



# **Annual Report for the year 2018**

Number of pages: 82

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

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## 1. Introductory Word of the Managing Director

Dear Ladies and Gentlemen,

Centrálny depozitár cenných papierov SR, a.s. (hereinafter „central depository“ or „CDCP“) ended very successful year as regards results, completed projects, and also due to increasing number of clients to which it provides services. In addition, the central depository sustains profit for the seventh year, and last year's result again exceeded amount of half a million EUR after taxation.

In recent years CDCP witnessed higher interest of issuers to issue debt securities. However, this positive trend was not able to reverse decreasing activity on domestic capital market reflected in stagnation or moderate decrease of CDCP revenues.

Large part of revenues from registration of book-entry security issues comes from registration of government securities however number of securities issued by non-financial entities is increasing.

Last year was specific as the European Central Bank and domestic regulator – the National Bank of Slovakia were assessing the application for authorisation to operate as a central depository. This process was successfully finalised in January 2019 when Centrálny depozitár cenných papierov SR, a.s. was granted authorisation to operate as a central depository according to the Regulation (EU) No. 909/2014 of the European Parliament and of the Council. Thus CDCP proved its compliance with the highest standards applied to a central depository by the European legislation.

Another important project of the last year was accreditation for Local Operating Unit granted by the GLEIF organisation at the end of January 2018. CDCP declared that it meets all requirements of the GLEIF organisation, and is the only accredited entity in the Slovak Republic entitled to allocate and maintain LEI codes for entities from the Slovak and Czech jurisdiction.

In considered year CDCP also successfully realised extensive revisions of internal regulations and agreements due to implementation of amendment to the Act No. 297/2008 Coll. on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and Act No. 18/2018 Coll. on personal data protection and free movement of such data.

Recognition of central depository's services by respected foreign entities was declared at beginning of the year 2018 by British company EuroMTS, Ltd., which started to use CDCP services in February 2018 to settle trades in Slovak government securities concluded via Multilateral Trading System, specifically in MTS Slovakia sector.

On 6 February CDCP remembered one year of operation on the technological platform Target 2-Securities, to which CDCP outsourced settlement of trades in securities, as another 20 European central depositories. As a result trades are settled on platform build on state-of-the-art technology and according to procedures harmonised with other participating depositories.

CDCP is extending cooperation with the participants that are considered important partners in building the Slovak capital market and to which CDCP provides services of the key capital market infrastructure. Satisfaction of participants in our settlement system and also of other clients with provided services is principal for us.

In conclusion I would like to thank to all employees of CDCP for their professional engagement and achieved results. I am grateful for and would like to acknowledge cooperation and qualified approach of NBS, MF SR, MH Manažment, a.s., MH SR and also of our key service providers without which it



would impossible to ensure seamless provision of services. At last but not least, gratefulness and appreciation for expertise belongs to members of governing bodies of CDCP and special words of thanks to our shareholder, Burza cenných papierov v Bratislave, a.s., for continual support.

Yours faithfully

Martin Wiedermann

Chairman of the Board and the Managing Director of CDCP

## 2. Core Activities

### 2.1. Processing of Transfer Instructions

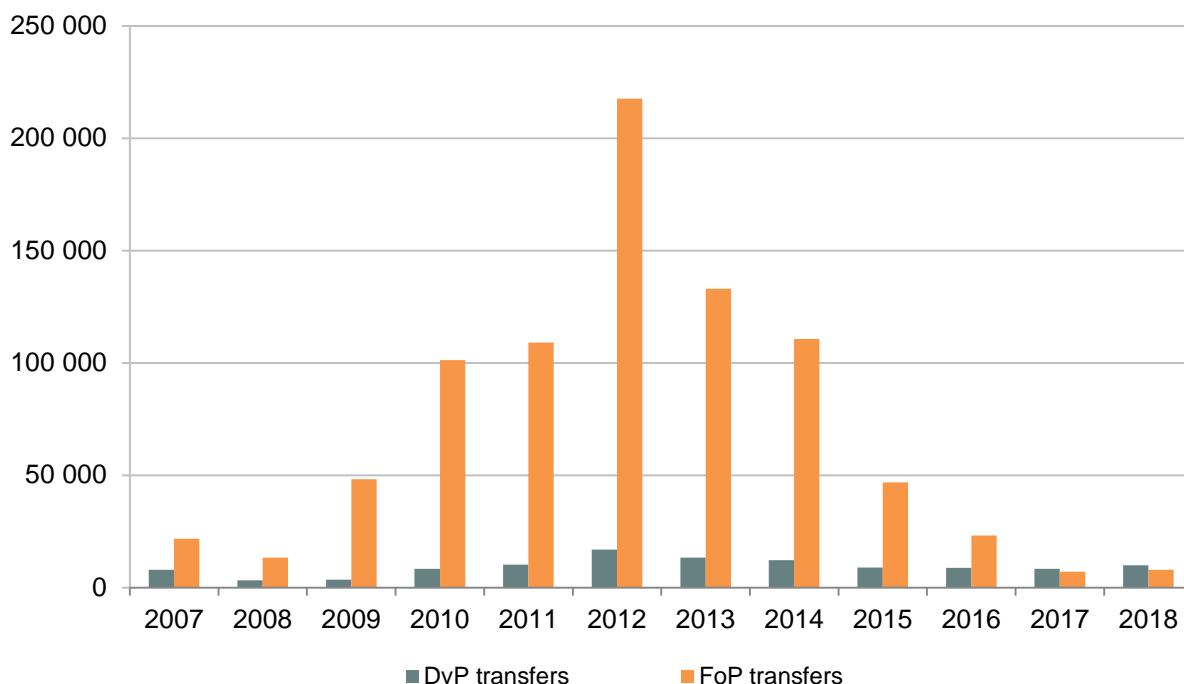
During 255 operating days in 2018, the total value of transfers reached 39 774 million euro, what represents decrease by 53.85 % compared to the year 2017. The average daily value of processed transfers reached 156 million euro. On the contrary, the number of transfers increased by almost 31 % compared to the year 2017. The average daily number of transfers rose to 80.

Value and Number of Transfers - Total in 2018						
	DvP Transfers - Market Value		FoP Transfers - Nominal Value		Transfers Total	
	Value in EUR	No.of Transfers	Value in EUR	No.of Transfers	Value in EUR	No.of Transfers
01.2018	759	581	1 869	557	2 628	1 138
02.2018	733	1 139	2 318	654	3 051	1 793
03.2018	455	722	1 909	526	2 364	1 248
04.2018	416	720	1 431	442	1 847	1 162
05.2018	422	650	2 205	497	2 627	1 147
06.2018	3 042	743	5 121	709	8 163	1 452
07.2018	333	630	2 296	557	2 629	1 187
08.2018	336	922	2 666	1 688	3 002	2 610
09.2018	1 154	726	2 590	479	3 744	1 205
10.2018	964	1 966	2 560	654	3 524	2 620
11.2018	742	1 874	2 769	582	3 511	2 456
12.2018	508	1 766	2 177	562	2 685	2 328
<b>SUM</b>	<b>9 863</b>	<b>12 439</b>	<b>29 911</b>	<b>7 907</b>	<b>39 774</b>	<b>20 346</b>

Value and Number of Transfers Total	2018	2017
Number of Days of Operation	255	253
Total Value in EUR	39 774	61 196
Average Daily Value in EUR	156	242
Number of Transfers	20 346	15 359
Average Daily Number of Transfers	80	61

### Number of DvP and FoP\* transfers in 2007 - 2018:

\* see Glossary (page 80)



#### 2.1.1. Delivery versus Payment Transfers

In 2018 Centrálny depozitár cenných papierov SR, a.s. executed DvP transfers of securities in the total market value of 9 863 million euro. In terms of the number of instructions, the central depository processed a total of 12 439 instructions in its settlement system. The average daily value of securities settled in the CDCP system reached 39 million euro, and the daily number of transfer instructions averaged at 49 instructions. Compared to situation in the year 2017, the total value of securities transferred raised by 5.90 %, which makes a year-on-year increase by 550 million euro. The number of transfer instructions processed increased by 4 085 orders in comparison to the year 2017 (i.e. growth by 48.90 %).

Value and Number of DvP Transfers	2018	2017
Total Value in EUR - Market Value	9 863	9 314
Average Daily Value in EUR	39	37
Number of Transfers	12 439	8 354
Average Daily Number of Transfers	49	33

#### 2.1.2. Free of Payment Transfers

The value of securities transferred in 2018 as FoP transfers, expressed in the nominal value, amounted to 29 911 million euro and the average daily value of these transfers amounted to 117.3 million euro. In total 7 907 instructions for FoP transfer of securities was processed in the year 2018 and the average daily number of the processed instructions was 31. Compared to the previous year, the value of securities transferred decreased by 21 968 million euro, which represents a year-on-year fall by

42.34 %. In comparison to the year 2017, the number of FoP transfer instructions increased by 902 instructions, which represents a year-on-year growth by 12.88 %.

Value and Number of FoP Transfers	2018	2017
Total Value in EUR - Nominal Value	29 911	51 879
Average Daily Value in EUR	117	205
Number of Transfers	7 907	7 005
Average Daily Number of Transfers	31	28

## 2.2. Value of Securities in CDCP Registry

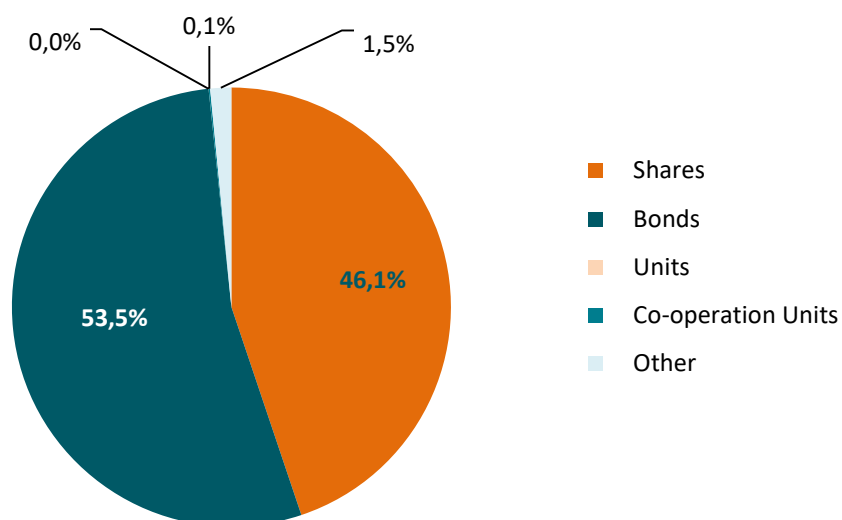
### 2.2.1. Year-end Balance in Owner's Accounts

As of 31 December 2018 the book-entry securities with the total nominal value of 82 700 million euro were held in the owners' accounts, clients' accounts and holders' accounts. The highest share of that value was represented by bonds in the total value of 44 246 million euro. The total value of shares registered in the accounts was 37 079 million euro and the value of other securities, which include also issues of government treasury bills, reached total value of 1 279 million euro. Total number of issues of book-entry shares issued in CDCP as of 31 December 2018 amounted to 1 768 issues. The number of issues of bonds was 555, and 247 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 2018, i.e. 16 issues with the total value of 3.35 million euro were registered. In the category of other securities were registered 32 issues at the end of December 2018.

