

Independent Auditor's Report

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

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Slovenská sporiteľňa, a.s. (the "Bank") as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union („IFRS“).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The separate financial statements of Slovenská sporiteľňa, a.s. comprise:

- the separate statement of financial position as at 31 December 2017;
- the separate statement of profit or loss for the year then ended;
- the separate statement of other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("Code of Ethics") and other requirements of legislation that are relevant to our audit of the separate financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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The firm's ID No. (IČO): 35 739 347.

Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ): 2020270021.

VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH): SK2020270021.

Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod Vložkou č.: 16611/B, Oddiel: Sro.

The firm is registered in the Commercial Register of Bratislava I District Court, Ref. No.: 16611/B, Section: Sro.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate 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. 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 separate financial statements as a whole, taking into account the structure of the Bank, the accounting processes and controls, and the financial services industry in which the Bank operates.

2017 was the first year we were appointed as auditors of the Bank. We commenced our preparation for the audit take-over already in May 2016 in order to ensure that we fulfil all the independence requirements imposed upon us as incoming auditors of the Bank.

Since our appointment on 27 March 2017, we used the opportunity to meet with key members of the management of the Bank in order to obtain understanding of current business matters and to gather information that would enable us to plan our audit. We also held hand-over meeting with the prior year auditor and reviewed their working papers in order to understand on which controls they relied and what evidence they used to support their opinion. We used our information technology specialists to map the information and control systems of the Bank. These activities facilitated planning and performing the audit.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate 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 separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality 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, both individually and in aggregate on the separate financial statements as a whole.

Overall materiality

EUR 12.877 million

How we determined it

We based the materiality on a combination of two benchmarks, profit before tax and equity, each carrying 50% weight.

Rationale for the materiality benchmark applied

The performance of the Bank is most commonly evaluated by financial statements' users based on the Bank's profitability. However, the Bank's capital is also an important indicator for many users of the financial statements and shareholder return is commonly expressed relative to the amount of the Bank's capital, that is, as a return on equity. The quantitative thresholds of approximately 5% applied to profit before tax and 1% applied to equity, respectively, are within a range set out in our internal firm's guidance.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Loan loss provisions estimate	
IFRS requires management to make judgments about the future and various items in the separate financial statements are also subject to estimation uncertainty. The estimates required for loan loss provisions are significant estimates, as explained in more detail in Note B in the separate financial statements.	Our audit approach was the following: We verified that the Bank's methodology for estimating loan loss provisions was appropriate and was being applied consistently.
The identification of loans that are deteriorating, the assessment of objective evidence of impairment, the value of collateral and the determination of the recoverable amount of loans are all inherently uncertain.	We assessed and tested the design, implementation, and operating effectiveness of the controls related to the timely identification of impaired loans, and performed an independent validation of the models used by management for calculation of loan loss provisions.
The Bank recognizes portfolio provisions for loans, which are not individually significant, and a provision for impairment losses incurred but not yet reported or identified with a specific loan. This requires an accurate identification of balances that are not individually significant and grouping of loans with similar credit risk characteristics.	We examined a sample of individually significant loan exposures, in order to test loan loss provisions calculated on an individual basis. We considered management's assumptions, including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default.
We focused on this area during the audit due to the significance of the amounts involved for the separate financial statements and also because of the nature of the judgements and assumptions that management are required to make.	We assessed the underlying models, reasonableness of assumptions, and completeness and accuracy of the underlying data, which were used by the Bank to estimate portfolio loan loss provisions for loans that share similar credit risk characteristics.
	Our audit did not lead to any material adjustments to the loan loss provisions at 31 December 2017.

Reporting on other information in the annual report

Management is responsible for the annual report prepared in accordance with the Slovak Act on Accounting No. 431/2002 as amended (the "Accounting Act"), the Slovak Act on Stock Exchanges No. 429/2002 as amended (the "Act on Stock Exchanges") and the Slovak Act on Securities and Investment Services No. 566/2001 as amended (the "Act on Securities and Investment Services"). The annual report comprises (a) the separate financial statements and (b) other information.

Our opinion on the separate financial statements does not cover the other information in the annual report.

In connection with our audit of the separate financial statements, our responsibility is to read the annual report and, in doing so, consider whether the other information is materially inconsistent with the separate 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 it includes the disclosures required by 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 year ended 31 December 2017 is consistent with the separate 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 respect.

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

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of our 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 separate 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Our appointment as independent auditor

We were first appointed as auditors of the Bank by the General Assembly on 27 March 2017. This represents a total period of uninterrupted audit service of one year.

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



Martin Gallovič
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Bratislava, 13 February 2018, except for the section "Reporting on other information in the annual report" of this report, for which the date of our report is 26 March 2018.