



**Centrálny depozitár cenných papierov SR, a. s.**

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Number of pages: 78

## **Annual Report for the year 2016**

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## 1. Introduction

### 1.1. Introductory Remarks of the Managing Director

Dear Ladies and Gentlemen,

it is my pleasure to note that Centrálny depozitár cenných papierov SR, a. s. (hereinafter only the "CDCP" or "central depository") continues to strengthen its position in the market and maintains a positive economic trend from the last couple of years. For five years we have continued steadily to achieve profit and in the fourth year in a row our profit exceeds EUR 500 thousand. We may say that the year 2016 was a very successful year. The continuous downward trend in capital market activities which can be seen mainly in the fall in transactions has become a long-term phenomenon which CDCP must take into account and respond to.

Last year, CDCP finalised its preparation for migration to a common technological platform Target 2-Securities (hereinafter also the "T2S") the operation of which is covered by the European Central Bank (hereinafter only as the "ECB"). Together with participants in our settlement system we successfully tested the functionality of information systems and conducted migration tests with ECB. Today we may say that this long-term project was successfully completed in February 2017 and CDCP together with the Slovak capital market participants have moved to a new phase. However, it is still necessary to continue to harmonise the national standards in this sector.

Another important activity of the past year was preparation of CDCP for obtaining the authorisation pursuant to the requirements of the Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 (hereinafter also the "CSDR Regulation"). Implementation of the new European legislation and adjustment of overall activity of CDCP reached an advanced stage. We are successfully heading to submission of the professionally prepared application for granting the respective authorisation to the National Bank of Slovakia (hereinafter only the "NBS") in September 2017.

We communicate with our participants on a regular basis, notifying them of any new changes. We cooperated actively with the NBS and the Ministry of Finance of the Slovak Republic (hereinafter only the "MF SR") in harmonising the national legislation with the European one and we continuously consult on the procedures of implementation of the CSDR Regulation requirements and the regulatory and technical standards (hereinafter also the "RTS"). At the end of the previous year we managed to complete the process of meeting the recommendations of the NBS arising from the requirements of Principles for financial market infrastructures (hereinafter also the "PFMI").

The list of those who help CDCP to move forward is long. First of all let me thank our clients and participants for their support and favour, as well as for understanding they showed in difficult times of changes mentioned earlier. Let me also thank all our colleagues and members of CDCP bodies who fulfil the CDCP fundamental mission with their personal commitment and professional approach. Without their assistance and support it would not be possible. My thanks go to the NBS and MF SR for cooperation and professional attitude. The trust of shareholder Burza cenných papierov v Bratislave, a.s. (hereinafter only the "BCPB") is the sign of recognition, as well as commitment. Therefore it has our respect and deserves our thanks.



Ing. Martin Wiedermann  
Chairman of the Board and the Managing Director of CDCP

## 2. Core activities

### 2.1. Processing of Transfer Orders

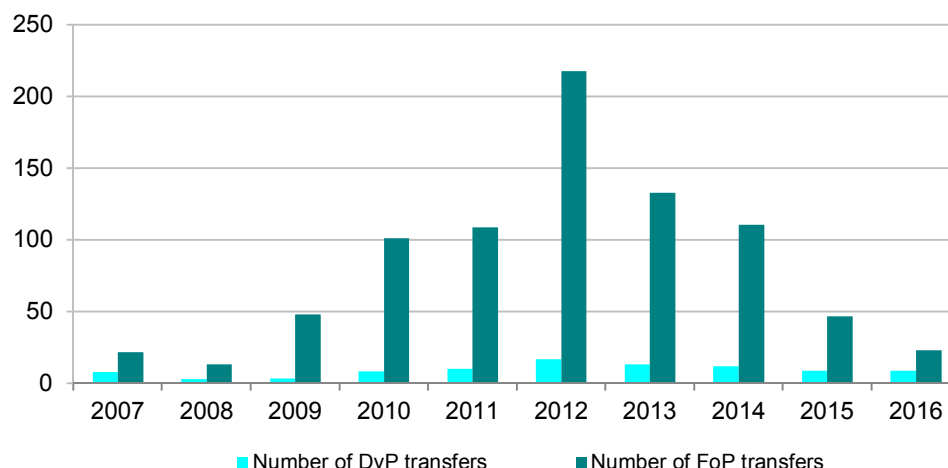
Over 256 operating days in 2016, the total volume of transfers reached EUR 46,619,255,693 and the average daily volume reached EUR 182,106,468. The number of transfers decreased by more than 40 % compared to 2015. The average daily number of transfers thus decreased to 125.

VALUE AND NUMBER OF TRANSFERS TOTAL	2016	2015
Number of Days of Operation	256	256
Total Value in EUR	46 619 255 693	34 782 168 117
Average Daily Value in EUR	182 106 468	135 867 844
Number of Transfers	31 908	55 768
Average Number of Transfers	125	218

VALUE AND NUMBER OF TRANSFERS - TOTAL IN 2016						
	DvP TRANSFERS - Market Value		FoP TRANSFERS - Nominal Value		TRANSFERS TOTAL	
	VALUE in EUR	NUMBER of TRANSFERS	VALUE in EUR	NUMBER of TRANSFERS	VALUE in EUR	NUMBER of TRANSFERS
01.2016	1 937 761 541	877	3 441 694 976	513	5 379 456 517	1 390
02.2016	831 375 627	884	2 542 787 823	2 212	3 374 163 450	3 096
03. 2016	509 887 384	784	3 801 519 542	5 242	4 311 406 926	6 026
04.2016	732 842 337	627	2 687 802 437	1 472	3 420 644 774	2 099
05.2016	635 628 458	820	3 836 558 971	1 960	4 472 187 429	2 780
06.2016	670 896 158	931	2 921 197 854	5 525	3 592 094 012	6 456
07.2016	421 107 327	875	3 641 587 361	3 138	4 062 694 688	4 013
08.2016	299 140 920	528	1 698 596 866	652	1 997 737 786	1 180
09.2016	267 414 434	496	1 233 378 819	538	1 500 793 253	1 034
10.2016	225 806 278	691	2 570 664 605	538	2 796 470 883	1 229
11.2016	416 818 377	617	1 954 552 797	547	2 371 371 174	1 164
12.2016	523 432 529	592	3 816 802 272	849	4 340 234 801	1 441
SUM	7 472 111 370	8 722	34 147 144 323	23 186	41 619 255 693	31 908

Number of DvP and FoP\* transfers (in thousands) in 2007 - 2016:

\* see Glossary (page 76)



### 2.1.1. Delivery versus Payment Transfers

In 2016, the central depository executed DvP transfers of securities in the total market value of EUR 7.472 billion. In terms of the number of orders, the central depository processed a total of 8,722 orders in its clearing and settlement system. The average daily value of securities settled in the CDCP system reached EUR 29.2 mil., and the daily number of transfer orders averaged at 34 orders. Compared to situation in the year 2015, the total value of securities transferred fell by 28.67 %, which makes a year-on-year decrease by EUR 3 billion. The number of transfer orders processed decreased by 258 orders in comparison to the year 2015 (i.e. downturn by 2.87 %).

VALUE AND NUMBER OF DvP TRANSFERS	2016	2015
Total Value in EUR - Market Value	7 472 111 370	10 475 341 378
Average Daily Value in EUR	29 187 935	40 919 302
Number of Transfers	8 722	8 980
Average Number of Transfers	34	36

### 2.1.2. Free of Payment Transfers

The value of securities transferred in 2016 as FoP transfers, expressed in the nominal value, amounted to EUR 34.147 billion and the average daily value of these transfers amounted to EUR 133.39 million. Compared to the previous year, the value of securities transferred increased by EUR 9.84 billion, which represents a year-on-year growth by 40.48 %. In comparison to the year 2015, the number of FoP transfer orders decreased by 23,602 orders, which represents a year-on-year fall by 50.44 % and the average daily number of the processed orders was 91.

VALUE AND NUMBER OF FoP TRANSFERS	2016	2015
Total Value in EUR - Nominal Value	34 147 144 323	24 306 826 739
Average Daily Value in EUR	133 387 283	94 948 542
Number of Transfers	23 186	46 788
Average Number of Transfers	91	183

## 2.2. Value of Securities in CDCP Registry

### 2.2.1. Year-end balance in owner's accounts

As of 31 December 2016 the book-entry securities with the total nominal value of EUR 78.796 billion were credited to the owners' accounts, clients' accounts and holders' accounts. The highest share of that value was represented by bonds in the total value of EUR 39.539 billion. The total value of shares registered in the accounts was EUR 37.468 billion and the value of co-operative units issued in CDCP amounted to EUR 0.107 billion. The number of issues of book-entry shares issued as of 31 December amounted to 1,859 issues. The number of issues of bonds was 477, and 202 issues of co-operative units were registered. The number and value of issues of book-entry units of the unit trust did not change in the course of the year 2016 - 16 issues with the total value of EUR 3.35 mil. were registered. In "Other Issues" category in which also one issue of NPF bonds is registered 29 issues with the total value of EUR 1.677 billion were registered. In 2016, one issue of treasury bills was issued.

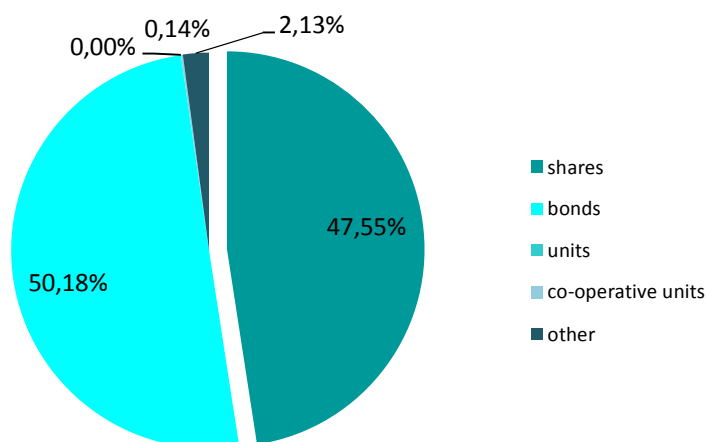
The total value of book-entry securities issued in CDCP increased by 1.37 % compared to the previous year, and the increase expressed in the nominal value equals EUR 1.07 billion.

In the year 2016, the increase was recorded in bonds the nominal value of which increased by EUR 1.689 billion. The value of issues of book-entry shares decreased by EUR 1.121 billion and the value of other securities increased by EUR 0.503 billion. The value of co-operative units fell by EUR 2.77 million. In 2016 the units of the unit trust did not show any change compared to the previous year and their value was EUR 3.35 million.

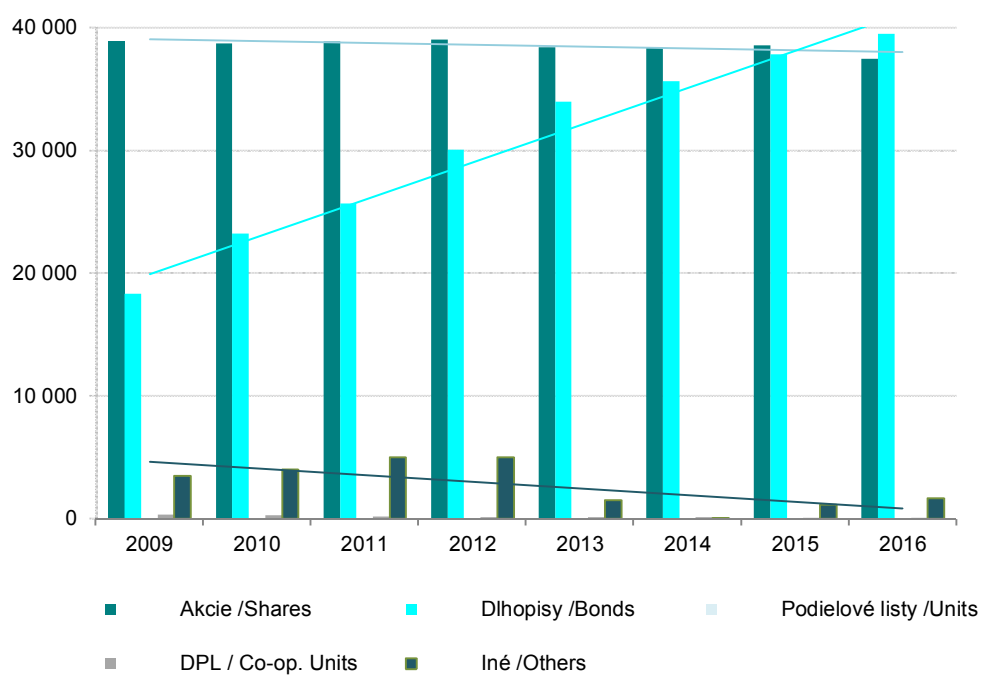
NOMINAL VALUE OF BOOK-ENTRY SECURITIES - AS OF END OF THE YEAR			
	2016	2015	2014
VALUE TOTAL in EUR	78 796 405 740	77 727 662 518	74 194 060 611
Shares	37 468 414 942	38 589 683 050	38 403 431 691
out of that: non-converted shares*	1 891 892 119	2 160 591 449	2 501 949 267
Bonds	39 539 568 592	37 850 371 964	35 642 634 371
Units	3 349 859	3 349 859	3 349 859
Co-operative units	107 951 460	110 720 803	126 103 309
Other	1 677 120 887	1 173 536 842	18 541 381

\* issues in SKK converted to EUR for information purpose at a conversion rate

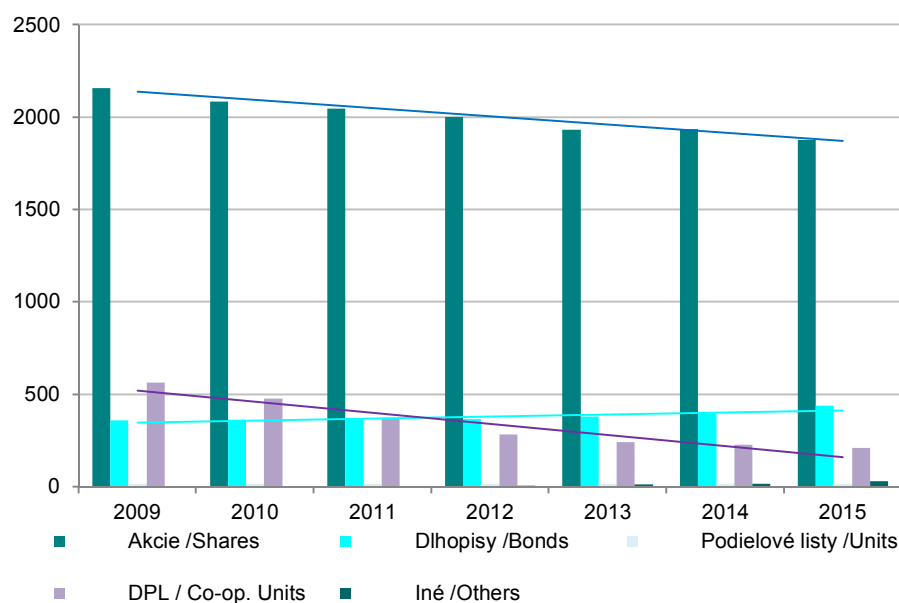
Structure of book-entry securities in 2016 (by value of securities issued):



Development of value of book-entry securities in the nominal value (in mil. EUR) in 2009 – 2016:



Number of issues of book-entry securities in 2009 – 2016:



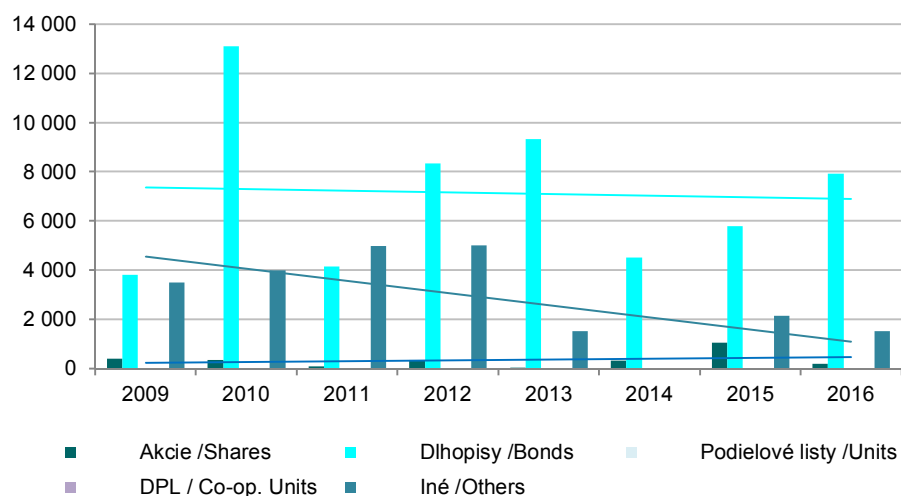
## 2.2.2. New Issues Issued in the Course of the Year

In 2016, in CDCP the total of 174 new issues of book-entry securities with the total nominal value of EUR 9.664 billion were issued. As of the end of the year in question, out of these issues the securities with the value of EUR 6.774 billion were credited to the accounts. The highest increase in the value of new securities was recorded in bonds, i.e. in the amount of EUR 7.932 billion. It was followed by the increase in Other Securities category with the increase in the value of EUR 1.519 billion and the shares issued which amounted to EUR 0.212 billion. In 2016, 39 new issues of shares, 116 issues of bonds and one issue of co-operative units in the value of EUR 0.273 mil. were issued. Not a single issue of book-entry units of unit trust was issued.

