

ANNUAL REPORT 2016



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STABILITA
doplnková dôchodková spoločnosť



STABILITA, d. d. s., a. s.

Appendix to the Independent Auditor's Report on the Annual Report within the meaning of § 27 (6) of Act No. 423/2015 Coll.

To shareholders, the Supervisory Board and the Board of Directors of the company STABILITA, d.d.s., a.s., and to the Audit Committee:

- I. We have audited the financial statements of the company STABILITA, d. d. s., a. s. (hereinafter referred to as the company) as of December 31, 2016 presented in the appendix of the accompanying annual report to which we issued an independent auditor's report on the financial statements audit on March 2, 2017 in the following wording:

Report on the audit of the financial statements

Position

We executed an audit of the financial statements of STABILITA d.d.s., a.s. (hereinafter referred to as the company) which includes statement of financial position as of 31/ 12/ 2016, Statement of comprehensive gains and losses, statement of changes within equity, statement of cash flows for the year ended on that date, and annotations including the review of significant accounting principles and accounting methods.

In our opinion, the accompanying financial statements provide a true and fair view of the company's financial position as of December 31, 2016 and the results of its operations and its cash flows for the year that ended on that date, in accordance with International Financial Reporting Standards as adopted by the European Union.

The basis for our position

We executed the audit in accordance with International Auditor Standards. Our responsibility resulting from these standards is detailed in the paragraph The auditor's responsibility for the audit of the financial statements. We are independent from the company according to the provisions of Act no. 423/2015 Coll. on Statutory Audit and on Amendments to the Act no. 431/2002 Coll. on Accounting as amended (hereinafter Act on statutory Audit) related to the ethics, including Code of Ethics of the Auditor, which are relevant to our audit of the financial statements. And we have met the other requirements of these ethical provisions. We are convinced that the audit evidence obtained provides a sufficient and appropriate basis for our position.

Another facts

Audit of the financial statements of the company STABILITA, d.d.s., a.s. for the year ended December 31, 2015 was performed by another auditor who, on February 12, 2016, made an unconditional opinion on these financial statements.

Key audit issues

Key audit issues are issues which, according to our expert judgment, are the most important in our audit of financial statements for the current period. We have dealt with these issues in relation to the audit of the financial statements as a whole and in formulating our opinion on it but we do not provide a separate opinion on these matters.

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Company Deloitte provides audit, tax, corporate and transactional consulting services to clients in many public and private sectors. Thanks to a globally connected network of member firms in more than 150 countries, Deloitte has world-class capabilities and a thorough knowledge of the local environment and can thus help its clients achieve success in all areas of their business. Approximately 250,000 Deloitte experts are keen to act to create values that matter.

A description of the most serious assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud	A summary of our response to the risks
In the planning of the audit, respectively during the audit we identified the following most serious risks:	Our response to these risks as an auditor was as follows:
Loyalty program reserve for participants	
<p>See point 11 of the financial statement</p> <p>The company creates a long-term reserve for the loyalty program for participants of the complementary pension saving in order to stabilize the participant's stock.</p> <p>The company attributes points to the participants of saving depending on the amount of participant contributions paid, and on the length of their participation in the system. The value of each point is expressed in euro.</p> <p>The participant's claim for payment of the monetary value corresponding to the balance of the point account arises on the date of payment of the first allowance.</p>	<p>We did the testing of draft and of operational effectiveness of key control procedures in connection with the process of entering participant contracts into the system as well as of attributing the contributions of each participant to the participant accounts. We did the testing of draft and operational effectiveness of information technologies used to enter and manage participants' contribution accounts in the area of access rights and change procedures.</p>
<p>The calculation of the reserve includes estimates of future draw downs and actual determination of the present value of future performance.</p>	<p>We have verified the accuracy and completeness of the calculated points for the year 2016 as well as their value expression on a selected sample of participant accounts by performing substantive procedures. We also assessed the value of individual assumptions used by the company to determine the calculation of the present value of future payments to the participants of complementary pension saving within the loyalty program.</p>

The responsibility of the statutory body and the persons entrusted with management of the financial statements

Statutory body of the company is responsible for preparation and fair presentation of the financial statement in accordance with the International Standards for Financial Reporting as approved by the European Union and for internal audits which statutory body considers relevant to preparation of financial statements so it does not include any substantial discrepancies either due to fraud or error.

When preparing the financial statements statutory body of the company is responsible for assessing the company's ability to continuously carry on its activities, for describing the facts relating to the continuous business continuity, if it is necessary, for the use of the presumption of continuous business continuity in accounting, unless it intends to liquidate the company or to end its business or does not have any real possibility as to do so.

The persons entrusted with management are responsible for oversight of the company's financial reporting process.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance whether the financial statements as a whole does not include any substantial discrepancies either due to fraud or error, and to issue an auditor's report that contains the auditor's position. A reasonable assurance is a high level of assurance, but not a guarantee that the audit performed according to the International Auditor Standards will always reveal any significant misstatement. Misstatements may arise as a result of fraud or error and are considered to be significant if it is reasonable to expect that they individually or in aggregate affect economic decisions of users that were adopted on the basis of these financial statements.

