

ANNUAL  
REPORT  
STAVEBNÁ  
SPORITEL'ŇA

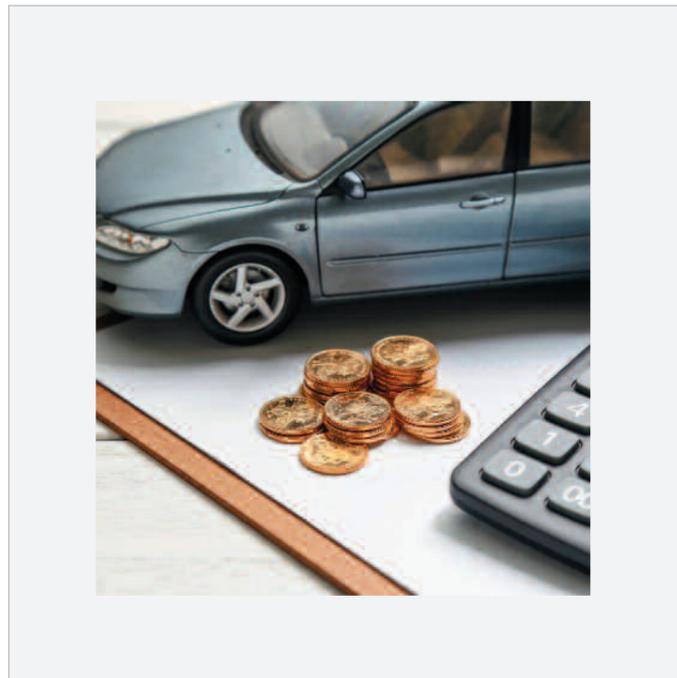
2025

**wustenrot**

STAVEBNÉ SPORENIE | ÚVERY

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## FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



### Dear shareholders, Business Partners, Clients, Fellow Workers, Dear Colleagues,

The year 2025 was marked by a gradual stabilisation of the economic environment, although price developments in Slovakia remained a significant topic. According to the National Bank of Slovakia, average inflation was 4 % in 2025, with the rate of price growth exceeding the euro area average. More stable market conditions were supported by the monetary policy of the European Central Bank, which gradually reduced the key interest rate from 3,00 % to 2,00 % during the first half of the year. This positive approach contributed to greater confidence in clients' financial decisions, which in this context was reflected in the recovery of the real estate market and a year-on-year increase in real estate prices by 13,40 % in the third quarter of 2025. This development was followed by Wüstenrot stavebná sporiteľňa, a. s. (hereinafter referred to as the "Bank" or "WSS"), which, in addition to meeting its strategic goals, continued to provide services for its client portfolio.

One of the key activities of WSS in 2025 was the launch of the transformation project into a branch of a foreign

bank. As part of this strategic step, the first concrete legal steps were taken, aimed at transferring all activities of the building society to a branch in the fourth quarter of 2026 - provided that the relevant approvals are granted. At the same time, we continued to reduce banking activity and reduce our client portfolio; all this in accordance with the strategic plan of the sole shareholder of the Bank, Bausparkasse Wüstenrot Aktiengesellschaft based in Austria.

In the area of increasing the efficiency of services, we continued to digitize communication with clients in 2025. An important step was the introduction of an electronic filing office for the Bank's clients, which allows them to send their inquiry or request at any time and significantly reduces the time needed to process them.

As part of our long-term strategy, we focus on providing comprehensive financial solutions in one place, with Wüstenrot InHouse Broker playing an important role in this regard. Through the systematic development

of the business network and the expansion of the portfolio of services, we are able to provide clients with professional advice in the areas of savings, investments, loans and insurance. In the housing financing and refinancing segment, we cooperate with renowned financial partners, thanks to which we offer competitive solutions. Our goal is to provide quality service that supports the financial stability of clients and their responsible financial decisions in the long term.

Our operation has long been based on a responsible approach to clients, on the quality of services provided and on the trust we maintain in relation to clients. The year 2025 also confirmed our ability to respond to changing market conditions while maintaining a stable position as a reliable financial partner. The results achieved are primarily due to the commitment, professionalism and cooperation of our colleagues, for which they deserve sincere thanks. We are entering the next period with an emphasis on maintaining quality service for our clients.

March 2026

Ing. Marian Hrotka, PhD.  
Chairman of the Board of Directors

## ABOUT THE COMPANY

### Company profile

<b>Company Name:</b>	Wüstenrot stavebná sporiteľňa, a. s.
<b>Residence:</b>	Digital Park I, Einsteinova 21, 851 01 Bratislava
<b>Capital:</b>	EUR 16 597 000
<b>Company ID:</b>	31 351 026
<b>Call Center:</b>	0850 60 60 60
<b>Internet:</b>	www.wuestenrot.sk
<b>Email:</b>	infosporitelna@wuestenrot.sk

### Company's shareholders at 31 December 2025

#### Sole shareholder

 <b>wüstenrot</b>	Bausparkasse Wüstenrot Aktiengesellschaft Alpenstraße 70, 5020 Salzburg, Austria	100 %
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### Company bodies as of December 31, 2025

<b>General Meeting</b>	comprising the Company's sole shareholder Bausparkasse Wüstenrot Aktiengesellschaft	
<b>Supervisory Board</b>	Mag. Gregor HOFSTÄTTER-POBST Dr. Susanne RIESS-HAHN Mag. Christine SUMPER-BILLINGER, MSc Mag. Christian WILHELM ZETTL	Chairman of the Supervisory Board Vice-Chairman of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
<b>Board of Directors</b>	Ing. Marian HROTKA, PhD. Mag. Christian SOLLINGER, CIAA JUDr. Katarína NOVOTNÁ	Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors

### Company history

Wüstenrot is a financial group originally established in Germany and Austria. It commenced operations as a building society in continental Europe in 1921. The group entered the Slovak market in 1993, when Stavebná sporiteľňa VÚB-Wüstenrot, a. s. with a specific banking license was established in accordance with the Slovak Building Saving Act (Act No. 310/1992 Coll. on Saving with a Building Society, as amended). In 2004, after changes to the shareholder structure, our company changed its business name to Wüstenrot stavebná sporiteľňa, a. s.

#### Corporate principles and values

Building long-lasting relationships	- with clients, business partners, employees and colleagues
Efficiency	- it is part of everyday communication and management processes
Reliability	- we comply with established commitments and agreements
Tradition	- we are part of the multinational stable Wüstenrot Group
Fair play	- we recognize a fair approach and honesty
Respect	- we value the work and opinions of clients, business partners, employees and colleagues
Maximum responsibility	- full commitment is a prerequisite for the success of any activity
Engagement	- we actively work to achieve the set goals

### Marketing activities

In 2025, the Bank's marketing activities focused on effective management and regular communication with existing clients. The aim was to provide clients with targeted information about key changes in the conditions of their products and to provide them with cooperation in the management of their funds. The use of digital tools in this communication has also allowed us to optimize administrative processes and continue the trend of reducing the environmental burden.

The bank focused mainly on direct communication tools, through which it regularly addressed clients. In addressed letters, it notified them about an increase in the base interest rate, the possibilities and conditions of obtaining a state premium, as well as a change in the interest rate or a change in the loan repayment. Marketing activities also included taking care of the overdue building savings portfolio, to which the Bank paid increased attention due to its importance. For these clients, it offered attractive rates for a duration of 12 months. For clients considering early repayment of an interim loan, it prepared a marketing campaign on the basis of which several fees payable by the client associated with the termination of the interim loan were not applied.

### Narrative report of the Human Resources Department

We consider all employees of Wüstenrot stavebná sporiteľňa, a. s. to be equal and are subject to the principles of compliance with equal treatment set out in the field of employment relations by Act No. 365/2004 Coll. on Equal Treatment in Certain Areas and on Protection against Discrimination and on Amendments to Certain Acts (Anti-Discrimination Act).

Remuneration at Wüstenrot stavebná sporiteľňa, a. s. is governed by gender-neutral principles, which mainly represents the principle that all employees are remunerated for equal work or work of equal value regardless of their gender. In particular, gender-neutral remuneration principles applied ensure that all aspects of remuneration are gender-neutral, including the conditions for awarding and paying bonuses.

#### Working conditions

The modern premises, which the Bank has been using since the end of 2022, provide full comfort for everyday analytical and creative work, as well as for socializing, development, and education.

In our shared relaxation zones, in 2025 we organized joint themed breakfasts and employee meetings, lectures, and also Children's Day for employees' children and celebrated the International Women's Day.

Wüstenrot stavebná sporiteľňa, a. s., as an employer, takes measures to balance the work and private life of employees. Flexible working hours and home office are already a permanent part of our working conditions. Almost all employees can work from home, they have the necessary IT technology and company mobile phones with data services also for private purposes. We allow employees to use home office for 60 % of their working time.

Before leaving and returning from maternity and parental leave, our colleagues can apply for part-time work. In 2025, an average of 3 employees worked part-time, which represents almost 2,68 % of the total number of employees.

#### Employee care

To promote health, we implemented Health Month for our colleagues in 2025 – a series of sports activities and exercises to prevent the impact of sedentary work. The Multisport company provided body composition measurements and relevant consultations on lifestyle changes. In addition to the exercise, on the Mental Health Day in the second half of 2025 we also introduced the possibility of consultation and counselling with a coach or therapist.

This year, we also held a series of lectures focused on the development of digital skills of our employees, specifically lectures on artificial intelligence and social engineering aimed at preventing phishing attacks.

We also offered our employees the possibility of online learning through the Skillmea platform, in which 57 % of employees participated, completing 165 online courses of their choice.

We have also been continuously providing language training for our employees.

#### Promoting employee engagement

The support of corporate culture and engagement is also implemented through the reference program “Looking for a new colleague”. For vacancies, employees can propose suitable candidates from the external environment and receive a financial reward. The aim is to increase the success rate of filling vacancies through the “Looking for a new colleague” program compared to conventional forms of recruitment. We successfully managed to employ 1 employee under this program.

In 2025, we promoted 1 colleague from internal sources to a managerial position.

#### Diversity

There were 104 employees in the Bank as of 31.12.2025, thereof 64 women (61,54 %) and 40 men (38,46 %). 11 women out of a total of 30 managers work in managerial positions, which represents 36,67 %. The age composition is as follows: 3 employees are less than 30 years old (2,88 %), 71 employees are 30 to 50 years old (68,27 %) and 30 employees are over 50 years old (28,85 %). The average age is 45,6 years as of 31.12.2025.

#### ESG factors

In 2025, the Bank continued to apply the principles of responsible business in the environmental, social and corporate governance areas. It emphasized the responsible approach of employees to the environment, especially through the reduction of paper consumption and the promotion of waste sorting. At the same time, the Bank continued to streamline communication with clients through digital solutions that contribute to more sustainable operation and reduction of administrative burden.

## REPORT OF THE BOARD OF DIRECTORS

### Report on the Bank's business activities and assets

#### Economic situation

The Slovak economy is growing only moderately in 2025, with the NBS expecting year-on-year GDP growth of 0,8 % in 2025. The weakening of economic activity and the need to consolidate public finances will continue to have an impact on labour market developments. According to the NBS, the unemployment rate may approach 6,1 % in 2026. Inflation in Slovakia is at a higher level, with the NBS expecting 4 % (measured CPI) for 2025. The general government deficit will reach -4,8 % of GDP in 2025, with gross debt exceeding 60 % of GDP<sup>1</sup>. The government's consolidation measures in 2025 affected Wüstenrot stavebná sporiteľňa mainly by introducing a transaction tax and increasing the basic VAT rate to 23 %, which increases the price of purchased services and goods.

#### Report on the Bank's financial position

In the second half of 2021, the Wüstenrot financial group decided to change its strategy for the Slovak market. WSS stopped offering new building savings and interim loans.

In line with the Bank's strategy, the gradual outflow of deposits continued in 2025. The volume of liabilities to clients is EUR 147 million as of 31.12.2025 (2024: EUR 171 million). As with client deposits, the gradual reduction of the loan portfolio continued in 2025. As at 31.12.2025, the balance of receivables from clients is at the level of EUR 177 million (2024: EUR 194 million).

As at 31.12.2025, the Bank prepared individual financial statements in accordance with the international financial reporting standards applicable in the EU, which is part of the annual report.

As at 31.12.2025, the Bank's balance sheet total was EUR 201,9 million (2024: EUR 252,2 million). On the asset side, receivables from clients decreased by approximately EUR 17,6 million. As at 31.12.2025, cash and cash equivalents was at EUR 24,8 million (2024: EUR 12,4 million). As of 31.12.2025, WSS no longer holds debt securities, as a result of Slovak government bonds reaching maturity with a nominal value of EUR 32 million, as well as due to sale of the remaining portfolio of securities with a nominal value of EUR 12 million. The funds realized from these securities were used to settle liabilities to other financial institutions, thereby reducing the refinancing amount. The residual free liquidity is invested in interbank trading.

Liabilities to banks decreased to EUR 20,1 million (2024: EUR 25,1 million). Liabilities to other financial institutions amounted to nil EUR as at 31.12.2025 (2024: EUR 20,3 million). Bank's net interest income (EUR 3,2 million) increased by EUR 0,25 million compared to 2024 in spite of planned reduction of the loan portfolio.

This is due to a decrease in refinancing rates as well as a decrease in the need for refinancing on the market. Net fee and commission income of EUR 0,74 million increased compared to last year (2024: EUR 0,54 million) due to the fact that Wüstenrot poisťovňa, a. s. was no longer paid a commission for the administration of the client base. The cost of risk (net valuation allowances and profit/loss on the sale of bad debts) amounted to EUR 0,38 million as at 31.12.2025 (2024: EUR 0,75 million), as there was no sale of defaulted receivables in 2025.

For 2025, WSS recorded a loss before tax of EUR 0,7 million. The main reasons are the strategic reduction of portfolios and the associated lower interest income, while at the same time it is no longer possible to further reduce the fixed component of operating expenses, which are not fully covered by the current volume of revenues.

<sup>1</sup> NBS - Economic and monetary developments – winter 2025. Available at: [Economic and monetary developments – Národná banka Slovenska](#)

**Outlook for 2026**

The strategic decision to stop offering new building savings and interim loans, as well as the activities of clients who use refinancing options in other financial institutions, and also clients terminating savings contracts and withdrawing their deposits, will mean a further decline in the WSS's portfolio and balance sheet total. In 2026, we expect a decrease in receivables from clients to the level of EUR 160,7 million (gross) and a decrease in liabilities to clients to the level of EUR 120,6 million. In terms of economic result, given the planned values of the portfolios and the set strategy, there is a forecast for net loss in the year 2026. WSS expects to continue to meet all regulatory limits. WSS does not plan any shareholder dividend payouts in 2026.

The strategic objective of the WSS for 2026 is a successful transformation into a branch of a foreign bank in accordance with the set project plan, which requires a coordinated action by all affected departments, consistent compliance with regulatory requirements and effective management of related risks. The fusion (cross-border merger) with the 100 % shareholder Bausparkasse Wüstenrot AG („BWAG“, headquartered in Austria) is expected to take effect in the second half of 2026. This is a legislative prerequisite for BWAG to carry out and manage the original WSS portfolio in Slovakia through a branch of a foreign bank in the future. Clients will not be affected by this change in legal form, as all contractual relationships will be transferred to the universal legal successor of BWAG as a result of the merger, without any changes.

The only impact on clients will be a change in the deposit protection system; their deposits will cease to be subject to the Slovak deposit protection system as of the merger and will be subject to the Austrian deposit protection system. Since the deposit protection system is regulated uniformly in the EU countries, this change will not have any practical impact on clients.

**Information on the risk management system**

Information on risk management is included in the notes to the financial statements, specifically Chapter 5 „Financial and operational risk management“.

The loan-to-deposit ratio stands at 121,5 % as of 31.12.2025. WSS has taken steps to maintain the volume of deposits so that this ratio does not increase significantly (by increase of interest rates for 12 months on overdue savings contracts, which represent the largest portfolio of deposits at WSS with the aim of maintaining/increasing the volume of the deposits)

WSS has no direct exposures to Russia, Ukraine or financial institutions and businesses in Ukraine and Russia. So far, the military conflict had no significant direct impact. The Bank does not expect significant indirect impacts on its risk profile.

**Information on significant events that occurred after the end of the financial year**

Significant events that occurred after the end of the financial year are included in item 6.28 of the notes to the financial statements.

**Information on the costs of research and development activities**

WSS did not record R&D expenses in 2025.

**Organizational units**

WSS does not have any organizational units abroad.

**Overview of bank loans and other loans received**

WSS records liabilities to banks in the amount of EUR 20 million as of 31.12.2025.

**Acquisition of treasury shares, temporary certificates, and similar ownership interests**

WSS did not acquire its own shares, temporary certificates, or business shares and shares, temporary certificates and business shares of the parent accounting entity in its portfolio during the 2025 accounting period, nor does it own any as of 31 December 2025.

**Sustainability reporting**

In 2025, the Bank did not exceed the minimum requirements for individual reporting pursuant to Section 20c (1) and (2) of Act No. 431/2002 Coll., as amended (the „Accounting Act“), and therefore does not have an obligation to publish.

Pursuant to Section 20c (16) of the Accounting Act, WSS will benefit from an exemption from the obligation to report individual sustainability information. A bank is a subsidiary whose parent company has its registered office in the Republic of Austria, i.e. in a Member State. WSS as a subsidiary and its subsidiaries are included in the consolidated report of that parent entity, which is prepared in accordance with the requirements for consolidated sustainability reporting under a legally binding European Union act.

WSS is included in the consolidated report of the Wüstenrot Group for 2025.

The report will be published on [www.wuestenrot.at/de/ueber-uns/nachhaltigkeitsbezogene-offenlegungen.html](http://www.wuestenrot.at/de/ueber-uns/nachhaltigkeitsbezogene-offenlegungen.html).

## REPORT OF THE SUPERVISORY BOARD

During the three regular meetings, the Supervisory Board was acquainted with fundamental matters related to the development of business, the development of risks and the state of assets, including the situation in the personnel area. It was regularly informed about the Branchification project and discussed these issues with the Board of Directors. The Supervisory Board fulfilled its control duties determined by law and the statutes. The Board of Directors submitted all required reports to the Supervisory Board in a timely manner and reported extensively on all relevant business policy issues.

The financial statements for 2024, prepared in accordance with IFRS as adopted by the EU and audited by the auditing company PricewaterhouseCoopers Slovensko, s. r. o., which was appointed by the Supervisory Board, were approved by the General Meeting.

The Supervisory Board accepted the proposal for the 2024 loss distribution, agreed not to pay dividends to the shareholder, and recommended that the General Meeting approve this proposal.

The Supervisory Board would like to thank all its employees as well as the members of the Board of Directors for their cooperation in 2025.

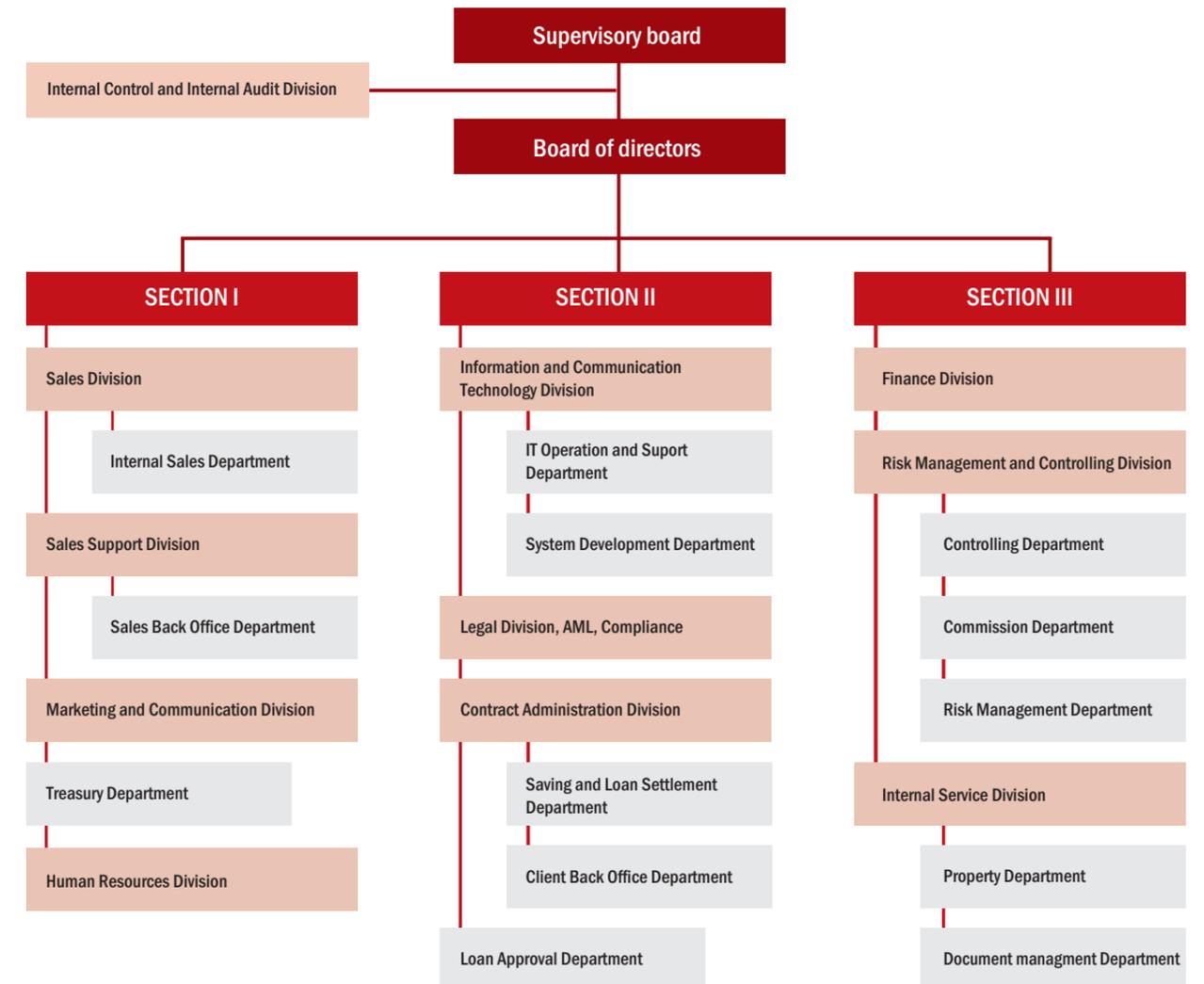
March 2026, Bratislava

On behalf of the Supervisory Board



Mag. Gregor Hofstätter-Pobst  
 Chairman of the Supervisory Board

## Organizational chart of Wüstenrot stavebná sporiteľňa a. s. of 31 December 2025



## Financial statements

for the year ended 31 December 2025,  
prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union

and Independent Auditor's Report

**Wüstenrot stavebná sporiteľňa, a.s.**

**Financial statements for the year ended 31 December 2025,  
prepared in accordance with International Financial Reporting Standards  
as adopted by the European Union**

**and**

**Independent Auditor's Report**

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# Independent Auditor's Report

To the Shareholder, Supervisory Board, and Board of Directors of Wüstenrot stavebná sporiteľňa, a.s.:

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wüstenrot stavebná sporiteľňa, a.s. (the "Bank") as at 31 December 2025, and the Bank's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Supervisory board performing the role of the Audit Committee dated 16 March 2026.