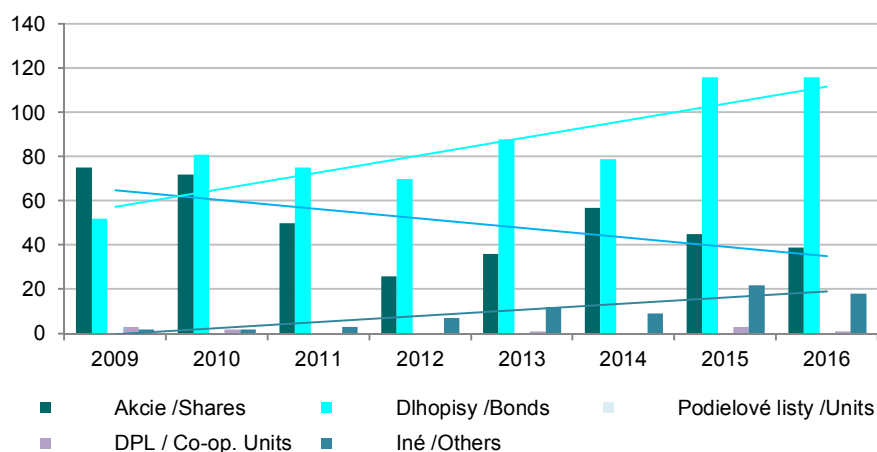
NEW ISSUES OF BOOK-ENTRY SECURITIES ISSUED IN CDCP - Face Value		
	VALUE in EUR	NUMBER of ISSUES
VALUE TOTAL	9 664 435 341	174
Shares	212 849 076	39
Bonds	7 932 070 296	116
Units	0	0
Co-operative units	273 949	1
Other	1 519 242 020	18



Development of value of new issues of book-entry securities (in mil. EUR) in 2009 – 2016:



Number of new issues of book-entry securities (in pcs) in 2009 – 2016:



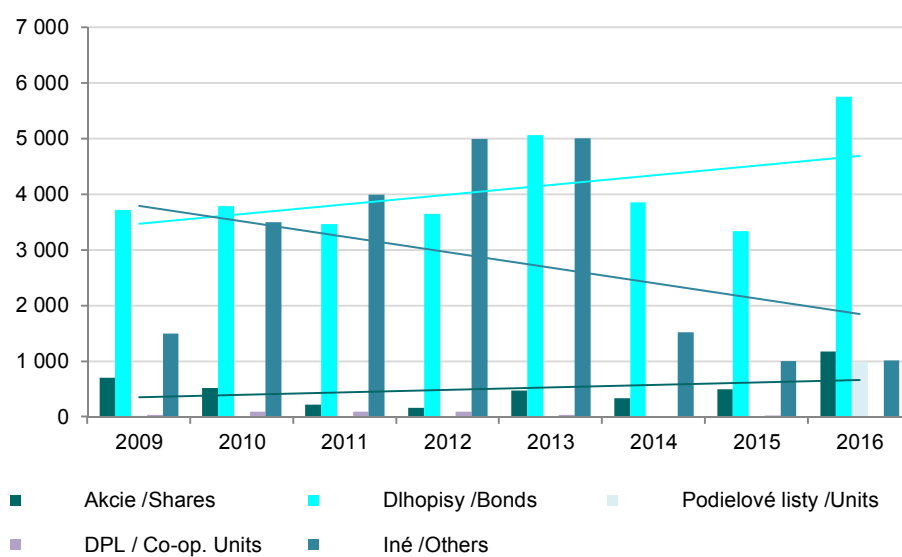
### 2.2.3. Issues Cancelled in the Course of the Year

In the course of 2016, securities with the nominal value of EUR 7.954 billion were cancelled in issuer's register of book-entry securities. The cancelled securities comprised of 166 issues in total, and out of this number, 18 issues were deleted from the issuer's register based on data from the electronical commercial register. The largest decline occurred in bonds where 78 issues were cancelled with the total value of EUR 5.758 billion. This was followed by 57 issues of shares with the value of EUR 1.174 billion, 21 cancelled issues of Other Securities with the value of EUR 1.015 billion, and co-operative units with the value of EUR 5.536 million which amounted to 10 issues. No issue of units of unit trust was cancelled in 2016.

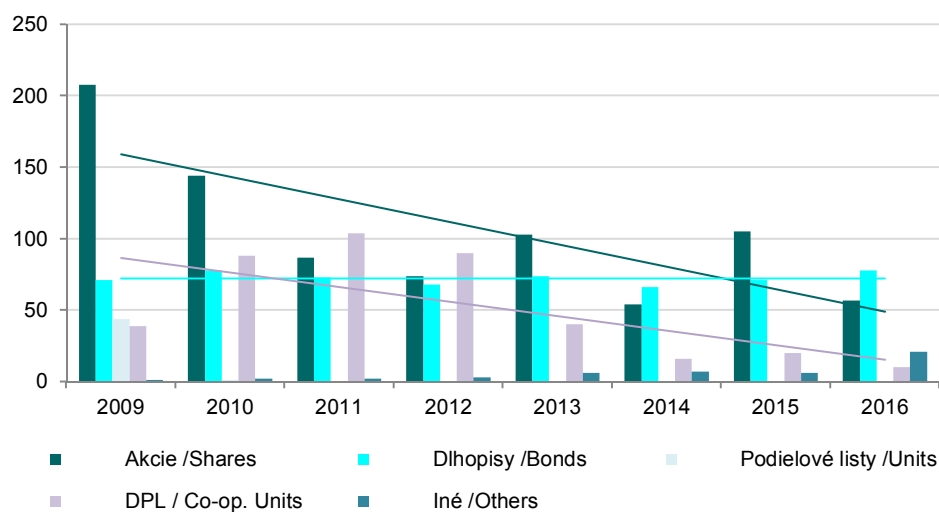
CANCELED ISSUES OF BOOK-ENTRY SECURITIES including issues with change of form to paper securities - Face Value		
	VALUE in EUR	NUMBER of ISSUES
<b>VALUE TOTAL</b>	<b>7 954 642 666</b>	<b>166</b>
<b>Shares</b>	1 174 914 554	57
<b>Bonds</b>	5 758 837 686	78
<b>Units</b>	0	0
<b>Co-operative units</b>	5 536 216	10
<b>Other</b>	1 015 354 210	21

ISSUES DELETED FROM THE ISSUER'S REGISTERS ON THE BASIS OF DATA FROM ELECTRONIC COMPANIES REGISTER 2016	
NUMBER OF ISSUES	18

Development of value of cancelled issues of book-entry securities (in mil. EUR) in 2009 – 2016:



Number of cancelled issues of book-entry securities (in pcs) in 2009 – 2016:



## **2.3. Issuer's Registers, Lists of Shareholders and Other Services**

### **2.3.1. Issuer's Registers Administration**

As of 31 December 2016, CDCP kept issuer's register for 1,493 issuers of book-entry securities and one issue of a foreign issuer of securities is registered in a special register of foreign securities. Out of the mentioned issues, at least one security was credited to the owner's account, client account or holder's account. The number of issuers for whom CDCP administered an issuer's register decreased by 11 (-0.73 % y-o-y) compared to 2015.

### **2.3.2. Issuers of Physical Shares**

In 2015, the central depository administered a list of shareholders for 3,582 issuers of paper-form shares, which represents an increase by 2 issuers (increase by 0.06 % y-o-y) compared to the previous year.

<b>ISSUER'S REGISTERS AND LISTS OF SHAREHOLDERS</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Number of Issuers for whom the CDCP administers the issuer's register</b>	<b>1 493</b>	<b>1 504</b>	<b>1 549</b>
<b>Number of Issuers of registered paper shares for whom the CDCP administers the List of Shareholders</b>	<b>3 582</b>	<b>3 580</b>	<b>3 555</b>

### **2.3.3. Services Based on Written Request**

In the year 2016, CDCP handled a total of 17,022 written requests concerning birth registration number or IČO code submitted by authorised persons pursuant to Section 110 of Act No.566/2001 Coll. on Securities and Investment Services as amended. This figure involves 11,290 requests submitted by tax and customs offices to which the services are provided free of charge and 1,897 requests submitted by notaries. Compared to 2015, CDCP handled by 5,066 requests less which makes a year-on-year decline by 22.94 %.

In the year 2016, CDCP also handled a total of 23,119 written requests submitted by natural persons and legal entities for the services such as change in owner, statement of account or change in personal data and the like.

## **2.4. Transfer of Securities to the State without Consideration**

In the year 2004, CDCP administered around 1.4 million of accounts of book-entry securities owners on which data on securities were registered. Many of these securities had no market value and owners were not interested in them.

After introducing the fees for owner's accounts in 2008, the social initiative arose to allow transfer of securities from the accounts of owners not interested in such securities. The amendment of Act No. 92/1991 Coll. on Conditions of Transfer of the State Property to Other Persons as amended introduced at the end of 2009 the possibility to transfer securities without consideration to the company MH Manažment a.s. being the legal successor of the National Property Fund.

Under the above Act, in the middle of the year 2016 (30 June 2016) the possibility to transfer securities without consideration was terminated for owners of accounts – natural persons. In 2016, 13,924 transfers from 10,118 accounts of owners – natural persons were executed to the account of the company MH Manažment a.s. As of the end of 2016, CDCP had only 242,572 accounts of securities owners on which data on securities were registered.

### **3. Project Target2-Securities in the year 2016**

In terms of T2S Project, the year 2016 was focused mainly on certification testing of CDCP against ECB, certification testing of CDCP participants against CDCP, and data migration testing.

In February CDCP successfully passed the T2S certification testing with ECB which confirmed the ability of CDCP information system to communicate with T2S and shifted CDCP to next phase of multilateral testing project.

CDCP was fully aware of the importance of preparedness of community to use the new services after migration to T2S. For this reason, in March, April and May it organised the training for all participants in new graphical user interface and new services brought by T2S. After the training, on 1 August 2016, the community testing phase during which each participant of CDCP was obliged to undergo the prescribed certification tests officially commenced. Community testing was successfully completed in December.

To be prepared for data migration is of the same importance. For this reason, in 2016 CDCP participated in all of the five organised testing of data migration of fourth wave to T2S and also conducted several more repeated internal migration tests.

In terms of T2S Project, the year 2016 ended by successful completion of community testing phase and data migration testing, which made good conditions for finalisation of T2S Project at the beginning of the year 2017.

## **4. Compliance**

### **4.1. European Legislation**

In the course of the year 2016, the CDCP continued to prepare the application for authorisation under the Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 and to harmonise its procedures and further regulations with the above Regulation.

On 11 November 2016 the European Commission adopted a package of regulatory technical standards (four delegated acts and two implementing acts of the Commission) implementing and amending the duties stipulated by the CSDR Regulation. These regulatory technical standards came into effect on 30 March 2017. However, approval of regulatory technical standard on settlement discipline is expected to take place in 2017. Following the effectiveness of the approved regulatory technical standards the 6-month period started for CDCP to submit the application for authorisation in accordance with the CSDR Regulation. CDCP assumes that the application for authorisation will be submitted at the beginning of September 2017.

The CSDR Regulation, along with the respective regulatory technical standards, EMIR Regulation and MiFID II Directive, form a fundamental framework of rules for systematically important securities infrastructures. It is mainly the CSDR Regulation which regulates the activities of central depositories, timing and course of securities settlement, and ensures that the central depositories have the risk management of high quality and meet the capital requirements.

### **4.2. National Legislation**

The new legislation on the European Union level triggered a need to adapt and harmonise the national legislation regulating the central depository activities, and therefore Act No. 566/2001 Coll. on Securities and Investment Services as amended was modified and amended by Act No. 292/2016 Coll. The main purpose of the amendment of the Act on Securities was to harmonise the national legislation with the CSDR Regulation, especially when it comes to performance of activities of the central depository,

procedure for granting the authorisation for central depository activities, access of participants to the settlement system and harmonisation of certain terms and issues with the European legislation. The changes came into effect on 1 December 2016, with the exceptions that came into effect on 6 February 2017.

#### **4.3. PFMI**

Following the CDCP assessment conducted by the National Bank of Slovakia in 2013-2014 based on the new principles of CPSS/IOSCO published by the Bank for International Settlements in 2012 under the title Principles for Financial Market Infrastructures, the NBS issued the recommendations for CDCP on achieving the compliance with the principles relevant for the CDCP and set the deadlines for meeting these recommendations. The recommendations involved the requirement to update the CDCP risk management framework, to draw up the CDCP Recovery Plan, to adjust the participant default definition stating the rules and procedures for management of participant default, as well as the requirement to exclude the possibility of recalculating mutual receivables and liabilities of settlement system participant. Furthermore, the NBS also recommended CDCP to keep the systems for identification, monitoring and management of general business risk and to develop the CDCP Recovery Plan so that recovery of key elements of IT infrastructure is ensured within two hours after any disaster.

All of the recommendations of NBS were fulfilled by CDCP by 6 February 2017. The fulfilment included, inter alia, amendments of the Rules of Operation, development of new internal regulations related to risk management, specifically the Risk Management Policy and the internal directive Strategies, Principles, and Procedures of Risk Management. In the field of recovery activities the Business Continuity Policy and the particular business continuity plans and recovery plans were developed. The new IT Services Recovery Plan was also developed.



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTÉM

**RNDr. Karol Mrva**

člen Bankovej rady  
výkonný riaditeľ

Riadenie rizika, vysporiadanie bankových operácií  
a platobné služby

Centrálny depozitár cenných papierov SR, a.s.	
ul. 29. augusta 1/A, 814 80 Bratislava	
Došlo dňa:	24-03-2017
Prílohy:	2390/2017
Prílohy:	Vyhovuje: <i>ov</i>

Bratislava 21. marca 2017  
NBS1-000-006-263  
Číslo: 100-000-030-131

**Vážený pán generálny riaditeľ a predseda predstavenstva,**

dňa 16. januára 2017 som obdržal Váš list, prostredníctvom ktorého informujete Národnú banku Slovenska o spôsobe splnenia odporúčaní Centrálnym depozitárom cenných papierov SR, a.s. (ďalej len „CDCP“).

Dovoľujem si Vám oznámiť, že proces hodnotenia CDCP oproti princípom PFMI týmto považujeme oficiálne za ukončený a stav naplnenia odporúčaní Národnej banky Slovenska za plne vyhovujúci. V súlade s odporúčaniami a požiadavkami vyplývajúcimi z princípov CPSS-IOSCO „Principles for financial market infrastructures“ vydanými v apríli 2012 BIS (ďalej len „PFMI“) ste v priebehu rokov 2014 až 2016 vykonali všetky opatrenia potrebné k dosiahnutiu súladu s predmetnými princípmi a splnili jednotlivé odporúčania Národnej banky Slovenska v bilaterálne dohodnutých termínoch.

Zároveň Vám touto cestou chcem poďakovať za spoluprácu na vykonaní hodnotenia CDCP a bezproblémovom postupe pri riešení a naplnení jednotlivých odporúčaní Národnej banky Slovenska. Vysoko oceňujem profesionálny a zodpovedný prístup zo strany CDCP a teším sa na ďalšiu spoluprácu.

S pozdravom

Vážený pán  
**Ing. Martin Wiedermann**  
predseda predstavenstva  
**Centrálny depozitár cenných papierov SR, a.s.**  
Bratislava

## 5. International Standards

CDCP assigns to issues of book-entry securities and paper-form securities the ISIN code which identifies the issue of securities and other financial instruments. ISIN code is assigned in compliance with the international standard ISO 6166 which stipulates the specific structure and mechanism for generating these codes. ISIN code is used as a basic identification of an issue not only in the central depository register, but also in any information systems working with securities. ISIN codes assigned to securities issued in the Slovak Republic start with “SK” prefix.

CDCP assigns also CFI and FISN codes as one of identifiers needed for all book-entry and paper-form securities to which it also assigns ISIN code. Assignment is carried out physically when ISIN code is generated. In accordance with the international standard ISO 10962 CDCP assigns CFI code – it is not a unique code identifying a particular issue of securities, but the code that identifies the category of securities and their relevant attributes in more detail. CFI code is assigned because of a need for consistent and uniform approach to division of securities into groups mainly in cross-border trading.

CDCP assigns FISN code in accordance with the international standard ISO 18774. FISN code identifies in more detail the short name of financial instrument and is assigned in order to provide the consistent and uniform approach to standardisation of the short name of issuer and description of securities. FISN code together with ISIN and CFI codes are used to ensure clear identification of and information about securities for capital markets participants both at national and international level when making financial transactions.

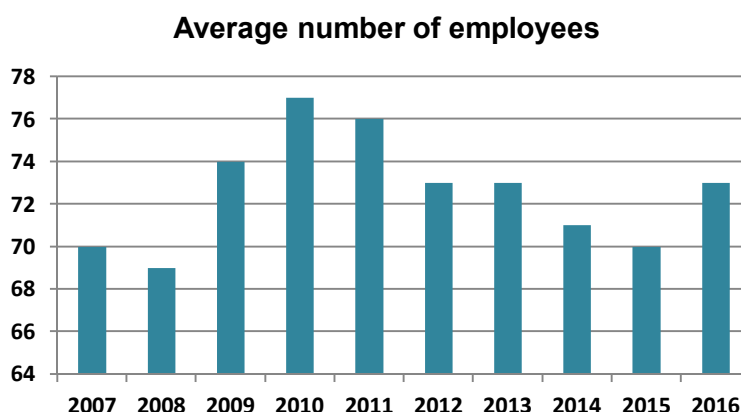
Within the Slovak Republic, ISIN, CFI and FISN codes are assigned by CDCP as the National Numbering Agency.

In 2014 CDCP started to assign LEI codes according to the international standard ISO 17442. Since 21 May 2014 when CDCP was approved as the Local Operating Unit, LEI codes assigned by CDCP may be used for identification of entities within the EU legislation (e.g. EMIR, SOLVENCY I., II.) and also other standards related to international financial market regulation.

In 2016 CDCP commenced preparation for accreditation process in order to become the LOU operator in the Slovak Republic. Accreditation is the process during which Global Legal Entity Identifier Foundation (GLEIF) assesses preparedness of the organisation interested in operating within the LEI global system LEI, assigning LEI codes, and managing the reference data of entities to which LEI code has been assigned. Upon accreditation the organisation – Local Operating Unit in temporary scheme (pre-LOU) becomes a member of LEI global system (GLEIS), entitled to operate as the accredited Local Operating Unit (LOU) in any of the countries for which it has been accredited.