We apply expert judgment in the audit in accordance with the International Auditor Standards and maintain professional scepticism throughout the audit. Besides that:

- We identify and assess risks of material misstatement of the financial statements either due to fraud or error, we design and perform audit procedures that respond to these risks, and we obtain audit evidence that is sufficient and appropriate to provide the basis for the auditor's opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk due to an error since fraud can include a secret agreement, falsification, deliberate omission, false declaration, or obsolescence of internal control.
- We are getting familiar with internal controls relevant to the audit, to be able to design audit procedures that are appropriate in the given circumstances but not to express an opinion on the effectiveness of internal company controls.
- We evaluate the appropriateness of the accounting policies used and the accounting methods used as well as the reasonableness of the accounting estimates and related information published by the statutory body.
- We conclude on whether the statutory body appropriately uses the accounting principle of continuous business continuity and on the basis of the audit evidence we have obtained, we conclude if there is a significant uncertainty about events or circumstances that could significantly undermine the company's ability to continue to operate continuously. If we come to the conclusion that there is significant uncertainty we are required to report in our auditor's report the related information in the financial statements or, if such information is insufficient, to modify our opinion. However, our findings are based on audit evidence obtained by the date of issue of our Auditor's Report. Future events or circumstances may cause the company to cease continuing its activity.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements faithfully reflect the transactions and events that have taken place.

With the persons entrusted with management, we communicate, among other things, about the planned scope and timing of the audit, and the significant audit findings, including any significant internal control deficiencies that we may find during our audit.

We also provide a statement to the persons entrusted with management that we have complied with the relevant ethical requirements regarding independence and we communicate with them about all relationships and other facts that can reasonably be considered to have an impact on our independence, as well as about any related protective measures.

From the facts communicated to the persons entrusted with the administration we will identify those that have the greatest importance in the audit of the financial statements of the current period and are therefore the key issues of the audit. These matters are stated in our auditor's report unless the law or other legal regulations exclude their disclosure, or if, in extremely rare circumstances, we do not decide that a matter should not be reported, because it can reasonably be expected that the adverse consequences of its disclosure would outweigh the public benefit of its introduction.

II Report to other requirements of laws and other legal regulations

Report on the information presented in the annual report - Appendix to the Independent Auditor's Report

Statutory body is responsible for information presented in the annual report compiled according to the requirements of the Accounting Act. Our above statement on the financial statements does not apply to other information in the annual report.

In regard of audit of the financial statements we are responsible for understanding the information contained in the Annual Report and for evaluating whether this information is not inconsistent with the financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly incorrect.

We assessed whether the company's annual report contains information required by the Accounting Act.

In our opinion, based on the work performed during the audit of the financial statements:

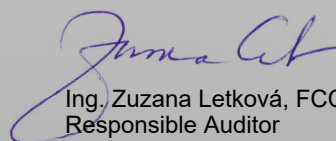
- the information provided in the annual report compiled for the year 2016 is consistent with the financial statements for that year,
- the annual report contains information under the Act on Accounting.

Besides that, based on our knowledge of the company and its situation we have gained during the audit of the financial statements, we are required to state whether we have identified material misstatements in the annual report we received after the date of issue of this auditor's report. In this respect, there are no findings to be made.

Bratislava, March 29, 2017



Deloitte Audit, s.r.o.
Licence SKau no. 014



Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKau no.865

Contents

General information on the company	7
a) Information on company´s development and on current state of affairs	8
b) Information on events of special significance that occurred after the end of the accounting period	11
c) Information on expected future development of the company activity	11
d) Information on operating costs in the area of research and development	11
e) Information on company´s acquisition of its own shares, and business shares	11
f) Proposal for 2016 profit distribution of the company STABILITA d. d. s., a. s.	11
g) Data on organisation unit registered abroad	16
Statement of financial position as of 31 December 2016	16
Statement of comprehensive profits and losses for the year ended 31 December 2016	17
Statement of changes in equity in the 12 months of the year ending 31 December 2016	17
Statement of changes in equity in the 12 months of the year ending 31 December 2015	17
Statement of cash flows in the 12 months of the year ending 31 December 2016	17
Notes to the financial statements for the period from 1 January 2016 to 31 December 2016	18
A) General information on company	18
B) Accounting principles and methods applied	20
C) Additional information	24
D) Notes on the items of Separate Company Statements	25
1) Intangible fixed assets – summary of movements as of 31 December 2016	25
2) Tangible fixed assets – summary of movements as of 31 December 2016	25
3) Investments in the affiliated company	26
4) Receivables resulting from the deferred income tax	26
5) Cash and cash equivalents	27
6) Receivables from banks	27
7) Receivables from clients and other debtors	27
8) Tax receivables	27
9) Structure of other current assets	27
10) Trade liabilities	28
11) Provisions and other liabilities	28
12) Income tax due	28
13) Share capital	29
14) Profit based funds	29
15) Retained earnings	29
16) Profit/loss for the accounting period after taxation	29
Description of profit and loss statement items	30
1) Net interest yields	30
2) Net profit or loss on retaliation and commissions	30
3) Other yields	30
4) General administration costs	30
5) Personnel costs	30
6) Depreciation of tangible and intangible assets	31
7) Other costs	31
8) Income tax	31
9) Earnings per share	32
E) Overview of contingent assets and liabilities	32
F) Information on related parties	32
G) Capital adequacy	33
H) Risk management	33
I) Information related to subsequent events	35