### What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

**PricewaterhouseCoopers Slovensko, s.r.o.**  
Karadžičova 2, 815 32 Bratislava – mestská časť Staré Mesto  
Tel.: +421 (0) 2 59 350 111



## **Basis for opinion**

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

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

## **Independence**

We are independent of the Bank in accordance with the ethical requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council (hereafter the "Regulation (EU) No 537/2014") that are relevant to audits of financial statements of public interest entities, the ethical requirements of the Act No. 423/2015 on Statutory Audit and on the amendments and supplements to the Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory Audit") that are relevant to audits of financial statements in the Slovak Republic and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants as adopted by the Slovak Chamber of Auditors (Code of Ethics for Auditors) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation (EU) No 537/2014, the ethical requirements of the Act on Statutory Audit and the Code of Ethics for Auditors.

To the best of our knowledge and belief, we declare that we have not provided to the Bank and its parent within the European Union non-audit services that are prohibited under Article 5(1) of Regulation (EU) No. 537/2014 and the applicable law and regulations in the Slovak Republic.

We did not provide any non-audit services to the Bank in the period from 1 January 2025 to 31 December 2025.

## **Emphasis of matter**

We draw attention to Notes 1.6, 2.3 and 6.28 to the financial statements, which indicate that on 1 January 2026 Bausparkasse Wüstenrot AG (BWAG), as the Bank's sole shareholder, adopted a resolution to carry out a cross-border merger, with 1 January 2026 as the decisive date. Upon the cross-border merger becoming legally effective, the Bank will be dissolved without liquidation, and its business will be transferred to BWAG as its legal successor. BWAG will continue the operations of the Bank in the legal form of a branch of a foreign bank, which will be established in Slovakia. Our opinion is not modified in respect of this matter.



## Our audit approach

### Overview

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<b>Materiality</b>	<ul style="list-style-type: none"><li>Overall materiality: EUR 880 thousand, which represents approximately 0.5% of loan portfolio of receivables from clients.</li></ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"><li>Expected credit losses allowance estimate (ECL) - Stage 3 collective ECL</li></ul>

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

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

### Materiality

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

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

<b>Overall Bank materiality</b>	EUR 880 thousand
<b>How we determined it</b>	Overall materiality represents approximately 0.5% of loan portfolio of receivables from clients.
<b>Rationale for the materiality benchmark applied</b>	In consideration of the materiality benchmark we have taken into account the strategic direction of the Bank, which continues its rundown strategy and does not provide new building savings contracts and interim loans. As such, the loan portfolio is the primary focus of the Bank's management which is responsible for the loan portfolio reduction. Based on our professional judgement we applied quantitative threshold of approximately 0.5% and concluded that the materiality benchmark is appropriate for the users of the financial statements.

## Key audit matters

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

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Expected credit losses (ECL) - Stage 3 collective ECL</b></p> <p>As explained in Notes 4.1 and 5.1 to the financial statements, management of the Bank estimated collective ECL for receivables from clients in Stage 3 in amount EUR 3,694 thousand as at 31 December 2025.</p> <p>The carrying value of receivables from clients in Stage 3 may be misstated if collective ECL are not appropriately identified and estimated. The calculation of ECL represents a significant estimate, as explained in more detail in Notes 4.1. and 5.1.</p> <p>Risk arises from the possibility of incorrect calculation of ECL due to erroneous or biased determination of input factors resulting in misstated valuation of ECL to receivables from clients in Stage 3.</p> <p>There is a risk that the final recovery from Stage 3 loans will be materially different to actual net carrying amount of Stage 3 exposures which would indicate incorrectly determined risk parameters used in calculation of stage 3 ECL. As a result, this may potentially lead to overstated assets at reporting date.</p> <p>Determination of collective ECL in stage 3 was assessed as a significant audit risk.</p> <p>We consider ECL estimate to receivables from clients in Stage 3 as a key audit matter due to the significance of the ECL in Stage 3 and significant judgements and estimates involved.</p>	<p>We assessed and tested design and operating effectiveness of controls related to timely identification of significant increase in credit risk and defaults of loans to customers, approval of assumptions and judgements employed in the calculation of ECL and valuation of received collateral.</p> <p>We tested design and operating effectiveness of general IT controls, including access to programs and data, program changes and computer operations related to quantification of ECL.</p> <p>We verified that the models used for quantification of ECL are in line with the requirements of IFRS 9.</p> <p>We tested and evaluated on a sample basis consistent application of the models during the year, reasonableness of assumptions, and completeness and accuracy of the underlying data, which were used by the Bank to estimate ECL to loans to customers that share similar credit risk characteristics.</p> <p>The underlying models and expert judgement applied by the Bank were assessed by our specialists for financial risk management and modelling.</p> <p>Our specialists assessed the reasonableness of the risk parameters applied in the calculation of collective ECL in stage 3 as well as the appropriateness of the relevant disclosures.</p> <p>We have assessed correctness of the classification of loans to customers to stages and recalculated the ECL for the respective stages on a sample basis as well as we have assessed the adequacy of the presentation in the financial statements.</p> <p>On a sample basis, we assessed appropriateness of assumptions, completeness and accuracy of the underlying data that the Bank used to calculate ECL.</p>



## **Reporting on other information including the Annual Report**

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

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

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

With respect to the Annual Report, we considered whether the Annual Report includes the disclosures required by the Act on Accounting No. 431/2002, as amended (hereafter the "Accounting Act").

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Annual Report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with the Accounting Act.

In addition, in light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Annual Report. We have nothing to report in this regard.

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

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

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

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



## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

## Report on other legal and regulatory requirements

### Appointment

We were first appointed as auditors of the Bank on 21 June 2021. Our appointment has been renewed annually by shareholder's resolution representing a total period of uninterrupted engagement appointment of five years. Our appointment for the year ended 31 December 2025 was approved by the shareholder's resolution on 20 June 2025.

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

  
PricewaterhouseCoopers Slovensko, s.r.o.

SKAU licence No. 161



  
Ing. Eva Hupková, FCCA

SKAU licence No. 672

16 March 2026

Bratislava, Slovak Republic

**Statement of financial position (Balance sheet)**

<i>in thousand EUR</i>	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
Cash and cash equivalents	6.1	24 795	12 426
Investments in debt securities	6.2	0	44 842
Receivables from clients	6.3	176 664	194 301
Other assets	6.5	173	221
Intangible assets	6.4	242	381
<b>TOTAL ASSETS</b>		<b>201 874</b>	<b>252 171</b>
<b>LIABILITIES</b>			
Liabilities to clients	6.6	147 182	170 800
Liabilities to banks	6.7	20 146	25 126
Liabilities to other financial institutions	6.7	0	20 294
Short-term provisions and accruals	6.8	315	410
Long-term provisions	6.9	81	50
Tax liabilities – tax due	6.10	4	4
Withholding tax	6.12	384	396
Other liabilities	6.12	354	470
Deferred tax liability	6.11	0	110
<b>TOTAL LIABILITIES</b>		<b>168 466</b>	<b>217 660</b>
<b>EQUITY</b>			
Share capital	6.13	16 597	16 597
Legal reserve fund	6.13	3 319	3 319
Remeasurement of financial assets at FVOCI		0	422
Retained earnings and loss carried forward		13 491	14 173
<b>TOTAL EQUITY</b>		<b>33 408</b>	<b>34 511</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>201 874</b>	<b>252 171</b>

The Notes on pages 1 to 55 are an integral part of these financial statements.

**Statement of profit or loss (Income statement)**

<i>in thousand EUR</i>	Note	For the year ended 31 December 2025	For the year ended 31 December 2024
Interest income calculated using the effective interest method		6 866	7 830
Interest expense		(3 653)	(4 866)
<b>Net interest income</b>	6.14	<b>3 213</b>	<b>2 964</b>
Fee and commission income		763	930
Cost of fees and commissions		(23)	(388)
<b>Net fee and commission income</b>	6.15	<b>740</b>	<b>542</b>
General operating expenses	6.16	(1 873)	(1 694)
Personnel costs	6.17	(2 016)	(2 269)
Depreciation of PPE	6.18	(34)	(41)
Amortization of intangible assets	6.18	(149)	(246)
Other operating income	6.19	49	70
Other operating expenses	6.20	(145)	(376)
Valuation allowances for credit transactions	6.21	(380)	(746)
Valuation allowances for debt securities		9	(2)
Valuation allowances for other assets	6.22	12	(29)
Net result from sale of debt securities	6.23	(106)	
<b>Profit/(loss) before taxes</b>		<b>(678)</b>	<b>(1 827)</b>
Corporate income tax	6.24	(4)	(4)
<b>Profit/(loss) after taxes</b>		<b>(682)</b>	<b>(1 831)</b>

**Statement of other comprehensive income**

<i>in thousand EUR</i>	<b>Note</b>	<b>For the year ended 31 December 2025</b>	<b>For the year ended 31 December 2024</b>
<b>Profit/(loss) after taxes</b>		<b>(682)</b>	<b>(1 831)</b>
<i>Other components of comprehensive income:</i>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Change in the fair value of FVOCI debt securities		(519)	(332)
Deferred tax posted to equity accounts	6.11	110	71
<i>Reclassification to profit or loss:</i>		(13)	0
<b>Other components of comprehensive income</b>		<b>(422)</b>	<b>(261)</b>
<b>Total comprehensive income for the period</b>		<b>(1 104)</b>	<b>(2 092)</b>

## Statement of changes in equity

<i>in thousand EUR</i>	Share capital	Legal reserve fund	Remeasurement of financial assets FVOCI	Retained earnings	Total equity
<b>2025</b>					
<b>Balance at 1 January 2025</b>	<b>16 597</b>	<b>3 319</b>	<b>422</b>	<b>14 173</b>	<b>34 511</b>
Loss for 2025				(682)	(682)
<b>Other components of comprehensive income</b>					
FVOCI debt securities revaluation, after taxes			(409)		(409)
Reclassification to profit or loss			(13)		(13)
<b>Total comprehensive income for the period</b>			<b>(422)</b>	<b>(682)</b>	<b>(1 104)</b>
<b>Balance at 31 December 2025</b>	<b>16 597</b>	<b>3 319</b>	<b>0</b>	<b>13 491</b>	<b>33 408</b>
<i>in thousand EUR</i>	Share capital	Legal reserve fund	Remeasurement of financial assets FVOCI	Retained earnings	Total equity
<b>2024</b>					
<b>Balance at 1 January 2024</b>	<b>16 597</b>	<b>3 319</b>	<b>683</b>	<b>16 004</b>	<b>36 603</b>
Loss for 2024				(1 831)	(1 831)
<b>Other components of comprehensive income</b>					
FVOCI debt securities revaluation, after taxes			(261)		(261)
<b>Total comprehensive income for the period</b>			<b>(261)</b>	<b>(1 831)</b>	<b>(2 092)</b>
<b>Balance at 31 December 2024</b>	<b>16 597</b>	<b>3 319</b>	<b>422</b>	<b>14 173</b>	<b>34 511</b>

**Statement of cash flows**

<i>in thousand EUR</i>	<b>Note</b>	<b>For the year ended 31 December 2025</b>	<b>For the year ended 31 December 2024</b>
<b>Operating activities</b>			
<b>Profit/(loss) before taxes</b>		<b>(678)</b>	<b>(1 827)</b>
Interest income	6.14	(6 866)	(7 830)
Interest expense	6.14	3 653	4 866
Amortization of intangible assets	6.18	149	246
Depreciation of PPE	6.18	34	41
Increase in valuation allowances for loans and securities	6.21	371	746
Decrease / increase in valuation allowances for other assets		(25)	33
Profit from the sale of non-current assets		(18)	(26)
Loss from sale of debt securities	6.23	106	0
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>(3 274)</b>	<b>(3 750)</b>
Interest received		7 312	7 972
Interest paid		(3 480)	(3 986)
Cash inflow from the sale of receivables	6.21	0	282
Corporate income tax paid / received		(4)	64
Decrease in receivables from clients		17 015	14 748
Decrease in other assets		36	29
Decrease in liabilities to clients		(24 065)	(22 291)
Decrease / Increase in liabilities to banks		(5 000)	5 000
Decrease in liabilities to other financial institutions		(20 000)	0
Decrease in other liabilities		(192)	(398)
<b>Net cash used in operating activities</b>		<b>(31 652)</b>	<b>(2 330)</b>
<b>Investing activities</b>			
Cash inflow from repayment of investments in debt securities		32 000	9000
Proceeds from sale of investments in debt securities		12 009	
Changes in other assets		(5)	(32)
Changes in intangible assets		(9)	(5)
<b>Net cash from investing activities</b>		<b>43 995</b>	<b>8 963</b>
<b>Change in cash and cash equivalents</b>		<b>12 343</b>	<b>6 634</b>
Cash and cash equivalents at the beginning of the accounting period	6.1	12 458	5 824
<i>Change in cash and cash equivalents consists of changes in the following items:</i>			
Cash		0	0
Current accounts with other banks		(43)	(9)
Mandatory minimum reserves		(184)	38
Term deposits		12 571	6 605
<b>Cash and cash equivalents at the end of the accounting period</b>	6.1	<b>24 801</b>	<b>12 458</b>
<b>Change in cash and cash equivalents</b>		<b>12 343</b>	<b>6 634</b>

## 1 GENERAL INFORMATION

### 1.1 Business name and registered office

Wüstenrot stavebná sporiteľňa, a.s. (hereafter the “Bank”) was established on 24 March 1993 and incorporated in the Commercial Register on 26 May 1993 (Commercial Register of the District Court Bratislava I, Section Sa, Insert No.: 529/B). The Bank operates under a specific banking license issued by the National Bank of Slovakia (hereafter “NBS”) according to the Slovak Building Society Saving Act (Act No. 310/1992 Coll. on Saving with a Building Society, as amended).

The Bank relocated its headquarters in December 2022.

Registered office: Wüstenrot stavebná sporiteľňa, a.s.  
Digital Park I, Einsteinova 21  
851 01 Bratislava – mestská časť Petržalka  
Corporate ID (IČO): 31 351 026  
Tax ID (DIČ): 2022806304

### 1.2 Core business activities

The Bank’s core business activities as per an extract from the Commercial Register:

- accepting deposits from building society savers or for the benefit of building society savers;
- providing loans to building society savers from the home purchase savings fund for construction purposes set out in § 11 Section 1 of the Building Society Saving Act;
- providing guarantees to other banks for building society loans, mortgage loans, or municipal loans;
- accepting deposits from banks;
- providing payment services;
- providing advisory services within the scope of the business of a building society;
- providing financial intermediation in line with the Slovak Financial Consultancy Act (Act No. 186/2009 Coll. on Financial Consultancy and on Amendments to Certain Acts, as amended) as a contractual financial agent in the insurance and reinsurance sector;
- investing on one’s own account and trading on own account in money market financial instruments in euros and in capital market financial instruments in euros; and
- accepting deposits from foreign banks, branches of foreign banks, and financial institutions.

The Bank provides its services via a network of Wüstenrot agencies and a network of Wüstenrot centres. At 31 December 2025, the network of Wüstenrot agencies included 2 business group managers and 23 building savings advisors. Wüstenrot centres were created by the transformation of the Bank’s Service Centres and the Customer Centres of Wüstenrot poisťovňa, a.s. At 31 December 2025, this network comprised 12 Wüstenrot centres across Slovakia, with 5 building savings advisors in total. 33 partners participated in the mediation of building savings contracts.

### 1.3 Structure of the Bank’s shareholders

The structure of the Bank’s shareholders at 31 December 2025 and 31 December 2024:

SHAREHOLDER	Registered office	Share in the registered capital (%)	
		2025	2024
Bausparkasse Wüstenrot Aktiengesellschaft	Alpenstr. 70, 5020 Salzburg, Austria	100	100
<b>Total</b>		<b>100</b>	<b>100</b>

The amount of voting rights of the Bank’s shareholders corresponds to the number of their shares, which is derived from the amount of their ownership interest in the Bank’s share capital (Bausparkasse Wüstenrot AG: 1 000 votes). The Bank’s sole shareholder holds 1 000 shares. The nominal value of one share is EUR 16 597,00 (31 December 2024: EUR 16 597,00).

The Bank is included in the consolidated financial statements of its immediate parent company, Bausparkasse Wüstenrot AG, seated at Alpenstr. 70, 5020 Salzburg, Austria. The consolidated financial statements are available at the parent company’s registered office.

Bausparkasse Wüstenrot AG is included in the consolidated financial statements of Wüstenrot Wohnungswirtschaft reg. Gen. m.b.H., seated at Alpenstr. 70, Salzburg, Austria, which is the Bank’s ultimate parent company with final decision-making and control rights.

#### 1.4 Bank bodies

The Bank's statutory and supervisory bodies in 2025:

Board of Directors	Supervisory board
Chairman: Ing. Marian Hrotka, PhD. (reappointed since 1.7.2025)	Chairman: Mag. Gregor Hofstätter-Pobst (reappointed since 20.9.2025)
	Vice-chairman: Dr. Susanne Riess-Hahn (reappointed since 7.2.2025)
Members: JUDr. Katarína Novotná (reappointed since 1.12.2025)	Members: Mag. Christine Sumper-Billinger
Mag. Christian Sollinger, CIIA (reappointed since 1.12.2025)	Mag. Christian Wilhelm Zettl

The Bank's statutory and supervisory bodies in 2024:

Board of Directors	Supervisory board
Chairman: Ing. Marian Hrotka, PhD.	Chairman: Mag. Gregor Hofstätter-Pobst
	Vice-chairman: Dr. Susanne Riess-Hahn
Members: JUDr. Katarína Novotná	Members: Mag. Christine Sumper-Billinger (reappointed since 25.11.2024)
Mag. Christian Sollinger, CIIA	Mag. Christian Wilhelm Zettl (since 1.7.2024)

Two members of the Board of Directors or one member of the Board of Directors together with a proxy act jointly on behalf of the Bank.

#### 1.5 Number of staff

	31 December 2025	31 December 2024
Total number of staff, of which:	104	130
- <i>Management</i>	3	3
	<b>2025</b>	<b>2024</b>
Average number of staff per year*	42	55

\* The average number of staff has been calculated on the FTE (full-time equivalent) basis. The remaining working hours represent work for Wüstenrot poisťovňa, a.s.

#### 1.6 Strategic direction

Wüstenrot stavebná sporiteľňa, a.s. continues its rundown strategy and does not provide new building savings contracts and interim loans.

As a result of this strategy, there has been a further decrease in the volume of receivables and liabilities to clients. The gradual reduction of the client portfolio will also result in a decrease in interest income and fee income in the coming years a decrease in the total assets and liabilities.

Part of the strategic direction will be the continuation of the gradual exit of Wüstenrot stavebná sporiteľňa, a.s. from the Slovak banking market and at the same time preparing the transformation of its legal form from a joint-stock company to a branch of a foreign bank. The condition for the establishment of a branch of a foreign bank is a previous

cross-border merger of Wüstenrot stavebná sporiteľňa, a.s., with the parent company Bausparkasse Wüstenrot AG. In 2025, the first legal steps were taken in this direction, so that the cross-border merger would take place in 2026, when a branch of a foreign bank should also start its operations, which will continue the activities and strategy of the building society until the complete exit from the market.

As part of the transformation process, the notifications required by legislation were made, in particular in connection with the change in the deposit guarantee scheme that will take place with the effectiveness of the merger. In November 2025, Wüstenrot stavebná sporiteľňa, a.s. filed an application to the National Bank of Slovakia for prior approval for the cross-border transformation of a bank pursuant to Section 28(1)(b) of Act No. 483/2001 Coll. on Banks, as amended.