## 6. Human Resources

In 2016, CDCP employed 73 employees at average



Structure of employees in 2016:

Average number of employees	73 total
Out of that:	30 men
	43 women
Entries	10 employees
Terminations	8 employees
Average age of all employees	42 years
Average age of new employees	36 year

### **6.1. Education**

The employees are the most valuable source of assets for us which directly affect the quality of CDCP results. We are interested in employing the competent qualified and quality employees who know their work and perform it well.

To provide our employees with the opportunity for continual improvement, we invest into educational activities and support both professional and personal growth of our high performers. In 2016 we prepared 23 educational activities for our employees, mainly consisting of seminars, trainings, conferences, and workshops.

### **6.2. Employee Benefits**

We do our best to acquire and maintain high performers by aligning benefits and corporate culture, and to achieve balance between their private and working life.

In 2016, each employee was entitled to 5 days of leave beyond the entitlement under the Labour Code. With the aim to support the care for health of our employees, we provided each employee with a package of preventive medical check-ups. We care about good relationships among co-workers and teambuilding event "CDCP Party" also contributed to their strengthening.

## **7. Strategic Vision**

The strategy of CDCP remains unchanged when it comes to improving the quality of services and increasing the efficiency in achieving the profit. The aim is to simplify the services and make them more attractive so that we can bring an added value to our customers and address the new ones. This requires appropriate market conditions and consistent regulatory environment that is attractive to investors. CDCP contributes to it by its stable infrastructure. We want to be a reliable partner to our members (participants in settlement system a), clients, and suppliers.

The main strategic tasks are:

1. To prepare CDCP for granting the authorisation in accordance with the requirements of CSDR Regulation and the respective RTS.
2. To ensure implementation of T2S Project in accordance with commitments to NBS and ECB, stabilise the productive information systems, and make the services available to our users.
3. To increase efficiency of services provided through introduction of digitalisation and computerisation of internal processes.
4. To establish performance metrics for all job positions, make the organisational structure real, and finalise the working processes.
5. To clarify and simplify the Scale of Fees in connection with the transition to T2S and the requirements of the Regulation, to ensure long-term sustainability of services.



6. To cooperate actively with the Users Committee and clients of CDCP. To transform CDCP to a modern client-oriented company that meets current European standards and to develop new trends and bring new innovative solutions providing our clients with the higher added value.
7. To obtain the accreditation of LEI codes provider and to become a full member of GLEIS

The first two tasks are the key one in terms of meeting the requirements of the new European legislation and harmonisation of the national standards within the capital markets. They require professionalism of employees and new functionalities to be ensured by CDCP. We have been updating our management documents and implementing the required functionalities. It involves mainly the fields of risk management and internal audit. It is necessary to continue to communicate actively with NBS and MF SR in order to harmonise the national legislation with the European one. Future smooth functioning of national capital market infrastructures requires not only compliance with the national legislation, but also its amendment and clarification, taking into account the requirements resulting from connection to the European technological platform T2S.

In February 2017, we completed the migration of CDCP to T2S platform. In the future it is necessary to continue to stabilise the productive information systems and to make the planned extension of functionalities available to our users.

The continued increasing of efficiency of internal processes declared in the fourth task follows the requirements arising from the first two tasks. Therefore it is necessary to search for reserves on the places which were not considered necessary in the past and to decrease administrative burden by computerisation of internal processes and digitalisation of documentation which is a part and also a necessary condition of this process.

The downward trend in capital market activity and gradual fall in revenues put pressure on increase of efficiency. We will fine-tune the functioning of the process organisational structure by implementing the administration and management system and performance statistics. At the same time, we make our employees focused rather on work results than on work itself. The important data are constantly monitored, compared, assessed, and verified to make sure the decisions made based on these data are correct.

The first two points require amendment of the Rules of Operation and Scale of Fees. We have an ambition to apply this process to clarify and simplify the Scale of Fees and that's the reason we mention it separately again in task No. 5.

The sixth task involves our ambition to keep with the current trends and bring innovative solutions using fintech products in the future.

Following the successful start of service comprising assignment of LEI codes we find ourselves in the seventh task preceding the accreditation process for the provider of services of LEI codes assignment and administration. The regulatory requirements envisage that there will be a need to assign LEI codes also to another entities. Therefore we consider the successful accreditation process to be important to allow us to continue in this activity as the approved LOU operator, i.e. a full member of LEI codes global system – GLEIS.

Implementation of all tasks is a big and ambitious challenge for CDCP. Many of the above changes, in particular the first three of them, are to be implemented concurrently, during full operation and without affecting the market participants and quality of services provided significantly. It brings exceptionally high expectations in relation to professionalism and performance of employees. If the main reason of CDCP existence is to provide the services, i.e. to assist our clients, the main reason of employment existence is to help and cooperate with colleagues. We can manage the aforesaid challenges only together as a team by supporting each other. The period ahead of us will be a test of character and team spirit for all of us.

## **8. List of Participants of CDCP**

CDCP provides services mainly through its participants. In compliance with Act No. 566/2001 Coll. on Securities and Investment Services as amended and in compliance with the CSDR Regulation, the banks, foreign banks, securities dealers, foreign securities dealers, another central depository, foreign

legal entity whose objects of business are equivalent to those of the central depository, the National Bank of Slovakia and the Debt and Liquidity Management Agency may become a participant.

In 2016, CDCP granted the status of member to the Národný centrálny depozitár cenných papierov, a.s. (hereinafter only the "NCDCP") and with the effect from 6 February 2017 also to the foreign bank Raiffeisen Bank International AG, with its registered office in Wien and the status of participant with the effect from 6 February 2017 to two entities, i.e. Debt and Liquidity Management Agency (hereinafter only "ARDAL") and Raiffeisen Bank International AG. As at the end of the year 2016, CDCP had 21 members (11 banks, 5 securities traders, 3 foreign central depositories, NCDCP, the National Bank of Slovakia).

All of the existing members of CDCP, after the new CDCP Rules of Operation elaborated in accordance with CSDR Regulation came into effect on February 2017, acquired the status of participant in CDCP settlement system.

### **The National Bank of Slovakia**

**ARDAL** (participant with the effect since 6 February 2017)

### **NCDCP**

#### **Foreign central depositories:**

- Centrální depozitář cenných papírů, a. s. (the Czech Republic)
- Krajowy Depozyt Papierów Wartościowych, S. A., (the Republic of Poland)
- CLEARSTREAM BANKING, AG (Germany)

#### **Commercial banks:**

- Citibank Europe, Plc., acting through organizational unit Citibank Europe, Plc., branch office of a foreign bank
- Československá obchodná banka, a.s.
- J & T BANKA, a.s., acting through organizational unit J & T BANKA, a.s., branch office of a foreign bank
- OTP Banka Slovensko, a.s.
- Poštová banka, a.s.
- Prima banka Slovensko, a.s.
- Sberbank Slovensko, a.s.
- Slovenská sporiteľňa, a.s.
- Tatra banka, a.s.
- UniCredit Bank Czech Republic and Slovakia, a.s., acting through organizational unit UniCredit Bank Czech Republic and Slovakia, a.s., branch office of a foreign bank
- Všeobecná úverová banka, a.s.

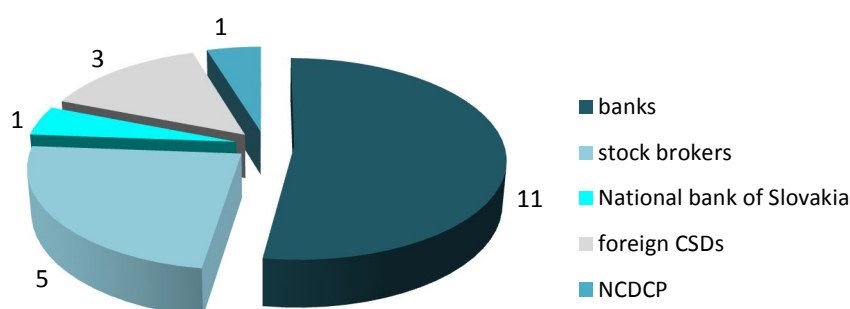
#### **Foreign commercial banks:**

- Raiffeisen Bank International AG (participant and member with the effect since 6 February 2017)

#### **Securities dealers:**

- Patria Finance, a.s.
- RM-S Market, o.c.p., a.s.
- Slávia Capital, o.c.p., a.s.
- Sympatia Finance, o.c.p., a.s.
- DLHOPIS, o.c.p., a.s.

CDCP members in 2016:

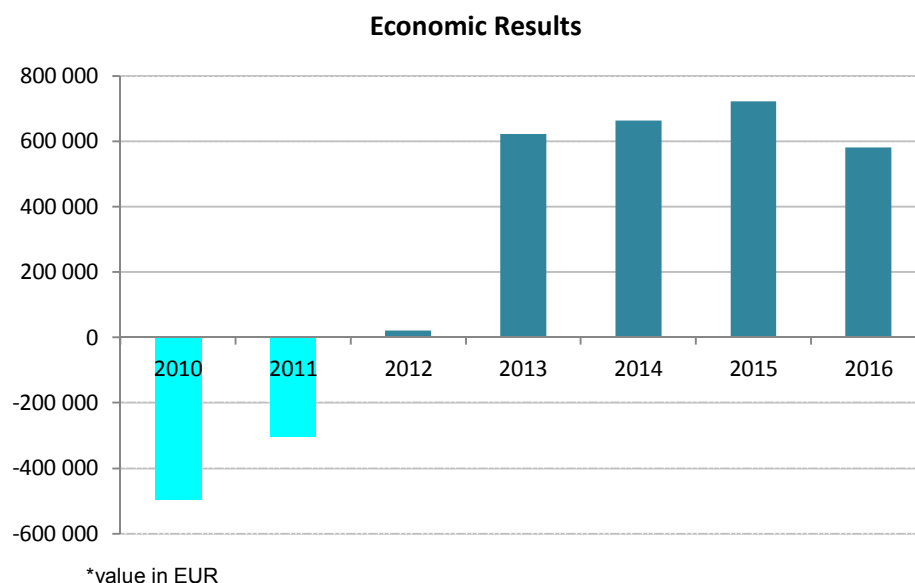


## 9. Economic Result for the Year 2016

### a) Profit and Loss Statement:

CDCP ended the economic year 2016 with profit after taxation in the amount of EUR 581,565. Compared to the profit for the year 2015 in the amount of EUR 722,379, the profit after taxation decreased by EUR 140,814 EUR, i.e. by 19 %.

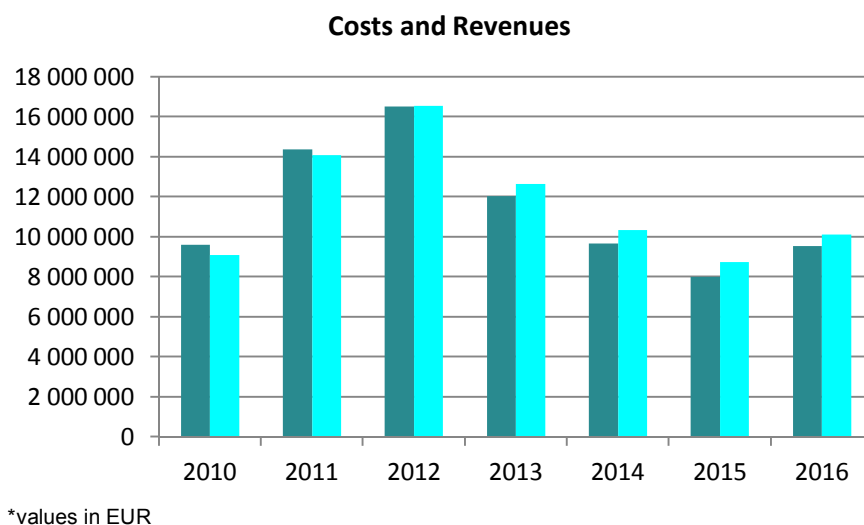
The year-on-year development of the economic result was caused by expenses in the amount of EUR 9,539,284 which grew faster than revenues in the total amount of EUR 10,120,849. Compared to the year 2015, total expenses increased by 19 % , i.e. in the amount of EUR 1,515,278, whereas revenues increased by 16 %, i.e. in the amount of EUR 1,374,464. The expenses and revenues of CDCP in 2016 were also affected by the change in accounting procedures applied toward the related party in the amount of EUR 1,233,140 both in expenses and revenues, i.e. without affecting the economic result. The economic result for the year 2016 before taxation was the profit of EUR 564,195 compared to the profit before taxation for 2015 in the amount of EUR 800,280, i.e. it makes year-on-year fall by 30 %.



	2010	2011	2012	2013	2014	2015	2016
<b>HV</b>	-498 355	-304 256	21 399	622 903	662 828	722 379	581 565

The increase in expenses was caused mainly by the change in accounting procedures applied towards related party included in the services which increased by 47 % in the amount of EUR 1,085,664; the economic activities costs increased by 16 % in the amount of EUR 474,860 mainly due to depreciation of receivables related to maintenance of securities owner's accounts and creation and use of reserves for judicial disputes and non-favourable contracts; personal expenses increased by 7 % in the amount of EUR 144,637 by reason of change in the remuneration system and severance pay for employees. The opposite effect, i.e. a fall in expenses, was shown in income taxes which decreased by 122 % in the amount of EUR 95,271; depreciations of non-current assets fell by 16 % in the amount of EUR 57,219 due to the final depreciation of the part of non-current assets; and taxes and fees decreased by 122 % in the amount of EUR 54,356.

Total revenues were affected mainly by the change in accounting procedures applied towards related party, included in the revenues from economic activities which increased by 186 % in the amount of EUR 983,485. The sales from own services increased by 6 % in the amount of EUR 471,429. The most significant growth by 31% in the amount of EUR 835,119 was shown in revenues from administration of securities owner's account and registration services for issues of book-entry securities increased by 4 % in the amount of EUR 93,177; and other services increased by 171 % in the amount of EUR 71,229. Financial revenues in the amount of EUR 70,366 fell by 53 % compared to the year 2015 due to a decline in interest rates for term deposits.



	2010	2011	2012	2013	2014	2015	2016
<b>NÁKLADY</b>	9 608 079	14 380 200	16 533 080	12 038 139	9 684 662	8 024 006	9 539 284
<b>VÝNOSY</b>	9 109 724	14 075 944	16 554 479	12 661 042	10 347 490	8 746 385	10 120 849

#### b) Balance sheet:

In the year 2016 total capital of CDCP increased by 3 % in the amount of EUR 762,936 compared to the year 2015; out of that non-current assets increased by 8 % in the amount of EUR 528,062 mainly due to increase in long-term intangible assets by 14 % in the amount of EUR 587,961 and due to decrease in long-term tangible assets by 3 % in the amount of EUR 59,899. When comparing to the year 2015, current assets increased by 1 % in the amount of EUR 265,014, the receivables increased by 1 % in the

amount of EUR 70,124, and financial accounts increased by 1 % in the amount of EUR 195,595. Growth of equity by 8 % affected the profit amounting to EUR 581, 565. Liabilities increased by 1 % in the amount of EUR 144,159 mainly due to increase in reserves by 1% in the amount of EUR 172,629 (both long-term and short-term reserves were reclassified and long-term reserves increased by 26 % in the amount of EUR 3,946,601 and the short-term decreased by 95 % in the amount of EUR 3,773,972).

**c) Distribution of profit:**

The General Meeting will decide on distribution of profit for the accounting period of 2016 in the amount of EUR 581,565. The proposal of statutory body to the General Meeting is the following:

- contribution to reserve fund (10%) EUR 58,157,
- transfer to retained earnings of previous years EUR 523,408.



**Centrálny depozitár cenných papierov SR, a.s.**  
**ul. 29. augusta 1/A, 814 80 Bratislava 1**

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**10. Independent auditor's report and the Financial Statements  
for the year ended on 31 December 2016**

## **10.1. Independent auditor's report**



## **INDEPENDENT AUDITOR'S REPORT**

on audit of the financial statements  
as of 31 December 2016

### **Centrálny depozitár cenných papierov SR, a.s.**

ul. 29. augusta 1/A, 814 80 Bratislava  
Company ID: 31 338 976

Bratislava, March 2017





## **INDEPENDENT AUDITOR'S REPORT**

To the shareholder, the supervisory board, and the board of directors of the company  
Centrálny depozitár cenných papierov SR

### ***Report on audit of the financial statements***

#### ***Opinion***

We have performed the audit of the financial statements of the company Centrálny depozitár cenných papierov SR, a.s. ("the Company") which consists of the balance sheet as of 31 December 2016, the profit and loss statement for the year ending on the same date, and notes which include overview of important accounting principles and accounting methods.

In our opinion, the financial statements present true and reliable image of the financial situation of the Company as of 31 December 2016 and of its economic result for the year which ended on stated date in compliance with the Act No. 431/2002 Coll. on Accounting as amended (hereinafter only „Act on Accounting“).

#### ***Basis for opinion***

We have performed the audit in compliance with the International Standards on Auditing (ISA). Our responsibility pursuant these standards is defined in section Auditor's responsibility for audit of the financial statements. We are independent from the Company in accordance with the provisions of the Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting as amended (hereinafter only "Act on Statutory Audit") with respect to ethics, including Auditor Code of Conduct, relevant for our audit of the financial statements, and we were compliant also with other requirements of these provisions related to ethics. We are convinced that obtained audit evidence is providing sufficient and acceptable basis for our opinion.

#### ***Certain facts to emphasize***

We would like to refer to Part L – INFORMATION ON OTHER ASSETS AND OTHER LIABILITIES in the Notes to financial statements describing litigations. The Company is a defendant in several litigations in total claimed amount of EUR 27 375 thousand including extras. As of 31 December 2016, in order to cover these risks the company created reserves in amount of EUR 18 339 thousands, which may insufficiently reflect volume of related impact. At present time it is not possible to determine result of individual litigations. Our opinion is not modified in connection with this fact.

#### ***Responsibility of the Statutory body for the financial statements***

Management of the Company is responsible for the preparation of these financial statements so that provides true and authentic image pursuant to the Act on Accounting and for those internal controls which it considers necessary for preparation of financial statements that are free from material incorrectness, whether due to fraud or error.



