

Prima banka Slovensko, a.s.

**Interim Separate Financial Statements
for the 9 months ended 30 September 2022**

**Prepared in Accordance with IAS 34 Interim Financial Reporting
as Adopted by the European Union**

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I. FINACIAL STATEMENTS

Separate Statement of Financial Position

Assets	Note	30.9.2022	31.12.2021
Cash		67 092	64 890
Financial assets at amortised cost, of which:	1	5 824 510	5 217 412
Balances with central banks		241 546	633 994
Due from banks		1 774	11 741
Loans and advances to customers		5 424 458	4 406 206
Debt securities		156 732	165 471
Financial assets held for trading - derivatives	2	75	47
Financial assets at fair value through profit or loss	3	1 097	2 166
Financial assets at fair value through other comprehensive income	4	3 030	2 185
Non-current tangible assets	5	16 649	18 089
Non-current intangible assets	6	1 530	1 529
Deferred tax asset	7	9 088	9 088
Other assets	8	15 481	15 814
Assets total		5 938 552	5 331 220
Liabilities and equity			
Financial liabilities at amortised cost, of which:	9	5 486 459	4 894 338
Loans and deposits received from central banks		470 049	0
Due to banks		1 470	1 268
Customer deposits		4 012 743	3 889 789
Debt securities		1 002 197	1 003 281
Liabilities from leasing	10	7 014	7 348
Financial liabilities held for trading - derivatives	2	189	2
Provisions and reserves	11	9 416	12 341
Other liabilities	12	35 096	34 575
Liabilities total		5 538 174	4 948 604
Equity (except profit for the current year)		382 176	364 614
Profit/loss for the current year after tax		18 202	18 002
Equity total	13	400 378	382 616
Liabilities and equity total		5 938 552	5 331 220

The notes on pages 5 to 48 are an integral part of these separate financial statements. The separate financial statements were signed and authorised for issue on 31 October 2022:


Jan Rollo
 Chairman of Management Board
 and General Director


Henrieta Gahérová
 Member of Management Board
 and Chief Product Officer

Separate Statement of Comprehensive Income for the nine months ended 30 September 2022
prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union
(in thousands of €)

Separate Statement of Comprehensive Income

		for 9 months ended		for 3 months ended	
	Note	30.9.2022	30.9.2021	30.9.2022	30.9.2021
Interest income		46 591	47 624	17 490	14 584
Interest expense		(10 071)	(11 121)	(3 731)	(3 627)
Net interest margin	14	36 520	36 503	13 759	10 957
Fee and commission income		29 646	26 205	9 686	8 895
Fee and commission expense		(6 509)	(6 454)	(1 745)	(2 262)
Net fee and commission income	15	23 137	19 751	7 941	6 633
Dividend income		30	24	17	5
Net income from financial transactions	16	(176)	865	(102)	(37)
Other operating income	17	100	1 295	46	38
General administrative expenses	18	(33 727)	(35 070)	(13 002)	(11 868)
Contributions to the Resolution Fund and Deposits protection Fund	19	(2 425)	(2 190)	(820)	(734)
Depreciation and provisions for assets	20	(3 328)	(3 277)	(1 087)	(1 093)
Net allocation to provisions	21	(1 929)	(2 202)	(1 822)	(1 214)
Result before tax		18 202	15 699	4 930	2 687
Income tax		0	0	0	0
Net result for the current period	23	18 202	15 699	4 930	2 687
Other Comprehensive Income and Loss					
Items that may be reclassified to the income statement					
Financial assets available for sale		44	44	15	15
Cash flow hedge		0	0	0	0
Items that cannot be reclassified to the income statement					
Equity instruments valued at fair value through another comprehensive income		(484)	277	(308)	(92)
Total	13	(440)	321	(293)	(77)
Comprehensive income (expenses) total		17 762	16 020	4 637	2 610
Net profit (loss) per share (face value of € 399) in €		32.026	27.623	8.675	4.728
Net profit (loss) per share (face value of € 67) in €		5.378	4.638	1.457	0.794
Net profit (loss) per share (face value of € 5) in €		0.401	0.346	0.109	0.059
Net profit (loss) per share (face value of € 1) in €		0.080	0.069	0.022	0.012

Separate Statement of Cash Flows

	30.9.2022	30.9.2021
Cash flows from operating activities		
Profit before tax	18 202	15 699
Adjustment:		
Depreciation and amortisation	3 328	3 277
Profit/(Loss) on property sold	(29)	(1 153)
Profit/(Loss) of financial assets at fair value revaluated through profit and loss	1 069	(583)
Profit/(Loss) of revaluation available for sale financial assets	44	44
Profit/(Loss) of revaluation on financial assets held for trading - derivatives	159	341
Profit/(Loss) of revaluation on financial assets at fair value through other comprehensive income	(1 329)	(273)
Proceeds from shares and equity interests	(30)	(24)
Interest expense	10 071	11 121
Interest income	(46 591)	(47 624)
Provisions and reserves for losses, net	(4 443)	4 153
Net loss on written off receivables	(1 567)	(1 687)
Net profit off postponed assets	6 630	(309)
Other non-cash transactions	(251)	(3 034)
Net cash flows from operating activities before changes in operating assets and liabilities	(14 737)	(20 052)
Changes in operating assets		
Due to the NBS	618 588	(417 573)
Interbank loans and advances	(321)	333
Loans and advances to customers	(1 012 987)	(385 213)
Other assets	309	2 010
Changes in operating liabilities		
Due to central banks	470 251	(5)
Customer deposits	127 415	257 219
Other liabilities	1 859	14 680
Interest paid	(15 616)	(6 828)
Interest received	44 595	42 560
Net cash flows from operating activities	219 356	(512 869)
Cash flows from investment activities		
Purchase of non-current tangible and intangible assets	(2 134)	0
Proceeds from sale of non-current tangible and intangible assets	43	1 417
Proceeds from financial assets at amortised cost – debt securities	24 056	(25 000)
Cash outflows related to financial assets at amortised cost – debt securities	(15 000)	30 000
Proceeds from postponed assets	(6 630)	309
Proceeds from shares and equity interests	30	24
Net cash flows from investment activities	365	6 750
Cash flows from financial activities		
Proceed from bonds issued	0	500 000
Repayment of principal portion of lease liabilities	(1 672)	(5 727)
Net cash flows from financing activities	(1 672)	494 273
Net increase/(decrease) in cash flows	218 049	(11 846)
Cash and cash equivalents as the beginning of year (Note 24)	91 841	93 993
Cash and cash equivalents as the end of year (Note 24)	309 890	82 147

Separate Statement of Changes in Equity

	Share capital	Share premium funds	Legal Reserve Fund	Other capital funds	Revaluation reserves	Profit/loss from		Equity total
						previous years	current year	
1.1.2021	226 773	71 190	8 145	54 078	(136)	(13 246)	17 524	364 328
Distribution/settlement of profit from previous years			1 752			15 772	(17 524)	0
Results for the 9 months 2021							15 699	15 699
Profit on revaluation of available-for-sale financial assets					44			44
Revaluation of equity instruments					277			277
30.9.2021	226 773	71 190	9 897	54 078	185	2 525	15 699	380 347
1.1.2022	226 773	71 190	9 897	54 078	151	2 525	18 002	382 616
Distribution/settlement of profit from previous years			1 800			16 202	(18 002)	0
Results for the 9 months 2022							18 202	18 202
Profit on revaluation of available-for-sale financial assets					44			44
Revaluation of equity instruments					(484)			(484)
30.9.2022	226 773	71 190	11 697	54 078	(289)	18 727	18 202	400 378

II. NOTES TO THE FINANCIAL STATEMENTS

1. General Information about Prima banka

Basic Information

Prima banka Slovensko, a. s., (hereinafter "Prima banka" or the "Bank") is a joint-stock company whose registered seat is at Hodžova 11, Žilina. The Bank was established on 14 May 1992 and incorporated with the Commercial Register on 1 January 1993. The Bank has a general banking licence, issued by the National Bank of Slovakia (hereinafter "NBS"). The identification number of the Bank is 31 575 951 and its tax identification number is 202 037 2541.

Prima banka does not have any branches abroad and is not an unlimited guarantor in any other business entity and has 121 branches as at 30 September 2022 (31 December 2021: 121 branches).

Statutory and Management Bodies

Board of Directors

Chairman: Iain Child
Vice-Chairman: Marián Slivovič
Member: Evžen Ollari

Management Board

Chairman: Jan Rollo
Members: Henrieta Gahérová
Peter Novák

Proxy

Igor Tuší
Dušan Tomašec

In line with the entry in the Commercial Register dated 22 June 2021, a member of the Management Board acts together with a proxy, and the proxy attaches their signature with a comment specifying the procura.

Scope of Activities

Prima banka is a universal bank offering a wide range of banking and financial services, which operates only in the Slovak Republic. Its core activities include deposit taking, loan provision, domestic and cross-border money transfers, provision of investment services, investment activities, and supplementary services under Act No. 566/2001 Coll. on Securities and Investment Services, etc. The valid list of all the Bank activities is disclosed in the Commercial Register.

Prima banka does not carry out any research and development activities.

Shareholder Structure of Prima banka

	Stake in Share Capital in %	
	30.9.2022	31.12.2021
PENTA INVESTMENTS LIMITED, Cyprus	99,55	99,55
Shareholders under 1%	0,45	0,45
Total	100,00	100,00

The direct parent company is Penta Financial Services Limited seated Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 2nd floor, P. C. 3082 Limassol, Cyprus, registered in the Companies Register, maintained by the Ministry of Industry, Trade and Tourism, Company Registrar and Bankruptcy Administrator Department, Nicosia, registration number: HE158996.

The ultimate parent company that prepares the consolidated financial statements is PENTA INVESTMENTS LIMITED seated at Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 2nd floor, P. C. 3082 Limassol, Cyprus, registration number: HE428480. The consolidated financial statements are available at PENTA INVESTMENTS LIMITED, Cyprus.

Share Capital and its Structure

Prima banka may only issue registered shares issued in book-entry form. Their transfer is made in accordance with the Securities Act in the Central Securities Depository, which maintains the list of shareholders. The transferability of shares is unlimited.

The structure of ordinary shares as at 30 September 2022 and 31 December 2021 is presented in the following overview:

Type	ISIN	Kind	Form*	Number	Face value
Ordinary shares	SK1110001270	Registered	Book-entered	100 200 pcs	€ 399
Ordinary shares	SK1100013671	Registered	Book-entered	100 200 pcs	€ 67
Ordinary shares	SK1110014927	Registered	Book-entered	701 400 pcs	€ 5
Ordinary shares	SK1110015676	Registered	Book-entered	14 705 882 pcs	€ 1
Ordinary shares	SK1110017037	Registered	Book-entered	24 000 000 pcs	€ 1
Ordinary shares	SK1110017508	Registered	Book-entered	22 257 415 pcs	€ 1
Ordinary shares	SK1110019579	Registered	Book-entered	115 609 441 pcs	€ 1

*all shares are book-entered in the Central Securities Depository of the Slovak Republic

Number of Employees

	30.9.2022
Average number of employees, of which:	769
Average number of managers	6

As at 30 September 2022, Prima banka had 770 employees (31 December 2021: 786).

2. Basis for the Preparation of Financial Statements

The key accounting principles applied for the preparation of these financial statements are outlined in the text below:

Purpose of Preparation

The purpose of preparing these separate financial statements in the Slovak Republic is to comply with Act on Accounting No. 431/2002 Coll. as amended. Prima banka prepares its separate financial statements under special regulations - Regulation (EC) 1606/2002 of the European Parliament and of the Council on the Application of International Financial Reporting Standards (hereinafter "IFRS"). The financial statements are intended for general use and information and are not intended for a specific user or the consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

The Bank's separate financial statements as at 31 December 2021 were approved and authorised for issue on 3 March 2022 and subsequently approved on 28 April 2022 by the General Meeting.

Basis of Presentation

The separate financial statements of the Bank (the "financial statements") for the 9 months ended 30 September 2022 and comparative data for the 9 months ended 30 September 2021 have been prepared in accordance with IFRS as adopted by the European Union (the "EU") in Commission Regulation (EC) 1126/2008, and current interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Commission Regulation (EC) 1126/2008 of 3 November 2008 was issued to integrate all standards and interpretations issued by the International Accounting Standards Board (hereinafter "IASB") and the International Financial Reporting Interpretations Committee (hereinafter "IFRIC") that have been fully adopted for use in the Community as at 15 October 2008, except for IAS 39 relating to the recognition and measurement of financial instruments in a single document. Commission Regulation (EC) 1126/2008 of 3 November 2008 replaces Commission Regulation (EC) 1725/2003 of 29 September 2003.

IFRS, as adopted by the EU, do not currently differ from IFRS as issued by the IASB, except for certain requirements for portfolio hedge accounting under IAS 39, which has not been approved by the EU. Prima banka has determined that portfolio hedge accounting under IAS 39 would have had no impact on its financial statements had it been approved by the EU at the balance sheet date.

Application of amended and new IAS/IFRS

The Bank applied all Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB applicable for the accounting periods starting 1 January 2022 as adopted by the European Union ('EU') that are relevant to the Bank's operations:

Basis for the Preparation of Financial Statements

The financial statements were prepared using the accrual basis of accounting, i.e. the effects of transactions and other events are recognised by the Bank when they occur. Transactions and events are reported in the financial statements for the periods to which they relate.

The financial statements have been prepared under the assumption that the Bank will continue its operations as a going concern in the foreseeable future. The financial statements have been prepared under the historical cost convention; except for the following cases, which are measured at fair value:

- Financial assets/liabilities held to trading, including derivatives,
- Financial assets/liabilities at fair value through profit or loss,
- Financial assets at fair value through other comprehensive income.

The reporting currency used in these financial statements is the euro ("€"). Value figures are presented in thousands unless stipulated otherwise. Value figures in brackets represent negative values. Tables in these financial statements may contain rounding differences. If necessary, comparative data was reclassified to ensure the comparability of presented data.

Segment Reporting

Due to the fact that the internal management of business activities of the Bank is not divided into operating segments with a specific approach, the Bank does not publish information on segments according to *IFRS 8 Operating segments*.

3. Significant Accounting Procedures

a) Transaction Date

The transaction date with respect to the purchase and sale of financial assets and liabilities such as term deposits, securities, and derivatives is the date when the deal is arranged. On such a date it is recognised in the off-balance sheet accounts. On the settlement date, the entry on the off-balance sheet accounts is reversed and recognised on the balance sheet accounts.

b) Transactions in a Foreign Currency

Transactions made in a foreign currency are translated to euros using the reference exchange rate determined and announced by the European Central Bank (ECB) on the date preceding the transaction date. Assets and liabilities denominated in a foreign currency are translated to euros as at the reporting date using the exchange rate valid as at the reporting date. Exchange rate gains/(losses) from all foreign exchange transactions are included in the statement of comprehensive income item "*Net trading income*".

c) Cash and Balances with Central Banks

Cash and balances with central banks comprise cash held, and cash balances with the National Bank of Slovakia (NBS), including the compulsory minimum reserve. The compulsory minimum reserve with the NBS is a required deposit with restricted drawing to be held by all commercial banks licensed in the Slovak Republic.

d) Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, asset balances on correspondent banks' accounts and cash deposits with the NBS, which are considered to be liquid, i.e. their maturity is up to three months. This category does include the minimum compulsory reserves held with the NBS, whose use (drawing) is restricted, however, they can be used if liquidity is required.

e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. With effect from 1 January 2018, the Bank classifies financial instruments based on the business model for management of financial instruments in accordance with its investment strategy and differentiates the following categories of financial instruments:

- Financial assets/financial liabilities measured at amortised cost (AC);
- Financial assets/financial liabilities measured at fair value through profit or loss (FVTPL);
- Financial assets measured at fair value through other comprehensive income (FVOCI).

