairman), Paul Formanko, MBA (member), JUDr. Vazil Hudák (member), Mgr. Alena Adamcová (member) and Juraj Futák (member). David O'Mahony was member and chairman of the Supervisory Board till June 30, 2024.

The Group is subject to various regulatory requirements of local, Slovak regulatory bodies defined by Slovak legislation as well as European regulatory bodies defined by EU legislation.

The Bank is under direct supervision of the European Central Bank within a Single Supervision Mechanism.

These consolidated financial statements are statements of the Bank and its subsidiaries (the Group) that are disclosed in note 39.

These consolidated financial statements have been prepared and authorized for issue by the management board as at the signing date of this report. However, these consolidated financial statements are subject of approval on the supervisory board (21 February 2025) and the annual general meeting (27 March 2025).

Material accounting policy information

These consolidated financial statements are directed to primary users, being investors who lend or provide equity capital to the reporting entity. These consolidated financial statements assume that the primary users have a reasonable knowledge of business and economic activities and review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena reported in these consolidated financial statements.

These consolidated financial statements aim disclosing only information that management considers is material for the primary users. Management seeks not to reduce the understandability of these consolidated financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

a) Basis of preparation

The consolidated financial statements of the Group for the financial year ending on 31 December 2024 and the related comparative information were prepared in compliance with applicable International Financial Reporting Standards as adopted by the European Union on the basis of IAS Regulation (EC) No. 1606/2002.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in respective parts of these statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI").

These consolidated financial statements have been prepared on the basis that the Group will be able to continue as a going concern for the foreseeable future.

The Group is subject to regulatory restrictions on capital distributions stemming from the EU-wide capital requirements regulations applicable to all credit institutions based in the EU.

Balances in brackets represent negative amounts. Except as otherwise indicated, all amounts are stated in thousands of EUR ('EUR ths.'). The tables in this report may contain rounding differences.

The Bank's shareholders and management have the power to amend the consolidated financial statements after issue.

b) Accounting and measurement methods

Foreign currency translation

The consolidated financial statements are presented in Euro, which is the functional currency of the Bank. The functional currency is the currency of the primary business environment in which an entity operates. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. At the date of the issue of these consolidated financial statements the Group includes only Holding Card Service, s.r.o. as a company for which functional currency is not Euro, but Czech crowns. This entity is accounted for using the equity method into the Group financial statements.

For foreign currency translation, exchange rates quoted by the central banks in each country are used. For the Group with the Euro as functional currency, these are the European Central Bank reference rates.

i. Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded at the functional currency exchange rate effective as at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate as at the balance sheet date. All resulting exchange differences that arise are recognised in the statement of income under the line item 'Net trading result'. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions, i.e. they do not give rise to exchange differences. Non-monetary items that are measured at fair value (such as equity investments) in a foreign currency are translated using the exchange rates at the date when the fair value is measured, thus the exchange differences are part of the fair value gains or losses.

c) Material accounting judgements, assumptions and estimates

The consolidated financial statements contain amounts that have been determined on the basis of judgements and by the use of estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities. The most significant uses of judgements, assumptions and estimates are described in the notes of the respective assets and liabilities and relate in particular to:

- SPPI assessment of financial instruments (Chapter Financial instruments – Material accounting policy information)
- Business model assessment of financial instruments (Chapter Financial instruments – Material accounting policy information)
- Impairment of financial instruments (Chapter Financial instruments – Material accounting policy information, Note 26 Credit risk)

Details about effects of these factors on the expected credit losses estimation are described in Note 26 Credit risk.

d) Application of amended and new IFRS/IAS

The accounting policies adopted are consistent with those used in the previous financial year except for standards and interpretations that became effective for financial years beginning after 1 January 2024. As regards new standards and interpretations and their amendments, only those that are relevant for the business of the Group are listed below.

Effective standards and interpretations

The following amendments of standard have become mandatory for the financial year 2024 and have been endorsed by the EU: **Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current.** The amendments to IAS 1 were originally issued in January 2020, subsequently amended in November 2022 and become ultimately effective for annual periods beginning on or after 1 January 2024.

Application of the above-mentioned amendments in 2024 did not have a significant impact on the Group's financial statements.

Standards and interpretations not yet effective

The standards and amendments shown below were issued by the IASB but are not yet effective. The amendments to IAS 21 have been endorsed by the EU.

IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 was issued in April 2024 and become effective for annual periods beginning on or after 1 January 2027. The standard replaces IAS 1. It sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

Application of IFRS 18 will result in adjustments in the structure of the consolidated statement of income of Group driven by a new mandatory subtotal 'Operating profit or loss'. New disclosures in the area of management-defined performance measures will be provided.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The amendments to IAS 21 were issued in August 2023 and become effective for annual periods beginning on or after 1 January 2025. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Application of these amendments is not expected to have a significant impact on Group's financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments. The amendments to IFRS 7 and IFRS 9 were issued in May 2024 and become effective for annual periods beginning on or after 1 January 2026. Group intends to early apply these amendments in 2025.

The amendments to IFRS 9 permit an entity to deem a financial liability that will be settled using an electronic payment system to be discharged before the settlement date. Further, they bring clarifications for classification of financial assets in the areas of contractual terms which are consistent with a basic lending agreement, assets with non-recourse features and contractually linked instruments. The amendments to IFRS 7 bring new disclosure requirements for investment in equity instruments measured at fair value through other comprehensive income and for contractual terms that could change the timing or amount of contractual cash flows.

The amendments to IFRS 9 will result in a different way of SPPI assessment for financial assets whose interest is adjusted based on meeting certain ESG-linked targets by the borrowers. Group will no longer assess them based on whether the effect of the adjustments is de-minimis but whether the adjusted cash flows could be significantly different from the contractual cash flows of a financial asset with identical contractual terms but without such an ESG-linked feature. The new assessment is not expected to change the measurement of the affected financial assets. Other amendments to IFRS 9 are not expected to have a significant impact on Group's financial statements. Group will not make use of the option to deem a financial liability that will be settled using an electronic payment system to be discharged before the settlement date. Amendments to IFRS 7 will result in new disclosures.

Annual Improvements Volume 11. In July 2024 the IASB issued a set of amendments to various standards. The amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 are effective for annual periods beginning on or after 1 January 2026.

Application of these amendments is not expected to have a significant impact on Group's financial statements.

Performance / Return

1. Segment reporting

The segment reporting of the Group is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments and make decisions regarding the allocation of resources. Within the Group the function of the chief operating decision maker is executed by the Board of Directors. In addition, the Group's segment reporting follows the standards of the Erste Group issued for the purpose to unify presentation, measurement and steering of the Group.

Business segments

The segment reporting comprises four business segments reflecting management structure of the Group and its internal management reporting in 2024.



The Group applies account manager principle for the definition of segments / business lines. It means that each client has assigned one account manager from a particular segment / business line. Subsequently, profit or loss on business transactions with the client is allocated to that account manager.

Retail segment comprises the entire business activities with private individuals, free professionals and micros with turnover of less than EUR 300 thousand, which are in the responsibility of account managers in the Retail network. Retail products and services, including current accounts and savings, loans pledged by real estate, mortgage and consumer loans, credit cards, investment and cross selling products (e.g. insurance, asset management products and building society products) are offered via various distribution channels, such as branch network and digital banking. The Retail segment is divided into 8 regions and 160 branches (status as at 31 December 2024).

The Corporates segment comprises business done with corporate customers of different turnover size (small and medium-sized enterprises, micros with turnover of more than EUR 300 thousand and Large Corporate customers) as well as commercial real estate and public sector business.

Asset Liability Management (ALM), Local Corporate Center (LCC) segment and Free Capital (FCAP) Segment comprises on the one side the management of Bank's assets and liabilities in the light of uncertainty of cash flows, cost of funds and return on investments in order to determine the optimal trade-off between risk, return and liquidity. Furthermore, it comprises funding transactions, hedging activities, investments into securities other than held for trading purpose, management of own issues and FX positions. On the other side it also includes the local corporate center which comprises all non-core banking business activities such as non-profit servicing participations, intragroup eliminations within the respective partial group, dividends, refinancing costs of participations, all non-banking balance sheet positions (e.g. fixed assets) which cannot be allocated to other business segments. Apart from that the Local Corporate Center includes received dividends and reconciliations to the accounting result. The segment comprises also Free Capital which is defined as the difference of the total average IFRS equity and the average economical equity allocated to all operating segments.

Group Markets (GM) segment comprises trading and markets services, as well as business with financial institutions. This segment is divided into Treasury trading and market services (GMT) and Financial institutions (GMFI):

- Treasury trading and Market services (GMT) comprises all activities related to active risk taking and managing in regulatory trading books of the Group, additional to that the execution of trades against the market using the trading books of the Group for market making, short-term liquidity management and warehousing purposes. Specifically, revenues and fair value results not directly attributable to client transactions (which can be valid also for ALM deals) and generally risk premiums and execution fees are taken into account. It also includes 20% compensation fee from Retail for the treasury sales services.

- Financial institutions (GMFI) are companies that provide financial services for their clients or members and act as professional and active participant on financial markets for the purpose of proprietary trading or on behalf of their clients (banks, central banks, development banks, investment banks, investment funds, brokerages, insurance companies, pension funds, credit unions, building societies, asset management companies, government debt agencies, sovereign wealth funds, exchanges).

Measurement

The profit and loss statement of the segment report is based on the measures reported to the Group's Board of Directors for the purpose of allocating resources to the segments and assessing their performance. Management reporting as well as the segment report of Group are based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated financial statements of accounting.

Interest revenues are not reported separately from interest expenses for each reportable segment. Those measures are reported on the net basis within the position 'Net interest income' as interest revenues and interest expenses are neither included into the measure of segment profit or loss reviewed by the chief operating decision maker nor otherwise regularly provided to the chief operating decision maker. Chief operating decision maker relies solely on net interest income to assess the performance of the segments and make decisions about resources to be allocated to the segments. Other operating result is reported on a net basis according to the regular reporting to the chief operating decision maker.

Capital consumption per segment is regularly reviewed by the management of the Group to assess the performance of the segments. The average allocated equity is determined by credit risk, market risk and operational risk. In line with the regular internal reporting prepared for the Board of Directors, total assets, total liabilities, as well as risk weighted assets and allocated equity are disclosed per segment. Total average allocated capital for the Group equals average total equity of the Group. For measuring and assessing the profitability of segments within the Group, such key measures as return on allocated capital and cost/income ratio are used.

Return on allocated capital is defined as net result for the period before minorities in relation to the average allocated capital of the respective segment. Cost/income ratio is defined as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading result, gains/(losses) from financial instruments measured at fair value through profit or loss, net result from equity method investments, rental income from investment properties and other operating lease).

Business Segments	Retail		Corporates		Group markets		Asset Liability Management, Local Corporate Center and Free Capital		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
EUR ths.	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Net interest income	429,131	463,483	144,103	148,506	9,560	10,207	(59,757)	(53,284)	523,037	568,912
Net fee and commission income	162,915	182,842	33,762	39,641	16,741	19,484	(5,915)	(9,624)	207,503	232,343
Fee and commission income	164,369	184,773	34,390	40,172	17,093	20,039	7,777	2,147	223,629	247,131
Fee and commission expenses	(1,458)	(1,933)	(627)	(531)	(352)	(555)	(13,689)	(11,769)	(16,126)	(14,788)
Dividend income	-	-	-	-	-	-	571	492	571	492
Net trading result	4,822	5,052	7,745	6,517	4,370	4,645	4,683	2,364	21,620	18,578
Net gain from financial instruments measured at fair value through profit or loss	-	-	-	-	-	-	2,093	6,520	2,093	6,520
Net result from equity method investments	1,141	1,027	-	-	-	-	(1,377)	95	(236)	1,122
Rental income from investment properties & other operating leases	-	-	-	-	-	-	458	482	458	482
General administrative expenses	(270,120)	(289,188)	(57,305)	(62,271)	(5,241)	(4,799)	600	2,564	(332,066)	(353,694)
Net gain/ (loss) from derecognition of financial assets measured at amortised cost	-	-	-	-	-	-	4	(10,426)	4	(10,426)
Net other loss from derecognition of financial instruments not measured at fair value through profit or loss	-	-	-	-	-	-	(147)	(24)	(147)	(24)
Net impairment gain/ (loss) from financial instruments	(18,982)	(2,781)	3,427	(10,637)	(53)	352	405	16	(15,203)	(13,050)
Other operating result	(728)	(1)	123	(382)	(181)	(1)	(7,871)	916	(8,657)	532
Levies on banking activities	(728)	-	(684)	-	(180)	-	(2,855)	-	(4,447)	-
Pre-tax result from continuing operations	308,179	360,434	131,855	121,374	25,196	29,888	(66,253)	(59,909)	398,977	451,787
Taxes on income	(64,478)	(75,474)	(27,698)	(25,489)	(5,291)	(6,277)	7,355	(59,081)	(90,112)	(166,321)
Net result for the period	243,701	284,960	104,157	95,885	19,905	23,611	(58,898)	(118,990)	308,865	285,466
Net result attributable to non-controlling interests	-	-	-	-	-	-	(273)	7	(273)	7
Net result attributable to owners of the parent	243,701	284,960	104,157	95,885	19,905	23,611	(58,625)	(118,997)	309,138	285,459
Operating income	598,008	652,402	185,610	194,665	30,671	34,336	(59,243)	(52,954)	755,046	828,449
Operating expenses	(270,120)	(289,188)	(57,305)	(62,271)	(5,241)	(4,799)	600	2,564	(332,066)	(353,694)
Operating result	327,888	363,214	128,305	132,394	25,430	29,537	(58,643)	(50,390)	422,980	474,755
Risk-weighted assets (credit risk, eop)*	3,594,858	3,408,546	6,031,262	6,330,798	1,955	78,514	410,923	427,331	10,038,998	10,245,189
Average allocated capital**	472,955	453,735	555,116	612,707	6,370	17,878	484,125	439,778	1,518,566	1,524,098
Cost/income ratio	45.17%	44.33%	30.87%	31.99%	17.09%	13.98%	1.01%	4.84%	43.98%	42.69%
Return on allocated capital	51.53%	62.80%	18.76%	15.65%	312.48%	132.07%	(12.11%)	(27.06%)	20.36%	18.73%
Total assets (eop)	12,371,906	12,893,323	6,597,102	6,571,238	69,555	149,049	7,420,966	6,765,814	26,459,529	26,379,424
Total liabilities excluding equity (eop)	13,357,443	14,152,429	3,488,324	3,831,354	825,563	833,581	6,323,594	5,057,154	23,994,924	23,874,518
Impairments	(18,982)	(2,782)	3,427	(10,637)	(53)	353	405	16	(15,203)	(13,050)
Net impairment gain/ (loss) on financial assets AC/FVOCI and finance lease receivables	(20,039)	(3,159)	(4,555)	(7,605)	(43)	340	405	16	(24,232)	(10,408)
Net impairment gain/ (loss) on commitments and guarantees given	1,057	377	7,982	(3,032)	(10)	13	-	-	9,029	(2,642)

* Credit RWA (eop) after intercompany transactions according to Pillar 1, calculated by Erste Group for the purpose of segment report and management purposes (without subsidiaries Credit RWA).

** Average allocated capital is calculated based on Erste Group controlling methodology.

2. Net interest income

Net interest income is broken down into line items of interest income, other similar income, interest expenses and other similar expenses. The distinguishing factor is whether the EIR method is mandatorily applied for recognition of interest income or expense in accordance with IFRS 9.

'Interest income' relates to interest revenue from financial assets measured at amortised cost and at fair value through other comprehensive income. It is calculated using the EIR method as discussed in chapter 'Financial instruments – Material accounting policy information'.

'Other similar income' captures interest-like sources of income resulting from non-derivative financial assets measured at fair value through profit or loss, held for trading derivatives, hedge accounting derivatives and finance lease receivables.

'Interest expenses' relate to interest expense from financial liabilities measured at amortised cost calculated using effective interest rate as discussed in chapter 'Financial instruments – Material accounting policy information'.

'Other similar expenses' capture interest-like sources of expense resulting from non-derivative financial liabilities measured at fair value through profit or loss, held for trading derivatives, hedge accounting derivatives, negative interest on financial assets and lease liabilities.

Interest income also includes modification gains and losses recognised on financial assets in Stage 1. Further, the unamortised balance of the origination fees/transaction costs upon derecognition of assets in Stage 1 and 2 considered in the effective interest rate is presented as interest income at the derecognition date.

EUR ths.	2023	2024
Financial assets at AC	760,214	913,799
Demand deposits	66,865	77,896
Loans and advances	592,956	722,188
Debt securities	100,393	113,715
Interest income	760,214	913,799
Non-trading financial assets at FVPL	24	24
Financial assets HfT	35,053	42,490
Hedge accounting derivatives, interest rate risk	3,997	5,619
Other assets	8,546	11,848
Negative interest from financial liabilities	22	6
Other similar income	47,642	59,987
Interest and other similar income	807,856	973,786
Financial liabilities at AC	(218,052)	(320,338)
Deposits	(130,264)	(189,686)
Debt securities in issue	(87,788)	(130,652)
Interest expenses	(218,052)	(320,338)
Financial liabilities HfT	(33,180)	(40,663)
Hedge accounting derivatives, interest rate risk	(33,495)	(43,526)
Other liabilities	(92)	(347)
Other similar expenses	(66,767)	(84,536)
Interest and other similar expenses	(284,819)	(404,874)
Net interest income	523,037	568,912

An amount of EUR 12.0 million (2023: EUR 8.7 million) relating to impaired financial assets is included in interest income.

Interest expense on financial liabilities at AC resulting from the TLTRO programme of the ECB amounted to EUR 9.8 million in 2024 (2023: EUR 24.6 million). For more details refer to Note 16 Financial liabilities at amortised costs.

Interest on derivatives relates to the hedged items presented in the line item 'Financial assets / liabilities at AC'.

3. Net fee and commission income

The Group earns fee and commission income from a diverse range of services that it provides to its customers.

Fee and commission income is measured based on the consideration specified in the contract with a customer. The Group recognises revenue when it transfers a promised service to a customer.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commitment fees, premiums received for financial guarantees and other fees from lending business, commission income from asset management, custody and other management and advisory fees. Services provided over a period of time also include certain payment services like periodic card fees.

Fee income earned from providing transaction services, such as arranging the acquisition and sale of shares or other securities on behalf of customers or foreign exchange transactions, as well as commission income earned from services such as the sale of collective investments and insurance products, are recognised upon completion of the underlying transaction. Transaction based services also include certain payment services like withdrawal fees.

A contract with a customer that results in the recognition of a financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. For example, loan servicing fees agreed in a loan contract that are not integral to the effective interest rate of a financial instrument are included in the net fee and commission income.

EUR ths.	2023		2024	
	Income	Expenses	Income	Expenses
Securities	4,602	(912)	5,327	(769)
Own issues	619	-	876	-
Transfer orders	604	(871)	562	(620)
Other	3,379	(41)	3,889	(149)
Custody	4,458	(2,247)	5,784	(2,948)
Collective investment	-	-	3,333	-
Other	4,458	(2,247)	2,451	(2,948)
Payment services	117,626	(8,809)	123,341	(8,709)
Card business	55,209	(5,188)	54,586	(5,465)
Current accounts	62,417	(3,621)	62,980	-
Other	-	-	5,775	(3,244)
Customer resources distributed but not managed	71,907	(107)	85,014	(192)
Collective investment	23,691	-	29,227	-
Insurance products (as agent)	48,187	(107)	55,787	(192)
Other	29	-	-	-
Lending Business	23,928	(1,096)	26,916	(576)
Guarantees given, guarantees received	5,847	(9)	7,283	(8)
Loan commitments given, loan commitments received	3,871	-	3,845	-
Other lending business	14,210	(1,087)	15,788	(568)
Other	1,108	(2,955)	749	(1,594)
Total fee and commission income and expenses	223,629	(16,126)	247,131	(14,788)
Net fee and commission income	207,503		232,343	

Collective investment in the line 'Customer resources distributed but not managed' and custody fees relate to fees earned by the Group on trust and other investment activities in which the Group holds or invests assets on behalf of its customers and amount to EUR 21,920.6 million (2023: EUR 15,188.3 million).

4. Dividend income

EUR ths.	2023	2024
Non-trading financial assets at fair value through profit or loss	571	492
Dividend income	571	492

5. Net trading result

Results arising from trading activities include all gains and losses from changes in the fair value (clean price) of financial assets and financial liabilities classified as held for trading, including all derivatives not designated as hedging instruments. Further, the net trading result includes any ineffective portions recorded in fair value hedge transactions. Also, foreign exchange gains and losses on all monetary assets and liabilities and from spot currency conversions are included here.

The accounting policy for recognition of foreign exchange gains and losses is described in the chapter Material accounting policy information, Accounting and measurement methods, Foreign currency translations, i. Transactions and balances in foreign currency. Detailed information relating to hedge accounting can be found in Note 20 Hedge accounting.

The Group has adopted a business model of centralised financial markets trading in cooperation with its parent company. Within this model Erste Group Bank AG conducts all trading operations on a central trading book in order to manage effectively market risks from the Group trading activities (i.e. transactions with retail, corporate and other institutional clients), with the exception of equity risk trading and transactions for the Group's liquidity management purposes.

Trading gains from the market positions of Erste Group Bank AG are distributed according to the approved rules to local banks within the Group based on their financial results and are reported in the income statement line item 'Net trading result'. The basic principle underlying these rules is that Erste Group Bank AG absorbs potential losses in individual groups of assets in exchange for the risk premium derived from the VaR indicator. This business model of financial markets trading also includes reallocation of trading costs to the participating subsidiaries of Erste Group Bank AG based on their cost/income ratio.

EUR ths.	2023	2024
Securities trading	4,298	3,799
Derivatives trading	16,888	15,233
Result from hedge accounting	434	(454)
Net trading result	21,620	18,578

The line item 'Securities trading' includes net gains from the Erste Group Bank AG's market positions attributable to the Group.

6. Net gain from financial instruments measured at fair value through profit or loss

Changes in fair value (clean price) of non-trading financial assets at fair value through profit or loss are presented under this line item. This concerns non-trading financial assets mandatorily measured at fair value through profit or loss.

EUR ths.	2023	2024
Result from measurement/sale of financial assets mandatorily at FVPL	2,093	6,520
Net gain from financial instruments measured at fair value through profit or loss	2,093	6,520

7. Rental income from investment properties & other operating leases

Rental income from investment properties and other operating leases is recognised on a straight-line basis over the lease term. Operating expenses for investment properties are reported in line item 'Other operating result'. For further details we refer to Note 11 Other operating result.

EUR ths.	2023	2024
Investment properties	411	463
Other operating leases	47	19
Rental income from investment properties & other operating leases	458	482

8. General administrative expenses

Personnel expenses

Personnel expenses include wages and salaries, bonuses, statutory and voluntary social security contributions, staff-related taxes and levies. They also include service costs for severance payments, pension and jubilee obligations and remeasurements of jubilee obligations. Furthermore, restructuring provision expenses may be part of personnel expenses.

Information about remuneration of management including performance-linked remuneration can be found in Note 41 Related-party transactions and principal shareholders.

As at 31 December 2024 the Group had 3,491 employees, thereof five members of the Board of Directors. As at 31 December 2023 the Group had 3,520 employees, thereof five members of the Board of Directors.

WeShare program

The WeShare-Participation program and the WeShare-Investment Plus program are cash-settled share-based payment transactions. Both programs are offered to employees of the Group.

Under the WeShare-Investment Plus program all employees, who had been employed by an entity of the Group, from April 2024 until June 2024 could voluntarily invest in Erste Group shares and receive free shares depending on the amount of their personal investment. The WeShare-Investment Plus program was settled in June 2024. The number of free shares, which were granted under this program for the period, is 22,906 (2023: 31,737). Personnel expenses in the amount of EUR 1.0 million (2023: EUR 1.0 million) were recorded.

Under the WeShare-Participation program all employees, who have been employed by an entity of the Group for at least six months in year 2023 and have active employment status in June 2024 are entitled to receive shares in an equivalent amount of EUR 350. The expected number of free shares, which are granted under this program for the period, is 17,821 (2023: 28,808). Based on the number of entitled employees, personnel expenses in the amount of EUR 0.4 million (2023: EUR 0.4 million) were recorded and a corresponding reserve in retained earnings was created.

Other administrative expenses

Other administrative expenses include primarily information technology expenses, expenses for office space, office operating and administrative expenses, advertising and marketing, and expenditures for legal and other consultants. Furthermore, the line item contains deposit insurance contributions. Restructuring provision expenses may also be presented in other administrative expenses.

Expenses for leases complying with recognition exemptions for short-term leases (less than 12 months) and leases of low-value items under IFRS 16 are disclosed in the category 'Other administrative expenses' under the line item 'Expenses for office premises' in total amount of EUR 0.7 million (2023: EUR 0.5 million).

The Group is legally obliged to make a contribution to the Deposit Protection Fund, which is accounted for in accordance with the IFRIC 21. The amount of this annual contribution is calculated based on the Group's customer deposit liabilities. The contribution to the Deposit Protection Fund was paid in April 2024.

Depreciation and amortisation

This line item comprises depreciation of property and equipment, depreciation of investment property and amortisation of intangible assets. In the line item 'Depreciation and amortisation', also the depreciation of right-of-use assets according to IFRS 16 is disclosed.

EUR ths.	2023	2024
Personnel expenses	(176,515)	(191,190)
Wages and salaries	(123,433)	(133,134)
Compulsory social security	(43,427)	(47,897)
Long-term employee provisions	(2,007)	(3,148)
Other personnel expenses	(7,648)	(7,011)
Other administrative expenses	(121,287)	(128,042)
Deposit insurance contribution	(2,394)	(2,540)
IT expenses	(55,749)	(57,997)
Expenses for office premises	(16,867)	(17,200)
Office operating and administrative expenses	(12,590)	(13,666)
Advertising/marketing	(15,518)	(15,834)
Legal and consulting costs	(5,518)	(7,173)
Sundry administrative expenses	(12,651)	(13,632)
Depreciation and amortisation	(34,264)	(34,462)
Software and other intangible assets	(6,432)	(4,487)
Owner occupied real estate	(18,120)	(18,677)
Investment properties	(224)	(210)
Office furniture and equipment and sundry property and equipment	(9,488)	(11,088)
General administrative expenses	(332,066)	(353,694)

Personnel expenses include expenses of EUR 21.4 million (2023: EUR 19.7 million) for defined contribution plans.

9. Net gain/(loss) from derecognition of financial assets measured at amortised cost

This line item includes selling and other derecognition gains or losses on financial assets measured at amortised cost. However, if such gains/(losses) relate to derecognition of financial assets in Stage 3, they are included in the line item 'Net impairment loss from financial instruments'.

EUR ths.	2023	2024
Gains from derecognition of financial assets at AC	4	-
Losses from derecognition of financial assets at AC	-	(10,426)
Net gain/(loss) from derecognition of financial assets measured at amortised cost	4	(10,426)

In order to optimise the portfolio of debt securities measured at amortised cost certain bonds were sold during 2024 within existing internal retrospective thresholds for the 'held to collect' business model assessment.

10. Net impairment loss from financial instruments

Net impairment losses on financial instruments comprise impairment losses and reversals of impairment on all kinds of financial instruments, loan commitments and guarantees to which the IFRS 9 expected credit loss impairment model applies. The impairment result also includes recoveries on written-off financial assets. Modification gains and losses recognised on financial assets in Stage 2 and Stage 3 and POCI assets could be included in this line item. Moreover, gains/(losses) from derecognition of financial assets in Stage 3 and POCI assets are presented as part of the impairment result.

EUR ths.	2023	2024
Financial assets at AC	(23,211)	(10,055)
Net allocation to credit loss allowances	(21,454)	(8,767)
Direct write-offs	(1,990)	(1,558)
Recoveries recorded directly to the income statement	233	270

Finance lease receivables	(1,021)	(353)
Net allocation to credit loss allowances	(1,131)	(389)
Direct write-offs	-	(1)
Recoveries recorded directly to the income statement	110	37
Credit loss allowances for loan commitments and financial guarantees given	9,029	(2,642)
Net impairment loss from financial instruments	(15,203)	(13,050)

The following table reconciles the movements of credit risk allowances disclosed in notes 14, 15, 33 and 36 to Net impairment loss from financial instruments disclosed in Income statement. The reconciliation specifies items that represents movements in credit risk allowances that are not recognized through income statement.

EUR ths.	2023	2024
Net movements from notes 14, 15, 33 and 36	(1,469)	7,859
Financial assets at amortised cost	(9,828)	6,990
Finance lease receivables	(976)	230
Trade and other receivables	306	3,281
Commitments and financial guarantees given	9,029	(2,642)
Items not recognized through income statement - use	22,600	32,834
Financial assets at amortised cost	22,474	28,789
Finance lease receivables	126	619
Trade and other receivables	-	3,426
Items recognized through income statement - net allocations and releases	(24,107)	(24,976)
Financial assets at amortised cost	(32,311)	(21,800)
Finance lease receivables	(1,131)	(389)
Trade and other receivables	306	(145)
Commitments and financial guarantees given	9,029	(2,642)
Net impairment loss from financial instruments	(15,203)	(13,050)
Items reconciled to movements in notes 14, 15, 33 and 36	(24,107)	(24,976)
Net allocation of loss allowances for financial assets at amortised cost	(32,005)	(21,945)
Net allocation of loss allowances for finance lease receivables	(1,131)	(389)
Net allocation of loss allowances for commitments and guarantees given	9,029	(2,642)
Items not recognized as movement in notes 14, 15, 33 and 36	8,904	11,926
Unwinding correction	10,551	13,178
Direct write-offs	(1,990)	(1,559)
Recoveries recorded directly to the income statement	343	307

11. Other operating result

The other operating result reflects all other income and expenses not directly attributable to the Group's ordinary activities.

It includes expenses for allocations to and income from release of provisions in scope of IAS 37. Further, impairment losses or any reversal of impairment losses as well as results on the sale of property and equipment, investment property and intangible assets are presented as other operating result. Any impairment losses on goodwill are also included in this line item.

In addition, the other operating result encompasses the following: resolution fund contributions, expenses for other taxes as well as selling gains and losses on equity investments accounted for using the equity method and gains or losses from derecognition of subsidiaries.

Furthermore, levies on banking activities are considered as part of the other operating result. The Group recognises a liability or a provision for the levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

EUR ths.	2023	2024
Other operating expenses	(14,470)	(7,374)
Net allocation to other provisions	(917)	-
Levies on banking activities	(4,447)	-
Recovery and resolution fund contributions	(4,447)	-
Other taxes	(199)	(246)
Impairment of associates	(1,463)	(331)
Other	(7,444)	(6,797)
Other operating income	5,813	7,906

Net release of other provisions	-	2,077
Result from properties/movables/other intangible assets other than goodwill	1,814	1,101
Result from other operating income	3,999	4,728
Other operating result	(8,657)	532

Other in Other operating expenses consists mainly of insurance premiums in the amount of EUR 3.4 million (2023: EUR 3.1 million), debt collection and legal costs in the amount of EUR 2.4 million (2023: EUR 1.9 million).

Result from other operating expenses/income consists mainly of income from insurance claim in the amount of EUR 2.1 million (2023: EUR 0 million) and income from services provided to third parties within the Erste Group in the amount of EUR 0.8 million (2023: EUR 0.7 million).

Levies on banking activities

Single Resolution Board (SRB) has confirmed that the financial means available in the Single Resolution Fund (SRF) at 31 December 2023 reached the target level of at least 1% of covered deposits held in the Member States participating in the Single Resolution Mechanism (SRM). Therefore, no regular annual contributions were collected in 2024 from the institutions falling in scope of the SRF. Contributions would only be collected in the event of specific circumstances or resolution actions involving the use of the SRF. The target level verification exercise will be performed each year by SRB to confirm that the available financial means at the SRF are at least 1% of the amount of covered deposits of all credit institutions in the SRM participating Member States. If the result of such exercise should prescribe so, the SRB will restart the regular collection of contributions to SRF. Disclosed amounts of EUR 4.4 million as of 31 December 2023 represented the yearly contribution.

12. Taxes on income

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period. However, they are recognised in other comprehensive income or directly in equity if they arise from a transaction or event which itself is recognised in OCI or equity.

Change in tax rate

On 25.10.2024, Act No. 278/2024 Coll. was published in the Collection of Laws of the Slovak Republic, amending and supplementing Act No. 595/2003 Coll. on income tax. A new income tax rate of 24% of the tax base was introduced (original tax rate: 21%). It is paid by legal entities that achieve taxable income in excess of EUR 5,000,000 in the relevant tax period. It will be used for the first time when filing a tax return for the tax period starting no earlier than 1 January 2025. As a result, deferred tax balances as of 31.12.2024 were recalculated at a rate of 24%.

Special levy on profits from regulated activities

On December,19 2023, The parliament of the Slovak republic approved the amendment to Act No. 235/2012 Coll. on a special levy on Business in Regulated Industries, effective from 31.12.2023. The amendment to the law extends the scope to persons authorized to perform activities based on a permission issued or granted by the National Bank of Slovakia, which also includes banks. The levy period is a calendar month, and the bank is obliged to pay the levy starting with January 2024. The special levy is calculated as the product of the levy rate and the levy base. The levy base is the pre-tax profit reported according to international accounting standards adjusted according to Section 17 subsection 1 letter c) Act no. 595/2003 Coll on income tax, multiplied by a coefficient, which is calculated as the share of revenues from activities in the area carried out on the basis of a permission issued or granted by the National Bank of Slovakia to total revenues. The monthly levy rate is 0.025 for accounting period 2024, 0.0208 for accounting period 2025, 0.0167 for accounting period 2026, 0.0125 for accounting period 2027 and for accounting period 2028 and others in the amount of 0.00363. The levy base is based on a taxable profit in scope of IAS 12 and is considered as an income tax.

As a result, the theoretical income tax rate applicable is as follows:

EUR ths.	2023	2024
Standard income tax rate for the year	21.00%	21.00%
Special levy rate	-	30.00%
Effect of deductibility of special levy from standard rate*	-	(11,77%)
Tax rate applicable on profit	21.00%	39,23%

* the effect is calculated as special levy rate in %*((1- income tax rate in %)/(1+ special levy rate in%)-1)

Taxes on income consist of current taxes on income calculated in each of the Group companies based on the results reported for tax purposes, corrections to taxes on income for previous years, the change in deferred taxes and special levy on profits from regulated activities.

EUR ths.	2023	2024
Current tax (expense) / income	(88,732)	(75,489)
current period	(89,299)	(75,926)
prior period	567	437
Deferred tax (expense) / income	(1,380)	12,661
current period	(1,203)	12,661
prior period	(177)	-
Special levy on profits from regulated activities	-	(103,493)
Total	(90,112)	(166,321)

The following table reconciles the income taxes reported in the income statement to the pre-tax result from continuing operations multiplied by the nominal Slovak tax rate.

EUR ths.	2023	2024
Pre-tax result from continuing operations	398,977	451,786
Statutory tax rate	21%	39.23%
Income tax expense for the financial year at the Slovak statutory tax rate (21%)	83,870	177,236
Impact of tax-exempt earnings of investments and other tax-exempt income	(945)	(2,870)
thereof - Permanently tax-exempt (income) from dividends	(115)	(97)
thereof - Permanently tax-exempt (income) from revaluation of asset	(609)	(1,343)
thereof - Other	(221)	(1,430)
Tax rate change	-	(10,320)
Tax increases due to non-deductible expenses, additional business tax and similar elements	7,577	2,712
thereof - Permanently non-deductible expenses with fines, penalties, litigations and similar topics	317	355
thereof - Permanent differences coming from financial assets	3,850	82
thereof - Permanent differences coming from other asset	1,047	383
Thereof - Permanent differences coming from general administrative expences	-	892
thereof - Other	2,363	1,000
Tax expenses / earnings not attributable to the reporting period	(390)	(437)
Total	90,112	166,321

The following table shows the income tax effects relating to each component of other comprehensive income:

EUR ths.	2023			2024		
	Pre-tax amount	Income tax	Net-of-tax amount	Pre-tax amount	Income tax	Net-of-tax amount
Fair value reserve of equity instruments	(1)	-	(1)	5	6	11
Remeasurement of defined benefit plans	(423)	89	(334)	(536)	177	(359)
Currency reserve	(241)	-	(241)	(175)	-	(175)
Other comprehensive result	(665)	89	(576)	(706)	183	(523)

Major components of deferred tax assets and deferred tax liabilities and current tax position

EUR ths.	Tax assets		Tax liabilities		Through PL	Through OCI	Total
	31.12.2023	31.12.2024	31.12.2023	31.12.2024	Net variance		
Temporary differences related to the following items:							
Assets							
Financial assets at fair value through profit or loss	88	101	-	-	(13)	-	(13)
Financial assets at AC	55,841	62,735	-	-	(6,892)	-	(6,892)
Property, equipment and investment properties	2,311	3,521	-	-	(1,210)	-	(1,210)
RoU Assets	336	633	-	-	(297)	-	(297)
Other assets	10	7	-	-	2	-	2
Liabilities							
Long-term employee provisions (tax valuation different)	1,282	1,539	-	-	(80)	(177)	(257)
Other provisions (tax valuation different)	2,188	3,163	-	-	(975)	-	(975)
Other liabilities	8,143	11,340	-	-	(3,197)	(6)	(3,203)
Total deferred tax before tax loss carried forward	70,199	83,039	-	-	(12,662)	(183)	(12,845)
Tax loss carried forward	2	-	-	-	2	-	2
Total deferred taxes	70,201	83,039	-	-	(12,660)	(183)	(12,843)
Current taxes	40	617	(19,746)	(20)	178,982	-	178,982
Total taxes	70,241	83,656	(19,746)	(20)	166,321	(183)	166,138

EUR ths.	Tax assets		Tax liabilities		Through PL	Through OCI	Total
	31.12.2022	31.12.2023	31.12.2022	31.12.2023	Net variance		
Temporary differences related to the following items:							
Assets							
Financial assets at fair value through profit or loss	88	88	-	-	-	-	-
Financial assets at AC	55,526	55,841	-	-	(315)	-	(315)
Property, equipment and investment properties	1,470	2,311	(220)	-	(1,061)	-	(1,061)
RoU Assets	99	336	-	-	(236)	-	(236)
Other assets	-	10	-	-	(10)	-	(10)
Liabilities							
Long-term employee provisions (tax valuation different)	1,175	1,282	-	-	(18)	(89)	(107)
Other provisions (tax valuation different)	5,045	2,188	-	-	2,857	-	2,857
Other liabilities	8,308	8,143	-	-	165	-	165
Total deferred tax before tax loss carried forward	71,711	70,199	(220)	-	1,382	(89)	1,293
Tax loss carried forward	-	2	-	-	(2)	-	(2)
Effect of netting according IAS 12.71	(220)	-	220	-	-	-	-
Total deferred taxes	71,491	70,201	-	-	1,380	(89)	1,291
Current taxes	115	40	(7,392)	(19,746)	88,732	-	88,732
Total taxes	71,608	70,241	(7,392)	(19,746)	90,112	(89)	90,023

The Group's consolidated deferred tax asset position in amount of EUR 83.0 million as at 31 December 2024 (2023: EUR 70.2 million) is expected to be recoverable in the foreseeable future. These expectations result from year-end recoverability assessments undertaken by the Group's entities, either at individual level, or at relevant tax group level. Such assessments are comparing net temporary deductible differences and available fiscal losses at year-end – after offsetting with deferred tax liabilities at individual level or at relevant tax group level – with fiscal profit forecasts for a group-wide unified and unchanged time horizon of a maximum 5 years depending on the fiscal jurisdiction and applicable facts and circumstances. If the result of these assessments is negative, the deferred tax asset positions are correspondingly not recorded and the already existing deferred tax asset positions are correspondingly decreased.