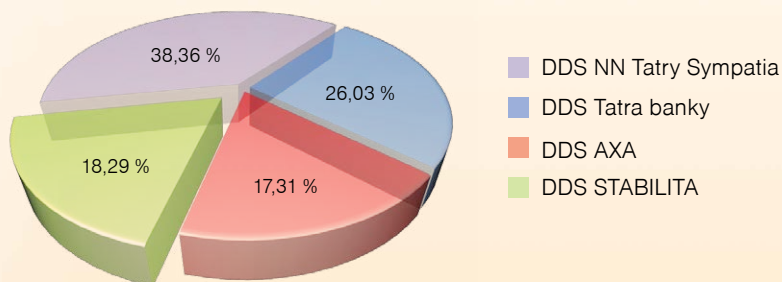
General information on company

Company name	Complementary Pension Company STABILITA, d. d. s., a. s.
Company seat	Bačíkova 5, 040 01 Košice Phone: +421 55 / 800 11 76, Fax: +421 55 / 622 58 48 E-mail: marketing@stabilita.sk
Company registered	April 1, 2007
Identification number	36 718 556
Registered in	Business Register of District Court Košice I, Section Sa, Insert no. 1407/V
Depository	Slovenská sporiteľňa, a. s.
Board of directors	Ing. Peter Gregor, Chairman of the Board of Directors JUDr. Marián Melichárek, Vice-Chairman of the Board of Ing. Boris Gubriansky, Member of the Board
Supervisory board	Ing. Ján Žačko Ing. Rudolf Pecar JUDr. Magdaléna Martincová Ing. Ľubor Podracký Ing. Ľudovít Ihring Ing. Stanislava Fejfarová, CSc. Ing. Peter Benedikt Ing. Ján Peržel JUDr. Nataša Kučerová Ing. Róbert Rigo
Basic capital	1 660 000 Euro as of December 31, 2015
Net assets	5 990 787 Euro as of December 31, 2015

a) Information on company's development and on current state of affairs

Complementary pension saving as a part of a three-pillar pension system in Slovakia has been gradually building an increasingly prominent position for nearly 20 years. This is evidenced not only by the number of participants involved but also by the gradually increasing number of recipients of complementary pension benefits. At the end of 2016, 756 233 savers were involved in this scheme through four complementary pension companies. Their total number increased by more than 21 thousand year-on-year, and data are based on records based on their identification numbers, thus taking into account not only the increase in contracts but also the contracts terminated during the year.

Market share of individual complementary pension companies



STABILITA, d.d.s, a.s. continues to maintain its market share above the 18%. In 2016, the company tied up to a very strong business year in 2015, and although business did not reach that year's parameters, 9,171 new contracts meant a significant exceeding of the plan (153% plan execution). The performance of individual branches was fairly balanced over the past year and directly proportional to the occupancy of positions of tied financial agents who secure the acquisition of new participant contracts in individual regions. The branch office of Banská Bystrica, under whose authority Banskobystrický, Trenčianský and Žilinský regions belong, was the most successful. Of the total number of contracts concluded, this branch was up to 38%.

The share of individual branches in fulfilment of the plan

Branch Bratislava	Branch Banská Bystrica	Branch Košice
2 751	3 391	3 029

In the past year, the company also managed to fulfil another long-term goal of gradual rejuvenation of the insurance stock by engaging a larger number of younger contributors to the third pillar. Positive in this regard can be evaluated the fact that more than 38% of new savers, acquired in 2016, are under 35 years of age. The positive trend in recent years has allowed the company to maintain the average age of the entire insurance stock just above the age of 46. One of the undoubtedly biggest benefits of the entire complementary pension savings scheme is the possibility of the employer's participation and his financial participation in the complementary pension savings of its employees. This is why searching for and acquiring new employer contracts is a prerequisite for successful business. Also in this respect, 2016 may be considered successful. 279 new employer contracts were closed and their total number increased to 5,585 since the establishment of the company.

As of 31 December 2016, individual complementary pension funds managed under the third pillar assets in the amount of 1.709 milliard €. Year-on-year, this volume increased by more than € 160 million. STABILITA, d.d.s., a.s., following a moderate stagnation at the end of 2015, due to a negative appreciation in all managed funds, recorded an increase in this indicator, when in its three complementary pension funds it managed assets in the total amount of € 293,650,242, while the managed volume of assets increased by 20 million € over the period under review. The largest volume of assets remains in the assets of Stabilita Contributory d.d.f., STABILITA, d.d.s, a.s./ 88% /.

The year 2016 was very rich in major market events. Even before its beginning it was expected to bring a number of important answers to questions that had a significant impact on developments in the financial markets. In Europe, the first-ever European Union membership referendum, and the US was preparing for an election of a new, already the 45th president. During the year 2016, the market has been affected by the above-mentioned but also several other major events, which have been unusual in terms of their size and global reach. The very negative beginning of the year caused global losses to a large amount of financial assets, which resulted in a negative valuation of our funds in the first few months. The return of shopping mood to markets has strengthened investment in complementary pension funds over the next quarter, so much that the funds have been able to erase past losses.

In the second half of the year, Conservative Payout Fund d.d.f., consisting of only safe bond investments due to rising market optimism and investor shedding from secured assets at the end of the year, was in a moderate

loss and ended the year with a -0.34% appreciation. Although at the beginning of the year Equity fund d.d.f. with a balanced share of shares and bonds, was greatly affected by the sharp collapse of global stock markets, but the subsequent recovery of global stocks has helped the fund to return to its plus values. Towards the end of the year Equity Fund d.d.f. saw an appreciation of + 1.24%, while maintaining considerable caution, especially in the context of developments in stock markets after the announcement of the results of the Italian referendum, US presidential elections and the real fulfillment of President Donald Trump's ambitious program. Our biggest Contributory Fund d.d.f. consisting predominantly of bond investments and a smaller share of the equity component, was also hit by the negative beginning of the year. However, the loss was erased by the fund in the first half of the year and then by a suitable combination of the risk equity component and the safer bonding segment reached a final appreciation of 2.8% over the period of high political risks.