On 1 January 2026, Bausparkasse Wüstenrot AG, as the sole shareholder of Wüstenrot stavebná sporiteľňa, a.s., adopted a decision determining this date as the decisive date of the financial statements for the purposes of the cross-border merger pursuant to Section 96(1)(d) of Act No. 309/2023 Coll. on Transformations of Companies and Cooperatives, as amended.

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter "IFRS") as adopted by the European Union (hereafter "EU").

The Bank keeps its accounting books in accordance with the Accounting Act in accordance with IFRS as adopted by the EU. According to § 17a Section 1 of the Accounting Act, the Bank prepares its financial statements in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as amended.

The General Meeting approved the Bank's separate financial statements for 2024 on 20 June 2025.

### 2.2 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities initially stated at fair value and debt instruments measured at fair value through other comprehensive income (FVOCI) that are subsequently measured at fair value.

### 2.3 Going concern

Based on the strategic direction of the Bank, as outlined in section 1.6 of the notes to the financial statements, regarding the intention for a cross-border merger with the parent company Bausparkasse Wüstenrot AG, the intention will be implemented in the course of 2026 after all legislative conditions have been met. On the effective date of the cross-border merger, the Bank will cease to exist without liquidation as an independent legal entity and its assets, rights and obligations will be transferred to the branch of the foreign bank Bausparkasse Wüstenrot AG as its universal legal successor. Bausparkasse Wüstenrot AG will continue the operations of the Bank in the legal form of a branch of a foreign bank, which will be established in Slovakia.

Although the aforementioned implies that these financial statements are not prepared under the assumption of the Bank's going concern, this fact has not impacted the accounting policies and methods used in their preparation. The Bank's financial statements have been prepared on the accrual basis of accounting, whereby transactions and events are recorded when they occur and are reported in the financial statements for the period to which they relate.

The financial statements do not include any adjustments that might arise from the planned intention to merge the Bank with the branch of the foreign bank Bausparkasse Wüstenrot AG, from changes in the scope of operations or strategy of the Bank, which would lead to changes in the classification or valuation of assets and liabilities as the Bank's business will continue. Consequently, these financial statements have been prepared using the same measurement bases of assets and liabilities as in prior periods, despite the fact that the Bank will cease to exist as a legal entity.

### 2.4 Functional and presentation currency

The financial statements are presented in euros, which is the Bank's functional currency. Financial information is expressed in thousands and is mathematically rounded, except when stated otherwise.

### 2.5 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are evaluated on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimate is revised and in all other periods affected.

Information about significant areas of uncertainty in estimates and about significant judgements in the accounting policies and methods applied with the most significant effect on the amounts shown in the financial statements is described in Notes 3 and 4.

The accounting policies and methods set out below have been applied consistently to all periods presented in these financial statements.

### 3 MATERIAL ACCOUNTING POLICY INFORMATION

#### 3.1 Transaction date

The day of an accounting event is the date on which the transaction is carried out - in particular, the day on which: ready money is paid or received, funds in foreign currency are purchased or sold, a payment from the client's account is made, a payment is credited to the client's account, a receivable or liability arises, changes or ceases to exist.

Trades in securities or futures and forwards on the money market are transferred from the off-balance sheet to the balance sheet on the day when settled.

#### 3.2 Cash and cash equivalents

For the purposes of preparing the statement of cash flows, cash and cash equivalents include:

- cash on hand in euros and foreign currencies;
- a surplus on the NBS mandatory minimum reserve account;
- loans provided by the NBS in repurchase transactions with a contractual maturity of up to 3 months;
- current account balances at other banks; and
- term deposits with other banks with a maturity of up to 3 months.

#### 3.3 Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate specified in the ECB's exchange rate ruling at the date of the accounting event. At the balance sheet date, they are measured at the exchange rate effective at that date. Gains and losses arising from the revaluation to euro are accounted for as foreign exchange gains or losses to the credit or debit side of profit/(loss).

#### 3.4 Cash on hand, accounts with the NBS, and receivables from banks

Cash on hand is stated at amortized cost. Mandatory minimum reserves with the NBS are stated at amortized cost, including interest income achieved. Futures and forwards are initially stated at fair value, which includes transaction costs directly attributable to the transaction. Subsequently, these items are measured at amortized cost. Accrued interest is also part of their valuation. Mandatory minimum reserves are required deposits with a limited drawdown.

#### 3.5 Financial assets and financial liabilities

##### *Measurement methods*

##### *Amortized cost and effective interest rate*

Amortized cost is the amount at which a financial asset or financial liability is measured on initial recognition, less principal payments and increased or decreased by cumulative amortization of any difference between the initial value and maturity using the effective interest method, in the event of a financial asset adjusted for a possible impairment loss. The effective interest rate is the rate that discounts estimated future cash payments or receipts during the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortized cost before any impairment loss) or the amortized cost of the financial liability. The calculation does not take into account expected credit losses and includes transaction costs, premiums or discounts, fees, and points paid or received that are an integral part of the effective interest rate, such as fees incurred when a financial asset arises.

##### *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- (a) purchased or originated credit-impaired financial assets (POCIs) for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset;
- (b) financial assets that are not POCIs but have subsequently become impaired (or grade 3), for which interest income is calculated by applying the effective interest rate to their amortized cost (i.e. less a valuation allowance due to ECL).

**Initial recognition and measurement**

An entity only recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Current purchase or sale of financial assets is shown in the off-balance sheet on the trade date, i.e. on the day the Bank undertakes to buy or sell an asset.

Upon initial recognition, the Bank measures a financial asset or financial liability at its fair value, increased or decreased (if the financial asset or financial liability is not measured at fair value through profit or loss) at transaction costs that are incremental and directly attributable to the acquisition or issuance of a financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are recognized in profit or loss immediately after initial recognition. A valuation allowance set-up due to ECL is recognized for financial assets stated at amortized cost and for investments in debt instruments measured at FVOCI, as described in Section 4.1 of the Notes.

If the fair value of financial assets and financial liabilities at initial recognition differs from the transaction price, the entity recognizes the difference as follows:

- (a) when fair value is demonstrated at a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or is the result of a valuation technique that only uses observable market data, the Bank recognizes the difference as a gain or loss;
- (b) in all other cases, the difference is accrued and the timing of the recognition of accrued profit or loss on day 1 is determined individually. The difference is either amortized over the life of the financial instrument, accrued until the fair value of the instrument can be determined using observable market inputs, or realized through settlement.

**(i) Classification and subsequent measurement**

The Bank applies IFRS 9 and classifies its financial assets in the following measurement categories:

- assets measured at fair value through other comprehensive income (FVOCI), or
- assets measured at amortized cost.

The classification requirements for debt and equity instruments are described below.

**Debt instruments**

Debt instruments are instruments such as loans, government or corporate bonds. The classification and subsequent valuation of debt instruments depends on:

- (i) the Bank's business model for managing the asset, and
- (ii) cash flow characteristics of the asset (SPPI test).

Based on these factors, the Bank classifies its debt instruments into one of the following 3 measurement categories:

**Amortized cost:** Assets that are held for the purpose of collecting contractual cash flows and these cash flows only represent principal and interest payments (SPPI), and that are not intended to be measured at fair value through profit or loss (FVTPL), are stated at amortized cost. The carrying amount of these assets is adjusted by any valuation allowance for expected credit losses, recognized and measured as described in Section 4.1 of the Notes. Interest income from these financial assets is included in line 'Interest income calculated using the effective interest rate' of the income statement, as described in Section 6.14.1 of the Notes.

**Fair value through other comprehensive income (FVOCI):** Financial assets held for the purpose of collecting contractual cash flows with the possibility of their eventual sale for profit or settlement of capital requirements or liquidity ('Hold and sell' business model), where the cash flows from these assets only represent principal and interest payments (SPPI) and which are not intended for measurement at FVPL, are stated at fair value through other comprehensive income. Movements in the carrying amount are recognized in other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument, which are recognized in profit or loss. When a financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in line 'Net gain on the sale of securities'. Interest income from these financial assets is included in the P/L item 'Interest income calculated using the effective interest method'.

**Business model and SPPI test:** Further information on the business model assessment as well as the assessment of the SPPI criteria is described in Section 4.1 of the Notes.

Financial assets with embedded derivatives are considered as a whole, when determining whether their cash flows only represent payments of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing these assets changes. Reclassification takes place from the beginning of the first accounting period after the change. Such changes are expected to be infrequent and have not occurred during the current accounting period.

**(ii) Impairment**

On the basis of forecasts, the Bank assesses ECL associated with its debt instruments measured at amortized cost and at FVOCI and the risks arising from loan commitments. The Bank recognizes a valuation allowance for such losses at each balance sheet date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount, which is determined by evaluating the full range of possible outcomes;
- the time value of money; and
- adequate and verifiable information about past events, current conditions, and forecasts of future economic conditions that is available at the reporting date without incurring disproportionate costs or effort to obtain them.

For further details on how valuation allowances for expected credit losses are determined, see Section 4.1 of the Notes.

**(iii) Loan modification**

Exceptionally, the Bank renegotiates or otherwise modifies contractual cash flows from the loans it has provided to its clients. When this happens, it assesses whether or not the new conditions differ significantly from the original ones. When doing this, the Bank takes into account, inter alia, the following factors:

- if the borrower has financial difficulties, whether the modification significantly reduces the contractual cash flows to amounts that the borrower is likely to be able to pay;
- whether the duration of the loan has been significantly extended if the borrower is not in financial difficulties;
- if the new terms are significantly different, the Bank derecognizes the original financial asset and recognizes the 'new' asset at fair value and calculates a new effective interest rate for it. The renegotiation date is subsequently considered to be the date of initial recognition for the purpose of calculating the provision and to determine whether there has been a significant increase in credit risk. The Bank does not record any such loans due to the procedures applied when approving and recovering loans.
- If the new terms do not differ materially from the old ones, renegotiation or modification of the loan terms will not result in derecognition. The Bank recalculates the gross carrying amount based on the revised cash flows from the financial asset and recognizes a gain or loss on the modification in profit or loss. The new gross carrying amount is calculated by discounting the modified cash flows at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or incurred credit-impaired financial assets).
- Modified loans are monitored in the Bank's systems. The effects of modifications to financial assets on the calculation of expected credit losses are described in Section 5.1. of the Notes.

**(iv) Derecognition (termination of recognition) other than by modification**

A financial asset or part thereof is only derecognized when the contractual rights to receive cash flows from it have expired or have been transferred and the Bank has either (i) transferred substantially all the risks and rewards of ownership of the financial asset; or (ii) will not transfer or retain them, or retain control over these financial assets.

The Bank enters into transactions in which it retains contractual rights to receive cash flows from financial assets, but assumes a contractual obligation to pay these cash flows to other entities and transfers substantially all risks and rewards. These transactions are accounted for as 'pass-through' transfers that result in derecognition if the Bank:

- (i) is not required to make payments until it has collected equivalent amounts from the financial assets;
- (ii) must not sell or pledge the financial asset; and
- (iii) is not required to pass on the funds it collects from the financial assets to final beneficiaries without significant delay.

Collaterals (shares and bonds) issued by the Bank under standard repurchase agreements and transactions involving lending and borrowing of securities are not derecognized, as the Bank retains substantially all rights and rewards based on a predetermined redemption price and thus the derecognition criteria are not met. This also applies to certain hedging transactions in which the Bank retains a subordinated residual interest.

**3.6 Financial guarantee contracts and loan commitments**

Loan commitments provided by the Bank are measured at the amount of compensation in the event of a loss (calculated as set out in Section 5.1.1 of the Notes). The Bank did not make any promises to provide loans at an interest rate below the market value, or with the possibility of settling the net difference, or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, loss compensation is recognized as a provision. However, for contracts that include both a loan component and an undrawn commitment component where the Bank is unable to distinguish expected credit losses from the undrawn component from losses attributable to the loan component, the expected credit losses from the undrawn component are reported together with compensation due to credit loss. If the combined credit losses exceed the gross carrying amount of the loan, they are recognized as a provision.

### 3.7 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset, and their net amount is recognized in the statement of financial position when there is a legally enforceable right to set off the reported amounts and there is an intention to settle transactions based on their net difference or to realize the assets at the same time as the liability is settled.

### 3.8 Property, plant, and equipment

Items of property, plant, and equipment are stated at cost, and the amount of their wear and tear is expressed indirectly via accumulated depreciation. The cost includes the acquisition price and the related acquisition costs, such as transportation costs, postage, customs duty, commissions, interest on an investment loan, posted from the beginning of the acquisition until the day on which the respective asset is put into use.

Items of property, plant, and equipment are depreciated on a monthly basis, starting with the month in which the asset was made available for use in accordance with the approved depreciation plan. The depreciation plan, from which book depreciation rates are derived, is determined on the basis of the estimated economic useful life of the asset as follows:

<u>Type of asset</u>	<u>Depreciation period (years)</u>
Buildings, structures, minor constructions	40
Machinery and equipment	4; 6
Hardware	4
Office equipment	6; 12
Furniture	6
Means of transport	5

The Bank regularly reassesses estimated useful lives and depreciation methods at the end of each accounting period.

### 3.9 Intangible assets

Intangible assets are stated at cost, while the amount of their wear and tear is expressed indirectly via accumulated amortization. The cost includes the acquisition price and the related acquisition costs, such as transportation costs, postage, customs duty, commissions, interest on an investment loan, posted from the beginning of the acquisition until the day on which the respective asset is put into use.

Intangible assets are amortized on a monthly basis, starting in the month in which the asset was made available for use in accordance with the approved amortization plan. The amortization plan, from which the book amortization rates are derived, is determined on the basis of the estimated economic useful life of the asset as follows:

<u>Type of asset</u>	<u>Amortization period (years)</u>
Software	4, 10

The Bank regularly reassesses estimated useful lives and amortization methods at the end of each accounting period.

### 3.10 Liabilities to clients

Liabilities to clients are initially stated at fair value less transaction costs that are directly attributable to the acquisition of a financial liability (commission for concluding a contract).

These liabilities are subsequently measured at amortized cost using the effective interest method. In addition to transaction costs, the accrual during the savings period also includes a fee for concluding a building savings contract.

### 3.11 Provisions

Provisions are liabilities of uncertain timing or amount and are measured at the present value of expected expenditures. All risks and uncertainties which necessarily result from many related events and circumstances are taken into account when estimating a provision.

A provision must be set up if the following criteria are met:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

### 3.12 Related parties

A *related party* is a person or entity that is related to the entity that is preparing its financial statements (hereafter the "reporting entity").

A *person or a close member of such a person is related to a reporting entity if that person:*

- has control or joint control of the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

*An entity is related to a reporting entity if any of the following conditions apply:*

- the entity and the reporting entity are members of the same group (i.e. all parent companies, subsidiaries, and fellow subsidiaries are related to each other);
- an entity is an associate or joint venture of another entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- both entities are joint ventures of the same third party;
- an entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- an entity has a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- the entity is controlled or jointly controlled by a person identified in in Section 6.25 of the Notes.

A *related party transaction* is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

*Close members of the family of a person* are family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- such a person's children, spouse or domestic partner;
- children of such a person's spouse or domestic partner; and
- dependants of such a person, or such a person's spouse or domestic partner.

*Key management personnel* are persons with authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including directors (whether executive or otherwise) of such an entity.

When considering each possible related party relationship, the Bank considers the substance of the relationship and not merely the legal form.

In the ordinary course of business, the Bank enters into a number of transactions with related parties (Section 6.25 of the Notes).

### 3.13 Employee benefits

#### *Short-term employee benefits*

Short-term liabilities to employees that arise with a temporal and substantive connection with the performance of the Bank's staff are reported under the income statement item '*Personnel cost*'. Short-term payables to employees include wages and salaries, holiday pay, etc.

#### *Post-employment benefits*

The Bank categorizes employee benefits associated with employee retirement benefits as defined contribution plans.

For defined contribution plans, the Bank pays fixed contributions to an independent entity, which are posted to the income statement under the item '*Personnel cost*'. This is compulsory social insurance paid by the Bank to the Social Insurance Agency or a private fund on the basis of the relevant legal regulations. The Bank has no legal or other (constructive) obligation to pay additional contributions if the relevant funds do not have sufficient assets to pay benefits to all employees for their time in the current and prior periods.

### 3.14 Equity

The Bank has set up a legal reserve fund from net profit up to 20% of the share capital. The Bank may only use this reserve fund to cover losses. A mandatory appropriation to the legal reserve fund is not necessary, as the fund reached its maximum statutory limit in 2015.

### **3.15 Accounting policies for interest income and interest expense, methods of reporting income from impaired assets, including interest**

The Bank accounts for interest income and interest expense related to assets and liabilities together with these assets and liabilities.

Interest income from loans is calculated using the interest rate at which future cash flows were discounted for the purpose of determining the amount of the valuation allowance.

The Bank accounts for interest income from, and interest expense of, financial assets measured at amortized cost and FVOCI using the effective interest method. The discount, i.e. the gradually achieved difference between the lower acquisition cost and the higher nominal value of the bond, and the gradually achieved interest on the coupon and the premium, i.e. the gradually achieved difference between the higher acquisition cost and the lower nominal value of the bond, are accounted for as interest income/expense. During the period in which government bonds are held, the Bank accounts for interest income from the coupon in the gross amount.

The Bank accounts for interest income from NBS treasury bills calculated using the effective interest method.

The fee for concluding a contract and commissions paid or received for acts related to the acquisition or origination of a financial asset or liability are part of the effective interest rate of the financial instrument.

### **3.16 Accounting for fees and commissions**

Loan-processing charges received and loan-intermediation commissions paid to sales representatives are included both in the valuation of loans and the calculation of the effective interest rate (Section 3.16 of the Notes) and are shown under '*Receivables from clients*'.

Received fees for concluding a building savings contract and the related commissions paid to sales representatives are included both in the valuation of client deposits and the calculation of the effective interest rate and are shown under '*Liabilities to clients*'.

All other fees related to building savings contracts, building society loans, and interim loans (e.g. fee for increasing the target amount of savings) represent revenue at the time of providing the service and are not included in the valuation of building society saving, specifically the valuation of the building society loan and the interim loan.

Revenue reported in accordance with IFRS 15:

Revenues related to transactions are recognized at the transaction date.

Revenues from account-related services and service fees (account administration fee, bank account statement fee, etc.) are recognized during the period in which services are provided.

Nature and timing of the settlement of standard liabilities, including important payment terms: Fees for services related to transactions on client accounts are charged to the client on the transaction date.

Account administration fees and service fees are deducted from client accounts every month. The Bank reviews the amount of fees once a year.

### **3.17 Corporate income tax**

Current and deferred tax assets/liabilities are shown separately from other assets and liabilities.

The corporate tax stated in the income statement for the reporting period includes tax payable for the accounting period and deferred tax. The tax base for the current tax is calculated from the IFRS result for the current period by adding items that increase, and deducting items that decrease the result.

Deferred taxes (deferred tax asset and deferred tax liability) relate to temporary differences between the carrying amounts of assets and liabilities presented in the statement of financial position and their tax base. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax is calculated using the tax rate that is expected to be effective at the day on which the tax asset will be realized or the tax liability settled and has been enacted or substantively enacted by the balance sheet date.

### **3.18 Embedded derivatives**

Interest bonus (Section 6.6 of the Notes) and early termination fees have the characteristics of an embedded derivative, but the economic characteristics and risks of embedded derivatives are closely related to the economic characteristics and risks of the underlying financial instrument. Therefore, embedded derivatives are not accounted for separately from the underlying financial instrument.

### 3.19 Issued standards, interpretations, and amendments to standards which the Bank applied for the first time in 2025

**Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).** In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction in a foreign currency or a foreign operation and the foreign currency is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Bank has assessed these amendments as irrelevant for its activities.

### 3.20 Issued standards, interpretations, and amendments to existing standards that are effective after 1 January 2026 and which the Bank has not applied early

**Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).**

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  - (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- The Bank is currently assessing the impact of these amendments.

**Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026).** IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7.

IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'.

IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent.

IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'. The Bank is currently assessing the impact of these improvements.

**Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026).** The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include:

- (a) clarifying the application of the 'own-use' requirements;
- (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and
- (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

The Bank is currently assessing the impact of these amendments.

**IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).** In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Bank is currently assessing the impact of this standard.

**IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).** The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Bank is currently assessing the impact of this standard.

**Amendments to IFRS 19 Subsidiaries without public accountability: Disclosures (Issued on 21 August 2025 and effective from 1 January 2027).** In August 2025, the IASB issued amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically: IFRS 18 *Presentation and Disclosure in Financial Statements*, *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7); *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12); *Lack of Exchangeability* (Amendments to IAS 21); and *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7). With these amendments, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to 1 January 2027, when IFRS 19 will be applicable. The Bank is currently assessing the impact of these amendments.

**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025 and effective from 1 January 2027)** The International Accounting Standards Board (IASB) has issued amendments that clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one. These narrow-scope amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency. The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* are effective for annual periods beginning on or after 1 January 2027.

Companies can choose to apply them earlier. The Bank is currently assessing the impact of these amendments.