Business model assessment

- Classification of financial assets into separate groups or portfolios based on their management;
- Identification of the objectives which the Bank uses to manage each group or portfolio;
- Based on such objectives, the Bank classifies each group or portfolio of financial assets into the relevant business model;
- For assets classified as held to collect contractual cash flows, an assessment of the correct classification based on the analysis of the cash flows characteristics (the SPPI test "Solely payments of principal and interest").

The Bank has the following business models:

- Loan and investment portfolio (financial assets held only to collect contractual cash flows);
- Portfolio for trading (mainly derivatives);
- Equity share portfolio;
- Hedging portfolio.

Contractual cash flows

The Bank assesses whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (under a standard loan agreement, consideration for the time value of money and credit risk are usually the most significant elements of interest). However, in such an agreement, interest may also include consideration for other basic risks (i.e. liquidity risk) and expenses (i.e. administrative expenses) related to holding a financial asset over a certain period. Interest may also include a profit margin which is consistent with the standard loan agreement.

The time value of money is the element of interest that only provides consideration for the passage of time, i.e. the time value of the money element does not provide consideration for other risks or expenses related to holding a financial asset.

Financial assets measured at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held in a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In this business model, the Bank holds the following financial assets:

- Loans and receivables;
- Debt securities;

i.e. non-derivative financial instruments with fixed or determinable payments and maturity.

Loans and receivables are measured at amortised cost using the effective interest rate less provisions. Upon signing a loan agreement, a confirmation on the provision of a credit facility is recognised in the off-balance sheet accounts on the trade date. On the date the funds are drawn, the loan is reclassified to the statement of financial position. The unused portion of the loan recognised in the off-balance sheet accounts represents for the Bank, contingent liabilities with an inherent credit risk for which the Bank records a provision and a reserve. Provisions and reserves are recorded for off-balance sheet liabilities, such as unused credit facilities, issued bank guarantees, and letters of credit.

Debt securities are mainly securities issued by the government, or other securities of good quality, which the Bank intends to hold to maturity. They are also measured at amortised cost using the effective interest rate and potential impairment is reflected in provisioning. Interest income, discounts and premiums are accrued on a daily basis and recognised in the statement of comprehensive income line "*Interest and similar income*".

Financial assets measured at fair value through other comprehensive income (FVTOCI)

To classify a financial instrument in this portfolio, both of the following conditions must be met:

- The financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank holds the following financial assets in this business model:

- Equity instruments: solely equity securities of companies, in which participation is compulsory for the Bank (S. W. I. F. T. s. c., Belgium and VISA INC., USA). Dividends are recognised in the statement of comprehensive income under "Dividend income".

To determine the fair value of these securities, the Bank uses Level 3.

Financial assets measured at fair value through profit or loss (FVTPL)

The Bank holds the following financial assets in this business model: Series C Preferred Stock of VISA INC., USA.

In the statement of income, the profit or loss effects of financial assets measured at FVPL are split into dividend income and fair value gains and losses. The dividend income is presented in the line "*Dividend income*". The fair value gains or losses are reported in the "*Gains/losses from financial Instruments measured at fair value through profit or loss*" in case of non-trading financial assets at FVTPL. To determine the fair value of these securities, the Bank uses Level 3.

Impairment of financial assets measured at amortised cost and fair value through other comprehensive income

The calculation of expected credit losses requires the use of accounting estimates and judgments. For expected credit losses, the Bank recognises a provision for financial assets measured at amortised cost and at fair value through other comprehensive income as at the reporting date. Provisions are recognised in the statement of financial position.

The Bank measures expected credit losses to reflect:

- The unbiased and probability-weighted amount of a loss that is determined by assessing various possible outcomes;
- The time value of money;

- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions available as at the reporting date without unreasonable costs or disproportionate effort.

IFRS 9 sets a 3-stage impairment model that is based on changes that have occurred in credit quality since the initial recognition date, i.e. a financial asset must be monitored over its full lifetime.

Upon its initial recognition, a financial asset is classified in stage 1. At this stage, a financial asset is measured at a provision equal to a 1-year expected credit loss.

If a significant increase in credit risk is subsequently identified since the initial recognition without the asset being impaired, the asset is moved to stage 2. If a financial asset is credit-impaired, it is classified in stage 3. In stages 2 and 3, a financial asset is measured at a provision equal to the expected credit loss over the full lifetime of the asset.

If the impairment of a financial asset was measured in an amount equal to expected credit losses over the asset's full lifetime in the previous reporting period, but such conditions are not met as at the current reporting date, the Bank measures the impairment loss in an amount equal to a 1-year expected credit loss as at the current reporting date.

The assessment of a financial asset's credit risk is based on the estimates as to the determination of the probability of default (PD), exposure at default (EaD) and loss given default (LGD).

The assessment of credit impairment is performed on a collective or individual basis.

At each reporting date, the Bank assesses whether there has been a change in the risk of default over the expected lifetime of a financial asset since the initial recognition by comparing the risk of default at the initial recognition to the risk of default as at the reporting date, taking into account reasonable and supportable information.

Significant increase in credit risk

The assessment of significance comprises future-focused information and is always performed as at the reporting date. Receivables in portfolios measured solely using statistical models are classified in stage 2 if the retail client has at least one significant receivable overdue by more than 30 days or downgrade of credit rating is significant or the Bank has identified a significantly high risk of repayment of the client's receivables in connection with a significant reduction or loss of income. Other receivables are classified in stage 2 on an individual basis or if the client has at least one significant receivable overdue by more than 30 days. Significant receivables (over € 350 thousand) with an identified significant increase in credit risk are measured individually.

A decision to change the classification and the required coverage amount, if any, is made by the Credit Committee for individually assessed cases based on a monthly review when individual cases are discussed. The review process includes consultation on the opinion of the responsible approval department that expertly and comprehensively assesses the condition of the counterparty and change thereof.

Defaulted financial assets

A financial asset is in default if:

- The debtor is in arrears with material receivables whose contractual instalments are overdue by more than 90 days;
- It is likely that the debtor will not repay its liabilities in full without the Bank taking action, such as realisation of the collateral.

The above criteria are applied to all financial assets held by the Bank and are compliant with the definition of default used for internal credit risk management purposes.

Probability of default

Probability of default is a risk parameter determining the probability that a debtor will fail to repay its financial liability over the next 12 months, or over the remaining lifetime of the liability. Hence, it is the probability that an exposure not in default will default within 12 months, or over the remaining lifetime.

Loss given default

Loss given default is a risk parameter defined as the difference between the value of 100% and the value of the recovery rate at the moment of completion of the debt collection or its write-off. Loss given default represents the Bank's expectation in terms of the loss on a defaulted exposure.

Exposure at default

Exposure at default is the volume of funds the Bank expects will be due at the time of default over the next 12 months, or over the remaining lifetime. The assumption of an early repayment of a debt is also taken into consideration in the calculation.

Collateral

The Bank primarily accepts the following types of collateral:

- Immovable assets;
- Movable assets;
- Cash collateral;
- Receivables;
- Securities;
- Guarantees.

The Bank uses the following legal instruments:

- Pledge;
- Blocking of cash;
- Security transfer of receivables;
- Security transfer of the right.

The Bank regularly monitors individual types of collateral and, if necessary, revalues them. The methodology of monitoring or valuation, as well as their frequency depends on the type of collateral. The recoverable amount of collateral is derived from the pledge value, up to the amount of the current value of the receivable. The recoverable amount consists of several uncertainties and risks; therefore, the amounts upon realisation of collateral may differ from the estimates, and such a difference may be significant.

When realising collateral, the Bank uses:

- Voluntary auction;
- Foreclosure proceedings;
- Sale of receivables;
- Sale of the pledge over the Bank's receivable in bankruptcy proceedings.

Write-off of Receivables

The existence of unrecoverable receivables is connected with business risk, which is to a various degree inherent in all banking activities. If a particular receivable meets the conditions for a write-off, Prima banka writes off the receivable directly into expenses in the statement of comprehensive income under "*Net profit/(loss) on write-off of receivables*" and recognised impairment provisions are reversed. Receivables for which the right of collection did not expire continue to be recognised in off-balance sheet accounts. The Loans Committee decides which write-off method will be applied with respect to a particular receivable. When a written-off receivable is collected, income is recognised in the statement of comprehensive income under "*Net profit/(loss) on write-off of receivables*".

Financial Assets Measured at Fair Value through Profit or Loss

This portfolio consists of financial instruments held for trading, including derivatives used solely to manage position exposures, mainly liquidity risk and currency risk.

Financial assets disclosed in the portfolio at fair value through profit or loss are initially recognised at acquisition cost excluding transaction costs and are subsequently re-valued to fair value through statement of comprehensive income.

The Bank records unrealised gains and losses from the revaluation of these assets to their fair values in the statement of comprehensive income line "*Net trading income*". Interest income from financial instruments at fair value through statement of comprehensive income is accrued on a daily basis and recorded in the statement of comprehensive income line "*Interest and similar income*".

Financial Liabilities

Financial liabilities measured at amortised cost (AC)

All of the Bank's financial liabilities, except for derivative financial liabilities, are recognised at amortised cost.

Financial liabilities measured at fair value through profit or loss (FVTPL)

In this category, the Bank only recognises derivatives with negative values.

Sale and Repurchase Agreements (Repo Transactions)

A repo transaction is the provision of a loan secured by a security transfer. Securities sold under selling and repurchasing contracts are recognised in the Statement of Financial Position as assets under "*Financial assets at fair value through profit or loss*" or "*Financial assets at AC*". Depending on the nature of the liability, a payment received from counterparty is recognised under "*Due to banks*" or "*Customer deposits*".

Securities purchased under agreements to purchase and resell ("reverse repo transactions") are recognised in the statement of financial position in the account "*Due from banks*" or "*Loans and advances to customers*" as appropriate. Received collateral, which is a security, is recognised in the off-balance sheet accounts from the settlement date until the maturity date of the deal. The difference between the sale and repurchase price is treated as interest and accrued evenly over the life of the repo agreement using the effective interest rate.

Derecognition of Financial Instruments

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor substantially retains all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Bank substantially retains all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Bank derecognises financial liabilities only when the Bank's obligations are discharged or cancelled, or when they expire.

Offsetting Financial Instruments

The Bank only offsets financial assets and financial liabilities if this results from a contractual arrangement and the Bank's intention is to settle an asset and a liability on a net basis, and/or concurrently. Financial instruments subject to offsetting are presented in the statement of financial position in a net amount.

f) Financial Derivatives

Prima banka's financial derivatives include currency and interest rate swaps and forwards. They are held to hedge risk. In the statement of financial position, they are recognised at fair value under "*Financial assets held for trading – derivatives*" and "*Hedging derivatives*". An underlying derivative financial instrument is recognised in off-balance sheet accounts on the transaction date. It is derecognised from the off-balance sheet accounts on the date the respective derivative is closed.

Changes in the fair value of derivatives are recognised on the balance sheet accounts to ensure that the positive fair values of derivatives are shown as an asset and negative fair values of derivatives are shown as a liability with a corresponding entry in revenues and expenses recognised in the statement of comprehensive income under "*Net profit from financial transactions*".

The revaluation of swaps and other derivatives in the Banking Book and the hedging instruments takes place once a month based on their discounted cash flows using the market curves.

g) Hedging

Prima banka is hedged against volatility risk in the fair values ("Fair Value Hedge") of recognised assets, which relates to the risk of interest rate volatility and may affect the Bank's expenses or revenues. Hedged items include long-term loans with a structured interest rate. The gain or loss from the fair value measurement of a hedging instrument is recognised in revenues or expenses. The gain or loss on a hedged item attributable to the hedged risk is recognised in profit or loss and the impact of changes in fair values of hedging instruments and hedged items on the P/L is insignificant. After 1 January 2018, the Bank continues to apply the accounting policy in line with IAS 39.

h) Fair Value of Financial Instruments

The fair value of financial instruments classified as stage 1 corresponds to the quoted market price as at the reporting date, without a reduction for transaction costs.

Fair values of financial instruments not quoted in active markets are determined using valuation techniques such as the theoretical price derived from the yield 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 practicable, models use only observable data, however, areas such as credit risk, volatilities, and liquidity require expert estimates. Changes in the assumptions related to these factors could affect the reported fair value of financial instruments.

When the discounted cash flows method is used, estimated future cash flows are based on the most accurate management estimates and the discount rate represents the market rate for instruments with similar conditions and maturity. When valuation models are used, input values are based on market values valid as at the reporting date.

Fair values of derivative instruments that are not traded on a stock exchange are derived from the estimated values the Bank would obtain under standard business conditions at the termination of the contract as at the reporting date after considering the market conditions and the creditworthiness of the relevant counterparty.

i) Non-Current Tangible and Intangible Assets

Non-current tangible and intangible assets are stated at acquisition cost less accumulated depreciation/amortisation together with accumulated impairment losses. Prima banka applies a linear method to depreciate or amortise non-current tangible and intangible assets based on the estimated useful life. Depreciation/amortisation starts in the month in which the assets were placed into service.

Land and works of art are not depreciated.

For accounting depreciation/amortisation of assets Prima banka uses the following depreciation/amortisation periods:

	Depreciation/Amortisation Period in Years
Computers, office tools, cars, etc.	4 - 6
Software	up to 10
Inventory	6 - 10
Office and banking equipment	4 - 12
Buildings and structures	40*

*The buildings owned by the Bank are depreciated over 40 years, reconstruction work on ATM 10 years, other reconstruction work on leased buildings according to the lease contract; engineering constructions from 12 to 20 years and advertising constructions from 4 to 6 years.

j) Impairment of Tangible and Intangible Assets

At each balance sheet date, Prima banka reviews the carrying amounts of its non-current tangible and intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. If any of the amounts above 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 recognised directly through the statement of comprehensive income under "Depreciation".

k) Leases

IFRS 16 supersedes International Accounting Standard 17 Leases ('IAS 17') and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated, and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals. The new Standard introduces several limited scope exceptions for lessees which include:

- Leases with a lease term of 12 months or less and containing no purchase options;
- Leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting shall remain largely unchanged and the distinction between operating and finance leases will be retained.

l) Assets Held for Sale

Assets held for sale are non-current assets held to sale for which the carrying amount will be realized through a sale transaction, rather than by using them. These are assets held for sale in their present condition and a sale is considered highly probable. Assets classified as non-current assets held for sale are reported at the lower of acquisition cost less accumulated depreciation and provisions or at fair value less costs related to sale.

m) Income Tax

Current income tax is calculated on the tax base reported in accordance with Slovak tax legislation. The tax basis differs from accounting profit/(loss) recognized in the statement of comprehensive income, as it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The current tax liability is calculated using the tax rates valid as of the reporting date.

