Privatbanka, a.s.

ANNUAL REPORT 2024

This is an English language translation of the original Slovak language document.

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Prepared in accordance with International Financial
Reporting Standards, as adopted by the European Union
for the year ended 31 December 2024
and Independent Auditor's Report

INTRODUCTION

The Annual Report of Privatbanka, a.s. ("the "Bank") has been prepared pursuant to Article 77 of Act No. 566/2001 Coll. on Securities and Investment Services, as amended, pursuant to Article 20 of Act No. 431/2002 Coll. on Accounting, as amended, and pursuant to Article 37 of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended.

1. DETAILS OF THE REPORTING ENTITY

Business name:	Privatbanka, a.s.
Registered office:	Einsteinova 25, 851 01 Bratislava
Company ID:	31634419
Date of incorporation:	9 August 1995
Founder:	Fond národného majetku Slovenskej republiky, Drieňová 27, 821 01 Bratislava, Slovak Republic, Slovenská poisťovňa, a.s., Strakova 1, 815 74 Bratislava, Slovak Republic, Slovenská sporiteľňa, a.s., Zelená 2, 816 07 Bratislava, Slovak Republic
Share capital:	EUR 25,120,648.06
Contact person:	Ing. Eva Hirešová
Tel:	02/3226 6111
Fax:	02/3226 6900
E-mail:	privatbanka@privatbanka.sk
Website:	www.privatbanka.sk

2. SCOPE OF BUSINESS

A banking license was granted to the Bank for the following activities:

1. Receipt of deposits
2. Provision of loans
3. Investing in securities on own account
4. Trading on own account:
   a) With money market financial instruments in euros and foreign currency, including foreign exchange activities
   b) With capital market financial instruments in euros and foreign currency
   c) With coins made of precious metal, commemorative banknotes and coins, sheets of banknotes, and sets of coins for circulation
5. Administration of a clients' receivables on the clients' account, including related advisory services
6. Finance leasing
7. Provision of guarantees; opening and confirmation of letters of credit
8. Provision of business advisory services
9. Issue of securities, participation in issuing securities and provision of related services
10. Financial intermediation
11. Custody of valuables
12. Safe hire
13. Provision of banking information
14. Acting as a depository according to a special regulation
15. Processing of banknotes, coins, commemorative banknotes and coins
16. Provision of investment services, investment activities, and ancillary services in accordance with Article 79 (1) and in connection with Article 6 (1) and (2) of Act 566/2001 Coll. on Securities and Investment Services and on an Amendment to Certain Acts, as amended, in the following scope:
    I. Acceptance and forwarding of clients' instructions for one or several of the following financial instruments:

a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities
d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

II. Execution of client instructions on the client's account in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities
d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

III. Trading on own account in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities
d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

IV. Portfolio management in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities
d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

V. Investment consulting in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities
d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

VI. Underwriting and placement upon a firm commitment in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities

VII. Placement without a firm commitment in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities

VIII. Custody and management on clients' account, including custodian management and related services, in particular the management of cash and financial collaterals in relation to the following financial instruments:
a) Convertible securities
b) Money market instruments
c) Trustee shares or securities issued by foreign collective investment entities

IX. Granting of loans and borrowings to an investor to be able to trade one or several financial instruments if the lender or provider of the borrowing is involved in the transaction

X. Trading of foreign exchange values if they are associated with the provision of investment services

XI. Performance of investment surveys and financial analysis or other forms of general recommendation for trading in financial instruments

XII. Services related to the underwriting of financial instruments

17. Provision of payment services and settlement
18. Issue and administration of electronic money

3. PUBLICATION OF THE ANNUAL REPORT

The Annual Report is published on the Bank's website.

4. CONSOLIDATED FINANCIAL STATEMENTS

(Article 77 (2) (b1) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

Pursuant to Article 22 (12) of Act No. 431/2002 Coll. on Accounting, as amended, the Bank did not prepare consolidated financial statements for the year ended 31 December 2024, since the subsidiary Privatfin, s.r.o., with its registered office at Einsteinova 25, 851 01 Bratislava, Company ID: 36 037 869, does not have a significant impact on the Bank's consolidation group. The judgment on the financial position, expenses, revenues and results of operations of the Bank's consolidation group has not been significantly affected by preparing only the Bank's separate financial statements.

5. AUDIT OF FINANCIAL STATEMENTS

(Article 77 (2) (a) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 20 (1) of Act No. 431/2002 Coll. on Accounting, as amended)

The Bank's financial statements as at 31 December 2024, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, were audited on 4 April 2025 by Ernst & Young Slovakia, spol. s r.o., Licence SKAU No. 257, Ing. Dalimil Draganovský, statutory auditor License SKAU No. 893.

6. REPORT ON FINANCIAL POSITION

a) INFORMATION ON THE BANK'S DEVELOPMENT, CURRENT SITUATION, SIGNIFICANT RISKS AND UNCERTAINTIES IN 2024

(Article 77 (2) (b1) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 20 (1) (a) of Act No. 431/2002 Coll. on Accounting, as amended)

In 2024, Privatbanka, a.s. achieved a net profit of EUR 11.6 million. Compared to 2023, the bank's net profit decreased by 43% year-over-year, with the main reason for the decline being a significant 109% increase in payable tax. The bank's operating profit reached EUR 23.8 million, representing a 14% increase compared to the previous year. On this basis, in 2024, Privatbanka, a.s. achieved a return on capital (ROE indicator) of 10.5%.

Comparison of financial indicators

EUR ‘000	31.12.2024	31.12.2023	Change	Change in %
Total assets	902 147	855 017	47 130	6%
Cash and balances with central banks	226 893	252 145	(25 252)	(10%)
Loans and advances to banks	50 487	60 243	(9 756)	(16%)
Loans and advances to customers	437 396	365 915	71 481	20%
Securities	177 085	167 530	9 555	6%
Deposits from customers	771 365	718 560	52 805	7%
Debt securities issued	50	50	-	-
Share capital	25 121	25 121	-	-
Equity	117 490	122 182	(4 692)	(4%)
Regulatory capital	104 117	96 213	7 904	8%
Adequacy of regulatory capital	19,55%	19,49%	0,06	

The largest contribution to these results was from net interest income, which reached a value of EUR 23 million at the end of the year. The second largest source of revenue was net revenues from fees and commissions of EUR 18.3 million, representing an increase by 35% on the previous year.

The Bank’s total assets at the end of 2024 amounted to EUR 902.1 million, which represents an increase of 6% year-on-year. The main reason for the increase in assets was the increase in Deposits from customers, which had reached EUR 771.4 million by the end of 2024, representing an increase of 7% on the previous year.

The volume of the loan portfolio at the end of 2024 reached EUR 437.4 million. The volume of the loan portfolio recorded a growth of almost 20% in the year.The portfolio of securities had reached a volume of EUR 177.1 million.

As at 31 December 2024, the adequacy of regulatory capital amounted to 19.55%, increasing during the year by 0.06 percentage points.

The Bank has no significant impact on the environment. The Bank’s activities in 2024 had no significant impact on employment in individual regions of the Slovak Republic.

Further details of the Bank’s results for 2024 are disclosed in the financial statements and notes thereto.

b) INFORMATION ON EVENTS OF PARTICULAR IMPORTANCE THAT OCCURRED AFTER THE END OF THE REPORTING PERIOD AS AT 31 DECEMBER 2024
(Article 20 (1) (b) of Act No. 431/2002 Coll. on Accounting, as amended)

As of the reporting date, no material events occurred after the end of the financial year as at 31 December 2024 that would require a material adjustment to the data or information disclosed in the financial statements as at 31 December 2024.

c) INFORMATION ON THE BANK'S ANTICIPATED ECONOMIC AND FINANCIAL POSITION IN 2025
(Article 77 (2) (d) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 20 (1) (c) of Act No. 431/2002 Coll. on Accounting, as amended)

With the results of the past year, Privatbanka, a.s. managed to meet and even exceed its key business goals, thus confirming its stable position in the Slovak banking market.

Private banking and activities directly related to it, such as asset management, remain the core area of the Bank's activities in 2025. In parallel with private banking, the Bank continues to place great emphasis on corporate banking, especially on lending to corporate clients.

In private banking, the Bank's goal for 2025 is to continue to increase the volume of assets it manages for clients. Qualitatively, the aim of the Bank is to provide private clients with highly individual and flexible asset management and related services. Issuance of corporate bonds or corporate promissory notes arranged by the Bank primarily for shareholder group entities will continue to represent a major part of the product range. A new part of the Bank's offers in 2025 will be Penta Funds of qualified investors, namely Penta Equity Sicav, a.s. and Penta Real Estate Sicav, a.s. In 2025, the Bank will also focus on the sale of third-party products, which should contribute to the growth of the volume of clients' assets it manages.

Regarding corporate banking, the Bank will continue to develop its existing loan portfolio to further improve capital and funding options. In strategy, the Bank continues to apply its proven method of providing loans based on good security and the client's track record.

In 2025, the Bank's goal is to maintain or partially expand the product range for standard clients, to whom it provides services through a network of regional investment centers and branches. Funds from the general public represent a substantial share of the fund base of the Bank's balance sheet business. In 2025, the Bank plans to continue the sale of public issues of corporate bonds for retail clients but has no plans for major changes to its regional network.

In summary, the bank plans to achieve a post-tax economic result of EUR 10.8 million and a total balance sheet amount of EUR 874.8 million by the end of 2025.

The bank will not have a significant impact on the environment. Its activities in 2025 will not have a substantial effect on employment in different regions of the Slovak Republic.

d) INFORMATION ON COSTS OF RESEARCH AND DEVELOPMENT
(Article 20 (1) (d) of Act No. 431/2002 Coll. on Accounting, as amended)

In 2024, the Bank recorded no costs of research and development.

e) INFORMATION ON ACQUISITION OF OWN SHARES, TEMPORARY BONDS, EQUITIES AND SHARES, PLUS TEMPORARY BONDS AND EQUITIES OF THE CONTROLLING ENTITY
(Article 20 (1) (e) of Act No. 431/2002 Coll. on Accounting, as amended)

The Bank does not carry out such transactions.

f) INFORMATION ON PROPOSED 2024 PROFIT DISTRIBUTION
(Article 20 (1) (f) of Act No. 431/2002 Coll. on Accounting, as amended)

The distribution of the Bank's profits for 2024 will be decided by the General Meeting.

g) INFORMATION ON 2023 PROFIT DISTRIBUTION
(Article 77 (2) (c) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

EUR '000	2023
Dividends	17 500
Allotment to retained earnings	2 774
Profit for the current reporting period after tax	**20 274**

h) INFORMATION ON DATA REQUIRED UNDER SPECIAL REGULATIONS
(Article 20 (1) (g) of Act No. 431/2002 Coll. on Accounting, as amended)

The Annual Report has been prepared pursuant to Article 77 of Act No. 566/2001 Coll. on Securities and Investment Services, as amended, and pursuant to Article 37 of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended.

i) INFORMATION ON WHETHER THE BANK HAS AN ORGANIZATIONAL UNIT ABROAD
(Article 20 (1) (h) of Act No. 431/2002 Coll. on Accounting, as amended)

As at 31 December 2024, the Bank provided investment services, acceptance and forwarding of instructions related to one or more financial instruments in the Czech Republic through a branch of a foreign bank, which was listed in the Business Register of the Czech Republic on 8 January 2018.

j) SUMMARY OF RECEIVED BANK LOANS AND OTHER LOANS
(Article 77 (2) (b2) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

As of 31 December 2024, the Bank did not register bank and other loans received.

k) SUMMARY OF ISSUED AND OUTSTANDING SECURITIES
(Article 77 (2) (b3) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

ISIN	Type	Form	Nature	Number (pcs)	Face value (EUR '000)	Description of Rights
SK1110001619	Share	Registered	Book-entry security	756 874	0,03319 EUR	Section 6l)
SK4000023602	Bond	Bearer bond	Book-entry security	50 000	0,00100 EUR	Section 6m)

l) DESCRIPTION OF RIGHTS ATTACHED TO SHARES ISIN SK1110001619
(Article 77 (2) (b3) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

a. The Company's shareholder may be an individual or legal entity. A holder of an interim certificate is also considered a shareholder.
b. The Company shall treat all shareholders equally in equal conditions.
c. The exercise of the shareholder's rights may be restricted or suspended only based on law.
d. The basic rights of a shareholder include the right to participate in the Company's management and to share the Company's profit and the Company's liquidation balance if it is dissolved by liquidation.
e. The shareholder is authorised to participate in and vote at the General Meeting, to request at the General Meeting information and explanations related to the Company's matters and to the matters of entities controlled by the Company, which are associated with the subject of discussion at the General Meeting, and to make proposals at the General Meeting and to be elected in the Company's bodies.
The above rights may be exercised only by a person authorized to exercise these rights as at the decisive date. The decisive date is a day specified in the invitation to the General Meeting or in the General Meeting notice. This day may be the day on which the General Meeting is held, or the day before the General Meeting, but no more than five days before the General Meeting is held. If the decisive date is not specified in this way, the day on which the General Meeting is held shall be considered the decisive date.
f. The shareholder is entitled to a share in the Company's profit (dividend), which the General Meeting has decided to distribute. This share is determined by the ratio of the face value of the shareholder's shares to the face value of shares of all shareholders. The right to a dividend may be exercised towards the Company only by a person authorized to exercise these rights as at the decisive date. The decisive date to determine a person authorized to exercise the right to a dividend shall be determined by the General Meeting that decided to distribute the Company's profit, and this day may not be determined to be earlier than the fifth day after the day on which the General Meeting is held or later than the 30th day from the day on which the General Meeting is held. If the General Meeting does not specify the decisive date to determine the person authorized to exercise the right to a dividend, the 30th day from the day on which the General Meeting is held shall be considered the decisive date. The dividend is due within 60 days at the latest from the decisive date determined in line with the previous procedure. The Company shall pay the dividend to the shareholders at its own costs and risk. The shareholder is not required to return to the Company a dividend received in good faith.
g. The shareholder is entitled to a share in the liquidation balance if the Company is dissolved by liquidation.
h. The Board of Directors shall provide each shareholder upon request at the General Meeting complete and true information and explanations, which are related to the discussion at the General Meeting, or in writing within 30 days at the latest from the day on which the General Meeting is held, unless the law provides otherwise.
i. The shareholder has the right to inspect the minutes from the meetings of the Supervisory Board; he/she shall keep such obtained information confidential.
j. The shareholder has the right to inspect at the Company's registered seat the deeds filed in the collection of deeds pursuant to a special act and to request copies of these deeds or request that they be sent to a specified address, at his/her own cost and risk.
k. The General Meeting decides by a majority of votes of the shareholders present, unless generally binding legal regulations or Articles of Association require another type of majority.
l. A decision of the General Meeting requires a two-thirds majority of votes of the shareholders present if it decides on:
   I. A change in the Company's Articles of Association
   II. An increase in the Company's share capital
   III. The issue of priority bonds or convertible bonds
   IV. A conditional increase in the Company's share capital associated with an issue of priority or convertible bonds
   V. A decrease in the Company's share capital

VI. The dissolution of the Company
VII. A change of the Company's legal form if it ceases to be a bank
VIII. Termination of trading of the Company's shares on a stock exchange
IX. The mandate of the Board of Directors to increase the share capital pursuant to Article 210 of the Commercial Code
X. The restriction of the shareholder's right to priority underwriting of shares if necessitated by important interests of the Company
XI. Other matters, if explicitly provided for in a generally binding legal regulation

m) DESCRIPTION OF RIGHTS ATTACHED TO BONDS ISIN SK4000023602

(Article 77 (2) (b3) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

On 14 August 2023, the Bank issued bonds with a nominal value of EUR 1 for a total issued volume of EUR 5,000 thousand. The bond yield is paid quarterly on 14 February, 14 May, 14 August and 14 November of the current period and is determined by the fixed interest rate, which is determined at 3.25% p.a. of the nominal value of the bond. The basis for calculating the yield is ACT/ACT. The bonds are due on 14 August 2025. These bonds are issued based on a public offer and no application will be made for admission to the stock exchange in the Slovak Republic or abroad. No guarantees were taken over by third parties for the repayment of the nominal value and bond yields. There are no pre-emptive, exchange and other rights associated with the bonds, with the exception of those listed in the terms of issue. Rights to bonds are time-barred after a period of 10 years from their due date. Bonds are transferable to the new owner without restriction. Early repayment of the nominal value of the bonds is not possible.

n) CONVERTIBLE BONDS

(Article 77 (2) (b4) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)

The Bank issued no convertible bonds.

o) SPECIFICATION OF THE NATURE OF ACTIVITIES AND GEOGRAPHICAL LOCATION

(Article 77 (2) (e) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 37 (6) (a) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The Bank's core activities include the provision of a wide range of banking and financial services to individuals and legal entities under a banking license, the scope of which is specified in Clause 2.

As at 31 December 2024, the Bank performed its activities in the Slovak Republic through the Center of Banking Services in Bratislava (Centrum bankových služieb), its network of three regional investment branches in Banská Bystrica, Bratislava and Košice, and 10 regional investment centers for non-cash operations in Bratislava, Brezno, Nitra, Dunajská Streda, Žilina, Trenčín, Prešov, Trnava, Prievidza and Nové Zámky. As at 31 December 2024, in the Czech Republic the Bank provided investment services, acceptance and forwarding of instructions related to one or more financial instruments through a branch of the foreign bank, which was listed in the Business Register of the Czech Republic on 8 January 2018. In addition to the activities above, as at 31 December 2024, the Bank also provided other banking activities in the Czech Republic based on the right to free cross-border activity in line with Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

p) TURNOVER
(Article 77 (2) (f) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 37 (6) (b) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The Bank’s turnover was EUR 60,140 thousand in 2024. The turnover of the Bank's branch in the Czech Republic in 2024 was EUR 2 771 thousand.

q) NUMBER OF FULL-TIME EMPLOYEES AS AT THE REPORTING DATE
(Article 77 (2) (g) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 37 (6) (c) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The number of full-time employees as at 31 December 2024 in Bank was 207. The number of full-time employees as at 31 December 2024 of the Bank's branch in the Czech Republic was 25.

r) PROFIT OR LOSS BEFORE TAX
(Article 77 (2) (h) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 37 (6) (d) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The Bank’s profit before tax was EUR 20,350 thousand as at 31 December 2024. The profit before tax of the Bank's branch in the Czech Republic was EUR 793 thousand as at 31 December 2024.

s) INCOME TAX
(Article 77 (2) (i) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 37 (6) (e) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The Bank’s income tax expenses amounted to EUR 8,776 thousand as at 31 December 2024. The income tax expenses of the Bank's branch in the Czech Republic amounted to EUR 198 thousand as at 31 December 2024.

t) RECEIVED SUBSIDIES FROM PUBLIC FUNDS
(Article 77 (2) (j) of Act No. 566/2001 Coll. on Securities and Investment Services, as amended)
(Article 37 (6) (f) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The Bank or its branch in the Czech Republic received no subsidies from public funds in 2024.

u) RETURN ON ASSETS DETERMINED AS THE RATIO OF NET PROFIT AND TOTAL ASSETS
(Article 37 (6) (g) of Act No. 483/2001 Coll. on Banks and on Amendments to Certain Acts, as amended)

The Bank’s return on assets (ROA) amounted to 1.41% in 2024. The ROA of its Czech branch was 23.28% in 2024.

7. INFORMATION ON THE BANK'S RISK MANAGEMENT OBJECTIVES AND METHODS, INCLUDING THE POLICY FOR HEDGING THE MAIN TYPES OF PLANNED TRANSACTIONS USING HEDGING DERIVATIVES

(Article 20 (5) (a) of Act No. 431/2002 Coll. on Accounting, as amended)

In line with legislative requirements, the Bank's objective regarding risk management is to ensure the adequacy of individual risk exposures in relation to the amount of the Bank's regulatory capital, diversification of risk for all risk factors identified and the maintenance of an acceptable liquidity position. In addition to meeting market regulatory requirements, the Bank has developed an internal system of procedures, limits and reports which eliminates potential risks to which the Bank is exposed in its business activities. In terms of risk exposures, the Bank is conservative and does not engage in speculative transactions.