When preparing the financial statements, the statutory body is responsible for assessment of Company's ability to pursue its activities continuously, for description of facts related to continuous pursuit of activities if necessary, and for application of presumption of continual pursuit of activities in the accounting, unless it has intention to liquidate the Company or terminate its activities, or it would not have other realistic option than to do so.

***Auditor's responsibility for audit of the financial statements***

Our responsibility is to obtain adequate assurance that the financial statements as a whole does not includes material incorrectness, whether due to fraud or error and to issue auditor report, including the opinion. Adequate assurance is assurance of grate extent, but is not guarantee that audit performed in compliance with the International Standards on Auditing shall always disclose material incorrectness if any exists. Incorrectness can arise in consequence of fraud or error, and are deemed material in case of reasonable expectation that these could have, individually or collectively, impact on economic decisions of users made on basis of these financial statements.

Within audit performed pursuant to the International Standards for Auditing, we apply expert judgment and retain professional scepticism during whole audit. Beyond that:

- We identify and assess risks of material incorrectness in the financial statements, whether due to fraud or error, propose and exercise audit procedures reacting to these risks and are obtaining audit evidence which is sufficient and suitable to provide basis for our opinion. Risk that material incorrectness is not detected is higher in case of fraud than in case of error, because fraud can include collusion, falsification, intentional omission, untrue declaration or avoidance of internal control.
- We get acquainted with internal controls relevant for audit to be able to propose audit procedures appropriate for given circumstances, but not for purpose of provision of opinion on effectiveness of internal controls of the Company.
- We are assessing suitability of applied accounting principles and accounting methods and adequacy of accounting estimations and related information made by the statutory body.
- We make conclusion whether the statutory body is properly using assumption of continuous pursuing of activity in the accounting, and based on obtained audit evidence conclusion whether material uncertainty in connection with events or circumstances which could cast significant doubts on ability of the Company to pursue its activities continuously exists. If we come to conclusion that material uncertainty exists, we are obliged to give notice in our auditor report of related information stated in the financial statements, or to modify our opinion in the information is insufficient. Our conclusions arise from audit evidence obtained before date of the audit report. However, future events or circumstances may cause that the Company shall stop continuous pursue of its activities
- We are assessing overall presentation, structure and content or the financial statements including information stated in it, and also whether the financial statements reflect realised transactions and events in a way allowing true representation.



## **Report on other requirements arising from acts and other legal regulations**

### ***Report on information stated in the Annual Report***

The Statutory body is responsible for information stated in the Annual Report prepared in compliance with requirements of the Act on Accounting. Our above stated opinion to the financial statements does not apply to other information in the Annual Report.

In connection with audit of the financial statements our responsibility is to obtain knowledge on information stated in the Annual Report and to assess whether there is no significant discrepancy between information and the financial statements or our knowledge we have obtained during audit of the financial statements, or which seems to be notably incorrect in any other way.

The Annual Report of the Company was not at our disposal on the date when the auditor report on audit of the financial statements was issued.

When the Annual Report will be delivered to us, we will assess whether the Annual Report of the Company includes information required by the Act on Accounting and based on work performed during audit of the financial statement we shall give our opinion whether:

- information stated in the Annual Report for 2016 is compliant with the financial statements for given year
- the Annual Report includes information pursuant to the Act on Accounting.

In addition, we will state whether we have found material incorrectness in the Annual Report based on our knowledge on the accounting unit and situation obtained during audit of the financial statements.

In Bratislava on 31 March 2017

(round stamp)

ACCEPT AUDIT & CONSULTING, s.r.o.  
Baštová 38, 080 01 Prešov  
SKAU licence No. 000124  
Commercial Register of DC Prešov, file No. 2365/P

(signature)

Auditor in charge:  
Ing. Ivan Bošela, CA, MBA  
SKAU licence No. 962

## **10.2. Financial Statements for the year which ended on 31 December 2016**

1.

# Final Accounts

As of 31. 12. 2016

<b>Tax ID</b> 2 0 2 0 3 1 2 8 3 3	Financial statements	Accounting Unit	month		year
<b>Identification Number</b> 3 1 3 3 8 9 7 6	x proper	small	For period	from	1 2016
<b>Code SK NACE</b> 6 6 . 1 1 . 0	extraordinary	x large		until	12 2016
	current		Previous period	from	1 2015
				until	12 2015

x Balance sheet in euro	x Profit and loss statement in euro	x Notes in euro or euro cents
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Trade Name of the accounting unit	
C E N T R Á L N Ý D E P O Z I T Á R C E N N Ý C H P A P I E R O V S R , a . s .	
Seat of the accounting unit	
Street	Number
2 9 . A U G U S T A	1 / A
Postal Code	Place
8 1 4 8 0	B R A T I S L A V A
Companies register and registration number	
Companies register of District Court Bratislava I., Section Sa, File: 493/B	
Phone Number	Fax Number
E-mail address	

Prepared on: 21.3.2017	Signature of the person responsible for bookkeeping:	Signature of the person responsible for preparing the financial statements:	Signature of the members of the company's statutory body:
Approved on:			

<b>Tax office notes:</b>	
Registration Number	Tax office stamp

**Balance Sheet as of 31 December 2016 – The Assets Side** (in EUR)

Title	A S S E T S	Line No.	In current acc. period			Previous acc. period
			Gross	Correction	Net	
	<b>TOTAL ASSETS (lines 002+ 033+074)</b>	<b>001</b>	<b>47 768 424</b>	<b>19 245 230</b>	<b>28 523 194</b>	<b>27 760 260</b>
<b>A.</b>	<b>Fixed assets (lines 003+ 011+ 021)</b>	<b>002</b>	<b>19 819 172</b>	<b>12 996 124</b>	<b>6 823 048</b>	<b>6 294 988</b>
<b>A.I</b>	<b>Total long-term intangible assets (lines 004 through 010)</b>	<b>003</b>	<b>13 682 913</b>	<b>8 944 185</b>	<b>4 738 728</b>	<b>4 150 768</b>
A.I.1	Capitalized development costs	004				
2.	Software	005	9 519 365	8 938 801	580 564	260 521
3.	Valuable rights	006	17 429	5 384	12 045	13 788
4.	Goodwill	007				
5.	Other long-term intangible assets	008				
6.	Acquisition of long-term intangible assets	009	4 146 119	4 146 119		3 876 459
7.	Advance payments for long-term intangible assets	010				
<b>A.II.</b>	<b>Total long-term tangible assets (lines 012 through 020)</b>	<b>011</b>	<b>6 135 020</b>	<b>4 051 939</b>	<b>2 083 081</b>	<b>2 142 981</b>
A.II.1	Land	012	431 521		431 521	431 521
2.	Buildings	013	3 753 701	2 287 626	1 466 075	1 559 918
3.	Stand-alone movable objects and groups of movable objects	014	1 801 116	1 759 997	41 119	26 997
4.	Perennial crops	015				
5.	Breeding and draught animals	016				
6.	Other long-term tangible assets	017	126 557	4 316	122 241	124 545
7.	Acquisition of long-term tangible assets	018	22 125		22 125	
8.	Advance payments for long-term tangible assets	019				
9.	Adjustment to acquired assets	020				
<b>A.III.</b>	<b>Total long-term financial assets (lines 022 through 032)</b>	<b>021</b>	<b>1 239</b>		<b>1 239</b>	<b>1 239</b>
A.III.1	Stocks and shares in linked acc. units	022				
2.	Stocks and shares with interests excluding linked acc. units	023				
3.	Other long-term securities and shares	024	1 239		1 239	1 239
4.	Loans to accounting entity in consolidated whole	025				
5.	Loans within share with interest except linked accounting units	026				
6.	Other loans	027				
7.	Debt securities and other long-term financial assets	028				
8.	Loans and other long-term financial assets with maturity max. 1 year	029				
9.	Bank accounts with fixation longer than 1 year	030				
10.	Acquisition of long-term financial assets	031				
11.	Advance payments for long-term financial assets	032				
<b>B.</b>	<b>Current assets (line 034+ 041+ 053+ 066+ 071)</b>	<b>033</b>	<b>27 896 187</b>	<b>6 249 106</b>	<b>21 647 081</b>	<b>21 382 068</b>
<b>B.I.</b>	<b>Total inventories (lines 035 through 040)</b>	<b>034</b>	<b>1 145</b>		<b>1 145</b>	<b>1 850</b>
B.I.1	Stocks	035	1 145		1 145	1 850

2.	Work-in-process and semi-finished products	036				
3.	Finished products	037				
4.	Animals	038				
5.	Goods	039				
6.	Advance payments for stocks	040				
<b>B.II.</b>	<b>Total long-term receivables (lines 42 + 046 through 052)</b>	<b>041</b>	<b>1 679 191</b>		<b>1 679 191</b>	<b>1 474 550</b>
B.II.1	<b>Total trade receivables (lines 43 +44+ 45)</b>	042	485 887		485 887	485 557
1.a.	Trade receivables in linked accounting units	043				
1.b.	Trade receivables within share participation except linked accounting units	044				
1.c.	Other trade receivables	045	485 887		485 887	485 557
2.	Net order value	046				
3.	Other receivables from linked accounting units	047				
4.	Other receivables within share participation excl. linked accounting units	048				
5.	Receivables from partners, members and association	049				
6.	Receivables from derivative operations	050				
7.	Other receivables	051	34 642		34 642	19 865
8.	Deferred tax receivable	052	1 158 662		1 158 662	969 128
<b>B.III.</b>	<b>Total short-term receivables (lines 054 + 058 through 065)</b>	<b>053</b>	<b>9 853 057</b>	<b>6 249 106</b>	<b>3 603 951</b>	<b>3 738 468</b>
B.III.1	Total trade receivables	054	9 728 233	6 249 106	3 479 127	3 362 411
1.a.	Trade receivables within linked accounting units	055	118 092		118 092	230 714
1.b.	Trade receivables within share participation except linked accounting units	056				
1.c.	Other trade receivables	057	9 610 141	6 249 106	3 361 035	3 131 697
2.	Net order value	058				
3.	Other receivables from linked accounting units	059				
4.	Other receivables within share participation excl. linked accounting units	060				
5.	Receivables from partners, members and association	061				
6.	Social insurance	062				
7.	Tax receivables	063	88 592		88 592	364 897
8.	Receivables from derivative operations	064				
9.	Other receivables	065	36 232	36 232		11 160
<b>B.IV.</b>	<b>Total short-term financial assets (lines 067 through 070)</b>	<b>066</b>				
B.IV.1	Short-term financial assets within consolidated whole	067				
2.	Short-term financial assets w/o financial assets in linked accounting units	068				
3.	Own stocks and own trade shares	069				
4.	Acquisition of short-term financial assets	070				
<b>B.V.</b>	<b>Financial accounts (lines 072 + 073)</b>	<b>071</b>	<b>16 362 794</b>		<b>16 362 794</b>	<b>16 167 200</b>
B.V.1	Cash	072	19 068		19 068	13 285
2.	Bank accounts	073	16 343 726		16 343 726	16 153 915

<b>C.</b>	<b>Accruals (line 075 +76 + 77+ 078)</b>	<b>074</b>	<b>53 065</b>		<b>53 065</b>	<b>83 204</b>
C.1	Deferred expenses – long-term	075	3 140		3 140	64
2.	Deferred expenses – short-term	076	37 941		37 941	32 397
3.	Accrued revenues – long-term	077				
4.	Accrued revenues – short-term	078	11 984		11 984	50 743

**Balance Sheet as of 31 December 2016 – The Liabilities Side**

<b>Title</b>	<b>LIABILITIES</b>	<b>Line no.</b>	<b>Current acc. period</b>	<b>Previous acc. period</b>
	<b>TOTAL EQUITY AND LIABILITIES (line 080+ 101+ 141)</b>	<b>079</b>	<b>28 523 194</b>	<b>27 760 260</b>
<b>A.</b>	<b>Own equity (lines 081+ 085+ 086+ 087+ 090 +93 +97 +100)</b>	<b>080</b>	<b>7 503 639</b>	<b>6 922 074</b>
<b>A.I.</b>	<b>Total registered capital (lines 082 through 084)</b>	<b>081</b>	<b>10 489 304</b>	<b>10 489 304</b>
A.I.1.	Registered capital	082	10 489 304	10 489 304
2.	Change in registered capital	083		
3.	Receivables for subscribed registered capital	084		
<b>A.II.</b>	<b>Share premium</b>	<b>085</b>		
<b>A.III.</b>	<b>Other capital funds</b>	<b>086</b>		
<b>A.IV.</b>	<b>Legal reserve funds (lines 88 + 89)</b>	<b>087</b>	<b>319 301</b>	<b>247 063</b>
A.IV.1	Legal reserve fund and Indivisible fund	088	319 301	247 063
2.	Reserve fund for own stocks and shares	089		
<b>A.V.</b>	<b>Total profit generated funds (lines 091 + 092)</b>	<b>090</b>	<b>1 942</b>	<b>1 942</b>
A.V.1.	Statutory funds and other funds	091		
2.	Other funds	092	1 942	1 942
<b>A.VI.</b>	<b>Adjustments due to revaluation (lines 94 through 96)</b>	<b>093</b>	<b>-143</b>	<b>-143</b>
A.VI.1	Adjustments of assets and liabilities due to revaluation	094	-143	-143
2.	Adjustments of capital interests	095		
3.	Adjustments due to revaluation at merger, fusion or split	096		
<b>A.VII.</b>	<b>Profit or loss of previous years (line 098 + 099)</b>	<b>097</b>	<b>- 3 888 330</b>	<b>-4 538 471</b>
A.VII.1.	Retained profit from previous years	098		
2.	Accumulated loss from previous years	099	- 3 888 330	-4 538 471
<b>A.VIII.</b>	<b>Profit or loss for accounting period after tax +/- (line 001- (081+ 085+ 086+ 087+ 090+ 093 +097 +101 +141))</b>	<b>100</b>	<b>581 565</b>	<b>722 379</b>
<b>B.</b>	<b>Total payables (line 102+ 118 + 121+ 122+ 136 + 139 +140)</b>	<b>101</b>	<b>20 911 764</b>	<b>20 767 607</b>
<b>B.I.</b>	<b>Total long terms payables (lines 103 + 107 through 117)</b>	<b>102</b>	<b>146 695</b>	<b>152 104</b>
B.I.1.	Total long-term trade payables (line 104 through 106)	103		
1.a.	Trade payables towards linked accounting units	104		
1.b.	Trade payables within share with interest excl. linked accounting units	105		
1.c.	Other trade payables	106		
2.	Net order value	107		
3.	Other payables to linked accounting units	108		



4.	Other payables within share with interest excl. linked accounting units	109		
5.	Other long-term payables	110		
6.	Long-term advance payments received	111		
7.	Long-term bills of exchange to be paid	112		
8.	Bonds issued	113		
9.	Payables from social fund	114	5 063	3 417
10.	Other long-term payables	115		
11.	Long-term payables from derivative operations	116		
12.	Deferred tax payable	117	141 632	148 687
<b>B.II.</b>	<b>Long-term reserves (lines 119 + 120)</b>	<b>118</b>	<b>19 163 868</b>	<b>15 217 267</b>
B.II.1	Legal reserves	119		
2.	Other reserves	120	19 163 868	15 217 267
<b>B.III.</b>	<b>Long-term bank loans</b>	<b>121</b>		
<b>B.IV.</b>	<b>Total short-term payables (lines 123 + 127 through 135)</b>	<b>122</b>	<b>1 403 651</b>	<b>1 426 827</b>
<b>B.IV.1.</b>	<b>Total trade payables (lines 124 through 126)</b>	<b>123</b>	<b>446 037</b>	<b>466 119</b>
1.a	Trade payables to linked accounting units	124	117 702	130 317
1.b	Trade payables within share with interest excl. linked accounting units	125		
1.c	Other trade payables	126	328 335	335 802
2.	Net order value	127		
3.	Other payables to linked accounting units	128		
4.	Other payables within share with interest excl. linked accounting units	129		
5.	Payables to partners and association	130		
6.	Payables to employees	131	94 549	92 762
7.	Payables to social security	132	70 096	64 537
8.	Tax payables and subsidies	133	758 086	771 262
9.	Payables from derivative operations	134		
10.	Other payables	135	<b>34 883</b>	<b>32 147</b>
<b>B.V.</b>	<b>Short-term reserves (lines 137 + 138)</b>	<b>136</b>	<b>197 324</b>	<b>3 971 296</b>
B.V.1	Legal reserves	137	51 914	42 546
2.	Other reserves	138	145 410	3 928 750
<b>B.VI.</b>	<b>Current bank loans</b>	<b>139</b>	<b>226</b>	<b>113</b>
<b>B.VI.</b>	<b>Short-term financial grant</b>	<b>140</b>		
<b>C.</b>	<b>Total accruals (lines 142 through 145)</b>	<b>141</b>	<b>107 791</b>	<b>70 579</b>
C.1.	Accrued expenses, long-term	142		
2.	Accrued expenses, short-term	143	2 277	9 668
3.	Deferred revenues, long-term	144	15 120	43 266
4.	Deferred revenues, short-term	145	90 394	17 645