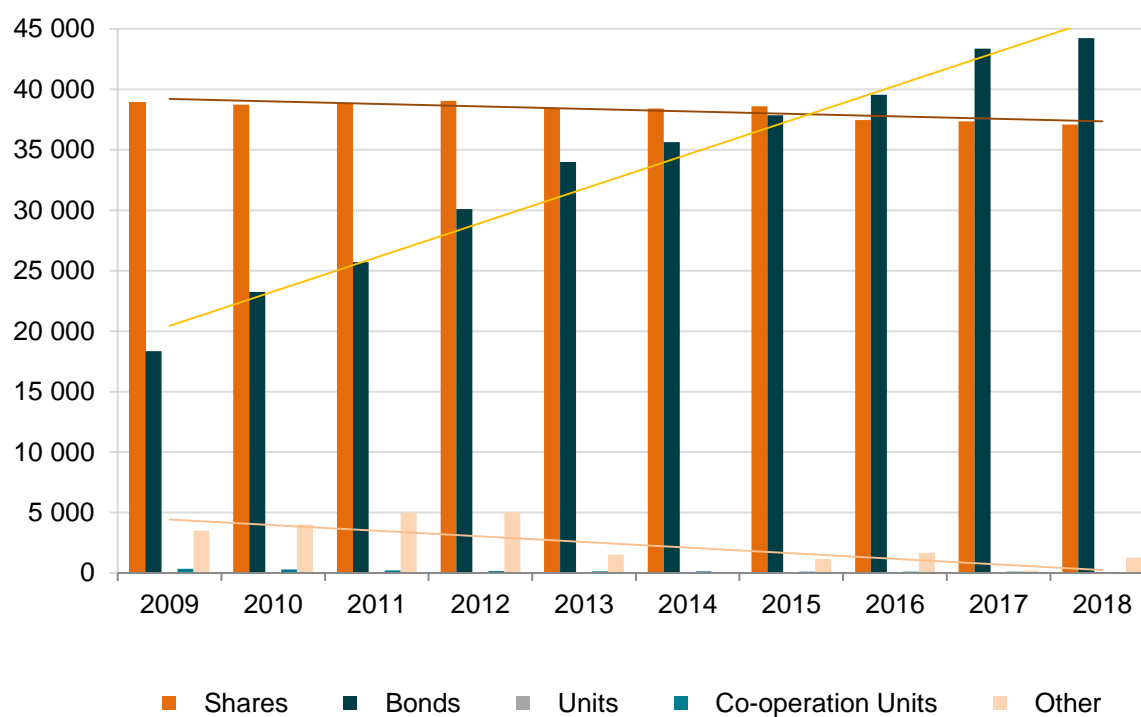
The total value of book-entry securities issued in CDCP increased by 2.11 % compared to the previous year, and the increase expressed in the nominal value equals 1 708 million euro. In the year 2018, the highest increase was recorded in value of other securities which rose by 1 101 million euro. Nominal value of bonds raised by 888 million euro but value of issues of book-entry shares decreased by 277 million euro and the value of co-operative units fell by 5.09 million euro. In 2018 the units of the unit trust did not show any change compared to the previous year and their value was 3.35 million euro.

Nominal Value of Book-entry Securities - as of EOY			
	2018	2017	2016
Value Total in EUR	82 700	80 992	78 796
Shares	37 079	37 356	37 468
out of that: non-converted shares*	1 779	1 852	1 892
Bonds	44 246	43 357	39 540
Units	3	3	3
Co-operative Units	93	98	108
Other	1 279	178	1 677

Structure of book-entry securities in 2018 (by value of issued securities):

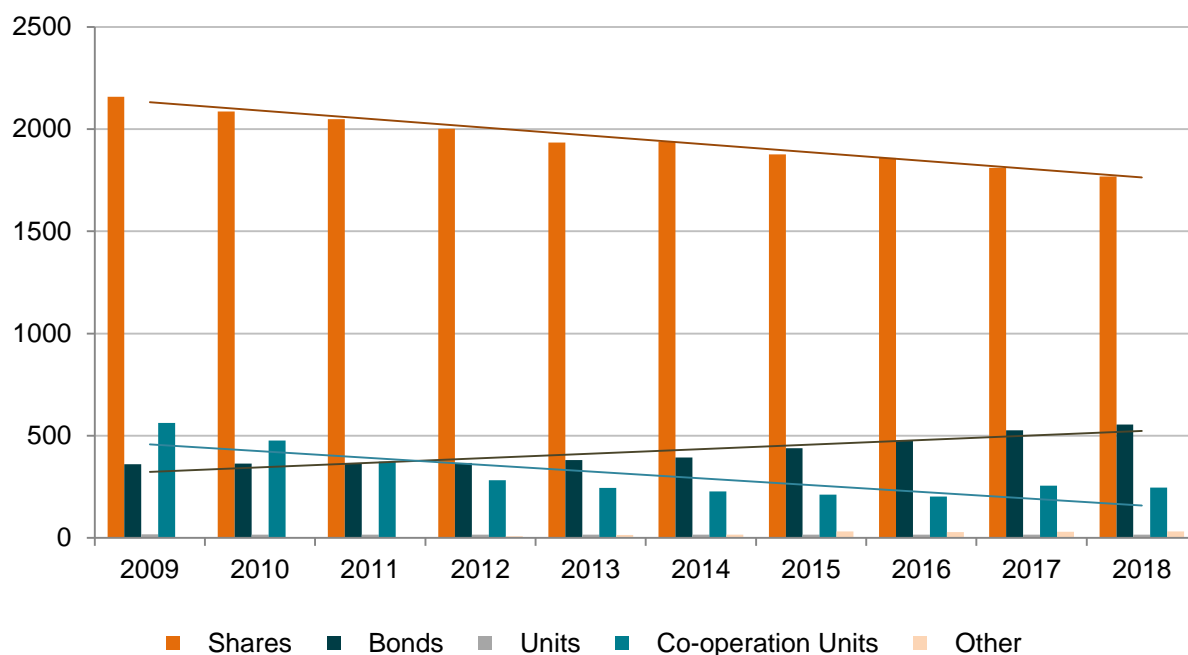


Value of book-entry securities in the nominal value in 2009 – 2018 (millions EUR):





Number of issues of book-entry securities in 2009 – 2018:

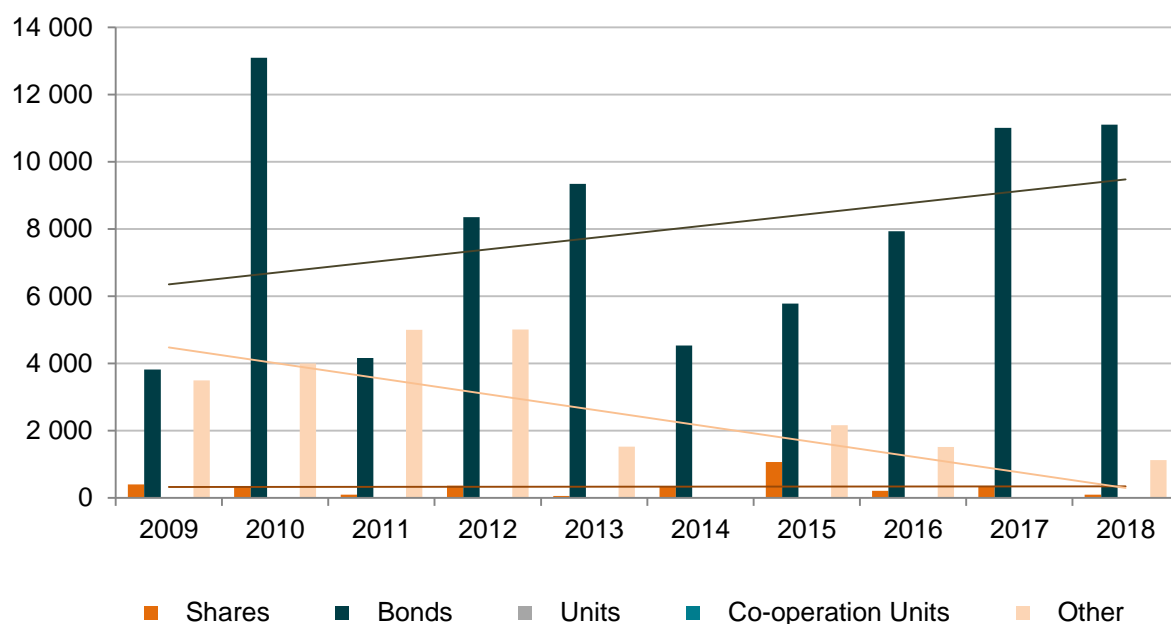


## 2.2.2. New Issues Issued in the year 2018

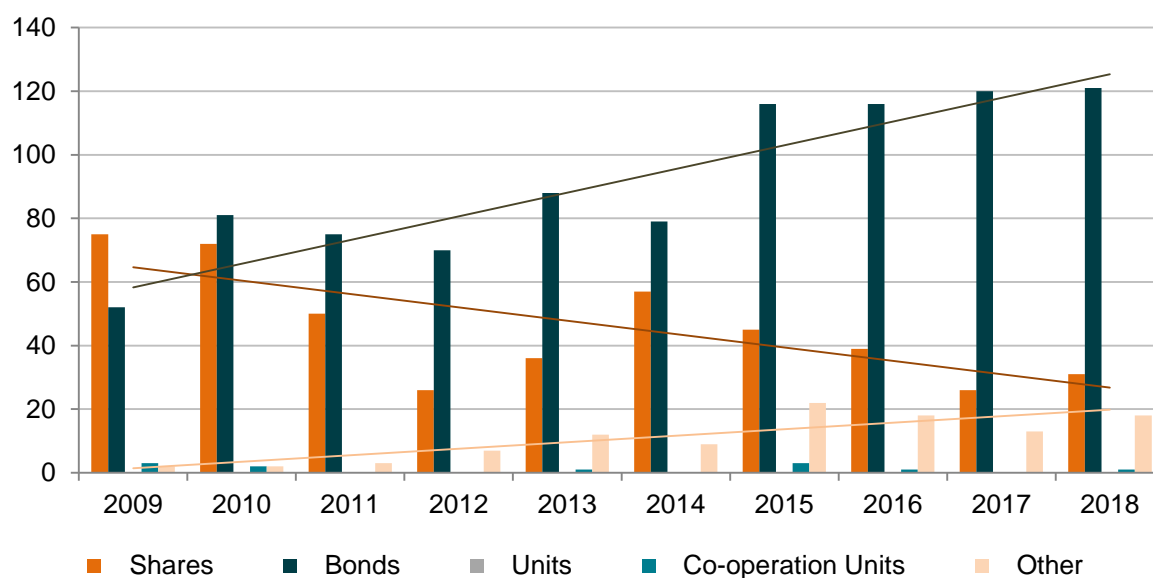
In 2018, in CDCP the total of 171 new issues of book-entry securities with the total nominal value of 12 330 million euro were issued. As of the end of the year in question, out of these issues the securities with the value of 7 267 million euro were credited to the accounts. The highest increase in the value of new securities was recorded in bonds, like in the year 2017, in the amount of 11 110 million euro. It was followed by new issues from category of other securities in the value of 1 126 million euro and the shares category amounted to 94 million euro. In 2018, 31 new issues of shares, 121 issues of bonds and 18 issues from group of other securities were issued, where are included also treasury bills with value of 1 000 million euro. Not a single issue of book-entry units of unit trust was issued, but was issued one issue of co-operative units in value of 0.076 million euro.

New Issues of Book-entry Securities issued in CDCP - Nominal Value		
	Value in EUR	No. of Issues
<b>Value Total</b>	<b>12 330</b>	<b>171</b>
Shares	94	31
Bonds	11 110	121
Units	0	0
Co-operative Units	0,08	1
Other	1 126	18

*Value of new issues of book-entry securities in 2009 – 2018 (millions EUR):*



*Number of new issues of book-entry securities in 2009 – 2018 (units):*



### 2.2.3. Issues Cancelled in the year 2018

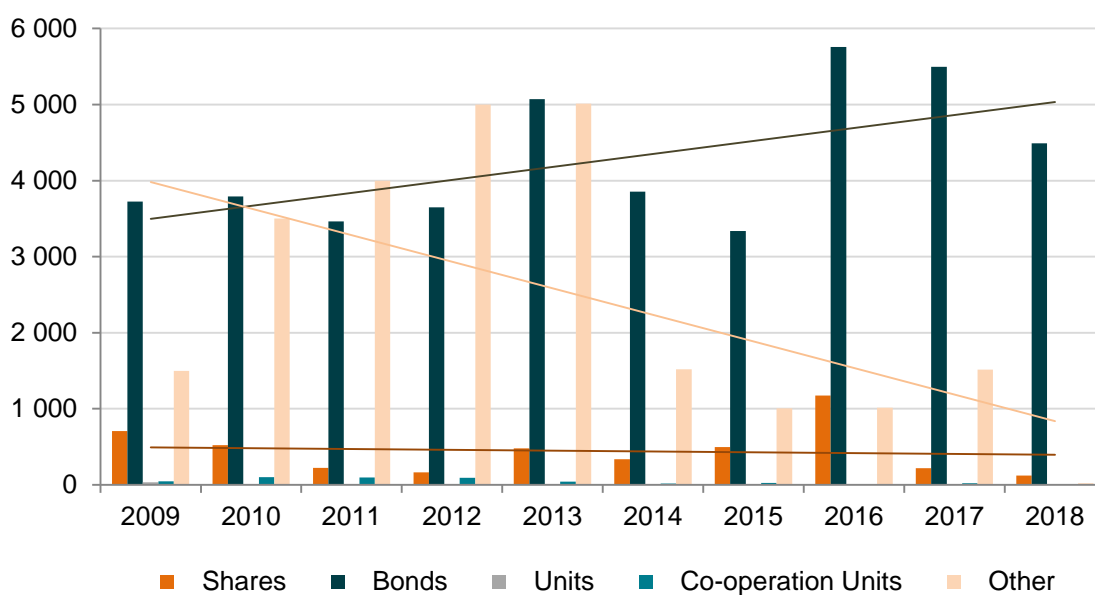
In the course of 2018, securities with the nominal value of 4 641 million euro were cancelled in issuer's register of book-entry securities. The cancelled securities comprised of 191 issues in total, and out of this number, 28 issues were deleted from the issuer's register based on data from the electronical commercial register. The largest decline occurred in bonds where 92 issues were cancelled with the total value of 4 492 million euro. This was followed by 73 issues of shares with the value of 122 million

euro, 16 cancelled issues of other securities with the value of 21.5 million euro and, at last, co-operative units with the value of 5.6 million which amounted to 10 issues. No issue of units of unit trust was cancelled in 2018.