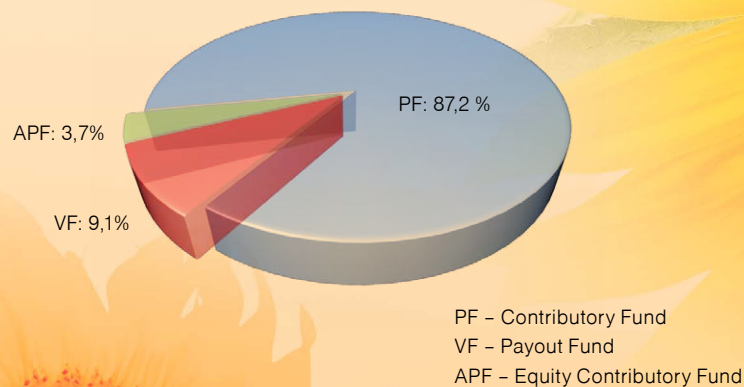
Name of the fund	Creation of the fund	Evaluation for the year 2016	Evaluation since the origin of the fund	Average annual evaluation for the years 2012-2016
Stabilita Contributory d.d.f.	2/4/2007	2.8%	1.96%	2.59%
Stabilita Equity d.d.f.	7/2/2012	1.24%	2.48%	2.48%
Stabilita Payout d.d.f.	2/4/2007	-0.34%	2.09%	2.46%

The total volume of assets in the management of the complementary pension company grew by 7.31% year-on-year to 293.7 million Euros. The largest volume of assets was in the assets of Stabilita Contributory d.d.f., STABILITA, d.d.s., a. s. (further just „Contributory d.d.f.“), i.e. 87.2% of the total assets, in the assets of Stabilita Equity Contributory d.d.f., STABILITA, d.d.s., a. s. (further just „Equity d.d.f.“) there were 3.7% of the total volume of assets, and in the assets of Stabilita Payout d.d.f., STABILITA, d.d.s., a. s. (further just Payout d.d.f.) there were 9.1% of the total volume of assets.

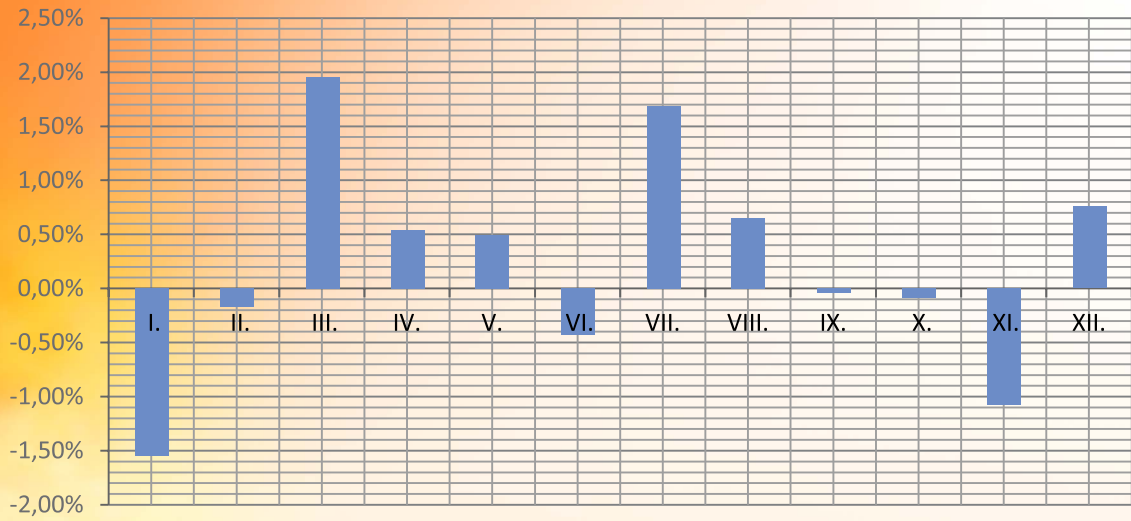
Net asset value in the funds as of December 31, 2016:

Contributory d.d.f.	Payout d.d.f.	Equity d.d.f.	Σ
256 122 655	26 744 863	10 782 724	293 650 242

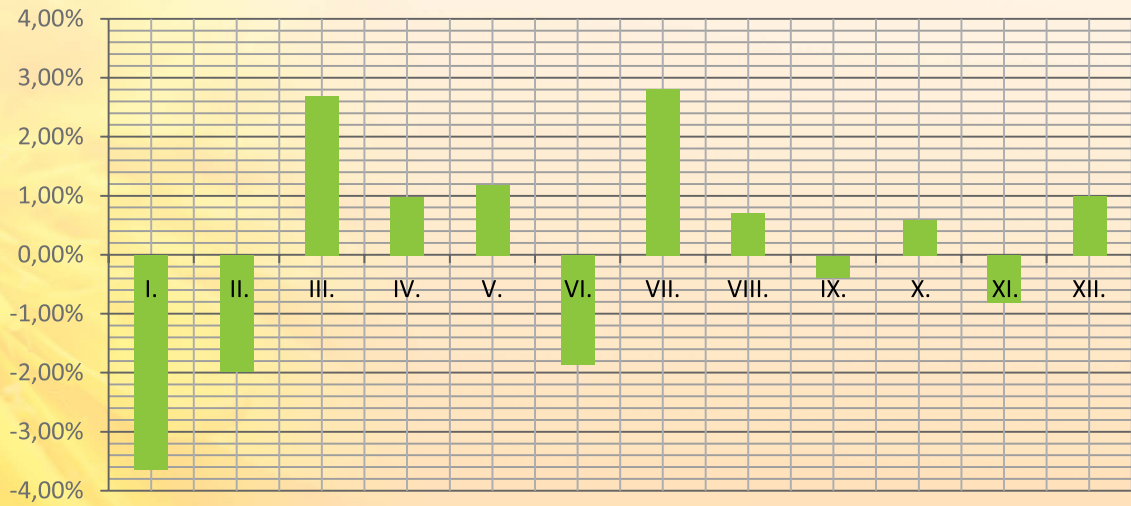
The share of the individual funds in total net value of assets managed by Stabilita, d.d.s. a.s. as of December 31st 2016