**Profit and Loss Statement as of 31 December 2016**

<b>Title</b>	<b>I T E M</b>	<b>Line no.</b>	<b>Current acc. period</b>	<b>Previous acc. period</b>
<b>*</b>	<b>Net turnover</b>	<b>01</b>	<b>8 537 018</b>	<b>8 065 589</b>
<b>**</b>	<b>Total revenues from economic activity (lines 03 through 09)</b>	<b>02</b>	<b>10 050 483</b>	<b>8 595 569</b>
I.	Returns from sale of goods	03		
II.	Returns from own products	04		
III.	Returns from services	05	8 537 018	8 065 589
IV.	Change in inventories	06		
V.	Capitalization (acc. group 62)	07		
VI.	Returns from sale of long-term assets (tangible/intangible) and material	08	4 690	314
VII.	Other revenues from economic activity	09	1 508 775	529 666
<b>**</b>	<b>Total expenses on economic activity (lines 11 through 15 + 20 through 26)</b>	<b>10</b>	<b>9 518 208</b>	<b>7 902 685</b>
A	Cost of goods sold	11		
B	Consumption of material, energy and other non-storable supplies	12	120 487	99 075
C	Adjustment entries to inventory	13		
D	Services (acc. group 51)	14	3 389 931	2 304 265
E	Total personnel expenses (lines 16 through 19)	15	2 199 282	2 054 646
E.1.	Wages and salaries	16	1 498 658	1 388 466
2.	Remuneration of company body members	17	50 516	51 803
3.	Social insurance expenses	18	554 632	504 642
4.	Social expenses	19	95 476	109 735
F.	Taxes and fees (acc. group 53)	20	-10 323	44 033
G.	Depreciation and adjustments to long-term intangible assets and long-term tangible assets (l. 22+23)	21	302 454	359 674
G.1.	Depreciation to long-term intangible assets and long-term tangible assets	22	302 454	359 674
2.	Adjustments to long-term intangible assets and long-term tangible assets	23		
H.	Net book value of sold long-term assets and material	24		
I.	Creation of Adjustment entries to Receivables (+/- 547)	25	1 208 175	710 372
J.	Other expenses on economic activity	26	2 308 202	2 330 620
<b>***</b>	<b>Profit or loss from economic activity (line 02 – 10)</b>	<b>27</b>	<b>532 275</b>	<b>692 884</b>
<b>*</b>	<b>Added value ((lines 03 through 07) – (lines 11 through 14))</b>	<b>28</b>	<b>5 026 600</b>	<b>5 662 249</b>
<b>**</b>	<b>Revenues from financial activity (lines 30 + 31 + 35 + 39 + 42 + 43 + 44)</b>	<b>29</b>	<b>70 366</b>	<b>150 816</b>
<b>VIII.</b>	Returns from sale of securities and ownership interests	<b>30</b>		
<b>IX.</b>	Revenues from long-term financial assets (lines 32+ 33+ 34)	<b>31</b>		
<b>IX.1.</b>	Revenues from securities and ownership interests from linked accounting units	<b>32</b>		
<b>2.</b>	Revenues from securities and ownership interests within interest share excl. linked accounting units	<b>33</b>		
<b>3.</b>	Other revenues from securities and ownership interests	<b>34</b>		
<b>X.</b>	<b>Total revenues from short-term financial assets (lines 36 +37+ 38)</b>	<b>35</b>		
<b>X.1</b>	Revenues from short-term financial assets from linked accounting units	<b>36</b>		

2.	Revenues from short-term financial assets within share with interest excl. linked accounting units	37		
3.	Other revenues from short-term financial assets	38		
<b>XI.</b>	<b>Interests received (lines 40 + 41)</b>	<b>39</b>	<b>70 355</b>	<b>150 797</b>
XI.1.	Interests received within consolidated whole	40		
XI.2.	Other interests received	41	70 355	150 797
XII.	Exchange rate gains	42	11	19
XIII.	Revenues from revaluation of securities and revenues from derivative operations	43		
XIV.	Other revenues from financial activity	44		
**	Total expenses on financial activity (lines 46 through 49 +52+53+54)	45	38 446	43 420
K.	Securities and ownership interests sold	46		
L.	Expenses on short-term financial assets	47		
M	Adjustment entries on financial assets	48		
N.	Interests paid (lines 50 + 51)	49		
N.1.	Interests paid within consolidated whole	50		
2.	Other interests paid	51		
O.	Exchange rate losses	52	1 776	2 411
P.	Expenses on revaluation of securities and expenses on derivative operations	53		
Q.	Other expenses on financial activity	54	36 670	41 009
<b>***</b>	<b>Profit or loss from financial activity (line29 - 45)</b>	<b>55</b>	<b>31 920</b>	<b>107 396</b>
<b>****</b>	<b>Profit or loss for accounting period before tax (line 27 - 55)</b>	<b>56</b>	<b>564 195</b>	<b>800 280</b>
R.	Income tax (line 58 + 59)	57	-17 370	77 901
R.1.	- due	58	179 219	276 287
2.	- deferred	59	-196 589	-198 386
S.	Transfer of shares on profit or loss to partners	60		
<b>****</b>	<b>Profit or loss for accounting period after tax (+/-) [lines 56 - 57 - 60]</b>	<b>61</b>	<b>581 565</b>	<b>722 379</b>

**Financial Statements**  
**prepared pursuant to the Slovak legal regulations**  
**as of 31 December 2016**

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**A. INFORMATION ON THE COMPANY****1. Establishment of the Company**

The company Centrálny depozitár cenných papierov SR, a.s. (hereinafter only the "Company") was established on 12 November 1992 and incorporated in the Companies Register on 22 December 1992 (Companies Register of the District Court Bratislava I., Section Sa, Insertion No. 493/B).

**2. Core activities of the Company are:**

- registration of owners of book-entry securities in owner's accounts and data on securities in client's accounts of members in the extent stipulated by the Act on Securities
- registration of changes in owner's accounts in the extent stipulated by the Act on Securities and in client's accounts of members
- registration of data related to book-entry securities and immobilized securities in the extent stipulated by the Act on Securities
- allocation, changes, and deletions of ISIN
- supply of services to members of central depository, issuers of securities, to stock exchange, to foreign stock exchange related to activities according to letter a) to e) and according to Section 99(4)(a) and (f) of the Act on Securities
- provision and management of the system for technical processing of data for administration of the registry according to letter a) to d) and pursuant to Section 104(2)(a) to (c) of the Act on Securities
- administration of lists of shareholders for registered paper-form securities
- registration of other data if stipulated by the Act on Securities or by the special act
- provision of redemption of the nominal value of securities and paying out yields of securities after maturity as well as other related activities at issuer's request
- provision of other services associated with activity of the central depository according to the Act on Securities
- opening and administration of holder's accounts for members
- registration of book-entry securities and immobilized securities in issuer's registers
- provision of clearing and settlement of stock exchange trades with financial instruments and clearing and settlement of trades with financial instruments on request of a client or organizer of multilateral trading system; provision of clearing and settlement of such trades is understood as organizing and administration of system for clearing and settlement of trades with financial instruments (hereinafter only the "settlement system") for at least three participants of the settlement system.
- registration of changes in holder's accounts
- opening and administration of owner account for a central depository and provision of related services
- provision of custody services for financial instruments on client's account in relation to foreign transferable securities
- opening of account with foreign legal entity with similar scope of activities as central depository, with foreign bank or foreign stock broker and provision of related services; this account is administered according to legislation according to which the foreign legal entity was founded, foreign bank or foreign stock broker who opened the account for the central depository, and registration of data on securities owner is administered according to law of the Slovak Republic
- registration of book-entry foreign securities issued or issuing by European Central Bank or by European Central Bank in collaboration with the National Bank of Slovakia, as well as provision of related activities and services of the central depository, the administration of registration is governed by this Act, special regulations, rules of operations of the Central Depository, and agreement concluded between the central depository and the European Central Bank or the central depository and the National Bank of Slovakia

Notes: Úč POD 3 - 01

Company ID				3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3	

**3. Number of employees**

Data on the number of employees for the current accounting period and prior accounting period are shown in the following table:

	Current accounting period	Prior accounting period
Average number of employees	73	70
Number of staff at balance sheet date of which:	76	71
Management	7	7

**4. Test of size group of the accounting unit**

The accounting unit is included in the "large accounting unit" group if it meets, in two consequent account periods, at least two of three conditions – netto sum of assets exceeded 4 000 000 EUR, netto turnover overreached 8 000 000 EUR and average recalculated number of employees exceeded 50 during the accounting period.

Item	Current accounting period	Prior accounting period	Yes/No
Netto assets – total	28 523 194	27 760 260	Yes
Netto turnover – total	8 537 018	8 065 589	Yes
Number of employees	73	70	Yes

The accounting unit meets size requirements to be included to size group – **large accounting unit**, therefor it compiles the financial statement pursuant to methodology for this size group (Measures No. MF/23377/2014-74).

**5. Data on unlimited liability**

The Company is not a shareholder with unlimited liability in other legal entities under Section 56(5) of the Commercial Code.

**6. Legal reason for preparing the financial statements**

The Company's financial statements as of 31 December 2016 have been prepared as ordinary financial statements under Section 17(6) of the National Council of the Slovak Republic Act No. 431/2002 Coll. on Accounting for the accounting period from 1 January 2016 to 31 December 2016.

**7. Date of approving the financial statements for the previous accounting period**

The General Meeting of the Company approved the Company's financial statements as of 31 December 2015, i.e. for the previous accounting period, on 23 June 2016.

**8. Approval of the auditor**

On 20 May 2014 the General Meeting approved the ACCEPT AUDIT & CONSULTING, s.r.o. company as the auditor of the financial statements for the accounting period from 1 January 2016 to 31 December 2016.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**B. INFORMATION ON THE COMPANY BODIES****Current accounting period**

## Board of Directors:

Chairman: Ing. Martin Wiedermann from 26/10/2015

Vice-chairman: Ing. Ľudmila Boboková - from 03/02/2015

Member: Ing. Tomáš Novanský from 29.2.2016

## Supervisory Board:

Chairman: Ing. Igor Lichnovský - from 03/09/2015

Member: Ing. Ivan Gránsky - from 3/9/2015

Member: JUDr. Katrína Malíková - from 21/8/2015

**Prior accounting period**

## Board of Directors:

Chairman: Ing. Martin Wiedermann from 24/10/2013 until 31/8/2015, from 26/10/2015

Vice-chairman: Ing. Ľudmila Boboková - from 03/02/2015

Member: Ing. Tomáš Novanský

## Supervisory Board:

Chairman: Ing. Igor Lichnovský- from 30/08/2012 - until 30/08/2015; from 03/09/2015

Member: Ing. Tomáš Kapusta, CSc. – until 30/8/2015

Member: Ing. Ľubor Podracký – until 30/8/2015

Member: Mgr. Peter Stanček – until 22/3/2015

Member: Ing. Ivan Gránsky – from 8/3/2012 until 8/3/2015, from 3/9/2015

Member: Mgr. Csaba Balko - until 30/8/2015

Member: JUDr. Katrína Malíková - from 21/8/2015

**C. INFORMATION ON THE COMPANY PARTNERS**

The structure of the Company's shareholders as of 31 December 2016:

Partner, shareholder	Share in the registered capital		Share in voting rights	Other share in equity items other than registered capital
	absolute	in %	in %	in %
a	b	c	D	e
Burza cenných papierov v Bratislave, a.s.	10 489 304	100	100	-
<b>Total</b>	<b>10 489 304</b>	<b>100</b>	<b>100</b>	<b>-</b>

**D. INFORMATION ON THE CONSOLIDATED GROUP**

Burza cenných papierov v Bratislave, a.s. (Bratislava Stock Exchange), the parent company, is not compiling the consolidated financial statements for the year 2016 according to the Slovak Act on Accounting.

**E. INFORMATION ON ASSETS****1. Non-current intangible and tangible assets**

The overview of non-current intangible assets and non-current tangible assets from 1 January 2016 to 31 December 2016 and for the comparable period from 1 January 2015 to 31 December 2015 is presented in the tables below.

Notes: Úč POD 3 - 01

Company ID				3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3	

## Current accounting period

Non-current intangible assets	Capitalised development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Non-current assets in the process of acquisition	Advances paid for non-current intangible assets	Total
a	b	c	d	e	f	g	h	i
Acquisition cost								
<b>Opening balance</b>	-	<b>9 048 195</b>	<b>17 429</b>	-	-	<b>3 876 459</b>	-	<b>12 942 083</b>
Additions	-	510 750	-	-	-	790 410	-	1 301 160
Disposals	-	39 580	-	-	-	520 750	-	560 330
Transfers	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	<b>9 519 365</b>	<b>17 429</b>	-	-	<b>4 146 119</b>	-	<b>13 682 913</b>
Accumulated depreciation								
<b>Opening balance</b>	-	<b>8 787 674</b>	<b>3 641</b>	-	-	-	-	<b>8 791 315</b>
Additions	-	190 707	1 743	-	-	-	-	192 450
Disposals	-	39 580	-	-	-	-	-	39 580
Transfers	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	<b>8 938 801</b>	<b>5 384</b>	-	-	-	-	<b>8 944 185</b>
Valuation allowances								
<b>Opening balance</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-	-	-	-
Net book value								
<b>Opening balance</b>	-	<b>260 521</b>	<b>13 788</b>	-	-	<b>3 876 459</b>	-	<b>4 150 768</b>
<b>Closing balance</b>	-	<b>580 564</b>	<b>12 045</b>	-	-	<b>4 146 119</b>	-	<b>4 738 728</b>

In 2016 assets in the value of EUR 510 750,- were included to non-current intangible assets. Out of that sum 201 494,- EUR created technical valorisation of SW application: 180 000,- EUR IS SPOZUS, 12 886,- EUR application SW, 8 608 Eur economic SW SPIN . Purchased SW in total value 309 256,- Eur included: 296 473,- Eur – eSDP a eLCP system, Datacenter SA licence in value of 9 054 Eur, ESET licence for 140 PCs in value of 3 729 Eur. Discarded was software that is not used anymore, in total sum 39 580,- EUR with depreciated price 0,- Eur. In the account Non-current intangible assets are registered items related to developed SW „Migration of CD SR to T2S“ in the total value of EUR 4 146 119,-Eur.



Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

Prior accounting period								
Non-current intangible assets	Capitalised development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Non-current assets in the process of acquisition	Advances paid for non-current intangible assets	Total
a	b	c	d	e	f	g	h	i
Acquisition cost								
<b>Opening balance</b>	-	10 424 846	17 429	-	-	2 758 500	-	13 758 775
Additions	-	70 551	-	-	-	1 188 510	-	1 188 510
Disposals	-	1 447 202	-	-	-	70 551	-	1 517 753
Transfers	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	9 048 195	17 429	-	-	3 876 459	-	12 942 083
Accumulated depreciation								
<b>Opening balance</b>	-	9 995 991	1 898	-	-	-	-	9 997 889
Additions	-	238 885	1 743	-	-	-	-	240 628
Disposals	-	1 447 202	-	-	-	-	-	1 447 202
Transfers	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	8 787 674	3 641	-	-	-	-	8 791 315
Valuation allowances								
<b>Opening balance</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-	-	-	-
Net book value								
<b>Opening balance</b>	-	428 855	15 531	-	-	2 758 500	-	3 202 886
<b>Closing balance</b>	-	260 521	13 788	-	-	3 876 459	-	4 150 768

In 2015 assets in the value of EUR 70 551,- were included to non-current intangible assets. Out of that sum 32 404,- EUR created technical valorisation of SW application, 17 916,- EUR technical valorisation of IS SPOZUS and licence for back-up of HP Dataprotector and processor licence in sum 20 231,- EUR. In the account Non-current intangible assets are registered items related to developed SW „Migration of CD SR to T2S“ in the total value of EUR 3 876 459,-. Discarded was software that is not used anymore, in total sum 1 447 202,- EUR.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

## Current accounting period

Non-current tangible assets	Land	Buildings	Individual movable assets and sets of movable items	Perennial crops	Breeding and draught animals	Other non-current tangible assets	Assets under construction	Advances paid for non-current tangible assets	Total
a	b	c	d	e	f	g	h	i	j
Acquisition cost									
<b>Opening balance</b>	<b>431 521</b>	<b>3 753 701</b>	<b>1 917 412</b>	-	-	<b>131 069</b>	-	-	<b>6 233 703</b>
Additions	-	-	27 981	-	-	-	50 106	-	78 087
Disposals	-	-	144 277	-	-	4 512	27 981	-	176 770
Transfers	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>431 521</b>	<b>3 753 701</b>	<b>1 801 116</b>	-	-	<b>126 557</b>	<b>22 125</b>	-	<b>6 135 020</b>
Accumulated depreciation									
<b>Opening balance</b>	-	<b>2 193 783</b>	<b>1 890 415</b>	-	-	<b>6 524</b>	-	-	<b>4 090 722</b>
Additions	-	93 843	13 858	-	-	2 304	-	-	110 005
Disposals	-	-	144 276	-	-	4 512	-	-	148 788
Transfers	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	<b>2 287 626</b>	<b>1 759 997</b>	-	-	<b>4 316</b>	-	-	<b>4 051 939</b>
Valuation allowances									
<b>Opening balance</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-	-	-	-	-
Net book value									
<b>Opening balance</b>	<b>431 521</b>	<b>1 559 918</b>	<b>26 997</b>	-	-	<b>124 545</b>	-	-	<b>2 142 981</b>
<b>Closing balance</b>	<b>431 521</b>	<b>1 466 075</b>	<b>41 119</b>	-	-	<b>122 241</b>	<b>22 125</b>	-	<b>2 083 081</b>

In 2016 were included to non-current tangible assets: two units of data storage HW PowerVault in total sum 27 981,- EUR. Decrease in non-current tangible assets in value of 144 276 Eur: discarded inventory in sum 15 108,- EUR, car Peugeot in acquisition value 11 976 Eur, equipment damaged due to air-condition failure in server room in value 47 494 Eur, unused paper shredder in value 69 698 Eur. Technical improvement of archive at Mickiewiczova

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

street in value 4 512 Eur was excluded from accounting due termination of lease . Project documentation and partial reconstruction of building at 29.augusta 1/A in value of 22 125 Eur was registered at acc. of non-current tangible assets as of 31.12.2016..