The Bank has strict rules limiting exposure to the risk of exchange rate fluctuations. The Bank does not open significant capital exposures and does not trade with commodities or their derivatives. The only risk factor that the Bank may hedge using derivatives is the Banking Book's interest rate risk. The interest rate risk exposure of this portfolio, as well as of the Trading Book, is monitored daily using interest rate sensitivity and is reported regularly to the relevant authorities. The Bank used exclusively interest rate swaps in the past to hedge this risk exposure resulting from the different duration of assets and liabilities. Currently, the Bank has no hedging derivatives.

8. INFORMATION ON PRICE RISKS, CREDIT RISKS, LIQUIDITY RISKS AND CASH FLOW RISKS TO WHICH THE BANK IS EXPOSED

(Article 20 (5) (b) of Act No. 431/2002 Coll. on Accounting, as amended)

Price change risks in the Bank are monitored and reported for all instruments that can be measured at market values regardless of whether the price change has an impact on the Bank's capital or its profit. Price changes are monitored and reported daily to the Bank's middle and top management. The Bank has stop/loss limits in place.

Credit risks are limited, apart from legislative requirements, by a system of credit limits for individual counterparties or groups of connected entities, limits for segment concentration and country exposure limits. The use of credit limits or credit exposure in the Bank is monitored daily, including reporting to the Bank's middle and top management.

The Bank has defined qualitative and quantitative liquidity limits combined with the liquidity position development scenario and their use is regularly monitored and reported to middle and top management.

APPENDIX

Privatbanka, a.s.

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

For the year ended 31 December 2024
and Independent Auditor's Report

This is an English language translation of the original Slovak language document.

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Shape the future
with confidence

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Independent Auditor's Report

To the Shareholders, Supervisory Board, Board of Directors and to the Audit Committee of Privatbanka, a.s.:

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Privatbanka, a. s. ("the Bank"), which comprise the separate statement of financial position as at 31 December 2024, separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Bank in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the separate financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Provisions for loans and advances to customers

Loans and advances to customers valued at amortized cost less impairment as at 31 December 2024 amount to EUR 437,396 thousand and represent a significant portion of the Bank's total assets. As disclosed in Note 6 (Loans and advances to customers) and in Note 7 (Provision for impairment losses) to the financial statements, it includes the gross book value of loans and advances to customers valued at amortized cost of EUR 452,954 thousand and provisions for loans and advances to customers of EUR 15,558 thousand.

As part of our audit procedures, we documented our understanding of the Bank's credit risk management policies. We obtained an understanding, evaluated the design and tested the operating effectiveness of the internal controls over the approval, recording and monitoring of the loans, identification of loss events and impairment triggers and the process of calculating provisions for loans and advances to customers.

Determining the amount and the moment of recognizing provisions for loans and advances to customers requires significant judgments and complex estimates of the management disclosed in Note 2.4 (Significant accounting judgments and estimates) and Note 42 (Financial instruments – credit risk) to the financial statements. The expected credit loss models incorporate assumptions such as the assessment of a significant increase in credit risk, the definition of default, the determination of the amount of expected loss on a defaulted loan and the probability of default, the determination of probabilities and scenarios of expected cash flows on defaulted loans, i.e. estimates of cash flows from the client's economic activity and cash flows from the collaterals securing the loan discounted at the effective interest rate.

The individual basis for calculating expected credit losses ("ECL"), based on probability-weighted scenarios, is then used for individually assessed exposures in Stage 3. Portfolio ECL calculation is used for all other instances.

Due to the significance of loans and advances to customers in relation to the total assets and significance of the management's judgments and estimates and their complexity regarding the expected credit losses described above, we evaluated provisions for loans and advances to customers as a key audit matter.

We involved specialists in the field of IT to assist us with the testing of effectiveness of the internal control mechanisms of IT systems, in which the Bank calculates the credit risk parameters and the provisions for loans and advances to customers.

We also involved credit risk specialists to assist us in assessing the provisioning methodology and related models, their parameters, assumptions and implementation into the system in accordance with the IFRS 9 requirements. We assessed whether the Bank had adequately considered the impact of the expected effects of economic volatility in its valuation assumptions for provisions for impairment losses.

We reconciled a register of loans and advances to customers with accounting records to assess completeness of the recognition of loans and advances to customers, which create the basis for the calculation of the provisions.

On a selected sample, we analyzed loan exposures assessed individually by the Bank. For selected performing exposures, we analyzed the economic and financial situation of borrowers and fulfillment of the terms of loan agreements to evaluate appropriateness of the classification into risk categories, so-called 'staging'. In case of non-performing exposures, we assessed the reasonableness of the expected cash flows based on available financial and market data and recalculated the provisions.

We performed analytical procedures of the provisions per portfolios and stages related to the development of the structure and characteristics of the credit portfolio, reflecting the quality of the loan portfolio in the light of the provisions for loans and advances to customers aimed at identifying portfolios of loans and advances to customers with understated provisions for impairment losses.

We also assessed the disclosures in Note 2.4 (Significant accounting judgments and estimates), Note 6 (Loans and advances to customers), Note 7 (Provision for impairment losses) and Note 42 (Financial instruments – credit risk) to the financial statements regarding provisions for loans and advances to customers in terms of their completeness and compliance with IFRS EU requirements.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 International Standards on Auditing 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Bank'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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the presented information as well as whether the financial statements capture the underlying transactions and events in a manner that leads to their fair presentation.

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 to 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 separate 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

Report on Information Disclosed in the Consolidated Annual Report

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Accounting"). Our opinion on the separate financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the separate financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited separate financial statements or our knowledge obtained in the audit of the separate financial statements or otherwise appears to be materially misstated.

We considered whether the Bank's annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of separate financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2024 is consistent with the separate financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Bank and its situation, obtained in the audit of the separate financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

<u>Appointment and approval of Auditor</u>

We were appointed as the statutory auditor by the General Meeting of Shareholder of the Bank held on 29 April 2024. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 4 years.

Shape the future
with confidence

Consistence with Additional Report to the Audit Committee

Our audit opinion expressed herein is consistent with the additional report to the audit committee of the Bank, which we issued on 3 April 2025.

Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities were provided and we remain independent from the Bank in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the separate financial statements, no other services were provided by us to the Bank.

4 April 2025
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Dalimil Draganovský, statutory auditor
SKAU Licence No. 893

Statement of Financial Position as at 31 December 2024
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union

	Note	2024 EUR ‘000	2023 EUR ‘000
Assets			
Cash and balances with central banks	4.	226 893	252 145
Loans and advances to banks	5.	50 487	60 243
Loans and advances to customers	6.	437 396	365 915
Securities measured at fair value through other comprehensive income	8.	56 279	54 785
Securities measured at amortized cost	9.	120 806	112 745
Investments in subsidiaries	10.	7	7
Tangible and intangible assets	11.	1 422	1 303
Right-of-use assets	12.	2 083	2 731
Tax prepayments	13.	1 568	-
Deferred tax asset	14.	1 624	1 875
Other assets	15.	3 582	3 268
Total assets		**902 147**	**855 017**
Liabilities and equity			
Deposits from banks		-	1
Deposits from customers	16.	771 365	718 560
Debt securities issued	17.	50	50
Current tax liability	18.	500	1 438
Provisions for liabilities		294	63
Lease liabilities	19.	1 934	2 743
Other liabilities	20.	10 514	9 980
Total liabilities		**784 657**	**732 835**
Equity			
Share capital	21.	25 121	25 121
Capital reserves and funds from profit	21.	5 024	5 024
Accumulated other comprehensive income from securities, including deferred tax	21.	(264)	(1 512)
Retained earnings		87 609	93 549
Total equity		**117 490**	**122 182**
Total liabilities and equity		**902 147**	**855 017**

The notes on pages 13 to 80 form an integral part of these financial statements.

Privatbanka

Income Statement for the year ended 31 December 2024
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union

	Note	2024 EUR '000	2023 EUR '000
Interest income and similar income	27.	40 224	39 189
Interest expense and similar expense	28.	(17 247)	(16 498)
Net interest income		**22 977**	**22 691**
Fee and commission income	29.	19 597	14 697
Fee and commission expense	30.	(1 323)	(1 201)
Net fee and commission income		**18 274**	**13 496**
Trading profit	31.	305	244
Other income		9	29
Operating income		**41 565**	**36 460**
General operating expenses	32.	(16 398)	(14 325)
Depreciation and amortisation of TA and IA	11.	(506)	(516)
Depreciation of leased assets	12.	(885)	(797)
Operating expense		**(17 789)**	**(15 638)**
Operating profit		**23 776**	**20 822**
(Creation)/release of impairment losses, write-off and assignment of receivables	33.	(3 643)	1 713
Profit/(loss) from modifications		395	843
(Creation)/release of provisions for securities		48	20
Net profit/(loss) from the sale of tangible assets		5	2
(Creation)/release of provisions for liabilities		(231)	210
Profit before taxes		**20 350**	**23 610**
Current tax	23.	(8 843)	(4 240)
Deferred tax	23.	67	904
Profit after tax		**11 574**	**20 274**

The notes on pages 13 to 80 form an integral part of these financial statements.

	Note	2024 EUR '000	2023 EUR '000
Profit after tax from the Income Statement		**11 574**	**20 274**
Items that may be reclassified to profit or loss:			
Remeasurement of securities at fair value through other comprehensive income		1 566	2 270
Deferred tax on securities at fair value through other comprehensive income		(318)	(477)
Comprehensive income		**12 822**	**22 067**

The notes on pages 13 to 80 form an integral part of these financial statements.

Privatbanka

Statement of Changes in Shareholder's Equity
for the year ended 31 December 2024
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union

	Share capital	Retained earnings	Capital reserves and funds from profit	Revaluation reserves on securities at fair value through other comprehensive income (including deferred tax)	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
As at 1 January 2024	**25 121**	**93 549**	**5 024**	**(1 512)**	**122 182**
Dividends	-	(17 500)	-	-	**(17 500)**
FX difference	-	(14)	-	-	**(14)**
2024 comprehensive income	-	11 574	-	1 248	**12 822**
As at 31 December 2024	**25 121**	**87 609**	**5 024**	**(264)**	**117 490**

	Share capital	Retained earnings	Capital reserves and funds from profit	Revaluation reserves on securities at fair value through other comprehensive income (including deferred tax)	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
As at 1 January 2023	**25 121**	**83 288**	**5 024**	**(3 305)**	**110 128**
Dividends	-	(10 000)	-	-	**(10 000)**
FX difference	-	(13)	-	-	**(13)**
2023 comprehensive income	-	20 274	-	1 793	**22 067**
As at 31 December 2023	**25 121**	**93 549**	**5 024**	**(1 512)**	**122 182**

The notes on pages 13 to 80 form an integral part of these financial statements.

	Note	2024 EUR '000	2023 EUR '000
Cash flows from operating activities			
Profit before changes in operating assets and liabilities	34.	22 171	28 576
(Increase)/decrease in minimum reserve deposits with the NBS		(2 026)	3 144
(Increase)/decrease in loans and advances to customers		(73 052)	63 080
(Increase) in securities measured at fair value through other comprehensive income upon purchase of securities		(14 770)	(24 904)
Decrease in securities measured at fair value through other comprehensive income upon sale and maturity of securities		15 066	35 129
(Increase)/decrease in other assets		(185)	728
Increase/(decrease) in deposits from banks		(1)	1
Increase/(decrease) in deposits from customers		53 053	34 681
Income tax paid		(11 350)	(2 906)
Dividends		(17 500)	(10 000)
Increase/(decrease) in other liabilities		525	2 035
Net cash flows from operating activities		**(28 069)**	**129 564**
Cash flows from investment activities			
(Increase)/decrease in securities at amortized cost upon purchase of securities		(43 538)	(44 978)
Decrease in securities at amortized cost upon maturity of securities		36 243	32 805
Purchase of tangible and intangible assets		(625)	(587)
Sale of tangible and intangible assets		5	6
Net cash flows used in investment activities		**(7 915)**	**(12 754)**
Cash flow from financing activities			
Increase upon issue of long-term debt securities - bonds		-	50
Decrease upon maturity, repurchase and resale of long-term debt securities – bonds		-	(2 493)
Net increase/(decrease) in lease liabilities		(1 050)	(797)
Net cash flows used in financing activities		**(1 050)**	**(3 240)**
Net increase in cash and cash equivalents		**(37 034)**	**113 570**
Cash and cash equivalents at the beginning of the year	35.	**311 388**	**197 818**
Cash and cash equivalents at the end of the year	35.	**274 354**	**311 388**

The statement of cash flows has been prepared using an indirect method.

The notes on pages 13 to 80 form an integral part of these financial statements.

1. GENERAL INFORMATION

Incorporation
Privatbanka, a.s. ("the Bank") was established on 2 August 1995 and incorporated on 9 August 1995. The Bank commenced its activities on 22 May 1996. The Bank's registered office is Einsteinova 25, 851 01 Bratislava, its identification number is 31 634 419 and its tax identification number is 2020461905.

Principal activities
The principal activities of the Bank, as a holder of a banking license, include the provision of a wide range of banking and financial services to corporate and private customers.

The banking license was granted to the Bank for the following activities:

1. Receipt of deposits
2. Provision of loans
3. Investment in securities on own account
4. Trading on its own account with:
   a) Money market financial instruments in euros and foreign currency including foreign exchange activities
   b) Capital market financial instruments in euros and foreign currency
   c) Coins made of precious metal, commemorative banknotes and coins, sheets of banknotes, and sets of coins for circulation
5. Administration of customer receivables on its account including advisory services
6. Finance leases
7. Provision of guarantees; opening and confirmation of letters of credit
8. Provision of business advisory services
9. Issue of securities, participation in issuing securities and provision of related services
10. Financial intermediation
11. Custody of valuables
12. Safe hire
13. Provision of banking information
14. Acting as a depository according to a special regulation
15. Processing of banknotes, coins, commemorative banknotes and coins
16. Provision of investment services, investment activities, and ancillary services in accordance with Article 79 (1) and in connection with Article 6 (1) and (2) of Act 566/2001 Coll. on Securities and Investment Services and on an amendment to certain acts, as amended, in the following scope:

    I. Acceptance and forwarding of client instructions for one or several of the following financial instruments:
       a) Convertible securities
       b) Money market instruments
       c) Trustee shares or securities issued by foreign collective investment entities
       d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

    II. Execution of clients' instructions on their account in relation to the following financial instruments:
       a) Convertible securities
       b) Money market instruments
       c) Trustee shares or securities issued by foreign collective investment entities
       d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

III. Trading on its own account in the following financial instruments:
   a) Convertible securities
   b) Money market instruments
   c) Trustee shares or securities issued by foreign collective investment entities
   d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

IV. Portfolio management of the following financial instruments:
   a) Convertible securities
   b) Money market instruments
   c) Trustee shares or securities issued by foreign collective investment entities
   d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

V. Investment consulting concerning the following financial instruments:
   a) Convertible securities
   b) Money market instruments
   c) Trustee shares or securities issued by foreign collective investment entities
   d) Futures, swaps, forwards concerning currencies, interest rates or yields to be settled by their delivery or cash

VI. Underwriting and placement upon a firm commitment in relation to the following financial instruments:
   a) Convertible securities
   b) Money market instruments
   c) Trustee shares or securities issued by foreign collective investment entities

VII. Placement without a firm commitment in relation to the following financial instruments:
   a) Convertible securities
   b) Money market instruments
   c) Trustee shares or securities issued by foreign collective investment entities

VIII. Custody and management on clients' accounts, including custodian management and related services, in particular management of cash and financial collaterals, of the following financial instruments:
   a) Convertible securities
   b) Money market instruments
   c) Trustee shares or securities issued by foreign collective investment entities

IX. Granting of loans and borrowings to an investor to be able to trade one or several financial instruments if the lender or provider of the borrowing is involved in the business

X. Trading of foreign exchange values if they are associated with the provision of investment services

XI. Performance of investment surveys and financial analysis or other forms of general recommendations for trading the financial instruments

XII. Services related to the underwriting of these financial instruments

17. Provision of payment and clearing services
18. Issue and administration of electronic money

Shareholders' structure
The shareholders' structure is as follows:

%	2024	2023
Penta Financial Services Ltd., Limassol	100,00	100,00
Total	**100,00**	**100,00**

The immediate consolidating entity is Penta Investments Limited, with its registered office at Agias Fylaxeos & Polygnostou 212, C&I Center, 2nd Floor, 3082 Limassol, Cyprus.

The ultimate parent company is Penta Investments Group Limited, with its registered office at Agias Fylaxeos & Polygnostou 212, C&I Center, 2nd Floor, 3082 Limassol, Cyprus.

The consolidated financial statements are available at Penta Investments Limited.

Investments in subsidiaries
As at 31 December 2024, the Bank had the following subsidiary:

Name	Activity	Share (%)
Privatfin, s.r.o.	Factoring, forfaiting, business advisory services, leasing services	100

Privatfin, s.r.o., with its registered office at Einsteinova 25, 851 01 Bratislava, Identification number: 36 037 869, is listed in the Business Register of City Court Bratislava III, Section: Sro, File No. 40865/B. The subsidiary does not perform activities in significant volumes. As at 31 December 2024, the subsidiary reported a loss of EUR 0.6 thousand (2023: a loss of EUR 0.3 thousand).

Geographical network
As at 31 December 2024, the Bank performed its activities in the Slovak Republic through the Center of Banking Services in Bratislava (Centrum bankových služieb), its network of three regional investment branches in Banská Bystrica, Bratislava and Košice, and 10 regional investment center for non-cash operations in Bratislava, Brezno, Nitra, Dunajská Streda, Žilina, Trenčín, Prešov, Trnava, Prievidza and Nové Zámky. As at 31 December 2024, in the Czech Republic the Bank provided investment services, and acceptance and forwarding of instructions related to one or more financial instruments through a branch of the foreign bank, which was listed in the Business Register of the Czech Republic on 8 January 2018. Additionally, as at 31 December 2024, the Bank provided other banking activities in the Czech Republic based on the right to free cross-border activity in line with Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

Members of the Board of Directors
The members of the Bank's Board of Directors as at 31 December 2024 were as follows:

1. Mgr. Ing. Ľuboš Ševčík, CSc.	Chairman	Appointed on 4 September 2007
2. Ing. Marek Benčat	Member	Appointed on 1 January 2022
3. Ing. Vladimír Hrdina	Member	Appointed on 6 August 2003

Supervisory Board

The members of the Bank's Supervisory Board as at 31 December 2024 are as follows:

Elected by the General Meeting:

1. Ing. Marián Slivovič	Chairman	Appointed on 12 May 2021
2. Ing. Marek Hvožďara	Vice-Chairman	Appointed on 27 September 2012
3. Mgr. Martin Molnár	Member	Appointed on 24 June 2022

Elected by the employees:

4. Ing. Mgr. Milan Čerešňa	Member	Appointed on 24 August 2012
5. Ing. Milan Ondrej	Member	Appointed on 11 May 2021

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(2.1) Basis of presentation

The annual separate financial statements of the Bank ("the financial statements") for 2024 and comparative data for 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) in Commission Regulation (EC) 1126/2008, and current interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The Bank does not prepare consolidated financial statements, in which Privatfin, s.r.o. (a subsidiary) would be included, because of its immaterial impact on the Bank's financial statements.

Standards and interpretations relating to the Bank's operations that are effective for the current period:

The application of the following standards, which have become effective in the current period, do not have a material effect on a bank's financial statements:

• IFRS 16 Leases – Lease liabilities in a Sale and Leaseback (amendments)

• IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (amendments)

• IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Financing Arrangements (amendments)

Standards and interpretations relating to the Bank's operations not in force for the current period:

The bank did not apply the new and amended standards prematurely when preparing this financial statement and intends to adopt them when they become effective. The bank does not expect these standards to have a significant impact on the financial statements:

• IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and measurement of Financial Instruments (amendments)

• IFRS 18 Presentation and Disclosure of Information in Financial Statements

• IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (amendments)

• Annual Improvements to IFRS Standards – Volume 11

• IFRS 19 Subsidiaries without Public Accountability: Disclosures

• IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (amendment): Sale or contribution of assets between an investor and its associate or joint venture

• IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity (amendments)

(2.2) Statement of compliance

The purpose of preparing these financial statements in the Slovak Republic is to comply with Act No. 431/2002 Coll. on Accounting, as amended. The Bank prepares its financial statements and Annual Report under special regulations – Regulation (EC) 1606/2002 of the European Parliament and of the Council on the Application of International Accounting Standards (IFRS).