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two models. Pillar Two legislation was enacted in Slovakia, the jurisdiction in which the Group is incorporated. The average expected effective tax rate for the year 2024 is higher than 15%, and the expected average effective tax rates for the following accounting periods also meet the criteria for the application of the “Exception from the calculation of the compensatory tax based on the qualified administration by individual states” in the Pillar Two legislation. Consequently, the Group does not have to be exposed to the payment of Pillar Two income taxes in relation to Slovakia. As of 31 December 2024, the Bank did not report any related payable tax. The Group applies the exemption for the recognition and disclosure of information on deferred tax assets and liabilities related to income tax for Pillar Two, as outlined in the amendments to IAS 12 issued in May 2023.

Financial instruments – Material accounting policy information

Accounting and measurement methods for financial instruments

Regular way (spot) purchases and sales of financial assets are recognised at the settlement date, which is the date that an asset is delivered.

Measurement of financial assets and financial liabilities is subject to two primary measurement methods: at amortised cost and fair value.

a) Amortised cost and effective interest rate

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. For financial assets the amount is adjusted for any loss allowance.

The effective interest rate (‘EIR’) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before adjusting for any loss allowance) or to the amortized cost of the financial liability. The estimated cash flows consider all the contractual terms of the financial instrument but disregard the expected credit losses. The calculation includes transaction costs, origination fees that are an integral part of the EIR and all other premiums and discounts to the par amount.

b) Fair value

Details on valuation techniques applied for fair value measurement and on the fair value hierarchy are disclosed in Note 19 Fair value of financial instruments.

Classification and subsequent measurement of financial assets

In accordance with IFRS 9, the classification and subsequent measurement of financial assets depend on the following two criteria:

- The business model for managing the financial assets; and
- The cash flow characteristics of the financial assets.

For further details refer to part ‘Material accounting judgements, assumptions and estimates’ in this chapter.

Application of these criteria leads to classification of financial assets into three measurement categories described in the respective note:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost unless they are measured at fair value through profit or loss. Interest expense is calculated by applying the EIR to the amortised cost of a financial liability. Further details on financial liabilities at amortised cost are in the respective Note 16 Financial liabilities at amortised costs.

Impairment of financial instruments

The Group recognises loss allowances for impairment on its debt instrument financial assets, other than those measured at fair value through profit or loss, its lease receivables, and its off-balance credit risk exposures arising from financial guarantees and certain loan commitments.

The amount of the impairment loss is recognised as a loss allowance. For the purpose of the measurement of the amount of expected credit loss and recognition of interest income, the Group distinguishes between three stages of impairment.

Stage 1 relates to financial instruments for which no significant increase in credit risk has been recorded since their initial recognition. The impairment is measured in the amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Interest income is recognised by EIR applied to the gross carrying amount of the financial asset.

Financial instruments in Stage 2 are subject to significant increase in credit risk since their initial recognition. Stage 2 also includes trade receivables without significant financing component to which the 'simplified approach' is applied mandatorily based on IFRS 9 requirements. The impairment is measured in the amount of the lifetime expected credit loss. Interest income is recognised by EIR applied to the gross carrying amount of the financial asset (as for Stage 1). In the case of drawings by non-defaulted customers on previously committed credit lines, the whole exposure (on-balance and off-balance) is categorised as either Stage 1 or Stage 2, depending on the development of credit risk between the commitment date and the drawing date. Interest income is calculated by applying the EIR to the gross carrying amount of the financial asset.

Financial instruments in Stage 3 are credit-impaired. In respect of applying the 'credit-impaired' concept of IFRS 9, the Group adopted the approach of aligning it with the regulatory concept of 'default' in accordance with guidelines of the European Banking Authority EBA/GL/2016/07 and Commission Delegated Regulation (EU) 2018/171. The Group generally applies a customer view for the default definition, which leads to Stage 3 classification of all transactions with the customer even if the customer defaults only on one of several transactions ('pulling effect'). On the other hand, an upgrade to a non-defaulted rating grade implies that all the transactions with the customer cease to be impaired. The impairment of financial instruments in Stage 3 is measured in the amount of the lifetime expected credit loss. Interest income is calculated by EIR applied to the amortised cost (i.e. the net carrying amount) of the financial asset. From a balance sheet perspective, interest is accrued based on the financial assets' gross carrying amount. The difference between the interest accrued on the assets and the interest income recognised is reflected through the allowance account (without impacting the impairment loss).

For financial assets that are credit-impaired at initial recognition (purchased or originated credit-impaired financial assets 'POCI') lifetime expected credit losses are initially reflected in the credit-adjusted EIR. As a result, no loss allowance is recognised at inception. Subsequently, only adverse changes in lifetime expected credit losses after the initial recognition are recognised as loss allowance, whilst favourable changes are recognised as impairment gains increasing the gross carrying amount of the POCI financial assets. No impairment stages are distinguished for the POCI financial assets.

Measurement of expected credit losses includes cash flows expected from collateral and those financial guarantees held by Group which are considered as integral to the contractual terms of financial assets whose risk is guaranteed. Group considers as integral those guarantees which are entered into at or close to the inception of the guaranteed financial assets. If the Group has in a loan contract an option to require provision of a guarantee, it is also considered as integral. Premiums paid for integral financial guarantees and other credit enhancements are considered in the EIR of the related financial assets.

Reimbursement assets from financial guarantees which are not considered integral are recognised under 'Other assets' in the statement of financial position. In the statement of income, they reduce the impairment loss incurred on guaranteed financial assets under 'Net impairment loss from financial instruments'. A precondition for this treatment is that it must be virtually

certain that the guarantee would reimburse the Group for the loss. Premiums paid for non-integral financial guarantees are presented in the statement of income under the line item 'Fee and commission expense' under 'Net fee and commission income'.

For financial assets measured at amortised cost, the net carrying amount of the financial asset presented on the statement of financial position is the difference between the gross carrying amount and the cumulative loss allowance. However, for financial assets measured at fair value through other comprehensive income, the loss allowance is recognised in the accumulated OCI, specifically under 'Fair value reserve' in the statement of changes in equity and under 'Retained earnings and other reserves' in the statement of financial position. Loss allowances for loan commitments and financial guarantees are presented under the statement of financial position line item 'Provisions'.

In the statement of income, impairment losses and their reversals (gains) on all kinds of financial instruments are presented in the line item 'Net impairment loss from financial instruments'.

Derecognition of financial instruments including treatment of contractual modifications

a) Derecognition of financial assets

The difference between the carrying amount of the derecognised asset and the consideration received is presented in the statement of income in the line 'Net gain/(loss) from derecognition of financial assets measured at amortised cost' or, for financial assets at fair value through other comprehensive income, in the line 'Net other loss from derecognition of financial instruments not measured at fair value through profit or loss'. For financial assets measured at fair value through profit or loss the derecognition gains or losses are recognised together with the measurement result in the lines 'Net trading result' or 'Net gain from financial instruments measured at fair value through profit or loss'.

b) Derecognition criteria with respect to contractual modifications of financial assets

In the normal course of running its lending business and in agreement with the respective debtors, the Group may renegotiate or otherwise modify some terms or conditions of the underlying contracts. This can involve either market-driven commercial renegotiations or contractual changes aimed at alleviating or preventing borrower's financial difficulty. For the purpose of capturing the economic substance and financial effect of such contractual modifications, the Group has developed a set of criteria to assess whether or not the modified terms are substantially different from the original terms and thus the financial asset has to be derecognised.

Commercial interest rate adjustments fulfilling specific conditions do not trigger the modification significance assessment. Instead, they result in a recalculation of the EIR of related loans. Such interest rate adjustments relate to performing non-forborne financial assets for which a prepayment/early termination option and a sufficiently competitive refinancing market exist. Furthermore, the costs that the debtor would incur in case of prepayment/early termination would have to be assessed as low. Such conditions introduce an implicit floating rate element to the contract. This kind of interest rate adjustments rarely applies to loan assets in Stage 2.

Substantial modifications lead to derecognition of the original financial asset and initial recognition of the modified financial asset as a new financial instrument. They include following events:

- change of the contractual counterparty (unless this is a formal change such as changes in legal name);
- change in the currency of the contract (unless the change results from exercising an embedded option in the original contract with pre-agreed conditions of the change, or if the new currency is pegged to the original currency);
- introduction of a non-SPPI contractual feature (unless it is intended to improve recoveries from debtors by granting concessions supporting them to recover from financial difficulties); and
- removal of a non-SPPI contractual feature.

Some derecognition criteria distinguish whether contractual modifications are applied to debtors facing financial difficulties. Application of certain modifications to debtors in financial difficulties is not considered as substantial since they are aimed at improving the prospects of the bank to recover the claims by tailoring the repayment schedules to specific financial conditions of those debtors. On the other hand, such contractual modifications applied to performing debtors may be considered as substantial enough to warrant the derecognition, as further detailed below.

From this perspective, the following criteria lead to derecognition unless they are considered as forbearance measures or they are applied to customers in default or they trigger default (i.e. the derecognition occurs if the modification does not relate to financial difficulties):

- repayment schedule changed in a way that the weighted remaining maturity of the assets is modified by more than 100% and at least two years compared to the original asset; or
- change in timing/amount of contractual cash flows resulting in the present value of the modified cash flows (discounted at pre-modification effective interest rate) being different by more than 10% of the gross carrying amount of the asset immediately before the modification (cumulative assessment considering all modifications occurring over the last twelve months); or
- altering a floating interest rate into a fixed interest rate or vice versa for the entire remaining life of the financial asset.

If contractual modifications that qualify as forbearance measures or they are applied to customers in default or they trigger default (i.e. they relate to customers in financial difficulties) are so significant that they are qualitatively assessed as an extinguishment of original contractual rights, they result in derecognition. Examples of such modifications are:

- a new agreement with materially different terms signed up as part of distressed restructuring following a standstill agreement suspending the rights of the original assets;
- consolidation of multiple original loans into one with substantially different terms; or
- transformation of a revolving loan into non-revolving.

Contractual modifications leading to derecognition of the related original assets result in the initial recognition of new financial assets. If the debtor is in default or the significant modification leads to the default, then the new asset will be treated as POCI. The difference between the carrying amount of the derecognised asset and initial fair value of the new POCI asset is presented in the statement of income in the line 'Net impairment loss from financial instruments'.

If the debtor is not in default or the significant modification does not lead to default, the new asset recognised after derecognition of the original asset will be in Stage 1. For loans measured at amortised cost, the unamortised balance of the origination fees/transaction costs considered in the effective interest rate is presented in the line item 'Interest income' under 'Net interest income' at the derecognition date. The release of the credit loss allowance attached to the original asset at the date of that significant modification as well as the credit loss allowance recognised for the new asset are presented in the line 'Net impairment loss from financial instruments'. The remaining difference is presented in the line 'Net gain/(loss) from derecognition of financial assets measured at amortised cost'.

For financial assets measured at fair value through profit or loss, irrespective of whether they are in default, the derecognition gains and losses are included in the same line items of the statement of income as their measurement result, i.e. in 'Net gain from financial instruments measured at fair value through profit or loss'.

For debt instrument assets not measured at fair value through profit or loss that are subject to contractual modifications that do not result in derecognition, the gross carrying amount of the asset is adjusted against recognising a modification gain or loss in profit or loss. The modification gain or loss equals the difference between the gross carrying amount before the modification and the present value of the cash flows based on the modified terms discounted with the original EIR. In the statement of income, the modification gain or loss is presented in the line 'Interest income' under 'Net interest income' if the modification relates to financial assets in Stage 1. However, to the extent that the contractual modification involves the bank giving up its rights of collecting cash flows in respect of an outstanding amount of the asset, such as waiving (part of) principal or accrued interest amount, it is treated as a write-off.

c) Write-offs

The Group writes off a financial asset or a part of it when it has no reasonable expectations of recovering the respective cash flows. When performing the write-off, the gross carrying amount of the asset is reduced simultaneously with the related loss allowance balance.

The Group has specified criteria for writing off the unrecoverable balances in its loan business. Write-off can result from forbearance measures whereby the bank contractually waives part of the existing balance in order to help the customers overcome financial difficulties and thus improve the prospects of recovering the remaining loan balance (normally this relates to going concern scenarios for corporate customers).

In gone concern scenarios with corporate customers, write-offs of the unrecoverable exposure parts are triggered by enforcement activities such as filing or termination of legal proceedings (bankruptcy, liquidation, court case). Other write-off triggers may result from decisions about no enforcement due to worthlessness of the claim/collateral or generally from assessment that the receivable is economically lost. For retail customers, the non-recoverability and the timing and amounts of write-off crystallise during the collection process when it becomes evident that the amount due cannot be collected, e.g. due to ongoing bankruptcy proceedings. Residual uncollectable balances are written off after the collection process.

d) Derecognition of financial liabilities

In the statement of income, the difference between the carrying amount of the derecognised financial liability and the consideration paid is presented in the line 'Other gains/(losses) from financial instruments not measured at fair value through profit or loss', 'Net gain from financial instruments measured at fair value through profit or loss' and 'Net trading result' depending on the measurement category of the derecognised financial liability.

Material accounting judgements, assumptions and estimates

a) SPPI assessment

The assessment of whether the contractual cash flows of financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) is subject to the application of significant judgements which rely on the guidance in IFRS 9. These judgements are crucial in the IFRS 9 classification and measurement process, as they determine whether the asset must be measured at FVPL or, depending on the business model assessment, at amortised cost or at FVOCI. When taking into consideration specific features of financial assets in the business of the Group, significant areas of judgement are prepayment fees, project financing loans and interest rate adjustments based on the fulfilment of certain ESG-related targets.

The assessment whether the prepayment fees applied to loans can be considered as a reasonable compensation for early terminations or prepayments is based on comparing the level of the fees with the economic costs incurred by the bank upon the early termination. For these purposes, the Group uses a quantitative test where the costs relate to the lost interest margin and the lost interest differential due to a potential decrease in the interest rates upon early termination or prepayment. The adequacy of the fees can also be defended on a qualitative basis, such as common market practice regarding the level of prepayment fees and their acceptance by authorities.

In the last years financial assets whose interest is adjusted based on meeting certain ESG-linked targets by the borrowers (e.g. meeting specified CO₂ emission targets) became part of the Group's business. No specific guidance currently exists in IFRS 9 for assessing the SPPI compliance of such features. The Group has concluded that ESG-related interest adjustments have a de minimis effect on the contractual cash flows of the existing loan portfolio. As a result, they do not affect the SPPI assessment.

For project financing loans the Group assesses whether they represent basic loan agreements rather than investments in the financed projects. In this respect, credit rating, level of collateralisation, existing sponsor guarantees and the extent of equity funding of the financed projects are considered.

b) Business model assessment

For each SPPI-compliant financial asset at initial recognition, the Group must assess whether it is part of a business model where the assets are held in order to collect contractual cash flows, to both collect the contractual cash flows and sell the assets, or they are held in other business models. As a consequence, the critical aspect in distinguishing the business models is frequency and significance of sales of assets in the respective business model. Since asset allocation to business models is based on the initial assessment, it may happen that in subsequent periods cash flows are realized differently than originally expected, and a different measurement method may seem to be appropriate. In accordance with IFRS 9, such subsequent changes do not generally lead to reclassifications or prior period error corrections in respect of existing financial assets. The new information on how cash flows are realised may, however, indicate that the business model, and thus the measurement method changes for newly acquired or newly originated financial assets.

At the Group, certain sales or other derecognition events are considered as not contradicting the held to collect contractual cash flows business model. Examples are sales due to increases in credit risk, sales close to financial assets' maturity, infrequent sales triggered by a non-recurring event (such as changes in regulatory or tax environment, major internal reorganisation or a business combination, severe liquidity crisis, etc.) or derecognitions resulting from replacements of bonds based on an issuer's offer. Other kinds of sales carried out in the 'held to collect' business model are assessed retrospectively, and if they exceed certain quantitative thresholds, or whenever it is considered necessary with regard to new expectations, the Group performs a prospective test. If the outcome was that the carrying amount of assets expected to be sold over the expected life of the current business model portfolio, for reasons other than the cases above, exceeds 10% of the carrying amount of the portfolio, any new acquisitions or originations of assets would be classified in a different business model.

c) Impairment of financial instruments

The expected credit loss impairment model is inherently based on judgement since it requires assessment of significant increases in credit risk and measurement of expected credit losses without providing detailed guidance. In respect of significant increases

in credit risk, group has determined specific assessment rules consisting of qualitative information and quantitative thresholds. Another area of complexity relates to establishing groups of similar assets when credit risk deterioration has to be assessed on a collective basis before specific information is available at individual instrument level. Measurement of expected credit losses involves complex models relying on historical statistics of probabilities of default and loss rates in case of defaults, their extrapolations in case of insufficient observations, individual estimates of credit-adjusted cash flows and probabilities of various scenarios including forward-looking information. In addition, the life of the instruments has to be modelled in respect of behavioural life of revolving credit facilities.

Detailed disclosures about identification of significant increases in credit risk including collective assessment, estimation techniques used to measure 12-month and lifetime expected credit losses and definition of default is provided in Note 26 Credit risk. The development of loan loss provisions is described in Note 14 Financial assets at amortised cost, Note 15 Trade and other receivables, Note 33 The Group as a lessor, Note 26 Credit risk and Note 37 Contingent liabilities.

Financial instruments held at amortised cost

Financial assets are classified as measured at amortised cost if they are held in a business model whose objective is to collect contractual cash flows, and their contractual cash flows are SPPI.

In the statement of financial position, these assets are carried at amortised cost, i.e. the gross carrying amount net of the credit loss allowance. They are presented under the line 'Financial assets at amortised cost', 'Trade and other receivables' and 'Cash and cash equivalents'.

Interest income on these assets is calculated by effective interest method and is included under the line 'Interest income' under 'Net interest income' in the statement of income. Impairment gains or losses are included in the line 'Net impairment loss from financial instruments'. Gains and losses from derecognition (such as sales) of the assets are reported under the line item 'Net gain/(loss) from derecognition of financial assets measured at amortised cost'.

At the Group, financial assets at amortised cost constitute the largest measurement category, which includes loan business to customers, interbank lending business (including reverse repo transactions), deposits with central banks, investments in debt securities, amounts in the course of settlement, trade and other receivables and cash and cash equivalents.

For description of financial liabilities measured at amortised cost refer to Note 16.

13. Cash and cash equivalents

Cash equivalents include only claims (deposits) against central banks and credit institutions that are repayable on demand. Repayable on demand means that they may be withdrawn at any time or with a term of notice of only one business day or 24 hours.

A part of 'Cash balances at central banks' represents the mandatory minimum reserve requirement deposits which amounted to EUR 140.9 million (2023: EUR 157.9 million) at the reporting date. The mandatory minimum reserve requirement is calculated from defined statement of financial position items and has to be fulfilled in average through an extended period of time. Therefore, the mandatory minimum reserve requirement deposits are not subject to any restraints.

EUR ths.	31.12.2023	31.12.2024
Cash on hand	362,937	420,346
Cash balances at central banks	2,658,749	1,551,042
Other demand deposits at credit institutions	9,172	17,552
Cash and cash equivalents	3,030,858	1,988,940

14. Financial assets at amortised cost

Debt securities

Investments in debt securities measured at amortised cost may be acquired with different business objectives (such as fulfilling internal/external liquidity risk requirements and efficient placement of the structural liquidity surplus, strategic positions decided by the board of directors, initiation and fostering of client relationships, substitution of loan business or other yield generating activities). Their common attribute is that significant or frequent sales of such securities are not expected. For a

description of what sales are considered as compliant with the held to collect contractual cash flows business model, see paragraph 'Business model assessment' in chapter 'Financial instruments - Material accounting policy information'.

Gross carrying amounts and credit loss allowances per impairment buckets

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2024											
General governments	4,005,756	-	-	-	4,005,756	(542)	-	-	-	(542)	4,005,214
Credit institutions	340,178	-	-	-	340,178	(245)	-	-	-	(245)	339,933
Other financial corporations	524	10,131	-	-	10,655	(7)	(242)	-	-	(249)	10,406
Non-financial corporations	98,113	18,430	-	-	116,543	(35)	(451)	-	-	(486)	116,057
Total	4,444,571	28,561	-	-	4,473,132	(829)	(693)	-	-	(1,522)	4,471,610

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2023											
General governments	3,638,012	-	-	-	3,638,012	(493)	-	-	-	(493)	3,637,519
Credit institutions	361,814	-	-	-	361,814	(295)	-	-	-	(295)	361,519
Other financial corporations	15,183	10,654	-	-	25,837	(12)	(368)	-	-	(380)	25,457
Non-financial corporations	78,722	18,428	-	-	97,150	(41)	(423)	-	-	(464)	96,686
Total	4,093,731	29,082	-	-	4,122,813	(841)	(791)	-	-	(1,632)	4,121,181

Movement in credit loss allowances

EUR ths.	1.1.2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2024
Stage 1	(841)	(83)	102	88	(95)	-	(829)
Stage 2	(791)	-	-	(73)	173	-	(693)
Stage 3	-	-	-	-	-	-	-
POCI	-	-	-	-	-	-	-
Total	(1,632)	(83)	102	15	78	-	(1,522)

EUR ths.	1.1.2023	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2023
Stage 1	(850)	(83)	70	328	(306)	-	(841)
Stage 2	(1,054)	-	-	-	263	-	(791)
Stage 3	-	-	-	-	-	-	-
POCI	-	-	-	-	-	-	-
Total	(1,904)	(83)	70	328	(43)	-	(1,632)

Movement table of credit loss allowances above represents changes in allowances disclosed based on the reason of the change and is prepared as at the end of the reporting period in comparison to the balance as at 1 January of the relevant reporting period. The table contains allocations, releases, reclassifications between stages as well as use of the credit loss allowances. Reconciliation of such movements to income statement line 'Net impairment loss from financial instruments' is disclosed in note 10.

The year-end total gross carrying amounts of amortised cost debt securities that were initially recognized (purchased) during the year 2024 and not fully derecognized by 31 December 2024 amounts to EUR 841.9 million (2023: EUR 398.1 million). The gross carrying amounts of amortised cost debt securities that were held at 1 January 2024 and derecognized during the year 2024 amounts to EUR 360.6 million (2023: EUR 435.9 million).

Loans and advances to banks

Gross carrying amounts and credit loss allowances per impairment buckets

	Gross carrying amount	Credit loss allowances	Carrying amount
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EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2024											
Credit institutions	10,423	-	-	-	10,423	(15)	-	-	-	(15)	10,408
Total	10,423	-	-	-	10,423	(15)	-	-	-	(15)	10,408

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2023											
Credit institutions	10,058	2	-	-	10,060	(28)	-	-	-	(28)	10,032
Total	10,058	2	-	-	10,060	(28)	-	-	-	(28)	10,032

Movement in credit loss allowances

EUR ths.	1.1.2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2024
Stage 1	(28)	(20)	6	-	27	-	(15)
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
POCI	-	-	-	-	-	-	-
Total	(28)	(20)	6	-	27	-	(15)

EUR ths.	1.1.2023	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2023
Stage 1	-	(28)	-	-	-	-	(28)
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
POCI	-	-	-	-	-	-	-
Total	-	(28)	-	-	-	-	(28)

Movement table of credit loss allowances above represents changes in allowances disclosed based on the reason of the change and is prepared as at the end of the reporting period in comparison to the balance as at 1 January of the relevant reporting period. The table contains allocations, releases, reclassifications between stages as well as use of the credit loss allowances. Reconciliation of such movements to income statement line 'Net impairment loss from financial instruments' is disclosed in note 10.

The year-end total gross carrying amounts of amortised cost loans and advances to banks that were initially recognized during the year 2024 and not fully de-recognized by 31 December 2024 amounts to EUR 10.4 million (2023: EUR 10.0 million). The gross carrying amounts of amortised cost loans and advances to banks that were held as at 1 January 2024 and fully de-recognized during the year 2024 amounts to EUR 10.4 million (2023: EUR 0.0 million).

Loans and advances to customers

Gross carrying amounts and credit loss allowances per impairment buckets

The following table represents gross carrying amounts and credit loss allowances per impairment buckets by sector of loans and advances to customers.

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2024											
General governments	380,172	938	-	26	381,136	(585)	(34)	-	-	(619)	380,517
Other financial corporations	204,995	28,936	65	10	234,006	(419)	(987)	(58)	-	(1,464)	232,542
Non-financial corporations	3,400,284	1,502,867	117,062	113,985	5,134,198	(13,508)	(81,268)	(56,726)	(13,076)	(164,578)	4,969,620
Households	12,781,421	484,177	244,487	7,572	13,517,657	(16,079)	(29,749)	(129,102)	(3,674)	(178,604)	13,339,053
Total	16,766,872	2,016,918	361,614	121,593	19,266,997	(30,591)	(112,038)	(185,886)	(16,750)	(345,265)	18,921,732

The amounts represent the maximum exposure to credit risk. As at 31 December 2024 the Group had no reverse repo agreements.

As at 31 December 2024, 15 largest customers accounted for 5.2% of the gross loan portfolio amounting to EUR 985.0 million.

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2023											
General governments	427,959	661	3	-	428,623	(728)	(20)	-	-	(748)	427,875
Other financial corporations	297,414	5,064	84	18	302,580	(566)	(439)	(58)	(1)	(1,064)	301,516
Non-financial corporations	3,417,633	1,323,694	117,853	107,944	4,967,124	(13,657)	(65,517)	(56,781)	(22,175)	(158,130)	4,808,994
Households	12,344,573	480,689	218,179	6,290	13,049,731	(21,867)	(40,444)	(126,896)	(2,978)	(192,185)	12,857,546
Total	16,487,579	1,810,108	336,119	114,252	18,748,058	(36,818)	(106,420)	(183,735)	(25,154)	(352,127)	18,395,931

As at 31 December 2023, 15 largest customers accounted for 5.2% of the gross loan portfolio amounting to EUR 960.7 million.

The following table represents gross carrying amounts and credit loss allowances per impairment buckets by asset classes of loans and advances to customers.

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2024											
Lending for house purchase	10,797,396	210,247	144,853	6,010	11,158,506	(6,234)	(6,433)	(54,648)	(2,855)	(70,170)	11,088,336
Credit for consumption	1,401,836	224,416	89,381	164	1,715,797	(8,528)	(18,903)	(65,584)	(54)	(93,068)	1,622,728
Corporate loans and others	4,566,932	1,582,255	127,380	115,419	6,392,694	(15,829)	(86,702)	(65,654)	(13,841)	(182,018)	6,210,668
Total	16,766,872	2,016,918	361,614	121,593	19,266,997	(30,591)	(112,038)	(185,886)	(16,750)	(345,265)	18,921,732

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2023											
Lending for house purchase	10,377,966	256,714	144,135	4,591	10,783,406	(10,699)	(17,968)	(68,980)	(1,989)	(99,636)	10,683,770
Credit for consumption	1,366,414	169,450	65,535	192	1,601,591	(9,882)	(17,344)	(50,460)	(66)	(77,752)	1,523,839
Corporate loans and others	4,743,199	1,383,944	126,449	109,469	6,363,061	(16,237)	(71,108)	(64,295)	(23,099)	(174,739)	6,188,322
Total	16,487,579	1,810,108	336,119	114,252	18,748,058	(36,818)	(106,420)	(183,735)	(25,154)	(352,127)	18,395,931

Movement in credit loss allowances

The following table represents movement in credit loss allowances by sector of loans and advances to customers.

EUR ths.	1.1.2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2024
Stage 1	(36,818)	(42,056)	830	13,643	33,702	108	(30,591)
General governments	(728)	(124)	-	2	265	-	(585)
Other financial corporations	(566)	(135)	2	7	273	-	(419)
Non-financial corporations	(13,657)	(28,732)	127	1,897	26,854	3	(13,508)
Households	(21,867)	(13,065)	701	11,737	6,310	105	(16,079)
Stage 2	(106,420)	(2,359)	880	(58,146)	53,739	268	(112,038)
General governments	(20)	-	-	(34)	20	-	(34)
Other financial corporations	(439)	-	-	(581)	33	-	(987)
Non-financial corporations	(65,517)	(1,929)	513	(44,083)	29,708	40	(81,268)
Households	(40,444)	(430)	367	(13,448)	23,978	228	(29,749)
Stage 3	(183,735)	(1,336)	20,803	(14,276)	(13,338)	5,996	(185,886)
Other financial corporations	(58)	-	54	(2)	(53)	1	(58)
Non-financial corporations	(56,781)	(1,278)	2,717	(2,819)	(212)	1,647	(56,726)
Households	(126,896)	(58)	18,032	(11,455)	(13,073)	4,348	(129,102)
POCI	(25,154)	-	459	-	7,105	840	(16,750)
Other financial corporations	(1)	-	-	-	-	1	-
Non-financial corporations	(22,175)	-	125	-	8,622	352	(13,075)
Households	(2,978)	-	334	-	(1,517)	487	(3,674)
Total	(352,127)	(45,751)	22,972	(58,779)	81,208	7,212	(345,265)

EUR ths.	1.1.2023	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2023
Stage 1	(42,630)	(36,295)	769	15,092	26,229	17	(36,818)
General governments	(524)	(49)	1	97	(253)	-	(728)
Other financial corporations	(240)	(222)	2	1,652	(1,758)	-	(566)
Non-financial corporations	(14,110)	(23,948)	184	4,029	20,186	2	(13,657)
Households	(27,756)	(12,076)	582	9,314	8,054	15	(21,867)
Stage 2	(109,256)	(1,427)	458	(33,600)	37,159	246	(106,420)
General governments	(19)	-	-	(18)	17	-	(20)
Other financial corporations	(842)	-	-	(67)	470	-	(439)
Non-financial corporations	(71,822)	(1,073)	88	(15,666)	22,929	27	(65,517)
Households	(36,573)	(354)	370	(17,849)	13,743	219	(40,444)
Stage 3	(158,695)	(204)	12,090	(8,587)	(33,414)	5,075	(183,735)
Other financial corporations	(91)	-	23	-	10	-	(58)
Non-financial corporations	(42,428)	(133)	1,419	(2,202)	(14,135)	698	(56,781)
Households	(116,176)	(71)	10,648	(6,385)	(19,289)	4,377	(126,896)
POCI	(31,466)	-	358	-	5,714	240	(25,154)
Other financial corporations	(1)	-	-	-	-	-	(1)
Non-financial corporations	(29,358)	-	172	-	6,991	20	(22,175)
Households	(2,107)	-	186	-	(1,277)	220	(2,978)
Total	(342,047)	(37,926)	13,675	(27,095)	35,688	5,578	(352,127)

The following table represents movement in credit loss allowances by asset classes of loans and advances to customers.

EUR ths.	1.1.2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2024
Stage 1	(36,818)	(42,056)	830	13,643	33,702	108	(30,591)
Lending for house purchase	(10,699)	(115)	14	8,242	(3,675)	(1)	(6,234)
Credit for consumption	(9,882)	(14,961)	206	1,315	14,776	18	(8,528)
Corporate loans and others	(16,237)	(26,980)	610	4,086	22,601	91	(15,829)
Stage 2	(106,420)	(2,359)	880	(58,146)	53,739	268	(112,038)
Lending for house purchase	(17,968)	(27)	269	(2,309)	13,602	-	(6,433)
Credit for consumption	(17,344)	-	52	(9,548)	7,912	25	(18,903)
Corporate loans and others	(71,108)	(2,332)	559	(46,289)	32,225	243	(86,702)
Stage 3	(183,735)	(1,336)	20,803	(14,276)	(13,338)	5,996	(185,886)
Lending for house purchase	(68,980)	(95)	2,951	(5,721)	16,004	1,193	(54,648)
Credit for consumption	(50,460)	(132)	15,473	(5,469)	(27,501)	2,505	(65,584)
Corporate loans and others	(64,295)	(1,109)	2,379	(3,086)	(1,841)	2,298	(65,654)
POCI	(25,154)	-	459	-	7,105	840	(16,750)
Lending for house purchase	(1,989)	-	-	-	(866)	-	(2,855)
Credit for consumption	(66)	-	-	-	8	4	(54)
Corporate loans and others	(23,099)	-	459	-	7,963	836	(13,841)
Total	(352,127)	(45,751)	22,972	(58,779)	81,208	7,212	(345,265)

EUR ths.	1.1.2023	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2023
Stage 1	(42,630)	(36,295)	769	15,092	26,229	17	(36,818)
Lending for house purchase	(18,579)	(215)	26	7,836	233	-	(10,699)
Credit for consumption	(8,038)	(13,666)	95	1,788	9,939	-	(9,882)
Corporate loans and others	(16,013)	(22,414)	648	5,468	16,057	17	(16,237)
Stage 2	(109,256)	(1,427)	458	(33,600)	37,159	246	(106,420)
Lending for house purchase	(19,242)	(51)	273	(6,917)	7,969	-	(17,968)
Credit for consumption	(14,493)	(3)	37	(8,178)	5,271	22	(17,344)
Corporate loans and others	(75,521)	(1,373)	148	(18,505)	23,919	224	(71,108)
Stage 3	(158,695)	(204)	12,090	(8,587)	(33,414)	5,075	(183,735)
Lending for house purchase	(66,071)	(354)	2,680	(3,464)	(2,431)	660	(68,980)
Credit for consumption	(42,702)	(116)	9,681	(2,892)	(17,730)	3,299	(50,460)
Corporate loans and others	(49,922)	266	(271)	(2,231)	(13,253)	1,116	(64,295)
POCI	(31,466)	-	358	-	5,714	240	(25,154)
Lending for house purchase	(1,114)	-	16	-	(891)	-	(1,989)
Credit for consumption	(84)	-	1	-	12	5	(66)
Corporate loans and others	(30,268)	-	341	-	6,593	235	(23,099)
Total	(342,047)	(37,926)	13,675	(27,095)	35,688	5,578	(352,127)

In column 'Additions' increases of credit loss allowance due to the initial recognition of loans and advances to customers at amortised cost during the current reporting period are disclosed. Credit loss allowances recognized against drawings from non-revolving loan commitments are deemed as additions for the purpose of presenting current period's movement in credit loss allowance. Therefore, additions in Stages 2 and 3 reflect transfers from Stage 1 having occurred between commitment and drawing dates of related credit facilities. Releases of credit loss allowance following the derecognition of the related loans and advances to customers at amortised cost are reported in column 'Derecognitions'.

In column 'Transfers between stages' credit loss allowance net changes due to changes in credit risk that triggered re-assignments of the related loans and advances to customers at amortised cost from Stage 1 at 1 January 2024 (or initial recognition date, if later) to Stages 2 or 3 at 31 December 2024 or vice-versa are reported. The effects of transfers from Stage 1 to Stages 2 or 3 on the related credit loss allowances are adverse (incremental year-on-year allocations) and presented in lines attributable to Stages 2 or 3. The effects of transfers from Stages 2 or 3 to Stage 1 on the related credit loss allowances are favourable (incremental year-on-year releases) and presented in line 'Stage 1'. The P&L-neutral effect from cross-stage transferring of the related credit loss allowance amounts recognized prior to stage re-assignments are presented above in column 'Other changes in credit risk (net)'.

Any other changes in credit risk which do not trigger a transfer between Stage 1 and Stage 2 or 3 or vice-versa are disclosed in column 'Other changes in credit risk (net)'. This column also captures the passage-of-time adverse effect ('unwinding correction')

over the lifetime expected cash shortfalls of loans and advances to customers that were assigned to Stage 3 for any period throughout the year, as well as of any POCI loans and advances to customers.

The use of credit loss allowance triggered by full or partial write-offs of amortised cost loans and advances to customers is reported in column 'Write-offs'.

One significant driver of the credit loss allowance movements for the year has been the transfer of the related instruments across different impairment stages. The year-end gross carrying amount of amortised cost loans and advances to customers that were assigned at 31 December 2024 to a different stage compared to 1 January 2024 (or to the initial recognition date, if originated during the year) are summarized below:

EUR ths.	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3		POCI	
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3	To Defaulted from Non-Defaulted	To Non-Defaulted from Defaulted
As at 31.12.2024								
General governments	812	407	-	-	-	-	-	26
Other financial corporations	24,982	88	28	-	14	-	-	-
Non-financial corporations	797,043	405,572	18,450	519	18,426	207	927	1,165
Households	250,134	128,851	56,794	18,080	53,294	15,605	656	292
Total	1,072,971	534,918	75,272	18,599	71,734	15,812	1,583	1,483
As at 31.12.2023								
General governments	661	817	-	-	-	-	-	-
Other financial corporations	4,593	39,917	2	-	-	-	-	-
Non-financial corporations	346,162	500,582	45,739	1,218	22,833	660	997	80,444
Households	251,321	139,824	42,595	13,329	39,654	9,334	1,719	203
Total	602,737	681,140	88,336	14,547	62,487	9,994	2,716	80,647

The year-end total gross carrying amount of the amortised cost loans and advances to customers that were initially recognized during the reporting period and not fully de-recognized by 31 December 2024 amounts to EUR 3,733.5 million (2023: EUR 3,682.7 million). The gross carrying amount of the amortised cost loans and advances to customers that were held at 1 January 2024 and fully de-recognized during the reporting period amounts to EUR 1,433.8 million (2023: EUR 1,238.0 million).

Mandate loans

During the year 2024 the Group cooperated with 8 external companies (2023: 7 companies). Based on the mandate contracts the management and administration of certain non-performing receivables is outsourced to the external company temporary. In case of mandate loans, the Group maintains risks and rewards associated with the underlying exposures. External service providers are rewarded by commission from the claimed amount of loans, which are subject to the mandate contracts.

As at 31 December 2024 the total amount of gross loans outsourced was EUR 106.6 million – lending for house purchase EUR 38.2 million, credit for consumption EUR 56.9 million, corporate loans and others EUR 11.5 million (2023: EUR 79.7 million - lending for house purchase EUR 32.2 million, credit for consumption EUR 37.9 million, corporate loans and others EUR 9.6 million). These loans were categorised in stage 3.

Write off and sale of receivables

During the year 2024 the Group sold loan receivables in the amount of EUR 28.5 million (2023: EUR 25.9 million) for a consideration of EUR 6.5 million (2023: EUR 7.7 million) and used the corresponding allowances amounting EUR 21.6 million (2023: EUR 16.5 million). Once loan receivables are sold, the Group transfers all risks and rewards attributable to them and does not have any continuing involvement in the loan receivables subsequent to their sale.

In the year 2024 the Group has written off loans and finance lease receivables in the amount of EUR 12.2 million (2023: EUR 6.5 million) and used the respective allowances amounting EUR 11.2 million (2023: EUR 4.9 million).

15. Trade and other receivables

The trade and other receivables comprise receivables from factoring transactions and other trade receivables.

Gross carrying amounts and credit loss allowances per impairment buckets

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2024											
General governments	8,029	-	-	-	8,029	-	-	-	-	-	8,029
Credit institutions	3,951	3	-	-	3,954	-	-	-	-	-	3,954
Other financial corporations	2,936	-	-	-	2,936	(2)	-	-	-	(2)	2,934
Non-financial corporations	147,116	2,904	1,181	366	151,567	(812)	(817)	(864)	(348)	(2,841)	148,726
Households	48	-	-	-	48	-	-	-	-	-	48
Total	162,080	2,907	1,181	366	166,534	(814)	(817)	(864)	(348)	(2,843)	163,691

Gross carrying amount for trade and other receivables where simplified approach to ECL calculation is applied represents EUR 19.0 million and credit loss allowances EUR 0.7 million.