Deferred income tax is reported, using the balance sheet method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The tax rate enacted for future periods was used to determine deferred income tax, i.e. 21%.

A deferred tax liability related to taxable temporary differences represents tax to be paid in future taxation periods. A deferred tax asset is related to deductible temporary differences, the possibility to carry forward the tax loss, and the possibility to transfer unused tax deductions and other tax claims to future periods. Deferred tax liabilities are recognised generally for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

When recognising deferred tax assets and deferred tax liabilities, the Bank applies an approach under which deferred tax assets are recognised to the extent that it is probable that conditions for the tax deduction of temporary differences in the future are met and that taxable profits will be available against which such tax assets can be utilised. Given that the amount of future taxable profits cannot be reliably estimated, the Bank does not recognise the deferred tax asset in full.

Deferred tax is recognised in the income statement, except where the deferred tax relates to items not recognised as income or expense but charged and recognised in equity. In such cases, the related deferred tax is debited or credited to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to the income tax assessed by the same tax authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

The Bank recognises current corporate income tax and deferred tax in the statement of financial position under "*Tax assets*" or "*Tax liabilities*".

n) Debt Securities

Debt securities issued by the Bank are stated at amortised cost using the effective interest rate method. The Bank issues mortgage debentures. Interest expense arising on the issue of securities is included in the statement of comprehensive income line "*Interest and similar expenses*".

o) Subordinated Debt

Subordinated debt refers to the Bank's external funds and, in the event of bankruptcy, composition or the liquidation of the Bank, the entitlement to its repayment is subordinated to liabilities to other creditors. The Bank's subordinated debt is recognised in the separate statement of financial position as "*Subordinated debt*". Interest expense paid on the received subordinated debt is recognised through the statement of comprehensive income in "*Interest and similar expenses*".

p) Accrued Interest

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

q) Provisions for Liabilities

The amount of provisions for liabilities and charges is recognised as an expense and a liability when the Bank has legal or constructive obligations as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle such an obligation and a reasonable estimate of the amount of the resulting loss can be made. Any loss resulting from the recognition of a provision for liability is recognised in the statement of comprehensive income for the period.

r) Earnings per Share

The Bank discloses earnings per share attributable to holders of ordinary shares. The Bank calculated earnings per ordinary share as profits attributable to holders of ordinary shares divided by the weighted average number of ordinary shares outstanding during the period. The profit attributable to each class of shares is determined based on the face value of each class of shares in relation to the percentage of the total face value of all shares.

s) Interest Income and Interest Expense

Interest income and expense, and interest related charges arising on all interest-bearing instruments are accrued in the statement of comprehensive income using the effective interest rate method. Interest income (expense) from securities includes revenues from coupons with fixed and floating rates, and amortised discount or premium. Interest on impaired receivables (retail exposures are assessed based on the number of days overdue; other exposures are assessed on an individual basis) is reclassified by the Bank in the off-balance sheet accounts.

t) Fees and Commissions

Fees and commissions received and paid are recognised in the statement of comprehensive income as "*Net interest income*" on an accrual basis, e.g. fees related to the provision of loans, brokerage commissions (are accrued over the term of the respective loan). Other fees and commissions received and paid, e.g. fees for account management, payment system fees, etc. are recognised in the statement of comprehensive income under "*Net fee and commission income*".

4. Significant Accounting Estimates

Presenting the financial statements in compliance with IFRS requires estimates and assumptions to be prepared that affect the reported amounts of assets and liabilities and estimated assets and liabilities as at the reporting date as well as disclosed expenses and revenues for the relevant reporting period. The effect of the change in accounting estimates is included, on a prospective basis, in the profit/loss of the period in which the estimate is changed provided that the changes only affect the given period, or also in the profit/loss of the subsequent periods if the change has an impact on the following periods. The estimates relate to: fair values of financial instruments, provisions for loans to customers and provisions for litigations.

Fair Value of Financial Instruments

If it is not possible to determine the fair value of financial assets and financial liabilities recognized in the statement of financial position from active markets, fair value is determined using by different valuation techniques including mathematical and statistical models. The inputs for these models are taken from observable recognised markets, but if this is not possible, the determination of fair value requires estimates. The estimates include considerations of liquidity and model inputs, e.g. current interest rates, exchange rates and credit spreads.

Provisions for Loans to Customers

As discussed in the paragraphs of Chapter 3 above, and as described in detail in Notes 1 and 23, Chapter 5 to the financial statements, the Bank recognises a provision for expected credit losses from financial instruments that are carried at amortised cost or fair value through OCI and identified contingent liabilities. The calculation of provisions is based on anticipated estimated cash flows, which are determined using different scenarios, taking into account the time value of money, supportable and reasonable information about past events and estimated future economic conditions.

The recognition of provisions for loan losses and identified contingent liabilities, however, includes various uncertainties regarding the outcome of the above risks (i.e. for portfolios measured using statistical models, the Bank does not have sufficiently representative historical data available and, therefore, the Bank has elected to use NBS estimates to estimate the impact of an adverse scenario, and requires Bank management to make many subjective judgments when estimating losses. Therefore, the result of such estimates may differ from the provisions recognised as at 30 September 2022.

Deferred Tax Asset

The utilization of a deferred tax asset depends on the generation of sufficient future taxable profits. Moreover, rules and regulations have undergone significant changes in recent years; there are few historical precedents or interpretative rulings on a number of complex issues affecting the banking industry. In addition, the tax authorities have broad powers when interpreting the application of the tax laws and regulations when examining taxpayers. Accordingly, there is a high degree of uncertainty about the ultimate outcome of examinations by the tax authorities.

Provision for Litigation Claims

The amounts recognised as provisions for liabilities are based on the Bank's management's judgement and represent the best estimate of the expenses required to settle a liability with uncertain timing and an uncertain amount payable.

Future events and their effects cannot be determined with absolute certainty. Accordingly, accounting estimates require judgement and the estimates that are used in the preparation of the financial statements are changed when new events occur or new information and experience are available, or when the business environment in which the Bank operates changes. Results may differ from these estimates, and the impact can be significant.

5. Notes to the Financial Statements

1. Financial Assets at Amortised Cost

Gross book value and provisions

30.9.2022	Gross Carrying Amount			
	Total	Stage 1	Stage 2	Stage 3
Financial assets at amortised cost, of which:				
Balances with central banks	241 546	241 546	0	0
Current accounts	140	140	0	0
Compulsory minimum reserves	201	201	0	0
Term deposits	241 205	241 205	0	0
Due from banks	1 774	1 774	0	0
Loans and advances to customers*, of which:	5 557 773	5 408 710	90 716	58 347
Public administration	154 160	153 042	871	247
Retail clients	4 953 930	4 909 756	22 234	21 940
of which: Individuals	4 843 040	4 800 805	22 204	20 031
Other clients	449 683	345 912	67 611	36 160
Debt securities, of which:	157 739	157 739	0	0
Banks	10 026	10 026	0	0
Public administration	107 771	107 771	0	0
Other clients	39 942	39 942	0	0
Total	5 958 832	5 809 769	90 716	58 347
Provisions- Loans and advances to customers	(133 315)	(60 856)	(19 877)	(52 582)
Provisions- Debt securities	(1 007)	(1 007)	0	0
Net carrying amount	5 824 510	5 747 906	70 839	5 765

31.12.2021	Gross Carrying Amount			
	Total	Stage 1	Stage 2	Stage 3
Financial assets at amortised cost, of which:				
Balances with central banks	633 994	633 994	0	0
Current accounts	15 210	15 210	0	0
Compulsory minimum reserves	618 784	618 784	0	0
Due from banks	11 741	11 741	0	0
Loans and advances to customers*, of which:	4 549 918	4 378 657	94 724	76 537
Public administration	139 582	138 157	1 147	278
Retail clients	4 016 180	3 965 706	24 730	25 744
of which: Individuals	3 904 876	3 856 502	24 692	23 682
Other clients	394 156	274 794	68 847	50 515
Debt securities, of which:	166 993	166 993	0	0
Banks	10 032	10 032	0	0
Public administration	96 576	96 576	0	0
Other clients	60 385	60 385	0	0
Total	5 362 646	5 191 385	94 724	76 537
Provisions- Loans and advances to customers	(143 712)	(51 168)	(22 476)	(70 068)
Provisions- Debt securities	(1 522)	(1 522)	0	0
Net carrying amount	5 217 412	5 138 695	72 248	6 469

*The Bank classifies clients into sectors pursuant to Regulation (EU) No 549/2013 of the European Parliament and of the Council on the European system of national and regional accounts in the European Union, "ESA 2010", where "Public Administration" is sector S.13, "Retail Clients" is sectors S.14 and S.15, and other clients are sectors S.11 and S.12, except for central and other banks.

Compulsory reserves with the NBS represent minimum compulsory reserves the Bank is obliged to maintain in cash with the NBS. The system of creating and maintaining minimum reserves is regulated by European Community and European Central Bank regulations. The Bank's ability to withdraw the reserve is restricted by applicable legislation.

Loans and advances gross book value

Loans and advances to customers	1.1.2022	An increase due to the creation or acquisition	Decline due to discontinuation of reporting	Net changes due to change in credit risk	Transfers between levels	Other movements	30.9.2022
Level 1	4 378 656	1 728 063	(493 369)	(202 754)	(1 886)	0	5 408 710
Public administration	138 157	21 769	(6 064)	(1 049)	229	0	153 042
Retail clients	3 965 705	1 532 022	(455 456)	(129 618)	(2 953)	56	4 909 756
Other clients	274 794	174 272	(31 849)	(72 087)	838	(56)	345 912
Level 2	94 724	1 446	(4 471)	(1 116)	133	0	90 716
Public administration	1 147	0	(0)	(47)	(229)	0	871
Retail clients	24 730	1 438	(3 914)	(1 237)	1 218	0	22 234
Other clients	68 847	8	(556)	168	(856)	0	67 611
Level 3	76 538	1 876	(18 610)	(3 210)	1 753	0	58 347
Public administration	278	0	(3)	(29)	0	0	247
Retail clients	25 744	200	(4 879)	(883)	1 735	23	21 940
Other clients	50 515	1 676	(13 728)	(2 298)	18	(23)	36 160
Total	4 549 918	1 731 385	(516 450)	(207 079)	0	0	5 557 773

Loans and advances to customers	1.1.2021	An increase due to the creation or acquisition	Decline due to discontinuation of reporting	Net changes due to change in credit risk	Transfers between levels	Other movements	31.12.2021
Level 1	3 819 384	1 475 906	(711 370)	(163 111)	(42 153)	0	4 378 656
Public administration	129 415	28 118	(9 106)	(10 339)	69	0	138 157
Retail clients	3 276 489	1 316 227	(480 038)	(143 715)	(3 221)	(37)	3 965 705
Other clients	413 480	131 561	(222 226)	(9 057)	(39 001)	37	274 794
Level 2	65 113	2 518	(9 559)	(3 504)	40 156	0	94 724
Public administration	875	546	(20)	(96)	(158)	0	1 147
Retail clients	28 780	1 954	(5 677)	(1 598)	1 278	(7)	24 730
Other clients	35 458	18	(3 862)	(1 810)	39 036	7	68 847
Level 3	92 726	486	(14 244)	(4 428)	1 997	0	76 538
Public administration	216	0	0	(27)	89	0	278
Retail clients	35 933	414	(10 397)	(2 149)	1 943	0	25 744
Other clients	56 577	72	(3 847)	(2 252)	(35)	0	50 515
Total	3 977 222	1 478 910	(735 172)	(171 043)	0	0	4 549 918

Gross book value transfers between levels

Loans and advances to customers	30.9.2022			31.12.2021		
	Move to level 1	Move to level 2	Move to level 3	Move to level 1	Move to level 2	Move to level 3
Level 1	11 775	(12 068)	(1 593)	18 902	(58 569)	(2 486)
Public administration	369	(140)	0	328	(170)	(89)
Retail clients	10 525	(11 895)	(1 583)	18 406	(19 230)	(2 397)
Other clients	881	(33)	(10)	168	(39 169)	0
Level 2	(11 718)	12 830	(979)	(18 789)	60 662	(1 717)
Public administration	(369)	140	0	(328)	170	0
Retail clients	(10 468)	12 657	(971)	(18 293)	21 280	(1 709)
Other clients	(881)	33	(8)	(168)	39 212	(8)
Level 3	(57)	(762)	2 572	(113)	(2 093)	4 203
Public administration	0	0	0	0	0	89
Retail clients	(57)	(762)	2 554	(113)	(2 050)	4 106
Other clients	0	0	18	0	(43)	8

The transfer of loans and advances to customers from Level 1 to Level 2 was mainly due to the conservative approach of part of loans with legislative deferral of repayments.