Non-current tangible assets	Prior accounting period								Total
	Land	Buildings	Individual movable assets and sets of movable items	Perennial crops	Breeding and draught animals	Other non-current tangible assets	Assets under construction	Advances paid for non-current tangible assets	
a	b	c	d	e	f	g	h	i	j
Acquisition cost									
<b>Opening balance</b>	<b>431 521</b>	<b>3 752 334</b>	<b>1 983 258</b>	-	-	<b>135 314</b>	-	-	<b>6 302 427</b>
Additions	-	1 367	-	-	-	18 379	19 746	-	39 492
Disposals	-	-	65 846	-	-	22 624	-	-	88 470
Transfers	-	-	-	-	-	-	19 746	-	-19 746
<b>Closing balance</b>	<b>431 521</b>	<b>3 753 701</b>	<b>1 917 412</b>	-	-	<b>131 069</b>	-	-	<b>6 233 703</b>
Accumulated depreciation									
<b>Opening balance</b>	-	<b>2 099 952</b>	<b>1 934 140</b>	-	-	<b>26 054</b>	-	-	<b>4 060 146</b>
Additions	-	93 831	22 121	-	-	3 094	-	-	119 046
Disposals	-	-	65 846	-	-	22 624	-	-	88 470
Transfers	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	<b>2 193 783</b>	<b>1 890 415</b>	-	-	<b>6 524</b>	-	-	<b>4 090 722</b>
Valuation allowances									
<b>Opening balance</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	-	-	-	-	-	-	-	-	-
Net book value									
<b>Opening balance</b>	<b>431 521</b>	<b>1 352 382</b>	<b>49 118</b>	-	-	<b>109 260</b>	-	-	<b>2 242 281</b>
<b>Closing balance</b>	<b>431 521</b>	<b>1 559 918</b>	<b>26 997</b>	-	-	<b>124 545</b>	-	-	<b>2 142 981</b>

In 2015 was included to non-current tangible assets technical valorisation – reconstruction and extension of wiring in secondary operation site at BSSE at Vysoká street in total sum of 18 379,- EUR, delivery and installation of air-condition units in CDCP at 29.august street in sum 1 367,-EUR. Decrease in non-current tangible assets was caused by disposal of obsolete computer technology in total sum of 88 470,- EUR.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

## 2. Non-current financial assets

The overview of changes in non-current financial assets from 1 January 2016 to 31 December 2016 and for the period from 1 January 2015 to 31 December 2015 is presented in the table below.

Current accounting period					
Business name and registered office of the company in which the accounting unit has invested non-current financial assets	Share of accounting unit in registered capital in %	Share of accounting unit in voting rights in %	Amount of equity of the accounting unit in which the accounting unit has invested non-current financial assets	Profit/loss of the accounting unit in which the accounting unit has invested non-current financial assets	Book value of non-current financial assets
a	b	c	d	e	f
<b>Subsidiaries</b>					
A.N.N.A	1	1	151 270	0	1 239
<b>Accounting units with a substantial influence</b>					
<i>Joint undertakings</i>					
<i>Associates</i>					
<b>Other realisable securities and ownership interests</b>					
<b>Acquired non-current financial assets in order to perform influence in other accounting entity</b>					
<b>Total non-current financial assets</b>					<b><u>1 239</u></b>
Prior accounting period					
Business name and registered office of the company in which the accounting unit has invested non-current financial assets	Share of accounting unit in registered capital in %	Share of accounting unit in voting rights in %	Amount of equity of the accounting unit in which the accounting unit has invested non-current financial assets	Profit/loss of the accounting unit in which the accounting unit has invested non-current financial assets	Book value of non-current financial assets
a	b	c	d	e	f
<b>Subsidiaries</b>					
A.N.N.A	1	1	151 270	0	1 239
<b>Accounting units with a substantial influence</b>					
<i>Joint undertakings</i>					
<i>Associates</i>					
<b>Other realisable securities and ownership interests</b>					
<b>Acquired non-current financial assets in order to perform influence in other accounting entity</b>					
<b>Total non-current financial assets</b>					<b><u>1 239</u></b>

The Company is a member of the international numbering agency A.N.N.A. (Association of National Numbering Agencies, srl.). The value of share arising from membership in the international numbering agency A.N.N.A. (Association of National Numbering Agencies, srl.) was calculated at acquisition cost, the Company did not identify a difference between fair value and acquisition cost in current and also in prior accounting period.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**3. Stock**

The Company has not created any correction entries to stock.

**6. Receivables**

Changes in the correction entries during the accounting period are shown in the following table:

Receivables	Current accounting period				
	Valuation allowance as of 01/01/2016	Set-up of valuation allowance	Release of valuation allowance due to cease of justification	Release of valuation allowance due to de-recognition of the assets	Valuation allowance as of 31/12/2016
a	B	c	d	E	f
Trade receivables	7 052 979	6 727 774	4 421 643	3 110 003	6 249 106
Receivables from subsidiaries and parent company	0	0	0	0	0
Other receivables within the consolidated group	0	0	0	0	0
Receivables from partners, members, and association	0	0	0	0	0
Other receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total receivables	<b><u>7 052 979</u></b>	<b><u>4 727 774</u></b>	<b><u>4 421 643</u></b>	<b><u>3 110 003</u></b>	<b><u>6 249 106</u></b>

Correction entry for decrease of value of receivables is set-up if there is objective evidence that Company will not be able to enforce all due receivables under the original maturity periods.

No pledge or other form of security was registered to the Company receivables.

Receivable resulting from income tax as of 31 December 2016 was in the value of EUR 88 345,-.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

Prior accounting period					
Receivables	Valuation allowance as of 01/01/2015	Set-up of valuation allowance	Release of valuation allowance due to cease of justification	Release of valuation allowance due to de-recognition of the assets	Valuation allowance as of 31/12/2015
a	b	c	d	e	F
Trade receivables	8 337 953	6 811 970	6 101 214	1 995 730	7 052 979
Receivables from subsidiaries and parent company	0	0	0	0	0
Other receivables within the consolidated group	0	0	0	0	0
Receivables from partners, members, and association	0	0	0	0	0
Other receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total receivables	<b><u>8 337 953</u></b>	<b><u>6 811 970</u></b>	<b><u>6 101 214</u></b>	<b><u>1 995 730</u></b>	<b><u>7 052 979</u></b>

Receivable due to income tax as of 31.12.2015 was in total sum of 247 773,- EUR.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

The age structure of receivables for the current accounting period is presented in the table below:

Receivables as of 31/12/2016	Within due period	Overdue	Total receivables
a	b	c	d
<b>Long-term receivables</b>			
Trade receivables	485 887	0	485 887
Receivables from subsidiaries and parent company	0	0	0
Other receivables within the consolidated group	0	0	0
Receivables from partners, members and association	0	0	0
Other receivables	34 642	0	34 642
<b>Total long-term receivables</b>	<b>520 529</b>	<b>0</b>	<b>520 529</b>
<b>Short-term receivables</b>			
Trade receivables	4 717 111	4 893 030	9 610 141
Receivables from subsidiaries and parent company	0	0	0
Other receivables within the consolidated group	0	0	0
Receivables from partners, members and association	118 092	0	118 092
Social security	0	0	0
Tax receivables and contributions	88 592	0	88 592
Other receivables	36 232	0	36 232
<b>Total short-term receivables</b>	<b>4 960 027</b>	<b>4 893 030</b>	<b>9 853 057</b>

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

The age structure of receivables for the prior accounting period is presented in the table below:

Receivables as of 31/12/2015	Within due period	Overdue	Total receivables
a	b	c	d
<b>Long-term receivables</b>			
Trade receivables	485 557	0	485 557
Receivables from subsidiaries and parent company	0	0	0
Other receivables within the consolidated group	0	0	0
Receivables from partners, members and association	0	0	0
Other receivables	19 865	0	19 865
<b>Total long-term receivables</b>	<b>505 422</b>	<b>0</b>	<b>505 422</b>
<b>Short-term receivables</b>			
Trade receivables	4 286 307	5 898 369	10 184 676
Receivables from subsidiaries and parent company	0	0	0
Other receivables within the consolidated group	0	0	0
Receivables from partners, members and association	230 714	0	230 714
Social security	0	0	0
Tax receivables and contributions	364 897	0	364 897
Other receivables	11 160	0	11 160
<b>Total short-term receivables</b>	<b>4 893 078</b>	<b>5 898 369</b>	<b>10 791 447</b>

Deferred tax receivable (account 481) is not included in the table on age structure of receivables of current and prior accounting period.



Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

## 7. Financial accounts

The financial accounts include cash, bank accounts, and securities. The bank accounts are fully available to the Company's use, except for a term deposit in the value of EUR 14 276 602,-.

Overview of individual items of financial accounts:

Item	Current accounting period	Prior accounting period
Cash and cash equivalents	19 068	13 285
Current accounts in bank or in a branch of foreign bank	2 067 027	9 661 893
Deposit accounts in bank or in a branch of foreign bank	14 276 602	6 492 022
Funds in transit	97	0
<b>Total</b>	<b><u>16 362 794</u></b>	<b><u>16 167 200</u></b>

## 10. Prepaid expenses and accrued income

The structure of prepaid expenses and accrued income is presented in the table below:

Item	Current accounting period	Prior accounting period
<b>Deferred costs – long-term of which:</b>	<b>3 140</b>	<b>64</b>
	3 140	64
<b>Deferred costs – long-term of which:</b>	<b>37 941</b>	<b>32 397</b>
Insurance	16 075	18 748
	14 773	
Software service and support fees	4 000	9 918
Advance payment	2 022	2 826
Debit cards fee	22	26
Gas	1 049	-
Other	-	879
<b>Accrued income – long-term of which:</b>	<b>-</b>	<b>-</b>
	-	-
<b>Accrued income – short-term of which:</b>	<b>11 984</b>	<b>50 743</b>
Interest revenues	11 984	50 743
<b>Total</b>	<b><u>53 065</u></b>	<b><u>83 204</u></b>

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**F. INFORMATION ON LIABILITIES****1. Equity**

The information on equity is included in Section Q.

**2. Provisions**

The overview of reserves for the current accounting period is presented in the table below:

Item	Current accounting period				
	Balance as of 01/01/2016	Set-up	Use	Release	Balance as of 31/12/2016
a	b	c	d	e	f
<b>Long-term provisions of which:</b>	<b>15 217 267</b>	<b>8 715 046</b>	<b>41 298</b>	<b>4 727 146</b>	<b>19 163 869</b>
<b>Other long-term provisions</b>					
Litigations	14 347 259	8 715 046	0	4 722 978	18 339 327
Bonuses	166 568				166 568
Litigations fees	685 943	0	41 298	0	644 645
Onerous contracts	0	0	0	0	0
Onerous service contracts	0	0	0	0	0
Severance payments	17 497	0	0	4 168	13 329
<b>Total other long-term provisions</b>	<b>15 217 267</b>	<b>8 715 046</b>	<b>41 298</b>	<b>4 727 146</b>	<b>19 163 869</b>
<b>Short-term provisions of which:</b>	<b>3 971 296</b>	<b>197 324</b>	<b>880 455</b>	<b>3 096 419</b>	<b>197 324</b>
<b>Legal short-term provisions</b>					
Wages for holiday including social welfare	42 546	51 914	42 409	137	51 914
Audit of financial statements and preparation of tax return	0	0	5 578	0	0
Provisions for issues	0	0	0	0	0
<b>Total legal short-term provisions</b>	<b>42 546</b>	<b>51 914</b>	<b>47 987</b>	<b>137</b>	<b>51 914</b>
<b>Other short-term provisions</b>					
Onerous service contracts	3 747 308	0	715 490	3 031 818	0
Code of Conduct	46 038	0	0	46 038	0
Other tax disallowed entries	77 095	84 769	77 095	0	84 769
Bonuses for employees	58 308	50 643	39 882	18 426	50 643
Sanctions and penalties	0	0	0	0	0
Other	0	9 998	0	0	9 998
Unbilled supplies	0	0	0	0	0
<b>Total other short-term provisions</b>	<b>3 928 750</b>	<b>145 410</b>	<b>832 468</b>	<b>3 096 282</b>	<b>145 410</b>

In the year 2016 the Company concluded an Agreement on compromise with the company GOLDMANN SYSTEMS in which the parties agreed on specific procedures and mutual settlement. With respect to mentioned fact, part of the reserve was used for settlement and remaining part has been inactivated, the case was closed.

**Supplies of assets not invoiced**

The reserves for unbilled supplies of assets are not shown as having impact on economic result.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

The overview of provisions for the prior accounting period is presented in the table below:

Item	Current accounting period				
	Balance as of 01/01/2015	Set-up	Use	Release	Balance as of 31/12/2015
a	b	c	d	e	f
<b>Long-term provisions of which:</b>	<b>17 224 862</b>	<b>3 109 301</b>	<b>1 234 510</b>	<b>3 882 386</b>	<b>15 217 267</b>
<b>Other long-term provisions</b>					
Litigations	11 502 022	2 934 278	0	89 040	14 347 259
Bonuses	166 568				166 568
Litigations fees	528 416	157 526	0	0	685 943
Onerous contracts	4 981 818	0	1 234 510	3 747 308	0
Onerous service contracts	46 038	0	0	46 038	0
Severance payments	0	17 497	0	0	17 497
<b>Total other long-term provisions</b>	<b>17 224 862</b>	<b>3 109 301</b>	<b>1 234 510</b>	<b>3 882 386</b>	<b>15 217 267</b>
<b>Short-term provisions of which:</b>	<b>436 418</b>	<b>4 008 034</b>	<b>473 157</b>	<b>0</b>	<b>3 971 296</b>
<b>Legal short-term provisions</b>					
Wages for holiday including social welfare	44 266	42 546	44 266	0	42 546
Audit of financial statements and preparation of tax return	5 578	0	5 578	0	0
Provisions for issues	0	0	0	0	0
<b>Total legal short-term provisions</b>	<b>49 844</b>	<b>42 546</b>	<b>49 844</b>	<b>0</b>	<b>42 546</b>
<b>Other short-term provisions</b>					
Onerous service contracts	0	3 747 308	0	0	3 747 308
Code of Conduct	0	46 038	0	0	46 038
Other tax disallowed entries	117 737	77 095	117 737	0	77 095
Bonuses for employees	268 838	95 047	305 576	0	58 308
Sanctions and penalties	0	0	0	0	0
Other	0	0	0	0	0
Unbilled supplies	0	0	0	0	0
<b>Total other short-term provisions</b>	<b>386 574</b>	<b>3 965 488</b>	<b>423 313</b>	<b>0</b>	<b>3 928 750</b>

The Company dissolved part of the long-term reserves in amount of 1 234 510 EUR considering actual discussion with the company GOLDMANN SYSTEMS and based on the decision of the Board of Directors of the 24 February 2016 to accept an agreement on compromise, whereas remaining part of the reserve related to this case was relocated to short-term reserve as the case should be close during the year 2016.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

### 3. Liabilities

The structure of liabilities (except for bank loans) by remaining maturity period is shown in the following table:

Item	Current accounting period	Prior accounting period
<b>Total long-term liabilities</b>	<b>146 695</b>	<b>152 104</b>
Liabilities due after five years	5 063	3 417
Liabilities due from one to five years	141 632	148 687
<b>Total short-term liabilities</b>	<b>1 403 651</b>	<b>1 426 827</b>
Liabilities due within one year including	1 403 096	1 310 512
Overdue liabilities	555	116 315

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**4. Deferred tax liability**

The calculation of deferred tax liability is shown in the following table:

Item	Current accounting period	Prior accounting period
Temporary differences between the book value of assets and their tax base of which:		
deductible	-5 331 163	-6 104 735
taxable	-6 021 241	-6 822 858
	690 078	718 123
Temporary differences between the book value of liabilities and their tax base of which:		
deductible	-18 339 327	-14 347 259
taxable	-18 339 327	-14 347 259
	0	0
Tax loss carried forward	0	0
Unused tax deductions	0	0
Income tax rate (in %)	21	22
Deferred tax receivable calculated	<b>5 517 439</b>	<b>4 405 129</b>
Deferred tax receivable recognized	<b>1 158 662</b>	<b>969 128</b>
Recorded as expense reduction	-233 585	-197 077
Recorded in equity	0	0
Deferred tax liability	<b>141 632</b>	<b>148 687</b>
Change in deferred tax liability	-296	-1 309
Recorded as cost	-296	-1 309
Recorded as equity	0	0
Other	0	0

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

## 5. Social fund

Contributions to and withdrawals from the social fund during the accounting period are shown in the following table:

Item	Current accounting period	Prior accounting period
<b>Opening balance</b>	3 417	2 442
Contributions charged to costs	7 656	7 919
Contributions from profit		
Other contributions		
<i>Total social fund contributions</i>	7 656	7 919
<i>Withdrawal</i>	6 010	6 944
<b>Closing balance</b>	<b>5 063</b>	<b>3 417</b>

According to the Act on Social Fund, creation of one part of the social fund is mandatory as expense and other part may be created from the profit. According to the Act on Social Fund, the social fund may be used for social, health, recreational, and other needs of employees.

## 8. Accruals and deferrals

The structure of accruals and deferrals is shown in the following table:

Item	Current accounting period	Prior accounting period
<b>Long-term accrued expenses of which:</b>	-	-
	-	-
<b>Short-term accrued expenses of which:</b>	<b>2 227</b>	<b>9 668</b>
Interests from LTdeposit payable in 2016	2 227	9 668
<b>Long-term deferred revenues of which:</b>	<b>15 120</b>	<b>43 266</b>
SW re-invoiced to MH – SW application - ECP	-	21 666
SW re-invoiced to MH – Fees module	15 120	21 600
<b>Short-term deferred revenues of which:</b>	<b>90 394</b>	<b>17 645</b>
SW re-invoiced to MH – SW application – ECP	14 889	8 112
SW re-invoiced to MH – Fees module	6 480	6 480
SW re-invoiced to MH – SPOZUS	63 000	-
CD-125 LEI code administration (renewal)	6 025	3 053
<b>Total</b>	<b>107 791</b>	<b>70 579</b>

- Deferred long-term returns in the value of EUR 15 120,- were affected by re-invoicing of expenses related to the information system SW Application – ECP and Fees module to MH.
- Deferred short-term returns in the value of EUR 90 394,- were affected by re-invoicing of expenses related to the SW application - ECP, Fees module, and SPOZUS to MH.
- Expenses were re-invoiced based on the "Frame agreement on cooperation on technical and administrative support in ensuring book-entry securities transfer from owner's accounts in CDCP's registration to MH".