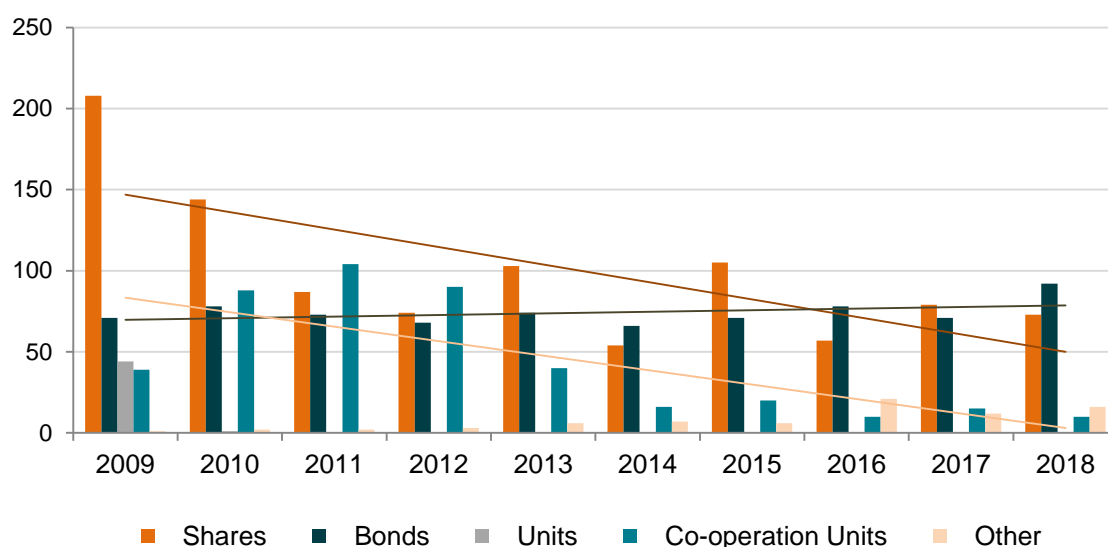
Canceled Issues of Book-entry Securities including issues with change of form to paper securities - Nominal Value		
	Value in EUR	No. of Issues
<b>Value Total</b>	<b>4 641</b>	<b>191</b>
Shares	122	73
Bonds	4 492	92
Units	0	0
Co-operative Units	6	10
Other	22	16

Issues deleted from the issuer's registration on the basis of data from electronic companies register	
2018	
<b>Number of issues</b>	28

*Value of cancelled issues of book-entry securities in 2009 – 2018 (millions EUR):*



Number of cancelled issues of book-entry securities in 2009 – 2018 (units):



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

### 2.3.1. Administration of Issuer's Registry

As of 31 December 2018, CDCP kept issuer's register for 1 461 issuers of book-entry securities and one issue of a foreign issuer of securities is registered in a special registry 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 14 (-0.95 % y-o-y) compared to 2017.

### 2.3.2. Issuers of Paper-form Shares

In 2018, the central depository administered a list of shareholders for 3 652 issuers of registered paper-form shares, which represents an increase by 19 issuers (increase by 0.52 % y-o-y) compared to the previous year.

Issuer's Registers and Lists of Shareholders	2018	2017	2016
Number of Issuers for whom the CDCP administers the issuer's register	1 461	1 475	1 493
Number of Issuers of registered paper shares for whom the CDCP administers the List of Shareholders	3 652	3 633	3 582

### 2.3.3. Services based on Written Request

CDCP provides services also based on requests and instructions placed in writing. In the year 2018, CDCP handled a total of 12 834 written requests concerning birth registration number or Company ID submitted by authorised persons pursuant to Section 110 of Act No.566/2001 Coll. on Securities and Investment Services as amended. This figure involves 3 445 requests placed by executors, 2 489 by courts and 2 434 requests were submitted by tax and customs offices (services are provided free of

charge). Compared to 2017, CDCP handled by 3 362 requests less which makes a year-on-year decline by 20.76 %.

In the year 2018, CDCP also handled a total of 21 518 written requests submitted by natural persons and legal entities for the services such as change of owner, account statement or change in personal details and the like.

### **3. CDCP Information Systems**

In course of the year 2018 CDCP ensured reliable services of IT systems critical for provision of services to the clients. Unchanged goal of CDCP is increase of reliability, data transmission efficiency and safety of the IT systems. For that reason time and efforts were invested to modification of internal processing of settlement instructions with aim to achieve higher penetrability of the system, two factor authentication mechanisms were implemented and put in operation in March 2019 and automation of processes for publishing of selected information from production information systems to CDCP website was increased. Two operation tests of the key system at the secondary operation site and one test of key system resistance against cyber threats were performed satisfactorily in the year 2018; results of the tests were taken in consideration in updates of the key system. Further changes of CDCP key system were required due to provision of services to secondary market for Slovak government bonds on MTS Slovakia platform from February 2018.

### **4. Compliance**

#### **4.1. European Legislation**

In the year 2018 CDCP went on with ensuring of compliance of internal organisation, rules, processes and provision of services with legal regulation valid on both national and European level. The compliance function with respect to legal regulations and internal control was performed and coordinated by the Compliance Department.

Priority of the year 2018 was successful accomplishment of process for authorisation to operate as a central depository according to the European legislation performed by the National Bank of Slovakia. As a result CDCP was granted the authorisation to operate as a central depository according to the CSDR Regulation at the beginning of 2019. Thus CDCP belongs to the group of central depositories meeting the highest standards required by the European legislation.

Several new regulations and amendments were adopted in course of the year 2018 that were implemented to CDCP processes and properly applied. In the beginning of the year 2018 was adopted quite extensive amendment of the Act No. 297/2008 Coll. on the Prevention of Legalization of Proceeds of Criminal Activity and Terrorist Financing and on amendments and supplements to certain acts implementing the fourth AML Directive into its provisions. On basis of the amendment CDCP adopted new Own Activity Programme aimed at the prevention of legalization and terrorist financing by which the amendment was implemented.

Major changes were made in sphere of personal data protection as new general regulation on protection of natural persons with respect to processing of personal data and on free transition of such data became effective on 25 May 2018, known as GDPR Regulation. Entirely new legal regulation was adopted in the Slovak law as the Act No. 18/2018 Coll. on Protection of Personal Data and on amendments and supplements to certain acts. CDCP adopted new safety directives and management and maintenance of personal data within the company and in contractual relations with clients and providers were updated.

Considerably amended was also the Act No 566/2001 Coll. on Securities and Investment Services and on amendments and supplements to certain acts (Act on Securities) by which new regulation of squeeze out was adopted to our law. Goal of this revision is to facilitate squeeze out process of shares by new method how the process is performed. The amendment is important primarily for public companies and their majority shareholders. Internal rules of CDCP and the Rules of Operation were adequately changed due to adopted revision.

Concerning the European legislation, several legal regulations tightly related to CDCP operation were published in EU Official Journal. Namely it is Commission Delegated Regulation (EU) 2018/1229 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline. This last regulation supplementing CSDR Regulation stipulates several processes and rules regarding the settlement process. The Regulation will be effective from 14 September 2020 and until that day relevant organisational units of CDCP will be engaged by orderly implementation of the Regulation to processes of the company.

Another important law published in September 2018 is Commission Implementing Regulation (EU) 2018/1212 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights. The regulation is connected to previously adopted Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (SRDII). The Regulation will be enforceable from 3 September 2020. Implementation process of the directive SRD II to the law of the Slovak Republic begun in the year 2018 and should be finalised in the first half of 2019.

Concerning the internal control the Internal Control System Policy was approved in CDCP in which are defined basic framework of internal control system in CDCP and basic principles and procedures of CDCP for this area. Purpose of the document is to ensure functionality of CDCP internal control system at all managerial levels.

In next phase CDCP will focus on long-term projects linked mainly to implementation of settlement discipline rules and of SRDII directive to internal rules of CDCP, as well as to implementation of other law with impact to operation of CDCP.

## **5. Risk Management**

Centrálny depozitár cenných papierov SR, a.s. has developed and established, in compliance with valid Slovak law while respecting requirements of legal regulations of the European Union, the Risk Management System, which is explicitly stipulated and identified by the strategy for risk management area, risk appetite and ethical principles of CDCP.

The Board of Directors is liable for development of effective and efficient risk management system. Risk management efficiency is monitored by the Supervisory Board of the company. In CDCP was established an independent function of the Risk Manager liable for risk management area. The Risk Manager coordinates risk management processes in CDCP, ensures implementation of and monitors adherence to approved strategy and risk management processes. The Risk Committee was established as advisory body of the Board of Directors. The Risk Committee offers recommendations and opinions to the Board of Directors in all issues related to risk management, primarily regarding approach of CDCP to present and future risks that CDCP is or can be exposed to, or risks to which CDCP exposes its clients.

Risk management in CDCP is stable, functional and effective risk management system which creates part of effective internal control system, including implementation of strategies for management of particular risks.

## **6. Internal Audit**

Aim of the internal audit in CDCP is to provide assurance on risk management procedures related to securing of adequacy and effectivity of managerial, operational and information processes and systems with reference to goals and objectives of the central depository, reliability and integrity of financial and operational information, effectivity, effectiveness and economy of operations, protection of assets and adherence to generally binding legal regulations, internal regulations and agreements.

The Internal Audit Department, in compliance with defined strategy plan and operative plans, provides for execution of audits resulting from risk analyses of audited areas based on assessment of parameters of inherent risk and parameters of control mechanisms. The plans include also audits required by the Regulation No 909/2014 and relevant regulatory technical standards. In the year 2018 the Internal Audit performed audits according to the plan, while among the most important belong system audits, that help Centrálny depozitár cenných papierov SR, a.s. to bring higher quality to internal control system and business continuity system.

The Internal Audit states that internal processes of Centrálny depozitár cenných papierov SR, a.s. are performed pursuant to approved internal rules for business management and breach of the Act No 566/2001 Coll. on securities and investment services as amended and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories were not identified. Neither breach of the Act No 297/2008 Coll. on the prevention of legalization of proceeds of criminal activity and terrorist financing as amended was identified by the audit.

## **7. International Standards**

CDCP assigns the ISIN code to issues of book-entry securities and paper-form securities which allows identification of an issue of securities or other financial instruments. ISIN code is assigned in compliance with the international standard ISO 6166 which stipulates specific structure and mechanism for generation of this code. ISIN code is used as a basic identifier of an issue not only in the central depository register, but also in any information system processing securities. ISIN codes assigned to securities issued in the Slovak Republic start with the prefix "SK".

Moreover, CDCP allocates the CFI and FISN codes as identifiers required for all book-entry and paper-form securities to which ISIN code was allocated. The ISIN code is assigned in the moment when it is generated. CDCP assigns CFI code in accordance with the international standard ISO 10962, and it is not a unique code identifying a particular issue of securities, but the code which identifies the category of securities and their relevant attributes in detail. CFI code is assigned due to existing need for consistent and uniform approach to categorisation of securities into groups mainly in cross-border trading.

CDCP assigns FISN code in compliance with the international standard ISO 18774. FISN code identifies in detail the short name of the financial instrument and is assigned in order to provide consistent and uniform approach to standardisation of the issuer's short name and description of securities. FISN code together with ISIN and CFI codes give clear identification of and information on securities to the capital market participants doing the financial transactions, both at national and international level.

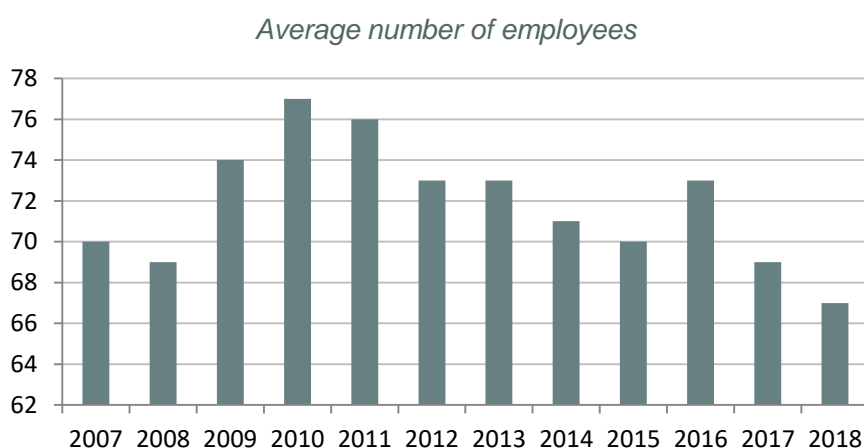
In the Slovak Republic ISIN, CFI and FISN codes are assigned by CDCP acting as the National Numbering Agency.