Provisions for loans and advances to customers

Provisions for loans and advances to customers	1.1.2022	An increase due to the creation or acquisition	Decline due to discontinuation of reporting	Net changes due to change in credit risk	Transfers between levels	Exchange rate differences	Decrease in proviso due to depreciation	30.9.2022
Stage 1	(51 166)	(25 462)	16 108	(5 221)	4 885	0	0	(60 856)
Public administration	(33)	(29)	9 603	(53)	20	0	0	9 508
Retail clients	(42 238)	(20 721)	5 383	(3 565)	5 046	(10)	0	(56 105)
Other clients	(8 895)	(4 712)	1 122	(1 603)	(181)	10	0	(14 259)
Stage 2	(22 475)	(559)	1 796	4 584	(3 225)	2	0	(19 877)
Public administration	(229)	0	0	75	(20)	0	0	(174)
Retail clients	(9 179)	(553)	1 552	4 165	(3 404)	2	0	(7 416)
Other clients	(13 067)	(6)	244	344	199	0	0	(12 286)
Stage 3	(70 071)	(1 285)	7 183	2 678	(1 660)	4	10 569	(52 582)
Public administration	(139)	0	1	14	0	0	0	(124)
Retail clients	(19 417)	(191)	3 791	950	(1 642)	4	231	(16 274)
Other clients	(50 515)	(1 094)	3 391	1 714	(18)	0	10 338	(36 185)
Total	(143 712)	(27 306)	25 087	2 041	0	6	10 569	(133 315)

Provisions for loans and advances to customers	1.1.2021	An increase due to the creation or acquisition	Decline due to discontinuation of reporting	Net changes due to change in credit risk	Transfers between levels	Exchange rate differences	Decrease in proviso due to depreciation	31.12.2021
Stage 1	(41 129)	(17 161)	9 543	(16 133)	13 714	0	0	(51 166)
Public administration	(5)	(21)	0	(86)	79	0	0	(33)
Retail clients	(34 863)	(13 385)	6 276	(8 850)	8 594	(10)	0	(42 238)
Other clients	(6 261)	(3 755)	3 267	(7 197)	5 041	10	0	(8 895)
Stage 2	(17 758)	(944)	2 748	4 838	(11 361)	2	0	(22 475)
Public administration	(175)	(109)	4	85	(34)	0	0	(229)
Retail clients	(9 096)	(821)	1 847	5 152	(6 263)	2	0	(9 179)
Other clients	(8 487)	(14)	897	(399)	(5 064)	0	0	(13 067)
Stage 3	(84 690)	(434)	4 407	4 127	(2 351)	4	8 866	(70 071)
Public administration	(108)	0	0	13	(44)	0	0	(139)
Retail clients	(27 916)	(362)	2 892	1 762	(2 331)	4	6 534	(19 417)
Other clients	(56 666)	(72)	1 515	2 352	24	0	2 332	(50 515)
Total	(143 577)	(18 539)	16 698	(7 169)	2	6	8 866	(143 712)

Provisions transfer between levels

Provisions for loans and advances to customers	30.9.2022			31.12.2021		
	Move to level 1	Move to level 2	Move to level 3	Move to level 1	Move to level 2	Move to level 3
Stage 1	(425)	4 163	1 147	(504)	12 465	1 752
Public administration	(8)	28	0	0	34	44
Retail clients	(201)	4 110	1 137	(466)	7 354	1 708
Other clients	(216)	25	10	(38)	5 077	0
Stage 2	425	(4 365)	715	501	(13 068)	1 206
Public administration	8	(28)	0	0	(34)	0
Retail clients	201	(4 312)	707	463	(7 924)	1 198
Other clients	216	(25)	8	38	(5 110)	8
Stage 3	0	202	(1 862)	3	603	(2 958)
Public administration	0	0	0	0	0	(44)
Retail clients	0	202	(1 844)	3	571	(2 906)
Other clients	0	0	(18)	0	32	(8)

Provisions for debt securities

Debt securities	1.1.2022	An increase due to the creation or acquisition	Decline due to discontinuation of reporting	Net changes due to change in credit risk	Transfers between levels	Decrease in provision due to depreciation	30.9.2022
Stage 1	(1 522)	0	0	515	0	0	(1 007)
Stage 2	0	0	0	0	0	0	0
Stage 3	0	0	0	0	0	0	0
Total	(1 522)	0	0	515	0	0	(1 007)

Debt securities	1.1.2021	An increase due to the creation or acquisition	Decline due to discontinuation of reporting	Net changes due to change in credit risk	Transfers between levels	Decrease in provision due to depreciation	31.12.2021
Stage 1	(582)	0	0	76	(1 016)	0	(1 522)
Stage 2	(2 378)	0	0	1 362	1 016	0	0
Stage 3	0	0	0	0	0	0	0
Total	(2 960)	0	0	1 438	0	0	(1 522)

The following summary shows the financial assets at amortised cost in the net carrying amount by geographical territory:

	30.9.2022	31.12.2021
Balances with central banks	241 546	633 994
Slovak Republic	241 546	633 994
Due from banks	1 774	11 741
Slovak Republic	10	10 010
EU Member States	1 764	1 731
Other countries	0	0
Loans and advances to customers	5 424 458	4 406 206
Slovak Republic	5 187 449	4 292 026
EU Member States	236 939	114 008
Other countries	70	172
Debt securities	156 732	165 471
Slovak Republic	90 585	98 740
EU Member States	66 147	66 731
Total	5 824 510	5 217 412

The following summary shows the financial assets at amortised cost in the net carrying amount by currencies:

	30.9.2022	31.12.2021
Balances with central banks	241 546	633 994
In euro	241 546	633 994
Due from banks	1 774	11 741
In euro	667	10 875
In foreign currencies	1 107	866
Loans and advances to customers	5 424 458	4 406 206
In euro	5 424 458	4 406 206
In foreign currencies	0	0
Debt securities	156 732	165 471
In euro	156 732	161 846
In foreign currencies	0	3 625
Total	5 824 510	5 217 412

The summary of the financial assets at amortised cost by residual maturity is presented in Note 29 2c).

2. Financial Derivatives – assets and liabilities

Assets	30.9.2022		31.12.2021	
	Fair Value	Nominal Value	Fair Value	Nominal Value
Financial Assets for trading - derivatives				
currency derivatives	75	13 890	47	15 580
Total Assets	75	13 890	47	15 580
Liabilities	30.9.2022		31.12.2021	
	Fair Value	Nominal Value	Fair Value	Nominal Value
Financial Liabilities for trading - derivatives				
currency derivatives	189	14 040	2	15 539
Total Liabilities	189	14 040	2	15 539

The residual maturity of derivatives at nominal value is presented in Note 26.

3. Financial Assets at Fair Value through profit or loss

Name	30.9.2022	31.12.2021
	Fair value	Fair Value
Visa Inc., USA	1 097	2 166
Total	1 097	2 166

4. Financial Assets at Fair Value through Other Comprehensive Income

Name	30.9.2022	31.12.2021
	Fair Value	Fair Value
SWIFT LA HULPE, Belgium	23	23
Visa Inc., USA	3 007	2 162
Total	3 030	2 185

In its portfolio of financial assets at fair value through other comprehensive income, the Bank records equity securities – equity shares and other shares in a total amount of € 3 030 thousand, which are capital participations in SWIFT LA HULPE, Belgium and VISA Inc. USA.

As at 30 September 2022 was converted part of Visa Inc. preferred shares series C to shares series A and newly acquired shares were classified to Financial assets measured at fair value through other comprehensive income.

5. Non-current Tangible Assets

Movements in non-current tangible assets as at 30 September 2022:

	1.1.2022	Increase	Decrease	Other movements	30.9.2022
Land, buildings and structures	39 999	102	(77)	2	40 026
Information technologies	8 959	34	(55)	0	8 938
Other non-current tangible assets	17 154	65	(319)	(49)	16 851
Leasing	13 542	1 312	(75)	0	14 779
Non-current tangible assets	79 654	1 513	(526)	(47)	80 594
Accumulated depreciation and provisions - buildings and structures	(31 168)	(834)	63	0	(31 939)
Accumulated depreciation – information technologies	(8 073)	(192)	55	0	(8 210)
Accumulated depreciation - other non-current tangible assets	(16 077)	(216)	320	0	(15 973)
Accumulated depreciation - Leasing	(6 247)	(1 651)	75	0	(7 823)
Accumulated depreciation and provisions	(61 565)	(2 893)	513	0	(63 945)
Net book value	18 089	(1 380)	(13)	(47)	16 649

Movements in non-current tangible assets as at 31 December 2021:

	1.1.2021	Increase	Decrease	Other movements	31.12.2021
Land, buildings and structures	41 794	473	(2 266)	(2)	39 999
Information technologies	9 377	881	(1 299)	0	8 959
Other non-current tangible assets	18 354	548	(1 636)	(112)	17 154
Leasing	11 302	2 377	(132)	(5)	13 542
Non-current tangible assets	80 827	4 279	(5 333)	(119)	79 654
Accumulated depreciation and provisions - buildings and structures	(31 992)	(1 177)	2 001	0	(31 168)
Accumulated depreciation – information technologies	(9 187)	(185)	1 299	0	(8 073)
Accumulated depreciation - other non-current tangible assets	(17 452)	(257)	1 632	0	(16 077)
Accumulated depreciation - Leasing	(4 205)	(2 179)	137	0	(6 247)
Accumulated depreciation and provisions	(62 836)	(3 798)	5 069	0	(61 565)
Net book value	17 991	481	(264)	(119)	18 089

Obligations from Contracts for Purchase of Non-current Tangible Assets

As at 30 September 2022, Prima banka did not record any obligations from contracts for the purchase of non-current tangible assets (31 December 2021: € 0).

Insurance Coverage

A set of immovable assets has insurance coverage of up to € 38 978 thousand and a set of movable assets with insurance coverage of up to € 27 120 thousand. The insurance covers damage caused by natural disaster, fire, theft and vandalism, flooding from water mains, falls, crashes, etc.

6. Non-Current Intangible Assets

Movements in non-current intangible assets as at 30 September 2022:

	1.1.2022	Increase	Decrease	Other movements	30.9.2022
Software	19 600	135	0	155	19 890
Other non-current intangible assets	24 658	124	0	22	24 804
Non-current intangible assets	44 258	259	0	177	44 694
Accumulated amortisation - software	(19 328)	(176)	0	0	(19 504)
Accumulated amortisation - other non-current intangible assets	(23 401)	(315)	0	57	(23 660)
Accumulated amortisation and provisions	(42 729)	(491)	0	57	(43 164)
Net book value	1 529	(232)	0	234	1 530

Movements in non-current intangible assets as at 31 December 2021:

	1.1.2021	Increase	Decrease	Other movements	31.12.2021
Software	19 397	158	0	45	19 600
Other non-current intangible assets	24 511	147	0	0	24 658
Non-current intangible assets	43 908	305	0	45	44 258
Accumulated amortisation - software	(19 092)	(236)	0	0	(19 328)
Accumulated amortisation - other non-current intangible assets	(23 074)	(404)	0	77	(23 401)
Accumulated amortisation and provisions	(42 166)	(640)	0	77	(42 729)
Net book value	1 742	(335)	0	122	1 529

Insurance Coverage

Computer technology is insured up to the maximum amount of € 1 000 thousand. The relevant insurance covers electronic computer programs, data, and electronic media, and computer systems. The coverage is for damage caused by fraudulent modification of programs, data, and their destruction, etc.

As at 30 September 2022, Prima banka did not record any liabilities under agreements to purchase non-current intangible assets (31 December 2021: € 0).

7. Deferred Tax Assets

	30.9.2022	31.12.2021
Deferred tax asset	9 088	9 088
Total	9 088	9 088

8. Other Assets

	30.9.2022	31.12.2021
Assets, of which:	10 752	11 601
Receivables from clients' derivatives	251	2 697
Cash collateral	9 960	8 586
Other receivables	542	318
Other assets	5 643	7 708
Total	16 395	19 309
Provisions	(914)	(3 495)
Net carrying amount	15 481	15 814

9. Financial Liabilities at Amortised Cost

	30.9.2022	31.12.2021
Balances with central banks	470 049	0
Loans received	470 049	0
Due from banks	1 470	1 268
Current accounts and demand payables	1 470	1 268
Term deposits	0	0
Customer deposits	4 012 743	3 889 789
Current accounts	2 519 580	2 469 463
Term deposits	1 307 029	1 256 214
Saving deposits	185 987	163 932
Received loans	147	180
Debt securities	1 002 197	1 003 281
Covered bonds	1 002 197	1 003 281
Total	5 486 459	4 894 338

As at 30 September 2022, the Bank pledged government bonds and bank's covered bonds held in the portfolio of financial assets at amortised cost in favour of the NBS for pooling in the amount of € 670 000 thousand (31 December 2021: € 70 000 thousand). The bonds may be used as collateral for funds received from the NBS for liquidity management risk purpose (collateral as at 30 September 2022: € 470 000).

As at 30 September 2022, the Bank recognises long-term loans received from customers falling due in 2025.

The following summary shows the financial liabilities at amortised cost by customers:

	31.9.2022	31.12.2021
Public administration	578 716	586 616
Retail clients, of which:	2 955 154	2 962 085
Individuals	2 724 535	2 754 768
Other clients	478 873	341 088
Total	4 012 743	3 889 789

The following summary shows the financial liabilities at amortised cost by geographical territory:

	31.9.2022	31.12.2021
Balances with central banks	470 049	0
Slovak Republic	470 049	0
Due from banks	1 470	1 268
Slovak Republic	468	266
EU Member States	1 002	1 002
Customer deposits	4 012 743	3 889 789
Slovak Republic	3 990 607	3 872 611
EU Member States	18 473	12 238
Other countries	3 663	4 940
Debt securities	1 002 197	1 003 281
Slovak Republic	1 002 197	1 003 281
Total	5 486 459	4 894 338

The following summary shows the financial liabilities at amortised cost by currencies:

	30.9.2022	31.12.2021
Balances with central banks	470 049	0
In euro	470 049	0
Due from banks	1 470	1 268
In euro	1 470	1 268
In foreign currency	0	0
Customer deposits	4 012 743	3 889 789
In euro	4 011 740	3 888 712
In foreign currency	1 003	1 077
Debt securities	1 002 197	1 003 281
In euro	1 002 197	1 003 281
Total	5 486 459	4 894 338

As at 30 September 2022, Prima banka issued the securities summarised in the following table (these issued securities are not placed on a regulated market):

ISIN	Date of issue	Maturity date	Frequency of yield payment	Interest rate	Nominal value (€)	Number of securities issued	Carrying amount
SK4000016069	1.10.2019	1.10.2026	annually	0,01 %	100 000,00	5 000	501 261
SK4000019634	14.9.2021	14.9.2027	annually	0,01 %	100 000,00	5 000	501 580
Total							1 002 841

In addition to the above-mentioned covered bonds, the Bank issued a covered bond during April and July 2022, which was not sold but pledged as collateral for repo transaction received (nominal value of EUR 1 000 000 thousand, book value of EUR 1 000 285 thousand).

As at 31 December 2021, Prima banka issued the securities summarised in the following table (these issued securities are not placed on a regulated market):

ISIN	Date of issue	Maturity date	Frequency of yield payment	Interest rate	Nominal value (€)	Number of securities issued	Carrying amount
SK4000016069	1.10.2019	1.10.2026	annually	0,01 %	100 000,00	5 000	501 450
SK4000019634	14.9.2021	14.9.2027	annually	0,01 %	100 000,00	5 000	501 831
Total							1 003 281

Prima banka's issued mortgage debentures are registered book-entry securities. The bonds are readily transferrable with no pre-emption or conversion right attached thereto.

10. Liabilities from leases

	30.9.2022	31.12.2021
Liabilities from leases	7 014	7 348
Total	7 014	7 348

11. Provisions and Reserves

	30.9.2022	31.12.2021
Provisions for litigation	7 307	8 616
Provisions for off-balance sheet liabilities	2 050	3 666
Other reserves	59	59
Total	9 416	12 341

Provisions for litigation will be used after definitive closing of individual litigations, however, the final date is difficult to predict. Provisions for off-balance sheet liabilities are continuously updated based on the settlement of the obligations.

Movements in provisions for liabilities as at 30 September 2022:

	1.1.2022	Allocation	Release	Use	30.9.2022
Provisions for litigation	8 616	143	(1 400)	(52)	7 307
Provision for off-balance sheet liabilities	3 666	20 807	(22 423)	0	2 050
Other reserves (executions)	59	0	0	0	59
Total	12 341	20 950	(23 823)	(52)	9 416

Movements in provisions for liabilities as at 31 December 2021:

	1.1.2021	Allocation	Release	Use	31.12.2021
Provisions for litigation	8 589	615	(355)	(233)	8 616
Provision for off-balance sheet liabilities	3 861	9 408	(9 603)	0	3 666
Other reserves (executions)	35	24	0	0	59
Total	12 485	10 047	(9 958)	(233)	12 341

Provisions for Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Each dispute is subject to special monitoring and a regular re-assessment as part of the Bank's standard procedures. If it is probable that the Bank will be required to settle a claim and a reliable estimate of the amount can be made, provisions are recorded. The total provision for litigation amounts to € 7 307 thousand as at 30 September 2022 and represents principal and default interest (31 December 2021: € 8 616 thousand).