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**H. INFORMATION ON REVENUES****1. Revenues from the sale of the Company's own work and goods**

Revenues from the sale of the Company's own work and goods by individual segments, i.e. by product and services types, and by main territories are presented in the following table:

Territory of demand	Type of products, goods, services (Services)	
	Current accounting period	Prior accounting period
Slovakia	7 957 505	7 658 572
EU	568 771	398 339
Other	10 742	8 678
<b>Total</b>	<b>8 537 018</b>	<b>8 065 589</b>

Revenues from the sale of the Company's own work by particular services are shown in the following table (in EUR):

	Current accounting period	Prior accounting period
Administration of securities owner account	3 558 314	2 723 195
Registration services to issuers of book-entry securities	2 426 402	2 333 225
Trade services to issuers of paper-form securities	1 339 116	1 366 453
Balance statements – RMS (Note O)	83 766	212 996
Change of owner transfer/transition NPF (Note O)	175 730	350 988
Registration services to issuers of paper-form securities	245 714	321 456
Information services to issuers of book-entry securities	185 193	193 856
Pledge	162 066	181 912
Changer of owner transfer/transition	144 690	117 114
Other services RMS (Note O)	20 595	53 381
Use of IS – members	2 000	85 158
National Numbering Agency	50 280	50 527
Information services for subjects pursuant to §110	16 223	20 009
Account statements	10 970	10 039
Information services to issuers of paper-form securities	2 958	3 508
Trade services to issuers of book-entry securities	0	0
Other services	113 001	41 772
<b>Total</b>	<b>8 537 018</b>	<b>8 065 589</b>

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

## 2. Capitalisation of costs, income from operational, financial and extraordinary activities

Overview of the income from capitalisation of costs and operational, financial and extraordinary activities is presented in the table below:

Item	Current accounting period	Prior accounting period
<b>Capitalisation of costs – material items of which:</b>	<b>0</b>	<b>0</b>
Tangible assets capitalised from own work		
Other capitalisation		
<b>Other material items of operating income of which:</b>	<b>1 513 465</b>	<b>529 980</b>
Sale of material	7	281
Sale of tangible and intangible assets	4 683	33
Re-invoicing of costs from RMS to NPF (Note N)		
Revenues from depreciation of IS used for the project “transfer without consideration” (NPF)	21 369	14 592
Short-term provision for false service contracts		
Contractual surcharges, penalties and interests on late payments	709	2 684
Other surcharges, penalties and interests on late payments	1 909	16 892
Revenues from amortized and forwarded receivables	180 807	483 102
Other	1 303 981	12 396
<b>Financial income of which:</b>	<b>70 366</b>	<b>150 816</b>
<i>Foreign exchange gains of which:</i>	<i>11</i>	<i>19</i>
Foreign exchange gains at balance sheet date	11	19
<i>Other material items of financial income of which:</i>	<i>70 355</i>	<i>150 797</i>
Interests from current accounts	99	138
Interests from short-term term deposits	69 381	149 944
Interests from provided loans	875	715
Gains from non-current financial assets – ANNA/GIAM	0	0
Other financial income		
<b>Extraordinary income of which:</b>	<b>0</b>	<b>0</b>
Compensation of damage from natural disasters from insurance company		



Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**3. Net turnover**

In order to check whether the Company is obliged to have the financial statements audited by the auditor [Section 19(1)(a) of the Act on Accounting] the net turnover of the Company is presented in the following table:

Item	Current accounting period	Prior accounting period
Sale of own products		
Sale of services	8 537 018	8 065 589
Sale of goods		
Revenue from contracts		
Revenue from real estate for sale		
Other income related to ordinary activities		
<b>Total net turnover</b>	<b><u>8 537 018</u></b>	<b><u>8 065 589</u></b>

Notes: Úč POD 3 - 01

Company ID	<table><tr><td>3</td><td>1</td><td>3</td><td>3</td><td>8</td><td>9</td><td>7</td><td>6</td></tr></table>									3	1	3	3	8	9	7	6
3	1	3	3	8	9	7	6										
Tax ID	2	0	2	0	3	1	2	8	3	3							

**I. INFORMATION ON COSTS****1. The costs of services received, other cost of operations, financial, and extraordinary costs**

The overview of costs of services received, other cost of operations, financial, and extraordinary costs:

Item	Current accounting period	Prior accounting period
<b>Costs of services received of which:</b>	<b>3 389 931</b>	<b>2 304 265</b>
Costs from auditor or audit firm of which:	9 297	9 297
<i>Costs of audit of the financial statements</i>	8 367	8 367
<i>Other assurance and audit services</i>	930	930
<i>Tax consultancy services</i>	-	-
<i>Services other than audit services</i>	-	-
Other material costs items of services received of which:	3 380 634	2 294 968
<i>Service works</i>	1 064 893	1 073 703
<i>Software maintenance</i>	308 995	273 534
<i>Expert opinions and analyses</i>	15 412	21 490
<i>Postal money order fees ("U" PO)</i>	70 967	55 738
<i>Archive services Sobhalov</i>	160 320	160 320
<i>PR services</i>	42 138	40 856
<i>Postal charge</i>	37 647	50 012
<i>Security and cleaning services</i>	78 343	78 935
<i>Legal services</i>	76 841	197 877
<i>Translating services</i>	5 449	9 655
<i>Tax and economic consultancy</i>	8 367	11 017
<i>Rent</i>	81 743	132 143
<i>Repairs and maintenance</i>	28 530	22 806
<i>Telecommunication services</i>	32 185	49 284
<i>Travel costs</i>	23 649	20 665
<i>Promotion costs</i>	10 333	4 074
<i>Small intangible assets</i>	7 007	1 995
<i>Other</i>	1 327 815	90 864
<b>Other material items of cost of operations of which:</b>	<b>3 516 312</b>	<b>3 040 992</b>
Creation and posting of valuation allowance for receivables	1 208 175	710 372
Other reserve for litigations	2 067 982	1 768 254
Liability for damage insurance	40 233	40 178
Receivables depreciation	166 516	489 101
Paper investments	-	-
Investment reserves and reserves for risk contracts	-	-
Net book value of sold tangible and intangible assets	-	-
Other	33 406	33 087
<b>Financial costs of which:</b>	<b>38 446</b>	<b>43 420</b>
Foreign exchange losses of which:	1 776	2 411
<i>Foreign exchange losses at balance sheet date</i>	52	3
Other material items of financial costs of which:	36 670	41 009
<i>Banking fees and VAKUP fees</i>	36 670	41 009
<i>Other</i>	-	-

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**J. INFORMATION ON INCOME TAXES**

The reconciliation of expected to reported income tax is shown in the following table:

Item a	Current accounting period			Prior accounting period		
	Tax base b	Tax c	Tax in % d	Tax base e	Tax f	Tax in % g
Profit(loss) before taxes of which:	564 195		100%	800 280		100%
Expected tax		124 123	22%		176 062	22%
Tax non-deductible expenses	10 661 312	2 345 489	416%	4 794 336	1 054 754	187%
Non-taxable income	-10 500 388	- 2 310 184	-409%	-4 468 377	- 983 043	-174%
Impact of unrecognised deferred tax receivable	196 589		0%	198 386		0%
Tax loss carried forward		0	0%		0	0%
Tax rate change	37 293	8 204	0%		0	0%
Other		0	0%		0	0%
Total	958 551	167 632	30%	1 324 625	247 773	35%
<b>Due income tax</b>		<b><u>179 219</u></b>	<b><u>30%</u></b>		<b><u>247 773</u></b>	<b><u>35%</u></b>
Deferred income tax		-196 589	- 35%		-198 386	- 35%
<b>Total income tax</b>		<b><u>-17 370</u></b>	<b><u>5%</u></b>		<b><u>49 387</u></b>	<b><u>0%</u></b>

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**Additional information about deferred tax:**

Item	Current accounting period	Prior accounting period
Deferred tax receivable posted as cost or revenue, resulting from the change in income tax rate	-44 051	0
Deferred tax liability recorded as cost or revenue, resulting from the change in income tax rate	-6 758	0
Deferred tax receivable relating to tax loss carried forward, unused tax deductions and other claims, including temporary differences from preceding accounting periods to which deferred tax receivable was not recognised in prior periods	0	0
Deferred tax liability due to not recognising part of tax receivable in the current accounting period that had been recognised in preceding accounting periods	0	0
Unclaimed tax losses, unused tax deductions and other claims and deductible temporary differences for which an deferred tax receivable was not recognised	10 322 894	14 952 952
Deferred income tax relating to items recognised directly in equity without recognising it in income and expense	0	0

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**K. INFORMATION ON OFF-BALANCE SHEET ACCOUNTS****Property leased from other parties**

Item	Current accounting period	Prior accounting period
Rented assets		-
Assets under operating lease	123 451	208 712
Assets taken in custody		-
Receivables from derivatives		-
Liabilities from option derivatives		-
Receivables written-off		-
Receivables from the lease		-
Liabilities from the lease		-
Other items		-

**The property in lease**

- an information system in lease from the related person, used for clearing and settlement of trades with investment Instruments. License fee for period 1-7/2016 was EUR 106 498,-. The lease has been terminated in 7/2016.
- 4 pcs of copying machines. Annual costs for the rent, including charges for output, are EUR 7 223,-. The contracts are concluded for the period of 6 months with automatic prolongation by one month. The notice period is one month.
- 1 leased car. Annual rental costs for the year 2016 are EUR 9 730,-.

**L. INFORMATION ON OTHER ASSETS AND OTHER LIABILITIES****1. Conditional liabilities**

Type of contingent liability	Current accounting period	
	Total amount	To related parties
From court decisions	27 375 376	-
From guarantees provided	-	-
From generally binding legal regulations	-	-
From subordinated debt contract	-	-
From guarantees	-	-
Other contingent liabilities	-	-
Type of contingent liability	Prior accounting period	
	Total amount	To related parties
From court decisions	29 358 889	-
From guarantees provided	-	-
From generally binding legal regulations	-	-
From subordinated debt contract	-	-
From guarantees	-	-
Other contingent liabilities	-	-

The Company has the following potential other obligations that are not reflected in a common accounting and they are not included in the balance sheet:

Currently the Company participates in several litigations resulting from transactions effected in the past periods in the total claimed amount of EUR 27 375 376,- (including extras). Material part of litigations lasts for longer period and decisions may not be made yet for several years. It is not possible to predict

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

with sufficient adequacy the final result of these litigations. The final decision in these litigations to the detriment of the Company may have unfavourable impact on its financial results, liquidity, and ability of the Company to meet requirements set by the law (limits) concerning its activity and uninterrupted continuation of its activities. Under these circumstances an additional financing and support of the owner and of the final owner of the Company could be needed.

As of 31 December 2016 the Company created reserves on risks resulting from litigations in the amount of EUR 18 339 327,-. Estimation of probable loss done by the management of the Company was based on available information on status of such litigations, advice of external legal advisors, and internal assessment of probable result of litigations. Management of the Company estimated reserves only for cases where it expects the possible loss for the Company. The Company also registers disputes for which a probability, respectively the amount of loss, at this stage cannot be determined or estimated. The final result of litigations can differ from estimates and this difference can be substantial. For litigations, where the company expects decision made in favour of the Company, the Company has created a reserve for (share) bonus in favour of external defence attorney in the amount of EUR 644 645,-.

Due to the fact that many areas of Slovakian tax law (e. g. legislation concerning transfer pricing) have not been sufficiently tested in practice, there is an uncertainty on how the tax authorities will apply them. It is not possible to quantify the level of such uncertainty and it shall cease only when legal precedents or official interpretations of the relevant authorities are available. The management of the Company is not aware of any circumstances that would result to a material cost in the future.

#### M. INFORMATION ON INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY, SUPERVISORY AND OTHER COMPANY'S BODIES

During the respective accounting period the remuneration for members of Company's statutory bodies based on performance of their duties for the Company were in the amount of EUR 30 600,- (in 2015: EUR 28 850,-), remuneration for supervisory bodies of the Company were in the amount of EUR 19 916,- (in 2015: EUR 22 953,-).

No loans, guarantees, other forms of security or other performance was provided to members of statutory body and members of supervisory bodies for private purposes in 2016 (in 2015: none).

Type of income, benefit	Income and benefit of current members of Company's bodies			Income and benefit of former members of Company's bodies		
	Statutory	Supervisory	Other	Statutory	Supervisory	Other
	Part 1 – Current accounting period			Part 1 – Current accounting period		
A	Part 2 – Prior accounting period			Part 2 – Prior accounting period		
Cash income	172 633	19 916	-	-	-	-
	128 780	13 503	-	-	9 449	-
Non-cash income	6 116	40	-	-	-	-
	4 797	13	-	-	40	-
Cash advances	-	-	-	-	-	-
	-	-	-	-	-	-
Non-cash advances	-	-	-	-	-	-
	-	-	-	-	-	-
Loans provided	-	-	-	-	-	-
	-	-	-	-	-	-
Guarantees provided	-	-	-	-	-	-
	-	-	-	-	-	-
Other	-	-	-	-	-	-

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

## N. INFORMATION ON ECONOMIC RELATIONS BETWEEN THE COMPANY AND ITS RELATED PARTIES

During the accounting period the Company executed the transactions with the following related parties:

- Bratislava Stock Exchange, a.s. (hereinafter only "BCPB")
- MH Manažment, a.s. (hereinafter only "MH Man") - National Property Fund of the Slovak Republic was destabilized pursuant to the Act 375/2015 on destabilization of the National Property Fund of the Slovak Republic and on change and amendment of certain acts of 12 November 2015
- Ministry of Finance of the Slovak Republic (hereinafter only "MF SR")
- DLHOPIS, o.c.p., a.s. (hereinafter only "DLHOPIS")

Transactions with related parties (except for parent company and subsidiaries) are shown in the following table:

Related party	Transaction type code	Value of transaction	
		Current accounting period	Prior accounting period
		c	d
MF SR – Sale of services	03	1 369 232	940 238
MH Man – Other revenues from economic activity	11	1 233 140	-
MH Man – Account statement (Note H1)	03	83 766	212 996
MH Man – Securities transfer (Note H1)	03	93 545	350 988
MH Man – Depreciation of SW application for "transfer without consideration"	11	21 369	14 592
MH Man – Data selection (Note H1)	03	20 595	53 381
MH Man – Sale of services	03	21 251	1 083
DLHOPIS – Sale of services	03	198 786	528 420
DLHOPIS – Other revenues from economic activity	11	-	-

Transactions with parent company and subsidiaries are shown in the following table:

Subsidiary/Parent company	Transaction type code	Value of transaction	
		Current accounting period	Prior accounting period
		c	d
BCPB – Purchase of services	01	138 648	211 044
BCPB – Sale of services	03	17 769	20 008
BCPB – Other revenues from economic activity	11	664	664

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

Note: Transaction type code	Type of transaction:
01	Purchase
02	Sale
03	Provision of services
04	Sales representation
05	Licence
06	Transfer
07	know –how
08	Loan, borrowing
09	Financial assistance
10	Guarantee
11	Other transaction

Selected assets and liabilities resulting from transactions with related parties are presented in the table below:

	Current accounting period	Prior accounting period
Trade receivables	118 092	230 714
Other receivables within the consolidated group	-	-
Accrued income	-	-
Deferred costs	-	-
Loans given	-	-
<b>Total assets</b>	<b>118 092</b>	<b>230 714</b>
Trade liabilities	117 702	130 317
Other liabilities within the consolidated group	-	-
Unbilled supplies	-	-
Provisions	-	-
Deferred revenues	-	-
Accrued expenses	-	-
Loans received	-	-
<b>Total liabilities</b>	<b>117 702</b>	<b>130 317</b>



Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

# O. PROJECT "TRANSFER OF SECURITIES FROM SECURITIES OWNER'S ACCOUNTS TO NPF SR WITHOUT CONSIDERATION"

	Current accounting period	Prior accounting period
<b>Revenues</b>		
MH Man – Other revenues from economic activity (Note G2)	1 233 140	-
MH Man – Account statement (Note H1)	83 766	212 996
MH Man – Securities transfer (Note H1)	93 545	350 988
MH Man – Depreciation of SW application for "transfer without consideration"	21 369	14 592
MH Man – Data selection (Note H1)	20 595	53 381
<b>Total revenues</b>	<b>1 452 415</b>	<b>631 957</b>
<b>Costs</b>		
Other services - RMS	-	-
MH Man – Depreciation of SW application for "transfer without consideration"	21 369	14 592
Rent	-	-
ORACLE license	-	-
<b>Total costs</b>	<b>21 369</b>	<b>14 592</b>

In the year 2016, services of DLHOPIS were re-invoiced to MH Man through Other receivables (account 648) without impact on the economic result in the amount of EUR 1 233 140,-. Also in the year 2015 the RMS costs in the amount of EUR 1 254 910,- were re-invoiced to MH Man without impact on the economic results.

Along with accounting of costs in the form of depreciation of software re-financed by the National Property Fund, the Company accounted the revenue in the respective amount so that it does not influence the economic result of the current year.

<b>Receivables</b>		
MH Man – Income under the agreement with RMS and DLHOPIS	116 631	134 113
<b>Total receivables</b>	<b>116 631</b>	<b>134 113</b>
<b>Payables</b>		
DLHOPIS – Expenses under the agreement with DLHOPIS	116 631	129 673
<b>Total payables</b>	<b>116 631</b>	<b>129 673</b>

- In compliance with Act No. 160/2009 Coll. it is allowed to natural persons to transfer without consideration the book-entry securities which are in their ownership to owner's account of MH Man and MH Man is obliged to pay off the fees incurred with transfer registration.
- MH Man, in compliance with Act No. 92/1991 Coll. as amended, is obliged to pay off the fees related to securities registration for the calendar year in course of which the securities were transferred and for two years preceding to such year, and related to transfer registration in such register.
- Based on the agreement concluded between the Company and MH Man, MH Man covers all costs relating to transfer of book-entry securities from an account of natural persons to MH Man.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**P. INFORMATION ON POST-BALANCE SHEET EVENTS**

No events with significant influence on fair presentation of facts subject to bookkeeping occurred after 31 December 2016.