Pursuant to Article 22 (12) of Act No. 431/2002 Coll. on Accounting, as amended, the Bank did not prepare consolidated financial statements for the year ended 31 December 2024, since the subsidiary Privatfin, s.r.o. does not have a significant impact on Privatbanka's consolidated group. The judgment on the financial position, expenses, revenues and results of the operations of Privatbanka's consolidated group has not been significantly affected by preparation of only the Bank's separate financial statements.

On 29 April 2024, the Bank's General Meeting approved the financial statements prepared in accordance with IFRS as at 31 December 2023.

The financial statements are intended for general use and information and are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

(2.3) Basis of preparation

All data are stated in euros (EUR, €). The unit of measure is thousands of euros, unless specified otherwise. The data in parentheses represent negative values.

A branch operating in the Czech Republic is included in the financial statements. Assets and liabilities of the branch are translated to EUR using the exchange rate valid as at the reporting date. Income and costs of the branch abroad are translated to EUR using the exchange rate valid as at the transaction date. Exchange rate gains/losses arising from these transactions are recognized directly in equity.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial investments, assets, liabilities and derivatives at fair value.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value. Other financial and non-financial assets and liabilities are measured at amortized cost or historical cost less provisions.

These financial statements were prepared under the assumption that the Bank will continue operating as a going concern for the foreseeable future.

The Bank has a controlling interest in the subsidiary as stated in Note 10. In these financial statements, the subsidiary is recognized at cost, taking into account losses from impairment.

(2.4) Significant accounting judgments and estimates

The presentation of financial statements in accordance with IFRS requires that the Bank's management make judgments on estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses during the reporting period and the disclosure of contingent assets and liabilities as at the reporting date. Actual results could differ from those estimates and future changes in the economic conditions, business strategies, regulatory requirements, accounting rules and/or other factors could result in a change in estimates that could have a material impact on the future reported financial position and results of operations.

Significant areas that require judgment and estimates:

- Provisions for liabilities are based on management judgments and represent the best estimate of expenditures required to settle a liability with uncertain timing or an amount resulting from an obligation.
- For leases designated in IFRS 16, the Bank assesses the term of such contracts, including

contracts with an indefinite term and contracts with an option to extend the term of a contract, the determination of interest rates to be applied for the discounting of future cash flows and the determination of depreciation/amortization rates.

- When determining fair values of financial instruments for which a market price is not available, the Bank follows the procedure described in Note 2.5.7.
- The Bank continuously monitors the loan portfolio and performs an assessment of receivables from loan transactions on a specific or portfolio basis to identify client defaults and the related settlement of the client's liabilities to the Bank. Subsequently, the Bank quantifies (on a quarterly basis) the impact of default on recognized financial assets.
  The identification of expected losses requires the use of models and assumptions on future economic conditions and the credit behaviour of clients. Significant judgments are:
  - Determination of criteria for a significant increase of credit risk
  - Selection of appropriate models and assumptions to measure expected credit losses using probability of default (PD) and loss given default (LGD)
  - Determination of probabilities and scenarios of expected cash flows from defaulted financial assets
  - Establishing groups of similar financial assets for the purposes of portfolio measurement of expected credit losses

For more details on the algorithm used to calculate provisions, refer to Note 42. Financial Instruments – Credit Risk. Given the current economic conditions, the final estimates may differ from the provisions recognized as at 31 December 2024.

(2.5) Summary of significant accounting policies

(1) IFRS 9 "Financial Instruments"

The International Financial Reporting Standard "Financial Instruments" ("IFRS 9") was applied by Privatbanka, a.s. for the first time as of 1 January 2018. The standard covers three main areas: classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

All financial assets, except for equity securities and derivatives, are classified based on the Bank's business model, and based on contractual cash flow characteristics of individual assets in compliance with the requirements of IFRS 9. Classification is according to the following categories, based on measurement of financial assets at:

- Fair value through profit or loss
- Fair value through other comprehensive income
- Amortized cost

Impairment

Under IFRS 9, the incurred loss principle was replaced by the expected loss principle in the impairment calculation model. The new model is applied to all loan receivables and financial assets which are not measured at fair value through profit or loss, including off-balance sheet liabilities.

Impairment recognized through a provision for impairment losses is based on expected losses arising from the probability of default of a financial asset in the following 12 months. If there has been a significant increase in the credit risk of the financial asset since its initial recognition, the provision is based on the expected losses over the entire maturity period of the financial asset. The Bank assesses whether there was a significant increase in credit risk based on the criteria defined in internal guidelines.

Loans

Loans are assessed, measured and recognized by the Bank on an individual and portfolio basis. Loans are assessed on an individual basis, unless they are included in a group of loans as a portfolio. The Bank has created five portfolios, which group loans according to similar credit risk characteristics.

The Bank classifies loans in accordance with IFRS 9 in three stages as follows:

Stage 1 – standard loans: upon initial recognition of a loan and the Bank calculates provisions based on expected losses based on the probability of default in the following 12 months.

Stage 2 – risk-bearing loans: in the event of a significant increase in credit risk, the Bank calculates provisions based on expected losses over the full lifecycle of a loan.

Stage 3 – defaulted loans: the Bank calculates provisions based on expected losses over the full lifecycle of a loan.

For assets classified as standard or risk-bearing loans (Stage 1 and Stage 2), interest income is recognized based on the gross carrying amount of assets. For defaulted assets (Stage 3), interest income is recognized based on the net carrying amount of assets.

Loans are only classified in Stage 3 if there is objective evidence that the client will default on its liability to the Bank.

For portfolio-assessed loans, the Bank calculates provisions based on the principle of expected loan losses for the lifecycle of the loan.

Securities

When calculating provisions for securities, the Bank applies the same approach as when calculating provisions for loans assessed individually, as described above.

Modified Financial Assets

Under IFRS 9, modification occurs when the contractual cash flows of a financial asset are renegotiated or otherwise modified (in particular, by adjusting the repayment schedule, extending the maturity of the loan or by changing the interest rate/margin) and such a renegotiation or modification does not result in the derecognition of the financial asset. A modification may occur at any time over the full lifecycle/holding of a financial asset, i.e., from initial recognition until the repayment or sale of the financial asset. As regards Privatbanka, a.s., the receivables (financial assets) are usually modified upon their maturity.

The Bank differentiates between two types of modification:

- Unforced modification
- Forced modification (restructuring)

Through unforced modification of a financial asset, the client has no financial difficulties, and the Bank does not grant any concession to the client without which it would be unable to meet its obligation. The Bank applies unforced modification mainly for commercial reasons.

A forced modification is applied where the client has financial difficulties, due to which the Bank grants a concession. This is a modification to the repayment schedule, or an extension of the loan’s maturity, or a decrease in the interest rate. In its internal guidelines, the Bank has defined characteristics that may indicate that the client has financial difficulties.

The Bank calculates the impact of the modification of the contractual cash flows as the difference between the gross value of the financial asset prior to the modification and the present value of the modified cash flows discounted using the original effective interest rate or market interest rate.

If the calculated impact of the modification of the contractual cash flows does not exceed the materiality level set by the Bank, the Bank does not record and recognize the impact of the modification.

(2) Foreign currency translation
Transactions denominated in foreign currencies are translated to euros using the rates of exchange of the ECB or other commercial banks available on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing on the reporting date. Exchange rate gains/losses are included in the Income Statement in “Trading profit”.

(3) Cash and cash equivalents
The Bank considers cash, current accounts with the National Bank of Slovakia (NBS) or other financial institutions, term deposits with other financial institutions with residual maturity up to three months, and treasury bills with a residual maturity of up to three months, to be cash equivalents. For the purposes of determining cash flows, the minimum reserve deposit with the NBS is not included as cash equivalent due to restrictions on its availability.

(4) Financial instruments – recognition and measurement

(i) Date of initial recognition
Purchases or sales of financial assets that require the delivery of assets within the timeframe generally established by regulation or convention in the marketplace are recognized as at the date of settlement. Derivatives are recognized as at the trade date.

(ii) Initial measurement of financial instruments
The classification of individual financial instruments depends on the Bank’s business model and the cash flow characteristics of a particular financial instrument. Each debt financial instrument must undergo an SPPI testing based on the known parameters of such an instrument at initial classification in the Bank’s assets. At initial recognition, the financial instruments are measured at fair value, including the transaction costs.

(iii) Financial investments at amortized cost
Financial investments at amortized cost are financial investments held as part of the Bank’s business model to collect contractual cash flows; the contractual terms of financial investments define the exact values and amounts of instalments that are solely payments of principal and interest on the principal amounts. After initial recognition, the financial investments are then measured at amortized cost using the effective interest rate method, net of the provision for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition cost and fees that are an integral part of the effective interest rate. Amortization is included in “Interest income and similar income” in the Income Statement. Impairment losses on such investments are recognized under “(Creation)/release of provisions for securities” in the Income Statement.

(iv) Loans and advances to banks and loans and advances to customers
After initial recognition, the loans and advances to banks and the loans and advances to customers are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition cost and fees that are an integral part of the effective interest rate. Amortization is included in “Interest income and similar income” in the Income Statement. Impairment losses on such investments are recognized under “(Creation)/release of provisions for impairment losses, write-off and assignment of receivables” in the Income Statement.

(v) Financial assets at fair value through profit or loss
Financial instruments at fair value through profit or loss comprise financial derivative instruments and securities at fair value through profit or loss. Securities at fair value through profit or loss comprise financial assets held for trading and assets that did not meet the SPPI test.

Financial instruments at fair value through profit or loss are recognized at fair value. Gains and losses from revaluation are presented in the Income Statement as “Trading profit”. Interest earned while holding securities held for trading is reported using the effective interest rate as interest income in the Income Statement as “Interest income and similar income”. Dividends earned while holding financial investments are recognized in the Income Statement as “Trading profit” when the right to payment has been established.

Financial derivatives include currency and interest rate swaps and forwards, FRA and currency options (call and put options) and other financial derivatives for the purposes of trading and interest rate risk and exchange rate risk management. Financial derivatives are measured at fair value. Unrealized gains and losses on financial derivatives are recognized as “Other assets” or “Other liabilities”. Realized and unrealized gains and losses on derivatives entered into for trading purposes are included in the Income Statement in “Trading profit”.

Derivatives held as hedging instruments for risk management purposes are remeasured to fair value at the end of each reporting period. The treatment of changes in their fair value depends on their classification into the following categories:

(i) Fair value hedge
When a derivative is designated as a hedge of the change in fair value of a recognized asset or liability or a firm off-balance sheet irrevocable commitment, changes in the fair value of the derivative are recognized immediately in the Income Statement together with changes in the fair value of the hedged item that are attributable to the hedged risk (in the same income statement line as the hedged item).

Hedge accounting is discontinued if the derivative expires or is sold, terminated, or exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked. Any adjustment to a hedged item for which the effective interest method is used is amortized to income as part of the recalculated effective interest rate of the item over its remaining life.

(ii) Cash flow hedge
When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect income, the effective portion of changes in the fair value of the derivative are recognized directly in equity. The amount recognized in equity is removed and included in the Income Statement in the same period as the hedged cash flows affect the Income Statement under the same income statement line as the hedged item.

Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the income statement.

If a derivative expires or is sold, terminated or exercised, no longer meets the criteria for cash flow hedge accounting, or the designation is revoked, then hedge accounting is discontinued and the amount recognized in equity remains in equity until the forecast transaction affects income. If the forecast transaction is no longer expected to occur, hedge accounting is discontinued and the balance in equity is recognized immediately in the income statement.

The relationship between the hedging instrument and the hedged item, risk management objectives, and the implementation strategy of various hedging transactions are documented at the beginning of the hedge relationship. From the origin of the hedging, the Bank continuously documents whether the hedging instrument is highly effective in offsetting changes in the fair values or cash flows of the hedged item.

Hedging derivatives are defined as derivatives following the Bank’s risk management strategy, the hedge relationship is officially documented and the hedging is effective [run-on].

Embedded derivatives
Derivatives may be embedded in another contractual arrangement ("the host contract"). The Bank accounts for embedded derivatives separately from the host contract when that is not itself carried at fair value through income and the characteristics of the embedded derivative are not clearly and closely related to the host contract. Separated, embedded derivatives are recognized depending on their classification and are presented in the balance sheet together with the host contract.

(vi) Securities at fair value through other comprehensive income
Debt securities at fair value through other comprehensive income are financial investments that are held as part of the Bank's business model to collect contractual cash flows as well as their sale. The contractual terms of financial investments determine the exact values and amounts of instalments that are solely payments of principal and interest on the principal amounts. This category also includes equity instruments not held for trading.

After initial recognition, the securities at fair value through other comprehensive income are measured at fair value. Unrealized gains and losses are recognized directly in equity under "Revaluation reserves on securities at fair value through other comprehensive income including deferred tax". When the financial asset is sold, the cumulative gain or loss previously recognized in equity is recognized in the Income Statement in "Trading profit". Where the Bank holds more than one investment in the same financial asset, they are deemed to be disposed of on an average price basis. Interest income on holding financial investments at fair value through other comprehensive income is recognized using the effective interest rate as interest income in the Income Statement under "Interest income and similar income". Dividends earned while holding financial investments are recognized in the Income Statement as "Trading profit" when the right of the payment has been established. Impairment losses on such investments are recognized in the Income Statement under "(Creation)/release of provisions for securities" and are derecognized from equity ("Revaluation reserves on securities at fair value through other comprehensive income including deferred tax").

(vii) Deposits from customers, deposits from banks and debt securities issued
Deposits from customers, deposits from banks, and debt securities issued are financial instruments, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder or other banks.

After initial recognition, deposits from customers, deposits from banks, and debt securities issued are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the face value and initial costs that are an integral part of the effective interest rate. The corresponding interest expense is recognized in the Income Statement in the line "Interest expense and similar expense".

(5) Derecognition of financial assets and financial liabilities

(i) Financial assets
A financial asset or where applicable, a part of a financial asset or group of similar financial assets, is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement
- The Bank has transferred substantially all the risks and rewards of the asset
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of it

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Bank's continuing exposure. Continuing exposure that takes the form of a guarantee over the transferred asset is measured at the lower of a) the original carrying amount of the asset, and b) the maximum amount of consideration that the Bank could be required to repay.

(ii) Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and recognition of a new liability, and the difference in the relevant carrying amounts is recognized in the Income Statement.

(6) Repurchase and reverse repurchase agreements
Transactions in which securities are sold under a commitment to repurchase (repos) at a predetermined price or purchased under a commitment to resell (reverse repos) are treated as received loans in “Deposits from banks” or “Deposits from customers” with the security transfer of securities or as loans granted in “Loans and advances to banks” or “Loans and advances to customers”. The Bank recognizes interest income on securities transferred under a repurchase commitment while interest income on securities received under a resale commitment is not accrued.

Income and expenses arising from repurchase and reverse repurchase commitments, being the difference between the selling and purchase prices of the securities, are accrued over the period of the transaction and recorded in the Income Statement as “Interest income and similar income” or “Interest expense and similar expense”.

(7) Determination of fair value
Based on the used input data for the fair value estimates, the calculation of the fair values of the Group’s financial assets and liabilities can be classified into one of three levels:

Level 1: Quoted prices from active markets for identical assets or liabilities

Level 2: Inputs other than “Level 1” quoted prices, which can be obtained for assets or liabilities either directly (e.g., prices) or indirectly (derived from interest rates etc.)

Level 3: Input data for assets or liabilities, which cannot be derived from market data

Determination of the fair value of financial instruments:

- Corresponds to their quoted price in an active market as at the reporting date, without any deduction for transaction costs
- Using valuation techniques such as theoretical price derived from the proceeds, as read from the yield curve of government bonds and the credit margin of issuers’ debt securities with comparable credit risk under generally accepted revaluation rules, if the quoted market price is not available or there is no active market for the applicable financial instrument
- Using valuation techniques, involves financial instruments being measured and periodically reviewed by qualified personnel independent of the field of their creation and if practically feasible, models use only observable data but areas such as credit risk, volatility and liquidity require expert estimates, with changes in the assumptions related to these factors affecting the reported fair value of financial instruments
- Such as shares and other corporate equity securities whose price is not listed on an active market is stated at cost less impairment, which is considered a reasonable fair value estimate
- Such as government and NBS treasury bills is determined by discounting the face value to present value by the required proceeds by maturity derived from the applicable rates effective on the interbank market
- Such as OTC derivatives discounts future cash flows to their present value using verifiable market data.

With respect to the definition of the fair value of financial instruments that are not revalued to fair value, the Bank applies the net present value method using the prime interest rates of individual currencies disclosed by central banks, which approximate market values. More detailed information on the methods of calculation of fair values of financial instruments not revalued to fair value is provided in Note 44.

To determine the fair values of its financial assets and liabilities, the Bank uses information from the Bloomberg system, where the value is determined by the values of various contributors (financial market entities contributing their prices into the information system) and other important market information.

(8) Impairment of financial assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The value of a financial asset or a group of financial assets is reduced if, and only if, the Bank identifies a client default due to one or more events that occurred after the initial recognition of the financial asset and that event (or events) has an impact on the estimated future cash flows of the financial asset, or the group of financial assets that can be reliably estimated. Criteria identifying client default towards the Bank may apply to situations where the borrower (or a group of borrowers) is in financial difficulty, is in default or delinquency as regards interest or principal payments, which are overdue by more than 90 days, if they enter bankruptcy, or other cases where observable data indicate that the client will probably fail to meet its obligations in the full amount towards the Bank.

(i) Loans and advances to banks and loans and advances to customers

For loans and advances to banks and loans and advances to customers, the Bank first assesses individually whether objective evidence of impairment exists for individually assessed items of financial assets.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred as at the reporting date). The carrying amount of the asset is reduced through use of an account of impairment losses and the amount of the loss is recognized in the Income Statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases owing to an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the account of impairment losses. The unrecovered portion of the loans is written off by the Bank as a loss after all means for recovery of the receivable have been applied including the realization of the receivable's collateral. The Bank does not recognize written-off loans in the off-balance sheet.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that will be generated from the realization of the collateral less costs of sale.

If the Bank concludes that no objective evidence of impairment exists for an individually assessed financial asset and such an asset shows common indications characteristic for individual portfolios created by the Bank, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment are not included in a collective assessment of impairment.

For the collective recognition of impairment, financial assets are grouped using the Bank's internal credit classification system that considers similar credit risk characteristics, in particular type of financial asset, type of debtor, security method, and other relevant factors.

The selected types of loans to customers where no default was identified on an individual basis are classified as portfolios with similar risk characteristics. The Bank has five portfolios created for the collective (portfolio) measurement of receivables with common characteristics The Bank's loan portfolios comprise the portfolio of loans and current account overdrafts provided to the Bank's employees, the portfolio of current account overdrafts provided to private banking customers, the portfolio of loans provided to individuals as housing loans, the portfolio of loans provided to private banking customers as loans secured by the portfolio of the customers' securities managed by the Bank and the portfolio of loans provided to the Bank's customers included in the Bank's watchlist (closer monitoring).

To cover losses that have not yet been identified at the individual level but are included in individual portfolios based on objective historical experiences, provisions created for financial asset portfolios are used. Provisions created on a portfolio basis are aimed at reflecting the potential risk of loss that cannot be individually identified at the time, but is included in individual portfolios based on historical experiences and the impact of current market conditions

The Bank does not have a sufficiently long series for the calculation of an historical default rate for the loan portfolios. The Bank developed a model for the calculation of provisions for loan portfolios. The amount of such provisions depends on the probability of default and loss given default. The input data for the model comprise, is data from the Bloomberg system, regular monthly statements reported by the National Bank of Slovakia on the status of loans in the banking sector for the preceding periods and a loan portfolio report of the Bank.

The Bank monitors changes in economic conditions of the relevant market and regularly reassesses the amount of portfolio provisions. The Bank also tests the model quality by comparison with the realized losses from the loan portfolio for the previous year.

Additional information on credit risk management is provided in Note 42. Financial Instruments – Credit Risk

(ii) Financial investments at amortized cost

For investments measured at amortized cost, the Bank assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognized in the Income Statement.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, any amounts previously disclosed in expenses are credited to the "Loss on impairment of financial investments".