Provisions for Off-Balance Sheet Liabilities

The Bank recognises provisions for off-balance sheet loan commitments, granted guarantees, and contingent liabilities. The provisions are assessed by the Bank similarly to loans to customers, reflecting the existing financial situation and activities of the entity to which the Bank granted a guarantee or a loan commitment, and the value of received collateral.

12. Other Liabilities

	30.9.2022	31.12.2021
Accruals and deferrals	2 060	83
Reserves and other payables	10 533	14 360
Settlement with employees, of which: social fund	1 147 90	1 118 72
Other payables	20 892	18 507
State budget clearing account	464	507
Total	35 096	34 575

Reserves and other payables mainly comprise a provision for employee bonuses, a provision for unused vacation days and a provision for unbilled supplies of goods and services. Other liabilities mainly comprise the settlement of clearing collections and payments.

Social Fund

Prima banka has created the social fund as required by the Social Fund Act, the Income Tax Act. The social fund is used by Prima banka to finance its own social policy. The social fund is created during the year (if a profit is generated and tax and social security payments fulfilled) by a compulsory allocation at 1% of gross wages effectively paid to employees in the current year. For tax purposes, the allocations to the social fund are included

in the expenses to generate, ensure and sustain taxable income. Social policy financing represents short-term employee benefits, which are recognized and disclosed as expenses of the current year.

The creation and use of the social fund as at 30 September 2022 and as at 31 December 2021 is presented in the following table:

Social fund	30.9.2022	31.12.2021
Balance as at 1.1.	72	57
Allocation (from expenses)	121	156
Usage: catering allowance	(103)	(141)
Total	90	72

13. Equity

	30.9.2022	31.12.2021
Share capital	226 773	226 773
Share premium funds	71 190	71 190
Legal reserve fund	11 697	9 897
Other capital funds	54 078	54 078
Accumulated other comprehensive income	(289)	151
Profit/(loss) from previous years	18 727	2 525
Profit/(loss) for the current year	18 202	18 002
Total	400 378	382 616

Share Capital

	30.9.2022		31.12.2021	
Face value of shares	No. of shares	in € '000	No. of shares	in € '000
Number of issued shares with face value of € 399	100 200	39 980	100 200	39 980
Number of issued shares with face value of € 67	100 200	6 713	100 200	6 713
Number of issued shares with face value of € 5	701 400	3 507	701 400	3 507
Number of issued shares with face value of € 1	176 572 738	176 573	176 572 738	176 573
	177 474 538	226 773	177 474 538	226 773

Accumulated Other Comprehensive Income

	30.9.2022	31.12.2021
Financial assets at fair value through other comprehensive income	(34)	450
Available-for-sale securities	(255)	(299)
Total	(289)	151

Accumulated other comprehensive income includes unrealised remeasurement of financial assets at fair value through other comprehensive income without an effect on deferred tax. In accumulated other comprehensive income, the Bank also recognises the revaluation amount from the transfer of securities from the available-for-sale financial assets portfolio to the held-to-maturity financial assets portfolio pursuant to IAS 39. The aforementioned reserve is gradually amortised in the statement of comprehensive income until the maturity of the transferred securities.

Accumulated other comprehensive income also includes gains/(losses) on revaluation of the instrument used by Prima banka to hedge against the variability of cash flows for granted long-term loans until June 2011.

Proposed Distribution of Profit for 2021:

Statutory allotment to the reserve fund (10% of the profit after tax)	1 800
Transfer of profit into profit/loss from previous years	16 202
	18 002

The distribution of the 2021 profit was approved by the General Meeting of Prima banka as at 28 April 2022.

14. Net Interest Margin

	30.9.2022	30.9.2021
Interest income and similar income on:	46 591	47 624
Financial assets at amortised cost, of which:		
Balances with the central banks	0	0
Due from banks	48	(2)
Loans and advances to customers	42 527	43 304
Debt securities	4 016	4 322
Interest expense and similar expense for:	(10 071)	(11 121)
Financial liabilities at amortised cost, of which:		
Due to banks	(4)	(1)
Customer deposits	(9 074)	(10 844)
Debt securities	(457)	(276)
Net Interest Margin	36 520	36 503

15. Net Fee and Commission Income

	30.9.2022	30.9.2021
Fee and commission income on:	29 646	26 205
Payment services	23 232	20 407
Credit activity	5 175	3 812
Transactions with securities	1	1
Other banking services	1 238	1 985
Fee and commission expense for:	(6 509)	(6 454)
Payment services	(732)	(681)
Credit activity	0	0
Transactions with securities	(99)	(92)
Other banking services	(5 678)	(5 681)
Net Fee and Commission Income	23 137	19 751

16. Profit from Financial Transactions

	30.9.2022	30.9.2021
Net income (loss) from financial assets held for trading - derivatives	(2 307)	(883)
Net loss from revaluation of financial assets at fair value through other comprehensive income	(355)	659
Foreign exchange differences	2 486	1 089
Net profit from financial transactions	(176)	865

17. Other Operating Income

	30.9.2022	30.9.2021
Net income (loss) on the sale of non-current assets	29	1 153
Lease income	47	46
Other income from non-banking activities	24	97
Other expense from non-banking activities	0	(1)
Other operating income	100	1 295

18. General and Administrative Expenses

	30.9.2022	30.9.2021
Personnel expenses	(18 594)	(18 554)
Wages and salaries*	(13 539)	(13 734)
Social expenses	(4 492)	(4 389)
Other personnel costs	(563)	(431)
Other administrative expenses	(15 133)	(16 516)
IT costs	(2 184)	(2 817)
Marketing, advertising and other services	(4 095)	(4 186)
Costs of audit and related services**	0	(138)
Leases	(193)	(189)
Other purchased outputs and services	(9 509)	(9 013)
Supervision of Central Banks	(461)	(218)
Creation (use) of provisions for litigation	1 309	45
General administrative costs	(33 727)	(35 070)

* Including salaries and bonuses to members of the Management Board and Board of Directors.

** Costs of audit and the related services provided by the auditor, included audit of financial statements and audit of NBS prudential returns and other audit services, that related to agree upon procedures under Act No. 566/2001 Coll. on Securities and Investment services, preparation of Long-form report for NBS, Review of IT security, limited review and non-audit services related to the issue of Covered Bonds.

Prima banka does not have pension arrangements separate from the compulsory state pension system of the Slovak Republic. Pursuant to Slovak legal regulations, an employer is obliged to pay contributions to social security, health insurance, medical insurance, accident insurance, unemployment insurance, and contributions to a guarantee fund set as a percentage of the assessment base. These expenses are recognised in the statement of comprehensive income in the period in which the employee was entitled to a salary.

The Bank contributes to a defined contribution supplementary pension plan administered by a private pension fund, based on the employment period of the employee. No liabilities arise to the Bank from the payment of pensions to employees in the future. Supplementary pension insurance expenses amounted to € 84 thousand as at 30 September 2022 (31 September 2021: € 86 thousand).

19. Contributions to the Resolution fund and Deposits protection fund

	30.9.2022	30.9.2021
Resolution fund	(630)	(436)
Deposits Protection Fund	(1 795)	(1 754)
Specific Contributions of Selected Financial Institutions	(2 425)	(2 190)

In addition, pursuant to Act No. 371/2014 Coll., the Bank makes contributions to the national resolution fund, which was established as one of the fundamental elements of the mechanism for the resolution of crisis situations in the financial sector. Contributions to the fund are calculated using the methodology set out in the European Commission's regulations, taking into account the size and risk profile of the financial institution.

The Bank is legally obliged to make a contribution to the Deposit Protection Fund. The annual contribution was determined by the Deposit Protection Fund.

20. Depreciation and provisions of assets

	30.9.2022	30.9.2021
Depreciation of tangible assets	(2 893)	(2 862)
Amortisation of intangible assets	(492)	(472)
Release of provisions and reserves for assets	57	57
Total	(3 328)	(3 277)

21. Net Allocation to Provisions and Reserves

	30.9.2022	30.9.2021
(Allocation) of provisions for financial assets at amortised cost, of which:	(4 931)	(4 435)
Loans, advances and other receivables	(5 446)	(4 440)
Debt securities	515	5
Allocation to provisions for off-balances sheet exposures	1 616	237
Written-off and assignment of receivables*	1 386	1 996
Net Allocation to Provisions and Reserves	(1 929)	(2 202)

*including write off costs and payment received from written-off and assigned receivables

More information on provisions for losses from loans to customers and provisions for off-balance sheet liabilities is presented in Note 1 and in Note 11 respectively.

22. Income Tax

	30.9.2022	30.9.2021
Deferred income tax	0	0
Income Tax	0	0

23. Net Earnings per Share

	30.9.2022	30.9.2021
Net earnings for the current period (€ T)	13 272	13 012
Number of issued shares with value € 399	100 200	100 200
Number of issued shares with value € 67	100 200	100 200
Number of issued shares with value € 5	701 400	701 400
Number of issued shares with value € 1	176 572 738	176 572 738
Net earnings per share (face value € 399) in €	32.026	27.623
Net earnings per share (face value € 67) in €	5.378	4.638
Net earnings per share (face value € 5) in €	0.401	0.346
Net earnings per share (face value € 1) in €	0.080	0.069

24. Information on Statement of Cash Flows

In respect of the statement of cash flows, cash equivalents include the following items with a maturity of up to three months:

	30.9.2022	31.12.2021
Cash	67 092	64 890
Balances with central banks	140	15 210
Current accounts in other banks	1 453	1 741
Term deposits in banks up to 3 months	0	10 000
Total	68 685	91 841

25. Contingent Liabilities and Other Off-Balance Sheet Items**Off-balance Sheet Assets**

	30.9.2022	31.12.2021
Receivables from spot transactions	3 539	4 001
Guarantees received	6 419	6 565
Received collateral from pledge, security and other rights	6 797 866	5 214 585
Total	6 807 824	5 225 151

Off-balance Sheet Liabilities

	30.9.2022	31.12.2021
Liabilities from spot transactions	3 699	4 001
Guarantees issued	6 097	7 487
Loan commitments and unused credit facilities	176 411	213 737
Assets in custody	15 401	16 948
Total	201 608	242 173

The risk associated with off-balance sheet loan commitments, issued guarantees and contingent liabilities is assessed similarly as for loans to customers, and also reflects the financial situation and activities of the entity to which the Bank granted the guarantee as well as the value of received collateral. As at 30 September 2022, provisions recorded for off-balance sheet exposures amounted to € 2 050 thousand (31 December 2021: € 3 666 thousand), see Note 11 in this Chapter.

Issued Guarantees

Guarantees issued to customers constitute Prima banka's obligations to make payments when its customers are not able to meet their obligations to third parties.

Loan Commitments and Unused Credit Facilities

Loan commitments and unused credit facilities comprise approved but unused amounts of loans and overdraft facilities.

Assets Received in Custody

Assets received from clients in custody are not in the Bank's possession and are thus not included in the Bank's assets. Income on securities in custody is recognised in the statement of comprehensive income as *"Net fee and commission income"*.

26. Residual Maturity of Derivatives

All derivatives are traded in the over-the-counter market. The summary of derivatives held for trading with positive or negative air values is described in Note 2 of this chapter.

The following summary shows the residual maturity of derivatives' face values as at 30 September 2022:

Residual maturity	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial assets held for trading – derivatives				
Currency swaps	13 890	0	0	13 890
Total off-balance sheet assets	13 890	0	0	13 890
Currency swaps	13 890	0	0	13 890
Total off-balance sheet liabilities	13 890	0	0	13 890
Net derivatives	(150)	0	0	(150)

The following summary shows the residual maturity of derivatives' face values as at 31 December 2021:

Residual maturity	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial assets held for trading – derivatives				
Currency swaps	15 580	0	0	15 580
Total off-balance sheet assets	15 580	0	0	15 580
Currency swaps	15 539	0	0	15 539
Total off-balance sheet liabilities	15 539	0	0	15 539
Net derivatives	41	0	0	41

27. Fair Value of Financial Instruments

Financial Instruments Recognised at Fair Value

The fair value of a financial instrument is the price at which it would be possible to sell the asset or transfer the liability as part of a standard transaction between market participants at the value determination date.

The Bank uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

- Level 1 - market prices available on an active market for an identical financial instrument;
- Level 2 - if there is no market price, the Bank measures the financial instrument based on a model, which is a quantified estimate based on mathematical or statistical methods or a combination thereof, using market (observable) inputs with a strong impact on their fair value;
- Level 3 - valuation techniques where no observable market data with a significant impact on the fair value exist.

The following table presents an overview of financial instruments recognised at fair value and classified in Levels 1 - 3 based on the determination of their fair values as at 30 September 2022 (as at 31 December 2021):

30 September 2022	Level 1	Level 2	Level 3	Total
Financial assets held for trading: derivatives	0	75	0	75
Financial assets at fair value through profit or loss	0	0	1 097	1 097
Financial assets at fair value through other comprehensive income	0	0	3 030	3 030
Financial assets at fair value total	0	75	4 127	4 202
Financial liabilities held for trading: derivatives	0	189	0	189
Financial liabilities at fair value total	0	189	0	189

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets held for trading: derivatives	0	47	0	47
Financial assets at fair value through profit or loss	0	0	2 166	2 166
Financial assets at fair value through other comprehensive income	0	0	2 185	2 185
Financial assets at fair value total	0	47	4 351	4 398
Financial liabilities held for trading: derivatives	0	2	0	2
Financial liabilities at fair value total	0	2	0	2

Financial assets at fair value through other comprehensive income are mainly capital participations in companies providing settlement and card services, whose fair value differs from their carrying amount after revaluation.

The fair value of derivatives is also determined by discounting future cash flows using the relevant yield curves consisting of observable market factors. The reconciliation of fair values of derivatives with a professional counterparty is performed on a monthly basis.

Fair Value of Financial Assets and Liabilities Reported at Amortised Cost

The calculation of the fair value of assets and liabilities reported at amortized cost is based on the sequence using the prices listed at the beginning of this chapter. This means if there is an available market price, it is used by the Bank, otherwise, the Bank uses the model. The Bank uses a valuation technique based on the discounted future cash flows using observable market interest rates, which are modified for credit spreads. In this way, every planned cash flow is measured in line with the signed contracts with counterparties. For assets where fair values are available, the fair value is determined in line with them.

The calculation takes into account current interest rates, currency exchange rates, and credit spreads. Interest rates and currency exchange rates are provided by Bloomberg. The curve is projected as follows: for a period of up to one year Money Market rates are applied, for periods of over one year, swap rates are applied. Credit spreads are calculated as a product of PD (probability of default) and LGD (loss given default).

Fair values of financial instruments at amortised cost were determined for the presentation of the financial statements for general use. Information on the fair value of these instruments cannot be used for any specific transaction of purchase or sale of these financial instruments. The users of financial statements should not rely on these financial statements when assessing the fair value of financial instruments at amortised cost as the only source of information.