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2023											
General governments	1,070	-	-	-	1,070	-	-	-	-	-	1,070
Credit institutions	4,359	-	-	-	4,359	-	-	-	-	-	4,359
Other financial corporations	2,620	-	-	-	2,620	(6)	-	-	-	(6)	2,614
Non-financial corporations	124,706	1,973	4,397	580	131,656	(893)	(726)	(4,054)	(444)	(6,117)	125,539
Households	33	-	-	-	33	(1)	-	-	-	(1)	32
Total	132,788	1,973	4,397	580	139,738	(900)	(726)	(4,054)	(444)	(6,124)	133,614

Of which the gross carrying amount of EUR 19.2 million and credit loss allowances of EUR 0.7 million in Stage 1 represents other trade receivables as at 31 December 2023.

Movement in credit loss allowances

	01.01.2024	Additions	Other changes in credit risk (net)	Transfers between stages	Write offs	31.12.2024
Stage 1	(900)	(862)	948	-	-	(814)
Other financial corporations	(6)	(2)	6	-	-	(2)
Non-financial corporations	(893)	(860)	941	-	-	(812)
Households	(1)	-	1	-	-	-
Stage 2	(726)	-	(89)	(2)	-	(817)
Non-financial corporations	(726)	-	(89)	(2)	-	(817)
Stage 3	(4,054)	-	(216)	(20)	3,426	(864)
Non-financial corporations	(4,054)	-	(98)	(20)	3,308	(864)
Households	-	-	(118)	-	118	-
POCI	(444)	-	96	-	-	(348)
Non-financial corporations	(444)	-	96	-	-	(348)
Total	(6,124)	(862)	739	(22)	3,426	(2,843)

Movement table of credit loss allowances above represents changes in allowances disclosed based on the reason of the change and is prepared as at the end of the reporting period in comparison to the balance as at 1 January of the relevant reporting period. The table contains allocations, releases, reclassifications between stages as well as use of the credit loss allowances. Reconciliation of such movements to income statement line 'Net impairment loss from financial instruments' is disclosed in note 10.

Detail description of columns from the above table are disclosed in the note 14 Financial assets at amortised cost.

EUR ths.	01.01.2023	Additions	Other changes in credit risk (net)	Transfers between stages	31.12.2023
Stage 1	(626)	(920)	646	-	(900)
Other financial corporations	(23)	(6)	23	-	(6)
Non-financial corporations	(603)	(913)	623	-	(893)
Households	-	(1)	-	-	(1)
Stage 2	(957)	-	231	-	(726)
Non-financial corporations	(957)	-	231	-	(726)
Stage 3	(4,379)	-	349	(24)	(4,054)
Non-financial corporations	(4,379)	-	349	(24)	(4,054)
POCI	(468)	-	24	-	(444)
Non-financial corporations	(468)	-	24	-	(444)
Total	(6,430)	(920)	1,250	(24)	(6,124)

Transfers of gross carrying amount between impairment stages

EUR ths.	2023	2024
Transfers between Stage 1 and Stage 2	723	1,088
To Stage 2 from Stage 1	723	1,045
To Stage 1 from Stage 2	-	43
Transfers between Stage 2 and Stage 3	-	7
To Stage 3 from Stage 2	-	7
Transfers between Stage 1 and Stage 3	377	346
To Stage 3 from Stage 1	377	346

16. Financial liabilities at amortised costs

The line item 'Financial liabilities at amortised cost' is further broken down into 'Deposits from banks', 'Deposits from customers', 'Debt securities issued' and 'Other financial liabilities'.

Interest expenses incurred are calculated using effective interest method are reported in the line item 'Interest expenses' under 'Net interest income' in the statement of income. Gains and losses from derecognition (mainly repurchase) are reported under the line item 'Net other loss from derecognition of financial instruments not measured at fair value through profit or loss'.

Deposits from banks

EUR ths.	31.12.2023	31.12.2024
Overnight deposits	6,198	3,676
Term deposits	1,230,613	202,248
Repurchase agreements	10,352	-
Deposits from banks	1,247,163	205,924

Financial liabilities stemming from the TLTRO programme of the ECB are presented under 'Term deposits'. All remaining tranches of the programme matured in 2024. As a result, the carrying amount of the TLTRO III liabilities was EUR 0 million at the end of 2024 (2023: EUR 1,024.3 million). Consequently, the collateral pledged for these liabilities has been released.

The Group assessed an appropriate accounting treatment of the TLTRO. The conclusion was that such instruments do not qualify as below-market interest rate loans and therefore are not related to IAS 20 government grants accounting. The reason was that the TLTRO was considered as a separate market organised by the ECB as part of its monetary policy. As a result, the IFRS 9 amortised cost accounting treatment applied.

In 2024, interest expenses recognised for financial liabilities from TLTRO III before their repayment amounted to EUR 9.8 million (2023: EUR 24.6 million).

Deposits from customers

EUR ths.	31.12.2023	31.12.2024
Overnight deposits	14,377,137	15,059,119
Savings deposits	3,856,388	4,330,328
Households	3,856,388	4,330,328
Non-savings deposits	10,520,749	10,728,791
General governments	200,923	238,811
Other financial corporations	250,798	301,927
Non-financial corporations	2,527,981	2,668,277
Households	7,541,047	7,519,776
Term deposits	3,203,039	3,675,604
Deposits with agreed maturity	3,203,039	3,675,604
Savings deposits	704,209	336,101
Households	704,209	336,101
Non-savings deposits	2,498,830	3,339,503
General governments	101,348	154,078
Other financial corporations	555,654	490,924
Non-financial corporations	791,499	915,382
Households	1,050,329	1,779,119
Deposits from customers	17,580,176	18,734,723
General governments	302,271	392,889
Other financial corporations	806,452	792,851
Non-financial corporations	3,319,480	3,583,659
Households	13,151,973	13,965,324

Debt securities issued

EUR ths.	31.12.2023	31.12.2024
Subordinated debt securities issues	15,802	15,794
Senior non-preferred bonds	30,888	30,665
Other debt securities issued	4,611,429	4,575,781
Bonds	1,473,841	1,648,984
Mortgage covered bonds	3,137,588	2,926,797
Debt securities issued	4,658,119	4,622,240

Net debt reconciliation

The table below presents an analysis of debt of the Group and the movements in the debt. The debt items are those that are reported under the financing activities in the statement of cash flows of the Group.

EUR ths.	2023	2024
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Debt securities issued		
Opening balance as at 1 January	2,989,506	4,658,119
Cash-flows reported within financing activities	1,575,595	(73,487)
Interest paid	(49,191)	(129,346)
Non-cash adjustments - interest expense	87,788	130,652
Non-cash adjustments - revaluation of hedge item	54,421	36,302
Closing balance as at 31 December	4,658,119	4,622,240
Lease liability		
Opening balance as at 1 January	21,197	20,156
Cash-flows reported within financing activities	(8,337)	(8,586)
Non-cash adjustments	7,296	9,621
Closing balance as at 31 December	20,156	21,191

Non-cash adjustments represent effects of amortization and deferrals.

Subordinated debt securities issued

The subordinated debt securities issued listed in the following table do not include embedded derivatives, which should be separated and disclosed under the statement of financial position line item 'Financial liabilities held for trading'.

The interest rate shown below represents actual interest expense of the Group.

EUR ths.	Issue Date	Maturity Date	Interest Rate	Number of securities	Nominal	Currency	2023	2024
Subordinated Bonds	September 2018	September 2028	2.88%	33	100,000	EUR	3,326	3,327
Subordinated Bonds	September 2018	September 2028	5.24%	33	100,000	EUR	3,357	3,348
Subordinated Bonds	November 2018	November 2028	2.45%	91	100,000	EUR	9,119	9,119
Total							15,802	15,794

Subordinated liabilities

Issued subordinated capital and supplementary capital are either reported in the item Financial liabilities at amortised costs or Financial liabilities at fair value through profit or loss. Securitised and non-securitised assets are subordinated if the claims can only be satisfied after the claims of other, non-subordinated creditors in the event of liquidation or bankruptcy. Supplementary capital is defined in accordance with Art. 63 of Regulation (EU) No 575/2013 (CRR). Corresponding instruments have an original maturity of at least five years, are of a subordinated nature and may not, among other things, contain any incentive for early repayment, grant the holder the right to accelerate repayment or include interest or dividend payments that are influenced in their amount by the creditworthiness of the issuer.

In the reporting period, expenses for subordinated liabilities amounted to EUR 0.5 million (2023: EUR 0.7 million).

Senior non-preferred bonds

In February 2020 the Group issued senior non-preferred bonds in the number of 300 securities with the notional value of EUR 0.1 million, interest rate 4.42% and maturity date in February 2026 in the total amount of EUR 30.7 million as at 31 December 2024 (2023: EUR 30.9 million).

Other debt securities issued

All securities listed in the following table are issued in book-entry form as bearer or registered securities with annual or semi annual coupon payments. Their transferability is not limited. There are no pre-emptive rights and exchange rights related to these securities. The bonds are traded on the Bratislava Stock Exchange.

The stated interest rate corresponds with the actual interest costs of the Group.

EUR ths.	Issue Date	Maturity Date	Interest Rate	Number of securities	Nominal	Currency	2023	2024
Senior Unsecured Bonds	June 2019	December 2025	0.60%	5,572	1,000	EUR	5,452	5,409
Covered Bonds	June 2019	June 2026	0.13%	5,000	100,000	EUR	483,091	491,208
Senior Unsecured Bonds	February 2020	February 2024	-	170	100,000	EUR	17,000	-
Senior Unsecured Bonds	March 2020	March 2025	0.00%	53	2,000,000	CZK	4,227	4,199
Senior Unsecured Bonds	June 2020	June 2025	0.80%	4,930	1,000	EUR	4,788	4,785
Senior Unsecured Bonds	June 2020	June 2025	0.63%	45	100,000	EUR	4,510	4,513

Senior Unsecured Bonds	October 2020	October 2025	0.25%	1,000	100,000	EUR	99,834	99,962
Senior Unsecured Bonds	March 2021	March 2027	4.39%	1,000	100,000	EUR	103,045	102,420
Senior Unsecured Bonds	June 2021	June 2024	-	1,299	1,000	USD	1,180	-
Senior Unsecured Bonds	June 2021	June 2028	0.38%	1,302	100,000	EUR	152,886	153,205
Covered Bonds	July 2007	July 2027	4.95%	250	66,388	EUR	18,290	18,068
Covered Bonds	January 2013	January 2025	3.10%	87	50,000	EUR	4,411	4,411
Covered Bonds	June 2013	June 2028	3.00%	132	50,000	EUR	6,614	6,615
Covered Bonds	February 2014	February 2029	2.80%	97	50,000	EUR	4,899	4,899
Covered Bonds	August 2015	August 2025	1.38%	100	100,000	EUR	10,043	10,052
Covered Bonds	March 2016	March 2026	1.00%	90	100,000	EUR	9,046	9,057
Covered Bonds	March 2017	March 2025	0.75%	1,000	100,000	EUR	100,564	100,609
Senior Unsecured Bonds	November 2017	November 2027	1.38%	44	100,000	EUR	4,405	4,406
Senior Unsecured Bonds	June 2018	June 2024	-	4,608	1,000	EUR	4,416	-
Senior Unsecured Bonds	August 2018	August 2024	-	4,621	1,000	EUR	4,494	-
Covered Bonds	August 2018	August 2025	0.63%	2,500	100,000	EUR	240,577	247,345
Senior Unsecured Bonds	September 2018	September 2024	-	4,530	1,000	EUR	4,350	-
Senior Unsecured Bonds	November 2018	November 2024	-	4,699	1,000	EUR	4,496	-
Senior Unsecured Bonds	December 2018	December 2024	-	4,794	1,000	EUR	4,533	-
Covered Bonds	December 2018	December 2024	-	2,500	100,000	EUR	242,756	-
Senior Unsecured Bonds	February 2019	February 2025	0.70%	9,490	1,000	EUR	9,071	8,951
Senior Unsecured Bonds	March 2019	March 2025	0.00%	100	50,000	EUR	4,959	4,994
Covered Bonds	April 2022	April 2027	1.13%	5,000	100,000	EUR	479,248	490,296
Senior Unsecured Bonds	May 2022	May 2026	2.00%	19,562	1,000	EUR	19,922	19,805
Senior Unsecured Bonds	June 2022	June 2025	2.70%	29,561	1,000	EUR	30,149	29,935
Senior Unsecured Bonds	July 2022	December 2029	5.00%	285	200,000	USD	49,118	51,453
Senior Unsecured Bonds	September 2022	September 2025	3.00%	61,741	1,000	EUR	61,798	61,922
Covered Bonds	October 2022	April 2028	3.50%	5,000	100,000	EUR	519,982	520,868
Senior Unsecured Bonds	October 2022	April 2026	3.30%	49,295	1,000	EUR	50,857	50,391
Senior Unsecured Bonds	October 2022	October 2025	4.35%	4,995	1,000	USD	4,555	4,845
Senior Unsecured Bonds	October 2022	October 2034	4.88%	320	100,000	EUR	33,590	33,807
Senior Unsecured Bonds	October 2022	October 2025	4.63%	250	100,000	EUR	25,172	25,203
Senior Unsecured Bonds	October 2022	October 2025	-	-	100,000	EUR	5,036	-
Senior Unsecured Bonds	November 2022	November 2025	4.50%	3,759	1,000	USD	3,417	3,635
Senior Unsecured Bonds	November 2022	November 2024	-	-	1,000	EUR	49,905	-
Senior Unsecured Bonds	November 2022	May 2026	4.73%	1,340	100,000	EUR	134,988	134,802
Covered Bonds	January 2023	January 2026	3.25%	5,000	100,000	EUR	513,388	519,797
Senior Unsecured Bonds	February 2023	February 2026	3.75%	73,523	1,000	EUR	76,920	75,923
Senior Unsecured Bonds	February 2023	February 2025	4.45%	4,828	1,000	USD	4,678	4,821
Senior Unsecured Bonds	June 2023	June 2026	4.50%	1,806	50,000	EUR	92,547	91,942
Covered Bonds	August 2023	September 2027	3.88%	5,000	100,000	EUR	504,679	503,572
Senior Unsecured Bonds	July 2023	July 2029	4.85%	529	100,000	EUR	14,431	54,755
Senior Unsecured Bonds	September 2023	September 2033	5.41%	100	100,000	EUR	9,651	10,130
Senior Unsecured Bonds	September 2023	September 2027	4.75%	393	50,000	EUR	20,010	19,662
Senior Unsecured Bonds	October 2023	October 2028	5.38%	3,310	100,000	EUR	302,168	334,754
Senior Unsecured Bonds	November 2023	November 2027	4.75%	1,185	50,000	EUR	50,209	59,805
Senior Unsecured Bonds	January 2024	January 2034	4.10%	50	100,000	EUR	-	5,203
Senior Unsecured Bonds	February 2024	February 2034	4.70%	20	100,000	EUR	-	1,978
Senior Unsecured Bonds	February 2024	February 2028	4.00%	517	50,000	EUR	-	26,780
Senior Unsecured Bonds	March 2024	March 2028	4.00%	799	50,000	EUR	-	41,165
Senior Unsecured Bonds	March 2024	August 2029	4.41%	100	100,000	EUR	-	10,114
Senior Unsecured Bonds	March 2024	March 2030	5.56%	146	100,000	EUR	-	14,816
Senior Unsecured Bonds	April 2024	April 2027	4.00%	91	50,000	EUR	-	4,581
Senior Unsecured Bonds	May 2024	May 2027	4.13%	100	100,000	EUR	-	9,966
Senior Unsecured Bonds	May 2024	May 2029	4.17%	250	100,000	EUR	-	25,618
Senior Unsecured Bonds	June 2024	June 2027	3.87%	150	100,000	EUR	-	14,902
Senior Unsecured Bonds	September 2024	September 2027	3.75%	300	50,000	EUR	-	15,008
Senior Unsecured Bonds	December 2024	December 2028	3.45%	346	50,000	EUR	-	17,342
Senior Unsecured Bonds	July 2021	July 2031	0.15%	1	1,000	EUR	1,074	1,077
Total							4,611,429	4,575,781

In May 2020 the Group issued retained covered bond in the value of 500 mil. EUR with interest rate 0.125% and maturity of 7.5 years, which was not placed in the market and according to IFRS is therefore not possible to recognize this bond in the statement of financial position.

In June 2022 the Group issued another retained covered bond in the value of 500 mil. EUR with an interest rate of 2.00% and maturity of 6 years, which was also not placed in the market and according to IFRS, it is therefore not possible to recognize this bond in the statement of financial position.

Other financial liabilities

As at 31 December 2024 other financial liabilities in amount of EUR 54.7 million (2023: EUR 183.3 million) represent suspense accounts (payments with other banks).

Financial instruments at fair value through profit or loss

There are various reasons for assigning the fair value through profit or loss measurement category to debt instrument financial assets.

Fair value through profit or loss measurement relates to that are part of residual business models, i.e. they are neither held to collect contractual cash flows nor held to either collect contractual cash flows or sell the assets. These financial assets are generally expected to be sold before their maturity or they are managed and their performance is evaluated on a fair value basis. In the business of the Group, such business models are typical of assets that are held for trading (i.e. financial assets held by the trading function of the bank), of assets whose value is expected to be primarily realised through sales. Another reason for the fair value through profit or loss measurement are financial assets whose contractual cash flows are not considered as SPPI.

On the statement of financial position, debt instrument financial assets measured at fair value through profit or loss are presented as 'Financial assets held for trading', sub-item 'Derivatives' and 'Non-trading financial assets at fair value through profit or loss', sub-items 'Debt securities'. Non-trading financial assets at fair value through profit or loss are disclosed in Note 18 which is 'mandatorily at fair value through profit or loss'. Financial assets are mandatorily measured at fair value through profit or loss because they are held as part of residual business models that are other than held for trading.

Investments in equity instruments that are not held for trading are also measured at fair value through profit or loss (unless they are designated at fair value through other comprehensive income). They are presented in the statement of financial position under 'Non-trading financial assets at fair value through profit or loss', sub-item 'Equity instruments', sub-category 'mandatorily at fair value through profit or loss' in Note 18.

From IFRS 9 perspective all derivatives which are not designated as hedging instruments are considered as held for trading. As a result, they are measured at fair value through profit or loss. They are described more detail in the Note 17 Derivative financial instruments.

In the statement of income, the profit or loss effects of non-derivative financial assets measured at fair value through profit or loss are split into interest income or dividend income and fair value gains and losses. The interest income on debt instruments is presented in the line 'Other similar income' under 'Net interest income' and is calculated by applying the EIR to the amortised cost component of the financial assets. The dividend income on equity instruments is presented in the line 'Dividend income'. The fair value gains or losses are calculated net of the interest or dividend income, and they also include transaction costs and origination fees. They are reported in the line 'Net trading result' for financial assets held for trading and in the line 'Net gain from financial instruments measured at fair value through profit or loss' in case of non-trading financial assets at fair value through profit or loss. For investments in funds, which are not consolidated by the Group, the interest or dividend component is not separated from the fair value gains or losses.

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading and financial liabilities designated at fair value through profit or loss. On the statement of financial position, financial liabilities at fair value through profit or loss are presented as 'Financial liabilities held for trading', sub-items 'Derivatives'. Accounting policy related to financial liabilities at fair value through profit or loss can be found in Note 17 Derivative financial instruments.

17. Derivative financial instruments

Derivative financial instruments are used by the Group to manage exposures to interest rates, foreign currencies and other market price risks. Derivatives used by the Group include mainly interest rate swaps, futures, forward rate agreements, interest rate options, currency swaps and currency options as well as credit default swaps.

Derivative financial instruments are carried at fair value (dirty price) on the statement of financial position. Derivatives are carried as assets if their fair value is positive and as liabilities if their fair value is negative.

Derivatives – held for trading are those that are not designated as hedging instruments for hedge accounting. They are presented in the statement of financial position in the line item 'Derivatives' under the heading 'Financial assets/Financial liabilities held for trading'. All kinds of non-hedging derivatives without regard to their internal classification, i.e. both derivatives held in the trading book and banking book, are presented in this line item.

Changes in the fair value (clean price) of derivatives are reported in the statement of income in the line item 'Net trading result'. Interest income/expense related to held for trading derivatives is presented in the statement of income in the line item 'Other similar income' or 'Other similar expenses' under 'Net interest income'. Interest income/expense recognition is based on EIR-like accruals in respect of the derivative notional amount and includes amortisation of the inception value of the derivative (e.g. upfront fees, if any).

The description of the treatment of derivatives – hedge accounting can be found in Note 20 Hedge accounting.

Derivatives held for trading

EUR ths.	31.12.2023			31.12.2024		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	2,915,206	60,289	56,556	2,885,962	48,044	45,522
Interest rate derivatives	2,472,100	29,351	27,095	2,435,273	16,676	14,542
Foreign exchange	443,106	30,938	29,461	450,689	31,368	30,980
Derivatives held in the banking book	10,000	-	40	12,000	57	-
Equity	10,000	-	40	12,000	57	-
Total gross amounts	2,925,206	60,289	56,596	2,897,962	48,101	45,522

The Group disclosed derivative instruments in the banking book that are used for economical hedging of financial instruments on asset or liability side and are not designated as hedge accounting.

The Group maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as a part of the overall lending limits vis-à-vis customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except for trading with clients, where the Group in most cases requires margin deposits.

Embedded derivatives

As a part of ordinary business activity, the Group issues complex debt instruments, which contain embedded derivatives.

Embedded derivatives that meet the prescribed criteria are separated and are accounted for as stand-alone derivatives and presented on the statement of financial position under the line item 'Derivatives' in financial assets held for trading and financial liabilities held for trading. Derivatives that are not closely related and are separated relate to bonds and deposits.

18. Non-trading financial assets at fair value through profit or loss

EUR ths.	31.12.2023		31.12.2024	
	Designated at fair value	Mandatorily at fair value	Designated at fair value	Mandatorily at fair value
Equity instruments	-	11,922	-	20,732
Debt securities	-	7,516	-	6,626
Other financial corporations	-	7,516	-	6,626
Non-trading financial assets at fair value through profit or loss	-	19,438	-	27,358

'Equity Instruments' and 'Debt securities' classified under category 'Mandatorily at fair value' represents such equity instruments that the Group does not hold for strategic business decisions.

In July 2024 the Bank converted part of Visa Inc. shares and newly acquired shares in the amount of 3,1 mil. EUR were classified to line item 'Equity instruments mandatorily at fair value' within the category 'Non-trading financial assets at fair value through profit or loss'.

Financial instruments – other disclosure matters

19. Fair value of financial instruments

The measurement of fair value at the Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available judgement is required to establish fair values. Using of unobservable inputs is particularly relevant for models used for valuations of loans and unquoted equity investments. Disclosures on valuation models, the fair value hierarchy and fair values of financial instruments can be found subsequently.

For all financial instruments the fair value is measured and/or disclosed on a recurring basis.

Financial instruments carried at fair value

Description of valuation models and parameters

The Group uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently.

Debt securities

For plain vanilla (fixed and floating rate) debt securities the fair value is calculated by discounting the future cash flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available, the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgment. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash flow models and more sophisticated modelling techniques including methods described for OTC-derivatives.

Equity instruments

Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price. For other investments in non-trading equity instruments the fair value is determined by standard valuation models using also unobservable input parameters. These models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple methods.

The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting fair values of the recognized and unrecognized assets and liabilities should therefore represent the fair value of the investee's equity.

The dividend discount model assumes that the price of equity instruments issued by an entity equals the present value of all its expected future dividends in perpetuity. Similar to the dividend discount model, the simplified income approach estimates the fair value based on the future income. However, it can be used also when only one year planned income is available. The simplified income approach and the dividend discount model discount future income and dividends using the cost of equity. The cost of equity is dependent on the risk-free rate, the market risk premium, the levered beta and the country risk premium.

In rare cases, techniques for non-trading equity instruments may also include the comparable company multiple methods. These are valuation technique that uses prices and other relevant information generated by market transactions involving comparable company peers of an investee to derive a valuation multiple from which the indicated fair value of the investee's equity or enterprise value can be inferred.

OTC – derivative financial instruments

Derivative instruments traded in liquid markets (e.g. interest rate swaps and options, foreign exchange forward and options, options on listed securities and indices, credit default swaps and commodity swaps) are valued by using standard valuation models. These models include discounting cash flow models, option models of the Black-Scholes and Hull-White type models.

Models are calibrated on quoted market data (including implied volatilities). Valuation models for more complex instruments also use Monte-Carlo simulation. For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used.

For determining the fair value of derivatives, the OIS curves are applied for discounting.

The Bank values derivatives at mid-market levels. To reflect the potential bid-ask-spread of the relevant positions an adjustment based on market liquidity is performed. The adjustment parameters depend on product type, currency, maturity and notional size. Parameters are reviewed on a regular basis or in case of significant market moves. Netting is not applied when determining the bid-ask-spread adjustments.

Credit value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and the Group's credit quality. The Bank has implemented an approach, where the modelling of the expected exposure is based on option replication strategies. For products where an option replication is not feasible the exposure is computed with Monte-Carlo simulation techniques. One of the two modelling approaches is considered for the most relevant portfolios and products. The methodology for the remaining entities and products is determined by market value plus add-on considerations. The probability of default by counterparties that are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles present in the central European market. Market based valuation concepts are incorporated for this. Counterparties with liquid bond or CDS markets are valued by the respective single-name market-based PD derived from the prices. The Bank's probability of default has been derived from the buy-back levels of the Bank's issuances. Netting has only been considered for a few counterparties where the impact was material. In these cases, netting has been applied for both CVA and DVA. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with immaterial threshold amounts.

Based on an analysis carried out by the Group it was decided that for the valuation of OTC derivatives no Funding Value Adjustment (FVA) would be considered.

Validation and control

The responsibility for valuation of financial instruments measured at fair value is risk management unit which is independent of the trading units. The risk management unit is also responsible for appropriateness of input data and model calibration.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to Level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. The evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

Level 1 measurement include exchange traded derivatives (options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available, the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as Level 2 of the fair value hierarchy. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

Level 2 measurement include OTC derivatives, less liquid shares, bonds and funds as well as asset backed securities (ABS), collateralized debt obligations (CDO), own issues and deposits.

Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor on the basis of valuation models that rely entirely on observable market data. In these cases individual valuation parameters which are not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation

model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. Typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters. Furthermore, internally calculated cost of equity and adjustments made on the equity (in the adjusted net asset value method) are unobservable parameters for the valuation of non-trading equity instruments.

These include shares, participations and funds not quoted, illiquid bonds (including own issued bonds) as well as collateralized mortgage obligations (CMO) and loans. The volume of Level 3 financial assets can be allocated to the following categories:

- Derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
- Illiquid bonds, shares, participations and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.
- Loans which do not comply with the contractual cash flow criteria.
- Fund units issued by investment funds fully consolidated by the Group as well as own issues, if price updates are not provided on a regular basis

The allocation of the appropriate level of positions is determined at the end of the reporting period.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be performed if the financial instrument does no longer meet the criteria described above for the respective level.

Classification of financial instruments carried at fair value by levels of the fair value hierarchy

EUR ths.	31.12.2023				31.12.2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets HfT	-	30,553	29,736	60,289	-	48,101	-	48,101
Derivatives	-	30,553	29,736	60,289	-	48,101	-	48,101
Non-trading financial assets at FVPL	-	-	19,438	19,438	-	-	27,358	27,358
Equity instruments	-	-	11,922	11,922	-	-	20,732	20,732
Debt securities	-	-	7,516	7,516	-	-	6,626	6,626
Hedge accounting derivatives	-	24,424	-	24,424	-	32,784	-	32,784
Total assets	-	54,977	49,174	104,151	-	80,885	27,358	108,243
Liabilities								
Financial liabilities HfT	-	48,732	7,864	56,596	-	45,522	-	45,522
Derivatives	-	48,732	7,864	56,596	-	45,522	-	45,522
Hedge accounting derivatives	-	64,227	-	64,227	-	31,831	-	31,831
Total liabilities	-	112,959	7,864	120,823	-	77,353	-	77,353

Derivatives transacted via Clearing Houses are presented after netting in compliance with their statement of financial position treatment. The netted derivatives are allocated to Level 2.

Valuation process for financial instruments categorized as Level 3

The valuation of financial instruments categorized as Level 3 involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking for similar transactions, among others. This involves estimation and expert judgment.

Further details regarding input parameters used and the results of the sensitivity analysis are disclosed in the sub-chapter Unobservable inputs and sensitivity analysis for Level 3 measurements below.

Changes in volumes of Level 1 and Level 2

Transfers into and out of Level 1 and Level 2 are mainly due to changes in the market activity and consequently in the observability of valuation parameters. In the year 2024 and 2023 these transfers were immaterial.

Movements in Level 3

Development of fair value of financial instruments in Level 3

EUR ths.	01.01.2024	Gain/(loss) in profit or loss	Purchases	Settlements	Transfer out of Level 3	31.12.2024
Assets						
Financial assets HfT	29,736	-	-	-	(29,736)	-
Derivatives	29,736	-	-	-	(29,736)	-
Non-trading financial assets at FVPL	19,438	6,169	4,844	(3,093)	-	27,358
Equity instruments	11,922	4,810	4,000	-	-	20,732
Debt securities	7,516	1,359	844	(3,093)	-	6,626
Total assets	49,174	6,169	4,844	(3,093)	(29,736)	27,358
Liabilities						
Financial liabilities HfT	7,864	-	-	-	(7,864)	-
Derivatives	7,864	-	-	-	(7,864)	-
Total liabilities	7,864	-	-	-	(7,864)	-

EUR ths.	01.01.2023	Gain/loss in profit or loss	Purchases	Transfers into Level 3	Transfer out of Level 3	31.12.2023
Assets						
Financial assets HfT	-	-	-	29,736	-	29,736
Derivatives	-	-	-	29,736	-	29,736
Non-trading financial assets at FVPL	16,246	2,203	989	-	-	19,438
Equity instruments	9,694	1,816	412	-	-	11,922
Debt securities	6,552	387	577	-	-	7,516
Total assets	16,246	2,203	989	29,736	-	49,174
Liabilities						
Financial liabilities HfT	-	-	-	7,864	-	7,864
Derivatives	-	-	-	7,864	-	7,864
Total liabilities	-	-	-	7,864	-	7,864

Transfers into and out of Level 3 mainly result from changes in valuation models with observable or non-observable parameters.

Gains in profit or loss on Level 3 instruments held at the end of the reporting period

EUR ths.	2023	2024
Assets		
Non-trading financial assets at FVPL	2,615	6,169
Equity instruments	2,228	4,810
Debt securities	387	1,359
Total assets	10,731	6,169
Derivatives	6,487	-
Total liabilities	6,487	-

Unobservable inputs and sensitivity analysis for Level 3 measurements

In case the fair value measurement of a financial asset is retrieved from input parameters which are not observable in the market, those parameters can be retrieved from a range of alternative parameters. For the preparation of the statement of financial position the parameters were chosen to reflect the market situation at the reporting date.

Range of unobservable valuation parameters used in Level 3 measurements

Financial assets	Type of instrument	Fair value in EUR million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs (weighted average)
31.12.2024					
Financial assets at FVPL	Non-trading equity instruments (participations)	20.19	Approved budgets	Risk spread used in discounting future cash flows	N/A
	Non-trading debt instrument	3.97	Fair value of the bank's share in the investment fund reduced by management fees (value calculated by the fund manager)	Valuation of investment in the fund at fair value	N/A
		2.66	Theoretical price derived from market prices of similar shares of the issuer	Adjustment by conversion factor	N/A
31.12.2023					
Financial assets at FVPL	Non-trading equity instruments (participations)	11.51	Approved budgets	Risk spread used in discounting future cash flows	N/A
	Non-trading debt instrument	3.31	Fair value of the bank's share in the investment fund reduced by management fees (value calculated by the fund manager)	Valuation of investment in the fund at fair value	N/A
		4.21	Theoretical price derived from market prices of similar shares of the issuer	Adjustment by conversion factor	N/A
Financial assets and liabilities HFT	Derivatives	21.9	Credit risk parameters derived from similar counterparties in similar industries	Probability of default, Loss given default	1,5 – 4,0% 30 – 40%

Sensitivity analysis using reasonably possible alternatives per product type

Sensitivity analysis is not calculated for equity instruments, participations or funds.

Financial instruments not carried at fair value with fair value disclosed in the notes

EUR ths.	Carrying amount	Fair value	Level 1	Level 2	Level 3
31.12.2024					
Assets					
Cash and cash equivalents	1,988,940	1,988,940	420,346	1,568,594	-
Financial assets at AC	23,403,750	23,361,437	4,147,474	187,267	19,026,696
Loans and advances to banks	10,408	10,424	-	-	10,424
Loans and advances to customers	18,921,732	19,006,576	-	-	19,006,576
of which: Lending for house purchase	11,088,336	11,138,057	-	-	11,138,057
of which: Credit for consumption	1,622,728	1,630,004	-	-	1,630,004
of which: Corporate loans and others	6,210,668	6,238,515	-	-	6,238,515
Debt securities	4,471,610	4,344,437	4,147,474	187,267	9,696
Finance lease receivables	368,578	368,797	-	-	368,797
Trade and other receivables	163,691	162,261	-	-	162,261
Liabilities					
Financial liabilities at AC	23,617,617	23,668,608	2,408,166	2,040,750	19,219,692
Deposits from banks	205,924	204,563	-	-	204,563
Deposits from customers	18,734,723	18,743,106	-	-	18,743,106
Debt securities in issue	4,622,240	4,666,209	2,408,166	2,040,750	217,293
Other financial liabilities	54,730	54,730	-	-	54,730

EUR ths.	Carrying amount	Fair value	Level 1	Level 2	Level 3
31.12.2023					
Assets					
Cash and cash equivalents	3,030,858	3,030,858	362,937	2,667,921	-
Financial assets at AC	22,527,144	21,862,457	3,662,129	256,859	17,943,469
Loans and advances to banks	10,032	10,032	-	-	10,032
Loans and advances to customers	18,395,931	17,924,822	-	-	17,924,822
of which: Lending for house purchase	10,680,454	10,275,563	-	-	10,275,563
of which: Credit for consumption	1,550,167	1,491,401	-	-	1,491,401
of which: Corporate loans and others	6,165,310	6,157,858	-	-	6,157,858
Debt securities	4,121,181	3,927,603	3,662,129	256,859	8,615
Finance lease receivables	347,323	341,874	-	-	341,874
Trade and other receivables	133,614	132,097	-	-	132,097
Liabilities					
Financial liabilities at AC	23,668,712	23,664,732	2,346,354	1,923,992	19,394,386
Deposits from banks	1,247,163	1,247,163	-	-	1,247,163
Deposits from customers	17,580,176	17,580,616	-	-	17,580,616
Debt securities in issue	4,658,119	4,653,699	2,346,354	1,923,992	383,353
Other financial liabilities	183,254	183,254	-	-	183,254

As at 31 December 2024 fair value of financial guarantees given amounts EUR -0.2 million (2023: EUR -0.4 million) and fair value of irrevocable commitments given amounts EUR 61.7 million (2023: EUR 34.1 million). All these amounts are in level 3. Positive fair values of financial guarantees and commitments are shown with a positive sign whereas negative fair values are shown with a negative sign.

The fair value of loans and advances to customers and credit institutions, of finance lease receivables and of trade and other receivables has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted. The fair values of debt securities at amortised cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of deposits and other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. These positions are assigned to the Level 3 category. For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortized cost is determined based on quoted prices in active markets, if available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. Significant input factors for the spread adjustment of the Group's own credit risk for the respective seniority class are credit spreads derived from liquid benchmark bonds and additional indications from external investments banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. Moreover optionality is taken into account when calculating the fair value.

For off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the following fair value approaches are applied:

the fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

20. Hedge accounting

The Group applies hedge accounting to hedge exposures to interest rate risk. As permitted by the transitional provisions of IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39.

On the statement of financial position, derivatives designated as hedging instruments are carried at fair value (dirty price). They are presented in the line item 'Hedge accounting derivatives' on the asset or liability side depending on whether their fair value is positive or negative.

Fair value hedges

For qualifying and designated fair value hedges, the change in the fair value (clean price) of a hedging instrument is recognised in the statement of income under the line item 'Net trading result'. Interest income and expenses on hedging derivatives are reported in the line item 'Other similar income' or 'Other similar expenses' under 'Net interest income'. The change in the fair value of the hedged item attributable to the hedged risk is also recognised in the statement of income under the line item 'Net trading result' and adjusts the carrying amount of the hedged item.

For terminated hedges the fair value adjustment of the hedged item is amortised until maturity of the financial instrument. In the statement of income the amortisation is presented under 'Net interest income' in the line item 'Interest income' if the hedged item was a financial asset or in the line item 'Interest expenses' if the hedged item was a financial liability.

Notional amounts of hedged items

EUR ths.	Type of hedged items	Notional amount	
		31.12.2023	31.12.2024
Fair value hedges		1,928,104	2,091,387
Assets	Bonds at AC	291,223	201,224
Liabilities	Issued bonds	1,636,881	1,890,163

The volume of the hedging instrument which is designated for the hedge relation can never be greater than the volume of the hedged item. If the notional of a hedging derivative is greater than the notional of the hedged item the respective proportion of the derivative is designated as hedging instrument. Further, the tenor of the hedging instrument is never longer than the tenor of the hedged item.

The Group is hedging the interest rate risk arising from bonds positions in investment portfolios (assets) and from own issued bonds (liabilities). Each fair value hedge is concluded to hedge only interest rate risk of a particular bond position or part of this bond position. The hedge instrument swaps the interest rate behaviour of the hedged item from fixed to floating interest rate. The credit risk inherent in these positions is not subject of the hedging.

Sources of hedge ineffectiveness can result from:

- designation of hedging instruments and hedged items during their life rather than from their inception
- different discounting curves applied for hedged item and hedging instrument
- volatility of present value of floating leg of hedging swaps in fair value hedges
- different trade dates for the hedging instrument and the hedged item
- credit risk adjustments (CVA, DVA) on the hedging derivatives

Quantitative disclosures

In the tables below, detailed information related to hedging instruments and hedged items in fair value as at 31 December 2024 are reported. The indicated values for fair value hedges include single hedges, which due to immateriality are not shown separately.

Hedging instruments

The hedging instruments are presented in the line 'Hedge accounting derivatives' in the statement of financial position.

EUR ths.	Carrying amount	Average fixed rate	Change in FV for the period used for calculating hedge ineffectiveness	Notional	Timing of the nominal amounts of the instruments				
					≤ 3 months	> 3 months and ≤ 1 year	> 1 year and ≤ 3 years	> 3 years and ≤ 5 years	> 5 years
					31.12.2024				

Fair value hedges	64,615	2.2%	31,736	2,091,387	-	307,700	1,307,821	404,866	71,000
Interest rate risk assets	32,784	2.4%	(3,991)	201,224	-	60,000	41,224	50,000	50,000
Interest rate risk liabilities	31,831	2.2%	35,727	1,890,163	-	247,700	1,266,597	354,866	21,000
Total	64,615	2.2%	31,736	2,091,387	-	307,700	1,307,821	404,866	71,000

31.12.2023

Fair value hedges	88,651	1.8%	46,711	1,928,104	-	340,000	598,923	816,597	172,584
Interest rate risk assets	24,424	3.5%	(7,909)	291,223	-	90,000	101,223	-	100,000
Interest rate risk liabilities	64,227	1.4%	54,620	1,636,881	-	250,000	497,700	816,597	72,584
Total	88,651	1.8%	46,711	1,928,104	-	340,000	598,923	816,597	172,584

Hedged items in fair value hedges

EUR ths.	Carrying amount	Hedge adjustments	
		included in the carrying amount	Thereof: for the period used for recognition of hedge ineffectiveness
31.12.2024			
Financial assets at AC	206,013	(3,586)	4,113
Interest rate risk	206,013	(3,586)	4,113
Financial liabilities at AC	(1,915,854)	10,722	(36,303)
Interest rate risk	(1,915,854)	10,722	(36,303)
31.12.2023			
Financial assets at AC	293,804	(7,699)	8,146
Interest rate risk	293,804	(7,699)	8,146
Financial liabilities at AC	(1,610,044)	47,025	(54,423)
Interest rate risk	(1,610,044)	47,025	(54,423)

The hedged items are disclosed in the following line items in the statement of financial position:

- Financial assets at amortised cost / debt securities
- Financial liabilities at amortised cost / debt securities issued

Ineffectiveness from fair value hedges is presented under 'Net trading result' in the statement of income.