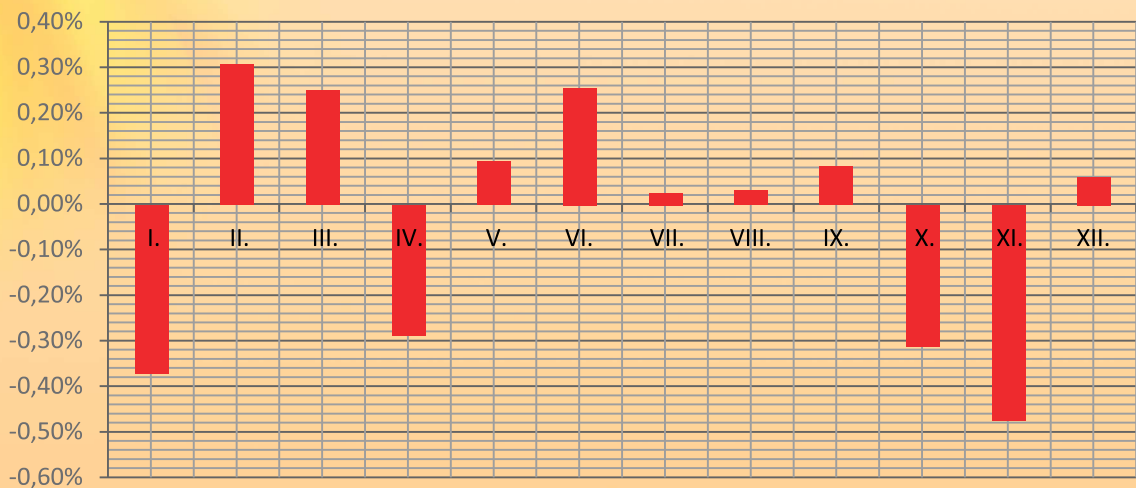
Revenue development in Contributory Fund by months



Revenue development in Equity Contributory Fund by months



Revenue development in Payout Fund by months



Comparison of performance of the complementary pension funds

Balanced contributory d.d.f. (The equity component up to 40%, according to the statutes)

Complementary pension company/ FUND	Creation date of the fund	Fund performance for a given period					Annualised performance	
		2012	2013	2014	2015	2016	Since the creation to 31/12/2016	2011-2016
Balanced contributory c.p.f. NN Tatra-Sympatia, d.d.s., a.s.	1.2.2006	7,49%	0,68%	3,19%	0,36%	2,90%	0,89%	1,47%
Contributory complementary pension fund AXA d.d.s., a.s. contributory d.d.f.	27.1.2006	6,50%	2,39%	4,75%	-0,25%	3,16%	1,94%	2,72%
Complementary pension company of Tatra banka, a.s., Comfort life 2030 contributory d.d.f.	10.4.2006	5,68%	2,50%	3,49%	-3,62%	2,00%	1,23%	1,44%
STABILITA, d.d.s., a. s. Contributory d.d.f.	2.4.2007	11,20%	-0,20%	4,27%	-4,45%	2,80%	1,96%	1,67%

Key indicators of the company according to International Accounting Standards

Item	Year 2016	Year 2015	Year 2014
Total revenues achieved	4 366 739	5 667 101	5 227 376
Profit after income tax application	59 909	838 083	618 753
Own capital profitability	1,06%	13,99%	11,98%
Profitability of assets	0,86%	12,01%	10,11%

b) Information on events of special significance that occurred after the end of the accounting period

During the period since the closure of financial statements as to December 31 2016 to the compilation of this annual report there were no events of special significance.

c) Information on expected future development of the company activity

The amendment to Act no. 650/2004 Coll., which entered into force on 1 January 2014, the company, sees a continued downward trend in remuneration for managing the fund, which has an impact on the estimated amount of revenue for 2017 in the amount of 4,461 mil. euros.

Also in 2017 we will continue to strengthen the perception of the company as a prosperous and successful company in the long term, which operates in the complementary pension saving market. We will continue to increase the value of the assets of participants and beneficiaries with a prudent approach to managing of complementary pension funds.

d) Information on operating costs in the area of research and development

The complementary pension company did not incur any costs for research and development in the year 2016.

e) Information on company's acquisition of its own shares, and business shares

Complementary Pension Company in the year 2016 did not acquire any own shares or shares in other companies and thus did not meet §20 paragraph. 1) Point. e) of the Act 431/2002 Coll. on Accounting.

f) Proposal for 2016 profit distribution of the company STABILITA d.d.s., a.s

Item	Value in EUR
Economic outturn for 2016	59 909
Distribution:	
-Allocation to the Social Fund	19 909
Retained earnings of past years	40 000

g) Data on organisation unit registered abroad

The company has no unit of account registered abroad.

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Separate Financial Statements

for the Accounting Period from
January 1, 2016 to December 31, 2016

Compiled in accordance with International Standards of Financial
Reporting in wording adopted by the European Union

STABILITA, d.d.s., a.s.