**4 USE OF ESTIMATES AND JUDGEMENTS****4.1 Measurement of valuation allowances for loans due to expected credit losses**

**ECL valuation.** ECL calculation and valuation requires the application of significant judgement and the use of methodologies, models, and variables. Details of the ECL valuation methodology used by the Bank are described in Note 5. The following components of ECL calculation have a significant impact on the amount of the valuation allowance for expected credit losses (hereafter the “loss allowance”): definition of default, SICR, PD, EAD, LGD (see also Section 5.1.1 of the Notes), macro-models, and the analysis of scenarios for impaired loans. The Bank regularly reviews and validates the models and model inputs to reduce any differences between estimates of expected credit losses and current credit loss experience. The main source of uncertainty for the models is expected economic development, which the Bank seeks to model in its scenarios. For more information about sources of uncertainty, see Note 5.

Forward-looking information on expected future development incorporated into ECL models is described in Section 5.1.2 of the Notes. The Bank has defined three scenarios in accordance with the predictions of the NBS, the Slovak Ministry of Finance from September 2024 and the internally defined adverse scenario:

	<b>Unemployment rate (change)</b>	<b>GDP growth</b>	<b>Probability</b>
Expected scenario	0,70%	(0,30%)	40%
Favourable scenario	0,20%	0,40%	20%
Adverse scenario	1,00%	(0,80%)	40%

In connection with the war in Ukraine, the Bank has no direct exposures to Russia, Ukraine, or financial institutions and businesses in Ukraine and Russia. Given its strategy of exiting the building society saving and loan market, the Bank is only affected by indirect impacts on the Slovak economy, the extent of which is very limited for the Bank. A 5% and 10% increase in the current credit loss experience compared to the ECL estimates calculated at 31 December 2025 would lead to an increase in loss allowances as follows:

<i>in thousand EUR</i>	<b>Increase in ELC</b>
5% increase in LGD	208
5% increase in PD	31
<b>Total increase in ELC if LGD and PD were changed by 5%</b>	<b>241</b>

<i>in thousand EUR</i>	<b>Increase in ELC</b>
10% increase in LGD	398
10% increase in PD	63
<b>Total increase in ELC if LGD and PD were changed by 10%</b>	<b>467</b>

A 5% and 10% increase in the current credit loss experience compared to the ECL estimates calculated at 31 December 2024 would lead to an increase in loss allowances as follows:

<i>in thousand EUR</i>	<b>Increase in ELC</b>
5% increase in LGD	186
5% increase in PD	40
<b>Total increase in ELC if LGD and PD were changed by 5%</b>	<b>228</b>

<i>in thousand EUR</i>	<b>Increase in ELC</b>
10% increase in LGD	367
10% increase in PD	81
<b>Total increase in ELC if LGD and PD were changed by 10%</b>	<b>456</b>

*SICR (Significant Increase in Credit Risk)*. To determine whether there has been a significant increase in credit risk, the Bank compares default risk (inability to repay debt over the expected life of a financial instrument) at the balance sheet date with default risk at the date of initial recognition. IFRS 9 requires an assessment of the relative increases in credit risk, rather than identifying the specific stage of credit risk at the reporting date. In making this assessment, the Bank takes into account a range of indicators, including behavioural indicators based on historical information and reasonable and verifiable forward-looking information that can be obtained without undue expense or effort. The most important judgements include the identification of credit risk growth indicators before default and incorporation of appropriate forward-looking information into the assessment, either at the individual instrument level or at the portfolio level. The Bank's definition of SICR is stated in Note 5. When determining the appropriate valuation category for debt financial instruments, the Bank applies two assessments: the assessment of the business model for managing financial assets and implementation of the SPPI test based on the characteristics of contractual cash flows at initial recognition.

Determination of the business model:

The business model is assessed at a certain level of aggregation and the Bank used its judgement to determine the level at which the business model condition is applied.

When assessing sales transactions, the Bank takes into account their frequency, timing and value in prior periods, the reasons for the sales, and expectations regarding future sales activities. Sales transactions aimed at minimizing potential losses due to increased credit risk are considered consistent with the *'hold to collect' (HtC)* business model. Other pre-maturity sales that do not relate to credit risk management activities may also be considered consistent with this business model, provided they do not occur frequently and are of insignificant value, individually or in total. The Bank assesses the significance of sales transactions by comparing the value of realized sales with the value of the portfolio falling within the assessment of the business model during the average life of the given portfolio. The sale of financial assets that are only expected to be sold in the event of a stress scenario or in response to an isolated event over which the Bank has no control, which is non-recurring, and which the Bank could not anticipate is considered marginal and does not affect the main purpose of the business model – the classification of the relevant financial assets.

In the event of a *'hold to collect and sell' (HtCS)* business model, the sale of financial assets is an integral part of achieving the business model objective which is, for example, managing liquidity needs, achieving a specific interest income, or reconciling the duration of financial assets with the duration of the liabilities financed by such assets.

**The assessment of the SPPI criterion** made in the initial recognition of financial assets requires the use of significant estimates in quantitative testing and requires considerable judgement in deciding when to apply a quantitative test, which scenarios are possible and should be considered, and in interpreting the results of quantitative testing (i.e. determining what is a significant difference in cash flows). These are the most important contractual features that are the subject of a qualitative or quantitative assessment of the SPPI criteria:

- i) *Modified time value of money*. In some cases, the component related to the time value of money may be modified so that it does not only provide remuneration for the passage of time, e.g. when a contractual interest rate is renewed regularly, but the frequency of such a renewal does not correspond to the interest rate tenor. When assessing financial assets with a modified time value of money, the Bank compares the undiscounted contractual cash flows arising from the assessed asset with the cash flows from the "reference" financial instrument (cash flows that would have been generated if the time value of money had not been modified). The effect of the modified time value of money is taken into account in each reporting period and cumulatively over the total life of the financial instrument. When performing a benchmark test, the Bank considers all scenarios that could reasonably arise. If the cash flows from the two financial instruments differ significantly, the SPPI test has not been passed.
- ii) *Terms and conditions that change the timing or amount of contractual cash flows*: For such financial assets, the Bank compares the contractual cash flows that may arise before and after the change to assess whether both sets of cash flows meet the SPPI criterion. If the cash flows before and after the change differ significantly, the financial asset does not meet the SPPI criterion. In some cases, a qualitative assessment may be sufficient.

Examples of conditions that would pass the SPPI test:

- (a) If the terms of the contract include the possibility of early repayment, the SPPI criterion is met when the amount repaid early essentially represents the contractual nominal value and the accrued contractual interest plus reasonable compensation for early termination.
- (b) For financial assets with an early repayment option acquired at a discount to the contractual nominal value, the SPPI criterion is met when the fair value of the early repayment element is immaterial at initial recognition.
- (c) If the contractual terms and conditions include initial interest-free or low-interest periods, the SPPI criterion is met when these terms are offered to clients as incentives and only lead to a reduction in the overall margin that the Bank obtains from the relevant loan products,
- (d) If the contractual conditions allow the Bank to freely adjust interest rates in response to certain macroeconomic or regulatory changes or even regardless of the market situation, the SPPI criterion is met when the Bank concludes that competition in the banking sector and the borrower's practical ability to refinance loans would prevent it from setting interest rates above the market level. Clients may refinance their loans on market terms if the Bank adjusts interest rates.

**Depreciation policy.** Financial assets are written off, in whole or in part, when the Bank has exhausted all practical possibilities to recover funds and concludes that it cannot reasonably be expected that it will ever be successful in this. Identifying cash flows for which there is no reasonable expectation they will be recoverable requires judgement. Indicators suggesting that it is unreasonable to expect a resumption of cash flows are, in particular, the number of days past due, the status of the debtor (e.g. liquidation, bankruptcy proceedings), the fair value of a collateral and whether execution activities are ongoing.

#### 4.2 Interest bonus

The Bank reports other liabilities to clients from the interest bonus and bonus for savings deposits. These bonuses are paid to a client in accordance with the building savings contract after meeting the conditions for saving with a building society and other specific terms and conditions.

Based on historical behavioural experience, the Bank estimates the number of clients who meet the required conditions and to whom an interest bonus will be paid. The total amount of the interest bonus is built up over the term of the building savings contract using the effective interest method.

The interest bonus liabilities for savings products are described in Section 6.6.1 of the Notes.

#### 4.3 Measurement of financial instruments

The Bank determines fair values using the following method hierarchy:

- *Quoted market price* in an active market for an identical instrument (Level 1).
- *Valuation techniques based on observable inputs.* This category includes the following instruments: quoted market price in an active market for similar instruments, quoted prices for similar instruments in markets that are considered less active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data (Level 2).
- *Valuation techniques using significant unobservable inputs.* This category includes all instruments where valuation techniques include inputs that are not based on observable data and unobservable inputs may have a material effect on the valuation of the instrument. This category includes instruments that are measured at the market price for similar instruments for which a significant unobservable adjustment or assumption needs to be taken into account to reflect the difference between the instruments (Level 3).

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotes. For all other financial instruments, the Bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparisons with similar instruments for which there is a market with observable prices, and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and stock prices, foreign exchange rates, shares and stock indices, and expected volatilities and correlations. The objective of valuation techniques is to determine fair value, which reflects the price of a financial instrument at the reporting date, and which would be determined by market participants under market conditions.

The Bank uses a recognized and widespread valuation model to determine the fair value of common and simpler financial instruments, such as interest rate and currency swaps, which use observable market data and that require less managerial judgement and estimates. Observable prices and model inputs are usually available on the market for quoted bonds and equity securities, exchange-traded derivatives and simple over-the-counter derivatives, such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for managerial judgements and estimates and reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on products and markets and is more prone to change based on specific events and general financial market conditions.

For more complex instruments, the Bank uses its own valuation models, which are usually developed from recognized models. Some or all of the significant inputs to these models may not be observable from the market, but are derived from market prices or rates or are estimated based on assumptions. An example of an instrument that includes significant unobservable inputs is an instrument that contains some OTC structured derivatives, loans and securities for which there is no active market, and some investments in subsidiaries. Valuation models that use significant observable inputs require a higher degree of managerial judgement and estimation in determining fair value. Managerial judgements and estimates are usually required when selecting an appropriate valuation model, determining expected future cash flows from a financial instrument, determining the probability of counterparty default and early repayment, and selecting an appropriate discount rate.

The Bank has established a control system in connection with the determination of fair values. This system includes a product control function performed by the Controlling Department, which is independent of front office management.

Specific controls include verification of observable price inputs and revaluation of valuation models, review and process approval for new models and model changes, calibration and back-testing of models based on observed market transactions, analysis and review of significant daily valuation movements and review of significant unobservable inputs and valuation adjustments.

The reported values of financial instruments measured at fair value, analysed according to the valuation methodology, are reported in Section 6.27 of the Notes (Fair value of financial instruments). Although the Bank believes its fair value estimates are reasonable, the use of different methodologies and assumptions could lead to different fair values.

A change in one or more assumptions used as a reasonable alternative to the assumption will have the following effects on the reported fair value measured using significant unobservable inputs. If the market interest rate was higher/lower by 1%, the impact on the other components of the comprehensive income would be as follows, while the interest income recognized in the statement of profit or loss would not change:

<i>in thousand EUR</i>	Impact reported in P/L*		Impact reported in OCI	
	Favourable	Unfavourable	Favourable	Unfavourable
<b>31 December 2025</b>				
Financial assets FVOCI	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<i>in thousand EUR</i>	Impact reported in P/L		Impact reported in OCI	
	Favourable	Unfavourable	Favourable	Unfavourable
<b>31 December 2024</b>				
Financial assets FVOCI	0	0	322	312
<b>Total</b>	<b>0</b>	<b>0</b>	<b>322</b>	<b>312</b>

\*P/L = Profit or loss

#### 4.4 Deferred tax asset

The deferred tax asset is recognized up to the amount of the expected taxable profit the Bank will achieve in the future. Due to the Bank's strategic direction described in Section 1.6 of the Notes, the likelihood of deducting the deferred tax asset from future tax bases is very low. Therefore, the Bank does not account for a deferred tax asset.

## 5 FINANCIAL AND OPERATIONAL RISK MANAGEMENT

The Bank is exposed to the following main risks:

- Credit risk
- Liquidity risk
- Market risk

Information on individual risk exposures, objectives, approaches, processes for risk measurement and management, and on capital management is provided below.

The Bank's risk management system is modified and implemented in accordance with the NBS Regulation from 19 November 2024, amending and supplementing the NBS Regulation of 31 March 2015 No. 4/2015 on Other Types of Risks, on Details of a Risk Management System of a Bank and a Branch of a Foreign Bank, which stipulates the definition of a sudden and unexpected change in market interest rates.

The Bank's risk management system includes:

- The Supervisory Board;
- The Board of Directors;
- The Internal Control and Internal Audit Department;
- The Risk Management and Controlling Department; and
- Specialist departments in the Bank's organizational structure.

Day-to-day risk management is the responsibility of the Risk Management Department. This department prepares a quarterly risk management report that assesses all risks of the Bank. The Board of Directors uses this report to make appropriate decisions and take the respective measures.

### 5.1 Credit risk

#### 5.1.1 Credit risk management principles and limits

To mitigate credit risk related to loans provided to clients, the Bank sets:

- a lending strategy within the business and financial plan;
- lending procedures - assessment of borrower creditworthiness, assessment of the degree of exposure to credit risk using an automated scoring model, loan register, the Social Insurance Agency register and other information on client restrictions as regards loan provisions to individuals or a group of related parties;
- a procedure for identifying, managing, and collecting bad debts - repayment and reminder system, rules for internal and external debt collection; and
- the procedure for identifying, ascertaining, evaluating, monitoring, and managing credit risk - classification and measurement of receivables and set-up of valuation allowances.

*Limits.* The Bank prepares a structure of individual stages of credit risk it is exposed to when placing restrictions on the amount of risk it assumes towards one borrower or a group of borrowers, as well as geographical areas. Bank management regularly approves the limits set for credit risk stages. These limits are monitored periodically and reassessed at least once a year.

External publicly available ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's, or Fitch. The following ratings and the corresponding PD intervals are applied to investments in debt securities (bank bonds, government bonds, and corporate bonds).

#### Description of ratings

- AAA** AAA-rated assets are considered to be the highest quality receivables with the lowest level of credit risk. It is highly unlikely that the borrower's ability to meet its obligations will be adversely affected by foreseeable events.
- AA** AA-rated assets are considered to be of high quality and with very low credit risk. The borrower's ability to meet its obligations is not significantly jeopardized by foreseeable events.
- A** A-rated assets are considered to be of above average quality and show low credit risk. However, the risk that the borrower's ability to meet its obligations as a result of changes in the economic or business environment will worsen is greater than for higher ratings.
- BBB** BBB-rated assets are considered to be medium-risk assets with minor credit risk, and as such may have certain speculative characteristics.
- BB** BB-rated assets are considered speculative and subject to significant credit risk.
- B** B-rated assets are deemed to be speculative with high credit risk.
- CCC** CCC-rated assets are deemed to be speculative and with very high credit risk.
- CC** CC-rated assets are highly speculative and very close to default.
- C** C-rated assets have the lowest rating and there is a low probability that the principal will be repaid.

The Bank does not apply credit ratings for loans provided to clients. When a loan is provided, the Bank uses application scoring. Subsequently, stages 1, 2, and 3 as set out in IFRS 9 for ECL determination are applied to individual loans (see description in Section 5.1.2 of the Notes).

*Comments on the current situation*

The Bank assesses the limits set up for borrowers to be sufficient in the current situation. In 2025, the Bank financed its activities via funds from within the Group, and so it was almost exclusively in the position of a debtor to other banks. During the 3<sup>rd</sup> quarter 2025, the Bank sold its debt securities portfolio, decreased the Group refinancing and deposited its free liquidity mainly at the Central bank. Further decrease in the Group refinancing is expected in 2026.

### **5.1.2 Setting up valuation allowances for, and determining the amount of, expected credit losses (ECL)**

*Determining the ECL amount - General principle*

For non-POCI financial assets, ECL is generally determined based on the risk of default during one or two different periods, depending on whether the borrower's credit risk has increased significantly since initial recognition. This approach can be summarized in a three-stage model for determining the ECL amount:

- Stage 1 – a financial instrument that is not credit-impaired at initial recognition and whose credit risk has not increased significantly since initial recognition. The valuation allowance due to expected losses is based on 12-month ECL.
- Stage 2 – if SICR is identified after initial recognition, the financial instrument is transferred to Stage 2 but is not yet considered credit-impaired, and the valuation allowance due to expected losses is based on lifetime ECL.
- Stage 3 – if a financial instrument is credit-impaired, the financial instrument is transferred to Stage 3 and the valuation allowance due to expected losses is based on lifetime ECL.

The Bank performs assessments on an individual basis for individually significant loans. The following loans are classified as significant:

- a) Building society loans to legal entities – mostly for the construction of residential buildings in accordance with the Building Society Saving Act, regardless of the target amount;
- b) Building society loans to legal entities with a target amount over EUR 350 thousand;
- c) Building society loans to individuals with a target amount over EUR 200 thousand
- d) Money and capital market investments; and
- e) Borrowings to other group undertakings

The Accounts Receivable Coordinating Committee is responsible for the individual assessment of loans. The Asset-Liability Committee (ALCO) is responsible for the individual assessment of investments in the money and capital markets.

The Bank performs assessments based on external evaluations for the following types of loans: interbank loans, securities issued by banks, governments, and legal entities.

*Assessment principles* – Individual ECL assessments are made by estimating credit losses individually and are mainly based on professional judgement (individual assessment), or on a defined methodology that takes into account the characteristics of the loan (standardized calculation). Judgements are regularly tested to reduce the difference between estimates and actual losses. The ECL analysis according to the valuation allowance and the ECL stage calculation models is presented in Section 5.1.1 of the Notes. The classification of these items can be found in Section 5.1.2.3 of the Notes.

In general, ECL is obtained by multiplying the following credit risk parameters: EAD, PD, and LGD (their definitions are shown above). Below is the general procedure used to calculate ECL. It may be applied to products assessed on a portfolio basis and to products for which the Bank has assessed credit risk on the basis of borrower-specific information.

The valuation allowance is calculated by applying the formula:

$$ECL_t = \sum_{i=t}^{t+n} \frac{(EaD_i + BalanceOnPayment * CCF_i) * PD_i * LGD_i}{(1 + IR)^i}$$

where:

LGDi – loss given the event of default in time i;

EADi – exposure in the event of default in time i;

PDi – probability of default in the period between time i and time (i+1) (cannot exceed 100%)

CCFi – Credit Conversion Factor - represents a proportional part of the loan commitment which will be converted into a loan in the next 12 months;

ECL are determined by predicting credit risk parameters (EAD, PD, and LGD) for each future month during the lifetime for each individual exposure.

#### *Principles applied when calculating credit risk parameters*

EADs are calculated based on the expected payment profile, which varies by product type:

- For amortized products, EAD is based on the contractual instalments the borrower must pay over a period of 12 months or the entire lifetime of the loan. For loan commitments, EAD is forecast by taking the current balance drawn and adding a 'credit conversion factor', which represents the expected drawdown of the remaining limit at the time of default. These assumptions vary depending on the product type and the concurrent use of limits.
- Two types of PDs are used to calculate ECL – 12-month PDs and lifetime PDs:
- 12-month PD – estimated probability of default over the next 12 months (or over the remaining life of a financial instrument if shorter than 12 months). This parameter is used to calculate the 12-month ECL. The 12-month PD assessment is based on the most up-to-date data on past defaults and is adjusted for forward-looking information on expected future developments.
- Lifetime PD – estimated probability of default over the remaining life of a financial instrument. This parameter is used to calculate ECL during the remaining life of a financial instrument for Stage 2 exposures. The lifetime PD assessment is based on the most recent available data on previous defaults and is adjusted for forward-looking information.

For PD calculations, the Bank uses various statistical procedures depending on the segment and type of product (such as PD extrapolation over 12 months based on migration matrices) and calculates lifetime PD curves based on former default data and the vintage model. For lifetime PD calculations, the Bank uses data on past defaults and extrapolation of trends for longer periods during which data on defaults were not available.

LGD represents the Bank's expectations regarding the size of the loss from the defaulted exposure. LGD varies depending on the type of the counterparty and the availability of a collateral or other credit support.

12-month LGD and lifetime LGD are determined based on factors that affect expected yields after a default.

The procedure for determining LGD can be divided into three phases:

- determining LGD based on the specific characteristics of the collateral;
- calculating LGD on a portfolio basis based on yield statistics; and
- individually defined LGD depending on various factors and scenarios.

The LGD parameter for unsecured loans is scaled according to days of delay of the given loan and for loans secured by real estate according to the current loan-to-value (LTV) ratio. The LGD model uses statistics on discounted cash flows from non-performing loans.

In previous years, the Bank used internal resources together with external legal services to recover receivables, whereas the recovery process took significantly longer compared to the current strategy. In accordance with the Bank's strategy, as set out in paragraph 1.6 of the Notes, and the financial and business plan based on it, the Bank plans to sell the defaulted receivables.

As of 31 December 2025, the LGDs for both secured and unsecured loans were set so that their amount corresponded to the expected loss for sold loans. Since no new sale of receivables took place in the year 2025, a sample from previous years was used. In the case of unsecured loans, a price cut of 30% was also applied to the price offer from last year when determining the LGD parameter. The reason for this is the current decision-making practice of courts regarding the recovery of defaulted receivables (wording of reminders) and the resulting legal uncertainty of buyers when selling them. The LGDs in the given amount were chosen for the LTV categories and the days past due corresponding to the average LTV and the average days past due for the loans sold. The proportional increase for these LGD categories was subsequently also applied for other LGD categories.