Hedging Instrument to Hedged Item ratio (in EUR ths.)

31.12.2024

Nominal of hedge instrument	ISIN of hedged item	Nominal of hedge item	Ratio
16,597	SK4120005505	16,597	1.00
41,224	SK4120004987	648,873	0.06
50,000	SK4120009762	331,000	0.15
60,000	SK4120007543	239,250	0.25
50,000	SK4120011420	192,000	0.26
131,400	SK4120014507	250,000	0.99
116,300			
250,000	SK4000015400	500,000	0.50
500,000	SK4000020673	500,000	1.00
54,866	SK4000021242	54,866	1.00
300,000	SK4000021820	500,000	0.60
21,000	SK4000021879	32,000	0.66
500,000	SK4000022398	500,000	1.00

31.12.2023

Nominal hedge instrument	Hedged item	Nominal hedge item	Ratio
16,597	SK4120005505	16,597	1.00
41,224	SK4120004987	648,873	0.06
50,000	SK4120009762	331,000	0.15
50,000	SK4120008871	265,000	0.34
15,000			
25,000	SK4120007543	239,250	0.25
60,000			
50,000	SK4120011420	192,000	0.26
131,400	SK4120014507	250,000	0.99
116,300			
72,300	SK4120014812	250,000	1.00
177,700			
250,000	SK4000015400	500,000	0.50
500,000	SK4000020673	500,000	1.00
51,584	SK4000021242	51,584	1.00
300,000	SK4000021820	500,000	0.60
21,000	SK4000021879	32,000	0.66

Fair value hedge of assets

As at 31 December 2024 the Group held in portfolio of financial assets at amortised cost fixed rate bonds denominated in EUR with nominal value of EUR 201.2 million (2023: EUR 291.2 million). As the purchases of these bonds increased exposure to interest rate risk in the period from five to fifteen years, the Group entered into interest rate swap deals in order to hedge the changes of fair value caused by changes of risk-free interest rates, paying fixed and receiving floating rates.

During the year 2024 the hedges were effective in hedging fair value exposure to interest rate movements. During the period the Group recognised a net loss on the hedging instruments in the amount of EUR 4.0 million (2023: net loss EUR 7.9 million). On the other hand, a net gain on the hedged item attributable to the hedged risk amounted to EUR 4.1 million (2023: net gain EUR 8.1 million).

Fair value hedge of liabilities

The Group uses hedging to secure its issued fixed rate covered bonds (former mortgage bonds). The list of bonds is disclosed in the note 16 Financial liabilities at amortised cost. As at 31 December 2024 the Group holds covered bonds in total nominal value of EUR 1,890.2 million (2023: EUR 1,636.9 million).

During the year 2024 the hedges were effective in hedging fair value exposure to interest rate movements. During the period the Group recognised a net gain on the hedging instruments in the amount of EUR 35.7 million (2023: net gain EUR 54.6 million). On the other hand, a net loss on the hedged item attributable to the hedged risk amounted to EUR 36.3 million (2023: net loss EUR 54.4 million).

21. Offsetting of financial instruments

The following table shows netting effects on the statement of financial position of the Group as well as the impacts of offsetting financial instruments which are subject to offsetting agreements.

Financial assets subject to offsetting and potential offsetting agreements

EUR ths.	Financial assets (gross)	Amounts offset (gross)	Financial assets in statement of financial position (net)	Potential effects of netting agreements not qualifying for statement of financial position offsetting		Net amount after potential offsetting
				Financial instruments	Other financial collateral received	
31.12.2024						
Derivatives	48,101	-	48,101	10,862	-	37,239
Hedge accounting	32,784	-	32,784	27,658	-	5,126
Total	80,885	-	80,885	38,520	-	42,365
31.12.2023						
Derivatives	60,289	-	60,289	26,165	-	34,124
Hedge accounting	24,424	-	24,424	19,090	-	5,334
Total	84,713	-	84,713	45,255	-	39,458

Financial liabilities subject to offsetting and potential offsetting agreements

EUR ths.	Financial liabilities (gross)	Amounts offset (gross)	Financial liabilities in statement of financial position (net)	Potential effects of netting agreements not qualifying for statement of financial position offsetting		Net amount after potential offsetting
				Financial instruments	Other financial collateral pledged	
31.12.2024						
Derivatives	45,522	-	45,522	10,862	22,953	11,707
Hedge accounting	31,831	-	31,831	27,658	3,309	864
Total	77,353	-	77,353	38,520	26,262	12,571
31.12.2023						
Derivatives	56,596	-	56,596	26,165	23,786	6,645
Hedge accounting	64,227	-	64,227	19,090	41,200	3,937
Repurchase agreements	10,352	-	10,352	-	10,352	-
Total	131,175	-	131,175	45,255	75,338	10,582

The Group employs master netting agreements as a means of reducing credit risk of derivative and financing transactions. They qualify as potential offsetting agreements. Master netting agreements are relevant for counterparties with multiple derivative contracts. They provide for the net settlement of all the contracts in the event of default of any counterparty. For derivatives transactions the values of assets and liabilities that would be set off as a result of master netting agreements are presented in the column 'Financial instruments'. If the net position is further secured by cash collateral or other financial collaterals the effects are disclosed in columns 'Cash collateral received / pledged' and 'Other financial collateral received / pledged' respectively.

22. Transfers of financial assets - repurchase transactions and securities lending

Repurchase and reverse repurchase agreements

Transactions involving sales of securities under an agreement to repurchase them at a specified future date are also known as 'repos' or 'sale and repurchase agreements'. Securities sold in such transactions are not derecognised from the balance sheet, as the Group retains substantially all risks and rewards of ownership, because the securities are repurchased at a fixed price when the transaction ends. Furthermore, the Group is the beneficiary of all coupons and other income payments received on the

transferred assets over the period of the transactions. These payments are remitted to the Group or are reflected in the repurchase price.

The cash received upon sale of securities is recognised on the balance sheet with a corresponding obligation to return under the line item 'Financial liabilities at amortised cost', sub-items 'Deposits from banks' or 'Deposits from customers' reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense which is accrued over the life of the agreement and recorded in the statement of income in the line item 'Interest expenses' under 'Net interest income'.

Financial assets transferred out by the Group under repurchase agreements remain on the Group's balance sheet and are presented separately under the original balance sheet items in the 'pledged as collateral' lines. The measurement category of the transferred financial assets does not change.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised on the balance sheet. Such transactions are also known as 'reverse repos'. The consideration paid is recorded on the balance sheet under the line item 'Financial assets at amortised cost', sub-items 'Loans and advances to banks' and 'Loans and advances to customers' reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of the agreement and recorded in the statement of income in the line item 'Interest income' under 'Net interest income'.

Securities lending and borrowing

In securities lending transactions, the lender transfers ownership of securities to the borrower on the condition that the borrower will retransfer, at the end of the agreed loan term, ownership of instruments of the same type, quality and quantity and will pay a fee determined by the duration of the lending. The transfer of the securities to counterparties via securities lending does not result in derecognition. Substantially all the risks and rewards of ownership are retained by the Group as a lender because the securities are received at the end of the securities lending transaction. Furthermore, the Group is the beneficiary of all the coupons and other income payments received on the transferred assets over the period of the securities lending. Securities lent are presented separately under the original balance sheet items in the 'pledged as collateral' lines. Fee income from securities lending transactions is presented in the statement of income in the line 'Fee and commission income' under 'Net fee and commission income'. Fee expense incurred on securities borrowing transactions is presented in the statement of income in the line 'Fee and commission expenses' under 'Net fee and commission income'.

EUR ths.	31.12.2023		31.12.2024	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	11,041	10,352	-	-
Financial assets at AC	11,041	10,352	-	-
Total	11,041	10,352	-	-

The transferred financial instruments consist of bonds and other interest-bearing securities. The total amount of transferred financial assets represent the carrying amount of financial assets in the respective balance sheet positions for which the transferee has a right to sell or repledge. The associated liabilities from repo transaction, which are measured at amortised cost, represent an obligation to repay the borrowed funds.

The following table shows fair values of the transferred assets and associated liabilities for repo transactions with an existing recourse right only on the transferred assets:

EUR ths.	31.12.2023			31.12.2024		
	Fair value of transferred assets	Fair value of associated liabilities	Net position	Fair value of transferred assets	Fair value of associated liabilities	Net position
Financial assets at AC	10,373	10,352	21	-	-	-
Total	10,373	10,352	21	-	-	-

23. Financial assets pledged as collaterals

Carrying amount of financial assets pledged as collaterals

EUR ths.	31.12.2023	31.12.2024
Financial assets at AC	4,937,680	3,217,703

Total							4,937,680	3,217,703
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	Carrying amount of transferred assets					Carrying amount of associated liabilities		
	Total	Repurchase agreements	Assets pledged for derivatives	Assets pledged for covered bonds	Other transferred assets	Total	Repurchase agreements	Other associated liabilities
EUR ths.								
As at 31.12.2024								
Financial assets at amortised cost								
Debt securities	130,446	-	26,262	89,036	15,148	162,772	-	162,772
Loans and advances to customers	3,087,257	-	-	3,087,257	-	2,832,936	-	2,832,936
Assets pledged as collateral	3,217,703	-	26,262	3,176,293	15,148	2,995,708	-	2,995,708

	Carrying amount of transferred assets					Carrying amount of associated liabilities		
	Total	Repurchase agreements	Assets pledged for derivatives	Assets pledged for covered bonds	Other transferred assets	Total	Repurchase agreements	Other associated liabilities
EUR ths.								
As at 31.12.2023								
Financial assets at amortised cost								
Debt securities	437,723	11,041	64,986	50,150	311,546	468,081	10,352	457,729
Loans and advances to customers	4,499,957	-	-	3,412,377	1,087,580	3,802,929	-	3,802,929
Assets pledged as collateral	4,937,680	11,041	64,986	3,462,527	1,399,126	4,271,010	10,352	4,260,658

The financial assets pledged as collateral consist of loans and advances to customers, bonds and other interest-bearing securities. Collaterals were pledged as a result of refinancing transactions with the respective National Bank, loans backing issued mortgage bonds and other collateral arrangements.

In March 2021, the Group entered into TLTRO III with central bank in the amount of EUR 1,000 million which was shown within other associated liabilities. At 23 November 2022 the Group partially repaid this tranche in amount of EUR 250 million and during the first half of the year 2024 was repaid the remaining part of the tranche in amount of EUR 750 million.

In June 2021, the Group entered into TLTRO III with central bank in the amount of EUR 250 million which is shown within other associated liabilities. During the first half of the year 2024 the whole tranche was repaid in amount of EUR 250 million.

As a result, the collateral pledged for these liabilities has been released.

Risk and capital management

24. Risk management

Risk policy and strategy

A core function of the Bank is taking risks in a conscious and selective manner and professionally steering those risks. Adequate risk policy and risk strategy is essential to the Bank's fundamental financial health and operational business success.

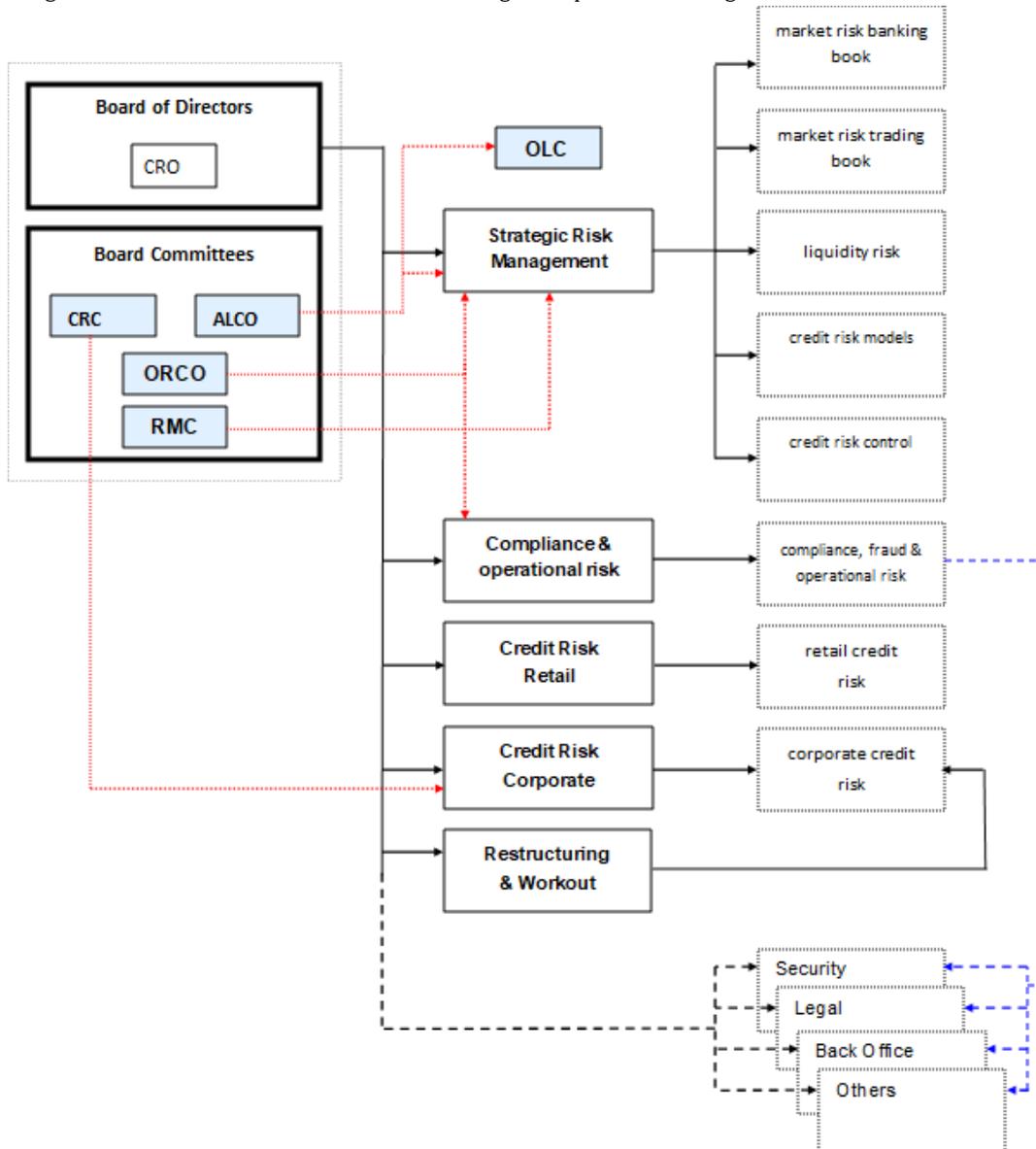
The Bank has developed a risk management framework that is forward-looking and tailored to its business and risk profile. This framework is based on a clear risk strategy that sets out general principles according to which risk taking must be performed. The risk strategy is consistent with the business strategy and incorporates the expected impact of external environment on the planned business and risk development.

The risk strategy describes the current risk profile, defines risk management principles, strategic goals and initiatives for the main risk types as well as sets strategic limits for the significant financial and non-financial risk types as defined in the Risk Materiality Assessment. The risk strategy is executed within a clearly defined governance structure. This structure also applies to monitoring of risk appetite, additional metrics, as well as to the escalation of limit breaches.

The Bank uses the Internet as the medium for publishing its disclosures under Article 434 of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – CRR) and Regulation (EU) No. 876/2019 amending Regulation (EU) No. 575/2013. Details are available on the website of the Bank at <https://www.slsp.sk/sk/informacie-o-banke/investori/financne-ukazovatele>.

Risk management organisation

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities and risk limits. The following chart presents the organisational structure of risk in the Bank:



Risk management structure

The ultimate risk management body is the Board of Directors. However, it may delegate some of its authority for particular risk management areas to the respective committees. The Board of Directors also designates one of its members to serve as the Chief Risk Officer ('CRO').

Asset & Liability Committee ('ALCO') has the ultimate authority over market risk of both trading and banking books (including interest rate risk) and over liquidity risk.

Credit Risk Committee ('CRC') is the ultimate decision making body for corporate credit risk.

Operational Risk and Compliance Committee ('ORCO') is the authorized body to make decisions on operational risk strategies and procedures, risk appetite and tolerance levels, also decides on mitigation measures for operational risk, compliance, financial crime, security, and anti-money laundering issues.

ALCO, CRC and ORCO are composed of the members of the Board of Directors and senior managers. The Chief Risk Officer is a member of all three committees.

Operating Liquidity Committee ('OLC') governs the execution of liquidity management. OLC reports directly to ALCO. It analyses the liquidity situation of the Bank on a regular basis and proposes measures to be taken. OLC consists of members of Treasury, Balance Sheet Management (BSM) and Strategic Risk Management (SRM).

Risk Management Committee ('RMC') is a committee consisting of selected members of the Board of Directors and senior managers. It is responsible for the development and maintenance of effective system of risk management, approval and monitoring of risk management strategy and procedures, ICAAP and risk appetite, as well as for comprehensive stress testing.

The bottom (executive) level of the risk management organisation consists of five crucial units:

- Corporate Credit Risk Management Division
- Retail Credit Risk Management Division
- Strategic Risk Management
- Compliance & Security
- Restructuring & Work out.

In the chart above, black lines show the assignment of different risk types to the respective units. Solid black lines show the areas directly subordinated to the Chief Risk Officer. Strategic Risk Management and Corporate Credit Risk Management may also report directly to their respective committees as shown by red / dotted lines.

Risk management is not limited to risk management units only. Rather, all organisational units have to be risk-aware and should contribute to risk management.

All responsibilities regarding risk management are in detail described in the Bank's risk management strategy.

Corporate Credit Risk Management

Corporate Credit Risk Management Division formulates the credit policy and internal provisions on the credit approval process for corporate clients. It is responsible for risk analysis of counterparties and credit facilities (financial analysis, rating assignment, credit transaction assessment). Furthermore, it monitors the development of the credit portfolio of corporate clients. It regularly reviews assigned ratings and counterparty financial situation. It also designs, sets and monitors limits, maintains deal and limits documentation for corporate clients.

Retail Credit Risk Management

Retail Credit Risk Management Division formulates the credit policy and internal actions on the credit approval process for retail clients and designs and oversees processes in retail lending activity. It is responsible for risk assessment of counterparties and credit facilities (rating assignment, credit transaction assessment). Furthermore, it monitors the development of credit portfolio of retail clients. It also designs, sets and monitors limits, maintains deal and limits documentation, as well as performs early and late collection and retail collateral management.

Strategic Risk Management

Strategic Risk Management ('SRM') is responsible for integrated risk management ('ICAAP'), liquidity risk, market risk (overall, as well as particular trading and banking books), credit risk control, provisioning, credit risk statistical and rating models. SRM is not involved in the operative credit decision-making. However it is responsible for the design of rating systems, testing and monitoring of accuracy and selectivity of internal rating grades, production and analysis of summary reports from the Group's rating systems. SRM is also responsible for the design and implementation of models for calculation of risk parameters (PD, LGD, CCF, etc.), standard risk costs and portfolio provisions. It is also responsible for the design and implementation of models for calculation of risk-weighted assets according to capital requirements regulation and directive and model for economic capital. In addition to this, SRM has two other specific roles:

- credit exposures to Groups, sovereigns and countries, which are governed centrally by Erste Holding (credit analysis, limit setting), are locally monitored by SRM;
- credit lines of Treasury clients (approved by Credit Risk Corporate or Credit Committee) are determined and monitored by SRM.

Compliance & Operational Risk Management

Compliance & Operational Risk Management is responsible for compliance risk management (e.g. code of ethics, full compliance with legal requirements, anti-money laundering program, MiFID rules), for fraud risk management (prevention, detection, investigation, deterrence and recovery of financial fraud) and operational risk. Within operational risk, it coordinates activities of global scope of other relevant departments (blue / dashed lines in the chart).

Restructuring & Work out

Restructuring & Work out is responsible for effective debt recovery and write-off management of corporate clients. It is also responsible for monitoring, restructuring of receivables over-due, specific provisions and collateral management.

Legal services

Legal services Division provides legal support and counsel for the management board, the business units and the central functions, and mitigate legal risk. It also attends to legal sourcing and to dispute resolution and litigation.

Comprehensive risk and capital management

Internal Capital Adequacy Assessment Process ('ICAAP') is a process in which all significant risks that the Bank faces must be covered by internal capital (i.e. coverage potential). This means that all material risks are determined, quantified, aggregated, and compared to the coverage potential. Limits and lower trigger levels are defined and regularly monitored, so that corrective actions may be taken, thus avoiding situations when risk exposures are not sufficiently covered by capital.

Objectives of ICAAP are to integrate risk management for different risk types into a single high-level process, which then enables to continuously monitor and adjust capital levels to changing risk profiles. It is a comprehensive process that within the Bank consists of the following steps:

- Risk appetite statement (RAS), limits and risk strategy
- Risk materiality assessment (RMA)
- Risk-bearing capacity calculation (RCC)
- Stress testing
- Capital allocation and performance management

In addition to the ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the whole process serves to support the Bank's management in pursuing its strategy.

Risk appetite

The Bank defines the maximum level of risk it is willing to accept in order to meet its business objectives within the Bank's risk appetite (RAS). The RAS acts as a binding constraint to the Bank's business activities within its overall risk appetite via triggers and limits approved by the management board. It is integrated and embedded into Bank's structural processes; including business and risk strategy, budget process, capital and liquidity planning, recovery plan, stress testing and remuneration framework. The RAS consists of a set of core and supporting risk metrics providing quantitative direction for overall risk-return steering and qualitative statements in the form of key risk principles that are part of the guidelines for managing risks. The core risk metrics are set as ultimate boundaries for the Bank's risk-return target setting. They are also a key part of the annual strategic planning / budgeting process and give an overall picture of capital, liquidity and risk-return trade-offs. The key objective of the RAS is to:

- ensure that the Bank has sufficient resources to support its business at any given point in time and absorb stress events;
- set boundaries for the Bank's risk target setting;
- support the Bank's financial strength and the robustness of its systems and controls.

To foster risk-return steering and ensure proactive management of the risk profile, the Bank creates its RAS on a forward-looking basis. External constraints such as regulatory requirements create the floor and ceiling for the RAS and therefore the amount of risk the Bank is willing to accept. In order to ensure that the Bank remains within the targeted risk profile, a traffic light system was established and assigned to the core metrics. This approach allows a timely delivery of information to the respective governance and the implementation of effective remediation measures. The RAS traffic light system is defined as follows:

- RAS is green: The target risk profile is within the specified boundaries.
- RAS is amber: The undershooting or overshooting of a pre-defined threshold leads to an escalation to the designated governance and the discussion of potential remediation actions.
- RAS is red: The undershooting or overshooting of a pre-defined limit initiates an immediate escalation to the designated governance and a prompt implementation of remediation actions.

Moreover, stress indicators are defined for selected core metrics and integrated into the assessment of the stress test results. They are reported as early warning signals to the management board to support proactive management of the risk and capital profile.

In addition, supporting metrics and principles are defined by material risk type in the Bank Risk Strategy based on RAS. These support implementation of the mid- to long-term strategy. Risk management governance ensures full oversight of risk decisions and sound execution of the Bank risk strategy. Mitigating actions are undertaken as part of the regular risk management process to ensure that the Bank remains within its RAS.

Risk materiality assessment

The risk materiality assessment serves the purpose of identification of the most important risk types which are to be the major focus and which will be included in the economic capital calculation. It is an annual process based on both, quantitative and qualitative factors, which is conducted for each identified risk type the Bank faces.

The output of the risk materiality assessment is the set of material risks, which have to be quantified and covered by capital. It also includes other risk management practices to control and mitigate the identified risks (material or non-material).

Stress testing

Risk exposure calculation models carry inherent statistical error since they must work at extreme confidence interval and time horizon. 99.9% confidence on one-year horizon means an extreme loss that occurs once in thousand years. At this level the model is impossible to back test, therefore it must be stress tested.

Stress testing is also used to analyse risks which are not covered by capital as well as to identify potential vulnerabilities of covered risks which may not be properly covered by the calculation model used. Further, stress testing should also provide management with steering impulses and should yield to corrective actions, if deemed necessary.

Stress testing focuses on impact of severe, yet plausible scenarios on the Bank's positions, thus providing further assurance of internal capital adequacy. Should stress testing results show potentially higher losses than calculated risk exposures, the ICAAP profile has to be adjusted either via add-ons to risk exposures or via capital cushion.

Risk-bearing capacity calculation

The risk-bearing capacity calculation ('RCC') is ultimately the tool to define capital adequacy required by the ICAAP. Within the RCC, risk exposure for each particular material risk is quantified. The figures are aggregated into a capital requirement and compared to the coverage potential and the Bank's own funds. The integral forecast, risk appetite limit, as well as a traffic light system support management in its discussions and decision processes.

The Board of Directors, Risk management committees and Supervisory board is briefed regularly, at least on a quarterly basis, in relation to the results of the capital adequacy calculation. The report includes movements in risks and available capital and coverage potential, the degree of risk limits' utilization, potential losses in stress scenarios and the overall status of capital adequacy. It also contains a comprehensive forecast of risk-weighted assets and capital adequacy.

Besides the Pillar 1 risk types (credit, market in trading book, FX in banking book and operational risks) and in the context of Pillar 2, interest rate risks in the banking book, business risk, liquidity risk, residual credit risk and credit risk for sovereign counterparties are explicitly considered within the required economic capital via internal models. The economic capital requirement for unexpected losses is computed on a one-year time horizon with a 99.92 % confidence level. During the year 2024 the utilization of the economic capital was in the range 52 – 56%.

Other risks, namely credit concentration risk and macroeconomic risks in particular are managed by means of a proactive management framework that includes forward-looking scenarios, stress testing, trigger levels and / or are covered by capital buffer. The capital buffer is proposed by Strategic risk management typically during the risk materiality assessment process and is approved by the Board of Directors.

The coverage potential required to cover risks and unexpected losses is based on regulatory own funds combined with profit of the current year, considering subordinated liabilities and regulatory deductibles, as well. The coverage potential must be sufficient to absorb unexpected losses resulting from the Bank's operations.

Capital management

Within capital management, the volume of internal capital (coverage potential) is compared against the calculated risk exposures and should any discrepancies arise, measures must be taken in order to correct the situation. This is carried out quarterly, but the frequency may be increased should the situation require so and is also forward-looking in that it considers forecasted figures.

Capital management is also part of the Bank's business strategy (worked out through budget) which determines risk appetite and capital coverage levels. Comprehensive limit framework is established for each major risk type in order to ensure day-to-day adherence to the approved risk profile and capital levels.

Risk planning and forecasting

The responsibility for risk management includes ensuring sound risk planning and forecasting processes. The forecasts determined by risk management are the result of close co-operation with all stakeholders in the overall planning process. The risk planning and forecasting process includes both, forward- and backward-looking component, focusing on portfolio and economic environment changes.

Capital allocation

An important task integral to the risk planning process is the allocation of capital to business lines. Each particular risk (Pillar I and Pillar II) is allocated to business lines based on their risk consumption. The process is done with close cooperation between Strategic Risk Management and Accounting and Controlling.

25. Own funds and capital requirements

Regulatory requirements

Since 1 January 2014 the Group has been calculating the regulatory own funds and the regulatory capital requirements according to the Capital Requirements Regulation (CRR, Regulation (EU) No. 575/2013) and the Capital Requirement Directive (CRD IV, Directive (EU) 2013/36/EU)¹. Both the CRD IV and CRD V² were transposed into national law in the Act on Banks 483/2001.

¹ Both CRD IV and CRR have been amended since the entry into force in 2014 inter alia with directive (EU) 2019/878 (CRD V) as well as regulations (EU) 2019/876 (CRR 2) and (EU) 2020/873 (CRR Quick Fix).

² CRDV has been transposed by an amendment of the ABA (BGBl I 2021/98; BWG-Novelle) which entered into force on 31 May 2021.

All requirements as defined in the CRR and technical standards issued by the European Banking Authority (EBA) are fully applied by the Group for regulatory purposes and for the disclosure of regulatory information.

According to information provided internally to key management, The Group fulfilled all regulatory capital requirements during the year 2024 and throughout the year 2023 consisting of Pillar 1 requirement, Pillar 2 requirement and combined buffer requirement.

Accounting principles

The financial and regulatory figures published by the Group are based on IFRS. Eligible capital components are derived from the statement of financial position and income statement which were prepared in accordance with IFRS. Adjustments to the accounting figures are considered due to the different definitions in the scopes of consolidation.

The unified reporting date of the consolidated financial statements and consolidated regulatory figures of the Group is 31 December of each respective year.

Regulatory scope of consolidation

Presentation of the scope of consolidation

The following table shows list of subsidiaries and associates, accounting treatment within the scope of consolidation and classification according to CRR:

Entity Name	The sector of the investee	Structure of the group (relationship)	Accounting treatment IFRS	Accounting treatment CRR scope	Classification acc to Article 4 (27) CRR
LANED a.s.	Non-financial corporations	subsidiary	fully consolidated	fully consolidated	Ancillary service undertaking
Prvá stavebná sporiteľňa, a.s.	Credit institutions	associated company	at equity method	at equity method	Credit institutions
Slovak Banking Credit Bureau, s.r.o.	Non-financial corporations	associated company	at equity method	at equity method	Ancillary service undertaking
Holding Card Service, s.r.o.	Non-financial corporations	associated company	at equity method	at equity method	Financial institution
Procurement Services SK, s.r.o.	Non-financial corporations	subsidiary	fully consolidated	not consolidated according to article 19 CRR	Ancillary service undertaking
Monilogi s.r.o.	Non-financial corporations	joint-venture	at equity method	at equity method	Ancillary service undertaking
SLSP Social Finance, s.r.o.	Non-financial corporations	subsidiary	fully consolidated	fully consolidated	Financial institution
Dostupný Domov j.s.a.	Non-financial corporations	associated company of SLSP Social Finance, s.r.o.	at equity method	at equity method	Ancillary service undertaking
Dostupný Nájom j.s.a.	Non-financial corporations	associated company of SLSP Social Finance, s.r.o.	at equity method	at equity method	Ancillary service undertaking
SLSP Seed Starter, s.r.o.	Non-financial corporations	subsidiary	fully consolidated	not consolidated according to article 19 CRR	Ancillary service undertaking

Six entities are part of the regulatory scope of consolidation consolidated at equity method. The same entities are consolidated at equity also in the IFRS scope of consolidation. These entities are Prvá stavebná sporiteľňa, a.s., Slovak Banking Credit Bureau, s.r.o., Holding Card Service, spol. S r.o. Monilogi s.r.o., Dostupný Domov j.s.a. and Dostupný Nájom j.s.a.

Consolidate own funds

Own funds according to CRR consist of CET1, additional tier 1 (AT1) and tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk amount.

Capital buffer requirements are set out in Act on Banks 483/2001

- capital conservation buffer Article 33b
- Global Systemic Important Institution (G-SII) Article 33a and Article 33d (5)
- Other Systemic Important Institution (O-SII) buffer Article 33a and Article 33d (6)

- systemic risk buffer Article 33a, Article 33e
- countercyclical buffer Article 33a, Article 33c

In addition to minimum capital ratios and capital buffer requirements, institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

As a result of the 2023 SREP process performed by the European Central Bank (ECB) the Group applies a Pillar 2 requirement (P2R) of 1.5% as at 31 December 2024. The minimum CET1 ratio of 5.34% encompasses the Pillar 1 minimum requirement of 4.5% and the Pillar 2 requirement of 0.84% (56.25% of 1.5%) as at 31 December 2024.

According to SREP, the Group is expected to meet a Pillar 2 Guidance (P2G) of 1.0%. The Pillar 2 Guidance is not MDA (maximum distributable amount) relevant.

	31.12.2023	31.12.2024
Pillar 1		
Minimum CET1 requirement	4.50%	4.50%
Minimum Tier 1 requirement	6.00%	6.00%
Minimum Own Funds requirements	8.00%	8.00%
Combined buffer requirement (CBR)	5.99%	5.98%
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical capital buffer	1.49%	1.48%
Systemic risk buffer (SRB)	0.00%	0.00%
O-SII capital buffer	2.00%	2.00%
Minimum CET 1 requirement (incl. CBR)	10.49%	10.48%
Minimum Tier 1 requirement (incl. CBR)	11.99%	11.98%
Minimum Own Funds requirement (incl. CBR)	13.99%	13.98%
Pillar 2		
Minimum CET1 requirement	0.84%	0.84%
Minimum T1 requirement	1.13%	1.13%
Minimum Own Funds requirement	1.50%	1.50%
Total CET1 requirement for Pillar 1 and Pillar 2	11.33%	11.32%
Total Tier 1 requirement for Pillar 1 and Pillar 2	13.12%	13.11%
Total Own Funds requirement for Pillar 1 and Pillar 2	15.49%	15.48%

The following table shows the structure of own funds according to implementing technical standards EBA with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (the positions not relevant for the Group were excluded):

in EUR ths.	31.12.2023	31.12.2024
Common equity tier 1 capital (CET1)		
Capital instruments eligible as CET1	212,000	212,000
Retained earnings	1,451,234	1,524,494
Accumulated other comprehensive income	(592)	(1,146)
Common equity tier 1 capital (CET1) before regulatory adjustments	1,662,642	1,735,348
Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	(194)	19
Value adjustments due to the requirements for prudent valuation	(1,193)	(1,346)
Securitisation positions which can alternatively be subject to a 1.250% risk weight	(13,026)	(13,771)
Other intangible assets	(12,783)	(13,133)
IRB shortfall of credit risk adjustments to expected losses	-	(2,843)
Insufficient coverage for non-performing exposures	(435)	(1,635)
Development of unaudited risk provisions during the year (EU No 183/2014)	(15,194)	(13,049)
Common equity tier 1 capital (CET1)	1,619,817	1,689,590
Additional tier 1 capital (AT1)		
Capital instruments eligible as AT1	480,000	480,000
Additional tier 1 capital (AT1)	480,000	480,000
Tier 1 capital - total amount of common equity tier 1 (CET1) and additional tier 1 (AT1)	2,099,817	2,169,590
Tier 2 capital (T2)		
Capital instruments and subordinated loans eligible as T2	15,177	12,103
IRB excess of provisions over expected losses eligible	54,427	44,809
T2 instruments of financial sector entities where the institution has a significant investment	(5,251)	(5,252)
Tier 2 capital (T2)	64,353	51,660
Total own funds	2,164,170	2,221,250
Capital requirement	864,798	896,689
CET1 capital ratio	14.98%	15.07%
Tier 1 capital ratio	19.42%	19.36%
Total capital ratio	20.02%	19.82%

The Following table shows risk exposure amounts reflecting the structure according to Regulation (EU) No 575/2013:

EUR ths.	31.12.2023		31.12.2024	
	Total risk	Capital requirement	Total risk	Capital requirement
Total Risk Exposure Amount	10,809,973	864,798	11,208,614	896,689
Risk weighted assets (credit risk)	10,042,612	803,409	10,395,907	831,673
Standardised approach	894,151	71,532	982,287	78,583
IRB approach	9,071,148	725,692	9,371,013	749,681
Securitisation positions	77,313	6,185	42,607	3,409
Trading book, foreign FX risk and commodity risk	11,110	889	1,105	88
Operational Risk	750,152	60,012	807,537	64,603
Exposure for CVA	6,099	488	4,065	325

The Group uses AMA model for calculation of RWA and capital requirements arising from operational risk. The calculation is performed on ERSTE Group level.

26. Credit risk

In 2024, management attention was dedicated to the evolving Russia-Ukraine conflict, which poses serious threats to the European but also global economy. The Bank is not directly impacted, as it has no operating presence in geopolitical region of Russia or Ukraine and also direct exposure to these two markets is immaterial. Still, a number of ad-hoc risk management activities were undertaken in order to evaluate, actively steer and mitigate indirect impact on the capital position and risk profile. All stress scenarios, including 'no gas from Russia', would have manageable impact on the Group risk profile, keeping all capital ratios above the limits.

Environmental, Social and Governance (ESG) risks remained one of the top priorities also in 2024. Focus in risk was on advancements in implementation of initiatives to achieve compliance with regulatory requirements and expectations such as performance of the ECB Climate Stress Test, improvements in the Carbon Footprint Calculation, development of methodologies for setting decarbonization targets for priority sectors, enhancement of Risk Materiality Assessment and reporting system, and incorporation of climate-related and environmental risks in credit risk processes.

Credit risk arises in the Group's traditional lending and investment businesses. It involves both credit losses incurred as a result of borrowers' default (Stage 3) and credit losses expected if default occurs either within 1 year (Stage 1) or at any time until maturity (Stage 2).

Stage 1 credit losses apply to non-defaulted credit risk exposures without significant increase in credit risk (SICR) since inception, whilst Stage 2 credit losses apply to non-defaulted credit risk exposures for which SICR is observed at the reporting date. It also involves credit losses due to counterparty risk from trading in instruments and derivatives bearing market risk. Country risk and related macro-economic forward-looking information is also considered in the calculation of credit risk.

Operative credit decisions are made by the credit risk management units.

In contrast to large corporates, banks and governments managing credit risk in retail and SME involves dealing with a large number of relatively small exposures extended to private individuals, free professionals, entrepreneurs, or micro and small companies. Credit risk related to retail and SME loan portfolios is managed at bank and group level with a common interest in order to ensure regulatory compliant risk management practices and to provide customers with manageable loan facilities that are within their financial capacities and supported by underlying profitability.

The Bank also considers ESG factors in its risk management and industry strategy framework (e.g. ESG Factor Heatmap as an input in respective industry strategies). The Bank has established an ESG risk framework and toolkit for assessment of material ESG factors, related risks and appropriateness of the mitigating strategies in the credit and rating processes.

ESG risk management

Environmental, Social and Governance (ESG) risks remained one of the top priorities also in 2024.

For large corporate, commercial real estate and commercial residential real estate transactions, the Bank conducts a systemic ESG analysis via an internal digital ESG Assessment questionnaire. The questionnaire is a mandatory prerequisite in the loan origination and monitoring process. Through this assessment, the Bank is able to determine to which extent a client's ESG strategy is aligned with bank's respective industry strategies. By providing a comprehensive ESG risk assessment, the Bank is able to determine how certain ESG factors may have a positive or negative impact on the financial performance of clients. The questionnaire enables the Bank to identify clients' ESG risks or opportunities.

Questions cover various dimensions, such as current and targeted greenhouse gas emissions, impact of carbon prices on profitability, transition related CAPEX, EU Taxonomy aligned and eligible financial data, waste, water consumption, biodiversity, physical risk impact, workers and human rights, governance topics, and compliance with minimum safeguards, to name a few.

