

**APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT
to the annual report in accordance with the Act on Statutory Audit No 423/2015 Coll § 27 par. 6
and on amendments to the Act on accounting No 431/2002 Coll as amended by later legislation
("the Act on statutory audit")**

To the Founder, Supervisory Board, Audit Committee and Bank Board of Exportno-importná banka Slovenskej republiky:

I. We have audited the financial statements of Exportno-importná banka Slovenskej republiky („the Company“) as at 31 December 2016, presented in the attached annual report of the Company, to which we issued on 4 May 2017 the following independent auditor's report from the audit of the financial statements:

„Report on the audit of the financial statements

Opinion

We have audited the financial statements of Exportno-importná banka Slovenskej republiky ("the Company"), which comprise the balance sheet as at 31 December 2016, the profit and loss statement, statement of changes in shareholder's equity, statement of cash flows and the notes, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of its financial position as at 31 December 2016, and of its financial performance for the year then ended in accordance with the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Accounting") and in accordance with the Measure of the Ministry of Finance of the Slovak Republic of 3 December 2014 No. MF/22162/2014-74, establishing the details of accounting procedures and framework charts of accounts for Exportno-importná banka Slovenskej republiky and the Measure of the Ministry of Finance of the Slovak Republic of 3 December 2014 No. MF/22164/2014-74, establishing the details of the arrangement, marking and content specification of items for an individual financial statement and the extent of data determined for publication of financial statement for Exportno-importná banka Slovenskej republiky, as amended by later legislation. These are collectively referred to as "the Measures applicable to the Company".

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and Regulation of the European Parliament and Council (EU) No. 537/2014 of 16 April 2014 on specific requirements for the statutory audit of public interest entities. 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 are independent of the Company in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics. We have fulfilled the ethical requirements of these provisions and the

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Auditor's Code of Ethics, relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters which, 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, on which we formed our opinion, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, also in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Loan loss provisions

Credit impairment is a highly subjective area due to the level of judgment applied by management in determining loan loss impairment allowances. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows and expected net selling prices of collaterals. Each impaired asset is assessed on its merits and the workout strategy and estimate of cash flows considered recoverable are approved in accordance with the approval matrix of the Company. The use of different modelling techniques and assumptions could produce significantly different estimates of loan loss impairment allowances.

Due to the significance of loans and advances to customers (representing 36% of the Company's total assets) and the related estimate uncertainties, this is considered a key audit matter.

The portfolios which give rise to the greatest uncertainty are typically those where impairments are derived from estimates of future cash flows and realizable value of collateral, are unsecured or are subject to potential

We assessed the design and tested the operating effectiveness of internal controls over the approval, recording and monitoring of loans and advances and controls over impairment calculations including the quality of underlying data and systems.

Our work involved testing of impairment of receivables towards corporate counterparties. Due to the heterogeneous portfolio of clients, we focused on individually significant exposures that had been impaired or have become individually impaired or exposed to an increased risk of individual impairment.

For loan loss impairment allowances calculated on an individual basis, we tested the assumptions underlying the impairment identification and quantification, focusing on loan cases with the most significant potential impact on the separate financial statements. We assessed the Company's assumptions of expected future cash flows, including the value of realizable collateral and estimates of recovery on default based on our own understanding and available market information.

We also assessed whether the financial statement disclosures appropriately

collateral shortfalls. Our work covered impairment of receivables from corporate counterparties. We paid particular attention to individually significant exposures that either continued to be, have become, or were at risk of being individually impaired.

Impairment assessment on a collective portfolio basis by groups is defined in the MF SR Measure. The Company had not created any portfolio loan loss impairment allowances as at 31 December 2016, due to inability to create sufficiently homogeneous groups of assets with similar credit risk characteristics.

Refer to Note 9 Loans and advances to customers and Note 11 Impairment losses for further details.

reflect the Company's exposure to credit risk and are compliant with accounting requirements of the MF SR Measure.

Estimates used in calculation of insurance liabilities and liability adequacy test

The Company's technical provisions for insurance, disclosed in Note 10c in the financial statements represent a significant part of the Company's total liabilities (64%). Technical provisions are recorded to cover losses arising from insurance of commercial and political risks on short, medium and long-term export credits and receivables. Technical provisions for insurance are valued in accordance with the Measures applicable for the Company. It is based on IFRS, but it also considers the Company's exceptional specifics. Similarly to other insurance companies, the Company uses actuarial models to support the valuation of the technical provisions.

This area involves significant actuarial and management estimate and judgment over uncertain future outcomes, which requires involvement of our internal actuarial specialists and significant audit effort. As a consequence we considered it a key audit matter.

We used our internal actuarial specialists to assist us in performing our audit procedures. In particular, our audit focused on the models with more complex and/or requiring significant judgment in the setting of assumptions and methodology as IBNR provision, URR provision, liability adequacy test and utilization of claims provisions.

We considered the appropriateness of actuarial judgments and assumptions used in the models and also the compliance of the models with the applicable Measure of the Ministry of Finance. Furthermore we performed audit procedures to determine whether the models measured the insurance provisions accurately and completely.

We verified the validity of management's liability adequacy testing, which is a key test performed to check that the liabilities are adequate as compared to the expected future contractual obligations, according to the applicable accounting standard. Our work on the liability

adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Company and industry experience and specific product features.

The review of documentation in relation to actuarial assumptions and expert judgment is an important and integral part of our evaluation.

We also assessed the adequacy of the disclosures regarding these liabilities in the financial statements to determine that they were in accordance with the Measures applicable for the Company.

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

Management is responsible for the preparation of financial statements which give a true and fair view, in accordance with the Measures applicable for the Company and the internal controls which it determines to be 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 Company'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 it either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance that 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, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. Our additional procedures are as follows:

- We 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.

- We obtain an understanding of internal controls relevant to the audit in order to design 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.*
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.*
- We evaluate the overall presentation, structure and content of the financial statements, including the presented information and whether the financial statements capture the underlying transactions and events in a manner that leads to their fair presentation.*

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

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

Further requirements for the content of an auditor's report in accordance with the Regulation of the European Parliament and of the Council (EU) No. 537/2014

Appointment and approval of the auditor

We have been appointed statutory auditor by the Founder - the Ministry of Finance of the Slovak Republic on 28 September 2016. The total continuous period of our contract, including the previous renewal of the contract (extension of the period for which we were originally appointed) and our reappointment as statutory auditor, is 4 years.

Consistency with additional reporting to the Audit Committee

An additional report, prepared for the Audit Committee of the Company, has the same date of issuance as this report. Our auditor's opinion, expressed in both, remains consistent throughout.

Non-audit services

There have not been any prohibited non-audit services provided, as referred to in Article 5 section 1 of Regulation of the European Parliament and of the Council (EU) No. 537/2014, and we have remained independent from the Company in the course of the audit.

Except for the statutory audit services and services disclosed in the annual report and the financial statements we have not provided any other services to the Company."

II. Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report

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

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

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

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

- Information disclosed in the annual report prepared for 2016 is consistent with the financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

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

4 July 2017
Bratislava, Slovak Republic

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



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