**Q. INFORMATION ON EQUITY**

Movements in equity in the course of the year are shown in the following table:

Item	Current accounting period					Balance as of 31/12/2016 F
	Balance as of 01/01/2016 b	Additions c	Disposals d	Transfers e		
a						
<b>Share capital</b>	<b>10 489 304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10 489 304</b>
Share capital	10 489 304	0				10 489 304
Changes in share capital	0	0	0	0	0	0
Receivables from subscribed equity	0	0	0	0	0	0
<b>Share premium</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other capital reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Legal reserve funds</b>	<b>247 063</b>	<b>0</b>	<b>0</b>	<b>72 238</b>	<b>319 301</b>	<b>319 301</b>
Legal reserve funds (non-distributable reserve)	247 063	0	0	72 238		319 301
Reserve fund for own shares and own ownership interests	0	0	0	0	0	0
<b>Other reserves from profit</b>	<b>1 942</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 942</b>
Statutory funds	0	0	0	0	0	0
Other funds from profit	1 942			0		1 942
<b>Valuation adjustments from revaluation</b>	<b>-143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>
Valuation adjustments from revaluation of assets and liabilities	-143	0	0	0	0	-143
Valuation adjustments from equity investments	0	0	0	0	0	0
Valuation adjustments from revaluation in case of mergers, fusions or demergers	0	0	0	0	0	0
<b>Profit/loss for previous accounting periods</b>	<b>-4 538 471</b>	<b>0</b>	<b>0</b>	<b>650 141</b>	<b>-3 888 330</b>	<b>-3 888 330</b>
Retained earnings		0	0	0	0	0
Loss carried forward	-4 538 471	0	0	650 141		-3 888 330
<b>Profit/loss for current accounting period</b>	<b>722 379</b>	<b>581 565</b>	<b>0</b>	<b>-722 379</b>	<b>581 565</b>	<b>581 565</b>
<b>Total</b>	<b>6 922 074</b>	<b>581 565</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7 503 639</b>

- The Company share capital consists of 316 shares in the nominal value of EUR 33 194,-. The same shareholder rights are attached to all shares.
- Profit per one share for the year 2016 is EUR 1 840,- (Profit per one share in the year 2015: EUR 2 286,-).

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

The overview of changes in equity for the prior accounting period is presented in the following table:

Item	Prior accounting period				
	Balance as of 01/01/2015	Additions	Disposals	Transfers	Balance as of 31/12/2015
a	b	c	d	e	F
<b>Share capital</b>	<b>10 489 304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10 489 304</b>
Share capital	10 489 304	0			10 489 304
Changes in share capital	0	0	0	0	0
Receivables from subscribed equity	0	0	0	0	0
<b>Share premium</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other capital reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Legal reserve funds</b>	<b>180 780</b>	<b>0</b>	<b>0</b>	<b>66 283</b>	<b>247 063</b>
Legal reserve funds (non-distributable reserve)	180 780	0	0	66 283	247 063
Reserve fund for own shares and own ownership interests	0	0	0	0	0
<b>Other reserves from profit</b>	<b>1 942</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 942</b>
Statutory funds	0	0	0	0	0
Other funds from profit	1 942			0	1 942
<b>Valuation adjustments from revaluation</b>	<b>-143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-143</b>
Valuation adjustments from revaluation of assets and liabilities	-143	0	0	0	-143
Valuation adjustments from equity investments	0	0	0	0	0
Valuation adjustments from revaluation in case of mergers, fusions or demergers	0	0	0	0	0
<b>Profit/loss for previous accounting periods</b>	<b>-5 135 016</b>	<b>0</b>	<b>0</b>	<b>596 545</b>	<b>-4 538 471</b>
Retained earnings		0	0	0	0
Loss carried forward	-5 135 016	0	0	596 545	-4 538 471
<b>Profit/loss for current accounting period</b>	<b>662 828</b>	<b>722 379</b>	<b>0</b>	<b>-662 828</b>	<b>722 379</b>
<b>Total</b>	<b>6 199 695</b>	<b>722 379</b>	<b>0</b>	<b>0</b>	<b>6 922 074</b>

	Current accounting period
<b>Settlement of the accounting profit</b>	
Legal reserve fund	72 238
Statutory fund and other reserves	0
Social fund	0
Increase of registered capital	0
Settlement of the loss carried forward	650 141
Retained earnings	0
Dividends - partners, members	0
Other	0
<b>Total</b>	<b>722 379</b>

The General Meeting shall decide on distribution of profit for the 2016 accounting period in the amount of EUR 581 565,-. The statutory body proposes to distribute the profit as follows:

- contribution to reserve fund (10%) in the amount of EUR 58 157,-
- transfer to retained earnings in the amount of EUR 523 408,-.

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**S. CASH FLOW STATEMENT AS OF 31 DECEMBER 2016**

The Company has prepared the cash flow statement using the indirect method.

	Current accounting period	Prior accounting period
	EUR	EUR
<b>Net profit (before deducting tax and extraordinary entries)</b>	<b>564 195</b>	<b>800 280</b>
Adjustments for non-cash transactions:		
Depreciation of non-current assets	302 454	359 674
Inventories write-off		
Change in provisions for non-current assets		
Change in provisions for receivables	-803 873	-1 284 974
Change in provisions for inventories		
Change in provisions	172 630	1 527 282
Change in accruals/deferrals of costs/revenues	28 592	1 487
Interest cost (net)	-70 355	-150 797
Exchange rate difference	41	14
Loss / (gain) from the sale of non-current assets	-4 683	-33
Yields from long-term financial assets		
Correction of previous years		
Other non-cash entries	166 516	489 101
<b>Profit from operating activities before changes in working capital</b>	<b>355 517</b>	<b>1 742 034</b>
Changes in working capital:		
Increase (decrease) of trade receivables	756 767	2 159 084
Decrease (increase) of inventories	705	1 106
Increase (decrease) of payables	-297 967	-240 919
Other		
<b>Operating cash flows</b>	<b>815 022</b>	<b>3 661 305</b>

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

	Current accounting period	Prior accounting period
	EUR	EUR
<b>Cash flows from operating activities</b>		
Operating cash flows	815 022	3 661 305
Interest paid		
Interest received	109 114	155 338
Corporate income tax paid	97 332	-245 851
Dividends paid		
Receipts from extraordinary items		
Other items not included in operating activities		
<b>Net cash from operating activities</b>	<b>1 021 468</b>	<b>3 570 792</b>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	-830 516	-1 208 256
Receipts from the sale of non-current assets	4 683	33
Term deposits		
Long-term loans granted		
Dividends received		
<b>Net cash from investing activities</b>	<b>195 635</b>	<b>2 362 569</b>
<b>Cash flows from financing activities</b>		
Receipts from the increase of share capital and other capital funds		
Receipts / repayments of bank loans		
Receipts / repayments of borrowings from Group companies		
Repayments of long-term liabilities		
<b>Net cash from financing activities</b>	<b>0</b>	<b>0</b>
<b>Increase (decrease) of cash and cash equivalents</b>	<b>195 635</b>	<b>2 362 569</b>
Cash and cash equivalents at the beginning of the period	16 167 200	13 804 645
Exchange rate difference	-41	-14
<b>Cash and cash equivalents at the end of the year</b>	<b>16 362 794</b>	<b>16 167 200</b>

Notes: Úč POD 3 - 01

Company ID			3	1	3	3	8	9	7	6
Tax ID	2	0	2	0	3	1	2	8	3	3

**Cash**

Cash means cash on hand, cash equivalents, cash in current bank accounts, an overdraft facility, and the part of Cash in transit which relates to transfer between current account and cash register or between two bank accounts.

**Cash equivalents**

Cash equivalents are short-term financial assets that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value during the next three months after the financial statements preparation date, for example term deposits on bank accounts with a maximum of a three-month notice, liquid securities held for trading, or preference shares that the accounting unit has acquired and which are due within three months after the financial statements date.

Prepared on: 21 March 2017	Signature of the member of the Company statutory body:  (signature)	Signature of a person responsible for preparing the financial statements  (signature)	Signature of a person responsible for bookkeeping  (signature)
Approved on:	Name Position Ing. Martin Wiedermann Chairman of the BoD Ing. Ľudmila Boboková Vice-chairman of the BoD	Name Position Ing. Pavol Vaník Financial Manager	Name Position Ing. Pavol Vaník Financial Manager

11. **Supplement to the auditor's report on audit of consistency of the Annual Report with the Financial statements of the company as of 31 December 2016**



## **SUPPLEMENT TO THE AUDITOR'S REPORT**

on audit of the Annual Report  
for the year 2016

**Centrálny depozitár cenných papierov SR, a.s.**  
ul. 29. augusta 1/A, 814 80 Bratislava  
Comp. ID: 31 338 976

In Bratislava, May 2017





## **SUPPLEMENT TO THE AUDITOR'S REPORT**

To the shareholder, the supervisory board, and the board of directors of the company  
Centrálny depozitár cenných papierov SR

### **to the Annual Report**

in compliance with §27, section 6 of the Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended (hereinafter only "Act on Statutory Audit")

We have audited the financial statements of the company Centrálny depozitár cenných papierov SR, a.s. (hereinafter only the "Company") as of 31 December 2016, presented on pages 29 – 75 of attached Annual Report of the Company to which we have issued the following independent auditor's report on financial statements on 31 March 2017:

#### **I. Report on audit of the financial statements**

##### **Opinion**

*We have performed the audit of the financial statements of the company Centrálny depozitár cenných papierov SR, a.s. ("the Company") which consists of the balance sheet as of 31 December 2016, the profit and loss statement for the year ending on the same date, and notes which include overview of important accounting principles and accounting methods.*

*In our opinion, the financial statements present true and reliable image of the financial situation of the Company as of 31 December 2016 and of its economic result for the year which ended on stated date in compliance with the Act No. 431/2002 Coll. on Accounting as amended (hereinafter only "Act on Accounting").*

##### **Basis for opinion**

We have performed the audit in compliance with the International Standards on Auditing (ISA). Our responsibility pursuant these standards is defined in section Auditor's responsibility for audit of the financial statements. We are independent from the Company in accordance with the provisions of the Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting as amended (hereinafter only "Act on Statutory Audit") with respect to ethics, including Auditor Code of Conduct, relevant for our audit of the financial statements, and we were compliant also with other requirements of these provisions related to ethics. We are convinced that obtained audit evidence is providing sufficient and acceptable basis for our opinion.

##### **Certain facts to emphasize**

*We would like to refer to Part L – INFORMATION ON OTHER ASSETS AND OTHER LIABILITIES in the Notes to financial statements describing litigations. The Company is a defendant in several litigations in total claimed amount of EUR 27 375 thousand including extras. As of 31 December 2016, in order to*



*cover these risks the company created reserves in amount of EUR 18 339 thousands, which may insufficiently reflect volume of related impact. At present time it is not possible to determine result of individual litigations. Our opinion is not modified in connection with this fact.*

### **Responsibility of the Statutory body for the financial statements**

*Management of the Company is responsible for the preparation of these financial statements so that provides true and authentic image pursuant to the Act on Accounting and for those internal controls which it considers necessary for preparation of financial statements that are free from material incorrectness, whether due to fraud or error.*

*When preparing the financial statements, the statutory body is responsible for assessment of Company's ability to pursue its activities continuously, for description of facts related to continuous pursuit of activities if necessary, and for application of presumption of continual pursuit of activities in the accounting, unless it has intention to liquidate the Company or terminate its activities, or it would not have other realistic option than to do so.*

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

*Our responsibility is to obtain adequate assurance that the financial statements as a whole does not includes material incorrectness, whether due to fraud or error and to issue auditor report, including the opinion. Adequate assurance is assurance of grate extent, but is not guarantee that audit performed in compliance with the International Standards on Auditing shall always disclose material incorrectness if any exists. Incorrectness can arise in consequence of fraud or error, and are deemed material in case of reasonable expectation that these could have, individually or collectively, impact on economic decisions of users made on basis of these financial statements.*

*Within audit performed pursuant to the International Standards for Auditing, we apply expert judgment and retain professional scepticism during whole audit. Beyond that:*

- We identify and assess risks of material incorrectness in the financial statements, whether due to fraud or error, propose and exercise audit procedures reacting to these risks and are obtaining audit evidence which is sufficient and suitable to provide basis for our opinion. Risk that material incorrectness is not detected is higher in case of fraud than in case of error, because fraud can include collusion, falsification, intentional omission, untrue declaration or avoidance of internal control.*
- We get acquainted with internal controls relevant for audit to be able to propose audit procedures appropriate for given circumstances, but not for purpose of provision of opinion on effectiveness of internal controls of the Company.*
- We are assessing suitability of applied accounting principles and accounting methods and adequacy of accounting estimations and related information made by the statutory body.*
- We make conclusion whether the statutory body is properly using assumption of continuous pursuing of activity in the accounting, and based on obtained audit evidence conclusion whether material uncertainty in connection with events or circumstances which could cast significant doubts on ability of the Company to pursue its activities continuously exists. If we come to conclusion that*



*material uncertainty exists, we are obliged to give notice in our auditor report of related information stated in the financial statements, or to modify our opinion in the information is insufficient. Our conclusions arise from audit evidence obtained before date of the audit report. However, future events or circumstances may cause that the Company shall stop continuous pursue of its activities*

- *We are assessing overall presentation, structure and content of the financial statements including information stated in it, and also whether the financial statements reflect realised transactions and events in a way allowing true representation.*

## **II. Report on other requirements arising from acts and other legal regulations**

### **Report on information stated in the Annual Report – supplement to the independent auditor report**

The Statutory body is responsible for information stated in the Annual Report prepared in compliance with requirements of the Act on Accounting. Our above stated opinion to the financial statements does not apply to other information in the Annual Report.

In connection with audit of the financial statements our responsibility is to obtain knowledge on information stated in the Annual Report and to assess whether there is no significant discrepancy between information and the financial statements or our knowledge we have obtained during audit of the financial statements, or which seems to be notably incorrect in any other way.

We have assessed if the Annual Report of the Company includes information required by the Act on Accounting.

Based on work performed during audit of the financial statement and based on our opinion:

- information stated in the Annual Report for 2016 is compliant with the financial statements for given year
- the Annual Report includes information pursuant to the Act on Accounting.

In addition, based on our knowledge on the accounting unit and its situation we have obtained during audit of the financial statements, we are obliged to state whether we have found material incorrectness in the Annual Report we received after issuing this audit report. In this connection no findings exist we should state.

In Bratislava on 26 May 2017

(round stamp)

ACCEPT AUDIT & CONSULTING, s.r.o.  
Baštová 38, 080 01 Prešov  
SKAU licence No. 000124  
Commercial Register of District Court Prešov, file No. 2365/P

(signature)

Auditor in charge:  
Ing. Ivan Bošela, CA, MBA  
SKAU licence No. 962

## **12. Glossary**

**CFI code (ISO 10962 - Classification of Financial Instruments):** The CFI consists of six alphabetical characters, assigned in compliance with the standard ISO 10962 Classification of Financial Instruments (CFI code). The CFI reflects characteristics that are defined when a financial instrument is issued and remain unchanged during its entire lifetime. CFI code is assigned by the agency which assigned the ISIN code to the financial instrument.

**Central securities depository (CSD):** An entity that: 1) enables securities transactions to be processed and settled by book entry; 2) provides custodial services (e.g. the administration of corporate actions and redemptions); and 3) plays an active role in ensuring the integrity of securities issues.

**Clearing:** The process of transmitting, reconciling and, in some cases, confirming transfer orders prior to settlement, potentially including the netting of orders and the establishment of final positions for settlement.

**Dematerialisation:** The elimination of physical certificates or documents of title indicating ownership of financial assets, such that the financial assets exist only as accounting records.

**Delivery versus payment (DVP):** A securities settlement mechanism which links a securities transfer and a funds transfer in such a way as to ensure that delivery occurs if – and only if – the corresponding payment occurs.

**FISN code (ISO 18774 - Financial Instrument Short Name):** code with 35 alphanumeric characters issued in compliance with standard ISO 18774 Financial Instrument Short Name. ISO standard implements consistent and uniform approach to standardize short names for financial instruments.

**Free-of-payment delivery (FOP):** Type of instruction for transfer specified by delivery of securities which is not linked to a corresponding transfer of funds.

**GLEIF - The Global LEI Foundation:** GLEIF is a not-for-profit organization established in June 2014 under view of ROC as operational branch of the global LEI system supporting the implementation and use of the Legal Entity Identifier (LEI). GLEIF grants accreditation and is monitoring Local Operating Units involved in the GLEIS system. GLEIF also makes available the technical infrastructure required for unification of publicly available information on LEI published by the Local Operating Unit.

**GLEIS - Global Legal Entity Identifier System:** GLEIS is a federated system including Local Operating Units (LOUs), end users and other partners collaborating with GLEIF in LEI codes allocation, data maintenance a publishing.

**Financial Market Infrastructure (FMI):** A multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.

**ISIN code (ISO 6166 International securities identification numbering system):** 12 digit alphanumeric code for identification of securities and financial instruments issued in compliance with standard ISO 6166. International numbering system for identification of securities. The Registration Authority for standard ISO 6166 is Association of National Numbering Agencies (ANNA). ISIN code in compliance with the standard ISO 6166 and ANNA Guidelines is assigned by the National Numbering Agencies (NNA) associated in ANNA.

**LEI – Legal Entity Identifier:** LEI is standardised 20-digit, alpha-numeric code with structure defined by the international standard (ISO 17442). The code enables clear, unmistakeable and unique identification of legal entity in global scale.

**LOU – Local Operating Unit:** Entity accredited by (ROC) as Local Operating Unit authorised to

allocate LEI codes. In first phase of creating of the international system of LEI codes – GLEIS all entities authorised to allocate LEI are identified as pre-LOU.

**Participant:** An entity which is identified/recognised by a transfer system and – either directly or indirectly – is allowed to send transfer orders to that system and is capable of receiving transfer orders from it.

**Securities settlement system (SSS):** A system which allows the transfer of securities, either free of payment (FOP) or against payment (delivery versus payment).

**TARGET2-Securities (T2S):** The Eurosystem's single technical platform enabling central securities depositories (CSDs) and national central banks to provide core, borderless and neutral securities settlement services in central bank money in Europe. TS2 went live on 22 June 2015.

**Settlement:** The completion of a transaction or of processing with the aim of discharging participants' obligations through the transfer of funds and/or securities.