(iii) Financial investments at fair value through other comprehensive income

For financial investments at fair value through other comprehensive income, the Bank assesses as at the reporting date whether there is objective evidence of impairment of the investment or a group of investments.

For equity investments classified as measured at fair value through other comprehensive income, objective evidence would include a significant or long-term decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement – is removed from equity and recognized in the Income Statement. Provisions for equity investments are not reversed through the Income Statement. Increases in their fair value after impairment are recognized directly in equity.

For debt instruments classified as measured at fair value through other comprehensive income, impairment is assessed based on the same criteria as for financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate and is recorded as part of "Interest income and similar income". If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the Income Statement, the provision for the financial assets is reversed through the Income Statement.

(iv) Renegotiated loans

The Bank prefers to restructure loans rather than perfect the collateral if such procedure improves or strengthens its position as a creditor. Restructuring may include the extension of repayment dates and the agreement of new credit terms and conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective assessment for impairment expressed as a provision.

(9) Accrued interest income and expense

Accrued interest income and expense related to financial assets and liabilities are presented as at the reporting date together with the corresponding assets and liabilities in the statement of financial position.

(10) Tangible and intangible assets

Tangible and intangible assets are recognized at historical cost less accumulated depreciation and provisions for impairment losses. Tangible and intangible assets are depreciated/amortized as follows:

Buildings and structures	20 to 40 years, linear
Software	Up to 5 years, linear
Other assets	4 to 12 years, linear

Land and assets under construction are not depreciated.

Gains and losses on the sale of tangible and intangible assets are determined by reference to their net book value and are recognized in the Income Statement in the year of disposal. Low-value tangible and intangible assets and technical improvements costing less than EUR 1,700 in the case of tangible assets, and EUR 2,400 in the case of intangible assets, are recognized in the Income Statement when the expenditure is incurred.

Costs associated with the maintenance of existing software are expensed through “General operative expenses” as incurred, while the costs of technical improvements are capitalized and increase the cost of software.

(11) Impairment of tangible and intangible assets

At each reporting date, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss (if any).

The recoverable amount is the higher of fair value less costs of sale and present value of future cash flows expected to be derived from the asset. If any of the above amounts exceeds the carrying amount, there is no need to estimate the other amount. If the estimated recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset is reduced to equal the recoverable amount. The impairment loss is recognized directly in the Income Statement.

(12) IFRS 16 Leases

The International Financial Reporting Standard “Leases” (IFRS 16) was applied by the Bank for the first time as of 1 January 2019.

This standard removes the dual model of accounting by the lessee. Instead, it requires that companies recognize most leases in the balance sheet under a single model eliminating the distinction between an operating lease and a finance lease. In accordance with IFRS 16, a contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset over a certain period in exchange for consideration. For such contracts, the new model requires the lessee to recognize a right-of-use asset and a lease liability. The right of use is amortized over the term of the lease contract and the liability bears interest.

The new standard introduces several exemptions for a lessee, which include:

- Leases with a lease term of 12 months or less which do not include a purchase option
- Leases for which the underlying asset is of low value

The Bank applied the above exemptions.

After the application of IFRS 16, the Bank measures lease liabilities at the present value of receivables from lease payments. Lease payments are discounted using the interest rate implicit in the lease. The Bank uses a zero implicit interest rate.

Right-of-use assets are initially measured at cost, which comprises:

- Initial estimate of lease liabilities
- Any lease payments made at or before the commencement date of the lease, less any receivable from lease incentives
- Any initial costs directly incurred by the lessee through entering into a lease contract
- An estimate of costs which will be incurred by the lessee due to an obligation to dismantle and remove the underlying asset or to carry out refurbishment/restoration

(13) Guarantees issued

In the ordinary course of business, the Bank gives financial guarantees consisting of letters of credit, guarantees and accepted notes. Financial guarantees are initially recognized at fair value, in "Other liabilities". Upon initial recognition, the Bank's liability under each guarantee granted is measured at the higher of the amortized cost and the best estimate of expenditures required to settle any financial obligation arising as a result of the guarantee and is recognized in "Other liabilities".

(14) Provisions for liabilities

A provision is a liability of uncertain timing or amount. A reserve is recognized when the Bank has an obligation (legal or constructive) as a result of past events, it is probable that the satisfaction of the obligation will require a cash outflow and, at the same time, the amount of the obligation can be reliably estimated.

The amount of provisions for liability is recognized based on the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision for liability is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision for liability are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount of the receivable can be measured reliably.

(15) Recognition of income and expenses

(i) Interest expense and interest income

Interest expense and interest income are recorded in the Income Statement on an accrual basis using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability, or a group of financial assets or liabilities, by allocating interest income and income expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument so that they correspond to the net carrying amount of the financial asset or financial liability.

Fees earned for the provision of loans and loan commitments that compensate activities performed to maintain the instrument are recorded on an accrual basis and recognized as effective interest rate adjustments.

Interest expenses and interest income also include transaction fees at the origin of the financial instrument.

For assets classified as standard or risk-bearing (Stage 1 and Stage 2), interest income is recognized based on the gross carrying amount of assets. For defaulted assets (Stage 3), interest income is recognized based on the net carrying amount of assets.

(ii) Fee and commission income and expenses
Fees earned for the administration of loans and other received and paid fees are recorded in the Income Statement when the service is provided or received. The Bank receives fees primarily in connection with the issue of securities for related parties.

(iii) Income tax
Income tax includes current tax, deferred tax and special business levy.

Current income tax represents the expected tax liability resulting from taxable income for the year calculated at the tax rate as at the reporting date with any current income tax adjustments from previous years.

Deferred income tax is calculated using the balance sheet liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is calculated at the tax rates that are expected to apply to the period when the time differences are reversed.

Deferred income tax assets are only recognized to the extent that it is probable that taxable profits will be available against which non-utilized tax losses and credits can be applied. Deferred income tax assets are decreased to the extent that it is not probable that the related tax benefits can be realized.

Deferred income tax is charged or credited to the Income Statement, except when such deferred income tax relates to items charged or credited directly to equity, in which case the deferred tax is also recorded in equity. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and when they relate to income taxes levied by the same tax authority and the Bank intends to settle its current income tax assets and liabilities on a net basis.

From 1 January 2024, the bank is obliged to pay a special business levy on a monthly basis in regulated industries. The basis of the levy is the economic result before tax multiplied coefficient. The coefficient shall be calculated as the ratio of revenues from regulated activities to total revenues. The levy is calculated as the product of the levy rate and the levy base. Given that many areas of Slovak tax law have not yet been sufficiently verified in practice, there is uncertainty as to how they will be applied by the tax authorities. The degree of this uncertainty cannot be quantified and will only disappear after the legal precedents are available, or official interpretations of the competent authorities.

(16) Subsidiaries and other equity investments

The financial statements present the accounts and results of the Bank only.

Subsidiaries
An investment in a subsidiary is one in which the Bank holds, directly or indirectly, more than 50% of such subsidiary's share capital or in which the Bank can exercise more than 50% of the voting rights, or where the Bank can appoint or dismiss the majority of the Board of Directors or Supervisory Board members or have other means of governing the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are valued at cost less provisions for impairment.

Other equity participations
Other equity participations represent investments with less than a 20% share of the share capital and voting rights. Such investments are measured using the fair value model applicable on the available-for-sale securities. Investments for which no quoted market prices on an active market are available or investments the fair value of which cannot be determined reliably are recognized at cost.

(17) Transactions with securities for customers
Securities received by the Bank into custody and for deposit are recognized at face value in the off-balance sheet. The securities taken over by the Bank for management are recognized at fair value in the off-balance sheet. The Bank's amounts due to customers are recognized as "Deposits from customers" in the balance sheet owing to cash received for purchase of securities and cash to be returned to clients.

(18) Regulatory requirements
The Bank is subject to the regulatory requirements of the central bank. These regulations include those pertaining to capital adequacy, classification of loans and off-balance sheet commitments, asset concentration, credit risks associated with the Bank's clients, liquidity, interest rates, and foreign currency position.

3. RECOGNITION OF SELECTED ASSETS BY GEOGRAPHICAL AREA

Classification by geographical area as at 31 December 2024:

EUR '000	Cash and balances with central banks	Loans and advances to banks	Loans and advances to customers	Securities measured at fair value through other comprehensive income	Securities measured at amortised cost	Investments in subsidiaries
Cyprus	-	-	46 611	-	-	-
British Virgin Islands	-	-	20 045	-	-	
Czech Republic	52	40 410	116 298	-	-	-
Croatia	-	-	863	-	-	-
France	-	-	-	1	5 116	
Ireland	-	-	-	2 308	-	-
Latvia	-	-	-	-	1 433	-
Lithuania	-	-	-	-	9 674	-
Luxemburg	-	-	-	2	-	
Poland	-	-	43 106	-	-	-
Austria	-	2 499	184	4 925	4 591	-
Slovak Republic	226 670	7 578	225 847	23 190	85 755	7
Slovenia	-	-	-	2 438	2 429	-
United States of America	59	-	-	23 526	-	-
Spain	-	-	-	-	11 832	
Switzerland	41	-	-	-	-	-
United Kingdom	71	-	-	-	-	-
Total, gross	226 893	50 487	452 954	56 390	120 830	7
Provisions (Note 7)	-	-	(15 558)	(111)	(24)	-
Total, net	226 893	50 487	437 396	56 279	120 806	7

Classification by geographical area as at 31 December 2023:

EUR '000	Cash and balances with central banks	Loans and advances to banks	Loans and advances to customers	Securities measured at fair value through other comprehensive income	Securities measured at amortised cost	Investments in subsidiaries
Cyprus	-	-	39 663	-	-	-
Czech Republic	6	50 196	39 337	-	-	-
Ireland	-	-	-	2 320	-	-
Latvia	-	-	-	-	1 395	-
Lichtenstein	-	-	19 831	-	-	-
Lithuania	-	-	-	-	9 501	-
Poland	-	-	46 369	-	-	-
Austria	-	2 349	183	4 482	-	-
Romania	-	11	7 021	-	-	-
Slovak republic	251 976	7 687	225 380	21 052	99 346	7
Slovenia	-	-	-	2 560	2 601	-
United States of America	52	-	-	24 456	-	-
Switzerland	41	-	-	-	-	-
Great Britain	70	-	-	-	-	-
Total, gross	252 145	60 243	377 784	54 870	112 843	7
Provision (Note 7)	-	-	(11 869)	(85)	(98)	-
Spolu, nett	252 145	60 243	365 915	54 785	112 745	7

4. CASH AND BALANCES WITH CENTRAL BANKS

EUR '000	2024	2023
Cash on hand	1 848	2 075
Current account in NBS	222 019	249 070
Minimum reserve deposits at NBS	3 026	1 000
Total cash and balances with central banks	**226 893**	**252 145**

Receivables from central banks are not secured by any collateral.

The minimum reserve deposits are recognized as a deposit under the regulations of the National Bank of Slovakia. The amount of the reserves depends on the level of deposits accepted by the Bank. The Bank's ability to withdraw the reserve is restricted by statutory legislation; therefore, it is not included in "Cash and balances with central banks" for the purposes of cash flow statement preparation (see Note 35).

5. LOANS AND ADVANCES TO BANKS

EUR '000	2024	2023
Current bank accounts	5 882	6 053
Term deposits with banks	41 970	51 744
Other amounts due from banks	2 635	2 446
Total loans and advances to banks	**50 487**	**60 243**

Loans and advances to banks have not been secured by any collateral.

6. LOANS AND ADVANCES TO CUSTOMERS

(a) Breakdown of loans and advances to customers by type

EUR '000	2024	2023
Loans and borrowings to		
corporate entities	**435 414**	**365 222**
Stage 1	290 901	273 260
Stage 2	140 576	75 096
Stage 3	3 937	16 866
individuals	**17 540**	**12 562**
Stage 1	10 928	10 584
Stage 2	4 617	315
Stage 3	995	1 663
Total loans and advances to customers, gross	**452 954**	**377 784**
Provisions for loans and advances to customers (Note 7)	(15 558)	(11 869)
Total loans and advances to customers, net	**437 396**	**365 915**

The increase in provisions for loans and advances to customers was due to:
- year-to-year growth in the volume of the loan portfolio and an increase in initiation and portfolio provisions
- adjustment of the algorithm for calculating provisions for loans classified in stages 1 and 2
- reassessment of cash flow scenarios when calculating provisions for non-performing loans (stage 3)

As at 31 December 2024, the 15 largest customers accounted for 55.24% of the gross loan portfolio, which amounted to EUR 250,231 thousand (2023: 59.57%, EUR 225,041 thousand).

Further details on credit risk are described in Note 42.

(b) Breakdown of loans and advances to customers by sector

The table below details the breakdown of loans and advances to customers by sector as at 31 December 2024.

EUR '000	Stage 1	Stage 2	Stage 3	**Total**
Residents				
Financial institutions	14 522	25 087	-	**39 609**
Non-financial institutions	121 907	43 140	3 937	**168 984**
Non-profit organisations	-	300	-	**300**
Self-employed	-	3 050	-	**3 050**
Individuals	10 704	1 205	1 995	**13 904**
Non-residents				
Financial institutions	86 990	5 862	-	**92 852**
Non-financial institutions	67 482	66 187	-	**133 669**
Individuals	224	362	-	**586**
Total loans and advances to customers, gross	**301 829**	**145 193**	**5 932**	**452 954**
Provisions for loans and advances to customers (Note 7)	(2 360)	(9 893)	(3 305)	**(15 558)**
Total loans and advances to customers, net	**299 469**	**135 300**	**2 627**	**437 396**

The table below details the breakdown of loans and advances to customers by sector as at 31 December 2023.

EUR '000	Stage 1	Stage 2	Stage 3	**Total**
Residents				
Financial institutions	-	9 524	-	**9 524**
Non-financial institutions	137 178	50 755	15 943	**203 876**
Non-profit organisations	-	300	-	**300**
Self-employed	-	11	-	**11**
Individuals	10 001	5	1 663	**11 669**
Non-residents				
Financial institutions	39 539	-	-	**39 539**
Non-financial institutions	96 543	14 517	923	**111 983**
Individuals	583	299	-	**882**
Total loans and advances to customers, gross	**283 844**	**75 411**	**18 529**	**377 784**
Provisions for loans and advances to customers (Note 7)	(2 714)	(4 817)	(4 338)	**(11 869)**
Total loans and advances to customers, net	**281 130**	**70 594**	**14 191**	**365 915**

(c) Breakdown of loans and advances to customers per purpose

The table below details the breakdown of loans and advances to customers by purpose as at 31 December 2024.

EUR '000	Stage 1	Stage 2	Stage 3	Total	Share (%)
Short-term loans	**22 243**	**3 543**	**-**	**25 786**	
Operating	1 895	498	-	**2 393**	0,53
Investment	20 348	-	-	**20 348**	4,49
Project	-	3 045	-	**3 045**	0,67
Long-term loans	**279 586**	**141 650**	**5 932**	**427 168**	
Operating	58 826	14 494	979	**74 299**	16,40
Investment	205 672	97 827	1 293	**304 792**	67,30
Project	15 088	29 329	3 660	**48 077**	10,61
Total loans and advances to customers, gross	**301 829**	**145 193**	**5 932**	**452 954**	**100,00**
Provisions for loans and advances to customers (Note 7)	(2 360)	(9 893)	(3 305)	**(15 558)**	
Total loans and advances to customers, net	**299 469**	**135 300**	**2 627**	**437 396**	

The table below details the breakdown of loans and advances to customers by purpose as at 31 December 2023.

EUR '000	Stage 1	Stage 2	Stage 3	Total	Share (%)
Short-term loans	**2 028**	**1 805**	**2 471**	**6 304**	
Operating	1 009	-	2 471	**3 480**	0,92
Investment	1 019	1 805	-	**2 824**	0,75
Project	-	-	-	**-**	0,00
Long-term loans	**281 816**	**73 606**	**16 058**	**371 480**	
Operating	48 663	12 434	298	**61 395**	16,25
Investment	190 816	36 243	6 751	**233 810**	61,89
Project	42 337	24 929	9 009	**76 275**	20,19
Total loans and advances to customers, gross	**283 844**	**75 411**	**18 529**	**377 784**	**100,00**
Provisions for loans and advances to customers (Note 7)	(2 714)	(4 817)	(4 338)	**(11 869)**	
Total loans and advances to customers, net	**281 130**	**70 594**	**14 191**	**365 915**	

(d) Risk categorization of loans to customers

The table below details the breakdown of loans to customers according to the type of exposure and the level of risk identified within the Bank's portfolio of loans and advances as at 31 December 2024. The estimate of collateral value is a recoverable portion.

EUR'000	Commitment	Provisions	Provisions, coverage	Estimated collateral value	Provisions and collateral, coverage
Portfolio provisions	**142 662**	**9 719**	**6,81%**	**114 745**	**87,24%**
Individuals	15 545	373	2,40%	7 259	49,10%
of which: Stage 1	10 928	77	0,70%	4 323	40,26%
Stage 2	4 617	296	6,41%	2 936	70,00%
Stage 3	-	-	-	-	-
Legal entities	127 117	9 346	7,35%	107 486	91,91%
of which: Stage 1	4 372	42	0,96%	411	10,36%
Stage 2	122 745	9 304	7,58%	107 075	94,81%
Stage 3	-	-	-	-	-
Individual adjustments	**310 292**	**5 839**	**1,88%**	**149 334**	**50,01%**
Individuals	1 995	1 103	**55,29%**	1 104	110,63%
of which: Stage 1	-	-	-	-	-
Stage 2	-	-	-	-	-
Stage 3	1 995	1 103	55,29%	1 104	110,63%
Legal entities	308 297	4 736	1,54%	148 230	49,62%
of which: Stage 1	286 529	2 241	0,78%	138 550	49,14%
Stage 2	17 831	293	1,64%	6 792	39,73%
Stage 3	3 937	2 202	55,93%	2 888	129,29%
Total	**452 954**	**15 558**	**3,43%**	**264 079**	**61,74%**

In 2024, interest income on impaired loans to customers (Stage 3) amounted to EUR 191 thousand (2023: EUR 413 thousand).

The table below details the breakdown of loans to customers according to the type of exposure and the level of risk identified within the Bank's portfolio of loans and advances as at 31 December 2023. The estimate of collateral value is a recoverable portion.

EUR'000	Commitment	Provisions	Provisions, coverage	Estimated collateral value	Provisions and collateral, coverage
Portfolio provisions	**67 266**	**4 915**	**7,31%**	**42 991**	**71,22%**
Individuals	10 899	148	1,36%	3 992	37,99%
of which: Stage 1	10 584	118	1,11%	3 992	38,83%
Stage 2	315	30	9,52%	-	9,52%
Stage 3	-	-	-	-	-
Legal entities	56 367	4 767	8,46%	38 999	77,64%
of which: Stage 1	3 670	34	0,93%	337	10,11%
Stage 2	52 697	4 733	8,98%	38 662	82,35%
Stage 3	-	-	-	-	-
Individual adjustments	**310 518**	**6 954**	**2,24%**	**135 358**	**45,83%**
Individuals	1 663	747	44,92%	1 049	108,00%
of which: Stage 1	-	-	-	-	-
Stage 2	-	-	-	-	-
Stage 3	1 663	747	44,92%	1 049	108,00%
Legal entities	308 855	6 207	2,01%	134 309	45,50%
of which: Stage 1	269 590	2 562	0,95%	99 407	37,82%
Stage 2	22 399	54	0,24%	20 537	91,93%
Stage 3	16 866	3 591	21,29%	14 365	106,46%
Total	**377 784**	**11 869**	**3,14%**	**178 349**	**50,35%**

(e) Breakdown of loans and advances to customers by movement in gross carrying amounts

The table below details the breakdown of loans and advances to customers by movement in gross carrying amounts related to movements in provisions during 2024.