The following table shows the comparison of fair values and carrying amounts of balance sheet items as at 30 September 2022:

	Carrying amount	Estimated fair value		
		Level 1	Level 2	Level 3
Cash	67 092	0	67 092	0
Financial assets at amortised cost, of which:	5 824 510	149 180	243 313	5 006 458
Balances with central banks	241 546	0	241 540	0
Due from banks	1 774	0	1 774	0
Loans and advances to customers	5 424 458	0	0	5 006 458
Debt securities	156 732	149 180	0	0
Financial assets	5 891 602	149 180	310 405	5 006 458
Financial liabilities at amortised cost, of which:	5 486 459	873 159	471 546	3 988 878
Loans and deposits received from central banks	470 049	0	470 077	0
Due to banks	1 470	0	1 469	0
Customer deposits	4 012 743	0	0	3 988 878
Issued securities	1 002 197	873 159	0	0
Financial liabilities	5 486 459	873 159	471 546	3 988 878

The following table shows the comparison of fair values and carrying amounts of balance sheet items as at 31 December 2021:

	Carrying amount	Estimated fair value		
		Level 1	Level 2	Level 3
Cash	64 890	0	64 890	0
Financial assets at amortised cost, of which:	5 217 412	152 525	645 737	4 561 795
Balances with central banks	633 994	0	633 995	0
Due from banks	11 741	0	11 742	0
Loans and advances to customers	4 406 206	0	0	4 541 345
Debt securities	165 471	152 525	0	20 450
Financial assets	5 282 302	152 525	710 627	4 561 795
Financial liabilities at amortised cost, of which:	4 894 338	998 284	1 268	3 912 849
Loans and deposits received from central banks	0	0	0	0
Due to banks	1 268	0	1 268	0
Customer deposits	3 889 789	0	0	3 912 849
Issued securities	1 003 281	998 284	0	0
Financial liabilities	4 894 338	998 284	1 268	3 912 849

The fair value of cash is the same as the carrying amount.

The fair value of receivables from and payables to banks is given as the present value of discounted future cash flows using observable market factors on the interbank market, including the relevant credit spread. As most of these deposits are short term, their fair value approximates the carrying amount.

The fair value of receivables from and payables to customers is stated similarly as for receivables from and payables to banks. For receivables and payables with fixed interest and a residual maturity of less than one year, and for receivables and payables with a floating interest if the re-fixing period is shorter than one year, their fair value approximates the carrying value.

The fair-value measurement for financial assets at amortised cost is based on an observable market price from Bloomberg. If the market price of a security is not available, the valuation is based on a calculation of the present value of discounted future cash flows using observable market factors on the interbank market, including the relevant credit spread.

The fair value of issued mortgage debentures is calculated as the present value of discounted future cash flows using observable market factors on the interbank market, including the relevant credit spread.

28. Capital Management

Own Funds

Regulatory capital represents Prima banka's own funds intended for covering unexpected losses resulting from financial risks to which the Bank is exposed. It is calculated in accordance with the valid Regulation of the European Parliament and of the Council (EC) No 575/2013 on prudential requirements for credit institutions and investment firms (the "CRR") and serves for the capital adequacy calculation in accordance with the CRR. In accordance with the CRR, regulatory capital must cover particular capital requirements on credit risk of the Trading and Banking Books, market risk of the Trading and Banking Books (interest-rate and currency risks), and operational risk.

The Bank's Management Board is regularly informed of the status and expected development of the adequacy of own funds along with other capital stability parameters which are classified in the Bank's system of risk appetite parameters, and necessary actions are taken on time to comply with the set parameters.

Prima banka's own funds represent a sum of original (Tier 1) and additional own funds (Tier 2) reduced by deductible items. Original own funds consist of paid-up share capital, share premiums, other funds (legal reserve fund, funds created from profit after tax and other capital funds), and retained earnings from previous years. Original own funds are reduced by the net book value of intangible assets and profit/loss to be approved, provided that the loss or loss from previous years was recognized. Additional own funds consist of general credit risk adjustments acceptable as Tier 2 capital.

Prima banka's own funds and regulatory capital requirements as at 30 September 2022 and 31 December 2021 are stated in the table below:

OWN FUNDS	30.9.2022	31.12.2021
Tier 1 capital		
Common Equity Tier 1 capital	381 623	364 252
Capital instruments	297 963	297 963
Paid-up share capital	226 773	226 773
Share premium	71 190	71 190
Retained earnings	18 727	2 525
Accumulated other comprehensive result	(288)	151
Other funds	65 775	63 975
Intangible assets	(554)	(362)
Additional Tier 1 capital	0	0
Tier 2 capital	31 230	26 591
Capital instruments	0	0
Tier 2 capital adjustments	0	0
General credit risk adjustments (standardised approach)	31 230	26 591
OWN FUNDS TOTAL	412 854	390 843
Own funds requirements to cover	30.9.2022	31.12.2021
Credit risk and risk of impairment of receivables	199 874	170 182
Operational risk	11 518	11 518
CVA risk	5	5

Prima banka met regulatory requirements under the CRR. As at 30 September 2022, the Bank's overall capital adequacy was 15,62 % (31 December 2021: 17,21 %). The Bank uses a standardised approach for the calculation of own funds requirements.

29. Risk Management

1. Credit Risk

a) Information on Credit Risk Policy, Objectives and Management

The fundamental goal of the credit risk management strategy at Prima banka is to optimize the amount of accepted risks in line with the capital coverage amount and to generate sustainable profits over the long-term. The Bank has established a separate organizational unit at the Risk Management Division to identify, measure, monitor, and minimize credit risk and this division is independent from trading and settlements. The whole process is subject to the approved Risk and Capital Management Strategy, which is regularly reassessed in line with changes in the Slovak banking market. Lending is subject to the rules stipulated in the strategy and risk parameters and limits for

issuing new loans are strictly observed by members of the credit approval bodies and monitored by the Bank's management, on the basis of regular reporting. Information on customers is permanently monitored and assessed. Customers are assigned to risk segments to ensure correct monitoring, quantification, reporting and management of credit risks. Exposure limits are set for the defined segments. Exposure limits are also set for individual customers.

The following table gives the maximum amount of credit risk net of provisions, without considering the received collateral:

Credit risk related to balance sheet assets:	30.9.2022	31.12.2021
Financial assets at amortised cost	5 824 510	5 217 412
Balances with central banks	241 546	633 994
Due from banks	1 774	11 741
Loans and advances to customers	5 424 458	4 406 206
Debt securities	156 732	165 471
Trading derivatives	75	47
Financial assets at fair value through profit or loss	1 097	2 166
Financial assets at fair value through other comprehensive income	3 030	2 185
Deferred tax assets	9 088	9 088
Other assets	15 481	15 814
Total	5 853 281	5 246 712

Credit risk related to off-balance sheet items prior to the deduction of reserves:	30.9.2022	31.12.2021
Issued guarantees	6 097	7 487
Loan commitments and unused credit limits	176 411	213 737
Total	182 508	221 224

Summary of individual types of received collateral for financial assets in recoverable amounts to cover provided loans:

To cover granted loans	30.9.2022	31.12.2021
Cash	2 588	2 510
Immovable assets	6 793 571	5 209 297
Movable assets	1 707	2 778
Collateral received for financial assets	6 797 866	5 214 585

b) Description of Credit Risk Measurement and Monitoring Methods

Credit risk is the fundamental and most significant bank risk; therefore, its management has a critical impact on Prima banka's results. In order to minimize credit risk, Prima banka uses various instruments to collateralize credit transactions and focuses on identifying and handling risks arising in credit risk mitigation. Through its internal procedures, Prima banka defines activities to be performed when valuating and accepting collateral instruments.

Prima banka uses its own rating system to assess customer creditworthiness, which is based on an assessment of the customer's financial and non-financial results. Prima banka has developed a specific system for assessing corporate, municipal, retail and sole trader customers. Customers are assigned to one of 17 risk groups. The credit scores are subject to reassessment and revised as and when needed, based on a decision of the Credit Committee.

Characteristics of individual rating levels are given in the following summary:

Rating	Characteristics
AAA	The highest rated entities with small risk and an extremely strong capacity to meet their financial commitments.
AA+ AA AA-	Highly rated entities with very strong capacity to meet their financial commitments, with moderate risk over the long-term. It differs from the AAA rating to a small degree.
A+ A A-	Highly rated entities with strong capacity to meet their financial commitments, with recommended monitoring of future risk in the medium- and long-term.
BBB+ BBB BBB-	Creditworthy entities with adequate capacity to meet their financial commitments, but susceptible to adverse economic conditions or changing circumstances.
BB+ BB BB-	Entities with some ability to meet their present liabilities, likely to be significantly affected by adverse economic conditions or changing circumstances.
B+ B	Entities with vulnerable ability to meet their financial commitments, with risky future.
B- CCC	Highly risky and unstable entities with very low probability of meeting their financial commitments.

Credit risk is minimized at Prima banka by applying the following:

1. Active monitoring;
2. Early identification of non-performing loans;
3. Rating scale expressing the probability of a debtor's default;
4. Credit procedures;
5. Credit security (bank price fixing);
6. Internal review;
7. Credit limits system;
8. Black list, watch list and information from the Credit Registry and Social Insurance.

The quality of amounts due from banks and loans and advances to customers that are not impaired and are not overdue, prior to the deduction of provisions according to the Bank's internal rating:

Rating scale	Due from banks		Loans and advances to customer, of which:					
			Public administration		Other clients		Retail clients	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	1 774	11 741	153 741	139 109	412 153	341 597	4 908 747	3 974 939
Rating AAA	0	0	1 916	675	800	1 494	194 064	191 015
Rating AA+	0	0	1 508	4 748	191	381	0	0
Rating AA	8	8	5 445	6 720	384	373	318 808	306 128
Rating AA-	0	0	5 875	6 917	266	1 490	304 882	322 786
Rating A+	1 123	1 184	9 889	17 405	2 345	1 313	0	0
Rating A	236	141	18 101	11 448	879	1 393	567 979	459 230
Rating A-	10	10	7 847	9 761	1 123	1 338	0	0
Rating BBB+	233	212	17 702	12 638	10 995	4 788	1 326 102	873 364
Rating BBB	20	93	17 792	13 357	906	882	0	0
Rating BBB-	0	11	24 600	10 754	2 145	10 104	1 315 687	1 015 367
Rating BB+	0	0	15 649	10 558	11 196	10 950	0	0
Rating BB	0	10 000	15 448	7 820	204 797	220 523	683 469	556 648
Rating BB-	0	0	6 631	16 482	1 867	4 608	101 071	81 090
Rating B+	0	0	2 552	7 516	45 255	14 653	0	3
Rating B	0	0	2 106	1 713	1 422	19 611	72 788	66 102
Rating B-	124	82	354	396	42 055	4 020	0	0
Rating CCC	20	0	326	201	85 527	43 676	23 897	103 205

Quality of debt securities that are not impaired, prior to the deduction of provisions according to the Bank's internal rating:

Rating scale	Debt securities					
	Banks		Public administration		Corporate	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	10 026	10 032	107 771	96 575	39 942	60 385
Rating A+	0	0	0	0	0	0
Rating A	0	0	80 560	69 134	0	0
Rating A-	0	0	0	0	0	0
Rating BBB	0	0	0	0	0	0
Rating BBB-	10 026	10 032	27 212	27 441	39 942	60 385
Rating CCC	0	0	0	0	0	0

Quality of off-balance sheet liabilities – issued guarantees and loan commitments according to the Bank's internal rating:

Rating scale	Issued guarantees					
	Public administration		Other clients		Retail clients	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	6 709	8 349	181	230	566	618
Rating AAA	0	0	0	7	0	0
Rating AA+	0	894	0	33	0	0
Rating AA	1 044	270	33	4	0	0
Rating AA-	0	0	0	125	0	0
Rating A+	324	1 451	148	0	0	0
Rating A	413	708	0	61	0	0
Rating A-	477	1 661	0	0	0	0
Rating BBB+	1 839	625	0	0	0	0
Rating BBB	530	95	0	0	0	0
Rating BBB-	931	674	0	0	0	0
Rating BB+	601	488	0	0	0	0
Rating BB	277	930	0	0	370	417
Rating BB-	273	275	0	0	0	0
Rating B+	0	0	0	0	0	0
Rating B	0	278	0	0	0	0
Rating B-	0	0	0	0	0	0
Rating CCC	0	0	0	0	196	201

Rating scale	Loan commitments					
	Public administration		Other clients		Retail clients	
	30.9.2022	31.12.2021	30.9.2022	31.12.2021	30.9.2022	31.12.2021
	49 595	48 320	2 637	4 670	122 790	158 990
Rating AAA	1 671	911	58	103	9 574	10 047
Rating AA+	2 799	1 328	196	232	0	0
Rating AA	3 430	4 064	531	629	7 385	9 098
Rating AA-	6 251	1 993	287	552	14 311	14 608
Rating A+	2 556	11 608	153	214	0	0
Rating A	3 488	5 820	213	505	21 329	27 468
Rating A-	6 420	4 463	318	399	0	0
Rating BBB+	4 182	3 785	129	193	21 079	29 986
Rating BBB	2 624	4 309	150	130	0	0
Rating BBB-	7 772	3 180	18	263	15 249	20 652
Rating BB+	3 929	2 237	161	845	0	0
Rating BB	2 546	1 646	35	234	13 325	15 260
Rating BB-	1 069	1 954	134	90	5 012	9 543
Rating B+	491	624	57	119	0	0
Rating B	164	273	163	104	5 714	9 004
Rating B-	81	94	3	22	0	0
Rating CCC	122	31	31	36	9 812	13 324

Credit risk associated with the securities portfolio is low as the majority of purchased debt securities are government bonds issued by EU countries. As at 30 September 2022, the exposure to bank and corporate debt securities amounts to € 49 968 thousand (31 December 2021: € 70 417 thousand).

c) Risk Monitoring - Limit Setting

Prima banka monitors and evaluates counterparty limits and their use on a daily basis. The Bank reviews whether the limits have been met or exceeded and decides on further steps pursuant to internal rules. Limits are set according to segments, sectors, products and collateral.

The Bank ensures on an ongoing basis that its asset exposure net of the effects of credit risk mitigation, including the date of origin of asset exposure, does not exceed the higher of a) 25% of the Bank's regulatory capital and b) the limit for banks or bank groups towards an institution, and towards a group of economically-linked parties where at least one of the parties is an institution, if the sum of values of the Bank's asset exposures net of the effects of credit risk mitigation towards all other parties that are members of the group of economically-linked parties and that at the same time are not institutions, does not exceed 25% of the Bank's regulatory capital.

Bank limit: Prima banka monitors and evaluates compliance with limits for bank entities separately. Limits are set as the absolute maximum amount of exposure to the relevant counterparty.

Country limit: Prima banka monitors and evaluates compliance with country limits separately. Limits are set as the absolute maximum amount of exposure to the relevant counterparty.

d) Credit Risk Concentration Risk – Procedures and Methods Used for Credit Risk Concentration Hedging

For the purposes of the Bank's credit risk management strategy and related banking instructions, Prima banka considers concentration risk to be the risk arising from concentrating the Bank's transactions (asset exposure) with an individual, a group of economically-related parties, the state, a geographic area, or an economic sector.