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<p>The calculation of the reserve includes estimates of future draw downs and actual determination of the present value of future performance.</p>	<p>We have verified the accuracy and completeness of the calculated points for the year 2016 as well as their value expression on a selected sample of participant accounts by performing substantive procedures. We also assessed the value of individual assumptions used by the company to determine the calculation of the present value of future payments to the participants of complementary pension saving within the loyalty program.</p>

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We apply expert judgment in the audit in accordance with the International Auditor Standards and maintain professional scepticism throughout the audit. Besides that:

- We identify and assess risks of material misstatement of the financial statements either due to fraud or error, we design and perform audit procedures that respond to these risks, and we obtain audit evidence that is sufficient and appropriate to provide the basis for the auditor's opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk due to an error since fraud can include a secret agreement, falsification, deliberate omission, false declaration, or obsolescence of internal control.
- We are getting familiar with internal controls relevant to the audit, to be able to design audit procedures that are appropriate in the given circumstances but not to express an opinion on the effectiveness of internal company controls.
- We evaluate the appropriateness of the accounting policies used and the accounting methods used as well as the reasonableness of the accounting estimates and related information published by the statutory body.
- We conclude on whether the statutory body appropriately uses the accounting principle of continuous business continuity and on the basis of the audit evidence we have obtained, we conclude if there is a significant uncertainty about events or circumstances that could significantly undermine the company's ability to continue to operate continuously. If we come to the conclusion that there is significant uncertainty we are required to report in our auditor's report the related information in the financial statements or, if such information is insufficient, to modify our opinion. However, our findings are based on audit evidence obtained by the date of issue of our Auditor's Report. Future events or circumstances may cause the company to cease continuing its activity.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements faithfully reflect the transactions and events that have taken place.

With the persons entrusted with management, we communicate, among other things, about the planned scope and timing of the audit, and the significant audit findings, including any significant internal control deficiencies that we may find during our audit.

We also provide a statement to the persons entrusted with management that we have complied with the relevant ethical requirements regarding independence and we communicate with them about all relationships and other facts that can reasonably be considered to have an impact on our independence, as well as about any related protective measures.

From the facts communicated to the persons entrusted with the administration we will identify those that have the greatest importance in the audit of the financial statements of the current period and are therefore the key issues of the audit. These matters are stated in our auditor's report unless the law or other legal regulations exclude their disclosure, or if, in extremely rare circumstances, we do not decide that a matter should not be reported, because it can reasonably be expected that the adverse consequences of its disclosure would outweigh the public benefit of its introduction.

Report to other requirements of laws and other legal regulations

Report on the information presented in the annual report

Statutory body is responsible for information presented in the annual report compiled according to the requirements of the Accounting Act no.431/2002 Coll. as amended (hereinafter „Act on Accounting“). Our above statement on the financial statements does not apply to other information in the annual report.

In regard of audit of the financial statements we are responsible for understanding the information contained in the Annual Report and for evaluating whether this information is not inconsistent with the financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly incorrect.

We did not have the annual report available at the date of issue of the auditor's report on the audit of the financial statements.

When we receive an annual report, we evaluate whether the annual report of the company contains information required by the Accounting Act to be disclosed, and on the basis of the work performed during the audit of the financial statements, we express the view whether:

- the information provided in the annual report compiled for the year 2016 is consistent with the financial statements for that year,
- the annual report contains information under the Act on Accounting.

In addition, we report whether we have identified material misstatements in the Annual Report on the basis of our knowledge of the Company and its situation that we have acquired during our audit of the financial statements.

Other reporting obligations according to the Regulation of the European Parliament and Council (EU) No. 537/2014 of 16 April 2014 on specific requirements for the statutory audit of public interest entities

Appointment and approval of the auditor

We were appointed as Statutory Auditor on approval by the General Meeting of the Company on November 11, 2016. The total uninterrupted period of our contract, including previous renewals of the order (extending the period for which we were originally appointed) and our re-appointment as statutory auditors, represents 1 year.

Consistency with the additional report for the Audit Committee

Our opinion expressed in this report is consistent with the additional report prepared for the Audit Committee that we issued on the same date as the date of issue of this report.

Non-audit services

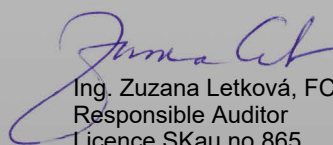
We did not provide the prohibited non-audit services listed in Article 5 (1) of the Regulation of European Parliament and EU Council No 537/2014 of 16 April 2014 on Specific requirements regarding statutory audits of public interest entities and we have remained independent of the company in the audit.

Apart from statutory audit services and services disclosed in the annual report and financial statements, we have not provided any other services to the company and companies in which the company has a decisive influence

Bratislava, March 29, 2017



Deloitte Audit, s.r.o.
Licence SKau no. 014



Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKau no.865

Separate Financial Statements for the Accounting Period from January 1, 2016 to December 31, 2016

Compiled in accordance with International Standards of Financial Reporting in wording adopted by the European Union

Statement of financial position as of 31/ 12/ 2016 (data in charts are in EUR)

Item	Note number	31.12.2016	31.12.2015
ASSETS	x	x	x
Non-current assets	x	715 853	701 217
Acquisition of intangible fixed assets	a)	11 000	7 000
Intangible fixed assets	(1)	168 577	154 411
Tangible fixed assets	(2)	190 565	204 067
Investment in a subsidiary	(3)	203 323	203 323
Deferred income tax related receivables	(4)	142 388	132 416
Current assets	x	6 261 408	6 275 097
Money and cash equivalents	(5)	2 073 272	5 863 964
Bank receivables	(6)	3 500 000	-
Other debtors' receivables	(7)	415 490	367 344
Tax receivables	(8)	218 563	-
Other current assets	(9)	54 083	43 789
Assets total	x	6 977 261	6 976 314
LIABILITIES AND EQUITY	x	x	x
Current liabilities	x	1 343 327	985 527
Trade liabilities	(10)	72 973	49 144
Reserves and other liabilities	(11)	1 270 354	903 301
Income tax related liabilities	x	0	33 082
Income tax due	(12)	-	33 082
Income tax deferred	(12)	-	-
Total equity:	x	5 633 934	5 990 787
Share capital subscribed	(13)	1 660 000	1 660 000
Profit based funds	(14)	832 000	832 000
Other capital funds	(15)	36 513	36 513
Valuation differences from equity contributions to the subsidiary capital	(16)	4 148	4 148
Retained earnings	(17)	3 041 364	2 620 043
Profit in approval proceedings		-	-
Profit/ loss for the accounting period after taxation		59 909	838 083
Liabilities and equity total	x	6 977 261	6 976 314

Notes presented on pages 16-35 are an integral part of these financial statements.