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

On 30 January 2018 CDCP has received a certificate from the GLEIF (Global Legal Entity Identifier Foundation), which confirms successful accomplishment of accreditation process of CDCP for issuing the LEI codes to legal entities from Slovakia and Czech Republic. Accreditation is process during which the GLEIF assesses preparedness of the organisation interested in operating within the LEI Global System, assigning the LEI codes, and managing the reference data of entities with allocated LEI code.

## 8. Human Resources

In the year 2018 workforce in CDCP averaged at 84 employees.



Structure of employees in the year 2018:

Average number of employees	67 total
Out of that:	27 men
	40 women
Entries	14 employees
Terminations	11 employees
Average age of all employees	43 years
Average age of new employees	42 years

### 8.1. Education

The employees are regarded the most valuable asset which directly affects the quality of CDCP results. We are interested in employing the competent and quality employees who understand their function, thus are performing it well. We expect mainly competence, loyalty and client-oriented approach from our current employees and also from the applicants.

To provide our employees with the opportunity to improve continually, we invest into education activities and support both professional and personal growth of our proficient employees. In 2018 we



prepared 46 educational activities for our staff, mainly seminars, trainings, conferences, and workshops, which were attended by 54 employees altogether.

## **8.2. Employee Benefits**

We do our best to acquire and maintain the proficient employees by co-ordinating the benefits and corporate culture, and our goal is to achieve balance between their private and working life. In 2018, each employee was provided with 5 days of leave beyond the entitlement under the Labour Code. We care about good relationships among colleagues and Christmas Party for all employees also helped to strengthen the relations.

## **9. Strategic Vision**

The company strategy for next three years is built on the same pillars as in previous period. We still want to improve the quality and scope of services, increase efficiency of provided services and achieve profit despite stagnant capital market.

In previous year we made all necessary steps to accomplish following strategic goals:

1. The Eurosystem positively assessed compliance with requirements of CSDR Regulation what is condition for granting authorisation to operate as a central depository according to the CSDR Regulation;
2. we were accredited by the GLEIF organisation to perform as Local Operating Unit assigning LEI codes;
3. provisions of new act on personal data protection were implemented;
4. we actively cooperate with the User Committee and CDCP clients so we meet our strategic vision to be a client oriented company, in which the clients are regarded equal partners.

The central depository will face further challenges, as it has to respond to development in the area of post-trade services. For these services are characteristic strong harmonisation demands from side of the European institutions to provide still wider scope of services by standardised method, tendency to concentrate certain services to single entities with Pan-European or world-wide impact, increasing requirements to regulate activities of the central depositories, issuers and other participants in the capital market. Important factor in area of post-trade services is application of trends from field of information technologies as are blockchain or artificial intelligence. Last, but not least, the company has to take in consideration also specificity of local capital market, low interest of issuers of shares to enter regulated market, non-standard method of provision of certain services and high-cost infrastructure due to low possibility to apply economies of scale.

For the years 2019-2021 we set tasks that should ensure fulfilment of strategic goals while taking into consideration requirements of law, market participants and trends in the capital market. The strategic tasks are:

1. Harmonisation of processes with the market standards for processing of corporate actions;
2. implementation of sanction mechanism in compliance with Commission Delegated Regulation (EU) 2018/1229 supplementing CSDR regulation with regard to regulatory technical standards on settlement discipline;
3. implementation of Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (SRD II);

4. harmonisation of processing of collateral accepted in connection with monetary policy operations of the Eurosystem;
5. digitalisation and computerisation of processes and services of the company.

Except above specified goals the company intends to analyse interest of market participants in provision of new or innovated services and consequently it will make decision whether services the clients are interested in will be developed. This concerns for example provision of innovated registration services for units of unit trusts, registration of new types of securities or securities supporting investments to ecological projects, so called green bonds.

Accordingly, CDCP plans to assess also other possibilities which could contribute to fulfilment of the strategic goals of the company, e.g. optimisation of functions of own infrastructure in relation to functions provided by T2S, and introduce fee for information duties provided pursuant to the Act on Securities and Investment Services. Except that the company will regularly analyse level of fees for services to assure the fee is consistent with the company's costs for provision of respective service, and that the service fee doesn't compensate for provision of other services.

Realisation of mentioned actions should result in provision of services of comparable level with services provided by other central depositories in the Europe, whilst limits of the local market are respected.

## **10. List of CDCP Participants**

CDCP provides services mainly through its participants. In compliance with the Act No 566/2001 Coll. on Securities and Investment Services as amended and in compliance with the CSDR Regulation, the bank, foreign bank, securities broker, foreign securities broker, central counterparty, clearing agent, clearing house, operator of a settlement system or payment system, state administration body, company with guarantee provided by the state in connection with participation in the settlement system or in the payment system, and a central depository may become a participant.

In the year 2018, CDCP granted the access of a participant in the securities settlement system to the company Privatbanka, a.s. with the effect from 31 January 2019. In the year 2018 there was no case of withdrawal of status of a participant in the securities settlement system. At the end of the year 2018 CDCP had 25 participants (12 banks, 7 securities brokers, 3 foreign central depositories, ARDAL, the National Bank of Slovakia and NCDCP).

In the year 2018 CDCP granted access of other market infrastructure to the securities settlement system to legal entity EuroMTS Limited (United Kingdom) to settle trades in government bonds and government treasury bills issued by the Ministry of Finance SR, which are traded on MTS Cash Domestic Market MTF, in the segment MTS Slovakia. In connection with preparation to Brexit the operator of this market decided to be replaced by MTS S.p.A. as an operator that has registered seat in Italy. MTS S.p.A placed the application for access of other market infrastructure to the securities settlement system of CDCP in December 2018.

### **ARDAL**

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

### **NCDCP**

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

- Centrální depozitář cenných papírů, a. s. (the Czech Republic)

- Clearstream Banking S.A. (Luxemburg)
- Euroclear Bank SA/NV (Belgium)

**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.
- Privatbanka, a.s. (effective from 31 January 2019)
- 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.

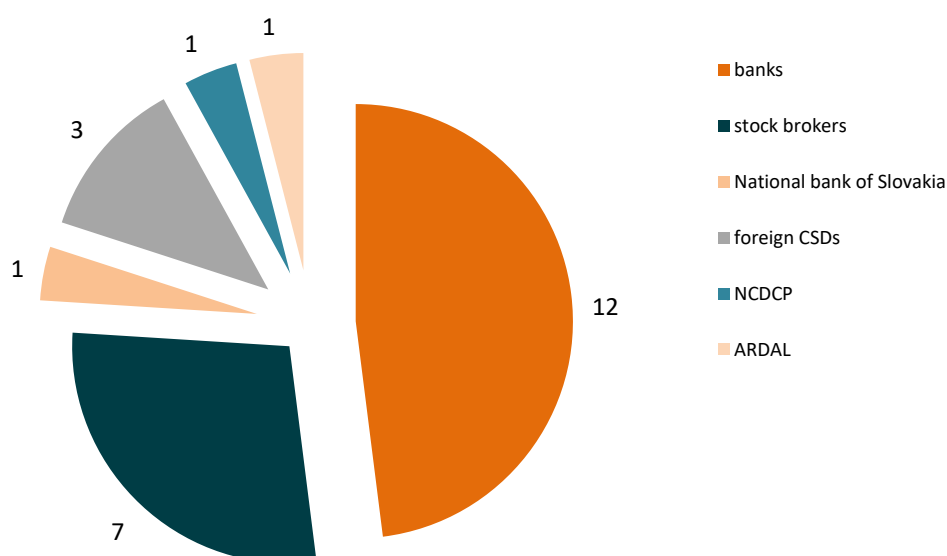
**Foreign commercial banks:**

- Erste Group Bank AG (effective from 22 February 2018)
- Raiffeisen Bank International AG

**Securities dealers:**

- Arca Brokerage House o.c.p. a.s.
- DLHOPIS, o.c.p., a.s.
- Infinity ELITE, o.c.p., a.s.
- JELLYFISH o.c.p., a.s.
- Patria Finance, a.s.
- SLÁVIA CAPITAL, o.c.p., a.s.
- Sympatia Financie, o.c.p., a.s.

## CDCP Participants in 2018



## 11. Economic Results in the year 2018

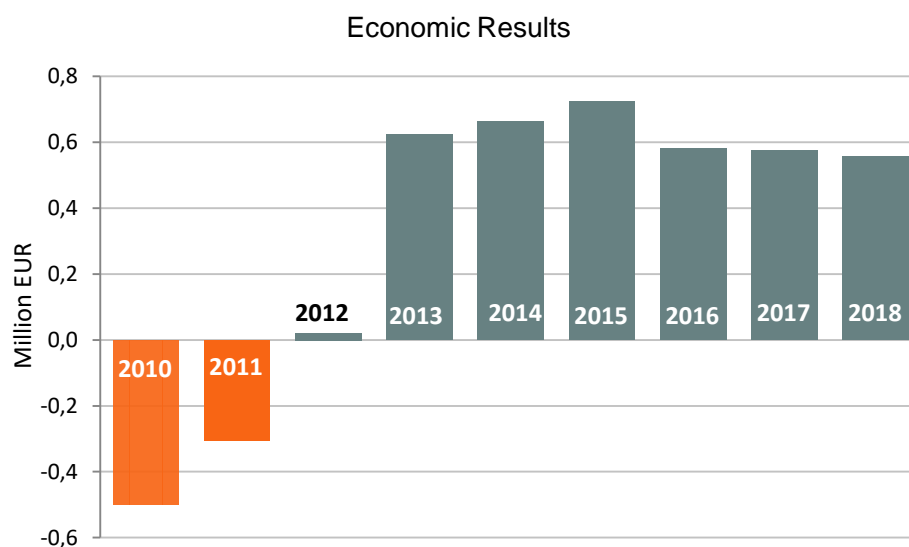
### a) Economic result:

In the year 2018 CDCP retained the positive course from previous years in achieving the economic results, which exceeded sum of 0.56 million EUR after taxation. Compared to the last year the economic result decreased by 3 percent.

The year-on-year development of the economic result was affected by decrease in expenses by 14% and in revenues by 13%, which is lower than in the year 2017, i.e. in comparison to previous year the expenses fell down in the year 2018 faster than the revenues.

The expenses and revenues of CDCP were affected also in the year 2018 by accounting procedures applied in connection with the related party in the amount of 0.74 million EUR, both in expenses and revenues, i.e. without impact to the economic result. Both the expenses and revenues decreased by 41% compared to the year 2017, and services related to this activity were terminated in July 2018.

*Economic results for years 2010 – 2018 (millions EUR):*



mil. EUR	2010	2011	2012	2013	2014	2015	2016	2017	2018
RESULT	-0.50	-0.30	0.02	0.62	0.66	0.72	0.58	0.57	0.56

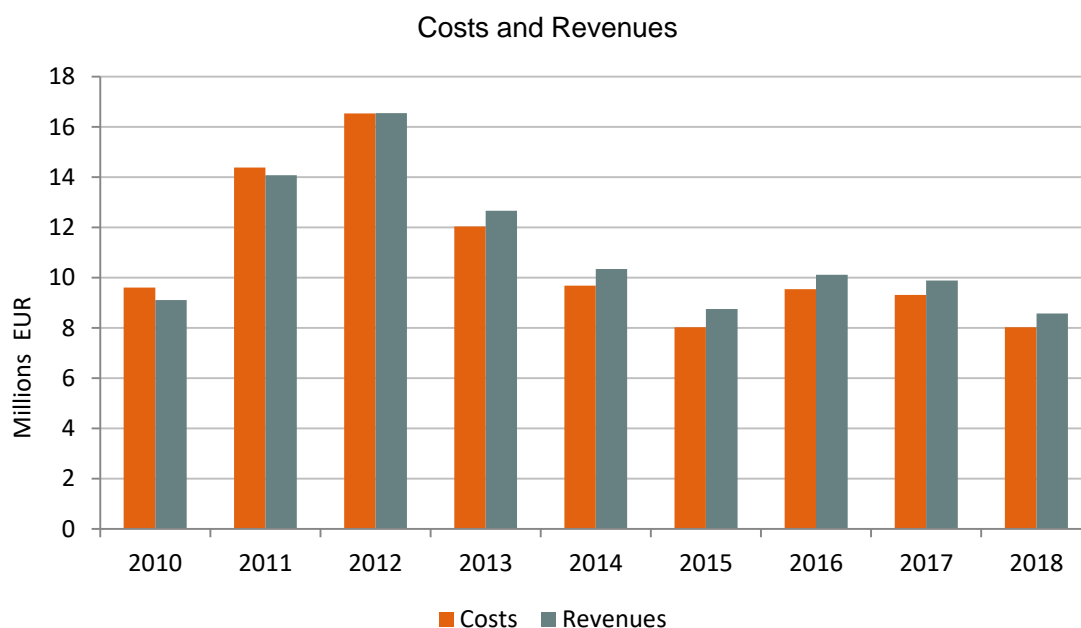
Total value of CDCP expenses in the year 2018 was influenced mainly by decrease in expenses for services by 19% as billing for services provided by the related entity was terminated and also by decrease in other expenses for business activity by 26% compared to previous year, what corresponds to created adjustments entries to receivables due to active management of receivables and their recovery. CDCP noted opposite trend in income tax, which is higher by 96% compared to previous year. Total revenues were affected primarily by the revenues from own services which decreased by 10%.