EUR '000	Stage 1	Stage 2	Stage 3	**Total**
Gross carrying amount of receivables as of January 1, 2024	**283 844**	**75 411**	**18 529**	**377 784**
Operating loans	**11 049**	**2 558**	**(1 790)**	**11 817**
New receivables	37 426	-	-	**37 426**
Transfer to Stage 1	282	(282)	-	**-**
Transfer to Stage 2	(1 152)	1 152	-	**-**
Transfer to Stage 3	(700)	-	700	**-**
Repaid receivables	(24 586)	(497)	(2 431)	**(27 514)**
Write-off of receivables	-	-	(40)	**(40)**
Assignment of receivables	-	-	-	**-**
Other changes	(221)	2 185	(19)	**1 945**
Investment loans	**34 185**	**59 779**	**(5 458)**	**88 506**
New receivables	129 981	-	-	**129 981**
Transfer to Stage 1	1 160	(1 160)	-	**-**
Transfer to Stage 2	(64 655)	68 404	(3 749)	**-**
Transfer to Stage 3	-	(800)	800	**-**
Repaid receivables	(29 182)	(10 973)	(2 340)	**(42 495)**
Write-off of receivables	-	-	(2)	**(2)**
Assignment of receivables	-	-	-	**-**
Other changes	(3 119)	4 308	(167)	**1 022**
Project loans	**(27 249)**	**7 445**	**(5 349)**	**(25 153)**
New receivables	10 546	-	-	**10 546**
Transfer to Stage 1	905	(905)	-	**-**
Transfer to Stage 2	(25 330)	25 330	-	**-**
Transfer to Stage 3	-	(2 529)	2 529	**-**
Repaid receivables	(9 936)	(18 223)	(7 780)	**(35 939)**
Write-off of receivables	-	-	-	**-**
Assignment of receivables	-	-	-	**-**
Other changes	(3 434)	3 772	(98)	**240**
Gross carrying amount of receivables as of December 31, 2024	**301 829**	**145 193**	**5 932**	**452 954**
Impairment allowances as of January 1, 2024 (Note 7)	**(2 714)**	**(4 817)**	**(4 338)**	**(11 869)**
New receivables	(2 634)	-	-	**(2 634)**
Transfer to Stage 1	(56)	56	-	**-**
Transfer to Stage 2	2 517	(4 013)	1 496	**-**
Transfer to Stage 3	560	300	(860)	**-**
Repaid receivables	365	2 738	1 827	**4 930**
Write-off of receivables	-	-	42	**42**
Assignment of receivables	-	-	-	**-**
Other changes	(398)	(4 157)	(1 472)	**(6 027)**
Impairment allowances as of December 31, 2024 (Note 7)	**(2 360)**	**(9 893)**	**(3 305)**	**(15 558)**
Net carrying amount of receivables as of December 31, 2024	**299 469**	**135 300**	**2 627**	**437 396**

Other changes mainly comprise the drawing of loans provided before 2024 and the repayment of loans in 2024 that were not repaid in full in 2024.

The table below details the breakdown of loans and advances to customers by movement in gross carrying amounts related to movements in provisions during 2023.

EUR '000	Stage 1	Stage 2	Stage 3	**Total**
Gross carrying amount of receivables as of January 1, 2023	**304 618**	**105 687**	**33 649**	**443 954**
Operating loans	**25 573**	**(23 186)**	**(4 837)**	**(2 450)**
New receivables	4 325	-	-	**4 325**
Transfer to Stage 1	23 204	(23 204)	-	**-**
Transfer to Stage 2	3	3 436	(3 439)	**-**
Transfer to Stage 3	(109)	-	109	**-**
Repaid receivables	(1 345)	(2 725)	(220)	**(4 290)**
Write-off of receivables	-	-	(818)	**(818)**
Assignment of receivables	-	-	-	**-**
Other changes	(505)	(693)	(469)	**(1 667)**
Investment loans	**(28 567)**	**(16 415)**	**(813)**	**(45 795)**
New receivables	96 876	-	-	**96 876**
Transfer to Stage 1	9 171	(9 171)	-	**-**
Transfer to Stage 2	(21 646)	21 652	(6)	**-**
Transfer to Stage 3	-	(1 165)	1 165	**-**
Repaid receivables	(32 692)	(25 573)	(1 576)	**(59 841)**
Write-off of receivables	-	-	(77)	**(77)**
Assignment of receivables	-	-	-	**-**
Other changes	(80 276)	(2 158)	(319)	**(82 753)**
Project loans	**(17 780)**	**9 325**	**(9 470)**	**(17 925)**
New receivables	10 980	-	-	**10 980**
Transfer to Stage 1	-	-	-	**-**
Transfer to Stage 2	(4 955)	4 955	-	**-**
Transfer to Stage 3	-	-	-	**-**
Repaid receivables	(22 471)	(2 349)	(9 476)	**(34 296)**
Write-off of receivables	-	-	(3)	**(3)**
Assignment of receivables	-	-	-	**-**
Other changes	(1 334)	6 719	9	**5 394**
Gross carrying amount of receivables as of December 31, 2023	**283 844**	**75 411**	**18 529**	**377 784**
Impairment allowances as of January 1, 2023 (Note 7)	**(1 638)**	**(3 731)**	**(9 145)**	**(14 514)**
New receivables	(2 153)	-	-	**(2 153)**
Transfer to Stage 1	(745)	745	-	**-**
Transfer to Stage 2	697	(2 366)	1 669	**-**
Transfer to Stage 3	110	65	(175)	**-**
Repaid receivables	121	1 628	834	**2 583**
Write-off of receivables	-	-	898	**898**
Assignment of receivables	-	-	-	**-**
Other changes	894	(1 158)	1 581	**1 317**
Impairment allowances as of December 31, 2023 (Note 7)	**(2 714)**	**(4 817)**	**(4 338)**	**(11 869)**
Net carrying amount of receivables as of December 31, 2023	**281 130**	**70 594**	**14 191**	**365 915**

Other changes mainly comprise the drawing of loans provided before 2023 and the repayment of loans in 2023 that were not repaid in full in 2023.

7. PROVISIONS FOR IMPAIRMENT LOSSES

EUR '000	01.01.2024	(Creation)	Release	Use for assigned / written-off receivables	Exchange rate difference	31.12.2024
Loans and advances to customers (Note 6)	(11 869)	(14 781)	11 049	42	1	(15 558)
Securities measured at fair value through other comprehensive income (Note 8)	(85)	(40)	14	-	-	(111)
Securities measured at amortized cost (Note 9)	(98)	(5)	79	-	-	(24)
Other assets (Note 15)	(152)	(34)	24	139	-	(23)
Total allowances	**(12 204)**	**(14 860)**	**11 166**	**181**	**1**	**(15 716)**

EUR '000	1.1.2023	(Creation)	Release	Use for assigned / written-off receivables	Exchange rate	31.12.2023
Loans and advances to customers (Note 6)	(14 514)	(11 245)	12 985	898	7	(11 869)
Securities measured at fair value through other comprehensive income (Note 8)	(92)	(34)	41	-	-	(85)
Securities measured at amortized cost (Note 9)	(110)	(30)	42	-	-	(98)
Other assets (Note 15)	(40)	(138)	5	21	-	(152)
Total allowances	**(14 756)**	**(11 447)**	**13 073**	**919**	**7**	**(12 204)**

8. SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Breakdown of securities measured at fair value through other comprehensive income by type of security and issuer's country as at 31 December 2024:

EUR '000	Government bonds	Bank bonds	Corporate bonds	Mutual funds	**Total**
France	-	-	-	1	**1**
Ireland	-	-	-	2 308	**2 308**
Luxembourg	-	-	-	2	**2**
Austria	-	4 925	-	-	**4 925**
Slovak Republic	23 108	-	82	-	**23 190**
Slovenia	2 438	-	-	-	**2 438**
United States of America	-	13 561	9 965	-	**23 526**
Total, gross	**25 546**	**18 486**	**10 047**	**2 311**	**56 390**
Allowances (Note 7)	-	(69)	(30)	(12)	**(111)**
Total, net	**25 546**	**18 417**	**10 017**	**2 299**	**56 279**

The total volume of securities measured through other comprehensive income is at Stage 1 in accordance with IFRS 9.

Breakdown of securities measured at fair value through other comprehensive income by type of security and issuer's country as at 31 December 2023:

EUR '000	Government bonds	Bank bonds	Corporate bonds	Mutual funds	**Total**
Ireland	-	-	-	2 320	**2 320**
Austria	-	4 482	-	-	**4 482**
Slovak Republic	15 309	5 655	88	-	**21 052**
Slovenia	2 560	-	-	-	**2 560**
United States of America	-	13 234	11 222	-	**24 456**
Total, gross	**17 869**	**23 371**	**11 310**	**2 320**	**54 870**
Allowances (Note 7)	-	(56)	(22)	(7)	**(85)**
Total, net	**17 869**	**23 315**	**11 288**	**2 313**	**54 785**

The total volume of securities measured at fair value through other comprehensive income was at Stage 1 in accordance with IFRS 9.

The method for determining the fair value of securities measured at fair value through other comprehensive income is described in Note 44.

The structure of securities provided as collateral for pooling to the National Bank of Slovakia is as follows:

EUR '000	2024	2023
Domestic bank bonds	-	5 645
Foreign bank bonds	-	-
Total	**-**	**5 645**

The NBS is responsible for depositing, uploading and withdrawing individual collateral from the pooling account held with the NBS.

Over the period when the debt security is deposited on the pooling account, if income on such a debt security is paid in favour of the NBS, Privatbanka, a.s. is entitled to a cash amount after making all mandatory deductions in accordance with the applicable legislation.

9. SECURITIES MEASURED AT AMORTIZED COST

Breakdown of securities measured at amortized cost by type of security and issuer's country as at 31 December 2024:

EUR '000	Government bonds	Bank bonds	Corporate bonds	**Total**
France	5 116	-	-	**5 116**
Latvia	1 433	-	-	**1 433**
Lithuania	9 674	-	-	**9 674**
Austria	4 591	-	-	**4 591**
Slovakia	78 617	2 000	5 138	**85 755**
Slovenia	2 429	-	-	**2 429**
Spain	11 832	-	-	**11 832**
Total, brutto	**113 692**	**2 000**	**5 138**	**120 830**
Provisions (Note 7)	-	(6)	(18)	**(24)**
Total, netto	**113 692**	**1 994**	**5 120**	**120 806**

The total volume of securities measured at amortized cost is at Stage 1 in accordance with IFRS 9.

Breakdown of securities measured at amortized cost by type of security and issuer's country as at 31 December 2023:

EUR '000	Government bonds	Bank bonds	Corporate bonds	**Total**
Latvia	1 395	-	-	**1 395**
Lithuania	9 501	-	-	**9 501**
Slovak Republic	92 207	2 001	5 138	**99 346**
Slovenia	2 601	-	-	**2 601**
Total, gross	**105 704**	**2 001**	**5 138**	**112 843**
Provisions (Note 7)	-	(4)	(94)	**(98)**
Total, net	**105 704**	**1 997**	**5 044**	**112 745**

The total volume of securities measured at amortized cost was at Stage 1 in accordance with IFRS 9.

The structure of securities provided as collateral for pooling to the NBS is as follows:

EUR '000	2024	2023
Domestic government bonds	15 278	9 914
Domestic bank bonds	1 995	1 997
Total	**17 273**	**11 911**

10. INVESTMENTS IN SUBSIDIARIES

Company name	Registered office	Share in registered capital (EUR '000)	Share in reserve fund (EUR '000)	Share in registered capital (%)	Book value (EUR '000)
At 31.12.2024					
Privatfin, s.r.o.	Bratislava	6,7	0,3	100	7
At 31.12.2023					
Privatfin, s.r.o.	Bratislava	6,7	0,3	100	7

11. TANGIBLE AND INTANGIBLE ASSETS

a) Changes in tangible and intangible assets as at 31 December 2024

	Tangible assets					Intangible assets				
EUR '000	Buildings	Furniture and equipment	Motor Vehicles	Acquisition of tangible assets	Advances on tangible assets	Software	Patents and licenses	Acquisition of intangible assets	Advances on intangible assets	**Total**
Acquisition cost										
As of 1 January 2024	743	2 676	362	-	-	5 936	108	1	-	**9 826**
Additions	-	131	42	174	-	448	-	451	-	**1 246**
Disposals	-	(5)	(30)	(173)	-	-	-	(448)	-	**(656)**
As of 31 December 2024	743	2 802	374	1	-	6 384	108	4	-	**10 416**
Depreciation										
As of 1 January 2024	(439)	(2 423)	(221)	-	-	(5 332)	(108)	-	-	**(8 523)**
Additions	(37)	(174)	(55)	-	-	(240)	-	-	-	**(506)**
Disposals	-	5	30	-	-	-	-	-	-	**35**
As of 31 December 2024	(476)	(2 592)	(246)	-	-	(5 572)	(108)	-	-	**(8 994)**
Residual value										
As of 31 December 2024	**267**	**210**	**128**	**1**	**-**	**812**	**-**	**4**	**-**	**1 422**

b) Changes in tangible and intangible assets as at 31 December 2023

	Tangible assets					Intangible assets				
EUR '000	Buildings	Furniture and equipment	Motor Vehicles	Acquisition of tangible assets	Advances on tangible assets	Software	Patents and licenses	Acquisition of intangible assets	Advances on intangible assets	**Total**
Acquisition cost										
As of 1 January 2023	743	2 825	265	-	-	5 638	107	16	-	**9 594**
Additions	6	168	119	293	5	308	1	294	-	**1 194**
Disposals	(6)	(317)	(22)	(293)	(5)	(10)	-	(309)	-	**(962)**
As of 31 December 2023	743	2 676	362	-	-	5 936	108	1	-	**9 826**
Depreciation										
As of 1 January 2023	(404)	(2 507)	(178)	-	-	(5 162)	(107)	-	-	**(8 358)**
Depreciation and amortization	(37)	(233)	(65)	-	-	(180)	(1)	-	-	**(516)**
Disposals	2	317	22	-	-	10	-	-	-	**351**
As of 31 December 2023	(439)	(2 423)	(221)	-	-	(5 332)	(108)	-	-	**(8 523)**
Residual value										
As of 31 December 2023	**304**	**253**	**141**	**-**	**-**	**604**	**-**	**1**	**-**	**1 303**

c) Insurance of assets

Tangible assets at the headquarters and the branches were insured against natural disasters for their full cost.

12. RIGHT-OF-USE ASSETS

The table below details the breakdown of changes in right-of-use assets as at 31 December 2024

EUR '000	Real estate	**Total**
Acquisition cost		
As of 1 January 2024	5 732	**5 732**
Additions	246	**246**
Disposals	(9)	**(9)**
As of 31 December 2024	5 969	**5 969**
Depreciation		
As of 1 January 2024	(3 001)	**(3 001)**
Depreciation and amortization	(885)	**(885)**
Disposals	-	**-**
As of 31 December 2024	(3 886)	**(3 886)**
Residual value		
As of 31 December 2024	**2 083**	**2 083**

The table below details the breakdown of changes in right-of-use assets as at 31 December 2023

EUR '000	Real estate	**Spolu**
Acquisition cost		
As of 1 January 2023	5 538	**5 538**
Additions	709	**709**
Disposals	(515)	**(515)**
As of 31 December 2023	5 732	**5 732**
Depreciation		
As of 1 January 2023	(2 685)	**(2 685)**
Depreciation and amortization	(797)	**(797)**
Disposals	481	**481**
As of 31 December 2023	(3 001)	**(3 001)**
Residual value		
As of 31 December 2023	**2 731**	**2 731**

13. TAX PREPAYMENTS

EUR '000	2024	2023
Special business levies paid	6 228	-
Special business levy as per settlement	(4 660)	-
Total tax prepayments	**1 568**	**-**

Special business levies were calculated at an annual rate of 30% in 2024.

14. DEFERRED TAX ASSET

Deferred tax assets and liabilities are as follows:

	Assets		Liabilities		Nett	
EUR '000	2 024	2 023	2 024	2 023	2 024	2 023
Tangible and intangible assets	26	18	-	-	26	18
Securities -						
Revaluation in equity	83	402	-	-	83	402
Provisions	793	911	-	-	793	911
Other liabilities	722	544	-	-	722	544
Total	**1 624**	**1 875**	**-**	**-**	**1 624**	**1 875**

The deferred tax assets and liabilities have been calculated using the corporate income tax rate of 24% (2023: 21%).

15. OTHER ASSETS

EUR '000	2024	2023
Other debtors	2 876	2 764
Operating advances provided	391	391
Inventories	2	2
Prepaid expenses	336	263
Other	-	-
Total other assets, gross	**3 605**	**3 420**
Provisions for other debtors (Note 7)	(23)	(152)
Total other assets, net	**3 582**	**3 268**

The item “Other debtors” mainly includes receivables for invoices from related parties for issues of securities and invoices from clients for services provided by the Bank.

16. DEPOSITS FROM CUSTOMERS

(a) Breakdown of deposits from customers by type

EUR '000	2024	2023
Current accounts	122 099	151 994
Time deposits	648 217	559 994
Savings deposits	-	78
Other	1 049	6 494
Total deposits from customers	**771 365**	**718 560**

As at 31 December 2024, the 15 largest clients accounted for 15.23% of the total deposits from customers, which represents EUR 117,456 thousand (2023: 14.10%, EUR 101,331 thousand).

A portion of the deposits from customers comprises payables to related parties. Their share of the total deposits from customers as at 31 December 2024 represented 12.2%, totalling EUR 93,837 thousand (2023: 10.7%, EUR 77,134 thousand). Additional information on exposures to related parties is described in Note 37.

All deposits from customers are within maturity.

(b) Breakdown of deposits from customers by sector

EUR '000	2024	2023
Residents		
Financial organizations	12 796	14 764
Non-financial organizations	57 973	58 625
Public administration	1 138	1 136
Non-profit organizations	6 927	6 259
Selfemployed	502	622
Population	453 133	412 021
Non-residents		
Financial organizations	86 553	40 620
Non-financial organizations	16 398	47 408
Public administration	845	-
Non-profit organizations	765	723
Selfemployed	105	102
Population	134 230	136 280
Total deposits from customers	**771 365**	**718 560**

17. DEBT SECURITIES ISSUED

(a) Breakdown of debt securities issued according to type

EUR '000	2024	2023
Coupon bonds	50	50
Total debt securities liabilities	**50**	**50**

All payables under the debt securities issued are within maturity.

(b) Summary of bonds issued

EUR '000	Date of issue	Maturity of issue	Effective interest rate	Face value 2024	Face value 2023
Bond PWM 02	08/2023	08/2025	3,250%	50	50
Total face value				**50**	**50**
accrued interest				-	-
Total debt securities issued				**50**	**50**

The issued bonds are bearer bonds and bonds were issued as book-entry securities and in a public offering. Bonds were not accepted on the listed securities market or any other stock market.

The bonds are negotiable and are not subject to any pre-emptive right. The entitlement to receipt of the face value plus yield is governed by generally binding legal regulations and the bond issue terms and conditions, the full wording of which is published as required pursuant to Act No. 530/1990 Coll. on Bonds, as amended.

(c) Breakdown of debt securities issued by sector of creditors

EUR '000	2024	2023
Rezidents		
Non-financial organisations	-	-
Population	50	50
Total liabilities from debt securities	**50**	**50**

18. CURRENT TAX LIABILITY

EUR '000	2024	2023
Advance tax payments	(3 650)	(2 730)
Tax payable	4 150	4 168
Total	**500**	**1 438**

19. LEASE LIABILITIES

The table below details the breakdown of lease liabilities by maturity.

EUR '000	2024	2023
Due within 1 year	865	1 037
Due within 2 year	315	786
Due within 3 year	257	271
Due within 4 year	189	213
Due within 5 year	142	148
Due beyond 5 years	166	288
Total lease liabilities	**1 934**	**2 743**

All lease liabilities are within maturity.

20. OTHER LIABILITIES

EUR '000	2024	2023
Negative fair value of derivatives held for trading (Note 26)	1	-
Various creditors	498	237
Settlements with employees	474	433
Social fund	12	13
Settlements with the state budget	2 276	1 773
Settlements with Social insurance and health insurance companies	316	577
Deferred income	104	97
Accrued expenses	3 533	3 025
Other liabilities to clients	3 300	3 825
Total other liabilities	**10 514**	**9 980**

All other liabilities are within maturity.

Accrued expenses mainly comprise liabilities to the Bank's employees and management, and suppliers.