### *Calculating ECL for off-balance sheet financial instruments*

ECL from off-balance sheet accounts is calculated as a proportional part of the total ECL, as the ECL calculation contains both a balance sheet and off-balance sheet (unused credit lines) part.

*Assessment principles based on external ratings* – the principles applied when calculating ECL based on external ratings are the same as for the portfolio-based assessment. Clients have a defined external credit rating, so the credit risk parameters (PD and LGD) may be taken from the default and loss statistics published by international rating agencies.

*Forward-looking information incorporated into ECL models.* ECL calculations incorporate forward-looking information about expected future developments. In the past, the Bank carried out analyses and identified the most important economic variables that affect credit risk and ECL for each portfolio. The incorporation of forward-looking information into ECL models consists in elaborating a prediction model that follows the linear relationship between changes in selected variables (in this case – the unemployment rate and year-on-year GDP growth) and the relative change in PD. Subsequently, regression is used to estimate the change in PD within a year depending on the expected changes in GDP and unemployment rate within a year. These changes are estimated based on published NBS forecasts for the unemployment rate and GDP changes. An estimate of a PD change within a year using a linear model is made as a weighted average of three PD parameters determined on the basis of three scenarios for changes in unemployment rate and GDP:

- Expected scenario – includes the unemployment rate and GDP estimates according to NBS or the Slovak Ministry of Finance (the less favourable is taken). The probability of occurrence is assumed to be 40%.
- Favourable scenario – consists of estimates for GDP growth and unemployment rate changes according to NBS or the Slovak Ministry of Finance (the more favourable is taken). The probability of occurrence is assumed to be 20%.
- Adverse scenario – is determined based on internal adverse scenarios (assumptions) on the macroeconomic development for GDP growth and the unemployment rate. The probability of occurrence is assumed to be 40%.

The values for the first year of the original PD curve are subsequently adjusted for the expected percentage change in the default rate.

*Backtesting* – The Bank regularly reviews its methodology and assumptions to reduce any discrepancies between estimates and current loan losses. Such backtesting is performed at least once a year if the conditions defined in the Bank's internal regulations are met.

The results of backtesting the methodology for ECL determination are presented to Bank management and further steps to fine-tune the models and assumptions are defined after discussions between eligible persons.

### *Default and credit-impaired assets*

The loan is in default (i.e. meets the definition of an impaired loan) when one or more of the following criteria is/are met:

- The borrower is more than 90 days in arrears with its contractual payments, and the overdue amount is at least 1% of the receivable balance and not less than EUR 100 (loans to individuals) or EUR 500 (Rekofond loans and transactions on money or capital markets);
- The Bank sold the borrower's debt at a loss;
- International credit rating agencies have assigned a *Default* rating to the borrower; or
- The borrower meets other qualitative criteria defined by the Bank (bankruptcy of the debtor, decision of the Accounts Receivable Coordinating Committee, significant outstanding deposits in the savings account, etc.).

The above definition of default is applied to all the Bank's financial assets. A financial instrument is no longer considered non-performing (i. e. it has recovered) when it no longer meets any of the default criteria for a predetermined period. This period is determined based on an analysis that takes into account the likelihood that the financial instrument will return to default after recovery, using various possible definitions of recovery.

*Significant Increase in Credit Risk (SICR)* – SICR is assessed both on an individual and portfolio basis. For debt securities measured at amortized cost or at FVOCI, SICR is assessed on an individual basis by monitoring the triggers listed below. For loans provided to individuals or legal entities, SICR is assessed both on an individual (in terms of defined indicators of higher credit risk) and on a portfolio basis. The Risk Management Department monitors the criteria used to identify SICR and regularly reviews their appropriateness.

The Bank assumes there has been a significant increase in credit risk as regards a financial instrument when one or more of the following quantitative or qualitative criteria have been met.

For interbank operations and bonds:

- 30 days overdue; or
- Significant deterioration of the rating, CDS or other negative information about the issuer assessed by the Asset-Liability Committee (ALCO).

For loans granted to legal entities and individuals:

- a delay in repaying the receivable of at least 30 days (backstop),
- a delay of 0 days if additional qualitative criteria are met (outstanding deposits in the savings account allocated to the credit account, the loan is subject to recovery, forbearance in place (i.e. existence of adjustments to the loan repayment schedule), decision of the Accounts Receivable Coordinating Committee); or
- indications of an increase in credit risk since the loan was granted (outstanding deposits in the savings account allocated to the credit account, delay of at least 60 days in the last 6 months, indication of distraint of the client in the last 6 months, postponement due to 'Lex Corona'). The Accounts Receivable Coordinating Committee may classify individual exposures, exposures in designated regions, sectors, etc. to Stage 2 based on a significant increase in credit risk arising from other available information (including macroeconomic information).

If there is evidence that SICR criteria have not been met for 3 months, the instrument is transferred back to Stage 1. If the exposure has been moved to Stage 2 based on a qualitative or quantitative indicator (delayed repayments), the Bank monitors whether this indicator still exists or whether it has changed. This 3-month period is known as the *probation or cure period*.

**5.1.2.1 Maximum credit risk exposure**

The following table shows the gross carrying amount and valuation allowance due to expected losses or impairment for loans and interim loans provided to clients and measured at amortized cost according to the ECL grade at 31 December 2025 and 31 December 2024:

<i>in thousand EUR</i>	31 December 2025			31 December 2024		
	Gross carrying amount	Valuation allowance due to expected losses	Carrying amount	Gross carrying amount	Valuation allowance due to expected losses	Carrying amount
Building society loans – secured						
Stage 1	1 886	1	1 885	2 029	1	2 028
Stage 2	254	4	250	285	2	283
Stage 3	100	22	78	84	6	78
<b>Total building society loans – secured</b>	<b>2 240</b>	<b>27</b>	<b>2 213</b>	<b>2 398</b>	<b>9</b>	<b>2 389</b>
Building society loans – unsecured						
Stage 1	8 819	57	8 762	7 824	50	7 774
Stage 2	212	4	208	208	5	203
Stage 3	342	314	28	198	179	19
<b>Total building society loans – unsecured</b>	<b>9 373</b>	<b>375</b>	<b>8 998</b>	<b>8 230</b>	<b>234</b>	<b>7 996</b>
Interim loans – individuals – secured						
Stage 1	94 462	86	94 376	102 092	99	101 993
Stage 2	14 298	203	14 095	17 363	311	17 052
Stage 3	7 375	1 609	5 766	5 500	1 344	4 156
<b>Total interim loans -individuals – secured</b>	<b>116 135</b>	<b>1 898</b>	<b>114 237</b>	<b>124 955</b>	<b>1 754</b>	<b>123 201</b>
Interim loans – individuals – unsecured						
Stage 1	12 990	132	12 858	18 075	195	17 880
Stage 2	2 601	76	2 525	3 784	142	3 642
Stage 3	2 688	1 788	900	2 287	1 497	790
<b>Total interim loans – individuals – unsecured</b>	<b>18 279</b>	<b>1 996</b>	<b>16 283</b>	<b>24 146</b>	<b>1 834</b>	<b>22 312</b>
Interim loans – legal entities						
Stage 1	34 007	53	33 954	37 696	0	37 696
Stage 2	959	10	949	707	0	707
Stage 3	79	49	30	0	0	0
<b>Total interim loans – legal entities</b>	<b>35 045</b>	<b>112</b>	<b>34 933</b>	<b>38 403</b>	<b>0</b>	<b>38 403</b>
<b>Total building society loans and interim loans</b>	<b>181 072</b>	<b>4 408</b>	<b>176 664</b>	<b>198 132</b>	<b>3 831</b>	<b>194 301</b>

At 31 December 2025, the Bank shows loan commitments in the gross amount of EUR 1 066 thousand (31 December 2024: EUR 1 171 thousand). The Bank manages credit risk from provided unconditional loan commitments by monitoring their amount and during the loan approval process. The breakdown of loan commitments is presented in the following table. For Stage 3 loans, the Bank does not set up a valuation allowance for outstanding loan commitments, as there is no credit risk arising therefrom as the funds will not be paid to clients.

<i>in thousand EUR</i>	31 December 2025		31 December 2024	
	Gross carrying amount	Valuation allowance due to expected losses	Gross carrying amount	Valuation allowance due to expected losses
Building society loans				
Stage 1	163	0	184	0
Stage 2	2	0	6	0
Stage 3	1	0	3	0
<b>Total building society loan</b>	<b>166</b>	<b>0</b>	<b>193</b>	<b>0</b>
Interim loans				
Stage 1	796	0	851	0
Stage 2	58	0	71	0
Stage 3	46	0	56	0
<b>Total interim loans</b>	<b>900</b>	<b>0</b>	<b>978</b>	<b>0</b>
<b>Total building society loans and interim loans</b>	<b>1 066</b>	<b>0</b>	<b>1 171</b>	<b>0</b>

The following table shows the gross carrying amount and valuation allowance due to expected losses or impairment for loans and interim loans provided to clients and measured at amortized cost according to models for the calculation of valuation allowances and ECL at 31 December 2025:

<i>in thousand EUR</i>	Gross carrying amount				Valuation allowance due to expected losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standardized calculation	152 164	18 324	10 496	180 984	329	297	3 694	4 320
Individual assessment	0	0	88	88	0	0	88	88
<b>Total building society loans and interim loans</b>	<b>152 164</b>	<b>18 324</b>	<b>10 584</b>	<b>181 072</b>	<b>329</b>	<b>297</b>	<b>3 782</b>	<b>4 408</b>

The following table shows the gross carrying amount and valuation allowance due to expected losses or impairment for loans and interim loans provided to clients and measured at amortized cost according to models for the calculation of valuation allowances and ECL at 31 December 2024:

<i>in thousand EUR</i>	Gross carrying amount				Valuation allowance due to expected losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standardized calculation	167 716	22 347	8 004	198 067	345	460	2 961	3 766
Individual assessment	0	0	65	65	0	0	65	65
<b>Total building society loans and interim loans</b>	<b>167 716</b>	<b>22 347</b>	<b>8 069</b>	<b>198 132</b>	<b>345</b>	<b>460</b>	<b>3 026</b>	<b>3 831</b>

**5.1.2.2 Collateral****Impact of collateral:**

31 December 2025	Receivables exceeding the value of the collateral received		Receivables below the value of the collateral received	
	Receivable value	Fair value of the collateral	Receivable value	Fair value of the collateral
<i>in thousand EUR</i>				
Building society loans	9 435	0	2 178	13 869
Interim loans – individuals	21 514	2 604	112 900	161 540
Interim loans – legal entities	35 045	0	0	0
<b>Total</b>	<b>65 994</b>	<b>2 604</b>	<b>115 078</b>	<b>175 409</b>

31 December 2024	Receivables exceeding the value of the collateral received		Receivables below the value of the collateral received	
	Receivable value	Fair value of the collateral	Receivable value	Fair value of the collateral
<i>in thousand EUR</i>				
Building society loans	8 291	0	2 337	15 432
Interim loans – individuals	26 763	2 400	122 338	175 293
Interim loans – legal entities	38 403	0	0	0
<b>Total</b>	<b>73 457</b>	<b>2 400</b>	<b>124 675</b>	<b>190 725</b>

The published fair value of a collateral, as determined by an internal expert, represents the fair value of real estate, the saved amounts in corresponding savings accounts and other escrow deposits. It does not include the value of guarantees provided by other persons, as it was deemed impossible to determine the fair value of a large number of individual guarantees accepted by the Bank. The Bank has no loans in the portfolio with zero valuation allowance due to high collateral value.

The following table shows the gross carrying amount of receivables and valuation allowances due to expected losses measured at amortized cost by loan-to-value (LTV) ratio and ECL stage at 31 December 2025 and 2024:

SECURED LOANS 31. December 2025	Gross carrying amount				Valuation allowance due to expected losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>in thousand EUR</i>								
LTV ≤ 50%	21 607	1 435	621	23 663	11	10	45	66
LTV 51-70%	42 198	5 343	2 034	49 575	36	70	318	424
LTV 71-80%	27 075	6 588	2 531	36 194	32	101	568	701
LTV 81-90%	5 045	1 097	1 478	7 620	7	24	425	456
LTV > 90%	423	89	811	1 323	1	2	275	278
<b>Total secured loans</b>	<b>96 348</b>	<b>14 552</b>	<b>7 475</b>	<b>118 375</b>	<b>87</b>	<b>207</b>	<b>1 631</b>	<b>1 925</b>

SECURED LOANS 31. December 2024	Gross carrying amount				Valuation allowance due to expected losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>in thousand EUR</i>								
LTV ≤ 50%	21 062	2 251	333	23 646	11	20	26	57
LTV 51-70%	39 153	4 755	1 580	45 488	34	58	266	358
LTV 71-80%	33 105	8 440	1 742	43 287	38	177	411	626
LTV 81-90%	10 310	2 048	1 161	13 519	16	54	367	437
LTV > 90%	491	154	768	1 413	1	4	280	285

<b>Total secured loans</b>	<b>104 121</b>	<b>17 648</b>	<b>5 584</b>	<b>127 353</b>	<b>100</b>	<b>313</b>	<b>1 350</b>	<b>1 763</b>
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The following table shows the gross carrying amount of receivables measured at amortized cost and the value of real estate collateral by ECL stages at 31 December 2025 and 31 December 2024:

<b>LOANS SECURED BY REAL ESTATE COLLATERAL</b>	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>Gross carrying amount</b>	<b>Real estate collateral</b>	<b>Gross carrying amount</b>	<b>Real estate collateral</b>
<i>in thousand EUR</i>				
Stage 1	96 348	149 843	104 121	162 375
Stage 2	14 552	19 187	17 648	23 989
Stage 3	7 475	8 983	5 584	6 761
<b>Total loans secured by real estate collateral</b>	<b>118 375</b>	<b>178 013</b>	<b>127 353</b>	<b>193 125</b>

### 5.1.2.3 Valuation allowance due to expected credit losses

The following table shows the changes in the allowance for expected credit losses and in the gross carrying amount for loans and intermediate loans provided to customers between the first and last day of the reporting period:

<b>BUILDING SOCIETY LOANS AND EMPLOYEE LOANS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<i>in thousand EUR</i>								
1 January 2025	9 853	493	282	10 628	51	7	185	243
Transfer to lifetime ECL: from Stage 1 to Stages 2 and 3	(246)	204	42	0	(1)	3	29	31
Transfer to credit-impaired category: from Stage 2 to Stage 3	0	(54)	54	0	0	(1)	25	24
Transfer to 12-month ECL: from Stages 2 and 3 to Stage 1	169	(136)	(33)	0	0	(1)	(22)	(23)
Transfer from Stage 3 to Stage 2	0	11	(11)	0	0	0	(9)	(9)
Transformed from interim loans to building society loans	4 085	85	125	4 295	27	2	111	140
New loans	0	0	0	0	0	0	0	0
Sold loans	0	0	0	0	0	0	0	0
Cancelled and repaid loans	(991)	(36)	(9)	(1 036)	(4)	(1)	(7)	(12)
Other changes (without change of stage)	(2 165)	(101)	(8)	(2 274)	(15)	(1)	24	8
<b>31 December 2025</b>	<b>10 705</b>	<b>466</b>	<b>442</b>	<b>11 613</b>	<b>58</b>	<b>8</b>	<b>336</b>	<b>402</b>

Transfers to/from credit risk grades of financial assets represent an increase or decrease in valuation allowances for the reporting period as shown in the value of valuation allowances belonging to individual grades. New loans are loans which the Bank provided during the reporting period (the presentation of new valuation allowances is divided into the stages in which financial assets (loans) are classified at year-end).

Cancelled loans are loans that were part of the loan portfolio at the beginning of the reporting period but were not part of this portfolio at its end. Other changes are changes in valuation allowances for financial assets that were part of the loan portfolio both at the beginning and at the end of the reporting period and there was no change in their classification into the stage of credit risk of financial assets, e.g. a change in loan repayments, impact of the interest rate method, etc.

<b>BUILDING SOCIETY LOANS AND EMPLOYEE LOANS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>			
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
1 January 2024	8 897	533	216	9 646	38	7	155	200
Transfer to lifetime ECL: from Stage 1 to Stages 2 and 3	(169)	152	17	0	(1)	1	11	11
Transfer to credit-impaired category: from Stage 2 to Stage 3	0	(43)	43	0	0	0	6	6
Transfer to 12-month ECL: from Stages 2 and 3 to Stage 1	148	(133)	(15)	0	1	(2)	(12)	(13)
Transfer from Stage 3 to Stage 2	0	3	(3)	0	0	0	0	0
Transformed from interim loans to building society loans	4 021	114	45	4 180	28	2	32	62
New loans	54	0	0	54	0	0	0	0
Sold loans	(12)	(28)	(7)	(47)	(0)	(1)	0	(1)
Cancelled and repaid loans	(824)	(5)	0	(829)	(4)	0	0	(4)
Other changes (without change of stage)	(2 262)	(100)	(14)	(2 376)	(11)	0	(7)	(18)
<b>31 December 2024</b>	<b>9 853</b>	<b>493</b>	<b>282</b>	<b>10 628</b>	<b>51</b>	<b>7</b>	<b>185</b>	<b>243</b>

<b>INTERIM LOANS TO INDIVIDUALS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>			
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
1 January 2025	120 167	21 147	7 787	149 101		294	453	2 841
Transfer to lifetime ECL: from Stage 1 to Stages 2 and 3	(4 405)	4 161	244	0		(12)	69	71
Transfer to credit-impaired category: from Stage 2 to Stage 3	0	(3 593)	3 593	0		0	(99)	1 011
Transfer to 12-month ECL: from Stages 2 and 3 to Stage 1	3 275	(3 062)	(213)	0		8	(60)	(35)
Transfer from Stage 3 to Stage 2	0	765	(765)	0		0	21	(202)
Sold loans	0	0	0	0		0	0	0
Cancelled and repaid loans	(11 666)	(2 536)	(750)	(14 952)		(51)	(60)	(287)
Other changes (without change of stage)	81	17	167	265		(21)	(45)	(2)
<b>31 December 2025</b>	<b>107 452</b>	<b>16 899</b>	<b>10 063</b>	<b>134 414</b>		<b>218</b>	<b>279</b>	<b>3 397</b>

<b>INTERIM LOANS TO INDIVIDUALS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>				
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
1 January 2024		131 744	24 431	6 293	162 468	420	456	2 398	3 274
Transfer to lifetime ECL: from Stage 1 to Stages 2 and 3		(3 986)	3 508	478	0	(16)	73	202	259
Transfer to credit-impaired category: from Stage 2 to Stage 3		0	(2 615)	2 615	0	0	(63)	858	795
Transfer to 12-month ECL: from Stages 2 and 3 to Stage 1		3 629	(3 492)	(137)	0	10	(61)	(22)	(73)
Transfer from Stage 3 to Stage 2		0	511	(511)	0	0	16	(171)	(155)
Sold loans		(101)	(303)	(515)	(919)	(1)	(10)	(353)	(364)
Cancelled and repaid loans		(11 328)	(939)	(519)	(12 786)	(64)	(23)	(135)	(222)
Other changes (without change of stage)		209	46	83	338	(55)	65	64	74
<b>31 December 2024</b>		<b>120 167</b>	<b>21 147</b>	<b>7 787</b>	<b>149 101</b>	<b>294</b>	<b>453</b>	<b>2 841</b>	<b>3 588</b>

<b>INTERIM LOANS TO LEGAL ENTITIES</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>				
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
1 January 2025		37 696	707	0	38 403	0	0	0	0
Transfer to lifetime ECL: from Stage 1 to Stages 2 and 3		(492)	413	79	0	0	7	49	56
Transfer to 12-month ECL: from Stages 2 and 3 to Stage 1		162	(162)	0	0	0	0	0	0
Transfer from Stage 3 to Stage 2		0	0	0	0	0	0	0	0
Sold loans		0	0	0	0	0	0	0	0
Cancelled and repaid loans		(3 357)	0	0	(3 357)	0	0	0	0
Other changes (without change of stage)		(2)	1	0	(1)	53	3	0	56
<b>31 December 2025</b>		<b>34 007</b>	<b>959</b>	<b>79</b>	<b>35 045</b>	<b>53</b>	<b>10</b>	<b>49</b>	<b>112</b>

<b>INTERIM LOANS TO LEGAL ENTITIES</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>				
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
1 January 2024		41 054	123	453	41 630	0	0	39	39
Transfer to lifetime ECL: from Stage 1 to Stages 2 and 3		(253)	253	0	0	0	0	0	0
Transfer to 12-month ECL: from Stages 2 and 3 to Stage 1		96	(96)	0	0	0	0	0	0
Transfer from Stage 3 to Stage 2		0	452	(452)	0	0	0	(39)	(39)
Cancelled and repaid loans		(3 261)	(27)	0	(3 288)	0	0	0	0
Other changes (without change of stage)		60	2	(1)	61	0	0	0	0
<b>31 December 2024</b>		<b>37 696</b>	<b>707</b>	<b>0</b>	<b>38 403</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The most significant movements in the table are described below:

- Transfers between Stage 1 or Stage 2 and Stage 3 due to balances that have seen either a significant increase (or decrease) in credit risk or impairment during the reporting period, and a resulting 'step up' (or 'step-down') between 12-month ECL and lifetime ECL;
- Additional valuation allowances for new financial instruments recognized during the reporting period, and releases for financial instruments that were derecognized during the reporting period;
- The impact of ECL calculations due to changes in model assumptions, including changes to PD, EAD, and LGD during the accounting period that result from regularly adding new inputs into models; and
- Write-off of valuation allowances for assets that were derecognized (written off) during the accounting period.