As in the last years, they are markedly influenced by revenues from administration of securities owner's account, registration services for issuers of book-entry securities and business services for the issuers of paper form securities creating 78 % of total revenues of CDCP.

Other revenues from business decreased by 31% in comparison to previous year due to termination of invoicing of services provided by related entity.

Financial revenues fell by 8 % compared to the previous year, due to a decline in interest rates for term deposits, as it was last year.

*Costs and Revenues for the years 2010 – 2018 (millions EUR):*



mil. EUR	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES	9.61	14.38	16.53	12.03	9.68	8.02	9.54	9.31	8.02
REVENUES	9.11	14.08	16.55	12.66	10.34	8.74	10.12	9.89	8.58

#### **b) Financial position of CDCP**

In the year 2018 total capital of CDCP increased by 8 % compared to the year 2017.

Current assets fell by 10 % in comparison to 2017, whereas the long-term receivables decreased by 22 %, short term receivables decreased by 4 %, and financial accounts increased by 17 %.

The financial situation of CDCP was stable during whole year. Current and capital costs were covered by own resources

Year-on-year increase in own capital by 8 % was generated by positive economic result of 0.56 million EUR. Liabilities grew by 9 % compared to the previous year.

#### **c) Investment activities**

The capital investments of CDCP in the year 2018 reached value of 0.79 million EUR. The investments were used primarily to amend the production software and for digitalisation preparing.

#### **Distribution of profit**

The General Meeting will decide on distribution of profit for the 2018 accounting period in the amount of 0.56 million EUR. The proposal of statutory body to the General Meeting is the following:

- contribution to the reserve fund (10%) 0,06 million EUR,
- transfer to retained earnings from previous years 0.50 million EUR.

## **12. Additional Information**

a) Impact of the accounting entity on the environment

The accounting entity does not have special impact on the environment. In the year 2018 CDCP started to use recycled paper in the printers.

b) Research and development expenses

The company did not have expenses for research and development in the year 2018.

c) Own shares

The company didn't acquire own shares in the year 2018 and does not have any own shares.

d) Foreign branch of the company

The company does not have a foreign branch.



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

### **13. Independent Auditor's Report and Financial Statements as of 31 December 2018**



### 13.1. Independent Auditor's Report



## **Independent auditor's report**

on audit of the financial statements  
as of 31 December 2018

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

ul. 29. augusta 1/A, 814 80 Bratislava  
Identification No: 31 338 976

Bratislava, March 2019



## **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 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 2018, the profit and loss statement for the year ending on the same date, and notes which include overview of relevant 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 2018 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 the 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 the 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.

#### ***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 the internal controls regarded necessary for preparation of the financial statements that are free from material incorrectness, whether due to fraud or error.

At 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 an intention to liquidate the Company or terminate the operation, 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 existent. Incorrectness can arise in consequence of fraud or error, and are deemed material in case of reasonable expectation that these



could have, individually or cumulatively, 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 to provide 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 properly applies 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 if 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.

#### **Report on other requirements arising from the 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 contained information and the financial statements or our knowledge we have obtained during audit of the financial statements, or whether these are not 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.

After receiving the Annual Report we will assess, if the Annual Report of the Company includes information required by the Act on Accounting and based on work performed during audit of the financial statements we shall give our opinion whether:



- information stated in the Annual Report for 2018 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 15 March 2019

(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

## 13.2. Financial Statements as of 31 December 2018

# Final Accounts

As of 31. 12. 2018

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

x Balance sheet	x Profit and loss statement	x Notes
in euro	in euro	in euro or euro cents
Trade Name of the accounting unit		
C E N T R Á L N Y 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: 14.3.2019	Signature of the person responsible for bookkeeping:	Signature of the person responsible for preparing the financial statements:
Approved on:		Signature of the members of the company's statutory body:
Tax office notes:		
Registration Number		Tax office stamp

### Balance Sheet as of 31 December 2018 – The Assets Side (in EUR)

Title	ASSETS	Line No.	In current acc. period			Previous acc. period
			Gross	Correc tion	Net	
	TOTAL ASSETS (lines 002+ 033+074)	001	42 979 062	12 297 384	30 681 678	28 332 070
A.	Fixed assets (lines 003+ 011+ 021)	002	13 626 956	6 732 511	6 894 445	6 750 289
A.I	Total long-term intangible assets (lines 004 through 010)	003	7 846 857	2 905 854	4 941 003	4 719 521
A.I.1	Capitalized development costs	004				
2.	Software	005	7 505 928	2 896 977	4 608 951	4 576 519
3.	Valuable rights	006	17 429	8 877	8 552	10 302
4.	Goodwill	007				
5.	Other long-term intangible assets	008				
6.	Acquisition of long-term intangible assets	009	323 500		323 500	132 700
7.	Advance payments for long-term intangible assets	010				
A.II.	Total long-term tangible assets (lines 012 through 020)	011	5 778 860	3 826 657	1 952 203	2 029 529
A.II.1	Land	012	431 521		431 521	431 521
2.	Buildings	013	3 815 382	2 461 795	1 353 587	1 449 013
3.	Stand-alone movable objects and groups of movable objects	014	1 439 564	1 355 752	83 812	59 049
4.	Perennial crops	015				
5.	Breeding and draught animals	016				
6.	Other long-term tangible assets	017	92 393	9 110	83 283	88 662
7.	Acquisition of long-term tangible assets	018				1 284
8.	Advance payments for long-term tangible assets	019				
9.	Adjustment to acquired assets	020				
A.III.	Total long-term financial assets (lines 022 through 032)	021	1 239		1 239	1 239
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.	Current assets (line 034+ 041+ 053+ 066+ 071)	033	29 316 315	5 564 873	23 751 442	21 535 212
B.I.	Total inventories (lines 035 through 040)	034	1 625		1 625	1 654
B.I.1	Stocks	035	1 625		1 625	1 654
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.II.	Total long-term receivables (lines 42 + 046 through 052)	041	1 257 124		1 257 124	1 602 504
B.II.1	Total trade receivables (lines 43 +44+ 45)	042	21 333		21 333	486 153
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	21 333		21 333	486 153
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	7 257		7 257	23 774
8.	Deferred tax receivable	052	1 228 534		1 228 534	1 092 577
B.III.	Total short-term receivables (lines 054 + 058 through 065)	053	9 125 722	5 564 873	3 560 849	3 700 441
B.III.1	Total trade receivables	054	9 105 220	5 564 873	3 540 347	3 579 236
1.a.	Trade receivables within linked accounting units	055	54 703		54 703	144 866
1.b.	Trade receivables within share participation except linked accounting units	056				
1.c.	Other trade receivables	057	9 050 517	5 564 873	3 485 644	3 434 370
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				90 446
7.	Tax receivables	063				
8.	Receivables from derivative operations	064				
9.	Other receivables	065	20 502	20 502		30 759

B.IV.	Total short-term financial assets (lines 067 through 070)	066				
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.V.	Financial accounts (lines 072 + 073)	071	18 931 844		18 931 844	16 230 613
B.V.1	Cash	072	18 568		18 568	20 981
2.	Bank accounts	073	18 913 276		18 913 276	16 209 632
C.	Accruals (line 075 +76 + 77+ 078)	074	35 791		35 791	46 569
C.1	Deferred expenses – long-term	075	465		465	1 436
2.	Deferred expenses – short-term	076	34 870		34 870	30 213
3.	Accrued revenues – long-term	077				
4.	Accrued revenues – short-term	078	456		456	14 920

### Balance Sheet as of 31 December 2018 – The Liabilities Side

Title	LIABILITIES	Line no.	Current acc. period	Previous acc. period
	TOTAL EQUITY AND LIABILITIES (line 080+ 101+ 141)	079	30 681 678	28 332 070
A.	Own equity (lines 081+ 085+ 086+ 087+ 090 +93 +97 +100)	080	8 453 603	7 897 491
A.I.	Total registered capital (lines 082 through 084)	081	10 489 304	10 489 304
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		
A.II.	Share premium	085		
A.III.	Other capital funds	086		
A.IV.	Legal reserve funds (lines 88 + 89)	087	434 884	377 457
A.IV.1	Legal reserve fund and Indivisible fund	088	434 884	377 457
2.	Reserve fund for own stocks and shares	089		
A.V.	Total profit generated funds (lines 091 + 092)	090	1 942	1 942
A.V.1.	Statutory funds and other funds	091		
2.	Other funds	092	1 942	1 942
A.VI.	Adjustments due to revaluation (lines 94 through 96)	093	-143	-143
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		
A.VII.	Profit or loss of previous years (line 098 + 099)	097	- 3 028 495	-3 545 335
A.VII.1.	Retained profit from previous years	098		
2.	Accumulated loss from previous years	099	- 3 028 495	-3 545 335

A.VIII.	Profit or loss for accounting period after tax +/- (line 001- (081+ 085+ 086+ 087+ 090+ 093 +097 +101 +141))	100	556 111	574 266
B.	Total payables (line 102+ 118 + 121+ 122+ 136 + 139 +140)	101	22 199 194	20 407 824
B.I.	Total long terms payables (lines 103 + 107 through 117)	102	145 948	147 310
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	5 189	5 883
10.	Other long-term payables	115		
11.	Long-term payables from derivative operations	116		
12.	Deferred tax payable	117	140 759	141 427
B.II.	Long-term reserves (lines 119 + 120)	118	20 191 022	18 814 216
B.II.1	Legal reserves	119		
2.	Other reserves	120	20 191 022	18 814 216
B.III.	Long-term bank loans	121		
B.IV.	Total short-term payables (lines 123 + 127 through 135)	122	1 562 808	1 230 241
B.IV.1.	Total trade payables (lines 124 through 126)	123	360 735	420 217
1.a	Trade payables to linked accounting units	124	1 515	97 906
1.b	Trade payables within share with interest excl. linked accounting units	125		
1.c	Other trade payables	126	359 220	322 311
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	82 310	76 673
7.	Payables to social security	132	63 076	70 096
8.	Tax payables and subsidies	133	1 008 258	627 733
9.	Payables from derivative operations	134		
10.	Other payables	135	38 282	42 542
B.V.	Short-term reserves (lines 137 + 138)	136	299 235	215 952

B.V.1	Legal reserves	137	67 751	68 456
2.	Other reserves	138	231 484	147 496
B.VI.	Current bank loans	139	181	105
B.VI.	Short-term financial grant	140		
C.	Total accruals (lines 142 through 145)	141	28 881	26 755
C.1.	Accrued expenses, long-term	142		
2.	Accrued expenses, short-term	143	87	2 835
3.	Deferred revenues, long-term	144	2 160	8 640
4.	Deferred revenues, short-term	145	26 634	15 280

### Profit and Loss Statement as of 31 December 2018

Title	I T E M	Line no.	Current acc. period	Previous acc. period
*	Net turnover	01	7 595 619	8 481 877
**	Total revenues from economic activity (lines 03 through 09)	02	8 540 127	9 847 632
I.	Returns from sale of goods	03		
II.	Returns from own products	04		
III.	Returns from services	05	7 595 619	8 481 877
IV.	Change in inventories	06		
V.	Capitalization (acc. group 62)	07		
VI.	Returns from sale of long-term assets (tangible/intangible) and material	08	3 309	2 181
VII.	Other revenues from economic activity	09	1 363 574	1 363 574
**	Total expenses on economic activity (lines 11 through 15 + 20 through 26)	10	7 700 732	9 132 378
A	Cost of goods sold	11		
B	Consumption of material, energy and other non-storable supplies	12	78 015	109 671
C	Adjustment entries to inventory	13		
D	Services (acc. group 51)	14	3 003 896	3 703 927
E	Total personnel expenses (lines 16 through 19)	15	2 158 657	2 210 985
E.1.	Wages and salaries	16	1 459 389	1 461 083
2.	Remuneration of company body members	17	61 571	56 548
3.	Social insurance expenses	18	554 403	563 906
4.	Social expenses	19	83 294	129 448
F.	Taxes and fees (acc. group 53)	20	46 662	22 966
G.	Depreciation and adjustments to long-term intangible assets and long-term tangible assets (l. 22+23)	21	692 936	744 528
G.1.	Depreciation to long-term intangible assets and long-term tangible assets	22	692 936	744 528
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	1 172	32 107