Movements in the social fund:

EUR '000	
Balance as of 01.01.2024	13
Creation	116
Drawing	(117)
Balance as of 31.12.2024	12

21. SHARE CAPITAL, CAPITAL RESERVES FROM PROFIT AND REVALUATION RESERVES

Share capital

EUR '000	2024	2023
Subscribed and fully paid-up share capital:		
"756,874 ordinary shares ISIN SK1110001619 with a nominal value of EUR 33.19 per share"	**25 121**	**25 121**

The total amount of the share capital of EUR 25,121 thousand is registered with the Business Register.

The structure of the Bank's shareholders as at 31 December 2024 and as at 31 December 2023:

Shareholder	Registered office	No. of shares (face value)	Share in the share capital (%)	Share in voting rights (%)
Penta Financial Services Ltd.	Limassol	25 121	100,00	100,00
Total		**25 121**	**100,00**	**100,00**

Legal reserve fund
Under the Slovak Commercial Code, all companies are required to maintain a legal reserve fund to cover future adverse financial conditions. The Bank is obliged to contribute an amount to the fund each year that is not less than 10% of its annual net profit until the aggregate amount reaches a minimum level equal to 20% of the issued share capital. The legal reserve fund is not available for distribution to shareholders.

Accumulated other comprehensive income from securities, including deferred tax
Accumulated other comprehensive income from securities, including deferred tax represents unrealized revaluation of securities measured at fair value through other comprehensive income. The revaluation reserves are recognized net of deferred tax effect. Such revaluation reserves are not available for distribution to the shareholder.

22. PROPOSAL FOR DISTRIBUTION OF 2024 PROFIT

The distribution of the Bank's profits for 2024 will be decided by the General Meeting of the Bank.

23. TAX REVENUE/(EXPENSE)

EUR '000	2024	2023
Current income tax	8 843	4 240
Deferred tax on temporary differences	(67)	(904)
Total	**8 776**	**3 336**

24. RECONCILIATION OF THEORETICAL AND RECOGNIZED INCOME TAX

	Balance (EUR '000)	2024 Applicable rate	Impact on tax
Special levy	20 350		4 660
Theoretical tax base	15 690	21%	3 295
Permanent non-deductible differences	745	21%	156
Permanent deductible differences	(700)	21%	(147)
Effect of unaccounted deferred tax - allowances	6 472	21%	1 359
Effect of unaccounted deferred tax - provisions	274	21%	58
Effect of unaccounted deferred tax - other	(1 481)	21%	(311)
Effect of change of tax rate from 21% to 24%			(294)
Adjusted tax			8 776
Effective tax expense			8 776

	Balance (EUR '000)	2023 Applicable rate	Impact on tax
Theoretical tax base	23 610	21%	4 958
Permanent non-deductible differences	592	21%	124
Permanent deductible differences	(900)	21%	(189)
Effect of unaccounted deferred tax - provisions	(7 302)	21%	(1 533)
Effect of unaccounted deferred tax - other	(116)	21%	(24)
Adjusted tax			3 336
Effective tax expense			3 336

25. OFF-BALANCE SHEET ITEMS

EUR '000 Off-balance sheet assets	2024	2023
1. Receivables from spot operations with monetary instruments:	251	50
2. Receivables from fixed term operations with monetary instruments:	159	166
3. Collateral received:	269 323	195 834
a) real estate	88 882	124 084
b) cash	5 701	2 112
c) securities	85 952	24 183
d) other	88 788	45 455

EUR '000 Off-balance sheet liabilities	2024	2023
1. Undrawn credit lines	37 224	22 113
2. Guarantees issued	-	-
3. Liabilities from spot operations with monetary instruments	251	50
4. Liabilities from fixed-term operations with monetary instruments	160	166
5. Securities provided as collateral	17 273	17 556

The whole amount of undrawn credit facilities and provided guarantees in 2024 and 2023 represent irrevocable commitments.

26. FINANCIAL DERIVATIVES

In its ordinary business activities, the Bank conducts transactions with financial derivatives to manage its liquidity, interest rate, and foreign exchange risks.

2024 EUR '000	Nominal value in the off-balance sheet Receivable	Liable	Fair value Positive	Negative	Nett
Currency swaps for trading	159	160	-	(1)	(1)
Total financial derivatives	**159**	**160**	**-**	**(1)**	**(1)**

2023 EUR '000	Nominal value in the off-balance sheet Receivable	Liable	Fair value Positive	Negative	Nett
Currency swaps for trading	167	167	-	-	-
Total financial derivates	**167**	**167**	**-**	**-**	**-**

The negative fair value of derivatives as at 31 December 2024 of EUR 1 thousand is recognized in “Other liabilities” (Note 20).

The breakdown of the face value of financial derivatives by residual maturity as at the end of 2024 is as follows:

EUR '000	Within 1 month	1 to 3 months do 3 mes.	3 months to 1 year	1 year to 5 year do 5 rokov	Over 5 years	**Total**
Currency swaps for tanding	122	27	10	-	-	**159**
Total receivables	**122**	**27**	**10**	**-**	**-**	**159**
Currency swaps for trading	123	27	10	-	-	**160**
Total liabilities	**123**	**27**	**10**	**-**	**-**	**160**

The breakdown of the face value of financial derivatives by residual maturity as at the end of 2023 is as follows:

EUR ‘000	Within 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	**Total**
Currency swaps for trading	126	32	9	-	-	**167**
Total receivables	**126**	**32**	**9**	**-**	**-**	**167**
Currency swaps for trading	127	31	9	-	-	**167**
Total liabilities	**127**	**31**	**9**	**-**	**-**	**167**

27. INTEREST INCOME AND SIMILAR INCOME

EUR '000	2024	2023
Interest income from receivables from banks and the central bank	9 017	10 945
Interest income from overdrafts from customers	1 021	727
Interest income from other customer loans	26 059	25 542
Interest income from securities measured at fair value through other comprehensive income	1 040	476
Interest income from securities measured at amortized cost	3 087	1 499
Total interest income and similar income	**40 224**	**39 189**

28. INTEREST EXPENSE AND SIMILAR EXPENSE

EUR '000	2024	2023
Interest expense on liabilities to banks	6	19
Interest expense on current accounts of clients	109	147
Interest expense on term deposits of clients	17 119	14 739
Interest expense on savings deposits of clients	11	8
Interest expense on loans	-	1 537
Interest expense on debt securities	2	48
Total interest expense and similar expenses	**17 247**	**16 498**

29. FEE AND COMMISSION INCOME

EUR '000	2024	2023
For the areas:		
Loans	103	117
Payments	52	50
Item fees	552	548
Securities operations	17 602	12 908
Portfolio management	1 189	895
Other areas	99	179
Total income from fees and commissions	**19 597**	**14 697**

The most significant item of fees from transactions with securities are fees for the issues of securities for related parties.

30. FEE AND COMMISSION EXPENSE

EUR '000	2024	2023
For the areas of:		
Payment transactions	517	397
Interbank transactions	29	26
Securities transactions	374	369
Intermediation	403	409
Total costs of fees and commissions	**1 323**	**1 201**

31. TRADING PROFIT

EUR'000	2024	2023
Profit/loss from shares and trust units (measured at fair value through other comprehensive income)	141	126
Profit/(loss) from derivative transactions	-	4
Profit/(loss) from FX transactions	164	114
Securities transactions	**305**	**244**

32. GENERAL OPERATING EXPENSES

EUR '000	2024	2023
Salary and social costs	11 711	10 057
Other general operating costs	4 687	4 268
Of which: costs of verification of financial statements	225	185
Assurance audit services excluding verification of financial statements	50	43
Other non-audit services	-	22
Contributions to the Deposit Protection Fund	116	86
Contribution to the Resolution Fund	1	(4)
Rent	189	192
Energy	238	212
Advertising	296	229
IT systems	772	621
Education	53	37
Vehicle maintenance and fuel	78	67
Membership fees	455	423
Other services	1 562	1 496
Other operating costs	652	659
Total general operating costs	**16 398**	**14 325**

The number of employees as at 31 December 2024 was 210 (2023: 192). The number of managers as at 31 December 2024 was 3 (2023: 3). The average number of employees for 2023 was 204 (2023: 193), of which managers for 2024: 3 (2023: 3).

The Bank's obligation to pay an annual contribution to the Deposit Protection Fund arises from the provision of Article 5 (1b) of Act of the National Council of the Slovak Republic No. 118/1996 Coll. on the Protection of Bank Deposits and on Amendment to and Supplements to Certain Acts, as amended.

With effect from 2015, selected financial institutions are obliged to pay contributions to the National Resolution Fund pursuant to Act No. 371/2014 Coll. on Resolution in the Financial Market and on Amendments to and Supplements to Certain Acts, as amended. The annual contribution for each selected institution is calculated as the ratio of the selected institution's liabilities less its own funds and covered deposits to the liabilities of all selected institutions operating in the Slovak Republic, less own funds and covered deposits of all selected institutions operating in the Slovak Republic. The annual contribution is calculated, considering the business cycle phase and the potential pro-cyclical impact on the financial position of a contributing selected institution and its risk profile.

The Bank does not have any pension arrangements other than the state compulsory pension system. Pursuant to Slovak legal regulations, employers are obliged to pay contributions to social security and medical insurance. These expenses are recognized in the Income Statement in the period in which the employee was entitled to the salary.

33. CREATION/RELEASE OF PROVISIONS FOR IMPAIRMENT LOSSES, WRITE-OFF AND ASSIGNMENT OF RECEIVABLES

EUR '000	2024	2023
(Creation of) allowances for receivables	(14 703)	(11 277)
Release of allowances for receivables	11 254	13 909
Gross value of written-off receivables	(194)	(921)
(Expenses) Income from assignment of receivables	-	2
Total	**(3 643)**	**1 713**

34. PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES

EUR '000	2024	2023
Profit before tax	20 350	23 610
Adjustments for non-cash transactions:		
Interest income	(40 224)	(39 189)
Interest expense	17 247	16 498
Remeasurement of derivatives measured at fair value through profit or loss	-	(4)
Depreciation of tangible and intangible assets	506	516
Depreciation of leased assets	885	-
Provisions for receivables, write-offs and assignments of receivables	3 643	(1 713)
(Profit)/loss from modifications	(395)	(843)
Provisions for securities	(48)	(20)
Net profit/(loss) on sale of tangible assets	(5)	(2)
Creation/(release) of provisions	231	(210)
Total before interest received/(paid)	**2 190**	**(1 357)**
Interest received	37 476	42 215
Interest paid	(17 495)	(12 282)
Profit before changes in operating assets and liabilities	**22 171**	**28 576**

35. CASH AND CASH EQUIVALENTS

EUR '000	2024	2023
Treasury (note 4)	1 848	2 075
Current accounts with NBS	222 019	249 070
Current accounts with NBS Receivables from banks due within 3 months	50 487	60 243
Total cash and cash equivalents	**274 354**	**311 388**

36. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Legal disputes

The Bank reviewed legal proceedings pending against it as at 31 December 2024 and 31 December 2023. As at 31 December 2024 and 31 December 2023, the Bank did not recognize a provision for litigation.

b) Commitments arising from issue of guarantees

Commitments from guarantees include issued guarantees that represent an irrevocable commitment that the Bank will make payments if a customer cannot meet its obligations to third parties. Based on the risk assessment as at 31 December 2024, the Bank recorded a provision to cover losses inherent in balances of undrawn loan commitments and guarantees, which are recognized in the off-balance sheet in the amount of EUR 294 thousand (2023: EUR 63 thousand).

Detailed information on the creation of provisions for liabilities is provided in Note 42. Financial Instruments – Credit Risk.

c) Commitments to extend credit, undrawn loan commitments, unused overdrafts, and approved overdraft loans

The primary purpose of commitments to extend credit is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused authorizations to extend credits in the form of loans or guarantees. Commitments to extend credit issued by the Bank represent issued loan commitments or guarantees, undrawn and approved overdraft loans. Commitments to extend credit or guarantees issued by the Bank that are contingent upon customers maintaining specific credit standards (including the condition that a customer’s solvency does not deteriorate) are revocable commitments. Irrevocable commitments represent undrawn portions of authorised loans and approved overdraft facilities as they result from contractual terms and conditions in loan agreements.

The table below details the breakdown of credit facilities and provided guarantees by entity and risk level as at 31 December 2024.

EUR'000	Exposure	Provisions	Provisions, coverage	Estimated value of collateral	Provisions and collateral, coverage
Future loans provided - individuals	**2 597**	23	**0,89%**	**235**	**9,93%**
of which: Stage 1	2 416	21	0,87%	173	8,03%
Stage 2	181	2	1,10%	62	35,36%
Stage 3	-	-	-	-	-
Future loans provided - legal entities	**34 627**	**271**	**0,78%**	**5 010**	**15,25%**
of which: Stage 1	31 690	249	0,79%	2 088	7,37%
Stage 2	2 935	21	0,72%	2 921	100,24%
Stage 3	2	1	50,00%	1	100,00%
Bank guarantees	**-**	**-**	**-**	**-**	**-**
of which: Stage 1	-	-	-	-	-
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Total	**37 224**	**294**	**0,79%**	**5 245**	**14,88%**

The table below details the breakdown of credit facilities and provided guarantees by entity and risk level as at 31 December 2023.

EUR'000	Exposure	Provisions	Provisions, coverage	Estimated value of collateral	Provisions and collateral, coverage
Future loans provided - individuals	**2 071**	14	**0,68%**	**402**	**20,09%**
of which: Stage 1	1 869	13	0,70%	368	20,39%
Stage 2	202	1	0,50%	34	17,33%
Stage 3	-	-	-	-	-
Future loans provided - legal entities	**20 042**	**49**	**0,24%**	**17 083**	**85,48%**
of which: Stage 1	9 480	5	0,05%	9 040	95,41%
Stage 2	10 561	43	0,41%	8 042	76,56%
Stage 3	1	1	100,00%	1	200,00%
Bank guarantees	**-**	**-**	**-**	**-**	**-**
of which: Stage 1	-	-	-	-	-
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Total	**22 113**	**63**	**0,28%**	**17 485**	**79,36%**

37. RELATED PARTY TRANSACTIONS

Related parties as defined by IAS 24 include:

a) A person or a close family member of that person is related to the Bank if that person:
- Has control or joint control over the Bank
- Has significant influence over the Bank
- Is a member of the key management personnel of the Bank or a parent company of the Bank

b) An entity is related to the Bank if any of the following conditions applies:
- The entity and the Bank are members of the same group (which means that each parent company, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the Bank (or an associate or joint venture of a member of the group of which the Bank is a member).
- The entity and the Bank are joint ventures of the same third party.
- The entity is a joint venture of a third entity and the Bank is an associate of the same third entity.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.
- The entity is controlled or jointly controlled by a person identified in (a); and
- A person who has control or joint control over the Bank has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent company of the entity).

The Bank is controlled by Penta Financial Services Ltd., which holds 100% of the voting rights of the Bank’s total votes.

Banking transactions are entered into with related parties in the normal course of business. These primarily include loans and deposits and issue of securities. These transactions were carried out on an arm's length basis and at market prices.

EUR '000	Balance at 31 Dec 2024	Accruals and deferrals at 31 Dec 2024	Total	Provisions for assets at 31 Dec 2024	Interest expense/ interest income 2024	Fee and commission income 2024	Trading profit 2024	General operating expenses 2024	(Creation)/ release of provisions for assets 2024	(Creation)/ release of provisions for liabilities 2024
Receivables from parent company										
Loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Other assets	50	-	50	-	-	50	-	-	-	-
Payables to the parent company										
Deposits from customers	17	-	17	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Receivables from related parties of the parent company										
Loans and advances to banks	354	-	354	-	-	-	-	-	-	-
Loans and advances to customers	71 243	137	71 380	(4 074)	4 324	6	-	-	(3 012)	-
Securities measured at fair value through other comprehensive income	81	1	82	-	4	-	-	-	-	-
Other assets	414	-	414	-	-	13 645		-	-	-
Payables to related parties of the parent company										
Deposits from banks	-	-	-	-	-	-	-	-	-	-
Deposits from customers	92 129	19	92 148	-	(2 625)	61	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-
Provisions for liabilities	1	-	1	-	-	-	-	-	-	-
Other liabilities	70	-	70	-	-	-	-	(272)	-	-
Undrawn credit lines	1	-	1	-	-	-	-	-	-	-
Bank guarantees	-	-	-	-	-	-	-	-	-	-
Collateral received	40 121	-	40 121	-	-	-	-	-	-	-

EUR '000	Balance at 31 Dec 2024	Accruals and deferrals at 31 Dec 2024	Total	Provisions for assets at 31 Dec 2024	Interest expense/ interest income 2024	Fee and commission income 2024	Trading profit 2024	General operating expenses 2024	(Creation)/ release of provisions for assets 2024	(Creation)/ release of provisions for liabilities 2024
Receivables from subsidiaries										
Loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Investments in subsidiaries	7	-	7	-	-	-	-	-	-	-
Payables to subsidiaries										
Deposits from customers	17	-	17	-	-	-	-	-	-	-
Receivables from management members and their related parties										
Loans and advances to customers	961	-	961	(2)	12	-	-	-	(2)	-
Other assets	2	-	2	-	-	6	-	-	-	-
Payables to management members and their related parties										
Deposits from customers	1 652	3	1 655	-	(31)	1	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-
Other liabilities	1 641	-	1 641	-	-	-	-	(1 605)	-	-
Of which: wages and salaries plus insurance contributions	-	-	-	-	-	-	-	(1 605)	-	-
Unused credit facilities	5	-	5	-	-	-	-	-	-	-
Received collateral	562	-	562	-	-	-	-	-	-	-

EUR '000	Balance at 31 Dec 2023	Accruals and deferrals at 31 Dec 2023	Total	Provisions for assets at 31 Dec 2023	Interest expense/ interest income 2023	Fee and commission income 2023	Trading profit 2023	General operating expenses 2023	(Creation)/ release of provisions for assets 2023	(Creation)/ release of provisions for liabilities 2023
Receivables from parent company										
Loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Other assets	50	-	50	-	-	50	-	-	-	-
Payables to the parent company										
Deposits from customers	24	-	24	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Receivables from related parties of the parent company										
Loans and advances to banks	444	-	444	-	-	-	-	-	-	-
Loans and advances to customers	54 051	227	54 278	(1 063)	2 951	7	-	-	(790)	-
Securities measured at fair value through other comprehensive income	87	1	88	-	6	-	-	-	1	-
Other assets	716	-	716	-	-	9 678	153	-	-	-
Payables to related parties of the parent company										
Deposits from banks	-	-	-	-	-	-	-	-	-	-
Deposits from customers	75 194	17	75 211	-	(3 274)	64	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-
Provisions for liabilities	1	-	1	-	-	-	-	-	-	44
Other liabilities	308	-	308	-	-	-	-	(173)	-	-
Undrawn credit lines	1 100	-	1 100	-	-	-	-	-	-	-
Bank guarantees	-	-	-	-	-	-	-	-	-	-
Collateral received	41 865	-	41 865	-	-	-	-	-	-	-

EUR ‘000	Balance at 31 Dec 2023	Accruals and deferrals at 31 Dec 2023	Total	Provisions for assets at 31 Dec 2023	Interest expense/ interest income 2023	Fee and commission income 2023	Trading profit 2023	General operating expenses 2023	(Creation)/ release of provisions for assets 2023	(Creation)/ release of provisions for liabilities 2023
Receivables from subsidiaries										
Loans and advances to customers	-	-	-	-	-	-	-	-	-	-
Investments in subsidiaries	7	-	7	-	-	-	-	-	-	-
Payables to subsidiaries										
Deposits from customers	17	-	17	-	-	-	-	-	-	-
Receivables from management members and their related parties										
Loans and advances to customers	586	-	586	-	6	-	-	-	4	-
Other assets	1	-	1	-	-	6	-	-	-	-
Payables to management members and their related parties										
Deposits from customers	1 877	5	1 882	-	(19)	2	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-
Other liabilities	1 467	-	1 467	-	-	-	-	(1 458)	-	-
Of which: wages and salaries plus insurance contributions	-	-	-	-	-	-	-	(1 458)	-	-
Unused credit facilities	6	-	6	-	-	-	-	-	-	-
Received collateral	586	-	586	-	-	-	-	-	-	-

Wages and salaries and social insurance expenses with respect to the Statutory Representatives and members of the Supervisory Board were in the amount of EUR 1,605 thousand as at 31 December 2024 (2023: EUR 1,458 thousand). Remuneration policy for Statutory Representatives complies with CRD III. As at 31 December 2024, short-term bonuses of Statutory Representatives amounted to EUR 604 thousand (2023: EUR 545 thousand) and long-term bonuses to EUR 593 thousand (2023: EUR 593 thousand). Members of the Bank’s bodies did not receive any non-monetary remuneration in 2024 and 2023.