The following table shows gross carrying amounts for loans and valuation allowances by days past due (DPD) and stages at 31 December 2025:

<b>BUILDING SOCIETY LOANS AND EM- PLOYEE LOANS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<i>in thousand EUR</i>								
DPD 0	10 705	135	69	10 909	58	2	59	119
DPD 30	0	230	4	234	0	4	3	7
DPD 60	0	101	16	117	0	2	12	14
DPD ≥ 90	0	0	353	353	0	0	262	262
<b>Total</b>	<b>10 705</b>	<b>466</b>	<b>442</b>	<b>11 613</b>	<b>58</b>	<b>8</b>	<b>336</b>	<b>402</b>

The following table shows gross carrying amounts for loans and valuation allowances by days past due (DPD) and stages at 31 December 2024:

<b>BUILDING SOCIETY LOANS AND EM- PLOYEE LOANS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<i>in thousand EUR</i>								
DPD 0	9 853	177	35	10 065	51	1	23	75
DPD 30	0	309	5	314	0	6	5	11
DPD 60	0	7	4	11	0	0	3	3
DPD ≥ 90	0	0	238	238	0	0	154	154
<b>Total</b>	<b>9 853</b>	<b>493</b>	<b>282</b>	<b>10 628</b>	<b>51</b>	<b>7</b>	<b>185</b>	<b>243</b>

The following table shows gross carrying amounts for interim loans to individuals and valuation allowances by days past due (DPD) and stages at 31 December 2025:

<b>INTERIM LOANS TO INDIVIDUALS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>				
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
DPD 0		107 452	14 194	4 015	125 661	218	197	1 107	1 522
DPD 30		0	1 859	1 025	2 884	0	51	419	470
DPD 60		0	846	883	1 729	0	31	215	246
DPD ≥ 90		0	0	4 140	4 140	0	0	1 656	1 656
<b>Total</b>		<b>107 452</b>	<b>16 899</b>	<b>10 063</b>	<b>134 414</b>	<b>218</b>	<b>279</b>	<b>3 397</b>	<b>3 894</b>

The following table shows gross carrying amounts for interim loans to individuals and valuation allowances by days past due (DPD) and stages at 31 December 2024:

<b>INTERIM LOANS TO INDIVIDUALS</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>				
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
DPD 0		120 167	16 522	3 520	140 209	294	297	1 186	1 777
DPD 30		0	3 364	1 160	4 524	0	104	479	583
DPD 60		0	1 261	961	2 222	0	52	356	408
DPD ≥ 90		0	0	2 146	2 146	0	0	820	820
<b>Total</b>		<b>120 167</b>	<b>21 147</b>	<b>7 787</b>	<b>149 101</b>	<b>294</b>	<b>453</b>	<b>2 841</b>	<b>3 588</b>

The following table shows gross carrying amounts for interim loans to legal entities and valuation allowances by days past due (DPD) and stages at 31 December 2025:

<b>INTERIM LOANS TO LEGAL ENTITIES</b>	<b>Gross carrying amount</b>				<b>Valuation allowance due to expected losses</b>				
	<i>in thousand EUR</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
DPD 0		34 007	959	0	34 966	53	10	0	63
DPD 30		0	0	0	0	0	0	0	0
DPD 60		0	0	79	79	0	0	49	49
DPD ≥ 90		0	0	0	0	0	0	0	0
<b>Total</b>		<b>34 007</b>	<b>959</b>	<b>79</b>	<b>35 045</b>	<b>53</b>	<b>10</b>	<b>49</b>	<b>112</b>

The following table shows gross carrying amounts for interim loans to legal entities and valuation allowances by days past due (DPD) and stages at 31 December 2024:

INTERIM LOANS TO LEGAL ENTITIES <i>in thousand EUR</i>	Gross carrying amount				Valuation allowance due to expected losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
DPD 0	37 696	545	0	38 241	0	0	0	0
DPD 30	0	162	0	162	0	0	0	0
DPD 60	0	0	0	0	0	0	0	0
DPD ≥ 90	0	0	0	0	0	0	0	0
<b>Total</b>	<b>37 696</b>	<b>707</b>	<b>0</b>	<b>38 403</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table shows the movements in the valuation allowance account due to expected losses for receivables at amortized cost at 31 December 2025 and 31 December 2024 reported in the income statement during 2025 and 2024:

Valuation allowance due to expected losses <i>(in thousand EUR)</i>	2025	2024
<b>1 January</b>	3 830	3 513
Set-up/release of valuation allowances for receivables from clients posted to expenses	380	1 028
Set-up/release of valuation allowances for receivables from clients in Stage 3 recognized via interest income	206	201
Non-recoverable loans and interim loans written off	(9)	(912)
<b>31 December</b>	<b>4 408</b>	<b>3 830</b>

### 5.1.3 Investments in debt securities

#### a) Investments in debt securities measured at FVOCI

The table below shows an analysis of credit risk exposure for debt securities measured at FVOCI at 31 December 2025 and 31 December 2024, for which a valuation allowance due to expected losses is recognized based on credit risk stages. A description of the credit risk assessment system which the Bank applies and the approach it applies to determine ECL, including the definition of default and SICR as applied to debt securities measured at FVOCI, is presented in Section 5.1.1 of the Notes.

The carrying amount of the following debt securities measured at FVOCI at 31 December 2025 and 31 December 2024 also represents the Bank's maximum exposure to credit risk for these assets:

<i>v tis. EUR</i>	31 December 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Government bonds	0	0	0	0	36 219	0	0	36 219
Fair value remeasurement	0	0	0	0	525	0	0	525
<b>Total debt securities measured at FVOCI</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36 744</b>	<b>0</b>	<b>0</b>	<b>36 744</b>
FVOCI Valuation allowances	0	0	0	0	(8)	0	0	(8)

**b) Investments in debt securities measured at amortized cost**

The following table shows an analysis of debt securities measured at amortized cost by credit quality at 31 December 2025 and 31 December 2024 based on credit risk stages and, for the purposes of calculating ECL, shows balances in all three stages. A description of the credit risk assessment system which the Bank uses and the approach it applies to determine ECL, including the definition of default and SICR as applied to debt securities measured at amortized cost, is presented in Section 5.1.1 of the Notes.

The carrying amount of the following debt securities measured at amortized cost at 31 December 2025 and 31 December 2024 also represents the Bank's maximum exposure to credit risk for these assets:

<i>in thousand EUR</i>	31 December 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Government bonds	0	0	0	0	2 041	0	0	2 041
Bank bonds	0	0	0	0	4 027	0	0	4 027
Corporate bonds	0	0	0	0	2 032	0	0	2 032
Valuation allowances	0	0	0	0	(2)	0	0	(2)
<b>Total debt securities measured at amortized cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 098</b>	<b>0</b>	<b>0</b>	<b>8 098</b>

Credit quality of financial assets not yet due and not impaired, other than loan receivables:

<i>in thousand EUR</i>	31 December 2025				31 December 2024			
	Amount	Rating Moody's	Rating S&P	Rating Fitch	Amount	Rating Moody's	Rating S&P	Rating Fitch
Target 2 clearing account – NBS	6	A3	A+	A-	190	A3	A+	A-
Current accounts at ČSOB	1	A2			4	A3		
Current accounts at Tatra banka	3	Baa1			8	Baa1		
Current accounts at UniCredit Bank Slovakia	211	A1			247	A2		
Current accounts at 365.Bank	2	Ba1			3	Ba1		
<b>Total</b>	<b>223</b>				<b>452</b>			
Term deposits – NBS	17 071	A3	A+	A-	0	A3	A+	A-
Term deposits - PSS	0				4 007			
Term deposits - ČSOB	7 507	A2			8 001	A3		
<b>Total</b>	<b>24 578</b>				<b>12 008</b>			
VUB mortgage bonds	0				2 007	A2		
Rabobank bank bond	0				2 020	Aa2	A+	AA-
Daimler bond	0				2 032	A2	A	A
FVOCI government bonds – Slovakia	0				32 753	A3	A+	A-
FVOCI government bonds – Poland	0				2 005	A2	A-	A-
FVOCI government bonds – Spain	0				1 986	Baa1	A	A-
AC government bonds – Slovakia	0				2 041	A3	A+	A-
<b>Total</b>	<b>0</b>				<b>44 844</b>			

Categorization of average PDs by financial asset ratings (except for loan receivables):

<i>in thousand EUR</i>	31 December 2025		31 December 2024	
	Amount	Average PD	Amount	Average PD
AAA to AA-	0		2 020	0,06 %
A+ to A-	24 796	0,06 %	51 266	0,06 %
BBB+ to BBB-	3	0,18 %	8	0,18 %
BB+ to BB-	2	0,84 %	3	0,86 %
Without rating	0		4 007	1,55 %

For investments without an external rating, PD for the 'All Rated' category in the Moody's table is used, which is roughly comparable with PD value in the lower BB area and thus represents a conservative approach.

Lower PD for A ratings compared to AAA/AA is due to the fact that most of the Bank's exposure to A-rated exposures is from Slovak bonds and, as these are government exposures, they have a lower PD for the same rating. In other words, exposure to the government has a lower PD for an A rating than for an A rating of a bank or company.

#### 5.1.4 Principles and procedures followed by the Bank in collecting debts from debtors

To maintain maximum efficiency of the debt collection process, each case is assessed individually; the realistic possibilities of the debtor and the persons who secured his liability are taken into account. By carefully selecting the appropriate form of debt collection, the Bank strives for timely elimination of subsequent adverse consequences associated with the debtor's default.

The first step of internal debt collection is a reminder process and subsequently more radical collection methods to recover receivables are applied, e.g. via the courts, by foreclosure or voluntary auction of the pledged real estate, which is undertaken on behalf of the Bank by an authorized law firm. The sale of receivables to a third party is currently the primary way of treating receivables that were requested for instant repayment, mainly due to the initiated process of merger of the Bank with the Bausparkasse Wüstenrot AG, Austria.

During the multi-stage reminder process, the debtor and guarantors are contacted by phone and in writing and requested to pay the outstanding monthly instalments, with the offer that if settled promptly, the debtor will be permitted to continue repaying his obligation in the previously agreed manner. If these reminders are ignored, the Bank proceeds with the recovery of its receivables depending on how they are secured:

- receivables secured by the guarantor – enforcement via the courts;
- receivables secured by a notary protocol on the acknowledgment of the obligation and consent to execution in the event of non-payment – collection in execution proceedings;
- receivables secured by a lien on real estate - recovery by a voluntary auction of the pledged real estate.

If the debtor is willing to pay the collected liability after the instant repayment request (also during judicial recovery or execution), the Bank allows them to settle it based on an extraordinary repayment schedule.

If the primary method of resolving receivables requested for instant repayment by selling them is not used, the Bank proceeds as follows:

#### **Extraordinary repayment schedule outside enforcement in court or via execution**

If immediately after sending a request for instant repayment of the loan, the client expresses their willingness to pay, but their financial situation does not allow them to repay the debt in a lump sum, an agreement may be made on an extraordinary repayment schedule. However, if the client fails to comply with this newly agreed repayment schedule, the Bank or the law firm authorized by the Bank may withdraw from it and initiate enforcement in court or via execution.

#### **Court proceedings**

The Bank initiates court proceedings when an extraordinary repayment schedule has not been approved for the client and if a notary protocol is not available as an execution title. In such a case, the authorized law firm will send a request for a payment order to the competent court on behalf of the Bank.

#### **Attempt at out-of-execution settlement**

In exceptional cases, after the court decision becomes valid and it appears during the court proceedings that there is a possibility that the receivable will be repaid without execution, the authorized law firm may invite the debtors on behalf of the Bank to undertake out-of-execution settlement. If the client reacts positively, a special repayment schedule may be agreed in writing.

### **Execution proceedings**

The Bank enforces receivables through bailiffs in accordance with the Execution Rules. A petition for execution is filed if a valid and enforceable court decision is issued in favour of the Bank, or if a notary protocol is available as an execution title in a given case in accordance with Slovak legislation.

### **Voluntary auction**

The Bank also collects debts via auctions in accordance with the Slovak Voluntary Auctions Act. This method is applied to outstanding debts secured by a lien in favour of the Bank. An auction is conducted based on an auction contract concluded between the Bank and the auctioneer. The contract must contain all the requirements stipulated by law. Information on conducting the auction must be published in the central notary register of auctions.

If the Bank requested instant full repayment of a loan, accounting for any repayments received from that loan is the same as accounting for payments received from clients whose loans are not overdue and were not requested to repay their loans in full immediately.

### **5.1.5 Credit risk concentration**

A concentration of credit risk arises when there are credit claims with similar economic characteristics that affect the ability of the borrower to meet their obligations.

In accordance with the Building Society Saving Act, the Bank may only provide building society loans to building society saver, which may be:

- an individual who has concluded a building savings contract with a building society or for whose benefit a building savings contract is concluded;
- a community of apartment owners established under a special regulation, which concludes a building savings contract with the building society or for the benefit of which a building savings contract is concluded; and
- a legal entity other than that stated above, which concludes a building savings contract with the building society or for the benefit of which a building savings contract is concluded.

The purpose of saving with a building society is to finance housing and housing-related needs in Slovakia. The Bank only carries out its activities in Slovakia. It accepts deposits from building society savers, provides loans to building society savers, and provides consulting services related to saving with a building society. The Bank performs other banking activities only to a minimum extent. This eliminates the risk of credit risk concentration by country and industry. The risk of credit risk concentration by borrowers is minimized by the limits the Bank has set.

At the reporting date, the Bank does not have a significant concentration of credit risk towards any borrower or an economically related group of borrowers.

### **5.1.6 Processes for managing the Bank's capital**

The Bank's objectives in capital management are as follows:

- compliance with capital requirements set by the regulatory authority;
- maintaining a strong capital base to support its business activities.

Bank management monitors capital adequacy and the use of regulatory capital using techniques based on guidelines developed by the Basel Commission and European Community regulations applied by the competent national authority for supervisory purposes. The required data must be provided to the competent authority on a quarterly basis.

The competent authority requires each bank or a banking group to maintain a minimum specific amount of regulatory capital and keep the ratio of total regulatory capital to assets with a specified risk (the Basel ratio) above an internationally agreed minimum level of 8%, plus capital buffers defined by the regulator. The current setting of capital cushions in Slovakia includes 2.5% for a capital preservation buffer and 1.5% for an anti-cyclical buffer.

Assets with a specified risk are recognized based on defined risk categories by the type of each individual asset and counterparty and with regard to an estimate of credit, market, and other related risks, taking into account the accepted security: collateral and guarantee. A similar principle is applied to off-balance sheet accounts, using several adjustments that reflect the nature of potential losses.

The Bank's position as regards own funds based on information provided internally to the Bank's key management is shown in the following table:

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Own funds</b>		
<b>Tier 1 capital</b>		
Share capital and share premium	16 597	16 597
Reserve funds and other revenue reserves	3 319	3 319
Retained earnings, without current-year profit	14 173	16 005
less: losses for the current financial year	-682	-1 831
less: intangible assets	-240	-368
Transitional capital adjustments under IFRS 9	0	0
Positive valuation differences	0	422
<b>Total Tier 1 capital</b>	<b>33 167</b>	<b>34 144</b>
<b>Tier 2 capital</b>		
Positive valuation differences	0	0
Amount by which valuation allowances exceed the expected loss from the bank's assets and other bank exposures	0	0
<b>Total Tier 2 capital</b>	<b>0</b>	<b>0</b>
<b>Total own funds</b>	<b>33 167</b>	<b>34 144</b>

The amounts of share capital, share premium, and intangible assets included in the calculation of own funds are taken from the financial statements prepared in accordance with IFRS as adopted by the EU.

Based on the information provided internally to the key management, at 31 December 2025, the Bank's own funds totalled EUR 33 167 thousand (31 December 2024: EUR 34 144 thousand) and at 31 December 2025 (as in 2024), the Bank complied with capital adequacy in accordance with the legislative requirements of the NBS.

## 5.2 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its obligations when they fall due.

Liquidity management comprises a set of activities implemented to prevent significant and unexpected cash surpluses or shortages while achieving the required economic efficiency.

The basic objectives of the Bank's liquidity management include:

- minimize liquidity risk, i.e. ensure a lasting ability to meet financial obligations duly and on time;
- in connection with arranging the required liquidity flow, minimize losses with regard to the conversion of non-monetary assets into cash, i.e. avoid unnecessary costs of obtaining additional funds;
- ensure compliance with the defined minimum reserves;
- ensure compliance with rules and limits set by the NBS; and
- ensure compliance with internal rules and limits.

Liquidity risk is a significant risk for the Bank, and due attention is paid to its management.

The Bank has prepared an internal regulation for its liquidity risk management strategy. This regulation contains the main principles and methods the Bank uses in liquidity risk management.

The Bank monitors liquidity risk by the expected remaining maturities of assets and liabilities. Liquidity is managed exclusively in euro, as the vast majority of assets and liabilities are realized in euros. The main cash inflows to the Bank are primary funds obtained from client deposits. The main cash outflows are liquid funds required for building society loans and interim loans, contract cancellations, and operating costs.

For proper liquidity management, the Bank has defined basic and alternative scenarios for liquidity management.

To manage liquidity risk, the Bank also uses limits defined by the NBS.

The Bank does not face imminent liquidity risk due to withdrawal of deposits upon cancellation of building savings contracts, as there is a specific time interval of 3 months defined in the General Terms and Conditions for the payment

of building savings funds. Therefore, if client demand for drawing these funds is higher, the Bank will have sufficient time to resolve the situation by selling liquid assets.

The Bank has prepared a *Contingency Plan*, which details measures to resolve temporary and long-term liquidity problems. In critical situations, the Director of Risk Management and Controlling Division is obliged to call a meeting attended by the Director of Division I (Sales, Marketing and Communication, and Product Development departments) and a dealer from the Treasury Department at which the situation will be evaluated in detail. Subsequently, the Director of the Risk Management and Controlling Division informs the Board of Directors which makes a final decision on the solution. Long-term liquidity is monitored by the Controlling Department. An employee of the Treasury Department is responsible for short-term liquidity.

The primary financing source for the Bank's activities (provision of interim loans and building society loans) is the building society saving fund (§ 1 Sections 2 and 3 of the Act on Saving with a Building Society), which mainly consists of building society savers' deposits, accrued interest, and the state premium. The state premium is a contribution for building society savers from the national budget, the amount of which is updated by the Act on Saving with a Building Society, which also determines who is currently entitled to receive the contribution and in what amount. The funds purchased on the money market serve for refinancing interim loans and covering short-term liquidity shortages. The funds to be purchased are secured by highly liquid securities.

The Bank is not exposed to a high risk of concentration of resources as building saving products have a maximum target amount (EUR 200 thousand for individuals and EUR 3 million for legal entities).

The tables below present an analysis of financial assets and financial liabilities by the respective maturity dates. This analysis was performed based on the contractual maturity date at the reporting date. Assets and liabilities are disclosed as undiscounted contractual cash benefits.

#### Contractual remaining maturity of financial assets and liabilities:

##### 31 December 2025

<i>in thousand EUR</i>	≤ 1 month	>1 month ≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	> 5 years	TOTAL	Carrying amount
Cash and cash equivalents	24 801	0	0	0	0	24 801	24 795
Investments in debt securities	0	0	0	0	0	0	0
Receivables from clients	636	1 270	6 091	43 099	171 475	222 571	176 664
Other financial assets	2	0	0	0	0	2	2
<b>Total financial assets</b>	<b>25 439</b>	<b>1 270</b>	<b>6 091</b>	<b>43 099</b>	<b>171 475</b>	<b>247 374</b>	<b>201 461</b>

<i>in thousand EUR</i>	≤ 1 month	>1 month ≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	> 5 years	TOTAL	Carrying amount
Payables to clients	72 872	4 226	13 016	35 932	24 321	150 367	147 182
Liabilities to banks	-	-	20 146	0	0	20 146	20 146
Liabilities to other financial institutions	-	-	-	-	-	-	-
Other financial liabilities	138	-	-	-	-	138	138
Loan commitments	1 066	-	-	-	-	1 066	1 066
<b>Total financial liabilities</b>	<b>74 076</b>	<b>4 226</b>	<b>33 162</b>	<b>35 932</b>	<b>24 321</b>	<b>171 717</b>	<b>168 532</b>

#### Expected remaining maturity of non-discounted financial liabilities:

##### 31 December 2025

<i>in thousand EUR</i>	≤ 1 month	>1 month ≤ 3 months	>3 months ≤ 1 year	>1 year ≤ 5 years	> 5 years	TOTAL
Payables to clients	5 075	7 494	16 067	76 108	49 486	154 230
Liabilities to banks	0	0	20 146	0	0	20 146
Liabilities to other financial institutions	-	-	-	-	-	-
Other financial liabilities	138	-	-	-	-	138
Loan commitments	1 066	-	-	-	-	1 066
<b>Total financial liabilities</b>	<b>6 279</b>	<b>7 494</b>	<b>36 213</b>	<b>76 108</b>	<b>49 486</b>	<b>175 580</b>

Liabilities to banks represent short-term refinancing from banks, mostly with a maturity of up to 3 months. After the due date, refinancing is renewed up to EUR 40 million. The client may draw funds from loan commitments within 1 year after they have been granted. Based on the Bank's analysis, these funds are mostly used within 5 months after being granted.