I.	Creation of Adjustment entries to Receivables (+/- 547)	25	258 083	579 776
J.	Other expenses on economic activity	26	1 461 311	1 728 418
***	Profit or loss from economic activity (line 02 – 10)	27	839 395	715 254
*	Added value ((lines 03 through 07) – (lines 11 through 14))	28	4 513 708	4 668 279
**	Revenues from financial activity (lines 30 + 31 + 35 + 39 + 42 + 43 + 44)	29	38 173	41 361
VIII.	Returns from sale of securities and ownership interests	30		
IX.	Revenues from long-term financial assets (lines 32+ 33+ 34)	31		
IX.1.	Revenues from securities and ownership interests from linked accounting units	32		
2.	Revenues from securities and ownership interests within interest share excl. linked accounting units	33		
3.	Other revenues from securities and ownership interests	34		
X.	Total revenues from short-term financial assets (lines 36 +37+ 38)	35		
X.1	Revenues from short-term financial assets from linked accounting units	36		
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		
XI.	Interests received (lines 40 + 41)	39	38 152	41 311
XI.1.	Interests received within consolidated whole	40		
XI.2.	Other interests received	41	38 152	41 311
XII.	Exchange rate gains	42	21	50
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	55 025	46 672
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	48	925
P.	Expenses on revaluation of securities and expenses on derivative operations	53		
Q.	Other expenses on financial activity	54	54 977	45 747
***	Profit or loss from financial activity (line 29 - 45)	55	-16 852	-5 311
****	Profit or loss for accounting period before tax (line 27 - 55)	56	822 543	709 943
R.	Income tax (line 58 + 59)	57	266 432	135 677
R.1.	- due	58	403 056	69 797
2.	- deferred	59	-136 624	65 880

S.	Transfer of shares on profit or loss to partners	60		
****	Profit or loss for accounting period after tax (+/-) [lines 56 - 57 - 60]	61	556 111	574 266

**Comments to the Financial Statements  
as of 31 December 2018**

			3	1	3	3	8	9	7	6
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



			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

- 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

### 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	68	69
Number of staff at balance sheet date of which:	69	67
Management	5	6

### 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 – net sum of assets exceeded 4 000 000 EUR, net 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
Net to assets – total	30 681 678	28 460 233	Yes
Net to turnover – total	7 595 619	8 481 877	Yes
Number of employees	68	69	Yes

The accounting unit meets size requirements to be included to size group – **large accounting unit**, therefore 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 2018 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 2018 to 31 December 2018.

### 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 2017, i.e. for the previous accounting period, on 21 June 2018.

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

**8. Approval of the auditor**

On 24 August 2017 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 2018 to 31 December 2018.

**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 03.2.2015
- Member: Ing. Tomáš Novanský - from 29.2.2016
- Supervisory Board:
- Chairman: Ing. Igor Lichnovský - from 3.9.2015
- Member: Ing. Ivan Gránsky - from 3.9.2015
- Member: JUDr. Katarína Malíková - from 21.8.2015

## Prior accounting period

## Board of Directors:

- Chairman: Ing. Martin Wiedermann - from 26.10.2015
- Vice-chairman: Ing. Ľudmila Boboková - from 03.2.2015
- Member: Ing. Tomáš Novanský - from 29.2.2016
- Supervisory Board:
- Chairman: Ing. Igor Lichnovský - from 3.9.2015
- Member: Ing. Ivan Gránsky - from 3.9.2015
- Member: JUDr. Katarína Malíková - from 21.8.2015

**C. INFORMATION ON THE COMPANY PARTNERS**

- The structure of the Company's shareholders as of 31 December 2018:

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	-	
Total	10 489 304	100	100	-	

**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 2018 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 2018 to 31 December 2018 and for the comparable period from 1 January 2017 to 31 December 2017 is presented in the tables below.

		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

Non-current intangible assets a	Capitalised development costs b	Software c	Valuable rights d	Goodwill e	Current accounting period		Non-current assets in the process of acquisition g	Advances paid for non-current intangible assets h	Total i
					Other non- current intangible assets f				
Acquisition cost									14 080
Opening balance	-	13 930 562	17 429	-	-		132 700	-	691
Additions	-	600 341	-	-	-		791 141	-	1 391 482
Disposals	-	7 024 975	-	-	-		600 341	-	7 625 316
Transfers	-	-	-	-	-		-	-	-
Closing balance	-	7 505 928	17 429	-	-		323 500	-	7 846 857
Accumulated depreciation									
Opening balance	-	9 354 043	7 127	-	-		-	-	9 361 170
Additions	-	567 909	1 750	-	-		-	-	569 659
Disposals	-	7 024 975	-	-	-		-	-	7 024 975
Transfers	-	-	-	-	-		-	-	-
Closing balance	-	2 896 977	8 877	-	-		-	-	2 905 854
Valuation allowances									
Opening balance	-	-	-	-	-		-	-	-
Additions	-	-	-	-	-		-	-	-
Disposals	-	-	-	-	-		-	-	-
Transfers	-	-	-	-	-		-	-	-
Closing balance	-	-	-	-	-		-	-	-
Net book value									
Opening balance	-	4 576 519	10 302	-	-		132 700	-	4 719 521
Closing balance	-	4 608 951	8 552	-	-		323 500	-	4 941 003

In 2018 assets in the value of EUR 600 341, - were included to non-current intangible assets – technical appreciation, upgrade with modules and components of investment “Migration of CDCP” to settlement system of EU Target-T2-Securities, sum € 4 354,- was technical valorisation of SW licences, and € 1 050,- extension of economic SW SPIN. Discarded was information system SPOZUS that is not used anymore in total sum € 202 344,- with depreciated price 0,- Eur. Balance of the account Non-current intangible assets is €

		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

323 500,- as of 31/12/2018. It includes items related to digitizing and analyses of required changes in connection with implementation of new type of JSA (simple stock company) in T2S.

Non-current intangible assets	Capitalised development costs	Software	Valuable rights	Goodwill	Prior accounting period		Non-current assets in the process of acquisition	Advances paid for non-current intangible assets	Total
					Other non-current	intangible assets			
a	b	c	d	e	f		g	h	i
Acquisition cost									
Opening balance	-	9 519 365	17 429	-	-	-	4 146 119	-	13 682 913
Additions	-	-	-	-	-	-	600 122	-	600 122
Disposals	-	202 344	-	-	-	-	-	-	202 344
Transfers	-	4 613 541	-	-	-	-	- 4 613 541	-	-
Closing balance	-	13 930 562	17 429	-	-	-	132 700	-	14 080 691
Accumulated depreciation									
Opening balance	-	8 938 801	5 384	-	-	-	-	-	8 944 185
Additions	-	6417 586	1 743	-	-	-	-	-	619 329
Disposals	-	202 344	-	-	-	-	-	-	202 344
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	-	9 354 043	7 127	-	-	-	-	-	9 361 170
Valuation allowances									
Opening balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-
Net book value									
Opening balance	-	580 564	12 045	-	-	-	4 146 119	-	4 738 728
Closing balance	-	4 576 519	10 302	-	-	-	132 700	-	4 719 521

In 2017 assets in the value of EUR 4 613 541,- were included to non-current intangible assets. Out of that sum € 4 608 137,- was investment "Migration of CDCP to payment system EU Target-T2S, sum € 4 354,- was technical valorisation of SW licences, and € 1 050,- extension of economic SW SPIN. Discarded was information system SPOZUS that is not used

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

anymore in total sum € 202 344,- with depreciated price 0,- Eur. Balance of the account Non-current intangible assets is € 132 700,- as of 31/12/2017. It includes items related to digitizing in value of € 87 700,- and analyses of required changes in connection with implementation of new type of JSA (simple stock company) in T2S.

## 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									
Opening balance	431 521	3 815 382	1 758 073	-	-	95 314	1 284	-	6 101 574
Additions	-	-	48 406	-	-	-	47 431	-	95 837
Disposals	-	-	366 915	-	-	2 922	48 715	-	418 552
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	431 521	3 815 382	1 439 564	-	-	92 392	0	-	5 778 859
Accumulated depreciation									
Opening balance	-	2 366 369	1 699 024	-	-	6 652	-	-	4 072 045
Additions	-	95 426	23 643	-	-	4 207	-	-	123 276
Disposals	-	-	366 915	-	-	1 750	-	-	368 665
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	-	2 461 795	1 355 752	-	-	9 109	-	-	3 826 656
Valuation allowances									
Opening balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-
Net book value									
Opening balance	431 521	1 449 013	59 049	-	-	88 662	1 284	-	2 029 529
Closing balance	431 521	1 353 587	83 812	-	-	83 283	0	-	1 952 203

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

In 2018 inventory in value of € 366 915, was discarded. One car was sold and new car was bought in January 2018. Entry price didn't exceed limit according to par.17, sect 34 of the Act 595/2003 Coll. on income tax. Work of art was sold to employee with total entry price of 1172 Eur, and old inventory was discarded during refurbishment of the premises. Account "acquisition of long-term tangible assets" has 0 Eur balance as of 31 December 2018. Major value of discarded assets was created by non-functional and obsolete data processing equipment (306 337 EUR).

## Prior 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									
Opening balance	431 521	3 753 701	1 801 116	-	-	126 557	22 125	-	6 135 020
Additions	-	-	-	-	-	-	103 754	-	103 754
Disposals	-	24 977	80 116	-	-	32 107	-	-	137 200
Transfers	-	86 658	37 073	-	-	864	- 124 595	-	-
Closing balance	431 521	3 815 382	1 758 073	-	-	95 314	1 284	-	6 101 574
Accumulated depreciation									
Opening balance	431 521	2 287 626	1 759 997	-	-	4 316	-	-	4 051 939
Additions	-	103 720	19 143	-	-	2 336	-	-	125 199
Disposals	-	24 977	80 116	-	-	-	-	-	105 093
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	-	2 366 369	1 699 024	-	-	6 652	-	-	4 072 045
Valuation allowances									
Opening balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-
Net book value									
Opening balance	431 521	1 466 075	41 119	-	-	122 241	22 125	-	2 083 081
Closing balance	431 521	1 449 013	59 049	-	-	88 662	1 284	-	2 029 529

Centrálny depozitár cenných papierov SR, a.s.

Notes: Úč POD 3 - 01

31 December 2018

Company ID

Tax ID

		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

In 2017 refurbishment in value of € 86 658,- was made in the seat of the company at 29.augusta / BA. Increase of non-current tangible assets due to: 2 air-condition units in sum € 31 547,-, inventory in value of € 2 680, attendance system WEGA LH in value € 2 845, other non-current TA in value € 864. in the year 2017 value of the building by € 24 977 due removal of nonfictional air-condition units, sale of back-up power supply in Soblahov (€ 31 423), sale of artworks to the employees in input value € 32 107 and removal of old inventory during refurbishment of the building. Balance on acc. of non-current TA is € 1 284 as of 31/12/2017. The entries are investments connected to second part of building refurbishment

		3	1	3	3	8	9	7	6
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 2018 to 31 December 2018 and for the period from 1 January 2017 to 31 December 2017 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
Subsidiaries					
A.N.N.A	1	1	151 270	0	1 239
Accounting units with a substantial influence					
Joint undertakings					
Associates					
Other realisable securities and ownership interests					
Acquired non-current financial assets in order to perform influence in other accounting entity					
Total non-current financial assets					1 239
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
Subsidiaries					
A.N.N.A	1	1	151 270	0	1 239
Accounting units with a substantial influence					
Joint undertakings					
Associates					
Other realisable securities and ownership interests					
Acquired non-current financial assets in order to perform influence in other accounting entity					
Total non-current financial assets					1 239

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 costs.



		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

The Company did not identify a difference between fair value and acquisition cost in current, neither in prior accounting period.

### 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:

Current accounting period

Receivables	Valuation allowance as of 01/01/2017	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 31/12/2017
a	B	c	d	e	f
Trade receivables	5 983 033	6 192 610	5 934 529	676 241	5 564 873
Receivables from subsidiaries and parent company	-	-	-	-	-
Other receivables within the consolidated group	-	-	-	-	-
Receivables from partners, members, and association	-	-	-	-	-
Other receivables	-	-	-	-	-
Total receivables	5 983 033	6 192 610	5 934 529	676 241	5 564 873

- 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.

Notes: Úč POD 3 - 01

Company ID

Tax ID

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

Receivables	Prior accounting period				
	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	6 249 106	5 742 729	4 856 096	1 152 706	5 983 033
Receivables from subsidiaries and parent company	-	-	-	-	-
Other receivables within the consolidated group	-	-	-	-	-
Receivables from partners, members, and association	-	-	-	-	-
Other receivables	-	-	-	-	-
Total receivables	6 249 106	5 742 729	4 856 096	1 152 706	5 983 033

- 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 due to income tax as of 31.12.2017 was in total sum of € 152 181.