The limits of asset exposure are expressed as shares of the Bank's own funds, which limit exposure in relation to the size of the Bank. The upper limit of the total exposure of the Banking and Trading Books corresponds with the limits stipulated by the CRR.

The table below provides an analysis of credit risk exposure by industry segments as at 30 September 2022 and 31 December 2021:

	30.9.2022	31.12.2021
Agriculture, forestry and fishing	229	289
Mining and quarrying	0	0
Manufacturing	1 957	1 958
Electricity, gas, steam and air conditioning supply	2 587	3 005
Water supply; sewerage and wastewater management	1 838	2 162
Construction	2 221	2 220
Wholesale and retail trade	29 792	96 534
Transportation and storage	555	407
Accommodation and catering	4 940	5 252
Information and communication	136	118
Financial and insurance activities	213 669	108 419
Real estate activities	97 602	77 568
Professional, scientific and technical activities	41 125	22 599
Administrative and support service activities	7 485	11 948
Public administration and defence; compulsory social security	153 446	138 998
Education	5	26
Health care and social work activities	218	305
Arts, entertainment and recreation	3 406	4 133
Other activities	566	479
Activities of households as employers	4 862 681	3 929 786
Total	5 424 458	4 406 206

e) Identification of Impaired Assets (Mainly Receivables)

In respect of impaired assets, Prima banka has stipulated related rules and procedures in its internal regulations. The rules for identifying impaired assets are based on the rules specified in the NBS's Decrees, related internal regulations, and International Financial Reporting Standards.

The summary below provides an analysis of the unimpaired loan portfolio (stage 1 and stage 2) based on days overdue as at 30 September 2022 prior to the deduction of provisions:

	Within maturity	Up to 90 days	From 91 to 180 days	From 181 days to 1 year	More than 1 year	Received collateral to defaulted loans
Loans and deposits with other banks	1 774	0	0	0	0	0
Loans and advances to customers, of which:	5 474 641	24 643	129	9	5	13 845
Public administration	153 741	172	0	0	0	0
Individuals	4 908 747	23 103	128	9	4	13 699
Other clients	412 153	1 368	1	0	1	146
Total	5 476 415	24 643	129	9	5	13 845

The summary below provides an analysis of the unimpaired loan portfolio (stage 1 and stage 2) based on days overdue as at 31 December 2021 prior to the deduction of provisions:

	Within maturity	Up to 90 days	From 91 to 180 days	From 181 days to 1 year	More than 1 year	Received collateral to defaulted loans
Loans and deposits with other banks	11 741	0	0	0	0	0
Loans and advances to customers, of which:	4 455 646	17 343	382	6	3	11 337
Public administration	139 109	195	0	0	0	0
Individuals	3 974 939	15 107	381	5	3	11 004
Other clients	341 598	2 041	1	1	0	333
Total	4 467 387	17 343	382	6	3	11 337

The summary below provides an analysis of the impaired loan portfolio (stage 3) as at 30 September 2022, including other receivables from financial transactions:

	Public sector	Retail clients	Other clients	Total
Impaired loans	247	21 940	36 160	58 347
Provisions	124	16 274	36 184	52 582
Recoverable amount of collateral received	0	5 486	0	5 486
% of coverage by provisions	50%	74%	100%	90%
% of coverage by provisions and received collateral	50%	99%	100%	100%
Interest income on impaired loans	x	x	x	350

The summary below provides an analysis of the impaired loan portfolio (stage 3) as at 31 December 2021, including other receivables from financial transactions:

	Public sector	Retail clients	Other clients	Total
Impaired loans	278	25 744	50 515	76 537
Provisions	139	19 414	50 515	70 068
Recoverable amount of collateral received	0	6 391	0	6 391
% of coverage by provisions	50%	75%	100%	92%
% of coverage by provisions and received collateral	50%	100%	100%	100%
Interest income on impaired loans	x	x	x	0

Restructuring

The Bank may modify the repayment terms of its loan receivables if the client's financial position is weak and the client will be unable to repay its liabilities to the Bank at agreed time.

For overdraft loans, the loan agreements may be transformed into instalment loans. In extraordinary circumstances, an overdraft loan may be extended but with the use of a gradual reduction. For instalment loans, repayment schedules are modified if a client is unable to keep to the agreed-upon deadlines.

The carrying amount of credit receivables whose contractual terms and conditions were amended due to their non-payment or the customer's impaired financial condition during nine months of 2022 was € 24 270 thousand as at 30 September 2022 (during nine months of 2021: € 24 148 thousand).

The Bank sold real estate pledged against receivables which were unpaid as at 30 September 2022 for € 3 380 thousand (31 December 2021: € 4 293 thousand). The Bank sold a pledge over moveable assets (receivables) as at 30 September 2022 for € 0 thousand (31 December 2021: € 0 thousand).

f) Description of the Procedures and Rules of Acceptable Collateral Acceptance and Valuation

The procedures and rules for the collateral acceptance and valuation have been specified in Prima banka's internal regulations. Collateral is used to minimise the Bank's credit risk and constitutes a secondary source of credit repayment. Collateral should guarantee repayment of the Bank's receivables arising from credit transactions if a debtor becomes insolvent due to the deterioration of his financial position. Collateral has both financed and non-financed form.

Financed collateral means the right of lien (on immovable assets, movable assets, receivables, cash collateral, securities, etc.). The Bank accepts various forms of collateral depending on a debtor's creditworthiness and collateral quality. Prima banka determines individual acceptance values of collateral on the basis of professional experience and historical results.

Prima banka's right of lien on collateral instruments is constituted by a written agreement, which is an inseparable part of a loan agreement. The agreement contains terms and conditions governing the implementation process and termination of the lien.

Non-financed collateral means a guarantee by third parties (state guarantee, bank guarantee, corporate guarantee, or personal guarantee). This collateral's effectiveness is subject to a commitment of unconditional debt assumption if the primary debtor is in default. Such a commitment is stipulated in a written agreement with the guarantor. Other instruments used by Prima banka to manage credit risk include a notarial deed, promissory note, insurance, and comfort letter.

The collateral held by Prima banka must comply with legal regulations, be enforceable in court, be of good quality, and comply with maximum liquidity requirements so that a yield from the collateral covers the highest possible amount of a customer's liabilities arising from a granted credit product. The collateral instruments held are listed in Note 29 (1). When valuating collateral, Prima banka takes into consideration the collateral's general value set by a court expert in an expert opinion (immovable assets, movable assets), the carrying amount maintained in the customer's accounting books (receivables, stock, new movable assets), and the market value (securities).

The following principles are applied when accepting and valuing collateral:

- Collateral is considered a secondary source of loan repayment;
- The required collateral amount/value depends on the level of accepted credit risk. Unsecured loans are typically only used for operational financing and for small amounts;
- The physical inspection of collateral is performed by a front-office employee (primarily for commercial real estate) who prepares a report on such an inspection;
- A real estate collateral valuation is prepared by a court expert and revalued by a bank supervisor;
- Real estate revaluation depends on conditions on the Slovak real estate market. Prima banka responds to significant changes in the real estate market by revaluating held collateral;
- The asset to be financed is usually required to be used as collateral.

2. Market Risk

a) Information on Market Risk Policy and Management

As regards market risk, Prima banka only takes into consideration interest and currency risk. Share and commodity risk is insignificant as Prima banka's approved strategy does not allow such instruments to be purchased for the Bank's portfolio due to the high risk. Exposure to equities, which Prima banka includes in the Banking Book, is very limited and they are not held for capital gain purposes. When valuing these exposures, Prima banka uses an equity method or recognizes them at their nominal value.

The market risk management system arises from the provisions of the CRR, the Banking Act and the related Decrees of the National Bank of Slovakia on prudent banking, risk management, and bank liquidity management.

Market risk management rules at Prima banka are primarily specified in internal documents that have been approved by the statutory body and contain the key targets, principles and procedures for market risk management. The responsibility for market risk management is assigned to the ALCO Committee, which makes decisions based on the underlying data provided by the relevant departments.

In order to manage the Trading Book and the Banking Book and to measure and monitor the market risk, Prima banka uses the Value at Risk method ("VaR"), a gap analysis and calculation of net present value ("NPV") or changes in NPV at a parallel and non-parallel shift in the yield curve. Prima banka uses a standard method as defined in the CRR to report and calculate its regulatory capital to cover market risk.

b) Interest Risk

Prima banka manages interest risk with respect to the current and expected situation in the market by adjusting the assets and liabilities structure in terms of the type of interest rate and maturity of new transactions. In line with the approved strategy, the Bank does not perform transactions that would meet conditions for including them in the Trading Book. The position in the Trading Book is zero.

To measure the Banking Book's interest risk, Prima banka uses the VaR method on a weekly and a monthly basis at the 99% reliability interval. The interest risk of the Banking Book is measured based on estimated changes to the Net Present Value (NPV) positions caused by changes in market interest rates. The method is based on a gap analysis of the Banking Book positions. In addition, estimated changes to NPV positions in the Banking Book are calculated at a parallel shift in the yield curves of +/- 100, +/- 200 and +/- 300 basis points, including an opportunity for a non-parallel shift of the yield curve, and above all positions in the portfolio of financial assets at fair value through profit or loss at a parallel shift in the yield curves by +/- 100 basis points. Using back testing, Prima banka compares estimated VaR with changes to NPV positions caused by interest rate fluctuations on a weekly and monthly basis and evaluates the back testing results once a year.

Demand deposits (current accounts and term deposits accounts) are mapped by the Bank by time bands 1 month – 6 years. The Bank uses an internal model for the mapping, and it is performed automatically in the data warehouse based on the approved model. The Bank classifies demand deposits into bands with a longer maturity than those that correspond to interest rate sensitivity. The mapping is based on the historical monitoring of movements in balances and the probability that the fulfilment of the relevant liabilities will not be requested (back testing).

The estimated change in the NPV positions in the Banking Book resulting from the interest rate fluctuation is quantified in the following table, assuming a negative movement of the yield curve to the detriment of the Bank by 100 basis points.

The impact of a change in the present value of assets and liabilities due to a change in the interest rate for euro positions as at 30 September 2022:

	Movement in yield curve	Bank's loss from movement in yield curve
Banking Book: euro	+100 BP	(13 463)
Total	+100 BP	(13 463)

The impact of a change in the present value of assets and liabilities due to a change in the interest rate for euro positions as at 31 December 2021:

	Movement in yield curve	Bank's loss from movement in yield curve
Banking Book: euro	-100 BP	(1 805)
Total	-100 BP	(1 805)

In terms of the Bank's overall position, the positions in other currencies are insignificant. A potential effect of movements in the yield curve on the Bank's profit/loss with respect to other currencies is insignificant.

The following table presents information on the balance sheet amounts of financial assets and liabilities per interest rate fluctuation risk. The assets and liabilities with a fixed interest rate are classified according to maturity date. The assets and liabilities with variable interest rates are listed according to the date of the anticipated closest change in interest rates. The Bank uses an internal model to classify demand deposits and savings deposits. Assets and liabilities without a contractually agreed maturity date and those that bear no interest are classified as "Unspecified items".

Financial assets and liabilities according to the risk of interest rate fluctuations as at 30 September 2022:

	Up to 3 months incl.	3 to 12 months incl.	1 to 5 years incl.	More than 5 years incl.	Unspecified items	Total
Financial assets at amortised cost, of which:						
Balances with central banks	241 546	0	0	0	0	241 546
Due from banks	1 774	0	0	0	0	1 774
Loans and advances to customers	491 513	1 117 207	3 270 724	541 836	3 178	5 424 458
Debt securities	1 107	11 083	124 210	20 332	0	156 732
Financial assets at fair value through profit or loss	1 097	0	0	0	0	1 097
Financial assets at fair value through other comprehensive income	3 030	0	0	0	0	3 030
Financial assets held for trading – derivatives	75	0	0	0	0	75
Interest rate position - financial assets	740 142	1 128 290	3 394 934	562 168	3 178	5 828 712
Financial liabilities at amortised cost, of which:						
Loans and deposits received from central banks	470 049	0	0	0	0	470 049
Due to banks	1 470	0	0	0	0	1 470
Customer deposits	748 772	868 065	2 299 711	96 195	0	4 012 743
Issued securities	0	2	1 002 195	0	0	1 002 197
Leases	2	54	4 838	2 120	0	7 014
Financial liabilities for trading - derivatives	189	0	0	0	0	189
Interest rate position - financial liabilities	1 220 482	868 121	3 306 744	98 315	0	5 493 662
Net interest rate position	(480 340)	260 169	88 190	463 853	3 178	335 050

Financial assets and liabilities according to the risk of interest rate fluctuations as at 31 December 2021:

	Up to 3 months incl.	3 to 12 months incl.	1 to 5 years incl.	More than 5 years incl.	Unspecified items	Total
Financial assets at amortised cost, of which:						
Balances with central banks	633 994	0	0	0	0	633 994
Due from banks	11 741	0	0	0	0	11 741
Loans and advances to customers	217 688	1 213 774	2 892 792	83 840	(1 888)	4 406 206
Debt securities	1 850	23 440	85 633	54 548	0	165 471
Financial assets at fair value through profit or loss	2 166	0	0	0	0	2 166
Financial assets at fair value through other comprehensive income	2 185	0	0	0	0	2 185
Financial assets held for trading – derivatives	47	0	0	0	0	47
Interest rate position - financial assets	869 671	1 237 214	2 978 425	138 388	(1 888)	5 221 810
Financial liabilities at amortised cost, of which:						
Loans and deposits received from central banks	0	0	0	0	0	0
Due to banks	1 268	0	0	0	0	1 268
Customer deposits	792 811	706 053	2 299 556	91 369	0	3 889 789
Issued securities	0	28	501 437	501 816	0	1 003 281
Leases	0	67	4 621	2 660	0	7 348
Financial liabilities for trading - derivatives	2	0	0	0	0	2
Interest rate position - financial liabilities	794 081	706 148	2 805 614	595 845	0	4 901 688
Net interest rate position	75 590	531 066	172 811	(457 457)	(1 888)	320 122

c) Liquidity Risk

Liquidity risk is the risk of a potential loss of the ability to pay one's liabilities as they mature. It is in the interest of the Bank to maintain permanent solvency, i.e. the ability to settle liabilities duly and on time, and to manage assets and liabilities to ensure the Bank always has sufficient liquidity.

Prima banka monitors liquidity risk via external and internal liquidity indicators and warning signals. From the externally defined liquidity indicators, the liquid assets indicator may not be lower than 1. During the past months of 2022, the Bank complied with the above legislative indicator with a sufficient cushion.

Internal liquidity indicators include but are not limited to: seven-day liquidity indicator, global indicators of short- and long-term liquidity.

Liquidity warning signals include to: amount of the volatile part of demand deposits, Loan to Deposit (loans provided in relation to the primary deposits), daily or weekly capital decrease, weekly increase in retail loans or monthly increase in loans provided to customers, the amount of liabilities of selected foreign currencies in relation to the total volume of the Bank's liabilities.