Particular questions in the questionnaire may also require an in-depth assessment in order to understand the nature and severity of the ESG risks to which the client is exposed. The questionnaire forms an integral part of the credit application and is updated at least annually, allowing the Bank to understand the client's business model in the context of carbon transition.

Furthermore, ESG relevant data is collected for real estate collateral valuations, documentation and reporting purposes. Environmental aspects which affect the value of the collateral have to be included in the real estate valuations, which can lead to a higher or lower valuation result. Moreover, any risks arising from social (e.g., location and transportation, mass urbanisation – being indicators for easy accessibility for people) and governance factors (such as bribery or legal proceedings) have to be considered as well. For commercial real estate assets, the questionnaire additionally includes an assessment of the building's environmental footprint, including information on land consumption, space efficiency, and the existence of a sustainable building certificate.

With regards to credit risk measurement and internal models a respective project to define and collect relevant climate risk drivers for all rating systems has started in 2022 to ensure the explicit consideration of climate risks in future model development initiatives. For the LGD models, climate risk is indirectly reflected via the collateral value. Since 2023, the ESG factors are considered in the soft facts assessment in the corporate rating models; an ESG rating override has been introduced in 2024, which is part of rating grade assignment for Corporate clients where rating may be downgraded by half a notch in certain situation after considering client's negative impact on environment. Additionally, the bank is in the process of analyses how the ESG risks can be incorporated into ECL measurement. As of 31 December 2024 no overlays are deemed necessary.

For the assessment and management of physical risks, the Bank uses Munich Re's Location Risk Intelligence. Over the last year, the group has conducted a physical risks materiality assessment together with the University of Graz in order to identify key hazards and climate change scenarios relevant for its collateral portfolio. The results of the assessment, highlighting the importance of river flood, fire weather stress, drought stress, sea level rise and heat stress, is integrated into the collateral management, incorporating an inter-mediate climate change scenario of 2-3C by 2100 (Representative Concentration Pathway 4.5 / Shared Socioeconomic Pathway 2, developed by the Intergovernmental Panel on Climate Change) as a reasonable assumption. In case of the existence of very high physical risks of a location, the collateral value would be negatively affected.

To assess the potential impact of physical risk, the internal stress test incorporated a newly developed physical risk model in 2023. The risk 'river flood' was determined to be the most relevant risk for Bank applying the climate hazard scores provided by Munich Re on Bank's collaterals. In 2024 the bank implemented evaluation of physical risk of collaterals into its systems, but it has no impact on collateral value so far. During 2025 the bank will implement a possibility of haircutting collateral value based on physical risk of collateral.

Among the industries presented in the table 'Credit risk exposure by industry and risk category' below in this chapter, Bank identified, as part of the strategic climate initiative for the Net Zero Banking Alliance, certain sectors (where Bank is exposed to high greenhouse gas emissions due to either the credit risk exposure or its emission intensity) as important levers for setting interim emission targets for 2030, thereby supporting the migration of 'Transition Risk' in Bank financed portfolio. Targets are set for the following sectors: housing mortgages, commercial real estate, electricity production, heat production, cement production, auto manufacturing, oil and gas, iron, and steel. Decarbonization targets are emission/emission intensity targets set by the bank and consider how much absolute/relative emissions the bank will finance in coming years, mainly 2030, 2040 and 2050 with the aim to reduce financed emissions to zero.

With regards to internal models a respective project to define and collect relevant climate risk drivers for all rating systems has started in 2022 to ensure the explicit consideration of climate risks in future model development initiatives. For the LGD models, climate risk is indirectly reflected via the collateral value. In 2023, ESG factors are considered in the corporate rating landscape by either using an ESG rating override and/or having a rating impact through a soft fact assessment relevant to a company's negative impact on the environment.

Internal rating system

The Bank has business and risk strategies in place that govern policies for lending and credit approval processes. These policies are reviewed and adjusted regularly, at a minimum on an annual basis. They cover the entire lending business, taking into account the nature, scope and risk level of the transactions and the counterparties involved. Credit approval considers individual information on the creditworthiness of the customer, the type of credit, collateral, covenant package and other risk mitigation factors involved.

The assessment of counterparty default risk is based on the customer's probability of default (PD). For each credit exposure and lending decision, the Bank assigns an internal rating, which is a unique measure of the counterparty default risk. The internal rating of each customer is updated event-specific, however, at least once a year (annual rating review).

The main purpose of the internal ratings is to support the decision-making for lending and for the terms of credit facilities. Internal ratings also determine the level of credit approval authority and the monitoring procedures for existing exposures. At a quantitative level, internal ratings influence the level of required risk pricing, loss allowances and risk-weighted assets under Pillar 1 and 2.

The Bank uses the internal ratings-based (IRB) approach, internal ratings are key input for the risk-weighted assets calculation. They are also used in the assessment of the economic capital requirements according to Pillar 2. For these purposes, a distinct PD value is assigned to each rating grade for its IRB portfolios within a calibration process that is performed individually for each rating method. PD values reflect a 12-month probability of default based on long-term average default rates per rating grade.

Internal ratings take into account all available significant information for the assessment of counterparty default risk. For non-retail borrowers, internal ratings take into account the financial strength of the counterparty, the possibility of external support, flexibility in corporate financing, general company information and external credit history information, where available. For retail clients, internal ratings are based mainly on payment behaviour and, where applicable, credit bureau information, supplemented with information provided by the respective client and general demographic information. Rating ceiling rules on credit quality are applied based on membership in a group of economically related entities and the country of main economic activity (applicable to cross-border financing facilities).

Internal specialist teams develop and improve internal rating models and risk parameters in cooperation with risk managers. Model development follows a group-wide methodological standard and utilises relevant data covering local market. In this way, the Bank ensures the availability of rating models with the best possible prediction and discriminatory ability across its core regions.

All credit risk rating models are validated on the ongoing basis. Model Validation employs qualitative as well as quantitative validation methods to challenge conceptual soundness, performance and model use aspects. The validation outcomes are approved by the respective model committees and shared with the regulatory bodies. In addition to the validation process, the Bank applies a regular monitoring process on the performance of rating tools, reflecting developments in new defaults and early delinquencies.

Credit risk classification

For the disclosure of asset quality (e.g. in this document and to the regulatory bodies) the Bank assigns each customer to one of the following four risk categories:

Low risk

Typically regional customers with well-established and rather long-standing relationships with SLSP or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

Management attention

Vulnerable non-retail clients, which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term to the Bank. Retail clients with possible payment problems in the past triggering early collection reminders from the Bank's side. These clients typically have a good recent payment history.

Substandard

The borrower is vulnerable to short term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

Non-performing

There are exposure meeting criteria according to default definition set out above. The Bank applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well. Furthermore, non-performing exposures also comprise non-performing forbore transactions even in cases where the client has not defaulted.

Based on the calibration of internal PDs (probabilities of default) for regulatory purposes to the default rates published by rating agencies, the equivalent external customer rating was used for the assignment to risk categories. For the agency ratings, average one-year default rates resulting from long-term time series were applied.

Credit risk review and monitoring

Retail Credit Risk Management as well as Credit Risk Control in cooperation with Corporate Risk Management conduct periodical reviews of the loan portfolio to ensure an adequate portfolio quality.

All credit limits and the transactions booked within the limits are reviewed at least once a year. Counterparty credit risk limits are monitored daily in an internal limit management system with remedial actions taken in case limits are exceeded.

A group-wide standardised early warning monitoring process is implemented to proactively identify negative developments. The early warning monitoring process for corporate clients is managed by Corporate and Retail Credit Risk Management for respective segments. When early warning signals are identified and validated, the overall client exposure and creditworthiness is reviewed and adequate risk mitigating actions are taken if deemed necessary. Watch list review meetings are held on a regular basis to monitor customers with a poor credit standing and to discuss pre-emptive measures. For smaller enterprises (micro) and retail customers, the monitoring and credit review are based on an automated early warning system. In retail risk management, the early warning signals for adverse portfolio developments include, for instance, quality deterioration in new business or a decreasing collections effectiveness and require appropriate countermeasures. Additionally, the monitoring is performed for clients where early warning signals have been identified, even if they are still fulfilling their contractual repayment obligations. Adverse portfolio developments regarding the non-performing and substandard loans portfolio of the Bank are monitored, discussed and reported. In case of further negative developments clients are handled in specialized workout units aiming to minimize potential losses.

Credit risk exposure

Credit risk exposure relates to the sum of the following statement of financial position items:

- Cash and cash equivalents – other demand deposits to credit institutions;
- financial assets held for trading – derivatives, debt securities (without equity instruments);
- non-trading financial assets at fair value through profit or loss (FVTPL) (without equity instruments);
- financial assets at fair value through other comprehensive income (FVTOCI) (without equity instruments);
- financial assets at amortised cost (AC);
- finance lease receivables;
- positive fair value of hedge accounting derivatives;
- trade and other receivables;
- off-balance sheet positions (financial guarantees, irrevocable and revocable loan and other commitments given).

The credit risk exposure equates the gross carrying amount (or nominal value in the case of off-balance sheet positions) excluding:

- credit loss allowances for financial assets;
- credit loss allowances for loan commitments and financial guarantees;
- provisions for other commitments;
- any collateral held (including risk transfer to guarantors);
- netting effects;
- other credit enhancements;
- credit risk mitigating transactions.

Between the 31 December 2023 and 31 December 2024, credit risk exposure increased from EUR 28,199 million to EUR 29,640 million. This is an increase of 5.11% or EUR 1,441 million of which EUR 0,912 million increase was in on-balance and EUR 0,520 million in off-balance (of which Revocable part of off-balance was EUR 0,185 million, without impact on ECL). Revocable part of off-balance sheet represents EUR 2,461 million and irrevocable EUR 2,784 million. In 2023 revocable part of off-balance sheet represented EUR 2,276 million and irrevocable EUR 2,449 million. Revocable off-balance represents exposure that is immediately cancellable without pre-notice at bank's own discretion at any time and does not guarantee a loan for a client. No ECL is calculated for this part of portfolio.

Reconciliation between the gross carrying amount and the carrying amount of the separate components of the credit risk exposure

31.12.2024 EUR ths.	Gross carrying amount	Credit loss allowances					Not subject to IFRS 9 impairment	Net carrying amount
		Stage 1	Stage 2	Stage 3	POCI			
Cash and cash equivalents - other demand deposits	17,552	-	-	-	-	-	-	17,552
Financial assets at amortised cost	23,750,552	31,435	112,731	185,886	16,750	-	-	23,403,750
Loans and advances to banks	10,423	15	-	-	-	-	-	10,408
Loans and advances to customers	19,266,997	30,591	112,038	185,886	16,750	-	-	18,921,732
<i>of which: Lending for house purchase</i>	11,158,506	6,234	6,433	54,648	2,855	-	-	11,088,336
<i>of which: Credit for consumption</i>	1,715,797	8,528	18,903	65,584	54	-	-	1,622,728
<i>of which: Corporate loans and others</i>	6,392,694	15,829	86,702	65,654	13,841	-	-	6,210,668
Debt securities	4,473,132	829	693	-	-	-	-	4,471,610

Finance lease receivables	372,967	1,437	553	2,380	19	-	368,578
Trade and other receivables	166,534	814	817	864	348	-	163,691
Non-trading financial assets at fair value through profit or loss - Debt securities	6,626	-	-	-	-	-	6,626
Financial assets - held for trading	48,101	-	-	-	-	-	48,101
Positive fair value of derivatives - hedge accounting	32,784	-	-	-	-	-	32,784
Total credit risk exposure on-balance	24,395,116	33,686	114,101	189,130	17,117	-	24,041,082
Off-balance	5,244,671	2,858	10,037	1,223	270	1,883	5,228,400
Total credit risk exposure	29,639,787	36,544	124,138	190,353	17,387	1,883	29,269,482

31.12.2023	Gross carrying amount	Credit loss allowances					Not subject to IFRS 9 impairment	Net carrying amount
		Stage 1	Stage 2	Stage 3	POCI			
EUR ths.								
Cash and cash equivalents - other demand deposits	9,172	-	-	-	-	-	9,172	
Financial assets at amortised cost	22,880,932	37,688	107,211	183,735	25,154	-	22,527,144	
Loans and advances to banks	10,060	28	-	-	-	-	10,032	
Loans and advances to customers	18,748,059	36,819	106,420	183,735	25,154	-	18,395,931	
<i>of which: Lending for house purchase</i>	10,783,029	10,691	17,968	68,980	1,989	-	10,683,401	
<i>of which: Credit for consumption</i>	1,601,592	9,882	17,344	50,461	66	-	1,523,839	
<i>of which: Corporate loans and others</i>	6,363,438	16,246	71,108	64,294	23,099	-	6,188,691	
Debt securities	4,122,813	841	791	-	-	-	4,121,181	
Finance lease receivables	351,940	590	1,473	2,514	40	-	347,323	
Trade and other receivables	139,738	900	726	4,054	444	-	133,614	
Non-trading financial assets at fair value through profit or loss - Debt securities	7,516	-	-	-	-	-	7,516	
Financial assets - held for trading	60,289	-	-	-	-	-	60,289	
Positive fair value of derivatives - hedge accounting	24,424	-	-	-	-	-	24,424	
Total credit risk exposure on-balance	23,474,011	39,178	109,410	190,303	25,638	-	23,109,482	
Off-balance	4,724,673	3,274	5,313	2,259	1,015	1,499	4,711,313	
Total credit risk exposure	28,198,684	42,452	114,723	192,562	26,653	1,499	27,820,795	

The non-defaulted part of POCI amounted to EUR 108.74 million (2023: EUR 107.68 million), the defaulted part to EUR 15.83 million (2023: EUR 13.00 million).

Additionally, the Bank holds cash and cash balances in the National Bank of Slovakia amounted to EUR 1,551 million (2023: EUR 1,587 million) and is exposed to credit risk to the central bank. The credit rating of the National Bank of Slovakia according to the international rating agency Moody's is A3 with stable outlook (since 13 December 2024). Under Article 114 of the CRR exposures to central banks have 0% risk weight therefore the exposure was not included in the table above.

On the next pages the credit risk exposure is presented according to the following criteria:

- counterparty FINREP sector and financial instrument;
- financial instrument and risk category;
- financial instrument and IFRS 9 stage;
- industry and financial instrument;
- industry and risk category;
- industry and IFRS 9 stage;
- region and financial instrument;
- region and risk category;
- region and IFRS 9 stage;
- impairment view;
- neither past due, not impaired;
- Basel 3 exposure class and financial instrument.

Credit risk exposure by counterparty finrep sector and financial instrument

EUR ths.	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
31.12.2024							
Cash and cash equivalents - other demand deposits	-	-	17,552	-	-	-	17,552
Financial assets at amortised cost	-	4,386,892	350,601	244,661	5,250,741	13,517,657	23,750,552
Loans and advances to banks	-	-	10,423	-	-	-	10,423
Loans and advances to customers	-	381,136	-	234,006	5,134,198	13,517,657	19,266,997
of which: Lending for house purchase	-	-	-	-	-	11,158,506	11,158,506
of which: Credit for consumption	-	-	-	-	-	1,715,797	1,715,797
of which: Corporate loans and others	-	381,136	-	234,006	5,134,198	643,354	6,392,694
Debt securities	-	4,005,756	340,178	10,655	116,543	-	4,473,132
Finance lease receivables	-	1,325	-	162,653	207,457	1,532	372,967
Trade and other receivables	-	8,029	3,954	2,936	151,567	48	166,534
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	-	6,626	-	-	6,626
Derivatives - held for trading	-	-	10,862	57	37,180	2	48,101
Positive fair value of derivatives - hedge accounting	-	-	32,784	-	-	-	32,784
Total credit risk exposure on-balance	-	4,396,246	415,753	416,933	5,646,945	13,519,239	24,395,116
Off-balance	-	206,727	60,647	166,359	4,466,716	344,222	5,244,671
Total credit risk exposure	-	4,602,973	476,400	583,292	10,113,661	13,863,461	29,639,787

EUR ths.	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
31.12.2023							
Cash and cash equivalents - other demand deposits	-	-	9,172	-	-	-	9,172
Financial assets at amortised cost	-	4,066,635	371,874	328,417	5,064,275	13,049,731	22,880,932
Loans and advances to banks	-	-	10,060	-	-	-	10,060
Loans and advances to customers	-	428,623	-	302,580	4,967,125	13,049,731	18,748,059
of which: Lending for house purchase	-	-	-	-	-	10,783,029	10,783,029
of which: Credit for consumption	-	-	-	-	-	1,601,592	1,601,592
of which: Corporate loans and others	-	428,623	-	302,580	4,967,125	665,110	6,363,438
Debt securities	-	3,638,012	361,814	25,837	97,150	-	4,122,813
Finance lease receivables	-	1,300	-	74,023	275,146	1,471	351,940
Trade and other receivables	-	1,070	4,359	2,620	131,656	33	139,738
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	-	7,516	-	-	7,516
Derivatives - held for trading	-	-	26,173	-	34,115	1	60,289
Positive fair value of derivatives - hedge accounting	-	-	24,424	-	-	-	24,424
Total credit risk exposure on-balance	-	4,069,005	436,002	412,576	5,505,192	13,051,236	23,474,011
Off-balance	-	122,717	47,091	374,405	3,800,658	379,802	4,724,673
Total credit risk exposure	-	4,191,722	483,093	786,981	9,305,850	13,431,038	28,198,684

Credit risk exposure by financial instrument and risk category

EUR ths.	Credit risk exposure				Gross carrying amount
	Low Risk	Management attention	Substandard	Non-performing	
31.12.2024					
Cash and cash equivalents - other demand deposits	17,552	-	-	-	17,552
Financial assets at amortised cost	18,540,266	3,478,577	1,355,504	376,205	23,750,552
Loans and advances to banks	10,423	-	-	-	10,423
Loans and advances to customers	14,067,366	3,467,922	1,355,504	376,205	19,266,997
of which: Lending for house purchase	8,869,370	1,554,481	585,948	148,707	11,158,506
of which: Credit for consumption	851,484	527,375	247,478	89,460	1,715,797
of which: Corporate loans and others	4,346,512	1,386,066	522,078	138,038	6,392,694
Debt securities	4,462,477	10,655	-	-	4,473,132
Finance lease receivables	162,038	189,231	17,363	4,335	372,967
Trade and other receivables	61,294	81,178	22,515	1,547	166,534
Non-trading financial assets at fair value through profit or loss - Debt securities	6,626	-	-	-	6,626
Derivatives - held for trading	47,748	341	12	-	48,101
Positive fair value of derivatives - hedge accounting	32,784	-	-	-	32,784
Total credit risk exposure on-balance	18,868,308	3,749,327	1,395,394	382,087	24,395,116
Off-balance	3,689,697	1,168,939	349,813	36,222	5,244,671
Total credit risk exposure	22,558,005	4,918,266	1,745,207	418,309	29,639,787

EUR ths.	Credit risk exposure				Gross carrying amount
	Low Risk	Management attention	Substandard	Non-performing	
31.12.2023					
Cash and cash equivalents - other demand deposits	9,172	-	-	-	9,172
Financial assets at amortised cost	18,226,238	3,135,144	1,171,447	348,103	22,880,932
Loans and advances to banks	10,058	-	2	-	10,060
Loans and advances to customers	14,104,022	3,125,013	1,170,921	348,103	18,748,059
of which: Lending for house purchase	8,723,594	1,425,686	486,350	147,399	10,783,029
of which: Credit for consumption	817,557	495,483	222,930	65,622	1,601,592
of which: Corporate loans and others	4,562,871	1,203,844	461,641	135,082	6,363,438
Debt securities	4,112,158	10,131	524	-	4,122,813
Finance lease receivables	254,621	83,679	9,741	3,899	351,940
Trade and other receivables	66,821	48,852	19,087	4,977	139,738
Non-trading financial assets at fair value through profit or loss - Debt securities	7,516	-	-	-	7,516
Derivatives - held for trading	59,895	326	68	-	60,289
Positive fair value of derivatives - hedge accounting	24,424	-	-	-	24,424
Total credit risk exposure on-balance	18,648,688	3,268,001	1,200,343	356,979	23,474,011
Off-balance	3,864,107	646,253	195,840	18,473	4,724,673
Total credit risk exposure	22,512,795	3,914,254	1,396,183	375,452	28,198,684

Credit risk exposure by financial instrument and IFRS 9 stage

EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Total credit risk exposure
31.12.2024						
Cash and cash equivalents - other demand deposits	17,552	-	-	-	-	17,552
Financial assets at amortised cost	21,221,866	2,045,479	361,614	121,593	-	23,750,552
Loans and advances to banks	10,423	-	-	-	-	10,423
Loans and advances to customers	16,766,872	2,016,918	361,614	121,593	-	19,266,997
of which: Lending for house purchase	10,797,396	210,247	144,853	6,010	-	11,158,506
of which: Credit for consumption	1,401,836	224,416	89,381	164	-	1,715,797
of which: Corporate loans and others	4,567,640	1,582,255	127,380	115,419	-	6,392,694
Debt securities	4,444,571	28,561	-	-	-	4,473,132
Finance lease receivables	356,030	12,074	4,224	639	-	372,967
Trade and other receivables	162,080	2,907	1,181	366	-	166,534
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	-	-	6,626	6,626
Derivatives - held for trading	-	-	-	-	48,101	48,101
Positive fair value of derivatives - hedge accounting	-	-	-	-	32,784	32,784
Total credit risk exposure on-balance	21,757,528	2,060,460	367,019	122,598	87,511	24,395,116
Off-balance	1,662,223	234,815	7,346	1,970	3,338,317	5,244,671
Total credit risk exposure	23,419,751	2,295,275	374,365	124,568	3,425,828	29,639,787

EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Total credit risk exposure
31.12.2023						
Cash and cash equivalents - other demand deposits	9,172	-	-	-	-	9,172
Financial assets at amortised cost	20,591,369	1,839,192	336,119	114,252	-	22,880,932
Loans and advances to banks	10,058	2	-	-	-	10,060
Loans and advances to customers	16,487,580	1,810,108	336,119	114,252	-	18,748,059
of which: Lending for house purchase	10,377,589	256,714	144,136	4,590	-	10,783,029
of which: Credit for consumption	1,366,415	169,450	65,535	192	-	1,601,592
of which: Corporate loans and others	4,743,576	1,383,944	126,448	109,470	-	6,363,438
Debt securities	4,093,731	29,082	-	-	-	4,122,813
Finance lease receivables	313,025	35,016	3,738	161	-	351,940
Trade and other receivables	132,788	1,973	4,397	580	-	139,738
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	-	-	7,516	7,516
Derivatives - held for trading	-	-	-	-	60,289	60,289
Positive fair value of derivatives - hedge accounting	-	-	-	-	24,424	24,424
Total credit risk exposure on-balance	21,046,354	1,876,181	344,254	114,993	92,229	23,474,011
Off-balance	1,518,759	117,279	5,905	5,686	3,077,044	4,724,673
Total credit risk exposure	22,565,113	1,993,460	350,159	120,679	3,169,273	28,198,684

Credit risk exposure by industry and financial instrument

31.12.2024	Financial assets at amortised cost										Non-trading financial assets at fair value through profit or loss - Debt securities	Positive fair value of derivatives	Off-balance	Total credit risk exposure
	Cash and cash equivalents - other demand deposits	Loans and advances to customers					Debt securities	Finance lease receivables	Trade and other receivables					
		Loans and advances to banks	of which: Lending for house purchase	of which: Credit for consumption	of which: Corporate loans and others									
EUR ths.														
I. Natural Resources & Commodities	-	-	-	153	645,194	-	31,872	39,332	-	1	484,925	1,201,477		
II. Energy	-	-	-	-	567,071	29,281	10,839	8,061	-	30,649	901,726	1,547,627		
III. Construction and building materials	-	-	-	305	461,334	-	31,640	22,303	-	-	1,179,636	1,695,218		
IV. Automotive	-	-	-	14	215,352	-	2,623	23,654	-	-	326,873	568,516		
V. Cyclical Consumer Products	-	-	-	160	320,774	-	11,716	11,809	-	162	207,975	552,596		
VI. Non-Cyclical Consumer Products	-	-	-	184	394,245	9,356	10,954	16,864	-	-	183,874	615,477		
VII. Machinery	-	-	-	-	230,067	-	9,875	15,531	-	-	270,228	525,701		
VIII. Transportation	-	-	-	65	497,122	77,906	236,289	14,112	-	794	437,774	1,264,062		
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	-	-	-	40	124,173	-	2,493	2,034	-	5	111,346	240,091		
X. Healthcare & Services	-	-	-	234	305,932	-	17,136	5,240	-	396	217,579	546,517		
XI. Hotels, Gaming & Leisure Industry	-	-	-	52	223,326	-	3,126	192	-	259	45,595	272,550		
XII. Real Estate	-	-	-	-	1,453,175	10,131	3,445	273	-	4,914	297,711	1,769,649		
XIII. Public Sector	-	-	-	-	375,260	4,005,756	660	7	-	-	59,240	4,440,923		
XIV. Financial Institutions	17,552	10,423	-	-	30,035	340,702	132	7,121	6,626	43,646	210,700	666,937		
XV. Private Households	-	-	11,158,506	1,714,590	549,266	-	167	1	-	2	309,489	13,732,021		
XVI. Other	-	-	-	-	368	-	-	-	-	57	-	425		
Total	17,552	10,423	11,158,506	1,715,797	6,392,694	4,473,132	372,967	166,534	6,626	80,885	5,244,671	29,639,787		

31.12.2023	Financial assets at amortised cost										Non-trading financial assets at fair value through profit or loss - Debt securities	Positive fair value of derivatives	Off-balance	Total credit risk exposure
	Cash and cash equivalents - other demand deposits	Loans and advances to customers					Debt securities	Finance lease receivables	Trade and other receivables					
		Loans and advances to banks	of which: Lending for house purchase	of which: Credit for consumption	of which: Corporate loans and others									
EUR ths.														
I. Natural Resources & Commodities	-	-	-	-	624,485	-	30,453	37,281	-	57	469,591	1,161,867		
II. Energy	-	-	-	-	617,595	29,269	9,837	2,946	-	29,741	711,765	1,401,153		
III. Construction and building materials	-	-	-	-	419,270	-	21,836	11,958	-	-	1,059,357	1,512,421		
IV. Automotive	-	-	-	-	232,647	-	4,129	11,719	-	-	323,539	572,034		
V. Cyclical Consumer Products	-	-	-	-	323,290	-	12,290	9,756	-	66	160,615	506,017		
VI. Non-Cyclical Consumer Products	-	-	-	-	409,325	9,355	10,038	17,015	-	97	206,711	652,541		
VII. Machinery	-	-	-	-	213,077	-	10,799	20,578	-	-	256,244	500,698		
VIII. Transportation	-	-	-	-	526,672	73,709	230,469	7,598	-	753	366,365	1,205,566		
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	-	-	-	-	121,955	-	2,183	3,435	-	-	89,483	217,056		
X. Healthcare & Services	-	-	-	-	239,572	-	13,905	9,477	-	-	101,485	364,439		
XI. Hotels, Gaming & Leisure Industry	-	-	-	-	184,930	-	1,756	342	-	254	34,315	221,597		
XII. Real Estate	-	-	-	-	1,360,038	10,131	3,168	351	-	2,874	264,454	1,641,016		
XIII. Public Sector	-	-	-	-	405,825	3,638,012	815	303	-	-	60,577	4,105,532		
XIV. Financial Institutions	9,172	10,060	-	-	127,679	362,337	122	6,979	7,516	50,870	275,251	849,986		
XV. Private Households	-	-	10,783,029	1,601,592	557,011	-	140	-	-	1	344,898	13,286,671		
XVI. Other	-	-	-	-	67	-	-	-	-	-	23	90		
Total	9,172	10,060	10,783,029	1,601,592	6,363,438	4,122,813	351,940	139,738	7,516	84,713	4,724,673	28,198,684		

Credit risk exposure by industry and risk category

EUR ths.	Low Risk	Management attention	Substandard	Non-performing loans	Total
31.12.2024					
I. Natural Resources & Commodities	488,228	576,591	101,639	35,019	1,201,477
II. Energy	1,398,327	120,004	25,857	3,439	1,547,627
III. Construction and building materials	874,936	490,743	287,339	42,200	1,695,218
IV. Automotive	406,770	138,670	14,144	8,932	568,516
V. Cyclical Consumer Products	246,375	167,025	105,733	33,463	552,596
VI. Non-Cyclical Consumer Products	368,091	170,103	68,585	8,698	615,477
VII. Machinery	237,849	225,171	51,939	10,742	525,701
VIII. Transportation	953,602	268,018	34,243	8,199	1,264,062
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	135,404	92,225	8,398	4,064	240,091
X. Healthcare & Services	302,680	163,983	76,348	3,506	546,517
XI. Hotels, Gaming & Leisure Industry	162,562	68,499	38,046	3,443	272,550
XII. Real Estate	1,536,608	180,342	41,055	11,644	1,769,649
XIII. Public Sector	4,350,796	72,497	17,630	-	4,440,923
XIV. Financial Institutions	635,468	26,412	4,973	84	666,937
XV. Private Households	10,459,884	2,157,983	869,278	244,876	13,732,021
XVI. Other	425	-	-	-	425
Total	22,558,005	4,918,266	1,745,207	418,309	29,639,787

EUR ths.	Low Risk	Management attention	Substandard	Non-performing loans	Total
31.12.2023					
I. Natural Resources & Commodities	773,005	275,542	94,812	18,508	1,161,867
II. Energy	1,260,523	118,602	17,828	4,200	1,401,153
III. Construction and building materials	1,049,020	288,231	143,513	31,657	1,512,421
IV. Automotive	448,896	89,667	15,712	17,759	572,034
V. Cyclical Consumer Products	237,431	132,686	101,248	34,652	506,017
VI. Non-Cyclical Consumer Products	444,017	141,711	58,435	8,378	652,541
VII. Machinery	298,417	146,167	45,919	10,195	500,698
VIII. Transportation	1,012,099	164,486	20,307	8,674	1,205,566
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	124,938	76,406	13,488	2,224	217,056
X. Healthcare & Services	229,909	91,739	40,096	2,695	364,439
XI. Hotels, Gaming & Leisure Industry	118,413	65,407	35,633	2,144	221,597
XII. Real Estate	1,355,597	235,694	37,428	12,297	1,641,016
XIII. Public Sector	3,989,164	93,801	22,564	3	4,105,532
XIV. Financial Institutions	837,013	2,019	7,760	3,194	849,986
XV. Private Households	10,334,312	1,992,047	741,440	218,872	13,286,671
XVI. Other	41	49	-	-	90
Total	22,512,795	3,914,254	1,396,183	375,452	28,198,684

Credit risk exposure by industry and IFRS9 stage

EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Total credit risk exposure
31.12.2024						
I. Natural Resources & Commodities	642,410	198,913	28,644	6,113	325,397	1,201,477
II. Energy	934,847	73,318	1,439	2,545	535,478	1,547,627
III. Construction and building materials	467,441	183,280	26,936	2,090	1,015,471	1,695,218
IV. Automotive	270,725	33,539	7,854	6	256,392	568,516
V. Cyclical Consumer Products	241,686	156,351	27,495	4,209	122,855	552,596
VI. Non-Cyclical Consumer Products	413,941	102,807	8,330	470	89,929	615,477
VII. Machinery	270,643	43,003	4,558	2,735	204,762	525,701
VIII. Transportation	907,324	82,649	7,797	321	265,971	1,264,062
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	135,768	18,518	3,918	83	81,804	240,091
X. Healthcare & Services	333,095	86,816	3,402	642	122,562	546,517
XI. Hotels, Gaming & Leisure Industry	167,087	72,049	3,194	10,467	19,753	272,550
XII. Real Estate	806,798	755,966	10,743	87,009	109,133	1,769,649
XIII. Public Sector	4,420,147	1,068	-	26	19,682	4,440,923
XIV. Financial Institutions	385,923	24,325	84	25	256,580	666,937
XV. Private Households	13,021,548	462,673	239,971	7,827	2	13,732,021
XVI. Other	368	-	-	-	57	425
Total	23,419,751	2,295,275	374,365	124,568	3,425,828	29,639,787

EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Total credit risk exposure
31.12.2023						
I. Natural Resources & Commodities	723,798	116,594	17,035	1,609	302,831	1,161,867
II. Energy	637,057	189,312	4,200	-	570,584	1,401,153
III. Construction and building materials	432,902	141,910	25,339	1,660	910,610	1,512,421
IV. Automotive	256,118	11,542	15,099	85	289,190	572,034
V. Cyclical Consumer Products	272,032	115,706	30,739	3,695	83,845	506,017
VI. Non-Cyclical Consumer Products	446,823	66,003	8,098	356	131,261	652,541
VII. Machinery	261,797	41,497	5,622	7,622	184,160	500,698
VIII. Transportation	919,201	52,481	8,259	401	225,224	1,205,566
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	128,772	24,837	2,076	65	61,306	217,056
X. Healthcare & Services	263,046	44,186	2,535	441	54,231	364,439
XI. Hotels, Gaming & Leisure Industry	89,459	96,826	2,096	11,235	21,981	221,597
XII. Real Estate	814,898	637,955	11,140	87,401	89,622	1,641,016
XIII. Public Sector	4,082,662	1,051	3	-	21,816	4,105,532
XIV. Financial Institutions	619,382	4,775	3,193	25	222,611	849,986
XV. Private Households	12,617,076	448,785	214,725	6,084	1	13,286,671
XVI. Other	90	-	-	-	-	90
Total	22,565,113	1,993,460	350,159	120,679	3,169,273	28,198,684

Credit risk exposure by region and financial instrument

31.12.2024													
EUR ths.	Financial assets at amortised cost								Non-trading financial assets at fair value through profit or loss - Debt securities	Positive fair value of derivatives	Off-balance	Total credit risk exposure	
	Cash and cash equivalents - other demand deposits	Loans and advances to customers					Debt securities	Finance lease receivables					Trade and other receivables
		Loans and advances to banks	of which: Lending for house purchase	of which: Credit for consumption	of which: Corporate loans and others								
Slovakia	-	10,026	11,063,357	1,681,170	6,150,888	3,656,020	372,967	111,373	-	36,304	4,921,140	28,003,245	
Central and Eastern Europe	16,337	397	24,280	17,731	189,164	154,533	-	23,043	-	43,392	297,323	766,200	
Austria	15,925	-	4,522	853	23	-	-	5,273	-	42,458	16,085	85,139	
Czech Republic	98	397	8,582	855	187,928	113,262	-	11,007	-	934	225,445	548,508	
Hungary	310	-	34	371	910	-	-	5,689	-	-	55,429	62,743	
Croatia	-	-	121	24	2	41,271	-	53	-	-	7	41,478	
Romania	4	-	652	382	14	-	-	1,021	-	-	31	2,104	
Serbia	-	-	10,369	15,246	287	-	-	-	-	-	326	26,228	
Other EU	1,084	-	2,907	303	45,898	657,499	-	26,907	3,967	1,189	14,374	754,128	
Other industrialised countries	131	-	3,453	279	6,503	5,080	-	1,464	2,659	-	8,904	28,473	
Emerging markets	-	-	64,509	16,314	241	-	-	3,747	-	-	2,930	87,741	
Total	17,552	10,423	11,158,506	1,715,797	6,392,694	4,473,132	372,967	166,534	6,626	80,885	5,244,671	29,639,787	

31.12.2023		Financial assets at amortised cost						Non-trading financial assets at fair value through profit or loss - Debt securities	Positive fair value of derivatives	Off-balance	Total credit risk exposure	
EUR ths.	Cash and cash equivalents - other demand deposits	Loans and advances to customers				Debt securities	Finance lease receivables					Trade and other receivables
		Loans and advances to banks	of which: Lending for house purchase	of which: Credit for consumption	of which: Corporate loans and others							
Slovakia	-	10,033	10,709,377	1,580,197	6,186,299	3,657,868	351,940	85,421	-	33,799	4,337,104	26,952,038
Central and Eastern Europe	8,438	27	21,482	11,546	134,253	78,088	-	22,586	-	49,518	285,046	610,984
Austria	7,709	14	3,656	619	19	-	-	6,190	-	49,196	25,791	93,194
Czech Republic	578	10	5,783	595	133,982	78,088	-	10,806	-	316	230,440	460,598
Hungary	147	3	68	211	29	-	-	4,080	-	6	26,276	30,820
Croatia	-	-	-	42	2	-	-	66	-	-	784	894
Romania	4	-	678	321	21	-	-	1,048	-	-	1,303	3,375
Serbia	-	-	11,297	9,758	200	-	-	396	-	-	452	22,103
Other EU	623	-	2,285	300	42,704	381,778	-	28,346	3,306	1,396	77,912	538,650
Other industrialised countries	111	-	3,007	274	5	5,079	-	1,749	4,210	-	22,084	36,519
Emerging markets	-	-	46,878	9,275	177	-	-	1,636	-	-	2,527	60,493
Total	9,172	10,060	10,783,029	1,601,592	6,363,438	4,122,813	351,940	139,738	7,516	84,713	4,724,673	28,198,684

Credit risk exposure by region and risk category

EUR ths.	Credit risk exposure				Gross carrying amount
	Low Risk	Management attention	Substandard	Non-performing	
31.12.2024					
Slovakia	21,096,779	4,804,062	1,688,286	414,118	28,003,245
Central and Eastern Europe	674,166	66,072	23,487	2,475	766,200
Austria	82,981	1,277	864	17	85,139
Czech Republic	482,398	49,960	15,509	641	548,508
Hungary	56,993	5,464	215	71	62,743
Croatia	41,303	54	121	-	41,478
Romania	617	734	683	70	2,104
Serbia	9,874	8,583	6,095	1,676	26,228
Other EU	719,272	18,947	15,241	668	754,128
Other industrialised countries	25,870	1,319	1,185	99	28,473
Emerging markets	41,918	27,866	17,008	949	87,741
Total	22,558,005	4,918,266	1,745,207	418,309	29,639,787

EUR ths.	Credit risk exposure				Gross carrying amount
	Low Risk	Management attention	Substandard	Non-performing	
31.12.2023					
Slovakia	21,493,952	3,791,480	1,296,769	369,837	26,952,038
Central and Eastern Europe	509,572	60,652	36,318	4,442	610,984
Austria	89,197	1,634	2,362	1	93,194
Czech Republic	393,077	44,799	18,948	3,774	460,598
Hungary	15,748	5,710	9,311	51	30,820
Croatia	9	290	594	1	894
Romania	2,024	1,267	17	67	3,375
Serbia	9,517	6,952	5,086	548	22,103
Other EU	451,494	42,942	43,484	730	538,650
Other industrialised countries	27,152	3,647	5,600	120	36,519
Emerging markets	30,625	15,533	14,012	323	60,493
Total	22,512,795	3,914,254	1,396,183	375,452	28,198,684

Credit risk exposure by region and IFRS 9 stage

EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Total credit risk exposure
31.12.2024						
Slovakia	22,049,116	2,282,917	370,211	124,528	3,176,473	28,003,245
Central and Eastern Europe	538,080	8,240	2,456	21	217,403	766,200
Austria	26,413	234	11	8	58,473	85,139
Czech Republic	418,535	4,928	636	4	124,405	548,508
Hungary	27,628	518	70	2	34,525	62,743
Croatia	41,478	-	-	-	-	41,478
Romania	1,997	38	68	1	-	2,104
Serbia	22,029	2,522	1,671	6	-	26,228
Other EU	733,514	444	656	12	19,502	754,128
Other industrialised countries	16,934	90	99	-	11,350	28,473
Emerging markets	82,107	3,584	943	7	1,100	87,741
Total	23,419,751	2,295,275	374,365	124,568	3,425,828	29,639,787

EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Total credit risk exposure
31.12.2023						
Slovakia	21,716,565	1,987,231	345,171	120,518	2,782,553	26,952,038
Central and Eastern Europe	326,346	3,245	3,941	159	277,293	610,984
Austria	17,942	330	1	1	74,920	93,194
Czech Republic	281,489	953	3,286	145	174,725	460,598
Hungary	5,297	96	46	5	25,376	30,820
Croatia	86	30	1	-	777	894
Romania	2,031	12	65	2	1,265	3,375
Serbia	19,501	1,824	542	6	230	22,103
Other EU	455,148	484	605	-	82,413	538,650
Other industrialised countries	10,596	101	120	-	25,702	36,519
Emerging markets	56,458	2,399	322	2	1,312	60,493
Total	22,565,113	1,993,460	350,159	120,679	3,169,273	28,198,684

Credit risk exposure according to impairment view

EUR ths.	Non-impaired credit risk exposure							Impaired credit risk exposure	Total Credit risk exposure
	Total past due nor Impaired	Thereof 1-30 days past due	Thereof 31-60 days past due	Thereof 61-90 days past due	Thereof 91-180 days past due	Thereof more than 180 days past due	Neither past due nor Impaired		
Cash and cash equivalents - other demand deposits	-	-	-	-	-	-	17,552	-	17,552
Financial assets at amortised cost	502,110	457,455	21,347	15,577	6,467	1,264	22,872,237	376,205	23,750,552
Loans and advances to banks	-	-	-	-	-	-	10,423	-	10,423
Loans and advances to customers	502,110	457,455	21,347	15,577	6,467	1,264	18,388,682	376,205	19,266,997
of which: Lending for house purchase	169,320	144,652	11,911	6,592	5,209	956	10,840,479	148,707	11,158,506
of which: Credit for consumption	84,174	74,745	5,255	3,183	769	222	1,542,163	89,460	1,715,797
of which: Corporate loans and others	248,616	238,058	4,181	5,802	489	86	6,006,040	138,038	6,392,694
Debt securities	-	-	-	-	-	-	4,473,132	-	4,473,132
Finance lease receivables	4,626	4,182	368	14	26	36	364,006	4,335	372,967
Trade and other receivables	15,992	13,609	883	410	-	1,090	148,995	1,547	166,534
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	-	-	-	-	6,626	-	6,626
Financial assets - held for trading	-	-	-	-	-	-	48,101	-	48,101
Positive fair value of derivatives	-	-	-	-	-	-	32,784	-	32,784
Total credit risk exposure on-balance	522,728	475,246	22,598	16,001	6,493	2,390	23,490,301	382,087	24,395,116
Off-balance	-	-	-	-	-	-	5,236,567	8,104	5,244,671
Total credit risk exposure	522,728	475,246	22,598	16,001	6,493	2,390	28,726,868	390,191	29,639,787

31.12.2023	Non-impaired credit risk exposure							Impaired credit risk exposure	Total Credit risk exposure	
	EUR ths.	Total past due nor Impaired	Thereof 1-30 days past due	Thereof 31-60 days past due	Thereof 61-90 days past due	Thereof 91-180 days past due	Thereof more than 180 days past due			Neither past due nor Impaired
Cash and cash equivalents - other demand deposits	-	-	-	-	-	-	-	9,172	-	9,172
Financial assets at amortised cost	410,724	378,523	18,531	8,244	3,932	1,494	22,122,105	348,103	22,880,932	
Loans and advances to banks	29	29	-	-	-	-	10,031	-	10,060	
Loans and advances to customers	410,695	378,494	18,531	8,244	3,932	1,494	17,989,261	348,103	18,748,059	
of which: Lending for house purchase	136,312	118,008	9,877	4,252	3,022	1,153	10,499,318	147,399	10,783,029	
of which: Credit for consumption	63,204	54,434	4,931	2,893	745	201	1,472,766	65,622	1,601,592	
of which: Corporate loans and others	211,179	206,052	3,723	1,099	165	140	6,017,177	135,082	6,363,438	
Debt securities	-	-	-	-	-	-	4,122,813	-	4,122,813	
Finance lease receivables	5,797	5,530	192	75	-	-	342,244	3,899	351,940	
Trade and other receivables	14,378	12,536	575	276	258	733	120,383	4,977	139,738	
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	-	-	-	-	7,516	-	7,516	
Financial assets - held for trading	-	-	-	-	-	-	60,289	-	60,289	
Positive fair value of derivatives	-	-	-	-	-	-	24,424	-	24,424	
Total credit risk exposure on-balance	430,899	396,589	19,298	8,595	4,190	2,227	22,686,133	356,979	23,474,011	
Off-balance	-	-	-	-	-	-	4,718,496	6,177	4,724,673	
Total credit risk exposure	430,899	396,589	19,298	8,595	4,190	2,227	27,404,629	363,156	28,198,684	

Credit quality for exposures, which are neither past due nor impaired

EUR ths.	Low Risk	Management attention	Substandard	Non-performing	Total
31.12.2024					
Cash and cash equivalents - other demand deposits	17,552	-	-	-	17,552
Financial assets at amortised cost	18,427,608	3,386,537	1,058,092	-	22,872,237
Loans and advances to banks	10,423	-	-	-	10,423
Loans and advances to customers	13,954,708	3,375,882	1,058,092	-	18,388,682
of which: Lending for house purchase	8,860,759	1,534,793	444,927	-	10,840,479
of which: Credit for consumption	850,693	518,903	172,567	-	1,542,163
of which: Corporate loans and others	4,243,256	1,322,186	440,598	-	6,006,040
Debt securities	4,462,477	10,655	-	-	4,473,132
Finance lease receivables	161,553	188,025	14,428	-	364,006
Trade and other receivables	58,464	71,231	19,300	-	148,995
Non-trading financial assets at fair value through profit or loss - Debt securities	6,626	-	-	-	6,626
Derivatives - held for trading	47,748	341	12	-	48,101
Positive fair value of derivatives - hedge accounting	32,784	-	-	-	32,784
Total credit risk exposure on-balance	18,752,335	3,646,134	1,091,832	-	23,490,301
Off-balance	3,689,697	1,168,939	349,813	28,118	5,236,567
Total credit risk exposure	22,442,032	4,815,073	1,441,645	28,118	28,726,868

EUR ths.	Low Risk	Management attention	Substandard	Non-performing	Total
31.12.2023					
Cash and cash equivalents - other demand deposits	9,172	-	-	-	9,172
Financial assets at amortised cost	18,162,552	3,028,354	931,199	-	22,122,105
Loans and advances to banks	10,031	-	-	-	10,031
Loans and advances to customers	14,040,363	3,018,223	930,675	-	17,989,261
of which: Lending for house purchase	8,717,020	1,408,311	373,987	-	10,499,318
of which: Credit for consumption	816,818	488,252	167,696	-	1,472,766
of which: Corporate loans and others	4,506,525	1,121,660	388,992	-	6,017,177
Debt securities	4,112,158	10,131	524	-	4,122,813
Finance lease receivables	253,740	80,734	7,770	-	342,244
Trade and other receivables	62,250	41,877	16,256	-	120,383
Non-trading financial assets at fair value through profit or loss - Debt securities	7,516	-	-	-	7,516
Derivatives - held for trading	59,895	326	68	-	60,289
Positive fair value of derivatives - hedge accounting	24,424	-	-	-	24,424
Total credit risk exposure on-balance	18,579,549	3,151,291	955,293	-	22,686,133
Off-balance	3,864,107	646,253	195,840	12,296	4,718,496
Total credit risk exposure	22,443,656	3,797,544	1,151,133	12,296	27,404,629

Credit risk exposure by Basel 3 exposure class and financial instrument

EUR ths.	Sovereigns	Institutions	Corporates	Retail	Total
31.12.2024					
Cash and cash equivalents - other demand deposits	-	17,552	-	-	17,552
Financial assets at amortised cost	4,020,829	716,664	5,171,607	13,841,452	23,750,552
Loans and advances to banks	-	10,423	-	-	10,423
Loans and advances to customers	15,073	366,063	5,044,409	13,841,452	19,266,997
of which: Lending for house purchase	-	-	-	11,158,506	11,158,506
of which: Credit for consumption	-	-	51	1,715,746	1,715,797
of which: Corporate loans and others	15,073	366,063	5,044,358	967,200	6,392,694
Debt securities	4,005,756	340,178	127,198	-	4,473,132
Finance lease receivables	192	1,133	359,624	12,018	372,967
Trade and other receivables	9,156	3,961	153,113	304	166,534
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	6,626	-	6,626
Derivatives - held for trading	-	10,862	37,237	2	48,101
Positive fair value of derivatives - hedge accounting	-	32,784	-	-	32,784
Total credit risk exposure on-balance	4,030,177	782,956	5,728,207	13,853,776	24,395,116
Off-balance	147,500	119,874	4,472,742	504,555	5,244,671
Total credit risk exposure	4,177,677	902,830	10,200,949	14,358,331	29,639,787

EUR ths.	Sovereigns	Institutions	Corporates	Retail	Total
31.12.2023					
Cash and cash equivalents - other demand deposits	-	9,172	-	-	9,172
Financial assets at amortised cost	3,675,443	763,066	5,072,429	13,369,994	22,880,932
Loans and advances to banks	-	10,060	-	-	10,060
Loans and advances to customers	37,432	391,192	4,949,441	13,369,994	18,748,059
of which: Lending for house purchase	1	-	-	10,783,028	10,783,029
of which: Credit for consumption	-	-	-	1,601,592	1,601,592
of which: Corporate loans and others	37,431	391,192	4,949,441	985,374	6,363,438
Debt securities	3,638,011	361,814	122,988	-	4,122,813
Finance lease receivables	-	1,299	338,852	11,789	351,940
Trade and other receivables	460	4,969	133,941	368	139,738
Non-trading financial assets at fair value through profit or loss - Debt securities	-	-	7,516	-	7,516
Derivatives - held for trading	-	26,174	34,114	1	60,289
Positive fair value of derivatives - hedge accounting	-	24,424	-	-	24,424
Total credit risk exposure on-balance	3,675,903	829,104	5,586,852	13,382,152	23,474,011
Off-balance	61,823	107,985	4,080,281	474,584	4,724,673
Total credit risk exposure	3,737,726	937,089	9,667,133	13,856,736	28,198,684

Expected credit loss measurement

The general principles and standards for credit loss allowances are governed by internal policies in the Bank. According to IFRS 9, credit loss allowances are calculated for all components of credit risk exposures which are measured at amortised cost (AC) or at fair value through other comprehensive income. They include debt securities, loans and advances, demand deposits on nostro accounts with commercial banks as well as finance lease and trade receivables. In addition, credit loss allowances are calculated for loan commitments and financial guarantees if they meet the applicable IFRS 9 definitions.

Classification into stages and definition of credit-impaired financial instruments

There are three main stages outlined for expected credit loss (ECL) determination. The stages approach applies to financial instruments within the scope of the impairment requirements of IFRS 9 and those that are not categorised as purchased or originated credit impaired financial assets (POCI), which form a category of their own. Depending on the impairment status and the assessment of the development of credit risk, these financial instruments are assigned to one of the three stages. For details related to stages of impaired financial instruments, please see Chapter Financial instruments – Material accounting policy information, subchapter Impairment of financial instruments.

Significant increase in credit risk determination

Assessment of significant increase in credit risk (SICR) of financial instruments as at the reporting date since initial recognition is one of the key drivers affecting the amount of the ECL recognised based on IFRS 9 requirements. In this respect, across portfolios and product types, quantitative and qualitative indicators are defined for assessing SICR, including the indicator of 30 days-past-due (DPD).

Quantitative criteria

Quantitative SICR indicators include adverse changes in annualised lifetime probability of default and in lifetime probability of default with significance being assessed by reference to a comparison of the current probability of failure and mix of relative and absolute change thresholds. The Bank has established thresholds for significant increases in credit risk based on both a percentage (relative) and absolute change in PD compared to initial recognition. In order for the SICR to occur for a particular financial instrument, both the relative and absolute thresholds need to be breached.

The relative measure is calculated as a ratio between current annualised PD and annualised PD value on initial recognition. The breach means that such ratio has reached or is higher than the established threshold. These relative thresholds for SICR assessment are established at PD segment level or client rating level as necessary, and are subject to initial and on-going validation.

Relative thresholds for SICR assessment

Threshold interval (x times)	
Min	Max

31.12.2024	1.13	4.08
31.12.2023	1.13	4.08

There are certain portfolios where SICR quantitative criteria are assessed based on the ratings rather than PDs. The main rule in those cases is that downgrading of the ratings beyond certain threshold would lead to SICR. Hence initial rating plays important role in SICR assessment here. For initial ratings closer to the threshold, it is easier to breach it and therefore qualify as SICR. These rules are applied primarily to leasing and factoring business receivables.

The absolute threshold refers to difference of LT PD on initial recognition and current LT PD. It is set to a maximum of 50 bps and serves as a back-stop for migrations between the best ratings (LT PDs considered for remaining maturity). In such cases, relative thresholds may be breached, however overall LT PD is very low, and therefore SICR is not positively concluded.

Qualitative criteria

Qualitative SICR indicators include forbearance-type flags (identification of regulatory forbearance), work-out transfer flags (when the account starts being monitored by the work-out department), information from the early-warning system (if it is not sufficiently considered in the rating) and fraud indicators. The assignment of some of the qualitative indicators inherently relies on experienced credit risk judgment being exercised adequately and in a timely manner. The related bank and entity-level credit risk controlling policies and procedures (adapted as necessary in the light of transition to IFRS 9) ensure the necessary governance framework. These indicators are used internally for identification of insolvency or increased probability that a borrower will enter bankruptcy and there is increased risk of default in the foreseeable future.

Besides the qualitative indicators defined on a client level, the assessment of a significant increase in credit risk is performed on a portfolio level if the increase in credit risk on individual instruments or at a client level is available only with a certain time lag or is observable exclusively on a portfolio level.

Bank has introduced additional portfolio level SICR assessment criteria due to the war in Ukraine (implemented in 2022) and related economic impacts. For more details refer to “Collective assessment” in the next chapter.

Considering the war in Ukraine, Bank started with a portfolio screening to identify customers affected by the secondary effects of the geopolitical risk. The Bank has only very limited exposure towards the affected region with only several clients with exposure.

Backstop

A backstop is applied and the financial instruments are considered to have experienced a SICR if the borrower is more than 30 days past due on contractual payments. As observed during validation, this does not represent a major trigger for Stage 2 classification.

Measuring ECL – explanation of inputs and measurement

Credit loss allowances are calculated individually or collectively.

The individual calculation approach is applied in case of exposures to significant defaulted customers in Stage 3 or POCI. It consists in the individual assessment of the difference between the gross carrying amount and the present value of the expected cash flows, which are estimated by workout or risk managers. The discounting of the cash flows is based on the effective interest rate (POCI: credit-adjusted effective interest rate). However, the discount rate for financial guarantees shall reflect the current market assessment of the time value of money and the risks that are specific to the cash flows which in Bank’s implementation means using a risk free rate as a proxy.

A defaulted customer is classified as individually significant if the total on- and off-balance exposure exceeds a predefined materiality limit (EUR 0.3 mil. for Retail, no limit for Corporate clients). Otherwise, the customer is considered insignificant and a rule-based (collective) approach is used for the calculation of the related credit loss allowance as the product of gross carrying amount and LGD, where the LGD depends on characteristics such as time in default or the stage of the workout process.

For exposures to non-defaulted customers (i.e. in Stage 1 and Stage 2), collective allowances are calculated according to a rule-based approach irrespective of the significance of the customer. The calculation of collective allowances requires grouping the related exposures into homogenous clusters on the basis of shared risk characteristics. The banking criteria may differ based on the customer segment (retail, corporate) and include product type, collateral type, repayment type, loan to value band, and credit rating band. The bank is using rating method and product information to segment customers and assets into homogenous clusters to calculate collective credit loss allowances.

The calculation of credit loss allowances is done on a daily basis on a single exposure level and in the contractual currency of the exposure. To compute the collective credit loss allowance, the Bank applies an expected credit loss (ECL) model based on a three-

stage approach that leads to either a 12-month ECL or to a lifetime ECL. ECL is the discounted product of exposure at default (EAD) that also includes a credit conversion factor in the case of off-balance sheet exposures, probability of default (PD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (per definition of default below), either over next 12 months (1Y PD) for Stage 1 exposures or over the remaining lifetime (LT PD) for Stage 2 and 3 and POCI exposures.
- EAD is based on the amounts Bank expects to be owed at the time of default, over next 12 months (1Y EAD) for Stage 1 exposures, or over the remaining lifetime (LT EAD) for Stage 2 and 3 and POCI exposures. The estimation includes current balance, expected repayments and expected drawings up to the current contractual limit by the time of default.
- LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit exposure at the time of default (EAD).

Life-time parameters

The LT PD is developed through observation of historical defaults from initial recognition through the life-time of the loans. It is assumed to be the same across all assets in the same portfolio and rating band.

The 1Y and LT EADs are determined based on the expected payment profiles, which vary by product type. The LT EAD calculation utilises repayment schedule or repayment type (annuity, linear, bullet). In the case of undrawn commitments, credit conversion factor is estimated for reflecting the expected credit exposure in the EAD.

The LGD was estimated as a lifetime curve for any point in time, based on historical loss observations. Lifetime curves were used in previous IRB LGD model and IFRS 9 version of this model was used until September 2024 when Bank implemented new LGD model for IFRS 9 provisioning for Retail segment. This model is methodologically harmonized with IRB LGD model (adapted for IFRS9 usage) and uses LGD grade matrices instead of lifetime curves. LGD grades are based on empirically observed risk drivers with impact on LGD and with this concept the new model is more precise in predicting LGD. LGD model is under continuous development and the bank is expecting to update the model in the future. By implementing the new LGD model the bank released provisions as can be seen in section Movement in credit loss allowances.

The risk parameters used in the ECL calculation take into account available information at the reporting date about past events, current conditions and forecasts on future economic trends. Generally, the risk parameters applied in the calculation of collective allowances differ from the risk parameters compliant with capital requirement regulations, calculated on a through-the-cycle basis, if the characteristics of the respective portfolio in combination with IFRS standards necessitate this.

Incorporation of forward-looking information

Parameters are determined to reflect the risk as a 'point-in-time' measure and with consideration of forward-looking information (FLI). This results in using a baseline forecast and a number of alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts, where the baseline forecasts are, with a few exceptions, internally determined by Group's research department. Given multiple scenarios, the 'neutral' PDs (and, with a few exceptions, also LGDs) are adjusted using macro models that link relevant macroeconomic variables with risk drivers. The same macro-shift models as for external and internal stress test are used. Forward-looking information is incorporated for first three years of ECL measurement. Measurement of the parameters for the remaining lifetime returns back to through-the-cycle observations immediately in year four.

Thus, the unbiased probability-weighted ECL considering FLI is derived using the weights representing the probability of occurrence of each macroeconomic scenario. Typical macroeconomic variables may include real gross domestic product, unemployment rate, inflation rate, production index as well as market interest rates. The selection of variables also depends on the availability of reliable forecasts for the given local market. The main indicator of the estimated economic development is the GDP. In addition, economic effects of the war in Ukraine led to increases of the inflation and/or the interest rates. Erste Group adjusted macro-shift models to reflect expected effects of those into credit risk parameters. In the table below we are disclosing expected development of inflation or interest rates in our region. Disclosures are based on the relevancy in the macro-shift model.

Group reviewed the FLI in the fourth quarter of 2024 according to the disclosed forecasts for baseline, downside and upside scenarios. The overall macroeconomic situation slightly improved, therefore Group decided to reconsider weights of scenarios. Current {Up: 28% - increase from 1% in 2023, Base: 50% - same as 2023, Down: 22% - decrease from 49% in 2023} weights still reflect some adverse economic uncertainties due to war Russia/Ukraine, still high inflation and interest rates and prices of utilities. By applying FLI component in provisioning we are increasing credit loss allowances by EUR +11.6 mil.

Below we are publishing scenarios used for ECL calculation and as well latest available GDP growth forecasts.

Baseline, upside and downside scenarios of GDP growth

31.12.2024						
Parameter	Scenario	Weight	2024	2025	2026	2027
GDP - real growth (in %)	Macro down	22%	2.2	(4.9)	(2.8)	(0.5)
	Macro base	50%	2.2	2.0	1.9	2.2
	Macro up	28%	2.2	4.4	4.3	4.6
GDP - Nominal growth (in %)	Macro down	22%	7.2	3.3	1.8	0.8
	Macro base	50%	7.2	7.1	5.6	4.6
	Macro up	28%	7.2	10.2	8.7	7.7
Unemployment rate (in %)	Macro down	22%	5.5	6.9	8.3	7.9
	Macro base	50%	5.5	5.5	5.3	5.1
	Macro up	28%	5.5	4.1	3.8	3.6
Inflation - CPI (in %)	Macro down	22%	3.1	8.3	6.9	4.2
	Macro base	50%	3.1	4.5	3.0	2.3
	Macro up	28%	3.1	2.0	0.5	(0.2)
Unemployment rate - shift 12 months (in %)	Macro down	22%	5.8	5.5	6.9	8.3
	Macro base	50%	5.8	5.5	5.5	5.3
	Macro up	28%	5.8	5.5	4.1	3.8
Real Wage growth (in %)	Macro down	22%	4.6	(0.7)	0.1	0.4
	Macro base	50%	4.6	1.3	2.1	2.4
	Macro up	28%	4.6	3.4	4.2	4.5
31.12.2023						
Parameter	Scenario	Weight	2023	2024	2025	2026
GDP - real growth (in %)	Macro down	49%	1.5	(2.5)	(1.3)	(0.3)
	Macro base	50%	1.5	2.3	2.7	2.4
	Macro up	1%	1.5	4.7	5.1	4.8
GDP - Nominal growth (in %)	Macro down	49%	8.0	4.9	2.6	1.4
	Macro base	50%	8.0	8.8	6.5	5.3
	Macro up	1%	8.0	12.3	10.0	8.8
Unemployment rate (in %)	Macro down	49%	6.1	7.3	8.2	7.8
	Macro base	50%	6.1	6.0	5.7	5.4
	Macro up	1%	6.1	4.4	4.2	3.9
Inflation - CPI (in %)	Macro down	49%	7.7	8.8	6.8	5.3
	Macro base	50%	7.7	5.0	3.5	2.5
	Macro up	1%	7.7	3.2	1.7	0.7
Unemployment rate - shift 12 months (in %)	Macro down	49%	6.1	6.1	7.3	8.2
	Macro base	50%	6.1	6.1	6.0	5.7
	Macro up	1%	6.1	6.1	4.4	4.2
Real Wage growth (in %)	Macro down	49%	(1.5)	0.3	0.8	0.8
	Macro base	50%	(1.5)	1.9	2.4	2.4
	Macro up	1%	(1.5)	3.6	4.1	4.1

The Group recognizes additional challenges caused by the ESG (environmental, social and governance) risks. We are in the process of analyses how to incorporate these risks into ECL measurement.

In the Risk Materiality Assessment, climate and environment-related risks are overall assessed as medium and therefore classified as material, but they are expected to generate more impact on credit risk in the medium to long run. Therefore, in the short-term Bank did not include additional overlays for ESG risks into ECL calculation for year 2024.

Collective assessment

As at December 2024, in addition to standard SICR assessment, Bank applied stage overlays rules, i.e. transfer into Stage 2 based on pre-defined portfolio characteristics, due to the uncertainty caused by the war in Ukraine and the energy crisis.

War in Ukraine

The Ukraine-Russia war, intensified challenges for both risk and business divisions: a rally in energy prices on the one hand and disruptions in supply chains on the other hand. The first ones had implications on various industries, mainly those with energy intensive production processes, but also impacting segments with high fuel cost shares. Issues with supply chains are managed

by affected clients with diverse measures aiming to safeguard the business activity and liquidity (amongst others: active working capital management, targeted stocking-up, output adaptation, renegotiations with off takers etc.), in some cases also by ensuring backup/liquidity financing. Developments as mentioned above are reflected in the regular updates of the industry strategies.

In June 2022, Bank implemented rules for stage overlays due to the war in Ukraine as a combination of industries with correlation to economic downturn (cyclical industries) and one-year IFRS PD. These rules, also called "cyclical overlays", were defined on top of existing criteria mentioned in the section 'Significant increase in credit risk determination – Qualitative criteria'.

In addition to cyclical overlays, from September 2022 Bank has introduced additional energy overlays due to the distortions in the energy market with implications on gas/energy availability and price. Within the industry Natural Resources and Commodities, Metals and Chemical subindustries were identified as being most affected. All customers belonging to these industries / sub-industries were migrated to Stage 2. The decommissioning of Energy overlays took place in 2024 as the exit triggers were met.

In November 2024, the cyclical overlays were decommissioned, which led to release of provision approximately EUR -2.3 million. Instead of the cyclical overlays was introduced a new type of collective SICR assessment, an industry overlays. All industry subsegments which have in the industry strategy assessment high risk profile or medium risk profile with "hold" or "decreased" industry strategy, would be in the scope of the overlay. However, potential risks might not yet be spread or crystallized at client level, translated into client financials or rating. Therefore one-year IFRS PD threshold (> 250bps) is set to differentiate between clients who could be potentially impacted. The table below shows volumes for the Industry overlay.

The Bank is currently applying only one type of overlays, the industry overlays mentioned above: Clients having affected industry and one-year IFRS PD > 250bps are part of the industry overlay and are migrated to Stage 2.

The table below shows volumes for the industry overlays category:

Credit risk exposure and credit loss allowances by industry and IFRS9 treatment – industry overlays

31.12.2024 EUR ths.	Stage 1	Stage 2	Stage 3	POCI	Credit risk exposure (AC and FVOCI)	Not subject to IFRS 9 impairment	Total	Credit loss allowances
I. Natural Resources & Commodities	642,410	198,913	28,644	6,113	876,080	325,397	1,201,477	26,798
of which industry overlays	-	-	-	-	-	-	-	-
II. Public utility services and renewable energy sources	934,847	73,318	1,439	2,545	1,012,149	535,478	1,547,627	7,761
of which industry overlays	-	15,684	-	-	15,684	6,740	22,424	2,293
III. Construction and building materials	467,441	183,280	26,936	2,090	679,747	1,015,471	1,695,218	33,427
of which industry overlays	-	58,150	-	-	58,150	53,207	111,357	4,233
IV. Automotive	270,725	33,539	7,854	6	312,124	256,392	568,516	4,455
of which industry overlays	-	14,242	-	-	14,242	210	14,452	848
V. Cyclical Consumer Products	241,686	156,351	27,495	4,209	429,741	122,855	552,596	25,828
of which industry overlays	-	131,371	-	-	131,371	5,279	136,650	10,676
VI. Non-Cyclical Consumer Products	413,941	102,807	8,330	470	525,548	89,929	615,477	13,026
of which industry overlays	-	4,444	-	-	4,444	220	4,664	403
VII. Machinery	270,643	43,003	4,558	2,735	320,939	204,762	525,701	10,183
of which industry overlays	-	-	-	-	-	-	-	-
VIII. Transportation	907,324	82,649	7,797	321	998,091	265,971	1,264,062	9,188
of which industry overlays	-	12,774	-	-	12,774	-	12,774	420
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	135,768	18,518	3,918	83	158,287	81,804	240,091	3,352
of which industry overlays	-	7,867	-	-	7,867	9	7,876	350
X. Healthcare & Services	333,095	86,816	3,402	642	423,955	122,562	546,517	9,032
of which industry overlays	-	44,617	-	-	44,617	6,744	51,361	2,577
XI. Hotels, Gaming & Leisure Industry	167,087	72,049	3,194	10,467	252,797	19,753	272,550	10,246
of which industry overlays	-	12,939	-	-	12,939	506	13,445	1,367
XII. Real Estate activities	806,798	755,966	10,743	87,009	1,660,516	109,133	1,769,649	43,412
of which industry overlays	-	640,821	-	-	640,821	17,721	658,542	27,315
XIII. Public Sector	4,420,147	1,068	-	26	4,421,241	19,682	4,440,923	1,249
of which industry overlays	-	-	-	-	-	-	-	-
XIV. Financial Institutions	385,923	24,325	84	25	410,357	256,580	666,937	973
of which industry overlays	-	19	-	-	19	-	19	1
XV. Private Households	13,021,548	462,673	239,971	7,827	13,732,019	2	13,732,021	171,375
of which industry overlays	-	-	-	-	-	-	-	-
XVI. Other	368	-	-	-	368	57	425	-
of which industry overlays	-	-	-	-	-	-	-	-
Total	23,419,751	2,295,275	374,365	124,568	26,213,959	3,425,828	29,639,787	370,305
of which industry overlays	-	942,928	-	-	942,928	90,636	1,033,564	50,483

Total sum of credit risk exposure in Stage 2 of exposures categorized in industry overlays as at December 2024 is EUR 942.93 million with allocated credit loss allowances of EUR 50.48 million. The impact on credit risk allowances from industry overlays is EUR 13.6 million and it represents additional credit loss allowances of Stage 2 exposures which would have been in Stage 1 if they were not part for the industry overlays. The remaining portion of credit loss allowances would still be allocated in Stage 2 because of standard SICR rules.

Sensitivity of ECL overlays

The Bank has calculated potential effects of various scenarios on ECL. We focused on change in PD parameter in both industry overlays and change in PD threshold for industry overlays. The results are presented in the following table.

Sensitivity of ECL overlays

31.12.2024	Scenario PD + 20%				Scenario PD threshold 0bps			
	Credit risk exposure	CLA	CLA stress	Δ(CLA - CLA stress)	Credit risk exposure	CLA	CLA stress	Δ(CLA - CLA stress)
I. Natural Resources & Commodities	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
II. Public utility services and renewable energy sources	110,689	2,433	2,922	489	110,689	2,433	3,049	616
of which industry overlays	20,191	2,362	2,834	472	110,689	2,433	3,049	616
III. Construction and building materials	323,206	5,354	6,765	1,411	323,206	5,354	7,654	2,300
of which industry overlays	87,362	4,291	5,462	1,171	323,206	5,354	7,654	2,300
IV. Automotive	337,386	1,915	2,361	446	337,386	1,915	4,766	2,851
of which industry overlays	15,613	867	1,051	184	337,386	1,915	4,766	2,851
V. Cyclical Consumer Products	389,577	12,262	15,082	2,820	389,577	12,262	15,969	3,707
of which industry overlays	144,254	10,871	13,397	2,526	389,577	12,262	15,969	3,707
VI. Non-Cyclical Consumer Products	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
VII. Machinery	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
VIII. Transportation	1,018	6	8	2	1,018	6	10	4
of which industry overlays	-	-	-	-	1,018	6	10	4
IX. TMT; Telecommunications, Media, Technology and Paper & Packaging	40,654	561	681	120	40,654	561	883	322
of which industry overlays	8,306	357	436	79	40,654	561	883	322
X. Healthcare & Services	156,871	3,102	3,854	752	156,871	3,102	4,964	1,862
of which industry overlays	49,819	2,678	3,343	665	156,871	3,102	4,964	1,862
XI. Hotels, Gaming & Leisure Industry	34,574	1,512	1,853	341	34,574	1,512	1,739	227
of which industry overlays	14,899	1,404	1,723	319	34,574	1,512	1,739	227
XII. Real Estate activities	1,486,284	32,776	39,598	6,822	1,486,284	32,776	39,493	6,717
of which industry overlays	652,566	27,608	33,395	5,787	1,486,284	32,776	39,493	6,717
XIII. Public Sector	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
XIV. Financial Institutions	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
XV. Private Households	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	-
of which industry overlays	-	-	-	-	-	-	-	-
Total	2,880,259	59,921	73,124	13,203	2,880,259	59,921	78,527	18,606
of which industry overlays	993,010	50,438	61,641	11,203	2,880,259	59,921	78,527	18,606

The bank performed sensitivity analysis of CLA with two scenarios. In both scenarios, the table presents portfolio of industry overlays after applying stressed scenario. Both exposure and CLA are linked to this new portfolio. The difference in CLA and CLA stress is then outcome of changes in parameters or in overlays rules. The sensitivity analysis is done this way to overcome impacts not related to overlays. E.g. in case of scenario PD +20% we would see impact on whole portfolio regardless of exposure presence in overlays. But since we are recalculating only the overlay portfolio with new parameters or overlay rules and then present impacts on that portfolio we are showing impacts solely on the overlay portfolio.

In first scenario (Scenario PD +20%) we modified IFRS9 PD's such that the PD values are 20% higher, which resulted in difference in CLA of EUR 11.2 million. In second scenario we changed the threshold value for industry overlays from 250bps to 0bps, meaning that every exposure segmented as industry will be part of industry overlays regardless of IFRS9 PD. In this case the difference in CLA resulted in EUR 18.6 million.

Restructuring, renegotiation and forbearance

Restructuring means contractual modification of any of the customer's loan repayment conditions including tenor, interest rate, fees, principal amount due or a combination thereof. Restructuring can be business restructuring (in the retail segment), commercial renegotiation (in the corporate segment), or forbearance (e.g. concession due to financial difficulties) in line with EBA requirements in both segments.

Restructuring and renegotiation

Restructuring as business restructuring in the retail segment or as commercial renegotiation in the corporate segment is a potential and effective customer retention tool involving re-pricing or the offering of an additional loan or both in order to maintain the Bank's valuable, good clientele.

Forbearance

The definition of 'forbearance' is included in Regulation (EU) 2015/227. A restructuring is considered 'forbearance' if it entails a concession towards a customer facing or about to face financial difficulties in meeting their contractual financial commitments. A borrower is in financial difficulties if any of the following conditions are met:

- the customer is more than 30 days past due on any account in the past 3 months;
- the customer would be more than 30 days past due on any account without receiving forbearance;
- the customer is in default;
- the customer would default without receiving forbearance.

Additional criteria for non-retail segment:

- specific early warning signals for this customer were identified in the last 3 months;
- customer has deteriorated financial figures, which led to decline of the rating grade;
- customer has increased probability of default.

Forborne exposure is assessed at account level and means only the exposure to which forbearance measures have been extended and excludes any other exposure the customer may have, as long as no forbearance was extended to these.

Contractual modification means that any of the following conditions are met:

- modification/refinancing of the contract would not have been granted, had the customer not been in financial difficulty;
- there is a difference in favour of the customer between the modified/refinanced terms of the contract and the previous terms of the contract;
- the modified/refinanced contract includes more favourable terms than other customers with a similar risk profile would have obtained from the same institution;
- the contract modification involves total or partial cancellation of the debt by (partial) write-off;
- activation of embedded forbearance clause of the contract;
- waiver of a material breach of a financial covenant.

Forbearance can be initiated by the Bank or by the customer (on account of loss of employment, illness etc.). Components of forbearance can be instalment reduction, tenor extension, interest reduction or forgiveness, principal reduction or forgiveness, revolving exposure change to instalment and/or others.

Forbearance statuses are divided and reported as:

- performing forbearance (incl. performing forbearance under probation that was upgraded from non-performing forbearance);
- non-performing forbearance (incl. defaulted forbearance; since 10/2019 the definition of non-performing status is aligned with default).

Forbearance measures are defined as qualitative trigger events in the SICR concept according to the internal regulations of the Bank.

Default definition

The Bank applies the definition of default on client level. If a client defaults on any of its credit risk exposure then the client rating must be set to "R" and all on- and off balance exposure including equity products is considered as defaulted.

Default is recognized when one or both of the following incidents occur:

- the obligor is past due 90 consecutive days with any material credit obligation to the Bank, the parent undertaking or any of its subsidiaries in full; or
- the obligor is considered unlikely to pay (UTP) its credit obligation to the Bank, the parent undertaking or any of its subsidiaries in full without realisation of the collateral.

In the Bank the default status triggers the credit-impairment and the Stage 3 classification under IFRS9. In addition the Bank considers all non-performing exposures as defaulted.

Client is classified as defaulted due following 5 reasons, which are linked either to unlikely to pay (UTP) or days past due:

- E1 – unlikely to pay
- E2 – 90 days overdue
- E3 – forbearance
- E4 – Credit loss
- E5 – bankruptcy

Credit Risk Model department participates on the definition of default with Late Collection and Corporate Workout departments. The definition of default fulfils EBA criteria and influences estimation of LLP, SRC, etc.

Credit risk exposure, forbearance exposure and credit loss allowances

EUR ths.	Loans and advances	Debt securities	Other positions	Off-balance	Total credit risk exposure
31.12.2024					
Gross exposure	19,816,921	4,479,758	98,437	5,244,671	29,639,787
thereof gross forborne exposure	422,691	-	-	10,738	433,429
Performing exposure	19,434,834	4,479,758	98,437	5,208,449	29,221,478
thereof performing forborne exposure	305,037	-	-	10,682	315,719
Credit loss allowances for performing exposure	153,107	1,521	-	14,071	168,699
thereof credit loss allowances for performing forborne exposure	17,974	-	-	189	18,163
Non-performing exposure	382,087	-	-	36,222	418,309
thereof non-performing forborne exposure	117,654	-	-	56	117,710
Credit loss allowances for non-performing exposure	199,403	-	-	2,199	201,602
thereof credit loss allowances for non-performing forborne exposure	52,955	-	-	6	52,961

EUR ths.	Loans and advances	Debt securities	Other positions	Off-balance	Total credit risk exposure
31.12.2023					
Gross exposure	19,249,797	4,130,329	93,885	4,724,673	28,198,684
thereof gross forborne exposure	366,008	-	-	7,007	373,015
Performing exposure	18,892,818	4,130,329	93,885	4,706,200	27,823,232
thereof performing forborne exposure	242,280	-	-	6,993	249,273
Credit loss allowances for performing exposure	164,744	1,632	-	10,178	176,554
thereof credit loss allowances for performing forborne exposure	13,340	-	-	143	13,483
Non-performing exposure	356,979	-	-	18,473	375,452
thereof non-performing forborne exposure	123,728	-	-	14	123,742
Credit loss allowances for non-performing exposure	198,152	-	-	3,181	201,333
thereof credit loss allowances for non-performing forborne exposure	60,295	-	-	5	60,300

Loans and advances also include lease, trade and other receivables. Other positions represent derivatives and other demand deposits.

Collateral

Recognition of credit collateral

Collateral Management is integrated in Underwriting Processes department of Credit Risk divisions. The Bank's Collateral Management Policy defines, among other things, uniform valuation standards for credit collateral. It ensures that the credit risk decision processes are standardised with respect to accepted collateral values.

All collateral types acceptable within the Bank are contained in the Collateral Catalogue. Permitted collateral is defined in accordance with applicable national legal provisions. The valuation and revaluation of collateral is done according to the principles defined in the Bank's Collateral Catalogue broken down by collateral type and based on the internal work instructions in accordance with the individual supervisory requirements. Whether a type of collateral or a specific collateral asset is accepted for credit risk mitigation is decided by Corporate Credit Risk Management after determining if the applicable regulatory requirements are met. Credit underwriting monitors adherence to the standard work processes stipulated for assigning the acceptable collateral assets to the categories available.

Main types of credit collateral

The following types of credit collateral are accepted:

- real estate: residential and commercial real estate;
- financial collateral: securities, cash deposits and life insurance policies;
- guarantees: given by sovereigns, public sector entities, financial institutes, companies and private individuals. All guarantors must have a minimum credit rating, which is reviewed annually;
- movables: equipment, investment goods, machinery and motor vehicles;
- claims and rights: trade account receivables, leasehold rights and shares in a company's capital.