		3	1	3	3	8	9	7	6
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 31/12/2018	Within due period	Overdue	Total receivables
a	b	c	d
Long-term receivables	21 333		21 333
Trade receivables	-	-	-
Receivables from subsidiaries and parent company	-	-	-
Other receivables within the consolidated group	-	-	-
Receivables from partners, members, and association	-	-	-
Other receivables	7 257	-	7 257
Total long-term receivables	28 590	-	28 590
Short-term receivables			
Trade receivables	4 453 095	4 597 422	9 050 517
Receivables from subsidiaries and parent company	54 703	-	54 703
Other receivables within the consolidated group	-	-	-
Receivables from partners, members, and association	-	-	-
Social security	-	-	-
Tax receivables and contributions	-	-	-
Other receivables	20 502	-	20 502
Total short-term receivables	4 528 300	4 597 422	9 125 722

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

			3	1	3	3	8	9	7	6
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 31/12/2017	Within due period	Overdue	Total receivables
a	b	c	d
Long-term receivables			
Trade receivables	486 153	-	486 153
Receivables from subsidiaries and parent company	-	-	-
Other receivables within the consolidated group	-	-	-
Receivables from partners, members, and association	-	-	-
Other receivables	23 774	-	23 774
Total long-term receivables	509 927	-	509 927
Short-term receivables			
Trade receivables	5 885 268	3 532 135	9 417 403
Receivables from subsidiaries and parent company	144 866	-	144 866
Other receivables within the consolidated group	-	-	-
Receivables from partners, members, and association	-	-	-
Social security	-	-	-
Tax receivables and contributions	152 524	-	152 524
Other receivables	30 759	-	30 759
Total short-term receivables	6 213 417	3 532 135	9 745 552

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

			3	1	3	3	8	9	7	6
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 15 100 926 Eur.

Overview of individual items of financial accounts:

Item	Current accounting period	Prior accounting period
Cash and cash equivalents	18 568	20 981
Current accounts in bank or in a branch of foreign bank	6 922 102	929 742
Deposit accounts in bank or in a branch of foreign bank	11 991 174	15 279 652
Funds in transit	0	238
Total	18 931 844	16 230 613

**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
Deferred costs – long-term of which:	465	1 436
Licence subscription fee	465	1 436
Deferred costs – long-term of which:	34 870	30 213
Insurance	16 525	16 126
Software service and support fees	14 660	11 344
Subscription fee	2 057	1 844
Debit cards fee	20	19
Other	1 608	880
Accrued income – long-term of which:	-	-
	-	-
Accrued income – short-term of which:	456	14 920
Interest revenues	456	14 920
Total	35 791	46 569

		3	1	3	3	8	9	7	6
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. Reserves**

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

Item	Current accounting period				Balance as of 31/12/2018
	Balance as of 01/01/2018	Set-up	Use	Release	
a	b	c	d	e	f
Long-term provisions of which:	18 814 216	1 379 824	3 018	-	20 191 022
Other long-term provisions					
Litigations	17 246 105	1 372 732	-	-	18 618 837
Bonuses	166 568	-	-	-	166 568
Litigations fees	1 381 268	-	-	-	1 381 268
Severance payments	20 275	7 092	3 018	-	24 349
Total other long-term provisions	18 814 216	1 379 824	3 018	-	20 191 022
Short-term provisions of which:	215 952	299 235	209 272	6 679	299 235
Legal short-term provisions					
Wages for holiday including social welfare	68 456	67 751	66 226	2 230	67 751
Audit of financial statements and preparation of tax return	-	-	-	-	-
Total legal short-term provisions	68 456	67 751	66 226	2 230	67 751
Other short-term provisions					
Onerous contracts	-	-	-	-	-
Onerous service contracts	-	-	-	-	-
Other tax disallowed entries	85 564	143 010	85 564	-	143 010
Bonuses for employees	61 932	88 474	57 482	4 449	88 474
Sanctions and penalties	-	-	-	-	-
Other	-	-	-	-	-
Unbilled supplies	-	-	-	-	-
Total other short-term provisions	147 496	231 484	143 046	4 449	231 484

The company replenished the reserves for litigations with interest on late payment. Reserve in amount of 952 700 EUR was created for litigation with the company FORUM INVEST.

		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

**Supplies of assets not invoiced**

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

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

Item	Prior accounting period				
	Balance as of 01/01/2017	Set-up	Use	Release	Balance as of 31/12/2017
a	b	c	d	e	f
Long-term provisions of which:	19 163 868	2 638 629	1 996 456	991 825	18 814 216
Other long-term provisions					
Litigations	18 339 327	1 828 603	1 930 000	991 825	17 246 105
Bonuses	166 568	-	-	-	166 568
Litigations fees	644 645	800 000	63 377	-	1 381 268
Severance payments	13 328	10 026	3 079	-	20 275
Total other long-term provisions	19 163 868	2 638 629	1 996 456	991 825	18 814 216
Short-term provisions of which:	197 324	215 952	190 456	6 868	215 952
Legal short-term provisions					
Wages for holiday including social welfare	51 914	68 456	49 417	2 497	68 456
Audit of financial statements and preparation of tax return	-	-	-	-	-
Total legal short-term provisions	51 914	68 456	49 417	2 497	68 456
Other short-term provisions					
Onerous contracts	-	-	-	-	-
Onerous service contracts	-	-	-	-	-
Other tax disallowed entries	84 769	85 564	84 769	-	85 564
Bonuses for employees	50 643	61 932	46 272	4 371	61 932
Sanctions and penalties	-	-	-	-	-
Other	9 998	-	9 998	-	-
Unbilled supplies	-	-	-	-	-
Total other short-term provisions	145 410	147 496	141 039	4 371	147 496

In the year 2017 the Company concluded an Agreement on compromise with the company CENTINE, s.r.o. 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.

		3	1	3	3	8	9	7	6
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
Total long-term liabilities	145 948	147 310
Liabilities due after five years	5 189	5 883
Liabilities due from one to five years	140 759	141 427
Total short-term liabilities	1 562 808	1 230 241
Liabilities due within one year including	1 557 716	1 212 258
Overdue liabilities	5 092	17 983



		3	1	3	3	8	9	7	6
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	- 4 902 607	- 5 078 118
- taxable	- 5 564 873	- 5 751 581
	662 266	673 463
Temporary differences between the book value of liabilities and their tax base of which:		
- deductible	- 20 455 532	-18 990 630
- taxable	- 20 455 532	-18 990 630
	-	-
Tax loss carried forward	-	-
Unused tax deductions	-	-
Income tax rate (in %)	21	21
Deferred tax receivable calculated	-	-
Deferred tax receivable recognized	1 228 533	1 092 577
Recorded as expense reduction	135 956	- 66 085
Recorded in equity	-	-
Deferred tax liability	140 759	141 427
Change in deferred tax liability	- 668	- 204
Recorded as cost	- 668	- 204
Recorded as equity	-	-
Other	-	-

		3	1	3	3	8	9	7	6
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
Opening balance	5 883	5 063
Contributions charged to costs	7 325	7 390
Contributions from profit	-	-
Other contributions	-	-
Total social fund contributions	7 325	7 390
Withdrawal	8 019	6 570
Closing balance	5 189	5 883

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
Long-term accrued expenses of which:	-	-
	-	-
Short-term accrued expenses of which:	87	2 835
Interests from LTdeposit payable in 2016	87	2 835
Long-term deferred revenues of which:	2 160	8 640
SW re-invoiced to MH – SW application - ECP	-	-
SW re-invoiced to MH – Fees module	2 160	8 640
Short-term deferred revenues of which:	26 634	15 280
SW re-invoiced to MH – SW application – ECP	-	-
SW re-invoiced to MH – Fees module	6 480	6 480
SW re-invoiced to MH – SPOZUS	-	-
CD-125 LEI code administration (renewal)	20 154	8 800
Total	28 794	23 920

- Deferred long-term returns in the value of 2 160 Eur were affected by re-invoicing of expenses related to the information system Fees Module SW 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".

		3	1	3	3	8	9	7	6
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:

Sales territory	Type of products, goods, services (Services)	
	Current accounting period	Prior accounting period
Slovakia	7 050 625	7 936 927
EU	535 083	531 375
Other	9 911	13 575
Total	7 595 619	8 481 877
-		

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	3 198 456	3 303 745
Registration services to issuers of book-entry securities	2 243 234	2 898 210
Trade services to issuers of paper-form securities	1 273 557	1 266 035
Balance statements – RMS (Note O)	-	483
Change of owner transfer/transition NPF (Note O)	-	6 462
Registration services to issuers of paper-form securities	219 277	307 373
Information services to issuers of book-entry securities	208 324	221 370
Pledge	142 481	138 174
Changer of owner transfer/transition	139 552	141 232
Other services RMS (Note O)	-	51
Use of IS – members	1 400	-
National Numbering Agency	58 470	52 380
Information services for subjects pursuant to §110	15 862	16 405
Account statements	21 510	12 811
Information services to issuers of paper-form securities	1 545	2 183
Trade services to issuers of book-entry securities	-	-
Other services	71 951	114 963
Total	7 595 619	8 481 877

		3	1	3	3	8	9	7	6
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
Capitalisation of costs – material items of which:	-	-
Tangible assets capitalised from own work		
Other capitalisation		
Other material items of operating income of which:	941 199	1 363 574
Sale of material	17	137
Sale of tangible and intangible assets	3 291	2 044
Re-invoicing of costs from RMS to NPF (Note N)	-	-
Revenues from depreciation of IS used for the project “transfer without consideration” (NPF)	6 480	21 369
Short-term provision for false service contracts	-	-
Contractual surcharges, penalties and interests on late payments	18 920	1 313
Other surcharges, penalties and interests on late payments	10 673	1 283
Revenues from amortized and transferred claims	130 855	64 745
Other	770 963	1 272 683
Financial income of which:	38 173	41 361
Foreign exchange gains of which:	21	50
Foreign exchange gains at balance sheet date	21	18
Other material items of financial income of which:	38 152	41 311
Interests from current accounts	227	112
Interests from short-term term deposits	37 512	40 520
Interests from provided loans	413	679
Gains from non-current financial assets – ANNA/GIAM	-	-
Other financial income	-	-
Extraordinary income of which:	-	-
Compensation of damage from natural disasters from insurance company		

		3	1	3	3	8	9	7	6
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	7 595 619	8 481 877
Sale of goods	-	-
Revenue from contracts	-	-
Revenue from real estate for sale	-	-
Other income related to ordinary activities	-	-
Total net turnover	7 595 619	8 481 877

		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

## I. INFORMATION ON COSTS

### 4. 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
Costs of services received of which:	3 003 896	3 703 927
Auditor or audit firm costs of which:	8 830	8 830
Financial statements audit costs	8 830	8 830
Other assurance and audit services	30 976	17 600
Other material costs items of services received of which:	2 964 090	3 695 097
Service works	783 940	911 228
Software maintenance	638 765	609 423
Expert opinions and analyses	23 030	1 250
Postal money order fees ("U" PO)	61 933	64 632
PR services	22 814	21 599
Postal charge	113 857	45 950
Security and cleaning services	83 011	84 675
Legal services	40 224	45 716
Translating services	0	9 171
Tax and economic consultancy	7 966	7 966
Rent	153 755	162 507
Repairs and maintenance	36 161	226 500
Telecommunication services	24 661	27 742
Travel costs	10 633	20 360
Promotion costs	7 204	17 003
Small intangible assets	4 931	54 982
Other	951 145	1 349 193
Other material items of cost of operations of which:	1 720 566	2 340 301
Creation and posting of valuation allowance for receivables	258 083	579 776
Other reserve for litigations	1 372 731	1 636 778
Liability for damage insurance	40 054	40 312
Receivables depreciation	26 580	27 804
Unimplemented investments	0	0
Investment reserves and reserves for risk contracts	0	0
Net book value of sold tangible and intangible assets	1 172	31 107
Other	21 946	23 524
Financial costs of which:	55 025	46 672
Exchange rate loss of which:	48	925
Exchange rate loss at balance sheet date	47	64
Other material items of financial costs of which:	54 977	45 747
Banking fees, VAKUP fees, NBS Target2	54 977	45 747
Other	0	0

		3	1	3	3	8	9	7	6
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	Current accounting period			Prior accounting period		
	Tax base	Tax	Tax in %	Tax base	Tax	Tax in %
a	b	c	d	e	f	g
Profit(loss) before taxes of which:	822 542		100%	709 943		100%
Expected tax	-	172 734	21%		149 088	21%
Tax non-deductible expenses	2 867 604	602 197	73%	4 297 597	902 495	127%
Non-taxable income	-1 804 975	- 379 045	-46%	-4 711 934	- 989 506	- 139%
Impact of unrecognised deferred tax receivable	39 209	-	0%	65 880	-	0%
Tax loss carried forward	-	-	0%	-	-	0%
Tax rate change	0	-	0%	0	0	0%
Other	-	-	0%	-	-	0%
Total	1 924 380	395 886	48%	361 486	62 077	9%
Due income tax		403 056	49%		69 797	9%
Deferred income tax		-136 624	- 17%		65 880	9%
Total income tax		266 432	32%		135 677	18%

Notes: Úč POD 3 - 01

Company ID

Tax ID

			3	1	3	3	8	9	7	6
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	-	-
Deferred tax liability recorded as cost or revenue, resulting from the change in income tax rate	-	-
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	-	-
Deferred tax liability due to not recognising part of tax receivable in the current accounting period that had been recognised in preceding accounting periods	-	-
Unclaimed tax losses, unused tax deductions and other claims and deductible temporary differences for which an deferred tax receivable was not recognised	4 235 751	4 103 287
Deferred income tax relating to items recognised directly inequity without recognising it in income and expenses	-	-



			3	1	3	3	8	9	7	6
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	20 548	16 975
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**

- 6 copy machines. Annual costs for the rent and print-outs in the year 2018 are 11 599 Eur. The contracts are concluded for the period of 48 months with automatic prolongation by 12 months. The notice period is 3 months.
- 1 leased car. Annual rental costs for the year 2018 are 8 949 Eur.