Statement of comprehensive income and losses for the year ended 31 December 2016

Item	Note	YEAR ending 31/12/2016	YEAR ending 31/12/2015
Interest income and similar income	x	2 683	2 615
Interest and similar costs	x	(64)	(497)
Net interest income	(1)	2 619	2 118
Revenues from retaliation and commissions	x	4 353 346	5 656 730
Retaliation and commissions costs	x	(566 954)	(753 763)
Net profit (loss) from retaliation and commissions	(2)	3 786 392	4 902 967
Other revenues	(3)	10 710	7 756
General administration costs	(4)	(3 699 726)	(3 829 620)
Incl:	x		
Personnel costs	(5)	(1 895 372)	(1 868 379)
Depreciation of tangible and non-tangible assets	(6)	(97 189)	(115 088)
Other costs	(7)	(1 707 165)	(1 846 153)
Comprehensive profit (loss) prior taxation	x	99 995	1 083 221
Income tax	(8)	(40 086)	(245 138)
Comprehensive profit after taxation	x	59 909	838 083
Basic profit per share	(9)	1,20	16,76

Profit and loss statement of the company is the same as the statement of comprehensive income and losses; the company has no components of the other parts of comprehensive income.

Notes presented on pages 16-35 are an integral part of these financial statements.

Statement of Changes in Equity in the 12 months of the year ending 31 December 2016 (Data in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from the past years	Profit for the current accounting period	Capital total
Balance as of 31/ 12/ 2015	1 660 000	832 000	40 661	2 620 043	838 083	5 990 787
Allocation of profit for 2015:						
Other movements					(16 762)	
Payment of dividends to shareholders					(400 000)	
Contribution to the Development Fund from profit						
Retained earnings				421 321	(421 321)	
Profit as of 31 December 2016					59 909	
Balance as of 31/ 12/ 2016	1 660 000	832 000	40 661	3 041 364	59 909	5 633 934

Statement of Changes in Equity in the 12 months of the year ending 31 December 2015 (Data in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from the past years	Profit for the current accounting period	Capital total
Balance as of 31/ 12/ 2014	1 660 000	832 000	40 661	2 013 665	618 753	5 165 079
Allocation of profit for 2014:						
Other movements					(12 375)	
Payment of dividends to shareholders						
Contribution to the Development Fund from profit						
Retained earnings				606 378	(606 378)	
Profit as of 31/ 12/ 2015					838 083	
Balance as of 31/ 12/ 2015	1 660 000	832 000	40 661	2 620 043	838 083	5 990 787

Statement of Cash Flows for the 12 Months of the Year Ending December 31, 2016 (Data in EUR)

Item name	31.12.2016	31.12.2015
Cash flows from operating activities:	x	x
Economic results of current activity prior to income taxation (+/-)	99 995	1 083 718
Non-monetary operations affecting the profit or loss from ordinary activities	102 551	120 159
Depreciation of intangible fixed assets and tangible fixed assets	97 189	115 088
Changes in accruals of costs and revenues (+/-)		
Interest charged to revenues (-)	(2 683)	(2 615)
Interest charged to costs (+)	0	0
Profit from sale of non - current assets	8 045	7 686
Change in liabilities from investing activities	(0)	(0)
Other items of non-monetary character	x	x
Impact of changes in working capital on the profit or loss from ordinary activities	(3 600 370)	(72 232)
Change in receivables from operating activities (- / +)	(3 366 848)	(17 684)
Change in liabilities from operating activities (- / +)	(233 426)	(54 240)
Change in inventory (+/-)	(96)	(308)
Cash flows from operating activities other than income and expense which are separately listed in other parts of the cash flow statement (+/-)	(2 683)	(30 467)
Interest received (+)	2 683	2 615
Interest paid (-)	-	-
Income tax expense (+/-)	-	(33 082)
Net cash flows from operating activities	x	x
Cash flows from investment activity	(99 189)	(96 184)
Expenditure on acquisition of tangible and intangible fixed assets (-)	(107 234)	(103 870)
Revenues from sales of tangible fixed assets	8 045	7 686
Net cash flows from investment activities		
Cash flows from financial activities		
Credit related revenues and expenses	x	x
Net cash flows total:	(3 499 696)	1 004 994
Net increase or net decrease in cash and monetary equivalents (+/-)	(3 499 696)	1 004 994
State of cash and monetary equivalents at the beginning of the accounting period	5 572 968	4 567 974
Balance of cash and monetary equivalents at the end of the accounting period	2 073 272	5 572 968

Statement of monetary cash flow is processed by indirect flow.

Notes presented on pages 16-35 are an integral part of these financial statements.