38. FINANCIAL INSTRUMENTS – MARKET RISK

When conducting its business activities, the Bank is exposed to market risks that depend on the level of exposure to individual market risk factors, mainly including changes in interest rates, exchange rates, and prices of capital and financial market instruments.

Subsequent to the end of the preceding reporting period, no events occurred that would have a significant impact on market risks resulting from financial instruments.

(a) Interest rate risk

Interest rate risk is the risk of a change in the value of the Bank's portfolios depending on the duration of such portfolios or a change in the net interest income as a result of changes in market interest rates. To measure the interest rate sensitivity of assets and liabilities, the Bank uses a gap analysis. The assets and liabilities of the Bank are classified into time segments depending on the time of revaluation of the instrument or its reinvestment. The size of the interest GAP represents the degree of risk of a potential loss or profit against projected revenues in the form of a change in the net interest income resulting from changes in market interest rates under exactly specified restrictive conditions of the model. The Bank has set a limit for the maximum interest rate exposure defined by the maximum theoretical change of net interest income within one year starting from the moment of the valuation of the Bank's positions.

To measure the interest rate risk of the Banking and Trading Books, the Bank uses interest rate sensitivity based on modified duration and convexity. This method is used daily to monitor the interest rate sensitivity of all the Bank's portfolios. The Bank measures its interest rate risk of the Trading Book using the VaR and interest sensitivity model for which it has set maximum risk exposures, which it monitors daily.

As the Bank has significant positions in fixed-interest bonds in its Banking Book, it may decide to partially hedge certain positions. Hedging instruments comprise, for instance, interest-rate swaps through which the Bank may maintain the total interest rate position of the Banking Book at an acceptable level and eliminates profit/(loss) volatility. The Bank currently does not use such hedging instruments.

The average effective interest rates of assets and liabilities as at 31 December 2024 and the periods in which these rates are remeasured are as follows:

EUR '000	Effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	**Total**
Cash and balances with central banks	2,94%	225 045	-	-	-	-	1 848	**226 893**
Loans and advances to banks	1,16%	50 487	-	-	-	-	-	**50 487**
Loans and advances to customers	6,20%	63 375	198 421	106 388	68 180	1 193	(161)	**437 396**
Securities measured at fair value through other comprehensive income	2,01%	2 530	2 384	26 137	22 929	-	2 299	**56 279**
Securities measured at amortised cost	2,82%	-	702	26 375	89 219	4 510	-	**120 806**
Investments in subsidiaries		-	-	-	-	-	7	**7**
Total assets		**341 437**	**201 507**	**158 900**	**180 328**	**5 703**	**3 993**	**891 868**
Deposits from banks		-	-	-	-	-	-	**-**
Deposits from customers	2,59%	239 641	59 545	216 431	255 748	-		**771 365**
Debt securities issued	3,25%	-	-	50	-	-	-	**50**
Total liabilities		**239 641**	**59 545**	**216 481**	**255 748**	**-**	**-**	**771 415**
Difference		**101 796**	**141 962**	**(57 581)**	**(75 420)**	**5 703**	**3 993**	**120 453**
Cumulative difference		**101 796**	**243 758**	**186 177**	**110 757**	**116 460**	**120 453**	

The average effective interest rates of assets and liabilities as at 31 December 2023 and the periods in which these rates are remeasured are as follows:

EUR '000	Effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Unspecified	Total
Cash and balances with central banks	3,95%	250 071	-	-	-	-	2 074	**252 145**
Loans and advances to banks	2,58%	60 243	-	-	-	-	-	**60 243**
Loans and advances to customers	6,75%	79 847	137 264	98 518	40 354	1 023	8 909	**365 915**
Securities measured at fair value through other comprehensive	1,25%	40	5 705	9 319	37 407	-	2 314	**54 785**
Securities measured at amortised cost	1,98%	-	-	37 802	74 943	-	-	**112 745**
Investments in subsidiaries		-	-	-	-	-	7	**7**
Total assets		**390 201**	**142 969**	**145 639**	**152 704**	**1 023**	**13 304**	**845 840**
Deposits from banks		1	-	-	-	-	-	**1**
Deposits from customers	2,29%	287 294	53 706	146 950	224 202	-	6 408	**718 560**
Debt securities issued	3,25%	-	-	-	50	-	-	**50**
Total liabilities		**287 295**	**53 706**	**146 950**	**224 252**	**-**	**6 408**	**718 611**
Difference		**102 906**	**89 263**	**(1 311)**	**(71 548)**	**1 023**	**6 896**	**127 229**
Cumulative difference		**102 906**	**192 169**	**190 858**	**119 310**	**120 333**	**127 229**	

The interest rate sensitivity analysis assumes a parallel movement of the yield curve. The table below shows the change in net profit and equity of the Bank due to possible changes in interest rates.

EUR '000	Impact on net profit	Impact on equity
2024		
+ 0,5% for all currencies	-	(162)
- 0,5% for all currencies	-	163
2023		
+ 0,5% for all currencies	-	(297)
- 0,5% for all currencies	-	300

(b) Currency risk

Currency risk is the risk of a change in the value of the Bank's portfolios due to changes in the value of exchange rates and open unsecured positions. The Bank manages currency risk by determining and daily monitoring of maximum limits of open positions of the banking book for individual currencies. A potential excessive open currency position of the Banking Book is immediately repurchased through an internal operation in the Trading Book. The currency risk of the trading book is limited by maximum exposure using the VaR model. The tables below show the volumes of assets and liabilities according to the individual main currencies and the resulting unsecured open currency positions as at year-end 2024 and 2023.

As at 31 December 2024, the Bank reported the following structure of financial assets and liabilities in individual currencies:

EUR '000	EUR	CZK	USD	Other FX	Total
Cash and balances with central banks	226 670	52	59	112	**226 893**
Loans and advances to banks	1 392	40 410	7 931	754	**50 487**
Loans and advances to customers	433 661	3 735	-	-	**437 396**
Securities measured at fair value through other comprehensive income	56 279	-	-	-	**56 279**
Securities measured at amortised cost	120 806	-	-	-	**120 806**
Investments in subsidiaries	7	-	-	-	**7**
Total assets	**838 815**	**44 197**	**7 990**	**866**	**891 868**
Deposits from bank	-	-	-	-	**-**
Deposits from customers	720 278	42 525	7 510	1 052	**771 365**
Debt securities issued	50	-	-	-	**50**
Total liabilities	**720 328**	**42 525**	**7 510**	**1 052**	**771 415**
Net FX position	**118 487**	**1 672**	**480**	**(186)**	**120 453**

As at 31 December 2023, the Bank reported the following structure of financial assets and liabilities in individual currencies:

EUR '000	EUR	CZK	USD	Other FX	Total
Cash and balances with central banks	251 976	6	52	111	**252 145**
Loans and advances to banks	1 315	50 197	7 834	897	**60 243**
Loans and advances to customers	364 915	1 000	-	-	**365 915**
Securities measured at fair value through other comprehensive income	54 785	-	-	-	**54 785**
Securities measured at amortised cost	112 745	-	-	-	**112 745**
Investments in subsidiaries	7	-	-	-	**7**
Total assets	**785 743**	**51 203**	**7 886**	**1 008**	**845 840**
Deposits from bank	-	1	-	-	**1**
Deposits from customers	660 351	49 392	7 684	1 133	**718 560**
Debt securities issued	50	-	-	-	**50**
Total liabilities	**660 401**	**49 393**	**7 684**	**1 133**	**718 611**
Net FX position	**125 342**	**1 810**	**202**	**(125)**	**127 229**

The table below is a summary of the currencies in which the Bank has more significant open positions as at 31 December 2024 and 31 December 2023. The sensitivity analysis calculates the effect of possible changes in the exchange rate against the selected currencies in the Income Statement. A positive amount reflects a net potential gain and a negative amount reflects net potential loss on the Income Statement.

EUR '000	Exchange rate change	Impact on net profit
2024		
CHF	+12,66%	(4)
GBP	+9,49%	(8)
USD	+13,97%	66
CZK	+7,63%	(98)
PLN	+10,49%	(8)
2023		
CHF	+11,82%	(3)
GBP	+12,13%	(4)
USD	+17,22%	35
CZK	+10,03%	48
PLN	+14,39%	(11)
RON	+3,89%	-

Other than an impact on the Income Statement, changes in FX rates have no impact on equity.

39. MANAGEMENT OF CAPITAL

The Bank's regulatory capital is used to cover unexpected losses to which the Bank may be exposed in performing its activities. The amount of the regulatory capital, risk-weighted exposures and requirements for regulatory capital are monitored on a regular basis, inter alia, by reference to and in compliance with the prudence principles set at European and national levels. The Bank has complied and complies with the set requirements for regulatory capital and all other capital requirements.

In accordance with the prudence principle, regulatory capital is used to cover risks arising from the Banking Book and the Trading Book to cover other risks (e.g., FX risk, commodity risk) and to cover operational risks.

The basic requirement of the regulatory capital management process is to ensure that the Bank has fulfilled all requirements stipulated by the valid legislation while simultaneously observing the effective adequacy of regulatory capital. The Bank manages the structure of its regulatory capital and may apply changes in the structure of its regulatory capital provided if there is a change in economic terms and conditions or a change in the Bank's appetite for risk. The Bank may influence its regulatory capital based on the decision on distribution of profit in a relevant accounting period or based on other decisions to increase capital (e.g., an increase in the share capital). No significant changes occurred in the policy on regulatory capital management compared to the previous reporting period.

The Bank also applies internal capital management procedures and assesses and calculates requirements for internal capital within the ICAAP process. Internal capital must cover not only legal requirements for individual types of regulatory risk, but also requirements for risks not covered by Tier 1, which are set by the Bank based on the assessment of its risk profile and risk appetite. The Bank has complied and complies with the market regulator's requirements for internal capital.

The Bank's regulatory capital comprises Tier 1 and Tier 2. The Bank's Tier 1 capital includes share capital, the legal reserve fund, retained earnings from previous years, accumulated other comprehensive income and intangible assets (as a decreasing item) and other capital adjustments. The Bank has no Tier 2 capital.

As at 31 December 2024 and 31 December 2023, the structure of the Bank's the regulatory capital is as follows:

EUR '000	2024	2023
Tier 1 capital	**104 117**	**96 213**
Paid up share capital	25 121	25 121
Reserve fund and other funds created from profit	5 024	5 024
Retained earnings	76 035	73 275
Accumulated other comprehensive income	(264)	(1 512)
(-) Intangible assets	(817)	(605)
Other capital adjustments	(982)	(5 090)
Tier 2 capital	**-**	**-**
Subordinated debt	**-**	**-**
Regulatory capital	**104 117**	**96 213**

The indicators of the Bank's capital adequacy as at 31 December 2024 and 31 December 2023 are provided in the table below:

EUR '000	2024	2023
Capital adequacy (%)	**19,55%**	**19,49%**
Cash	**104 117**	**96 213**
Total risk exposure amount	**532 634**	**493 633**
RVE - credit risk and counterparty credit risk	464 411	436 065
RE - position risk	3 015	3 604
RE - foreign exchange risk	-	-
RE - valuation adjustment	-	-
RE - operational risk	65 208	53 964

Legislation requires that the Bank maintain the proportion of the regulatory capital to total risk-weighted exposure of at least 8%. As at 31 December 2024, a cushion to maintain capital in the amount of 2.5% was in place. The Bank also applies an anti-cyclical cushion to selected exposures and other cushions stipulated by the legislation and the regulator.

During the reporting periods, the Bank's regulatory capital exceeded the minimum required level of risk-weighted exposures. Thus, the Bank complied with the capital requirement stipulated by the legislation and the regulator. As at 31 December 2024, the regulator assigned the Bank a minimum level of adequacy of its regulatory capital of 14.45% (31 December 2023: 14.45%).

40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows the structure of the Bank's assets and liabilities by maturity as at 31 December 2024:

EUR '000	Up to 7 days	From 7 days to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Unspecified	Total
Cash and balances with central banks	226 893	-	-	-	-	-	**226 893**
Loans and advances to banks	45 384	5 103	-	-	-	-	**50 487**
Loans and advances to customers	7	39 470	81 660	314 434	1 990	(165)	**437 396**
Securities measured at fair value through other comprehensive income	-	4 914	20 215	28 851	-	2 299	**56 279**
Securities measured at amortised cost	-	702	26 375	89 219	4 510	-	**120 806**
Investments in subsidiaries	-	-	-	-	-	7	**7**
Tangible and intangible assets	-	-	-	-	-	1 422	**1 422**
Right-of-use assets	-	-	-	-	-	2 083	**2 083**
Tax prepayments	-	-	1 568	-	-	-	**1 568**
Deferred tax assets	-	-	-	-	-	1 624	**1 624**
Other assets	2 329	-	-	-	-	1 253	**3 582**
Total ssets	**274 613**	**50 189**	**129 818**	**432 504**	**6 500**	**8 523**	**902 147**
Deposits from banks	-	-	-	-	-	-	**-**
Deposits from customers	228 128	142 407	206 327	194 155	348		**771 365**
Debt securities issued	-	-	50		-	-	**50**
Current tax liability	-	-	500	-	-	-	**500**
Provisions for liabilities	-	-	-	-	-	294	**294**
Lease liabilities	-	-	-	-	-	1 934	**1 934**
Other liabilities	4 075	2 185	-	-	-	4 254	**10 514**
Total liabilities	**232 203**	**144 592**	**206 877**	**194 155**	**348**	**6 482**	**784 657**
Difference	**42 410**	**(94 403)**	**(77 059)**	**238 349**	**6 152**	**2 041**	**117 490**
Cumulative difference	**42 410**	**(51 993)**	**(129 052)**	**109 297**	**115 449**	**117 490**	

The bulk of deposits from customers payable within 7 days in the amount of EUR 228,128 thousand include deposits payable on demand, which are unlikely to be paid to customers within the defined interval.

The table below shows the structure of the Bank's assets and liabilities by maturity as at 31 December 2023:

EUR '000	Up to 7 days	From 7 days to 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Unspecified	Total
Cash and balances with central banks	252 145	-	-	-	-	-	**252 145**
Loans and advances to banks	23 348	36 895	-	-	-	-	**60 243**
Loans and advances to customers	895	33 566	109 720	189 303	23 520	8 911	**365 915**
Securities measured at fair value through other comprehensive income	-	5 745	9 319	37 407	-	2 314	**54 785**
Securities measured at amortised cost	-	-	38 284	74 461	-	-	**112 745**
Investments in subsidiaries	-	-	-	-	-	7	**7**
Tangible and intangible assets	-	-	-	-	-	1 303	**1 303**
Right-of-use assets	-	-	-	-	-	2 731	**2 731**
Deferred tax asset	-	-	-	-	-	1 875	**1 875**
Other assets	320	1 508	-	-	-	1 440	**3 268**
Total assets	**276 708**	**77 714**	**157 323**	**301 171**	**23 520**	**18 581**	**855 017**
Deposits from banks	1	-	-	-	-	-	**1**
Deposits from customers	221 390	185 084	143 422	162 217	42	6 405	**718 560**
Debt securities issued	-	-	-	50	-	-	**50**
Current tax liability	-	-	1 438	-	-	-	**1 438**
Provisions for liabilities	-	-	-	-	-	63	**63**
Lease liabilities	-	-	-	-	-	2 743	**2 743**
Other liabilities	2 561	1 554	-	-	-	5 865	**9 980**
Total liabilities	**223 952**	**186 638**	**144 860**	**162 267**	**42**	**15 076**	**732 835**
Difference	**52 756**	**(108 924)**	**12 463**	**138 904**	**23 478**	**3 505**	**122 182**
Cumulative difference	**52 756**	**(56 168)**	**(43 705)**	**95 199**	**118 677**	**122 182**	

The bulk of deposits from customers payable within seven days in the amount of EUR 221,390 thousand include deposits payable on demand, which are unlikely to be paid to customers within the defined interval.

41. FINANCIAL INSTRUMENTS – LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk of the Bank being unable to fulfill its obligations towards its business partners due to a difference in the maturity of assets and liabilities. The Bank monitors and manages liquidity based on expected cash flows from assets and liabilities. To measure liquidity exposure, the Bank uses the liquidity gap method. The Bank defines and manages the risk of inability to fulfill its obligations by means of specified limits of discrepancy in the maturity of assets and liabilities in individual time segments.

There have been no events since the end of the preceding reporting period that would have a material impact on the liquidity risk arising from financial instruments.

The remaining maturity of undiscounted amounts of financial liabilities as at 31 December 2024:

EUR '000	On demand	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Unspecified	Total
Deposits from bank	-	-	-	-	-	-	**-**
Deposits from customers	123 055	247 902	220 574	195 640	-	-	**787 171**
Debt securities issued	-	-	51		-	-	**51**
Total liabilities	**123 055**	**247 902**	**220 625**	**195 640**	**-**	**-**	**787 222**

The remaining maturity of undiscounted amounts of financial liabilities as at 31 December 2023:

EUR '000	On demand	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Unspecified	**Total**
Deposits from bank	-	-	-	-	-	-	**-**
Deposits from customers	160 657	252 111	150 714	167 305	-	-	**730 787**
Debt securities issued	-	-	1	51	-	-	**52**
Total liabilities	**160 657**	**252 111**	**150 715**	**167 356**	**-**	**-**	**730 839**

42. FINANCIAL INSTRUMENTS – CREDIT RISK

As a result of its business activities arising from the provision of loans, bank guarantees, hedging transactions, and investment and mediation activities, the Bank is exposed to credit risk representing the risk that the debtor or the counterparty will be unable to meet its contractual liabilities.

The Bank mitigates the credit risk by setting limits for exposures with respect to an individual debtor or economically connected group of debtors or to individual sectors of the national economy to avoid inadequate credit risk concentration owing to the accumulation of receivables from a counterparty, an economically connected group, and/or an economic sector. The actual exposure is regularly compared to the set limits. The Bank treats a receivable from a debtor or an economically connected group of debtors that exceeds 5% of the Bank's regulatory capital as a significant exposure. The excessive concentration of credit exposure to one entity affects the ability of the debtor to pay its obligations. The Bank has created a system of internal reports on significant credit exposures to debtors which exceed the specified limit.

Credit risk is also managed by the regular monitoring of financial assets and the subsequent analysis of the debtor's ability to repay its liabilities and by obtaining quality and liquid collateral for the Bank's receivables from credit activities.

Factors leading to the creation of provisions for defaulted financial assets (Stage 3) in 2024:
1. The client was unable to realise its business plan in the agreed time.
2. The client failed to meet the agreed contracting terms and conditions despite the Bank's notices.
3. The client failed to repay the granted loan in a due and timely manner.

Provisioning
According to the classification of financial assets, the Bank creates provisions for:
- Financial assets assessed on an individual basis ("the specific provision")
- Financial assets assessed on a portfolio basis ("the portfolio provision")

The Bank creates two types of provision from a time perspective:
- Initial provisions
- Behavioral provisions

The bank creates initial provisions for each standard individually assessed financial asset and for portfolio-assessed financial assets included in portfolios I – IV at their initial valuation. A standard financial asset is any financial asset of the Bank for which no customer (debtor) default has been identified.

The Bank creates behavioral provisions for financial assets where the Bank identifies a significant change in the credit risk of a financial asset or customer default. The Bank creates and reassesses behavioral provisions over the lifetime of a financial asset.