The method for measuring liquidity risk is based on the measuring of net and accumulated cash flows in the relevant time bands for all balance sheet and selected off-balance sheet items. Prima banka has prepared basic and alternative scenarios and a contingency plan - crisis scenarios. The Bank maintains its sound and sustainable development by observing its liquidity limits and managing its balance sheet structure.

The table below provides an analysis of the earliest possible contractual maturity of assets and liabilities by current residual maturity as at 30 September 2022:

	Up to 3 months incl.	3 to 12 months incl.	1 to 5 years incl.	More than 5 years incl.	Unspecified items	Total
Cash	67 092	0	0	0	0	67 092
Financial assets at amortised cost, of which:						
Balances with central banks	241 546	0	0	0	0	241 546
Due from banks	1 774	0	0	0	0	1 774
Loans and advances to customers	105 357	275 026	1 318 762	3 726 365	(1 052)	5 424 458
Debt securities	1 107	11 081	124 210	20 334	0	156 732
Financial assets held for trading-derivatives	75	0	0	0	0	75
Financial assets at fair value through profit or loss	0	0	0	1 097	0	1 097
Financial assets at fair value through other comprehensive income	0	0	0	3 030	0	3 030
Non-current tangible assets	0	0	0	0	16 649	16 649
Non-current intangible assets	0	0	0	0	1 530	1 530
Deferred tax asset	0	0	0	0	9 088	9 088
Other assets	0	0	0	9 589	5 892	15 481
Assets total	416 951	286 107	1 442 972	3 760 415	32 107	5 938 552
Financial liabilities at amortised cost, of which:						
Loans and deposits received from central banks	470 049	0	0	0	0	470 049
Due to banks	1 470	0	0	0	0	1 470
Customer deposits	2 860 784	598 149	553 809	1	0	4 012 743
Issued securities	0	2	1 002 195	0	0	1 002 197
Leases	2	54	4 838	2 120	0	7 014
Financial liabilities held for trading-derivatives	189	0	0	0	0	189
Reserves	0	0	0	0	9 416	9 416
Other liabilities	32 609	0	0	0	2 487	35 096
Total equity	0	0	0	0	400 378	400 378
Liabilities and equity total	3 365 103	598 205	1 560 842	2 121	412 281	5 938 552
Net balance sheet position	(2 948 152)	(312 098)	(117 870)	3 758 294	(380 174)	0

The table below provides an analysis of the earliest possible contractual maturity of assets and liabilities by current residual maturity as at 31 December 2021:

	Up to 3 months incl.	3 to 12 months incl.	1 to 5 years incl.	More than 5 years incl.	Unspecified items	Total
Cash	64 890	0	0	0	0	64 890
Financial assets at amortised cost, of which:						
Balances with central banks	633 994	0	0	0	0	633 994
Due from banks	11 741	0	0	0	0	11 741
Loans and advances to customers	72 461	289 810	1 126 449	2 931 094	(13 608)	4 406 206
Debt securities	1 850	23 440	85 633	54 548	0	165 471
Financial assets held for trading-derivatives	47	0	0	0	0	47
Financial assets at fair value through profit or loss	0	0	0	2 166	0	2 166
Financial assets at fair value through other	0	0	0	2 185	0	2 185
Non-current tangible assets	0	0	0	0	18 089	18 089
Non-current intangible assets	0	0	0	0	1 529	1 529
Deferred tax asset	0	0	0	0	9 088	9 088
Other assets	0	0	0	8 267	7 547	15 814
Assets total	784 983	313 251	1 212 082	2 998 259	22 645	5 331 220
Financial liabilities at amortised cost, of which:						
Loans and deposits received from central banks	0	0	0	0	0	0
Due to banks	1 268	0	0	0	0	1 268
Customer deposits	2 842 321	442 024	605 444	0	0	3 889 789
Issued securities	0	28	501 437	501 816	0	1 003 281
Leases	0	67	4 621	2 660	0	7 348
Financial liabilities held for trading-derivatives	2	0	0	0	0	2
Reserves	0	0	0	0	12 341	12 341
Other liabilities	33 809	0	0	0	766	34 575
Total equity	0	0	0	0	382 616	382 616
Liabilities and equity total	2 877 400	442 119	1 111 502	504 476	395 723	5 331 220
Net balance sheet position	(2 092 417)	(128 868)	100 580	2 493 783	(373 078)	0

The summary below is an analysis of the earliest possible contractual maturity of non-derivative financial liabilities, i.e. the worst-case scenario as at 30 September 2022 (in undiscounted values):

Non-derivative financial liabilities:	Carrying amount	Contractual cash flows	Up to 3 months incl.	From 3 months up to 1 year incl.	From 1 year up to 5 years incl.	More than 5 years incl.
Financial liabilities at amortised cost, of which:						
Due to banks	1 470	1 389	1 389	0	0	0
Customer deposits	4 012 743	3 900 494	2 856 974	462 386	581 134	0
Issued securities	1 002 197	1 003 181	40	123	501 631	501 387
Leases	7 014	7 014	0	0	0	7 014
Other liabilities	35 096	49 002	49 002	0	0	0

The summary below is an analysis of the earliest possible contractual maturity of non-derivative financial liabilities, i.e. the worst-case scenario as at 31 December 2021 (in undiscounted values):

Non-derivative financial liabilities:	Carrying amount	Contractual cash flows	Up to 3 months incl.	From 3 months up to 1 year incl.	From 1 year up to 5 years incl.	More than 5 years incl.
Financial liabilities at amortised cost, of which:						
Due to banks	1 268	1 268	1 268	0	0	0
Customer deposits	3 889 789	3 905 256	2 842 606	444 741	617 909	0
Issued securities	1 003 281	1 003 806	0	124	501 819	501 864
Leases	7 348	7 348	0	0	0	7 348
Other liabilities	34 575	34 575	34 575	0	0	0

The summary below provides the worst-case scenario of an analysis of the contractual maturity of contingent liabilities and other off-balance sheet items as at 30 September 2022 (in undiscounted values):

Contingent liabilities and other off-balance sheet items:	Carrying amount	Contractual cash flows	Up to 3 months incl.	From 3 months up to 1 year incl.
Contingent liabilities from guarantees	6 929	6 929	6 929	0
Loan commitments, of which:	475 808	475 808	475 793	15
irrevocable	475 808	475 808	475 793	15

The summary below provides the worst-case scenario of an analysis of the contractual maturity of contingent liabilities and other off-balance sheet items as at 31 December 2021 (in undiscounted values):

Contingent liabilities and other off-balance sheet items:	Carrying amount	Contractual cash flows	Up to 3 months incl.	From 3 months up to 1 year incl.
Contingent liabilities from guarantees	7 487	7 487	7 487	0
Loan commitments, of which:	213 737	213 737	213 722	15
irrevocable	213 737	213 737	213 722	15

d) Exchange Rate Risk

The Bank continued to apply conservative exchange rate risk management in accordance with the set limits. Foreign exchange positions of the Banking Book were open to a minimum extent, and only as a result of the standard operating activities of the Bank. The Bank did not enter into any speculative transactions regarding exchange rate movements for clients or on the Bank's account. During the nine month of 2022, the Bank did not have any speculative foreign exchange positions open in its Trading Book.

When measuring the exchange rate risk of the Banking Book and the Trading Book, Prima banka uses the VaR method on a daily basis at the 99% reliability interval. As at 30 September 2022, the VaR amounted to € (238) (31 December 2021: € (180)).

In addition to monitoring VaR limits, the Bank has defined an internal limit for an individual open position in a given currency in absolute terms and a limit for the sum of absolute values of open positions in absolute terms for all currencies together.

Foreign exchange position of Prima banka as at 30 September 2022:

	EUR	CZK	USD	Other	Total
Assets	5 923 457	237	14 254	604	5 938 552
Liabilities and equity	(5 923 457)	(237)	(14 254)	(604)	(5 938 552)
Net balance sheet foreign exchange position	0	0	0	0	0
Off-balance sheet assets	6 883 668	0	1	34	6 883 703
Off-balance sheet liabilities	(866 841)	(110)	(4 579)	(78)	(871 608)
Net off-balance sheet foreign exchange position	6 016 827	(110)	(4 578)	(44)	6 012 095
Net foreign exchange position	6 016 827	(110)	(4 578)	(44)	6 012 095

Foreign exchange position of Prima banka as at 31 December 2021:

	EUR	CZK	USD	Other	Total
Assets	5 313 911	142	16 724	443	5 331 220
Liabilities and equity	(5 313 911)	(142)	(16 723)	(443)	(5 331 220)
Net balance sheet foreign exchange position	0	0	0	0	0
Off-balance sheet assets	5 303 955	0	1	1	5 303 957
Off-balance sheet liabilities	(308 288)	0	(3 885)	0	(312 173)
Net off-balance sheet foreign exchange position	4 995 667	0	(3 884)	1	4 991 784
Net foreign exchange position	4 995 667	0	(3 884)	1	4 991 784

Based on back testing, Prima banka compares estimated VaR with the change to the fair value of the instruments on a daily basis and evaluates back testing results once a year. Prima banka compares the individual limit of an open position in a given currency in absolute terms with the open FX position on a daily basis.

The Bank performs stress testing quarterly. The Bank tests euro depreciation and appreciation scenarios against other foreign currencies by 3%, 8%, and 10%. Considering the minimum open foreign exchange positions for individual foreign currencies from the beginning of 2022, the impact of fluctuations in exchange rates on the Bank's profit/loss is insignificant.

To manage its FX position the Bank uses spot deals on the interbank market.

e) Equity Risk

The Bank's strategy is to not actively trade equity instruments, as evidenced by the size and structure of the equity securities portfolio. In "Financial assets at fair value through other comprehensive income" and "Financial assets at fair value through profit or loss" portfolio, the Bank records equity securities in the total amount of € 4 127 thousand, which are capital participations in SWIFT LA Hulpe, Belgium and VISA Inc. USA.

f) Commodity Risk

The Bank is not exposed to commodity risk. In line with the Bank's strategy, the Bank does not carry out transactions with commodities and has no exposure to commodities.

3. Operational Risk

Operational Risk is the risk of financial and non-financial impacts resulting from inadequate or missing internal processes/actions of staff/system or external events. Operational risk includes legal risk but excludes strategy risk.

Prima banka manages operational risks in line with the operational risk management strategy approved by the Bank's Management Board. The operational risk management comprises OR identification, assessment, monitoring and management/mitigation methods. Operational risk management is aimed at optimizing the Bank's risk profile at acceptable costs.

Operational risk is identified using risk analyses when preparing new products, new processes, non-standard transactions, implementing new information technologies/information sources, project management, and business continuity planning. The Bank monitors and analyses key risk indicators and records and analyses all operational risk-related events. Residual risk is identified during the Risk and Control Self-assessment process.

If an operational risk event or another operational risk instance is identified, action plans are usually adopted to eliminate or mitigate the occurrence of operational risk. To mitigate the financial impact of the occurrence of events, the Bank has concluded numerous insurance policies that cover the main risks.

The Bank uses a standardized approach in accordance with the CRR to calculate regulatory capital requirements for operational risk, according to which the requirement is currently € 11 518 thousand, of which the following amounts are attributable to individual business lines: retail banking: € 6 487 thousand, commercial banking: € 4 145 thousand, payment services and settlement: € 77 thousand, other: € 809 thousand. Management measures and implemented systems for operational risk management are adequate for the Bank's strategy and profile.

The Bank protects and mitigates the effects of operational risk through a comprehensive insurance program. This covers direct or indirect losses due to all major sources of operational risk, i.e. improper use of internal processes or their failure, human factor failures, system failures or external factors. The primary objective of the insurance program is to safeguard the Bank against adverse events and loss of assets.

30. Transactions with Related Parties

Under IAS 24 "*Related Party Disclosures*" a related party is a counterparty that:

- a) Directly or indirectly through one or more intermediaries, has control over or is under joint control with the reporting entity (including parent companies, subsidiaries and fellow subsidiaries);
- b) Is an associate;
- c) Is a joint venture;
- d) Is a member of key management personnel of the reporting entity or its parent company; and
- e) Is a close member of the family of any individual referred to in letter a) or d).

When considering relations with each related party, attention is paid to the nature of the relation, not only to its legal form. Transactions with related parties were made under standard conditions and at market prices. Included in assets, liabilities, expenses, revenues and off-balance sheet items are the balances with the parent company

PENTA INVESTMENTS LIMITED, Cyprus, with other companies of the Penta Investments Group ("Penta Group"), the members of the Board of Directors and Management Board, and other related parties pursuant to IAS 24.

Assets and liabilities concerning related parties as at 30 September 2022:

Balance sheet	Parent Company	Related parties of the Parent Company	Other related parties	Total
Loans and advances to customers	0	92 804	8 344	101 148
Other assets	0	1 586	0	1 586
Total assets	0	94 390	8 344	102 734
Due to banks	0	468	0	468
Customer deposits	7	152 301	6 379	158 687
Liabilities from leases	0	774	0	774
Other liabilities	0	55	0	55
Total liabilities and equity	7	153 598	6 379	159 984

Assets and liabilities concerning related parties as at 31 December 2021:

Balance sheet	Parent Company	Related parties of the Parent Company	Other related parties	Total
Loans and advances to customers	0	88 152	7 778	95 930
Other assets	0	4 213	0	4 213
Total assets	0	92 365	7 778	100 143
Due to banks	0	266	0	266
Customer deposits	8	367	3 415	3 790
Liabilities from leases	0	938	0	938
Other liabilities	0	800	0	800
Total liabilities and equity	8	2 371	3 414	5 794

Revenues and expenses concerning related parties as at 30 September 2022:

	Parent Company	Related parties of the Parent Company	Other related parties	Total
Interest and similar income	0	2 421	177	2 598
Interest and similar expense	0	(143)	(5)	(148)
Net fee and commission income	0	65	1	40
Net profit from financial transactions	0	0	0	0
General and administrative expenses	0	(3 204)	(2 152)	(5 356)

Revenues and expenses concerning related parties as at 30 September 2021:

	Parent Company	Related parties of the Parent Company	Other related parties	Total
Interest and similar income	0	2 267	7	2 274
Interest and similar expense	0	0	(4)	(4)
Net fee and commission income	0	67	0	67
Net profit from financial transactions	0	1	0	1
General and administrative expenses	0	(2 524)	(1 941)	(4 465)

Off-balance sheet liabilities concerning related parties as at 30 September 2022:

	Parent Company	Related parties of the Parent Company	Other related parties	Total
Received collateral from pledge, security and other rights	0	0	2 333	2 333
Off-balance sheet assets	0	0	2 333	2 333
Loan commitments and unused credit facilities	0	0	0	0
Off-balance sheet liabilities	0	0	0	0

Off-balance sheet liabilities concerning related parties as at 31 December 2021:

	Parent Company	Related parties of the Parent Company	Other related parties	Total
Received collateral from pledge, security and other rights	0	0	1 019	1 019
Off-balance sheet assets	0	0	1 019	1 019
Loan commitments and unused credit facilities	0	0	0	0
Off-balance sheet liabilities	0	0	0	0

31. Events after the Balance Sheet Date

Between the balance sheet date and the authorisation date of these financial statements, there were no other significant events that would require any adjustment or additional disclosure.