Collateral valuation and management

Collateral valuation is based on current market prices while taking into account an amount that can be recovered within a reasonable period. The valuation processes are defined and their IT-supported technical application is performed by Collateral Management and by authorised staff in each country with the assistance of software applications. The allocated collateral values are capped by the amount of the secured transaction. Therefore, imputed excess collateral values are not possible. Only independent appraisers not involved in the lending decision process are permitted to conduct real estate valuations, and the valuation methods to be applied are defined by the Bank. For quality assurance purposes, the real estate evaluation mechanism and real estate valuations are validated on an ongoing basis.

The methods and discounts used for valuations are based on empirical data representing past experience of the workout departments and on the collected data on recoveries from realising collateral. The valuation discounts are adjusted regularly – at least once a year – to reflect current recoveries.

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined and compliance is monitored by risk management using software applications. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons.

Concentration risks resulting from credit risk mitigation techniques may affect a single customer, but also a portfolio defined by region, industry, or type of collateral. All guarantee liabilities and loans of a corporate guarantee provider are taken into consideration in the credit application process in order to prevent possible concentrations. Guarantees provided by sovereigns, a public sector entity or financial institutions have to lie within the approved limit of the guarantor. Concerning other areas of a potentially detrimental correlation of risks, the collateral portfolios are analysed using statistical evaluations for, among other things, regional or industry-specific concentrations within the scope of portfolio monitoring. The response to those risks identified includes, above all, the adjustment of volume targets, setting of corresponding limits and modification of the staff's discretionary limits for lending.

Collateral obtained in foreclosure proceedings is made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding claim.

Credit risk exposure by financial instrument and collaterals

31.12.2024	Credit risk exposure	Collateral: thereof attributable to credit impaired exposure	Collateralised by			Collateral total	Credit risk exposure net of collateral	IFRS 9 impairment relevant		
			Guarantees	Real estate	Other			Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
EUR ths.										
Cash and cash equivalents - other demand deposits	17,552	-	-	-	-	-	17,552	17,552	-	-
Financial assets at amortised cost	23,750,552	185,381	224,775	11,990,877	373,549	12,589,201	11,161,351	22,872,237	502,110	376,205
Loans and advances to banks	10,423	-	-	-	-	-	10,423	10,423	-	-
Loans and advances to customers	19,266,997	185,381	204,412	11,990,877	373,549	12,568,838	6,698,159	18,388,682	502,110	376,205
of which: Lending for house purchase	11,158,506	138,348	-	10,446,399	22	10,446,421	712,085	10,840,479	169,320	148,707
of which: Credit for consumption	1,715,797	346	-	365	1,078	1,443	1,714,354	1,542,163	84,174	89,460
of which: Corporate loans and others	6,392,694	46,687	204,412	1,544,113	372,449	2,120,974	4,271,720	6,006,040	248,616	138,038
Debt securities	4,473,132	-	20,363	-	-	20,363	4,452,769	4,473,132	-	-
Finance lease receivables	372,967	2,091	-	-	247,259	247,259	125,708	364,006	4,626	4,335
Trade and other receivables	166,534	-	-	-	-	-	166,534	148,995	15,992	1,547
Non-trading financial assets at fair value through profit or loss - Debt securities	6,626	-	-	-	-	-	6,626	-	-	-
Financial assets - held for trading	48,101	-	-	-	-	-	48,101	-	-	-
Positive fair value of derivatives	32,784	-	-	-	-	-	32,784	-	-	-
Total credit risk exposure on-balance	24,395,116	187,472	224,775	11,990,877	620,808	12,836,460	11,558,656	23,402,790	522,728	382,087
Off-balance	5,244,671	1,497	-	199,606	167,405	367,011	4,877,660	1,898,250	-	8,104
Total credit risk exposure	29,639,787	188,969	224,775	12,190,483	788,213	13,203,471	16,436,316	25,301,040	522,728	390,191

31.12.2023	Credit risk exposure	Collateral: thereof attributable to credit impaired exposure	Collateralised by			Collateral total	Credit risk exposure net of collateral	IFRS 9 impairment relevant		
			Guarantees	Real estate	Other			Neither past due nor credit impaired	Past due but not credit impaired	Credit impaired
EUR ths.										
Cash and cash equivalents - other demand deposits	9,172	-	-	-	-	-	9,172	9,172	-	-
Financial assets at amortised cost	22,880,932	181,191	295,954	11,691,224	398,140	12,385,318	10,495,614	22,122,105	410,724	348,103
Loans and advances to banks	10,060	-	13	-	-	13	10,047	10,031	29	-
Loans and advances to customers	18,748,059	181,191	285,844	11,691,224	398,140	12,375,208	6,372,851	17,989,261	410,695	348,103
of which: Lending for house purchase	10,783,029	138,483	-	10,205,645	23	10,205,668	577,361	10,499,318	136,312	147,399
of which: Credit for consumption	1,601,592	273	-	303	-	303	1,601,289	1,472,766	63,204	65,622
of which: Corporate loans and others	6,363,438	42,435	285,844	1,485,276	398,117	2,169,237	4,194,201	6,017,177	211,179	135,082
Debt securities	4,122,813	-	10,097	-	-	10,097	4,112,716	4,122,813	-	-
Finance lease receivables	351,940	1,552	-	-	237,996	237,996	113,944	342,244	5,797	3,899
Trade and other receivables	139,738	-	-	-	-	-	139,738	120,383	14,378	4,977
Non-trading financial assets at fair value through profit or loss - Debt securities	7,516	-	-	-	-	-	7,516	-	-	-
Financial assets - held for trading	60,289	-	-	-	-	-	60,289	-	-	-
Positive fair value of derivatives	24,424	-	-	-	-	-	24,424	-	-	-
Total credit risk exposure on-balance	23,474,011	182,743	295,954	11,691,224	636,136	12,623,314	10,850,697	22,593,904	430,899	356,979
Off-balance	4,724,673	961	-	130,498	112,953	243,451	4,481,222	1,641,453	-	6,177
Total credit risk exposure	28,198,684	183,704	295,954	11,821,722	749,089	12,866,765	15,331,919	24,235,357	430,899	363,156

The collateral attributable to exposures that are credit-impaired at 31 December 2024 amounts to EUR 187.5 million (2023: EUR 182.7 million).

Concentration

The following table presents a summary of the Group's credit risk to the Slovak Republic, companies controlled by the Slovak government, self-governing regions, guarantees issued by the Slovak government and similar exposures:

EUR ths.	Amount		Portion of total assets %	
	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Cash and cash equivalents	2,658,749	1,551,042	10.05%	5.88%
Loans and receivables to customers	538,417	506,217	2.03%	1.92%
Securities portfolio	3,222,237	3,256,135	12.18%	12.34%
Total	6,419,403	5,313,394	24.26%	20.14%

The following table presents a breakdown of state debt securities held by the Group per portfolio and type of security:

EUR ths.	31.12.2023	31.12.2024
Financial assets at amortised cost	3,222,237	3,256,135
State bonds denominated in EUR	3,222,237	3,256,135
Total	3,222,237	3,256,135

The sovereign issuer rating of the Slovak Republic according to the international rating agency Moody's is A3 with stable outlook (since 13 December 2024).

27. Market risk

Market risk is the risk of loss that may arise due to adverse changes in market prices and to the parameters derived from them. These market value changes might appear in the profit and loss account, in the statement of comprehensive income or in hidden reserves. The entire market risk management is independent from the business lines and is carried out by Strategic Risk Management (SRM). Trading and investment operations are subject to strict rules defined by SRM and approved by ALCO committee.

Methods and instruments employed

All positions of the bank, both in banking and trading books, that are subject to market risk are re-valued daily (including positions held-to-maturity), either to market or to model prices, and respective profit or loss is calculated.

The main tools to measure market risk exposure are sensitivity analysis and value-at-risk (VAR) which is complemented by back testing and stress testing programme.

Sensitivity and VAR are applied to Trading Book positions as well as to Investment portfolios of the Banking Book. The overall interest rate risk of the bank (IRRBB) is quantified by Economic Value of Equity (change value of on- and off-balance sheet positions due to shift in the yield curves) and ICAAP IRRBB capital charge (one year VAR at 99.92% confidence level based on historical observed shifts in yield curves). The limits are imposed to both of the measures.

The VaR describes what level of losses may be expected as a maximum at a defined probability – the confidence level – within a certain holding period of the positions under historically observed market conditions. The calculation is done according to the method of historic simulation with a one-sided confidence level of 99%, a holding period of one day and a simulation period of two years.

Back-testing is used to constantly monitor the validity of the statistical methods. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialised. At a confidence level of 99%, the actual loss on a single day should exceed the VAR statistically only two to three times a year (1% of around 250 workdays).

This shows one of the limits of the VaR approach: on the one hand, the confidence level is limited to 99%, and on the other hand, the model takes into account only those market scenarios observed in each case within the simulation period of two years and calculates the VAR for the current position of the Bank on this basis. In order to investigate any extreme market situations beyond this, stress tests are conducted at the Bank. These events include mainly market movements of low probability.

In addition to standard day-to-day risk measurement and monitoring, comprehensive stress testing procedures are established. Neither traditional risk measurement using sensitivity indicators, nor value-at-risk model is capable of capturing extreme events that occur in the market from time to time. Since the value-at-risk model only estimates the potential maximum loss with 99% probability, potential stressful events that possess less than 1% probability will not be embraced in the value-at-risk figure.

In stress testing, scenarios of potential extreme behaviour of the most significant market variables are developed. These are then applied to the current market values and potential profit or loss is calculated for current positions.

These analyses are made available to the management board within the scope of the regular market risk reporting.

Methods and instruments of risk mitigation

In order to manage the maximum risk exposure, a comprehensive system of limits is established, including VAR, sensitivity, and stop-loss limits. Limits are structured according to individual portfolios (separate limits are defined for derivative trades). Limits are reviewed and proposed usually at year-end by SRM in cooperation with Treasury and BSM for the upcoming business year. Reallocations are also possible during the current year. The new limits proposal or change in approved limits is subject to approval by ALCO committee. Monitoring is performed daily by SRM. Each limit violation must be reported and explained with ALCO being the supreme decision maker on further action.

Risk reporting is done daily for relevant management and monthly for ALCO.

Sensitivity, VAR and stop-loss limits are applied to Trading Book positions as well as to Investment portfolios of the Banking Book. The overall interest rate risk of the bank (entire statement of financial position) is quantified by Economic Value of Equity (change in statement of financial position value due to shift in the yield curves) and ICAAP IRRBB capital charge (one year VAR at 99.92% confidence level based on historical observed shifts in yield curves). The limits are imposed to both of the measures.

Analysis of market risk

The following tables summarize the risk measures – Value at Risk of banking book and trading book:

Value at Risk of banking book and trading book

EUR ths.	31.12.2023	31.12.2024
Banking book - ALM portfolio	13,958	15,172
Banking book - Corporate portfolio	1,090	774
Banking book - ALCO portfolio	294	194
Trading book	44	7

VAR figure is almost fully driven by interest rate risk, whilst foreign exchange and other risks are negligible. The main goal of Trading Book activity is to manage operational liquidity and minimal required reserves. Thus, its market risk is rather low as this business strategy is aimed on short term money market trading.

Interest rate risk in the banking book (IRRBB)

Interest rate risk is the risk of an adverse change in the value of interest rate sensitive on- and off-balance sheet positions caused by a movement in market interest rates. This type of risk arises when mismatches exist between assets, liabilities and off-balance items, including derivatives, in respect of their maturities, interest rate behaviour or of the timing of interest rate adjustments.

Limits and thresholds are implemented for both aspects of the IRRBB, the change in economic value (EVE) as well as the change in earnings. Positions without contractually defined maturity or repricing structures, such as demand deposits or overdrafts are modelled accordingly. For positions where the customer has the right to prepay his debt prepayment models are applied.

Economic value of equity (EVE)

EUR ths.	31.12.2023	31.12.2024
parallel down scenario	(199,236)	(56,148)
parallel up scenario	40,298	(44)
flattener scenario	(124,081)	(109,192)
steeper scenario	63,241	52,628
short down scenario	36,359	47,011
short up scenario	(81,068)	(99,478)

The positive numbers mean an increase in economic value due to the shift in yield curves, i.e. profit, the negative numbers vice versa. The biggest risk for the Group arises from non-parallel shift in the yield curves – the flattener scenario, under which the short end of the yield curves goes up while the long end declines. The Group quantify, monitor and manage the IRRBB in compliance with valid regulations.

The EVE scenarios are defined according to EBA IRRBB guideline. The following table shows the shifts (in basis points) applied to EUR curve for each of the scenarios.

	parallel up scenario	parallel down scenario	steeper scenario	flattener scenario	short up scenario	short down scenario
6 months	200	(200)	(133)	169	223	(223)
1 year	200	(200)	(107)	143	197	(197)
3 years	200	(200)	(30)	64	134	(134)
5 years	200	(200)	17	15	81	(81)
10 years	200	(200)	69	(38)	23	(23)
15 years	200	(200)	83	(53)	9	(9)
20 years	200	(200)	88	(58)	3	(3)

Exchange rate risk

Risk from open foreign exchange positions is the risk related to exchange rates that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. These risks might originate from customer-related operations or proprietary trading and are monitored and managed on a daily basis.

Basis principle behind managing FX risk is to transfer positions stemming from banking book activities to Erste Holding. However, in reasonable cases, banking book is permitted to hold strategic FX positions. This would typically be opened in order to hedge existing FX positions that are not explicitly seen on the statement of financial position.

Strategic positions are subject to ALCO approval and shall be managed on a daily basis by Balance Sheet Management. They are covered by sufficient limit structure and reporting on VAR, stop-loss limit and are disclosed as the gain or loss (responsibility of Strategic Risk Management). There is no open FX strategic position at year-end 2024.

Credit spread risk

Credit spread risk is the risk of an adverse movement in the fair value of financial instruments caused by a change in the creditworthiness of an issuer perceived by the market. The Bank is exposed to credit spread risk with respect to its bond portfolio accounted at fair value. There is no bonds position in the trading book. The bonds position in fair value portfolio in the banking book is small (EUR 4.8 million). Quantifying the credit spread risk of the securities in the banking book is based on a historical simulation. The maximum (hypothetical) drawdown that can be attributed to credit related risk factors over one-year horizon is calculated. It is based on credit spread sensitivities (CR01) and the risk factors used are mainly asset swap spreads for sovereigns and iTRAXX CDS indices for financials and corporates. The resulting amount is used as part of the ICAAP IRRBB - calculations to determine the capital consumption of the banking book portfolio.

Hedging

Banking book market risk management consists of optimising the Bank's risk position by finding the proper trade-off between the economic value of the statement of financial position and forecasted earnings. Decisions are based on statement of financial position development, economic environment, competitive landscape, fair value of risk, effect on net interest income and appropriate liquidity position. In order to achieve the goals of risk management, hedging activities focus on the two main control variables: net interest income and market value of equity risk. In a broader sense, hedging refers to an economic activity that mitigates risk but does not necessarily qualify for hedge accounting under IFRS rules. IFRS hedge accounting is applied, if possible, to avoid accounting mismatches due to hedging activity. Within the scope of IFRS-compliant hedge accounting, fair value hedges

are used. In addition, the fair value option is used for hedging the market risk from the economic perspective. The hedging within the Bank concerns hedging of interest rate risk.

28. Liquidity risk

Liquidity strategy

In 2024, customer deposits remained the primary source of funding for the bank. The growth in loan volume surpassed inflows of customer deposits. The gap was offset by issuance of own bonds. The liquidity surplus was placed mainly in ECB and short-term money market loans.

The goal of the Bank's Funding Strategy is to cover the gap coming from the core business and also Minimum Requirement for Own Funds and Eligible Liabilities (MREL) efficiently, i.e. reaching an optimal liquidity status and MREL compliance in terms of structure and costs versus risk tolerance.

With regards its own issuance, the Group issued EUR 184.3 million in senior bonds in 2024 (2023: EUR 1,565 million).

The Group's total TLTRO participation at the end of 2024 was EUR 0 (2023: EUR 1 billion).

Liquidity Metrics and Reports

The liquidity risk is defined in the Bank as the inability to meet the Bank's cash obligations as they come due because of an inability to liquidate assets or obtain adequate funding. Accordingly, a distinction is made between market liquidity risk, which is the risk that the Bank cannot easily offset or close a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the Banks will not be able to meet efficiently both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or the financial condition of Bank. Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in the Bank's own refinancing cost or spread.

Liquidity risk is within the authority of ALCO. The Local Operating Liquidity Committee (L-OLC) is responsible for operational managing and analysing of the liquidity situation of the Group.

Actual management of liquidity risk is done by Strategic Risk Management. Structural liquidity management is performed by Balance Sheet Management and daily liquidity managing and the fulfilment of minimum required reserves is performed by the Treasury department.

Methods and instruments employed

Short-term insolvency risk is monitored by calculating the survival period (SPA) on weekly basis. This analysis determines the maximum period during which the Bank can survive a set of defined scenarios, including a severe combined market and idiosyncratic crisis while relying on its counterbalancing capacity consist mainly of pool of liquid assets. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflows.

Liquidity ratios defined by the regulator (LCR – Liquidity Coverage Ratio, NSFR – Net Stable Funding Ration and local LCR) are periodically monitored and are all at very satisfactory levels. All limits defined by the regulator are observed with large buffer.

Additionally, the static liquidity gap is monitored regularly on weekly basis and reported monthly to ALCO. Funding concentration risk is continuously analysed in respect to counterparties and is also reported to ALCO monthly.

Strategic Risk Management provides the reverse stress testing of liquidity where several assumptions (withdrawal, rollover, reserve haircuts) are modelled in order for the Bank to survive exactly one month. This is done on a monthly basis and is reported to ALCO.

Methods and instruments of risk mitigation

General standards of liquidity risk controlling and management (standards, limits and analysis) have been defined within the Bank and are continuously reviewed and improved by L-OLC and ALCO.

The short-term liquidity risk is managed by limits resulting from the survival period analysis where horizon limits are defined for each scenario as follows:

- ordinary course of business – over 3 months
- name crisis – over 1 months
- market crisis – over 6 months
- combined name and market crisis – over 3 months

For each scenario also the limit for liquidity surplus over given horizon limit is applied. The limit is set at EUR 0 million with warning level in range between EUR 0 and EUR 250 million in 2024 (at EUR 260 million in 2025).

The Group daily monitors its counter-balancing capacity, which consists of cash, excess minimum reserve at the central banks, as well as unencumbered central bank eligible assets and amount of retained covered bonds which could be pledged in central bank. These assets can be mobilized in the short term to offset potential cash outflows in a crisis situation.

Further, short-term risk is managed by regulatory and internal (more severe) limits on LCR and NFSR.

Funding Concentrations management – sum of top 10 biggest clients of each monitored group of wholesale funding providers (public, financial, credit institutions and corporates) may not account for more than EUR 890 million in 2024 (EUR 960 million in 2025).

Based on analysis and measurement, and based on liquidity strategy, medium and long-term (structural) management of liquidity is carried out by BSM while major decisions have to be approved by ALCO. Strategic Risk Management must ensure that the execution is in line with the approved Liquidity Strategy and that the approved limits are being followed. ALCO must be informed on the status of structural liquidity within the regular ALCO liquidity reports.

The Contingency Plan ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis and is reviewed on a regular basis.

Analysis of liquidity risk

In the Group, the liquidity risk is analysed by the following methods.

Liquidity coverage ratio

The Group uses the regulatory liquidity coverage ratio for internal monitoring and steering of the liquidity position as well. In order to keep the LCR above both limits, the regulatory limit and the internal limit, the Bank closely monitors its short-term liquidity inflows and outflows as well as its available counterbalancing capacity.

The following table shows the LCR as at 31 December 2023 and 31 December 2024:

EUR ths.	31.12.2023	31.12.2024
Liquidity buffer	6,222,713	5,872,016
Net liquidity outflow	3,239,431	3,299,893
Liquidity coverage ratio	192.09%	177.95%

Counterbalancing capacity

The Group regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserves at the central banks as well as unencumbered central bank eligible assets, amount of retained covered bonds which could be pledged in ECB and other liquid securities, including impacts from repos, reverse repos and securities lending transactions. These assets can be mobilised in the short term to offset potential cash outflows in a crisis situation.

Term structure of counterbalancing capacity

EUR mil.	< 1 week	1 week-1 month	1-3 months	3-6 months	6-12 months
31.12.2024					
Cash, excess reserve	1,814	-	-	-	-
Liquid assets	4,809	-	-	26	273
Other central bank eligible assets	-	1,182	2	3	6
Thereof retained covered bonds	-	1,085	-	-	-
Thereof credit claims	-	97	2	3	6
Counterbalancing capacity	6,623	1,182	2	29	279

EUR mil.	< 1 week	1 week-1 month	1-3 months	3-6 months	6-12 months
31.12.2023					
Cash, excess reserve	2,849	-	-	-	-
Liquid assets	3,387	10	9	15	224
Other central bank eligible assets	-	1,039	2	3	5
Thereof retained covered bonds	-	940	-	-	-
Thereof credit claims	-	99	2	3	5
Counterbalancing capacity	6,236	1,049	11	18	229

The figures above show the total amount of potential liquidity available for the Group in a going concern situation, taking into account the applicable central bank haircuts. In a crisis situation, adverse market movements can decrease this amount. Negative figures are maturing positions of the counterbalancing capacity. Positive figures after one week are positions not immediately available as counterbalancing capacity.

Financial liabilities

Maturities of contractual undiscounted cash flows from financial liabilities were as follows:

EUR ths.	31.12.2024	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
Non-derivative liabilities	23,562,887	23,889,126	16,819,427	2,384,718	4,520,104	164,877
Deposits by banks	205,924	229,562	16,416	27,455	103,492	82,199
Customer deposits	18,734,723	18,745,576	16,782,127	1,687,872	275,577	-
Debt securities in issue	4,606,446	4,896,966	20,884	669,295	4,124,109	82,678
Subordinated liabilities	15,794	17,022	-	96	16,926	-
Derivative liabilities	77,353	53,890	899	48,158	4,823	10
Derivative liabilities with gross Cash Flow (net)	45,522	35,906	380	33,639	1,877	10
Outflows	-	238,188	115,728	101,923	20,479	58
Inflows	-	(202,282)	(115,348)	(68,284)	(18,602)	(48)
Hedge accounting derivatives with gross Cash Flow (net)	31,831	17,984	519	14,519	2,946	-
Outflows	-	63,826	1,813	27,484	34,529	-
Inflows	-	(45,842)	(1,294)	(12,965)	(31,583)	-
Contingent liabilities	2,784,007	2,784,007	2,784,007	-	-	-
Financial guarantees	6,567	6,567	6,567	-	-	-
Commitments	2,777,440	2,777,440	2,777,440	-	-	-
Other financial liabilities	54,730	54,730	54,730	-	-	-
Trade payables	43,216	43,216	43,216	-	-	-
Lease liabilities	21,191	21,191	1,487	5,932	12,953	819
Total	26,543,384	26,846,160	19,703,766	2,438,808	4,537,880	165,706

EUR ths.	31.12.2023	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
Non-derivative liabilities	23,485,458	23,796,906	16,088,638	2,695,467	4,804,251	208,550
Deposits by banks	1,247,163	1,249,850	26,772	1,050,117	102,545	70,416
Customer deposits	17,580,176	17,590,600	16,046,699	1,266,127	277,774	-
Debt securities in issue	4,642,317	4,940,007	15,167	379,120	4,407,586	138,134
Subordinated liabilities	15,802	16,449	-	103	16,346	-
Derivative liabilities	120,823	66,447	353	30,543	35,362	189
Derivative liabilities with gross Cash Flow (net)	56,596	32,862	353	4,484	27,872	153
Outflows	-	220,337	80,893	69,117	69,542	785
Inflows	-	(187,475)	(80,540)	(64,633)	(41,670)	(632)
Hedge accounting derivatives with gross Cash Flow (net)	64,227	33,585	-	26,059	7,490	36
Outflows	-	81,197	-	39,224	39,358	2,615
Inflows	-	(47,612)	-	(13,165)	(31,868)	(2,579)
Contingent liabilities	2,448,908	2,448,908	2,448,908	-	-	-
Financial guarantees	14,528	14,528	14,528	-	-	-
Commitments	2,434,380	2,434,380	2,434,380	-	-	-
Other financial liabilities	183,254	183,254	183,254	-	-	-
Trade payables	46,212	46,212	46,212	-	-	-
Lease liabilities	20,156	20,156	1,427	5,984	12,066	679
Total	26,304,811	26,561,883	18,768,792	2,731,994	4,851,679	209,418

As at year-end 2024, the currency composition of the non-derivative liabilities consisted mainly by EUR (approximately 98%).

Financial assets

Maturities of contractual undiscounted cash flows from financial assets were as follows:

EUR ths.	31.12.2024	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years	Undefined
Non-derivative assets	25,952,317	25,952,317	2,143,530	2,949,599	7,837,898	12,687,642	333,649
Cash and cash equivalents	1,988,940	1,988,940	1,988,940	-	-	-	-
Financial assets at amortised cost	23,403,750	23,403,750	148,559	2,884,660	7,655,531	12,579,247	135,754
Loans and advances to banks	10,408	10,408	10,408	-	-	-	-
Loans and advances to customers	18,921,732	18,921,732	114,512	2,525,771	5,748,946	10,396,749	135,754
Debt securities	4,471,610	4,471,610	23,639	358,889	1,906,585	2,182,498	-
Finance lease receivables	368,578	368,578	6,031	64,939	182,367	108,395	6,846
Trade and other receivables	163,691	163,691	-	-	-	-	163,691
Non-trading financial assets at fair value through profit or loss	27,358	27,358	-	-	-	-	27,358
Derivative assets	80,885	53,614	3,742	28,063	22,158	(349)	-
Derivative assets with gross Cash Flow (net)	48,101	38,715	514	34,985	3,190	26	-
Outflows	-	(256,210)	(156,688)	(78,902)	(20,583)	(37)	-
Inflows	-	294,925	157,202	113,887	23,773	63	-
Hedge accounting derivatives with gross Cash Flow (net)	32,784	14,899	3,228	(6,922)	18,968	(375)	-
Outflows	-	(76,039)	(8,015)	(23,158)	(38,018)	(6,848)	-
Inflows	-	90,938	11,243	16,236	56,986	6,473	-
Total	26,033,202	26,005,931	2,147,272	2,977,662	7,860,056	12,687,293	333,649

EUR ths.	31.12.2023	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years	Undefined
Non-derivative assets	26,058,378	26,058,378	3,230,328	3,049,437	7,326,974	12,191,525	260,114
Cash and cash equivalents	3,030,858	3,030,858	3,030,858	-	-	-	-
Financial assets at amortised cost	22,527,144	22,527,144	193,826	2,989,866	7,153,755	12,089,389	100,308
Loans and advances to banks	10,032	10,032	10,032	-	-	-	-
Loans and advances to customers	18,395,931	18,395,931	115,658	2,651,530	5,443,681	10,084,754	100,308
Debt securities	4,121,181	4,121,181	68,136	338,336	1,710,074	2,004,635	-
Finance lease receivables	347,323	347,323	5,644	59,571	173,219	102,136	6,753
Trade and other receivables	133,614	133,614	-	-	-	-	133,614
Non-trading financial assets at fair value through profit or loss	19,439	19,439	-	-	-	-	19,439
Derivative assets	84,713	49,228	(3,147)	14,160	39,011	(796)	-
Derivative assets with gross Cash Flow (net)	60,289	37,607	966	6,763	29,764	114	-
Outflows	-	(286,227)	(178,242)	(66,313)	(41,058)	(614)	-
Inflows	-	323,834	179,208	73,076	70,822	728	-
Hedge accounting derivatives with gross Cash Flow (net)	24,424	11,621	(4,113)	7,397	9,247	(910)	-
Outflows	-	(87,365)	(6,594)	(15,004)	(55,281)	(10,486)	-
Inflows	-	98,986	2,481	22,401	64,528	9,576	-
Total	26,143,091	26,107,606	3,227,181	3,063,597	7,365,985	12,190,729	260,114

As at year-end 2024, the currency composition of the non-derivative assets consisted mainly by EUR (approximately 99%).

29. Operational risk

In line with Article 4 Section 52 of regulation (EU) 575/2013 (CRR), the Group defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risks. Both quantitative and qualitative methods are used to identify operational risks. Consistent with international practice, the responsibility for managing operational risk rests with the line management.

Methods and instruments employed

The quantitative measurement methods are based on internal loss experience data, which are collected across the Group using a standard methodology and entered into a central data pool. Additionally, in order to be able to model losses that have not occurred in the past but are nonetheless possible, scenarios and external data are also used. The Group sources external data from a leading non-profit risk-loss data consortium.

The Group calculates capital requirements for operational risk based on the Advanced Measurement Approach (AMA) that is subject to regulatory approval. AMA is a sophisticated approach for measuring operational risk. Pursuant to AMA, the required capital is calculated using an internal VaR model, taking into account internal data, external data, scenario analysis, business environment and internal risk control factors. Additionally, the Group received the approval to use insurance contracts for mitigation within the AMA pursuant to Article 323 CRR.

Methods and instruments of risk mitigation

In addition to quantitative methods, qualitative methods are also used to determine operational risk, such as risk and control assessments through expert panels. Additional methods include setting of key risk indicators and risk assessments in connection with product approvals, outsourcing assessments and operational risk decisions. The results of these assessments and processes are reported to line management along with mitigation measures and thus help to reduce operational risks. In order to ensure early detection of changes in the risk profile that may lead to losses, the Group monitors a number of key risk indicators such as system availability, staff turnover, and customer complaints.

The Group uses a group-wide insurance program that has reduced the cost of meeting the Group's traditional property insurance needs. Freed-up resources made it possible to buy additional insurance for previously uninsured bank-specific risks. This program uses a captive reinsurance entity as a vehicle to share losses within the group and access the external market.

The quantitative and qualitative methods used, together with the insurance strategy and the modelling approaches described above, form the operational risk framework of the Group. Information on operational risk is periodically communicated to the management board via various reports, including the quarterly top management reports, which describe the recent loss history, loss development, qualitative information from risk assessments and key risk indicators as well as the operational VaR for the Group.

Main objectives of effective system of operational risk management are:

- set up a bank-wide framework for operational risk management and to translate this framework into specific policies, procedures or processes that can be implemented and verified within different business units
- properly identify major drivers of operational risk
- develop model for quantification of risk exposure profile and for calculation of both economic and regulatory capital
- prevent or minimize losses due to operational risk by adaptation of suitable processes, preventive measures or by selecting suitable insurance
- implement and update of insurance program
- define outsourcing and internal control system principles
- prepare ORCO meetings
- continuously improve the operational risk management process
- provide quality reporting and documentation.

Non-current assets and other investments

30. Property, equipment, investment properties and right of use assets

Property and equipment

Depreciation of property and equipment is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation is recognised in the statement of income in the line item 'Depreciation and amortisation' and impairment in the line item 'Other operating result'.

Type of property and equipment	Useful lives in years
Buildings	30 years
Right-of-use assets - buildings	15 - 30 years
Office equipment / Passenger cars/ Other fixed assets	4 - 12 years
IT assets (hardware)	4 years

Land is not depreciated.

Investment properties

Investment property is presented on the statement of financial position in the line item 'Investment properties'.

The Group uses the cost model for investment properties.

Rental income is recognised in the statement of income in the line item 'Rental income from investment properties and other operating leases'. Depreciation is presented in the statement of income in the line item 'Depreciation and amortisation' using the straight-line method over an estimated useful life. The useful lives of investment properties are in the range of 15-30 years. Any impairment losses, as well as their reversals, are recognised under the line item 'Other operating result'.

Impairment

The bank assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. Testing for impairment is done at individual asset level if the asset generates cash inflows that are largely independent of those from other assets. The typical case is investment property. Otherwise, the impairment test is carried out at the level of the cash-generating unit (CGU) to which the asset belongs.

Acquisition costs

Own property, equipment, investment properties and right of use assets

EUR ths.	Land and buildings	Office equipment / other fixed assets	IT assets (hardware)	Right-of-use assets - Land and buildings	Property and equipment total	Investment properties
Balance as at 1 January 2023	238,711	52,517	56,433	42,901	390,562	6,743
Additions	6,615	4,567	8,857	7,134	27,173	-
Disposals	(11,240)	(10,089)	(8,206)	(381)	(29,916)	(104)

Reclassification	281	-	-	-	281	(281)
Balance as at 31 December 2023	234,367	46,995	57,084	49,654	388,100	6,358
Additions	7,887	5,007	14,086	9,175	36,155	-
Disposals	(2,954)	(4,366)	(5,970)	(2,783)	(16,073)	-
Reclassification	66	11	-	-	77	(66)
Balance as at 31 December 2024	239,366	47,647	65,200	56,046	408,259	6,292

Accumulated depreciation

Own property, equipment, investment properties and right of use assets

EUR ths.	Land and buildings	Office and plant equipment/other fixed assets	IT assets (hardware)	Right-of-use assets - Land and buildings	Property and equipment total	Investment properties
Balance as at 1 January 2023	(140,166)	(43,893)	(38,231)	(22,217)	(244,507)	(5,290)
Amortisation and depreciation	(9,898)	(2,585)	(6,903)	(8,222)	(27,608)	(224)
Disposals	8,434	9,923	8,195	382	26,934	56
Impairment	(632)	-	-	-	(632)	-
Reversal of impairment	2,575	-	-	-	2,575	60
Reclassification	(213)	-	-	-	(213)	213
Balance as at 31 December 2023	(139,900)	(36,555)	(36,939)	(30,058)	(243,451)	(5,185)
Amortisation and depreciation	(10,253)	(3,223)	(7,865)	(8,424)	(29,765)	(210)
Disposals	2,433	4,103	5,969	1,273	13,778	-
Impairment	(1,520)	-	-	-	(1,520)	(1)
Reversal of impairment	2,098	-	-	-	2,098	4
Reclassification	(57)	-	-	-	(57)	57
Balance as at 31 December 2024	(147,198)	(35,675)	(38,835)	(37,210)	(258,918)	(5,335)

Carrying amounts

Own property, equipment, investment properties and right of use assets

EUR ths.	Land and buildings (used by the Group)	Office equipment / other fixed assets	IT assets (hardware)	Right-of-use assets - Land and buildings	Property and equipment total	Investment properties
Balance as at 31 December 2023	94,467	10,440	20,145	19,596	144,648	1,173
Balance as at 31 December 2024	92,168	11,972	26,365	18,836	149,341	957

As at 31 December 2024, land and buildings were impaired in the cumulative amount of EUR 5.2 million (2023: EUR 5.8 million).

Cost of property and equipment, which are fully depreciated but still used by the Group as at 31 December 2024 amounted EUR 51.0 million (2023: EUR 50.9 million) and includes various types of tangible fixed assets.

As at 31 December 2024 the Group owned property and equipment not yet put in use in the amount of EUR 2.6 million (2023: EUR 7.2 million).

Tangible assets are insured for standard risks, such as theft, robbery, vandalism, natural disasters etc.

31. Intangible assets

The Group's intangible assets include computer software and other intangible assets.

Intangible assets with finite lives are amortised over their useful economic lives using the straight-line method. The amortisation expense is recognised in the statement of income under the line item 'Depreciation and amortisation'.

Type of Intangible assets	Useful lives in years
Software acquired	4 - 8 years
Self-constructed software within the Group	8 years
Others (licenses, patents, etc.)	4 years

Acquisition and production costs

EUR ths.	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
Balance as at 1 January 2023	261,565	36,425	2,722	300,712
Additions	7,152	-	-	7,152
Disposals	(17,275)	-	-	(17,275)
Balance as at 31 December 2023	251,442	36,425	2,722	290,589
Additions	6,545	-	-	6,545
Reclassification	(11)	-	-	(11)
Balance as at 31 December 2024	257,976	36,425	2,722	297,123

Accumulated depreciation

EUR ths.	Software acquired	Self-constructed software within the Group	Others (licenses, patents, etc.)	Total
Balance as at 1 January 2023	(243,710)	(36,425)	(2,709)	(282,844)
Amortisation and depreciation	(6,425)	-	(7)	(6,432)
Disposals	17,275	-	-	17,275
Balance as at 31 December 2023	(232,860)	(36,425)	(2,716)	(272,001)
Amortisation and depreciation	(4,480)	-	(7)	(4,487)
Balance as at 31 December 2024	(237,340)	(36,425)	(2,723)	(276,488)

Carrying amounts

EUR ths.	Software acquired	Others (licenses, patents, etc.)	Total
Balance as at 31 December 2023	18,581	7	18,588
Balance as at 31 December 2024	20,635	-	20,635

Cost of intangible assets, which are fully depreciated but still used by the Group as at 31 December 2024 amounted EUR 49.1 million (2023: EUR 43.5 million).

As at 31 December 2024 the Group owned intangible assets not yet put in use in the amount of EUR 3.9 million (2023: EUR 5.1 million).

During the year 2024 the Group put in use upgrade of the core banking system, which amounted EUR 7.6 million (2023: EUR 4.4 million).

Intangible assets are insured for standard risks, such as theft, robbery, vandalism, natural disasters etc.

32. Other assets

EUR ths.	31.12.2023	31.12.2024
Client settlement	6,317	12,123
Personnel balances	2,050	2,276
State budget, social and health insurance, taxes	11,775	262
Sundry assets	11,064	12,469
Thereof: deferred cost	9,338	9,471
Other assets	31,206	27,130

These items represent balances like:

Item Client settlement represents mainly suspense accounts or money in transit accounts that are not allocated to respective client account due to missing information or due to essence of the transaction. The main part of this items belongs to interbank clearing or open settlement with securities transactions.

Sundry assets represent other items that do not fall into the above-mentioned categories mainly deferred costs and suspense accounts.

Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Group.

Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

33. The Group as a lessor

On the side of the lessor, a distinction is made between finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. In the case of a finance lease, the Group reports a receivable from the lessee under the line item 'Finance lease receivables'. The receivable is equal to the present value of the contractually agreed payments taking into account any residual value. Interest income on the receivable is reported in the statement of income in the line item 'Other similar income' under 'Net interest income'.

Finance leases

The Group leases both movable property and real estate to other parties under finance lease arrangements. For finance lease receivables included in this item, the reconciliation of the gross investment in leases to the present value of the minimum lease payments is as follows:

EUR ths.	31.12.2023	31.12.2024
Outstanding lease payments	393,382	420,476
Gross investment	393,382	420,476
Unrealised financial income	(41,442)	(47,509)
Net investment	351,940	372,967
Present value of outstanding lease payments	351,940	372,967

Maturity analysis by residual maturities

EUR ths.	31.12.2023		31.12.2024	
	Gross investment	Present value of outstanding lease payments	Gross investment	Present value of outstanding lease payments
< 1 year	76,258	66,526	86,792	75,074
1-2 years	68,155	60,219	75,229	65,842
2-3 years	55,804	49,519	60,274	52,914
3-4 years	43,432	38,491	42,683	37,019
4-5 years	28,849	24,999	31,266	26,814
> 5 years	120,884	112,186	124,232	115,304
Total	393,382	351,940	420,476	372,967

During 2024, the Group recognised interest income on finance lease receivables in the amount of EUR 11.8 million (2023: EUR 8.5 million). Gains/(losses) from derecognition of finance lease receivables are recognized in line item 'Net other loss from derecognition of financial instruments not measured at fair value through profit or loss'.