**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	19 994 939	-
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	19 151 505	-
From guarantees provided	-	-
From generally binding legal regulations	-	-
From subordinated debt contract	-	-
From guarantees	-	-
Other contingent liabilities	-	-

- The Company has the following possible 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 € 19 994 939 (including extras). Major part of litigations lasts for longer period and decisions may not be made yet for several years. It is not possible to predict 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

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

circumstances an additional financing and support of the owner and of the final owner of the Company could be needed.

- As of 31 December 2018 the Company created reserves on risks resulting from litigations in the amount of 18 618 837 EUR. 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 € 1 381 267.
- Due to the fact that many areas of Slovak 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 for discharge of their functions in the Company were in the amount of 37 440 EUR (in 2017: 33 450 EUR), remuneration for supervisory bodies of the Company were in the amount of 22 781 EUR (in 2017: € 21 798).

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 2018 (in 2017: none).

Type of income, benefit a	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		
	Part 2 – Prior accounting period			Part 2 – Prior accounting period		
Cash income	129 927	22 781	1 350	-	-	-
	116 163	21 798	-	-	-	-
Non-cash income	4 772	50	-	-	-	-
	4 237	321	-	-	-	-
Cash advances	-	-	-	-	-	-
	-	-	-	-	-	-
Non-cash advances	-	-	-	-	-	-
	-	-	-	-	-	-
Loans provided	-	-	-	-	-	-
	-	-	-	-	-	-
Guarantees provided	-	-	-	-	-	-
	-	-	-	-	-	-
Other	-	-	-	-	-	-

			3	1	3	3	8	9	7	6
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")
- Železničná spoločnosť Cargo Slovakia, a.s.
- SHIFT, a.s.
- National Development Fund II., a.s.

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
a	b	c	d
MF SR – Sale of services	03	921 220	1 421 871
MH Man – Other revenues - economic activity	11	744 023	1 256 008
MH Man – Account statement (Note H1)	03	-	483
MH Man – Securities transfer (Note H1)	03	-	6 462
MH Man – Depreciation of SW application for "transfer without consideration"	11	6 480	21 369
MH Man – Data provision (Note H1)	03	-	51
MH Man – Sale of services	03	38 503	38 955
DLHOPIS – Sale of services	03	9 529	6 577
DLHOPIS – Other revenues - economic activity	11	-	-
Železničná spoločnosť Cargo Slovakia, a.s.	03	45	69
SHIFT, a.s.	03	355	355
National Development Fund II., a.s.	03	235	827

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

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	99 211	113 170
BCPB – Sale of services	03	22 483	16 241
BCPB – Other revenues from economic activity	11	-	-

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	54 703	144 866
Other receivables within the consolidated group	-	-
Accrued income	-	-
Deferred costs	-	-
Loans given	-	-
Total assets	54 703	144 866
Trade liabilities	1 515	97 906
Other liabilities within the consolidated group	-	-
Unbilled supplies	-	-
Provisions	-	-
Deferred revenues	-	-
Accrued expenses	-	-
Loans received	-	-
Total liabilities	1 515	97 906

			3	1	3	3	8	9	7	6
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
Revenues		
MH Man – Other revenues from economic activity (Note G2)	744 023	1 256 008
MH Man – Account statement (Note H1)	-	483
MH Man – Securities transfer (Note H1)	-	6 462
MH Man – Depreciation of SW application for "transfer without consideration"	6 480	21 369
MH Man – Data selection (Note H1)	-	51
Total revenues	750 503	1 284 373

Costs		
Other services - RMS	-	-
MH Man – Depreciation of SW application for "transfer without consideration"	6 480	21 369
Rent	-	-
ORACLE license	-	-
Total costs	6 480	21 369

- In the year 2018, services of DLHOPIS were re-invoiced to MH Man through Other receivables (account 648) without impact on the economic result in the amount of 744 023 EUR. Also in the year 2017 the RMS costs in the amount of € 1 256 008 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 MH Man (NPF), the Company accounted the revenue in the respective amount so that it does not influence the economic result of the current year.

### Receivables

MH Man – Income under the agreement with RMS and DLHOPIS	0	96 591
Total receivables	0	96 591

### Payables

DLHOPIS – Expenses under the agreement with DLHOPIS	0	96 591
Total payables	0	96 591

- 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 such year, and related to registration of a transfer in the registry.
- 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.

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

- On 19.7.2018 the company DLHOPIS terminated scanning of documents related to process of transfers without consideration.

## P. INFORMATION ON POST-BALANCE SHEET EVENTS

No events with significant influence on fair presentation of facts subject to bookkeeping occurred after 31 December 2018.

## Q. INFORMATION ON OWNER'S EQUITY

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

Item	Current accounting period				Balance as of 31/12/2018
	Balance as of 01/01/2018	Additions	Disposals	Transfers	
a	b	c	d	e	f
Share capital	10 489 304	-	-	-	10 489 304
Share capital	10 489 304	-	-	-	10 489 304
Changes in share capital					
Receivables from subscribed equity					
Share premium					
Other capital reserves					
Legal reserve funds	377 457	57 427	-	-	434 884
Legal reserve funds (non distributable reserve)	377 457	57 427	-	-	434 884
Reserve fund for own shares and own ownership interests	-	-	-	-	-
Other reserves from profit	1 942	-	-	-	1 942
Statutory funds	-	-	-	-	-
Other funds from profit	1 942	-	-	-	1 942
Valuation adjustments from revaluation	-143	-	-	-	-143
Valuation adjustments from revaluation of assets and liabilities	-143	-	-	-	-143
Valuation adjustments from equity investments	-	-	-	-	-
Valuation adjustments from revaluation in case of mergers, fusions or demergers	-	-	-	-	-
Profit/loss for previous accounting periods	-3 545 335	-	516 840	-	-3 028 495
Retained earnings	-	-	-	-	-
Loss carried forward	-3 545 335	-	516 840	-	-3 028 495
Profit/loss for current accounting period	-	-	-	-	-
Total	7 323 225	57 427	516 840	-	7 897 492

- The Company share equity consists of 316 shares in the nominal value of 33 194 euro. The same shareholder rights are attached to all shares.
- Profit per one share for the year 2018 is EUR 1 760 (Profit per/share in the year 2017: € 1 817).

			3	1	3	3	8	9	7	6
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 31/12/2017
	Balance as of 01/01/2017	Additions	Disposals	Transfers	
a	b	c	d	e	f
Share capital	10 489 304	-	-	-	10 489 304
Share capital	10 489 304	-	-	-	10 489 304
Changes in share capital	-	-	-	-	-
Receivables from subscribed equity	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	-	-	-	-	-
Legal reserve funds	319 301	-	-	58 156	377 457
Legal reserve funds (non-distributable reserve)	319 301	-	-	58 156	377 457
Reserve fund for own shares and own ownership interests	-	-	-	-	-
Other reserves from profit	1 942	-	-	-	1 942
Statutory funds	-	-	-	-	-
Other funds from profit	1 942	-	-	-	1 942
Valuation adjustments from revaluation	- 143	-	-	-	- 143
Valuation adjustments from revaluation of assets and liabilities	- 143	-	-	-	- 143
Valuation adjustments from equity investments	-	-	-	-	-
Valuation adjustments from revaluation in case of mergers, fusions or demergers	-	-	-	-	-
Profit/loss for previous accounting periods	-3 888 330	-	180 414	523 409	-3 545 335
Retained earnings	-	-	-	-	-
Loss carried forward	-3 888 330	-	180 414	523 409	-3 545 335
Profit/loss for current accounting period	581 565	574 266	-	581 565	574 266
Total	7 503 639	574 266	180 414	-	7 897 491
Settlement of the accounting profit	Current accounting period				
Legal reserve fund					57 427
Statutory fund and other reserves					-
Social fund					-
Increase of registered capital					-
Settlement of loss carried forward					516 840
Retained earnings					-
Dividends – partners, members					-
Other					-
Total					574 267

The General Meeting shall decide on distribution of profit for the 2018 accounting period in the amount of 556 111 EUR. The statutory body proposes to distribute the profit as follows:

- contribution to reserve fund (10%) in the amount of 55 611 EUR
- transfer to retained earnings in the amount of 500 500 EUR

		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

**S. CASH FLOW STATEMENT AS OF 31 DECEMBER 2017**

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

	Current accounting period	Prior accounting period
	EUR	EUR
Net profit (before deducting tax and extraordinary entries)	822 542	709 944
Adjustments for non-cash transactions:		
Depreciation of non-current assets	692 936	744 528
Inventories write-off	-	-
Change in provisions for non-current assets	-	-
Change in provisions for receivables	-418 160	-266 073
Change in provisions for inventories	-	-
Change in provisions	1 460 089	-331 024
Change in accruals/deferrals of costs/revenues	-1 560	-71 604
Interest returns (net)	-38 152	-41 311
Exchange rate difference	26	46
Loss / (gain) from the sale of non-current assets	-2 120	30 062
Yields from long-term financial assets	-	-
Correction of previous years	-	-
Other non-cash entries	26 580	-152 608
Profit from operating activities before changes in working capital	2 542 181	621 960
Changes in working capital:		
Increase (decrease) of trade receivables	1 012 508	152 383
Decrease (increase) of inventories	29	-509
Increase (decrease) of payables	-91 960	-170 959
Other		
Operating cash flows	3 462 758	602 875



		3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3

	Current accounting period	Prior accounting period
	EUR	EUR
Cash flows from operating activities		
Operating cash flows	3 462 758	602 875
Interest paid	-	-
Interest received	52 616	38 376
Corporate income tax paid	20 855	-71 555
Dividends paid	-	-
Receipts from extraordinary items	-	-
Other items not included in operating activities	-	-
Net cash from operating activities	3 536 229	569 696
Cash flows from investing activities		
Purchase of non-current assets	-838 263	-703 875
Receipts from the sale of non-current assets	3 291	2 044
Term deposits	-	-
Long-term loans granted	-	-
Dividends received	-	-
Net cash from investing activities	2 701 257	-132 135
Cash flows from financing activities		
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	-	-
Net cash from financing activities	-	-
Increase (decrease) of cash and cash equivalents	2 701 257	-132 135
Cash and cash equivalents at the beginning of the period	16 230 613	16 362 794
Exchange rate difference	-26	-46
Cash and cash equivalents at the end of the year	18 931 844	16 230 613

			3	1	3	3	8	9	7	6
2	0	2	0	3	1	2	8	3	3	

## Cash

Cash means cash on hand, cash equivalents, and 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:  14 March 2019	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

**14. Supplement to the Auditor's Report on audit of the Annual Report  
with the financial report of 31 December 2018**



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

on audit of the Annual Report for the year 2018

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

ul. 29. augusta 1/A, 814 80 Bratislava

Company ID: 31 338 976

In Bratislava, May 2019



## **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 2018, presented in the attached Annual Report of the Company to which we have issued the following independent auditor's report on financial statements on 15 March 2019:

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

##### ***"Opinion***

*We have performed 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 2018, the profit and loss statement for the year ending on the same date, and notes which include overview of relevant 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 2018 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 the 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 the 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.*

##### ***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 the internal controls regarded necessary for preparation of the financial statements that are free from material incorrectness, whether due to fraud or error.*



*At 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 an intention to liquidate the Company or terminate the operation, 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 existent. 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 if 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."*



## II. Report on other requirements of the 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 2018 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 the 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 27 May 2019

(round stamp)

(signature)

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

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

## **15. 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 of a financial instrument defined at issuance of the security 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 instructions prior to settlement, potentially including the netting of instructions 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.

**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.

**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.

**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 instructions to that system and is capable of receiving transfer instructions from the system.

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

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

**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. T2S went live in the year 2015.