**Contractual remaining maturity of financial assets and liabilities:****31 December 2024**

<i>in thousand EUR</i>	<b>≤ 1 month</b>	<b>&gt;1 month ≤ 3 months</b>	<b>&gt;3 months ≤ 1 year</b>	<b>&gt;1 year ≤ 5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>	<b>Carrying amount</b>
Cash and cash equivalents	12 458	0	0	0	0	12 458	12 426
Investments in debt securities	58	55	33 443	12 242	0	45 798	44 842
Receivables from clients	678	1 350	9 661	50 302	192 534	254 525	194 301
Other financial assets	21	0	0	0	0	21	21
<b>Total financial assets</b>	<b>13 215</b>	<b>1 405</b>	<b>43 104</b>	<b>62 544</b>	<b>192 534</b>	<b>312 802</b>	<b>251 590</b>

<i>in thousand EUR</i>	<b>≤ 1 month</b>	<b>&gt;1 month ≤ 3 months</b>	<b>&gt;3 months ≤ 1 year</b>	<b>&gt;1 year ≤ 5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>	<b>Carrying amount</b>
Payables to clients	36 667	23 161	19 287	74 506	27 166	180 787	170 800
Liabilities to banks			25 126	0	0	25 126	25 126
Liabilities to other financial institutions	0	0	20 294	0	0	20 294	20 294
Other financial liabilities	153	0	0	0	0	153	153
Loan commitments	1 171	0	0	0	0	1 171	1 171
<b>Total financial liabilities</b>	<b>37 991</b>	<b>23 161</b>	<b>64 707</b>	<b>74 506</b>	<b>27 166</b>	<b>227 531</b>	<b>217 544</b>

**Expected remaining maturity of non-discounted financial liabilities:****31 December 2024**

<i>in thousand EUR</i>	<b>≤ 1 month</b>	<b>&gt;1 month ≤ 3 months</b>	<b>&gt;3 months ≤ 1 year</b>	<b>&gt;1 year ≤ 5 years</b>	<b>&gt; 5 years</b>	<b>TOTAL</b>
Payables to clients	4 695	12 821	20 164	80 429	61 945	180 054
Liabilities to banks	0	25 126	0	0	0	25 126
Liabilities to other financial institutions	20 294	0	0	0	0	20 294
Other financial liabilities	153	0	0	0	0	153
Loan commitments	1 171	0	0	0	0	1 171
<b>Total financial liabilities</b>	<b>26 313</b>	<b>37 947</b>	<b>20 164</b>	<b>80 429</b>	<b>61 945</b>	<b>226 798</b>

The Bank recalculated the remaining maturity of financial liabilities from cash flows the Bank expects to receive based on its historical experience.

**5.3 Market risk**

Market risk is the risk of loss resulting from the Bank's position and from changes in the values of risk factors determined by the market. The main components of market risk are: interest rate risk, foreign exchange risk, equity risk, and commodity risk. Due to the type of transactions performed, the Bank is not exposed to equity or commodity risk.

In 2025 and 2024, the Bank was not exposed to significant foreign exchange risk; client deposits are accepted, and loans are provided in the functional currency. Liabilities and receivables from the Bank's operating activities in currencies other than the functional currency did not have a significant impact on the Bank's foreign exchange risk.

Operations related to market risk include the following: government bond transactions, NBS treasury bills transactions, mortgage bond transactions, setting interest rates on loans and interim loans, and transactions on the interbank market.

**Interest rate risk**

Interest rate risk arises from fluctuation of the value of a financial instrument due to changes in market interest rates and that the maturity of interest-bearing assets will differ from the maturity of interest-bearing liabilities used as a source of funding for these assets. The time interval during which an interest rate is fixed to a financial instrument determines the extent to which that financial instrument is exposed to interest rate risk.

The Bank uses the Outlier Ratio method to manage interest rate risk, which is based on modelling changes in the economic value of interest-sensitive assets and liabilities. The Bank performs this analysis on a monthly basis.

In 2025, the Bank offered an interest rate of 2.00% p.a. for 12 months on overdue deposits received. The average balance of deposits on overdue contracts in 2025 was EUR 66 448 thousand. The impact of an increase/decrease in the market interest rate by 1% on profit or loss would be EUR -664 thousand /+664 thousand (31.12.2024: -473 tEUR/+473 tEUR)

The bank has short-term liabilities to banks. In 2025, the impact of an increase/decrease in the market interest rate by 1% on profit or loss would be -EUR 292 thousand /+292 thousand (31.12.2024: -231 tEUR/+231 tEUR)

The impact on equity resulted from a change in the price of FVOCI financial assets due to an interest rate change by 1% would be EUR -0 thousand /+0 thousand (31 December 2024: -312 tEUR /+ 322 tEUR).

Effective interest rates of financial instruments:

<i>in %</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Cash and cash equivalents	1,99	2,93
Financial assets at fair value (FVOCI)	-	4,45
Financial assets at amortized cost	-	1,15
Receivables from clients	2,75	2,90
Client deposits	1,44	1,33
Liabilities to banks	1,73	2,97
Liabilities to other financial institutions	-	3,48

**Financial instruments, liabilities, and loan commitments by category:**

<b>31 December 2025</b>		<i>Fair value through other comprehensive income (FVOCI)</i>	<i>Total carrying amount</i>	<i>Fair value</i>
<i>in thousand EUR</i>	<i>Amortized cost</i>			
Cash and cash equivalents	24 795	-	24 795	24 795
Investments in debt securities	-	-	-	-
Receivables from clients, of which:				
- building society loans	11 211	-	11 211	11 251
- interim loans – individuals	130 520	-	130 520	120 075
- interim loans – legal entities	34 933	-	34 933	31 526
Other financial assets	2	-	2	2
<b>Total financial assets</b>	<b>201 461</b>	<b>-</b>	<b>201 461</b>	<b>187 649</b>
Liabilities to clients	147 182	-	147 182	142 242
Liabilities to banks	20 146	-	20 146	20 146
Liabilities to other financial institutions	-	-	-	-
Other financial liabilities	138	-	138	138
<b>Total financial liabilities</b>	<b>167 466</b>	<b>-</b>	<b>167 466</b>	<b>162 526</b>

At 31 December 2025, off-balance sheet liability commitments are reported in the net amount of EUR 1 066 thousand. Fair value of off-balance sheet liability commitments amounts to EUR 1 066 thousand.

<b>31 December 2024</b>				
<i>in thousand EUR</i>	<i>Amortized cost</i>	<i>Fair value through other comprehensive income (FVOCI)</i>	<i>Total carrying amount</i>	<i>Fair value</i>
Cash and cash equivalents	12 426	0	12 426	12 426
Investments in debt securities	8 098	36 744	44 842	44 645
Receivables from clients, of which:				
- building society loans	10 385	0	10 385	10 317
- interim loans – individuals	145 513	0	145 513	138 768
- interim loans – legal entities	38 403	0	38 403	35 982
Other financial assets	21	0	21	21
<b>Total financial assets</b>	<b>214 845</b>	<b>36 744</b>	<b>251 590</b>	<b>231 842</b>
Liabilities to clients	170 800	0	170 800	167 299
Liabilities to banks	25 126	0	25 126	25 126
Liabilities to other financial institutions	20 294	0	20 294	20 294
Other financial liabilities	153	0	153	153
<b>Total financial liabilities</b>	<b>216 373</b>	<b>0</b>	<b>216 373</b>	<b>212 872</b>

At 31 December 2024, off-balance sheet liability commitments are recognized in the net amount of EUR 1 171 thousand.

#### 5.4 Operational risk

Operational risk is the risk of loss resulting from inappropriate or erroneous internal processes in the Bank, from the failure of the human factor, from the failure of systems the Bank uses, or from external events.

The Bank identifies the following basic types of operational risks:

- personnel risk;
- legal risk;
- external risk;
- information risk; and
- outsourcing risk.

The analysis and identification of operational risks is an integral part of all changes at the Bank. The analysis of operational risks is based on the Bank's subjective assessment of individual parameters that enter into this analysis. It is usually based on the experience of asset owners and their views on possible vulnerabilities and threats, the impact of the threats, and the likelihood that they will materialize.

One of the basic principles of operational risk management is the responsibility of each manager to manage the risks involved in the processes they own. Managers are responsible for coordinating matters related to individual processes, identifying and assessing operational risk, and collecting and recording data on operational risk events and losses. The Risk Management Division ensures coordination of activities between organizational units for processes that involve more than one organizational unit.

The breakdown of operational risks is performed in accordance with international standards for information risk management and in accordance with the NBS Regulation from 19 November 2024, amending and supplementing the NBS Regulation of 31 March 2015 No. 4/2015 on Other Types of Risks, on Details of a Risk Management System of a Bank and a Branch of a Foreign Bank, which defines a sudden and unexpected change in market interest rates.

#### **Personnel risks**

Personnel risks are characterized as risks caused by the actions of staff, employees, and advisors leading to errors in processing, intentional or unintentional human actions which damage the Bank's assets.

The condition for classifying a given risk as a personnel risk is a clear demonstration of the fact that the event was caused by human action. A special subgroup of personnel risks includes risks associated with the recruitment of new employees, motivation and remuneration of employees, and substitutability of individual job positions. These risks, including the tools for their management, are covered by the Bank's HR strategy. The Human Resources Department is responsible for developing and updating the HR strategy.

**Legal risks**

Legal risk is the risk arising mainly from the unenforceability of contracts, unsuccessful court proceedings, or adverse rulings for the Bank.

**External risks**

External risks are all risks from the external environment that have not been included in other types of operational risks, e.g. damage to property due to someone else's fault, natural disaster, industrial accident, insufficient level of services provided, etc.

**Information risks**

Information risks are risks that constitute a threat to information assets, e.g. misuse, damage or loss of business, banking, personal data, etc.

**Outsourcing risk**

This risk arises when banking activities are performed by a third party.

## 6 ADDITIONAL INFORMATION ON THE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AND THE STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT)

### 6.1 Cash and cash equivalents

Cash and cash equivalents at 31 December 2025 and 31 December 2024 comprise the following items:

<i>in thousand EUR</i>	31 December 2025	31 December 2024
Current accounts	218	261
Deposits with central banks	6	31
Term deposits	24 578	12 007
<b>Cash and cash equivalents</b>	<b>24 801</b>	<b>12 299</b>
Mandatory minimum reserves	0	159
Valuation allowance	(6)	(33)
<b>Total</b>	<b>24 795</b>	<b>12 426</b>

### 6.2 Investments in debt securities

<i>in thousand EUR</i>	31 December 2025	31 December 2024
Debt instruments at fair value (FVOCI)	0	36 744
Debt instruments at amortized cost	0	8 098
<b>Total investments in debt instruments</b>	<b>0</b>	<b>44 842</b>

The following table shows investments in debt instruments by valuation category and class:

<i>in thousand EUR</i>	31 December 2025			31 December 2024		
	Debt instruments at fair value (FVOCI)	Debt instruments at amortized cost	Total	Debt instruments at fair value (FVOCI)	Debt instruments at amortized cost	Total
Government bonds	0	0	0	36 744	2 041	38 785
Bank bonds	0	0	0	0	4 027	4 027
Corporate bonds	0	0	0	0	2 032	2 032
Investments in debt instruments (fair value or gross carrying amount)	0	0	0	36 744	8 100	44 844
ECL valuation allowance	0	0	0	0	(2)	(2)
<b>Investments in debt instruments (carrying amount)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36 744</b>	<b>8 098</b>	<b>44 842</b>

In 2025, the Bank sold government bonds amounting to EUR 6 006 thousand, bank bonds of EUR 3 995 thousand and corporate bonds in the amount of EUR 2 002 thousand. (2024: 0 ths. EUR). Government bonds in amount of EUR 32 000 thousand became due (2024: EUR 9 000 thousand).

### 6.3 Receivables from clients

Section 5.1.2.1 of the Notes shows the gross carrying amount of loans and interim loans provided to clients (except for off-balance sheet accounts) and the carrying amount of the valuation allowance due to expected losses or impairment of loans and interim loans provided to clients at 31 December 2025 and 31 December 2024.

The valuation allowance for expected losses on loans and interim loans provided to clients, reported in the current accounting period, is affected by various factors. Details on calculating ECL are presented in Section 5.1.1 of the Notes.

### 6.4 Intangible assets

An overview of changes in intangible assets for the current accounting period is presented in the table below:

<i>in thousand EUR</i>	<b>Software</b>	<b>Intangible assets under development</b>	<b>Total</b>
<b>Acquisition cost</b>			
1 January 2025	6 016	3	6 019
Additions	0	9	9
Transfers	10	(10)	0
Disposals	0	0	0
<b>31 December 2025</b>	<b>6 026</b>	<b>2</b>	<b>6 028</b>
<b>Accumulated depreciation and valuation allowances</b>			
1 January 2025	(5 638)	0	(5 638)
Additions	(149)	0	(149)
Disposals	0	0	0
<b>31 December 2025</b>	<b>(5 786)</b>	<b>0</b>	<b>(5 786)</b>
<b>Net book value</b>			
<b>31 December 2025</b>	<b>240</b>	<b>2</b>	<b>242</b>

<i>in thousand EUR</i>	<b>Software</b>	<b>Intangible assets under development</b>	<b>Total</b>
<b>Acquisition cost</b>			
1 January 2024	6 013	1	6 014
Additions	0	5	5
Transfers	3	(3)	0
Disposals	0	0	0
<b>31 December 2024</b>	<b>6 016</b>	<b>3</b>	<b>6 019</b>
<b>Accumulated depreciation and valuation allowances</b>			
1 January 2024	(5 392)	0	(5 392)
Additions	(246)	0	(246)
Disposals	0	0	0
<b>31 December 2024</b>	<b>(5 638)</b>	<b>0</b>	<b>(5 638)</b>
<b>Net book value</b>			
<b>31 December 2024</b>	<b>378</b>	<b>3</b>	<b>381</b>

At 31 December 2025, the Bank records fully amortized intangible assets at an acquisition cost of EUR 4 564 thousand (31 December 2024: EUR 3 996 thousand) that are still used.

**6.5 Other assets**

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Total property, plant and equipment</b>	<b>84</b>	<b>90</b>
<b>Other (financial) assets</b>		
Various debtors	60	96
Valuation allowances	(58)	(75)
Other receivables from clients – fees	4	6
Valuation allowances for receivables from fees	(4)	(6)
<b>Total other financial assets</b>	<b>2</b>	<b>21</b>
<b>Other (non-financial) assets</b>		
Inventories	12	15
Operating advance payments provided	9	9
Deferred expenses	71	86
<b>Total other non-financial assets</b>	<b>92</b>	<b>110</b>
<b>Total other assets</b>	<b>178</b>	<b>221</b>

The 'Various debtors' line mainly includes receivables from commissions of EUR 58 thousand (31 December 2024: EUR 96 thousand). A 100% valuation allowance amounting to EUR 58 thousand is set up for receivables from commissions overdue for more than 90 days (31 December 2024: EUR 75 thousand).

Other receivables from clients relate to fees charged on clients' savings deposits where the client had saved insufficient funds to settle these fees.

At 31 December 2025, the most significant items which the Bank keeps under deferred expenses include the cost of intercompany projects of EUR 19 thousand (31 December 2024: EUR 41 thousand) and IT costs amounting to EUR 28 thousand (2024: 0 ths. EUR).

Set-up and use of valuation allowances for various Bank's debtors:

<i>in thousand EUR</i>	<b>1 January 2025</b>	<b>Set-up</b>	<b>Use</b>	<b>31 December 2025</b>
Valuation allowances for various debtors	(75)	0	18	(58)

<i>in thousand EUR</i>	<b>1 January 2024</b>	<b>Set-up</b>	<b>Use</b>	<b>31 December 2024</b>
Valuation allowances for various debtors	(82)	0	7	(75)

Set-up and use of valuation allowances for Bank's receivables from fees:

<i>in thousand EUR</i>	<b>1 January 2025</b>	<b>Set-up</b>	<b>Use</b>	<b>31 December 2025</b>
Valuation allowances for receivables from fees	(6)	(3)	2	(4)

<i>in thousand EUR</i>	<b>1 January 2024</b>	<b>Set-up</b>	<b>Use</b>	<b>31 December 2024</b>
Valuation allowances for receivables from fees	(8)	(3)	5	(6)

The valuation allowance for Bank's receivables from fees is used when the respective receivable was written off or reversed.

An overview of changes in property, plant and equipment for the current and previous accounting period is presented in the table below:

<i>in ths. EUR</i>	<i>Instruments and equipment</i>	<i>Other PPE*</i>	<i>PPE under construction</i>	<i>Total</i>
<b>Acquisition cost</b>				
1 January 2025	267	305	4	576
Additions	0	0	24	24
Transfers	10	10	-21	-1
Disposals	0	-89	0	-89
<b>31 December 2025</b>	<b>277</b>	<b>226</b>	<b>7</b>	<b>510</b>
<b>Accumulated depreciation and valuation allowances</b>				
1 January 2025	-247	-239	0	-486
Additions	-12	-22	0	-34
Disposals	0	88	0	88
<b>31 December 2025</b>	<b>-259</b>	<b>-173</b>	<b>0</b>	<b>-432</b>
<b>Net book value</b>				
<b>31 December 2025</b>	<b>18</b>	<b>53</b>	<b>7</b>	<b>78</b>

<i>in ths. EUR</i>	<i>Instruments and equipment</i>	<i>Other PPE*</i>	<i>PPE under construction</i>	<i>Total</i>
<b>Acquisition cost</b>				
1 January 2024	269	323	6	598
Additions	0	0	62	62
Transfers	5	62	-62	0
Disposals	-2	-80	-2	-84
<b>31 December 2024</b>	<b>267</b>	<b>305</b>	<b>4</b>	<b>576</b>
<b>Accumulated depreciation and valuation allowances</b>				
1 January 2024	-235	-290	0	-525
Additions	-13	-28	0	-41
Disposals	1	79	0	80
<b>31 December 2024</b>	<b>-247</b>	<b>-239</b>	<b>0</b>	<b>-486</b>
<b>Net book value</b>				
<b>31 December 2024</b>	<b>20</b>	<b>66</b>	<b>4</b>	<b>90</b>

\*PPE – property, plant and equipment

At 31 December 2025, the Bank records fully depreciated tangible assets at an acquisition cost of EUR 268 thousand (31 December 2024: EUR 347 thousand) that are still used.

At 31 December 2025, insurance premiums for PPE totalled EUR 8 thousand (31 December 2024: EUR 4 thousand).

There are no restrictions on ownership rights to the Bank's assets and no assets are pledged as a collateral for the Bank's liabilities.

**6.6 Liabilities to clients****6.6.1 Liabilities to clients and other creditors**

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Savings deposits of individuals	132 630	155 364
Savings deposits of legal entities, of which:	14 270	14 403
- <i>savings deposits of apartment owner associations</i>	14 201	14 337
Other liabilities to clients	282	1 033
<b>Total</b>	<b>147 182</b>	<b>170 800</b>

Other liabilities to clients include the following items:

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Flexibil interest bonus	18	20
Bonus for savings deposits (BV3 + BV2) / (BV1 + B2V + BV4)	1	1
Bonus for savings deposits (B4V + B3V)	8	8
Bonus for savings deposits - 2.0%	0	21
Bonus for savings deposits – W-Bonus	0	141
Liabilities from cancelled contracts	255	842
<b>Total</b>	<b>282</b>	<b>1 033</b>

At 31 December 2025, the remaining liability from cancelled contracts amounts to EUR 255 thousand, representing 453 contracts with an average savings amount of EUR 563 (31 December 2024: liability from cancelled contracts amounted to EUR 842 thousand, representing 392 contracts with an average savings amount of EUR 2 149).

**6.6.2 Structure of Bank's client deposits**

The table below presents the structure of Bank's client deposits by remaining contractual maturity:

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
≤ 1 month	72 838	70 908
(1 month, 3 months>	4 218	9 807
(3 months, 1 year>	12 926	15 789
(1 year, 5 years>	34 764	53 777
≥ 5 years	22 436	20 519
<b>Total</b>	<b>147 182</b>	<b>170 800</b>

At 31 December 2025, the Bank had 16 241 building savings accounts (31 December 2024: 20 149).

**6.7 Liabilities to banks and other financial institutions**

Liabilities to banks and other financial institutions include term deposits with a contractual maturity of up to 1 year. The Bank reports the following liabilities to banks and other financial institutions:

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Term deposits from other banks	20 145	25 126
Term deposits from other financial institutions	0	20 294
<b>Total</b>	<b>20 145</b>	<b>45 420</b>

As of 31 December 2025, The Bank holds term deposits from Bausparkasse Wüstenrot AG.

As of 31 December 2024 the Bank held term deposits from Wüstenrot Versicherungs AG and Bausparkasse Wüstenrot AG. Both entities are part of the Wüstenrot Group.

**6.8 Short-term provisions and accruals**

The Bank accounts for the following accrued items:

<i>in thousand EUR</i>	31 December 2025	31 December 2024
Liability for services not yet billed	70	2
Liability for untaken holiday	29	62
Liability for rewards and royalties	152	248
Other accruals	65	98
<b>Total</b>	<b>315</b>	<b>410</b>

**6.9 Long-term provisions**

The Bank sets up a long-term provision for risks arising from lawsuits which are expected to fail. The set-up of this provision depends on the expected amount of claims from litigation. Lawsuits are mainly brought against former employees of the external sales network and former Bank employees.