The provisioning model for individually assessed financial assets has three stages, as illustrated below:

Change in credit quality since the initial recognition

Stage 1	Stage 2	Stage 3
Standard financial assets (initial recognition)	Problematic/high-risk financial assets (assets with a significant increase in the credit risk since the initial recognition)	Defaulted financial assets (assets showing signs of default)

Recognition of expected losses on financial assets

Expected losses over 12 months (initial provisions)	Expected losses over the lifetime of a financial asset (behavioral provisions)	Expected losses over the lifetime of a financial asset (behavioral provisions)

The main criteria for identifying a significant change in credit risk (Stage 2) are as follows:

- Debtor's delay in repaying the Bank's receivable by more than 30 days
- Deterioration of the debtor's internal rating by more than two degrees
- Non-compliance with contractual financial covenants
- Loan restructuring
- Expected or substantial changes in business, economic or financial conditions of economic sector, which may have an impact on the borrower's ability to repay his liabilities
- Legislative changes, loss of permits/licenses having a negative impact on client's business activities
- A decrease in the market value or liquidity of collateral that is also the subject of financing, respectively a source of return, and
- Other criteria based on an assessment by the credit risk division in line with internal guidelines

A client's default (Stage 3) is assessed by the Bank automatically, based on the following criteria:

- Debtor's internal rating is E or F, i.e., based on an assessment of all financial and non-financial criteria, the Bank concludes that the debtor will probably fail to pay its liabilities to the Bank in the full amount.
- The debtor is in default with the repayment of its liability to the Bank for more than 90 days.

When calculating the value of individual expected losses of customers not in default (stages 1 and 2), the Bank uses an approach based on the amount of expected loss in the event of a loan default (LGD – Loss Given Default), the probability of default (PD – Probability of Default) and the amount of exposure at default (EAD – Exposure at Default). PDs from data obtained from Bloomberg system are used in the calculation. The resulting value of the expected loss is a multiplication of PD, LGD and EAD. If the remaining maturity of the credit receivable exceeds 1 year as of the calculation date, the Bank discounts the calculated expected loss at the effective interest rate.

In the event of customer default (Stage 3), the Bank determines the amount of the behavioral provision based on the comparison of the carrying amount of a financial asset and its recoverable amount, i.e., the sum of estimated cash flows from the customer's economic activities and the estimated cash flows from the financial asset's collateral discounted using the effective interest rate. The positive difference arising from the two amounts is the provision amount, i.e., the impairment of the financial asset.

For the assets classified as standard or high-risk (Stage 1 and 2), interest income is recognized based on the gross carrying amount of the assets. For defaulted assets (Stage 3), interest income is recognized based on the net carrying amount of assets.

In line with IFRS rules, the Bank creates portfolios of financial assets that have common characteristics, and for which there is a possibility of their impairment if objective circumstances arise in the relevant market. Portfolios of the Bank's financial assets comprise the portfolio of loans and current account overdrafts provided to the Bank's employees, the portfolio of current account overdrafts provided to private banking customers, the portfolio of loans provided to individuals as housing loans, the portfolio of loans provided to private banking customers as loans secured by the portfolio of customers' securities in the Bank's management and the portfolio of loans provided to the Bank's customers included in the Bank's watch list (closer monitoring).

Provisions created for the portfolios of financial assets are used to cover losses that have not been identified at an individual level. However, based on the objective historical experience, they are embedded in individual portfolios. Portfolio-based impairment losses are intended to reflect a potential risk of loss that cannot be individually identified but based on historical experience and an impact of current economic market conditions are included in individual portfolios.

The Bank's calculation of the amount of portfolio provisions is the same as the calculation of specific provisions for customers not in default. When calculating portfolio provisions for portfolio V, PD obtained from the data of statistics of National Bank of Slovakia and an LGD from the Bank's loan portfolio data are used.

The Bank monitors changes in economic conditions of the relevant market and based on this assessment it may increase PD calculated from the statistical data of the National Bank of Slovakia to reflect such information in the level of expected losses. The Bank also tests the model quality by comparison with the realised losses from the loan portfolio for the previous year.

For other assets (except loans and securities) overdue by more than 30 days, the Bank automatically creates a provision of 100% of the carrying amount of the Bank's receivable.

Creation of provisions for liabilities
The Bank creates provisions for off-balance sheet liabilities and calculates their amounts in a manner similar to provisions for assets.

Credit exposure, collaterals

EUR'000	2024	2023
Total amount of credit exposure	**452 954**	**377 784**
Value of collateral accepted by the bank	458 032	288 493
including: real estate	179 506	171 496
cash	5 693	1 903
securities	139 188	54 654
other	133 645	60 440
Guaranteed part of credit exposure	264 079	178 349
Unguaranteed part of credit exposure	188 875	199 435

The value and type of collateral required to secure the credit risk of the counterparty in credit transactions depend on the extent of the credit risk in a specific credit transaction as identified by the Bank in the course of processing of the transaction. The Bank reassesses the value of individual collaterals on a regular basis.

In its internal instructions, the Bank has defined acceptance procedures as well as procedures for valuing individual collateral types depending on their liquidity.

The most frequently used collateral types:

- Project funding: real estate, current and future receivables arising from sale arrangements and other contracts on the sale, or lease of real estate, securities, personal guarantees
- Operational funding: trade receivables, inventories
- Investment funding: clients' movable and immovable assets, securities, personal guarantees
- Loans provided to individuals: immovable assets, securities, personal guarantees

Assumptions in estimates of collateral realizable value

The value of collateral is determined as follows:

- Immovable and movable assets: based on a comparison between the general value of assets in an expert's opinion and the fair value of assets as identified by means of an expert's estimate. If there is a difference between these two values, the lower shall be considered the value of the immovable or movable asset.
- Cash collateral: the value of the collateral equals the nominal value of a receivable from deposit; in respect of securities, market prices as at the date of valuation are used.
- Receivables, promissory notes, guarantees and accession to liability by a third party: based on their nominal value, net of ratings of a sub-debtor, debtor under a promissory note or a guarantor.

The value accepted by the Bank is that resulting from multiplying the collateral's value by the relevant coefficient representing the degree of acceptance of a specific type of collateral. This value is concurrently the value for calculating impairment losses.

The value of collateral is regularly updated according to type and any anticipated volatility in prices and is performed on at least an annual basis. In the event of collateral impairment, the Bank will require additional security for the credit transaction or will realise other measures to reduce the credit risk.

The amount the Bank can receive from the sale of collateral could differ from the value accepted by the Bank for credit risk management purposes, and such a difference could be material.

Credit quality of assets not recognized as default
Overview of the quality of financial assets resulting from credit transactions that are not recognized as default (i.e., in Stage 3):

	Receivables (EUR '000)			Share (%)
Customers - 2024	Stage 1	Stage 2	Total	
Rating A1 - A3	54 700	200	54 900	12,28%
Rating B1 - B3	66 729	4 335	71 064	15,90%
Rating C1 - C3	149 741	51 861	201 602	45,10%
Rating D1 - D3	27 644	88 731	116 375	26,03%
Retail	3 015	66	3 081	0,69%
Total	**301 829**	**145 193**	**447 022**	**100,00%**

	Receivables (EUR '000)			Share (%)
Customers - 2023	Stage 1	Stage 2	Total	
Rating A1 - A3	14 371	-	14 371	4,00%
Rating B1 - B3	85 843	781	86 624	24,11%
Rating C1 - C3	112 550	38 880	151 430	42,15%
Rating D1 - D3	69 352	35 745	105 097	29,25%
Retail	1 728	5	1 733	0,48%
Total	**283 844**	**75 411**	**359 255**	**100,00%**

Based on the balances as at 31 December 2024 and 31 December 2023, there are no clients with accredited external ratings in the Bank's loan portfolio.

The summary of external ratings of securities (Moody's Investors Service) that are not recognized as defaulted as at 31 December 2024:

Securities measured at fair value through other comprehensive income	EUR '000	Share(%)
Aa3	2 295	4,08
A1	23 326	41,45
A2	2 046	3,63
A3	28 526	50,69
No rating	86	0,15
Total	**56 279**	**100,00**

Securities measured at amortized cost	EUR '000	Share(%)
Aa1	6 585	5,45
Aa3	5 115	4,24
A2	9 674	8,01
A3	82 480	68,27
Baa1	11 832	9,79
Bez ratingu	5 120	4,24
Total	**120 806**	**100,00**

All securities in the Bank's portfolios are in Stage 1 in accordance with IFRS 9.

The summary of external ratings of securities (Moody's Investors Service) that are not recognized as defaulted as at 31 December 2023:

Securities measured at fair value through other comprehensive income	EUR '000	Share(%)
Aa1	5 645	10,30
Aa3	2 313	4,22
A1	23 929	43,69
A2	17 351	31,67
A3	5 459	9,96
No rating	88	0,16
Total	**54 785**	**100,00**

Securities measured at amortised cost	EUR ‘000	Share (%)
Aa1	1 997	1,77
A2	101 708	90,22
A3	3 996	3,54
No rating	5 044	4,47
Total	**112 745**	**100,00**

The total volume of securities in the Bank's portfolios are classified in Stage 1 as per IFRS 9.

Method of determining transaction ratings of clients

The Bank determines an internal rating of customers based on their financial or project, and non-financial and behavioral analyses.

The financial analysis of corporate customers is based on an assessment of individual items of clients' assets, liabilities, expenses and revenues, realisation of assets and equity, and the subsequent calculation of basic financial ratios (indebtedness, liquidity, profitability, activity and cash flow). For retail customers, the Bank assesses the extent of the client's ability to repay a specific loan from his income or assets and the nature of the security of the loan in question.

Project analysis of corporate customers is aimed at evaluating measurable parameters of a client's business plan (e.g., share of own funds, contractual arrangement regarding project exit, investment horizon term).

Non-financial analysis of a client is based on an individual assessment of non-financial aspects (qualitative indicators), i.e., external and internal impacts affecting the client's activities, and an assessment of the macro and micro-environments in which the client operates.

The behavioral analysis of a client includes the identification of adverse events that may result in an impairment of the client's and Bank's assets (e.g., legal dispute, receivable restructuring, client default – non-compliance with contractual obligations).

Based on the sum of points assigned from the above analyses, clients are assigned a rating. The rating system consists of 14 rating classes, where A1 is the best and F the worst rating.

<table>
<tr><th>Rating</th><th>Number of Points</th><th></th></tr>
<tr><td>A1</td><td>36 – 33.5</td><td rowspan="3">Low risk</td></tr>
<tr><td>A2</td><td>33 – 31.5</td></tr>
<tr><td>A3</td><td>31 – 28.5</td></tr>
<tr><td>B1</td><td>28 – 26.5</td><td rowspan="3">Medium risk</td></tr>
<tr><td>B2</td><td>26 – 23.5</td></tr>
<tr><td>B3</td><td>23 – 21.5</td></tr>
<tr><td>C1</td><td>21 – 18.5</td><td rowspan="3">Acceptable risk</td></tr>
<tr><td>C2</td><td>18 – 16.5</td></tr>
<tr><td>C3</td><td>16 – 13.5</td></tr>
<tr><td>D1</td><td>13 – 11.5</td><td rowspan="3">High risk</td></tr>
<tr><td>D2</td><td>11 – 8.5</td></tr>
<tr><td>D3</td><td>8 – 6.5</td></tr>
<tr><td>E</td><td>6 – 3.5</td><td rowspan="2">Default</td></tr>
<tr><td>F</td><td>3 – 0</td></tr>
</table>

The Bank continuously monitors the credit quality of its clients and updates the rating class of each client.

Aging structure of financial assets overdue, recognized as unimpaired

As of 31 December 2024, the Bank reported overdue loan receivables reported in the unimpaired category with a total volume of EUR 6 477 thousand, of which the principal amounted to EUR 6 175 thousand and accessories amounted to EUR 302 thousand (of which EUR 2 thousand principal with a delay of more than 30 days)

As of 31 December 2023, the Bank recognized overdue loan receivables classified as unimpaired in the total amount of EUR 109 thousand, of which principal amounted of EUR 11 thousand and accessories in the amount of EUR 98 thousand (of which accessories in the amount of EUR 66 thousand with a delay period of more than 30 days).

Restructured assets

Under the Bank's internal guidelines, a restructured receivable and/or debt financial asset means an asset if the Bank has provided the client with a relief as the client has, or will have, difficulties in meeting its financial obligations (financial difficulties). A relief is a change in the repayment schedule (temporary decrease of one or more payments, or postponement of one or more payments or a part thereof), or an extension of the receivable's maturity.

In 2024, the Bank carried out restructuring by extending the overall maturity or adjusting the repayment schedules of receivables from loan transactions in the total amount of EUR 4,240 thousand represented by long-term loans.

In 2023, the Bank carried out restructuring by extending the overall maturity or adjusting the repayment schedules of receivables from loan transactions in the total amount of EUR 25,257 thousand represented by long-term loans.

The reasons largely included the failure to fulfill a business plan or exit from a project on the anticipated date and a shortfall in revenues during the year. In all instances the Bank treated its position so that in the future it would not be exposed to higher risks than when closing the deal.

As at 31 December 2024, the Bank recorded restructured assets in the amount of EUR 14,138 thousand (2023: EUR 23,382 thousand), for which provisions amounting to EUR 3,186 thousand have been created (2023: EUR 3,039 thousand).

Major credit risk exposures

(a) Concentrations in national economy sectors as at 31 December 2024

	2024			
EUR '000	Stage 1	Stage 2	Stage 3	Total
Non-banking financial services	71 008	16 594	-	87 602
Manufacturing	1 809	316	-	2 125
Construction	1 318	1 088	-	2 406
Agriculture and forestry	749	-	843	1 592
Commercial real estate – cash flow based	40 050	33 468	295	73 813
Commercial real estate – collateral based	65 532	24 521	2 780	92 833
Commerce and services	70 442	53 067	19	123 528
Other	26 308	11 376	-	37 684
Individuals	10 928	1 567	1 995	14 490
Healthcare services	1 606	2 897	-	4 503
Recreational, cultural and sport activities	12 079	299	-	12 378
Total	**301 829**	**145 193**	**5 932**	**452 954**

(b) Concentrations in national economy sectors as at 31 December 2023

	2023			
EUR '000	Stage 1	Stage 2	Stage 3	Total
Non-banking financial services	17 968	3 582	-	21 550
Manufacturing	21 031	-	5 298	26 329
Construction	399	1 600	-	1 999
Agriculture and forestry	611	1 156	163	1 930
Commercial real estate – cash flow based	41 201	14 438	2 654	58 293
Commercial real estate – collateral based	54 847	23 720	7 803	86 370
Commerce and services	133 404	18 865	25	152 294
Other	3 451	7 312	-	10 763
Individuals	10 584	304	1 663	12 551
Healthcare services	348	4 135	923	5 406
Recreational, cultural and sport activities	-	299	-	299
Total	**283 844**	**75 411**	**18 529**	**377 784**

(c) Concentrations in significant groups of related clients

The Bank continuously monitors exposures to groups of related clients to comply with regulatory limits. The maximum exposure to a debtor or an economically connected group of clients as defined by regulations is capped at EUR 26,029 thousand owing to the amount of the Bank's capital as at 31 December 2024 (2023: EUR 24,053 thousand).

Maximum credit exposure

EUR '000	2024	2023
Cash and balances with central banks	226 893	252 145
Loans and advances to banks	50 487	60 243
Loans and advances to customers	437 396	365 915
Securities measured at fair value through other comprehensive income	56 279	54 785
Securities measured at amortized cost	120 806	112 745
Investments in subsidiaries	7	7
Other assets	3 582	3 268
Total	**895 450**	**849 108**
Undrawn credit lines	37 224	22 113
Guarantees issued	-	-
Total	**37 224**	**22 113**
Total credit exposure	**932 674**	**871 221**

43. OPERATIONAL, LEGAL AND OTHER RISKS

The Bank creates a database of operational losses and events that represent a potential risk of loss. Given the size of the Bank and the related frequency of events of operational risks and losses, it is very unlikely that such archived cases of operational risks will represent a sufficiently large sample with acceptable informative value for the creation of more sophisticated solutions for operational risk management. The operational losses and events database is used by senior management mainly as a general rule for the assessment and monitoring of this risk factor.

Legal and other risks are monitored in the Bank's internal control system in the event of reviews made by the Department of Internal Control and Audit and by divisions of the headquarters.

44. FAIR VALUES

The fair value is the amount at which an asset could be exchanged, or a liability settled in an arm's length transaction. The estimated fair values of the Bank's financial assets and financial liabilities at the year-end were as follows:

EUR '000	Carrying value 2024	Fair value 2024	Carrying value 2023	Fair value 2023
Financial assets				
Cash and balances with central banks	226 893	226 893	252 145	252 145
Loans and advances to banks	50 487	50 485	60 243	60 239
Loans and advances to customers	437 396	436 992	365 915	365 919
Securities measured at fair value through other comprehensive income	56 279	56 279	54 785	54 785
Securities measured at amortized cost	120 806	121 774	112 745	111 746
Investments in subsidiaries	7	7	7	7
Financial liabilities				
Deposits from banks	-	-	1	1
Deposits from customers	771 365	770 089	718 560	714 463
Debt securities issued	50	50	50	50

The method used to determine the fair values of selected financial assets as at 31 December 2024:

EUR '000	Market price **Level 1**	Own model with reference to market prices **Level 2**	Own model without reference to market prices **Level 3**	**Total**
Loans and advances to customers	-	-	436 992	**436 992**
Securities measured at fair value through other comprehensive income	51 289	4 909	81	**56 279**
Securities measured at amortised cost	116 655	-	5 119	**121 774**
Investments in subsidiaries	-	-	7	**7**

There were no transfers between the measurement levels in 2024.

The method used to determine the fair values of selected financial assets as at 31 December 2023:

EUR '000	Market price **Level 1**	Own model with reference to market prices **Level 2**	Own model without reference to market prices **Level 3**	**Total**
Loans and advances to customers	-	-	365 919	**365 919**
Securities measured at fair value through other comprehensive income	44 586	10 112	87	**54 785**
Securities measured at amortised cost	106 840	-	4 906	**111 746**
Investments in subsidiaries	-	-	7	**7**

In 2023, there was a transfer of securities valued at fair value through other comprehensive accounting results in the amount of EUR 4,467 thousand from level 1 to level 2.

The following methods and assumptions were used to estimate the fair values of the Bank's financial assets and financial liabilities:

Cash and balances with central banks
The carrying value of cash and balances with central banks approximate their fair value.

Loans and advances to banks
The fair value of current accounts with other banks approximates their carrying value. For amounts with a remaining maturity of less than three months, it is also reasonable to use the carrying value as an approximation of their fair value. The fair values of other loans and advances to banks are calculated by discounting the future cash flows using current interbank rates.

Loans and advances to customers
Loans and advances to customers are measured net of impairment losses for receivables. The fair values of loans and advances to customers are calculated by discounting the future cash flows using the current market rates increased by updated risk interest margin by loans. Subsequently, this amount is reduced by the provision for the relevant receivable (Level 3).

Securities measured at fair value through other comprehensive income
Securities measured at fair value through other comprehensive income are reported in quoted market prices (Level 1). If the quoted market price is not available, or if there is no active market for the relevant financial instrument, the fair value of a financial instrument is determined using valuation methods (Level 2 and Level 3). The fair value reflects provisions. The method of calculating the fair value of financial instruments is described in Note 2.5.7.

Securities measured at amortized cost
Securities measured at amortized cost are reported in quoted market prices (Level 1). If the quoted market price is not available, or if there is no active market for the relevant financial instrument, the fair value of a financial instrument is determined using valuation methods (Level 2 and Level 3). The fair value reflects provisions. The method of calculating the fair value of financial instruments is described in Note 2.5.7.

Investments in subsidiaries
Net value of assets approximates fair value.

Deposits from banks
The fair values of current accounts with other banks are approximately equal to their carrying value. For other liabilities to banks with a remaining maturity of less than three months, it is also appropriate to use the carrying value as an approximate fair value. The fair values of other bank deposits are calculated by discounting future cash flows using prevailing interbank offered rates.

Deposits from customers
The fair values of deposits from customers are calculated by discounting the future cash flows using the current market rates effective as at year-ends.

Debt securities issued
The fair values of debt securities issued are calculated by discounting the future cash flows using the current market rates effective as at year-ends.

45. SIGNIFICANT SUBSEQUENT EVENTS

At the date of preparation of these financial statements, no material events had occurred that would require material adjustment of the data or information disclosed in those financial statements as of 31 December 2024.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were signed and authorized by the Board of Directors on 4th April 2025.

Mgr. Ing. Ľuboš Ševčík, CSc.
Chairman of the Board of Directors and
General Director

Ing. Vladimír Hrdina
Member of the Board of Directors and
Executive Director