Finance lease receivables

Gross carrying amounts and credit loss allowances per impairment buckets

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2024											
General governments	1,325	-	-	-	1,325	(7)	-	-	-	(7)	1,318
Other financial corporations	162,653	-	-	-	162,653	(348)	-	-	-	(348)	162,305
Non-financial corporations	190,819	11,975	4,024	639	207,457	(1,076)	(550)	(2,263)	(19)	(3,908)	203,549
Households	1,233	99	200	-	1,532	(6)	(3)	(117)	-	(126)	1,406
Total	356,030	12,074	4,224	639	372,967	(1,437)	(553)	(2,380)	(19)	(4,389)	368,578

EUR ths.	Gross carrying amount					Credit loss allowances					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
As at 31.12.2023											
General governments	1,300	-	-	-	1,300	(3)	-	-	-	(3)	1,297
Other financial corporations	74,023	-	-	-	74,023	(83)	-	-	-	(83)	73,940
Non-financial corporations	236,529	34,979	3,477	161	275,146	(502)	(1,473)	(2,376)	(40)	(4,391)	270,755
Households	1,173	37	261	-	1,471	(2)	-	(138)	-	(140)	1,331
Total	313,025	35,016	3,738	161	351,940	(590)	(1,473)	(2,514)	(40)	(4,617)	347,323

Movement in credit loss allowances

Eur ths.	01.01.2024	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2024
Stage 1	(590)	(188)	4	1,031	(1,694)	-	(1,437)
Stage 2	(1,473)	-	1	(201)	1,120	-	(553)
Stage 3	(2,514)	-	192	(116)	(562)	620	(2,380)
POCI	(40)	-	4	-	17	-	(19)
Total	(4,617)	(188)	201	714	(1,119)	620	(4,389)

EUR ths.	01.01.2023	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	31.12.2023
Stage 1	(395)	(161)	16	129	(179)	-	(590)
Stage 2	(510)	-	3	(1,176)	210	-	(1,473)
Stage 3	(2,726)	-	302	(112)	(133)	155	(2,514)
POCI	(11)	-	-	-	(29)	-	(40)
Total	(3,642)	(161)	321	(1,159)	(131)	155	(4,617)

Movement table of credit loss allowances above represents changes in allowances disclosed based on the reason of the change and is prepared as at the end of the reporting period in comparison to the balance as at 1 January of the relevant reporting period. The table contains allocations, releases, reclassifications between stages as well as use of the credit loss allowances. Reconciliation of such movements to income statement line 'Net impairment loss from financial instruments' is disclosed in note 10.

One significant driver of the credit loss allowance movements for the year has been the transfer of the related instruments across impairment stages. The year-end GCA of finance lease receivables that were assigned at 31 December 2024 to a different stage compared to 1 January 2024 (or to the initial recognition date, if originated during the year) are summarized below:

Transfers between stages

EUR ths.	2023	2024
Transfers between Stage 1 and Stage 2	49,223	32,662
To Stage 2 from Stage 1	31,863	8,768
To Stage 1 from Stage 2	17,360	23,894
Transfers between Stage 2 and Stage 3	432	838
To Stage 3 from Stage 2	432	838
Transfers between Stage 1 and Stage 3	302	714
To Stage 3 from Stage 1	302	714

The year-end total gross carrying amount of the finance lease receivables that were initially recognized during the reporting period and not fully de-recognized by 31 December 2024 amounts to EUR 91.5 million (2023: EUR 164.5 million). The gross carrying amounts of the finance lease receivables that were held at 1 January 2024 and fully de-recognized during the year 2024 amounts to EUR 27.3 million (2023: EUR 59.2 million).

34. Leases where the Group is a lessee

Under IFRS 16, the Group as a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The right-of-use asset is depreciated to the earlier of the end of its useful life or the end of the lease term. The Group uses the straight-line method of depreciation. The right-of-use assets are presented on the statement of financial position as part of 'Property and equipment, right-of-use assets'.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments also include the exercise price under a purchase option and lease payments in an optional renewal period are considered if the Group is reasonably certain to exercise the options. Extension and termination options are included in a number of real estate leases across the Group. The use of extension and termination options gives the Group added flexibility in case more suitable premises in terms of costs and/or location are identified or in case it is considered favourable to remain in a location beyond the original lease term.

When determining the present value of the lease payment the Group typically uses the incremental borrowing rate as the discount rate. For movables it consists of Euribor as a base rate, adjusted by a surcharge based on the entity's rating, the amount of funds borrowed, the term of the lease and the collateral provided. The determination of the incremental borrowing rate for property leases is based on two components, the market rate and the single property rate. The market rate considers the lease term, creditworthiness and the base rate Euribor and is derived from existing bank data. The single property rate represents a surcharge to the market rate based on the quality of the single property. In the statement of financial position, the lease liabilities are presented in the line item 'Lease liabilities'.

The Group primarily rents real estate such as buildings and land for headquarters, branches and parking lots. For details related to right of use assets capitalized in statement of financial position arising from leases where the Group is lessee, please see Note 30 Property, equipment, investment properties and right of use assets.

Total cash outflow for leases in 2024 was EUR 9.3 million (2023: EUR 8.9 million).

Accruals, provisions, contingent liabilities and legal proceedings

35. Other liabilities

EUR ths.	31.12.2023	31.12.2024
Client settlement	33,518	27,216
Trade payables	46,212	43,216
Personnel balances and social fund	37,987	40,083
State budget, social and health insurance, taxes	14,982	11,674
Sundry liabilities	387	1,170
Other liabilities	133,086	123,356

Item Client settlement represents mainly suspense accounts or money in transit accounts that are not allocated to respective client account due to missing information or due to essence of the transaction.

Item Trade payables represents liabilities to suppliers, including accruals and the main part belongs to unbilled deliveries, that are completed but unbilled as end of month.

Item Personnel balances and social fund mainly represents provisions for personnel costs, wage liabilities to employees and social fund contribution.

Item State budget, social and health insurance, taxes consist mainly of withholding tax and VAT tax payables that will be settled with state budget within next month.

Social fund liability, which is included in the line item 'Other liabilities', developed as follows:

EUR ths.	2023	2024
As at 1 January	6,959	7,457
Additions	3,336	4,055
Withdrawals	(2,838)	(4,523)
As at 31 December	7,457	6,989

36. Provisions

Provisions are liabilities with uncertain timing or amount. The statement of financial position line item 'Provisions' includes:

- provisions for defined employee benefit plans recognised based on requirements of IAS 19 Employee benefits
- provisions for expected credit losses from loan commitments and financial guarantees recognised based on requirements of IFRS 9; and
- remaining classes of provisions recognised in accordance with IAS 37 Provisions, contingent liabilities and contingent assets such as provisions or litigation, restructuring, commitments and guarantees not in scope of IFRS 9.

Further details on provisions for off-balance credit risk exposures in Note 26 Credit risk. Legal proceedings that do not meet the criteria for recognition of provisions are described in Note 37 Contingent liabilities.

Following classes of provision can be distinguished in the business of the Group:

EUR ths.	31.12.2023	31.12.2024
Defined employee benefit plans	7,691	10,109
Pending legal issues	11,351	8,602
Loan commitments and financial guarantees given in scope of IFRS 9	11,860	14,387
Commitments and guarantees given out of scope of IFRS 9	1,499	1,883
Provisions	32,401	34,981

Defined employee benefit plans

Defined employee benefit plans operated by the Group are for severance and jubilee benefits.

All employees that are employed are entitled to receive a severance payment if their employment is terminated by the employer or if they retire after defined employment period. The amount to be paid depends on the number of years of service and the employee's salary at termination of the employment.

Jubilee provisions are special one-off payments stipulated in the collective agreement which are dependent on remuneration and duration of service. Eligibility is conditioned on a certain minimum duration of the employment.

Obligations ensuing from defined employee benefit plans are determined using the projected unit credit method. The calculation involves actuarial assumptions which are further discussed below.

The liability recognised under a defined benefit plan represents the present value of the defined benefit obligation.

Remeasurements consist of actuarial gains and losses on the defined benefit obligations. Remeasurements of severance defined benefit plans are recognised as accumulated OCI in equity specifically under 'Remeasurement of defined benefit pension liabilities' in the statement of changes in equity. The change for the period is reported as OCI in the statement of comprehensive income in the line 'Remeasurement of defined benefit plans'. Remeasurements of jubilee defined benefit plans are recognised in the statement of income under the line item 'Personnel expenses'.

Long-term employee provisions

The Group has a defined employee benefit program under which all employees are entitled to a lump-sum payment upon working anniversaries or retirement. The number of employees under this program is disclosed in the note 8 General administrative expenses.

The amounts relating to long-term employee provisions recognised on the statement of financial position, in the income statement and in the statement of other comprehensive income were as follows:

EUR ths.	Long-term employee provision	Severance payments	Working anniversaries provision	Total
Present value of long-term employee benefit obligations – 01.01.2023	3,495	-	2,101	5,596
Service cost	231	1,588	184	2,003
Interest cost	60	-	36	96
Payments	(341)	-	(269)	(610)
Actuarial gains/losses recognised in OCI	423	-	183	606
Experience adjustments	423	-	183	606
As at 31.12.2023	3,868	1,588	2,235	7,691
As at 01.01.2024	3,868	1,588	2,235	7,691
Service cost	233	2,144	182	2,559
Interest cost	84	-	48	132
Payments	(567)	-	(212)	(779)
Other changes	(24)	-	(11)	(35)
Actuarial gains/losses recognised in OCI	535	-	6	541
Experience adjustments	535	-	6	541
As at 31.12.2024	4,129	3,732	2,248	10,109

Actuarial assumptions

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about interest rates, future pension increases, future salary increases and mortality rates.

The actuarial calculation of long-term employee provision used the following assumptions:

Long-term employee provision	2023	2024
Annual discount rate	2.18%	1.87%
Annual rate of salary increase in future	0.00%	0.00%
Annual employee turnover	5,69% - 13,16%	4,96% - 9,13%
Retirement age	64 years	64 years

The actuarial calculation of working anniversaries provision used the following assumptions:

Working anniversary provision	2023	2024
Annual discount rate	2.18%	1.87%
Annual rate of salary increase in future	0.00%	0.00%
Annual employee turnover	5,69% - 13,16%	4,96% - 9,13%
Retirement age	64 years	64 years

In the calculation of long-term employee provisions official mortality tables published by the Statistical Office were used.

Sensitivity to key assumption

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the statement of financial position. The analysis is based on relative change in employee turnover by 10%.

EUR ths.	31.12.2023	31.12.2024
Change in the annual employee turnover +10%	3,621	3,982
Change in the annual employee turnover -10%	4,085	4,294

Financial guarantees

In the ordinary course of business, the Group provides financial guarantees, consisting of various types of letters of credit and guarantees.

The Group as a guarantor recognises financial guarantees as soon as it becomes a contracting party. Financial guarantees are initially measured at fair value. Generally, the initial measurement is the premium received for a guarantee. This amount is subsequently amortised to fee income. If no premium is received at contract inception (i.e. the initial transaction price is zero), this is the price that would be paid to transfer the liability in an orderly transaction between market participants. As a result, the fair value of such a financial guarantee and thus the initial measurement is nil. Subsequent to initial recognition, provisions are recognised based on the expected credit loss impairment model if the amount is higher than the unamortised balance of the initial premium. They are presented on the statement of financial position under the line 'Provisions'. The premium received is recognised in the statement of income under the line item 'Fee and commission income' under 'Net fee and commission income' on a straight-line basis over the life of the guarantee.

If the Group is a guarantee holder, the treatment depends on whether the financial guarantee is considered as integral to the contractual terms of financial assets whose risk is guaranteed. The Group considers as integral those guarantees which are entered into at or close to the inception of the guaranteed financial assets. If the bank has in a loan contract an option to require provision of a guarantee, it is also considered as integral.

Integral financial guarantees are included in the estimates of expected credit losses from the related financial assets. Premiums paid for integral financial guarantees and other credit enhancements are considered in the EIR of the related financial assets. Financial guarantees which are not considered integral are recognised as reimbursement assets under 'Other assets' in the statement of financial position. In the statement of income, they reduce the impairment loss incurred on guaranteed financial assets under 'Net impairment loss from financial instruments'. A precondition for this treatment is that it must be virtually certain that the guarantee would reimburse the bank for the loss. Premiums paid for non-integral financial guarantees are presented in the statement of income under the line item 'Fee and commission expense' under 'Net fee and commission income'.

Provision for commitments and financial guarantees given

Provisions for commitments and financial guarantees were created to cover losses expected in unused loan commitments, guarantees and letters of credits. The amount of these provisions is estimated with respect to credit risk relating to affected items, as well as time value of money (i.e. current market interest rates used for discounting).

The following table presents movements in the provision for commitments and financial guarantees:

EUR ths.	01.01.2024	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between stages	31.12.2024
Stage 1	3,274	34,188	(9,852)	(24,630)	(122)	2,858
Stage 2	5,313	-	(6,928)	2,629	9,022	10,036
Stage 3	2,259	-	(1,973)	792	145	1,223
POCI	1,014	-	(2,044)	1,300	-	270
Total	11,860	34,188	(20,797)	(19,909)	9,045	14,387

Of which provisions for financial guarantees represent the amount of EUR 0.0 million as at 31. December 2024.

EUR ths.	01.01.2023	Increases due to origination and acquisition	Decreases due to derecognition	Net changes due to change in credit risk	Transfers between stages	31.12.2023
Stage 1	4,097	47,172	(13,419)	(31,810)	(2,766)	3,274
Stage 2	10,438	-	(6,276)	(4,656)	5,807	5,313
Stage 3	1,946	-	(2,135)	2,202	246	2,259
POCI	4,556	-	(1,522)	(2,020)	-	1,014
Total	21,037	47,172	(23,352)	(36,284)	3,287	11,860

Of which provisions for financial guarantees represent the amount of EUR 0.5 million as at 31 December 2023.

Movement table of credit loss allowances above represents changes in allowances disclosed based on the reason of the change and is prepared as at the end of the reporting period in comparison to the balance as at 1 January of the relevant reporting period. The table contains allocations, releases of the credit loss allowances and reclassifications between stages. Reconciliation of such movements to income statement line 'Net impairment loss from financial instruments' is disclosed in note 10 Net impairment loss from financial instruments.

In column 'Increases due to origination and acquisition' increases of credit risk allowances due to the initial recognition of commitments and guarantees given during the current reporting period are disclosed. Releases of credit risk allowances following the derecognition of the related commitments and guarantees given are reported in column 'Decreases due to derecognition'.

Provisions for pending legal issues and other provisions

Expenses or income related to these provisions are reported in the statement of income under the line item 'Other operating result'.

Provisions for legal issues relate to legal cases where the Group is sued and which arose from normal banking activities. During the reporting period the Group does not participate in any new passive legal cases.

The item 'Other provisions' includes provision on contribution to Resolution fund and provision on contribution to Deposit protection fund during the year. When the actual amount of contributions is announced, the payment is accounted for as utilisation of particular provision. Both contributions for the year 2024 were paid in full amount, therefore the Group does not disclose these items as other provisions.

The following table presents development of legal issues as well as other provisions:

EUR ths.	01.01.2024	Addition	Use	Release	31.12.2024
Pending legal issues	11,351	1,716	(289)	(4,176)	8,602
Commitments and guarantees given out of scope of IFRS9	1,499	1,076	-	(692)	1,883
Other provisions	-	2,540	(2,540)	-	-
Other	-	2,540	(2,540)	-	-
Provisions for deposit insurance fund	-	2,540	(2,540)	-	-
Total	12,850	5,332	(2,829)	(4,868)	10,485

EUR ths.	01.01.2023	Addition	Use	Release	31.12.2023
Pending legal issues	9,857	1,708	(214)	-	11,351
Commitments and guarantees given out of scope of IFRS9	2,304	-	-	(805)	1,499
Other provisions	179	6,841	(6,841)	(179)	-
Restructuring provision	179	-	-	(179)	-
Other	-	6,841	(6,841)	-	-
Provisions for deposit insurance fund	-	2,394	(2,394)	-	-
Provisions for recovery resolution fund	-	4,447	(4,447)	-	-

Total	12,340	8,549	(7,055)	(984)	12,850
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The movement of other provisions related to the provisions for Deposit protection fund and Resolution fund accounted for in accordance with IFRIC 21.

Additions and releases of provision for pending legal issues and commitments and guarantees given out of scope of IFRS 9 are included in the line Other operating result in Consolidated Statement of Income.

Additions for provision for deposit insurance fund are included in the line Other administrative expenses in Consolidated Statement of Income.

37. Contingent liabilities

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do involve credit risk and are therefore part of the overall risk of the Group (see Note 26 Credit risk).

Legal proceedings

The Group is involved in legal disputes, most of which have arisen in the course of ordinary banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of the Group.

Capital instruments, equity and reserves

38. Total equity

in EUR ths.	31.12.2023	31.12.2024
Subscribed capital	212,000	212,000
Legal reserve fund	79,795	79,795
Other funds	39,104	39,104
Retained earnings	1,645,680	1,693,233
Additional equity instruments	480,000	480,000
Other components of equity	(619)	(1,175)
Owners of the parent	2,455,960	2,502,957
Non-controlling interests	8,645	1,949
Total	2,464,605	2,504,906

As at 31 December 2024, subscribed capital (also known as registered capital) consists of 212,000 (2023: 212,000) voting shares (ordinary shares). Nominal value of share is EUR 1,000.00. Subscribed capital was fully paid. Retained earnings and other reserves represent accumulated net profit brought forward, as well as income and expenses recognised in other comprehensive income. In December 2023, the Group contributed to its subsidiary in amount of EUR 18.0 million, out of which EUR 7.1 million was attributable to Non-controlling interests. In October 2024, SLSP Social Finance signed an amendment to Company's Memorandum of Association which led to a decrease in non controlling interest in amount of EUR 6.9 million.

Additional equity instruments

The Bank issued additional tier 1 capital (AT1 bonds) reported in the column 'Additional equity instruments' in the statement of changes in equity. AT1 bonds shall constitute direct, unsecured and subordinated bonds. AT1 bonds are perpetual and can be cancelled only by the issuer at predetermined dates. The bonds include discretionary non-cumulative coupon payments. Due to these features, they are classified as equity under IFRS.

AT1 bonds issued

Name	ISIN	Nominal value	Currency	Issue date	Initial fixed rate	Reset rate after the first call date	Coupon payments	First and subsequent calls dates
EUR 100,000,000 Undated Fixed to Fixed AT1 Notes	AT0000A35Y77	100,000,000	EUR	27.6.2023	9,43% p.a.	M/S + 618 bps	Annually	27.6.2028 and each Distribution Payment Date following the First Reset Date
EUR 80,000,000 Undated Fixed to Fixed Resettable Additional Tier 1 Notes	AT0000A2UFJ4	80,000,000	EUR	30.11.2021	4,49% p.a.	M/S + 457 bps	Semi-annually	30.11.2026 and each Distribution Payment Date following the First Reset Date
SLSP AT1 PNC5 IC 2020 II	SK4000018172	150,000,000	EUR	23.11.2020	4,82% p.a.	M/S + 527 bps	Semi-annually	23.11.2025 and each Distribution Payment Date following the First Reset Date
SLSP AT1 PNC5 IC 2020	SK4000016788	150,000,000	EUR	27.2.2020	4,15% p.a.	M/S + 449 bps	Semi-annually	27.2.2025 and each Distribution Payment Date after 27.2.2025 falling one year after the previous Call Redemption Date

Distributions on own equity instruments

Distributions on own equity instruments are recognised when their payment is confirmed. For dividends on common shares as well as for coupons on Additional Tier 1 instruments the decision is taken by the Annual General Meeting.

The following table presents distribution of individual profits of the Bank for the years 2023 (approved) and 2024 (proposed):

Profit distribution (in EUR ths.)	31.12.2023	31.12.2024
Profit for the year	308,576	283,016
Coupon payment for AT1 bond SK4000016788*	6,225	10,380
Coupon payment for AT1 bond SK4000018172	7,230	7,230
Coupon payment for AT1 bond AT0000A2UFJ4	3,592	3,592
Coupon payment for AT1 bond AT0000A35Y77	9,430	9,430
Dividends paid to shareholder from profit for the year	218,062	231,992
Transfer to retained earnings	64,036	20,393
Number of shares with nominal value of EUR 1 000 (in pcs.)	212,000	212,000
Dividend per share (in EUR)	1,029	1,094

* Based on estimated 5y EUR mid swap rate as of 25th February 2025 (estimation as of 28th January 2025), actual rate will/might differ.

Dividends for the year 2023 were paid in March 2024 in amount of EUR 218 million following the resolution of General Assembly of the Bank dated 27 March 2024.

As at 27 February 2024 was paid coupon payment from investment certificate SLSP AT1 PNC5 IC 2020 in amount of EUR 3.1 million.

On 23 May 2024, a coupon was paid from the investment certificate SLSP AT1 PNC5 IC 2020 II in the value of EUR 3.6 million and then on 30 May 2024, a coupon from the investment certificate EUR 80,000,000 Undated Fixed to Fixed Resettable Additional Tier 1 Notes was paid in the amount of EUR 1.8 million.

As at 27 June 2024 was paid coupon payment from investment certificate EUR 100,000,000 Undated Fixed to Fixed AT1 Notes in amount EUR 9.6 million.

As at 27 August 2024 was paid coupon payment from investment certificate SLSP AT1 PNC5 IC 2020 in amount EUR 3.1 million.

On 25 November 2024 was paid from coupon payment from investment certificate SLSP AT1 PNC5 IC 2020 II in amount of EUR 3.6 million and then on 02 December 2024, a coupon from investment certificate EUR 80,000,000 Undated Fixed to Fixed Resettable Additional Tier 1 Notes was paid in the amount of EUR 1.8 million.

Legal reserve fund

According to Commercial Code all companies are required to create a legal reserve fund to cover adverse financial conditions in the future. The Group is obliged to contribute to the fund the amount, which is not less than 10% of its annual net profit until the cumulative amount of annual contributions reaches 20% of its share capital. As at 31 December 2024 Legal reserve fund amounted to EUR 79.8 million (2023: EUR 79.8 million) and in both years exceeded the required 20% of the share capital. Legal reserve fund is not available for distribution to the shareholder.

Other funds

Other funds include only Statutory fund created from distributable profits to strengthen the Group's capital base. This fund is not available for distribution to the shareholder. Once the Group's share capital or legal reserve fund is increased, Statutory fund may be terminated and transferred back to the distributable profits with the approval of the Supervisory Board and of the General Assembly. As at 31 December 2024 Statutory fund amounted EUR 39.1 million (2023: EUR 39.1 million).

Fair value reserve

Fair value reserve represents the unrealised revaluation of financial assets measured at fair value through other comprehensive income. This reserve is not available for distribution to the shareholder.

Remeasurements of defined benefit pension liabilities

This equity component reflects the results of actuarial calculations related to the pension provision. As at 31 December 2024 the remeasurement of the pension provision amounted EUR 1.6 million (2023: EUR 1.3 million), net of deferred tax.

Scope of consolidation

39. Subsidiaries

The following table presents overview of the carrying amounts of investments in subsidiaries, however these subsidiaries are fully consolidated within this consolidated financial statements:

EUR ths.	Cost		Impairment		Net book value	
	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Subsidiaries						
Procurement Services SK, s.r.o.	3	3	-	-	3	3
SLSP Social Finance, s.r.o.	21,052	34,322	-	-	21,052	34,322
LANED a.s.	25,807	25,807	-	-	25,807	25,807
SLSP Seed Starter, s.r.o.	1,697	2,392	-	-	1,697	2,392
Total	48,559	62,524	-	-	48,559	62,524

Investments in subsidiaries of Slovenská sporiteľňa, a.s.

EUR ths.	Procurement Services SK, s.r.o.		SLSP Social Finance, s.r.o.		LANED a.s.		SLSP Seed Starter, s.r.o.	
	2023	2024	2023	2024	2023	2024	2023	2024
Place of business	Tomášikova 48, 832 75 Bratislava, Slovakia		Tomášikova 48, 832 01 Bratislava, Slovakia		Tomášikova 48, 832 71 Bratislava, Slovakia		Tomášikova 48, 831 04 Bratislava, Slovakia	
Main business activity	Procurement		Advisory services		Real estate company		Advisory services	
Ownership held	51.00%		60.40%		100.00%		100.00%	
Voting rights held	51.00%		60.40%		100.00%		100.00%	
IFRS Classification	Subsidiary		Subsidiary		Subsidiary		Subsidiary	
Reporting currency	EURO		EURO		EURO		EURO	
Dividend income received	19	19	-	-	-	-	-	-
Investee's key financial information for the reporting year								
Cash and cash equivalents	179	232	189	149	8,577	9,417	506	157
Other current assets	26	61	-	-	14	47	372	5
Non-current assets	31	34	29,393	43,002	44,559	43,075	416	1,246
Current liabilities	-	266	7,047	14	18,263	2,001	-	6
Non-current liabilities	175	-	12	7,064	300	14,432	1	-
Operating result	(135)	(866)	(13)	(57)	(36)	1,601	(303)	(599)
Post-tax result from continuing operations	(135)	37	(13)	279	(36)	1,520	(311)	(586)
Total comprehensive result	(135)	37	(13)	279	(36)	1,520	(311)	(586)
Depreciation and amortization	-	-	-	-	-	(3,848)	-	-
Interest income	-	-	10	11	-	-	15	33
Interest expense	-	-	-	(28)	-	(941)	-	-
Tax expense/income	-	(7)	-	(2)	-	(14)	-	(1)

Changes in subsidiaries during the year 2024

During the first half of the year 2024 the Bank contributed to capital funds of subsidiary SLSP Social Finance, s.r.o. in the amount of EUR 13.3 million.

During the year 2024 the Bank invested in the subsidiary SLSP Seed Starter, s.r.o. to increase capital funds in the amount of EUR 0.7 million.

40. Investments in associates and joint ventures

In the case of the Group, all equity method investments are direct or indirect investments in associates and joint ventures over which the Group exercises significant influence or joint control stemming from voting power greater than 20% up to 50%.

The following table presents overview of the carrying amounts of investments in associates:

EUR ths.	Cost		Impairment CONS		Equity CONS		Net book value	
	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Associates								
Prvá stavebná sporiteľňa, a.s.	1,093	1,093	(19,275)	(19,606)	29,942	31,098	11,760	12,585
Slovak Banking Credit Bureau, s.r.o.	3	3	-	-	99	107	102	110
Holding Card Service s.r.o.	7,049	7,049	-	-	2,497	2,322	9,546	9,371
Dostupný Domov j.s.a. (associate of SLSP Social Finance, s.r.o.)	11,391	25,000	339	-	(1,120)	(1,692)	10,610	23,308
Dostupný Nájom j.s.a. (associate of SLSP Social Finance, s.r.o.)	18,002	18,002	-	-	16	443	18,018	18,445
Total	37,538	51,147	(18,936)	(19,606)	31,434	32,278	50,036	63,819

The following table presents overview of the carrying amounts of investments in joint ventures:

EUR ths.	Cost	Impairment CONS	Equity CONS	Net book value
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	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Joint ventures								
Monilogi s.r.o.	1,924	2,032	-	-	(1,377)	(1,348)	547	684
Total	1,924	2,032	-	-	(1,377)	(1,348)	547	684

The Group regularly tests the impairment of the associated company Prvá stavebná sporiteľňa, a.s. ("PSS") for impairment based on a forecast of the company's business plan for a period of 5 years through the regular budgeting process. In the valuation model a dividend discount method ("DDM") is applied, which is commonly used for the valuation of financial institutions. The DDM capitalizes expected future dividends that can potentially be paid out to the shareholders ("Flow-to-Equity") after fulfilling any regulatory capital requirements. For valuation purposes, the flows-to-equity are determined based on the expected profits after tax and regulatory requirements. The valuation relevant flows-to-equity are discounted with the cost of equity based on the commonly used CAPM model-based principles (Capital Asset Pricing Model). The risk-free rate used in the discount rate is derived from the yield curve with a maturity of 30 years of a German bond, which is published by the German Federal Bank. The beta-factor is estimated from a peer group of comparable-stock listed companies. The Country Risk Premium is based on data published by Prof. Damodaran on a regularly update. To determine the Market Risk Premium implicit market returns are considered. The model is most sensitive on changes of discount rate and earnings growth rate.

In 2024 was the impairment of the investment in Prvá stavebná sporiteľňa, a.s. in the amount of EUR 0.3 million and recognised as expense in line item 'Other operating result'. In 2023 the carrying amount of Prvá stavebná sporiteľňa, a.s. was impaired in the amount of EUR 1.5 million. The impairment loss was disclosed in line item 'Other operating result'.

Investments in associates and joint ventures of Slovenská sporiteľňa, a.s.

EUR ths.	Monilogi s.r.o.*		Prvá stavebná sporiteľňa, a.s. ("PSS")**		Slovak Banking Credit Bureau, s.r.o.**		Holding Card Service s.r.o.		Dostupný Domov j.s.a. (associate of SLSP Social Finance, s.r.o.)		Dostupný Nájom j.s.a. (associate of SLSP Social Finance, s.r.o.)	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Place of business	Mlynské nivy 1 821 09 Bratislava, Slovakia		Bajkalská 30 829 48 Bratislava, Slovakia		Mlynské nivy 14 821 09 Bratislava, Slovakia		Olbrachtova 1929/62 140 00 Praha 4, Czech republic		Farská 48 949 01 Nitra, Slovakia		Farská 48 949 01 Nitra, Slovakia	
Main business activity	Cash handling		Banking		Retail credit register		Equity release company		Rental of real estate and related services		Rental of real estate and related services	
Ownership held	26.00%	28.00%	9.98%		33.33%		21.78%		49.88%	49.94%	49.88%	
Voting rights held	26.00%	28.00%	35.00%		33.33%		21.78%		49.88%	49.94%	49.88%	
IFRS Classification	Joint venture		Associate		Associate		Associate		Associate		Associate	
Reporting currency	EURO		EURO		EURO		EURO		EURO		EURO	
Investee's key financial information for the reporting year												
Cash and cash equivalents	977	984	13,237	711	287	332	20	17	1,499	1,352	60,045	1,676
Other current assets	1,727	466	194,406	106,901	1,114	7	-	-	854	112	10	851
Non-current assets	1,637	2,351	2,917,774	2,906,311	-	-	43,809	43,008	35,408	53,532	-	59,144
Current liabilities	1,831	1,226	2,496,726	2,340,715	1,105	6	-	-	16,482	2,243	-	189
Non-current liabilities	17	7	316,843	350,649	1	2	-	-	5	6,084	-	-
Operating result	(1,980)	3,867	30,348	30,927	(115)	(113)	(3)	(2)	(1,484)	(1,298)	51	1,843
Post-tax result from continuing operations	(2,486)	716	20,798	10,628	33	37	(3)	(2)	(1,385)	(1,144)	51	1,427
Total comprehensive result	(2,486)	716	20,651	10,711	33	37	(3)	(2)	(1,385)	(1,144)	51	1,427
Depreciation and amortization	(324)	(541)	(6,414)	(6,078)	-	-	-	-	(568)	(984)	-	(1)
Interest income	-	-	96,537	95,688	-	-	-	-	-	240	51	2,165
Interest expense	(1)	-	(34,191)	(39,143)	(2)	(2)	-	-	(314)	(181)	-	-
Tax expense/income	-	-	(4,476)	(8,309)	-	-	-	-	-	(50)	-	(416)

*The results for the year ended 31.12.2023 disclosed in the table are unaudited data for 11 months. The results for the year ended 31.12.2024 are unaudited data for 12 months.

**The table discloses unaudited data for 11 months.

Changes in associates and joint ventures during the year 2024

In June 2024, the Bank made a cash deposit in the amount of EUR 0.1 million to the joint venture Monilogi, s.r.o. The Bank's ownership share of joint venture Monilogi, s.r.o have increased from 26% (31.12.2023) to 28%.

During the first half of the year the Bank increased its investment in its associate Dostupný Domov j.s.a. to increase capital funds in the amount of EUR 13.3 million.

Other disclosure matters

41. Related-party transactions and principal shareholders

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group is controlled by the only shareholder Erste Group Bank AG, which directly owns 100% share on the voting rights of the Bank. Further related parties include subsidiaries, which are under control of the Bank, associates and joint ventures over which the Bank has significant influence. Moreover, other members of the Erste Group are also related parties of the Bank.

Transactions with related parties occur in the normal course of business and primarily include loans and deposits. These transactions are performed at arm's length, i.e. the terms and conditions applied respect market conditions.

Balances exposures with related parties

EUR ths.	Erste Group Bank AG		Companies of Erste Group		Associates and joint ventures	
	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Assets						
Cash and cash equivalents	7,709	15,926	730	412	-	-
Derivatives	26,167	10,862	6	-	-	-
Derivatives - Hedge accounting	23,027	31,595	-	-	-	-
Securities	-	-	-	-	5,265	5,260
Loans and advances to banks	4,330	3,811	46	507	10,030	10,026
Loans and advances to customers	-	-	3,327	2,639	-	-
Other assets	35	139	-	-	-	-
Total assets	61,268	62,333	4,109	3,558	15,295	15,286
Liabilities						
Derivatives held for trading	32,586	35,977	-	10	-	-
Deposits from banks	10,567	229	3,423	57	113	110
Deposits from customers	-	-	7,305	10,428	-	-
Debt securities issued	506,803	318,554	2,899	2,947	-	-
Derivatives - hedge accounting	64,227	31,831	-	-	-	-
Other liabilities	307	659	2,340	2,305	-	-
Total liabilities	614,490	387,250	15,967	15,747	113	110
Financial guarantees given	19,763	15,835	13,971	13,613	-	-
Financial guarantees received	19,359	15,931	13,812	13,512	-	-

Expenses/Income generated by transactions with related parties

EUR ths.	Erste Group Bank AG		Companies of Erste Group		Associates and joint ventures	
	2023	2024	2023	2024	2023	2024
Interest income	25,263	26,676	30	13	871	1,174
Interest expense	(40,326)	(52,018)	(107)	(78)	(1)	-
Dividend income	-	-	-	435	-	-
Net fee and commission income	130	843	18,215	22,299	-	4
Net trading result	5,630	24,885	(1,846)	376	-	-
General administrative expenses	(3,976)	(4,361)	(22,771)	(25,401)	-	-
Other operating result	331	120	636	668	-	-
Total	(12,948)	(3,855)	(5,843)	(1,688)	870	1,178

Terms of contracts (excluding derivatives) with related parties

	31.12.2024		31.12.2023	
	Maximum maturity	Weighted average contractual interest rate	Maximum maturity	Weighted average contractual interest rate
Assets				
Securities	2031	2.61%	2031	3.32%
Loans and advances to banks	2025	3.19%	2029	4.14%
Loans and advances to customers	2029	4.58%	2028	5.55%
Liabilities				
Deposits from banks	2025	0.06%	2024	2.64%
Deposits from customers	2025	0.34%	2024	0.26%
Debt securities issued	2029	1.17%	2029	0.90%

The maturity of the guarantees received and given is in some cases more than 10 years.

Transactions with related parties are done at arm's length.

The Group received financial guarantees to its parent company Erste Group Bank AG covering clients' exposures in the amount of EUR 15.9 million as at the reporting date.

The Group received financial guarantees to its sister company Česká spořitelna, a.s. covering clients' exposures in the amount of EUR 0.5 million and to its sister company Erste Group Bank Hungary ZRT in amount of EUR 13.0 million as at the reporting date.

The amounts with Erste Group Bank AG reported in the line items 'Interest income' and 'Net trading result' represent results from derivative instruments used to close positions with the clients.

All issued investment certificates disclosed as AT1 instruments in equity at 31 December 2024 were purchased by Erste Group Bank AG (see note 38).

As at 31 December 2024 and in 2023, the Group did not receive any dividends from its associates.

Remuneration of management and supervisory board members

The remuneration of the Board of Directors members and the Supervisory Board members paid during the year 2024 in form of short-term employee benefits amounted to EUR 3.4 million (2023: EUR 3.7 million). The remuneration policy of the Board of Directors members is in compliance with CRD directive as adopted in the national legislation.

42. Audit fees and tax consultancy fees

The following table contains fees charged by the auditors of the Bank and subsidiaries for the financial years 2024 and 2023; the auditors being PricewaterhouseCoopers Slovensko, s.r.o.

EUR ths.	2023	2024
Audit of consolidated financial statements	(711)	(750)
Other assurance services	(157)	(519)
Other non-audit services	(30)	(12)
Total	(898)	(1,281)

Other assurance services in the amount of EUR 519 thousand (2023: EUR 157 thousand) related to a review of the special-purpose standard reporting forms: Half Year review; ISAE 3402 Custody Type II report; limited assurance for CSRD reporting; NBS loan portfolio ALM; SRB AUP, review of the report for the resolution authority. Other non-audit services in the amount of EUR 12 thousand (2023: EUR 30 thousand) related to agreed-upon procedures on the Bank's compliance with terms of grant agreement.

43. Analysis of remaining maturities

Expected remaining maturities of assets and liabilities

EUR ths.	< 1 year		> 1 year	
	31.12.2023		31.12.2024	
Assets				
Cash and cash equivalents	3,030,858	-	1,988,940	-
Financial assets HFT	3,379	56,910	36,067	12,034
Derivatives	3,379	56,910	36,067	12,034
Non-trading financial assets at FVPL	-	19,438	-	27,358
Equity instruments	-	11,922	-	20,732
Debt securities	-	7,516	-	6,626
Financial assets at AC	2,944,893	19,582,251	2,871,143	20,532,607
Debt securities	351,457	3,769,724	310,383	4,161,227
Loans and advances to banks	10,032	-	10,408	-
Loans and advances to customers	2,583,404	15,812,527	2,550,352	16,371,380
Finance lease receivables	61,909	285,414	67,791	300,787
Hedge accounting derivatives	1,819	22,605	863	31,921
Property and equipment, right-of-use assets	-	144,648	-	149,341
Investment properties	-	1,173	-	957
Intangible assets	-	18,588	-	20,635
Investments in associates	-	50,583	-	64,503
Current tax assets	40	-	617	-
Deferred tax assets	-	70,201	-	83,039
Trade and other receivables	133,614	-	163,691	-
Other assets	31,206	-	27,130	-
Total assets	6,207,718	20,251,811	5,156,242	21,223,182

EUR ths.	< 1 year		> 1 year	
	31.12.2023		31.12.2024	
Liabilities				
Financial liabilities HFT	2,633	53,963	35,507	10,015
Derivatives	2,633	53,963	35,507	10,015
Financial liabilities at AC	18,899,038	4,769,674	19,186,855	4,430,762
Deposits from banks	1,076,316	170,847	43,504	162,420
Deposits from customers	17,306,340	273,836	18,463,030	271,693
Debt securities in issued	333,128	4,324,991	625,591	3,996,649
Other financial liabilities	183,254	-	54,730	-
Lease liabilities	7,411	12,745	7,419	13,772
Hedge accounting derivatives	7,569	56,658	5,999	25,832
Provisions	14,947	17,454	20,003	14,978
Current tax liabilities	19,746	-	20	-
Deferred tax liabilities	-	-	-	-
Other Liabilities	133,086	-	123,356	-
Total liabilities	19,084,430	4,910,494	19,379,159	4,495,359

44. Events after the balance sheet date

There are no significant events after the balance sheet date that require disclosure or adjustment to these consolidated financial statements.

STATEMENT OF MEMBERS OF THE MANAGEMENT BOARD

We confirm that to the best of our knowledge the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties to which the Group is exposed.



Ing. Peter Krutil

Chairman of the Board of Directors
and Chief Executive Officer



Ing. Pavel Cetkovsky

Member of the Board of Directors
and Deputy of Chief Executive Officer

Bratislava, 18 February 2025

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