<i>in thousand EUR</i>	31 December 2025	31 December 2024
Provision for litigations	81	50
<b>Total</b>	<b>81</b>	<b>50</b>

The tables below provide an overview of the set-up and use of the long-term provision in 2025 and 2024:

<i>in thousand EUR</i>	1 January 2025	Set-up	Use	31 December 2025
Provision for litigations	50	31	0	81

<i>in thousand EUR</i>	1 January 2024	Set-up	Use	31 December 2024
Provision for litigations	50	0	0	50

**6.10 Tax liabilities/assets – current tax**

The tax liability is calculated according to the result recognized in the books kept in line with Slovak legislation and the Slovak Income Tax Act (Act No. 595/2003 Coll. on Income Tax, as amended).

<i>in thousand EUR</i>	2025	2024
Opening balance of the current tax asset	0	64
Corporate income tax received	0	(64)
Advance payments for corporate income tax	0	0
<b>Closing balance of the current tax asset</b>	<b>0</b>	<b>0</b>
Opening balance of the current tax liability	4	0
Corporate income tax paid	(4)	0
Income tax due	4	4
<b>Closing balance of the current tax liability</b>	<b>4</b>	<b>4</b>

**6.11 Deferred tax asset / liability**

Deferred income tax is calculated from all temporary differences using the 24% tax rate (2024: 21%) that is applicable to the period in which the deferred tax is expected to be settled.

<i>v tis. EUR</i>	<b>2025</b>	<b>2024</b>
Tax-deductible expenses when paid	2	1
Tax non-deductible addition of provisions	100	129
Tax non-deductible valuation allowances on receivables	1 742	1 403
Tangible assets	1	1
Tax losses recognized	444	341
Financial investments – debt instruments at FVOCI	0	(110)
<b>Deferred tax asset (+) / liability (-) – 31 December</b>	<b>2 289</b>	<b>1 765</b>

The bank as of December 31, 2025, does not recognize a deferred tax asset because it is likely that it will not generate sufficient taxable income in the future to utilize it.

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Deferred tax liability (-) at 1 January	(110)	(181)
Deferred tax posted to the income statement	0	0
Deferred tax posted to equity accounts: Remeasurement of FVOCI financial assets	110	71
<b>Deferred tax liability (-) at 31 December</b>	<b>0</b>	<b>(110)</b>

**6.12 Other liabilities**

<i>in thousand EUR</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Other (financial) liabilities</b>		
Various creditors	138	153
<b>Total other financial liabilities</b>	<b>138</b>	<b>153</b>
<b>Other (non-financial) liabilities</b>		
Settlement with employees	88	139
Other taxes	46	62
Appropriations to the social fund from wages and from profit	4	5
Settlement with social institutions	56	86
Others	21	25
<b>Total other non-financial liabilities</b>	<b>216</b>	<b>317</b>
<b>Total</b>	<b>354</b>	<b>470</b>

Other liabilities include the Bank's short-term liabilities with a maturity of up to 1 year. The Bank has no overdue liabilities.

The line 'Various creditors' mainly includes liabilities to suppliers at 31 December 2025 of EUR 134 thousand (31 December 2024: EUR 148 thousand).

According to § 43 of the Slovak Income Tax Act, the bank is obliged to deduct and remit withholding tax on interest accrued on clients' building savings accounts. At 31 December 2025, withholding tax constituted a Bank liability of EUR 384 thousand (31 December 2024: EUR 396 thousand).

**6.12.1 Appropriations to, and use of, the social fund**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
<b>Social fund balance at 1 January</b>	5	6
Appropriations		
- from expenses	19	23
Usage	(19)	(24)
<b>Social fund balance at 31 December</b>	<b>4</b>	<b>5</b>

**6.13 Equity**

At 31 December 2025 and 31 December 2024, the Bank's share capital consisted of 1,000 fully paid-up shares with a nominal value of EUR 16 597 per share. All shares are listed with the Slovak Central Securities Depository (Centrálny depozitár cenných papierov, a.s.).

According to the Commercial Code, the Bank is obliged to set up a legal reserve fund upon its establishment in the amount of at least 10% of the share capital. Appropriations are made annually of at least 10% of net profit, up to a maximum of 20% of the share capital (EUR 3 319 thousand). The mandatory appropriation to the legal reserve fund is no longer necessary, as the fund reached its legal maximum limit in 2015.

On 20 June 2025, the General Meeting approved the transfer of the entire 2024 loss to loss carried forward and a decision about its settlement will be made at a later date. The General Meeting also decided not to pay dividends from the 2024 profit to the Bank's shareholders and to not pay royalties to the members of its Supervisory Board.

<i>in thousand EUR</i>	<b>31 December 2024</b>
Transfer to loss carried forward	(1 831)
<b>Total</b>	<b>(1 831)</b>

**6.14 Net interest income**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
<b>Interest income calculated using the effective interest rate</b>		
From receivables from clients	5 259	5 890
From current accounts and term deposits at other banks	257	70
From debt securities measured at amortized cost	80	286
From debt securities measured at FVOCI	1 270	1 584
<b>Total interest income calculated using the effective interest rate</b>	<b>6 866</b>	<b>7 830</b>
<b>Interest expense</b>		
From savings deposits	2 566	3 045
From term deposits of other banks	960	1 641
From W Reality term deposits	127	180
<b>Total interest expenses</b>	<b>3 653</b>	<b>4 866</b>
<b>Net interest income</b>	<b>3 213</b>	<b>2 964</b>

At 31 December 2025, interest income from impaired loans amounted to EUR 248 thousand (31 December 2024: EUR 245 thousand).

**6.14.1 Interest income from receivables from clients**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Interest on interim loans	4 697	5 426
Interest on building society loans	551	429
Interest on late instalments	11	35
<b>Total</b>	<b>5 259</b>	<b>5 890</b>

In 2025, the valuation allowance for interest income from building society loans and interim loans classified in Stage 3 amounted to EUR 206 thousand (2024: EUR 201 thousand). The valuation allowance for interest income decreases the value of net interest income.

**6.14.2 Interest income from investments in debt securities**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Bank bonds	22	25
Government bonds	1 288	1 798
Mortgage bonds	20	24
Corporate bonds	20	23
<b>Total</b>	<b>1 350</b>	<b>1 870</b>

**6.15 Net fee and commission income**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
<b>Fee and commission income</b>		
Fees received and commissions:		
- account management fee	487	609
- account statement fee	90	110
- account cancellation fee	44	49
- other fees	127	146
- commission received	15	16
<b>Total fee and commission income</b>	<b>763</b>	<b>930</b>
<b>Cost of fees and commissions</b>		
Sales agent commissions (e.g. for offices, incentive commissions not related to individual contracts)	0	453
Banking fees	20	29
Other fees	3	10
<b>Total cost of fees and commissions</b>	<b>23</b>	<b>492</b>
<b>Net fee and commission income</b>	<b>740</b>	<b>750</b>

Until 31 December 2025, the Bank wrote off receivables from clients, which represented a negative balance on savings accounts, in the total amount of EUR 11 thousand (until 31 December 2024: EUR 15 thousand). These receivables are included in the item 'Account management fee'.

As of 2025, the Bank has ceased to pay commissions to financial agents of Wüstenrot insurance company for financial intermediation in the field of building savings on the basis of the Intermediation Agreement.

**6.16 General operating expenses**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Advertising costs	60	57
Material consumption	8	14
Repair and maintenance	13	18
Short-term rent and lease of low-value items	200	274
Telecommunication costs	76	60
Software maintenance	1 050	887
Indirect taxes	36	22
Professional services	70	61
Audit costs	131	65
Energy consumption	71	102
Education	4	12
Other services purchased	154	122
<b>Total</b>	<b>1 873</b>	<b>1 694</b>

The fees for non-audit services provided by the auditor of the Bank amounted to EUR 0 thousand in 2025 (2024: EUR 0 thousand).

**6.17 Personnel costs**

	<b>2025</b>	<b>2024</b>
Wages and salaries, of which:	1 516	1 617
- <i>bonuses</i>	531	650
Pension schemes with defined contributions and other social and health insurance costs, of which:	500	652
- <i>supplementary old-age insurance with defined contributions</i>	312	363
<b>Total</b>	<b>2 016</b>	<b>2 269</b>

**6.18 Depreciation of PPE and amortization of intangible assets**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Depreciation of PPE	34	41
Amortization of intangible assets	149	246
<b>Total</b>	<b>183</b>	<b>287</b>

**6.19 Other operating income**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
		26
Profit from the sale of PPE and intangible assets	19	31
Rental income	8	13
Other operating income	22	<b>70</b>
<b>Total</b>	<b>49</b>	<b>26</b>

**6.20 Other operating expenses**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Contribution to the Deposit Protection Fund	31	34
Unclaimed VAT*	0	235
Other operating expenses	114	107
<b>Total</b>	<b>145</b>	<b>376</b>

\*From 1.1.2025 the unclaimed VAT is presented within the respective expense by nature line sum.

**6.21 Set-up and release of valuation allowances for loans and write-off of receivables**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Net set-up of valuation allowances	(380)	(1 028)
Income from sale of client receivables	0	282
<b>Total</b>	<b>(380)</b>	<b>(746)</b>

In the event that the recovery of receivables is not successful, or the costs of their recovery would be higher than the amount recovered, the Bank writes off such receivables. In 31.12.2025, the Bank wrote off receivables from non-performing loans and interim loans in the amount of EUR 9 thousand (in 31.12.2024: EUR 0 thousand). The amount of written off receivables represents the outstanding amounts of loans and interim loans without the impact of valuation allowances.

In line with the strategic direction of exiting the loan and building savings market, in 2024 the Bank has adopted a strategy of selling written-off receivables, where the sale of non-performing receivables represents a faster form of debt collection compared to the recovery process by internal capacities. In year 2025 there was no sale of receivables.

**6.22 Set-up and release of valuation allowances for other assets and derecognition (write-off) of other assets**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
<b>Set-up of valuation allowances for other assets:</b>		
- for bank accounts	(39)	(52)
<b>Release of valuation allowances for other assets:</b>		
- for bank accounts	65	19
- for receivables being recovered	18	7
<b>Net set-up/release of valuation allowances for other assets</b>	<b>44</b>	<b>(26)</b>
Derecognition (write-off) of other assets	(32)	(3)
<b>Valuation allowances and derecognition of other assets in total</b>	<b>12</b>	<b>(29)</b>

**6.23 Net result from sale of debt securities**

<i>v tis. EUR</i>	<b>k 31.12.2025</b>	<b>k 31.12.2024</b>
Net result from sale of FVOCI debt securities	(17)	0
Net result from sale of AC debt securities	(89)	0
<b>Net result (loss) from sale of debt securities</b>	<b>(106)</b>	<b>0</b>

In line with the market exit strategy and subsequent transformation into a branch of a foreign bank, the Bank sold all Investments in Debt Securities during 2025.

**6.24 Income tax**

<i>in thousand EUR</i>	<b>2025</b>	<b>2024</b>
Profit/(loss) for the current accounting period before taxes	-678	-1 827
<i>of which: theoretical corporate income tax of 24% / 21%</i>	-163	-384
Impact of non-deductible and deductible items:	163	384
Non-deductible sale of receivables	0	133
Non-deductible expenses	35	10
The tax non-deductible addition of provisions	-47	-103
Tax non-deductible valuation allowances on receivables	125	95
Tax loss	50	249
Minimum tax	4	4
<b>Total corporate income tax charge</b>	<b>4</b>	<b>4</b>
Current income tax	4	4
Deferred tax	0	0
<b>Total corporate income tax charge</b>	<b>4</b>	<b>4</b>

In 2025 and 2024, the Bank's result did not exceed the statutory threshold for the obligation to pay a special levy. The 2025 corporate income tax rate is 24% (2024: 21%).

Current income tax is calculated in accordance with the Slovak Income Tax Act and the tax base is derived from the profit/(loss) reported in the financial statements prepared in accordance with IFRS as adopted by the EU.

**6.25 Related party transactions**

The Bank entered into several transactions with related parties in the ordinary course of business. The transactions were carried out under normal business terms and conditions and relationships and at arm's length.

The Bank's related parties include the following entities:

**Bank's shareholder**

- Bausparkasse Wüstenrot AG

**Other group undertakings**

- Wüstenrot poisťovňa, a.s.
- Wüstenrot Technology GmbH
- Wüstenrot Reality s.r.o.
- Wüstenrot InHouse Broker s. r. o.
- Wüstenrot Versicherungs AG

**The Bank's statutory bodies**

- members of the Supervisory Board
- members of the Board of Directors

**Other related parties**

- not identified

**6.25.1 Transactions with the Bank's shareholders and other group companies**

<i>in thousand EUR</i>	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>Bank's shareholder</b>	<b>Other group undertakings</b>	<b>Bank's shareholder</b>	<b>Other group undertakings</b>
Financial liabilities	20 146	0	25 126	25 570
Other liabilities	0	118	0	115
<b>Total liabilities</b>	<b>20 146</b>	<b>118</b>	<b>25 126</b>	<b>25 685</b>

<i>in thousand EUR</i>	31 December 2025		31 December 2024	
	Bank's shareholder	Other group undertakings	Bank's shareholder	Other group undertakings
Other operating income	0	26	0	51
<b>Total income</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>51</b>
Financial expenses	661	426	848	939
General operating expenses	0	963	4	1 317
<b>Total expenses</b>	<b>661</b>	<b>1 389</b>	<b>852</b>	<b>2 256</b>

Operating expenses in transactions with related parties primarily comprised software maintenance and rent.

The Bank reports a financial liability from short-term deposits to the following related parties:

	31.12.2025		31.12.2024	
	Carrying amount in ths. EUR	Interest rate p.a.	Carrying amount in ths. EUR	Interest rate p.a.
Wüstenrot Versicherungs AG	-	-	20 294	3,48%
Bausparkasse Wüstenrot AG	20 146	1,73%	25 126	2,97%
Wüstenrot Reality s. r. o.	-	-	5 276	2,93%

### 6.25.2 Transactions with members of the Bank's statutory and supervisory bodies

<i>in thousand EUR</i>	2025	2025
Wages and salaries	362	335
Mandatory social and health insurance contributions	88	80
<b>Total cost</b>	<b>450</b>	<b>415</b>

### 6.26 Contingent liabilities and loan commitments

The Bank sets up a provision for lawsuits against the Bank (Section 6.9 of the Notes).

Based on the approved loan agreements, the Bank reports loan commitments totalling EUR 1 066 thousand at 31 December 2025 (31 December 2024: EUR 1 171 thousand).

The Bank also has contingent loan commitments. By concluding a building savings contract, clients are entitled to be granted a building society loan if they meet the specified conditions, which are primarily the minimum savings period, saving the minimum required amount, and providing evidence of creditworthiness. If all building society savers exercised this option, met the conditions set (including evidence of creditworthiness), and requested the Bank to provide a building society loan in the future, the total amount of such building society loans is a maximum of EUR 66 787 thousand (2024: EUR 86 096 thousand). The deposits in these accounts would have to be in the same amount, i.e. EUR 66 787 thousand (the simulation parameter is 40%).

### 6.27 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If market prices are available (in this case, in particular for securities traded on a stock exchange and in functioning markets), an estimate of fair value is made on the basis of market prices. All other financial instruments were measured on the basis of internal valuation models, including present value models, or the opinion of an external expert was used.

The fair values and the carrying amounts of financial instruments are disclosed in the following table:

### 31 December 2025

<i>in thousand EUR</i>	Note	At amortized cost	At fair value	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>								
Cash and cash equivalents	6.1	24 795	-	24 795	-	24 795	-	24 795
Investments in debt securities at amortized cost	6.2	-	-	-	-	-	-	-
Investment in debt securities at FVOCI	6.2	-	-	-	-	-	-	-
Receivables from clients, of which:	6.3							
Building savings loans		11 211	-	11 211	-	-	11 251	11 251
Interim loans to individuals		130 520	-	130 520	-	-	120 075	120 075
Interim loans to legal entities		34 933	-	34 933	-	-	31 526	31 526
Other financial assets	6.5	2	-	2	-	2	-	2
<b>Total financial assets</b>		<b>201 461</b>	<b>-</b>	<b>201 461</b>	<b>-</b>	<b>24 797</b>	<b>162 852</b>	<b>187 649</b>
<b>Financial liabilities</b>								
Liabilities to clients	6.6	147 182	-	147 182	-	142 242	-	142 242
Liabilities to banks	6.7	20 146	-	20 146	-	20 146	-	20 146
Liabilities to other financial institutions		-	-	-	-	-	-	-
Other financial liabilities	6.12	138	-	138	-	138	-	138
<b>Total financial liabilities</b>		<b>167 466</b>	<b>-</b>	<b>167 466</b>	<b>-</b>	<b>162 526</b>	<b>-</b>	<b>162 526</b>

### 31 December 2024

<i>in thousand EUR</i>	Note	At amortized cost	At fair value	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>								
Cash and cash equivalents	6.1	12 426	0	12 426	0	12 426	0	12 426
Investments in debt securities	6.2	8 098	0	8 098	5 969	1 932	0	7 901
Investment in debt securities at FVOCI		0	36 744	36 744	36 744	0	0	36 744
Receivables from clients, of which:	6.3							
Building savings loans		10 385	0	10 385	0	0	10 317	10 317
Interim loans to individuals		145 513	0	145 513	0	0	138 768	138 768
Interim loans to legal entities		38 403	0	38 403	0	0	35 982	35 982
Other financial assets	6.5	21	0	21	0	21	0	21
<b>Total financial assets</b>		<b>214 845</b>	<b>36 744</b>	<b>251 590</b>	<b>42 713</b>	<b>14 379</b>	<b>185 067</b>	<b>242 159</b>
<b>Financial liabilities</b>								
Liabilities to clients	6.6	170 800	0	170 800	0	167 299	0	167 299
Liabilities to banks	6.7	25 126	0	25 126	0	25 126	0	25 126
Liabilities to other financial institutions	6.7	20 294	0	20 294	0	20 294	0	20 294
Other financial liabilities	6.12	153	0	153	0	153	0	153
<b>Total financial liabilities</b>		<b>216 373</b>	<b>0</b>	<b>216 373</b>	<b>0</b>	<b>212 872</b>	<b>0</b>	<b>212 872</b>

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

**Investments in debt securities**

The fair value of investments in debt securities is determined using quoted market prices or theoretical prices by discounting future cash flows at the interbank market reference interest rate for the relevant term of the instrument.

The Frankfurt Stock Exchange price is primarily used to determine the market price of a financial instrument, or the Bloomberg price. If such price is not available, the theoretical price of the security is determined by using the method of calculating the present value of future expected payments by discounting the yields to maturity derived from the relevant government bond market yield curve adjusted for a risk premium. The yield curve is drawn from yield values to maturity for debt securities with different remaining maturities. The other points of this market yield curve corresponding to the remaining maturities of debt securities for which no yield to maturity exists are determined by linear interpolation.

**Receivables from clients**

Receivables from clients are stated at net value, i.e. less valuation allowances. For accounts with a remaining maturity of less than three months, it is appropriate to consider their carrying amount to be the approximate fair value. The fair values of other receivables from clients are calculated by discounting future cash flows using current market rates and estimated risk margins.

**Liabilities to clients**

The fair values of current accounts with a remaining maturity of less than three months are approximately equal to their carrying amounts. The fair values of other liabilities to customers are calculated by discounting future cash flows using current deposit interest rates.

Interest rates used for calculation of the fair value of financial instrument:

<i>in %</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
Receivables from clients		
- interim loans	3,07	3,15
- building society loans	3,24	3,59
Liabilities to clients	2,31	1,93

## 6.28 Significant events after the reporting date

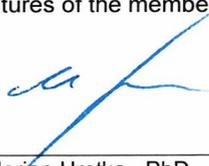
On 1 January 2026, Bausparkasse Wüstenrot AG, as the sole shareholder of Wüstenrot stavebná sporiteľňa, a.s., adopted a decision determining this date as the decisive date of the financial statements for the purposes of the cross-border merger pursuant to Section 96(1)(d) of Act No. 309/2023 Coll. on Transformations of Companies and Cooperatives, as amended. From the decisive date, the acts of Wüstenrot stavebná sporiteľňa, a.s., as the dissolving company, shall be considered, from the point of view of accounting and income tax, as acts performed on behalf of Bausparkasse Wüstenrot AG as the successor company.

On the date of legal effect of the cross-border merger, the Bank will be dissolved without liquidation and its legal successor will be Bausparkasse Wüstenrot AG.

After 31 December 2025, no events have occurred until the date on which these financial statements have been approved that would require an adjustment or recognition in these financial statements.

The Bank's Board of Directors approved these financial statements for publication on 13 March 2026.

Signatures of the members of the Bank's statutory body:



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Ing. Marián Hrotka, PhD.  
*Chairman of the Board of Directors*  
Wüstenrot stavebná sporiteľňa, a.s.



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Mag. Christian Sollinger, CIIA  
*Member of the Board of Directors*  
Wüstenrot stavebná sporiteľňa, a.s.

Person responsible for bookkeeping and preparation of the financial statements:



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Ing. Martina Baánová  
*Director of the Economic Division*  
Wüstenrot stavebná sporiteľňa, a.s.