Comments to the financial statements for the period from 1 January 2016 to 31 December 2016

A) General information on company

Business activities

Complementary pension company STABILITA, d. d. s., a. s., (hereinafter „company“), with seat at Bačikova 5, 040 01 Košice, Identification No. 36 718 556, is entered in Company Register of District Court Košice I, Section Sa, Insert No. 1407/V. The company is the legal successor of the Complementary Pension Insurance Company Stabilita.

The company's core subject of activities is creation and management of complementary pension funds for the purpose of execution of complementary pension saving based on the authorization granted by the National Bank of Slovakia on 29 November 2006 under No. UDK-004/2006/PDDS which came to force on 6 December 2006. The company was created by transformation of the Complementary Pension Insuran-

ce Company STABILITA in compliance with the thirteenth part of the Act N. 650/2004 Coll. on Complementary Pension Saving and amending and supplementing certain acts, as amended (further the „Act on CPC“), and according to the transformation project approved by the Assembly of founders of Complementary Pension Insurance Company Stabilita on October 27, 2005.

The company was established for an indefinite period, and it conducts its business in the territory of the Slovak Republic. The National Bank of Slovakia shall exercise supervision over the activities of the company.

The company has a 100% stake in the subsidiary STABILITA Servis, s. r. o., which provides for the parent company for technical and service activities, and provides for economic property management.

Depository of the complementary pension funds is Slovenská sporiteľňa, a. s. with registered seat at Tomášikova 48, 832 37 Bratislava, identification number 00 151 653, entered in Company Register administered by the District Court Bratislava I, section Sa, Insert No.601//B (hereinafter Depository).

The company STABILITA, d. d. s., a. s., is a part of a consolidated unit, as it is controlling person in other company (§ 22 paragraph. 2 of the Accounting Act).

Statutory, supervisory, and managing bodies as of December 31,2016

Board members	Position	Appointed
Ing. Peter Gregor	chairman	7.10.2014
JUDr. Marián Melichárek	vice-chairman	1.4.2007
Ing. Boris Gubriansky	member	7.10.2014

Board	Position	Appointed
Ing. Ján Žačko	chairman	1.4.2007
Ing. Rudolf Pecar	vice-chairman	1.4.2007
JUDr. Magdaléna Martincová	member	1.4.2007
Ing. Ľubor Podracký	member	26.9.2007
Ing. Róbert Rigo	member	25.7.2012
Ing. Ľudovít Ihring	member	26.9.2007
Ing. Stanislava Fejfarová,CSc.	member	24.6.2008
Ing. Peter Benedikt	member	26.5.2011
Ing. Ján Peržef	member	26.5.2011
JUDr. Nataša Kučerová	member	26.5.2011

Structure of shareholders and their share in the company capital

Shareholders	Shareholder ID	% in the share capital
Lorea Investment Limited	7001665	30,22
Železnice SR	31364501	55,26
Železiarne Podbrezová a.s.	31562141	5,17
U. S. Steel Košice, s.r.o.	36199222	9,30
Marek Szabo	7303076407	0,05

Data on number of personnel

Employees' structure	31.12.2016	31.12.2015
General Director, Executive Director, Investment Director	3	3
Middle management staff	15	15
Other employees	29	29
Average number of employees	47	47

Approval of financial statements for the previous accounting period

General Assembly at its meeting on May 17, 2016 approved the financial statement of the company for the year ending 31/ 12/ 2015 according to provision No. X paragraph 1) Company Statutes for the complementary pension funds and for the company.

Release of the financial statement for previous accounting period

Separate financial statement of the company as of 31/ 12/ 2015 was deposited in the Financial Statements Register on 8 March 2016. The Annual Report was deposited in the Financial Statements Register on 18 May 2016.

Information on complementary pension funds

As of December 31, 2016 the company administers 3 complementary pension funds, a contributory complementary pension fund, an equity contributory complementary pension fund, and a payout complementary pension fund. The net value of assets under management as of the balance sheet date is listed in the chart; data are rounded to the nearest Euro.

Item	Net value of assets as of 31/12/2016	Net value assets as of 31/12/2015	Auditor
Stabilita contributory d.d.f.	256 122 655	238 390 483	Deloitte Audit s.r.o.
Stabilita payout d.d.f.	26 744 863	28 208 799	Deloitte Audit s.r.o.
Stabilita equity contributory d.d.f.	10 782 724	7 054 088	Deloitte Audit s.r.o.
Assets in funds total:	293 650 242	273 653 370	

The company provides accounting and reporting of complementary pension funds separately from its own accounting and reporting. Complementary pension funds created and managed by the company are not separate legal entities, but each of the complementary pension funds prepares separate financial statements according to § 30 of the Act on Complementary Pension Companies. Assets managed in the complementary pension funds is not the property of the company. Separate financial statements of the complementary pension funds are not consolidated in the financial statements of the company.

Stabilita Contributory d.d.f., STABILITA, d.d.s., a. s. (hereinafter „Contributory d.d.f.“) was established under the Act on Complementary Pension Companies for the purpose of administering contributions of the complementary pension saving participants and their employers, according to the fund's investment strategy. Establishment and management of Contributory d.d.f. were authorized by Decision no. UDK-004/2006 / PDDS of November 29, 2006, issued by the National Bank of Slovakia in force of December 6, 2006. The current status of the Contributory d.d.f. was approved by the Extraordinary General Assembly on May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

The company began to build Contributory d.d.f. as at the date of its establishment on the basis of transfer of the property concerned, as corresponding to the value of liabilities of the Complementary Pension Insurance Company to policyholders of complementary pension insurance, in accordance with the procedure laid down in thirteenth part of Act on the Complementary Pension Saving especially in § 83 par. 5 of the Act on Complementary Pension Companies, in accordance with the procedure of delimitation of assets and liabilities of Complementary Pension Insurance Company Stabilita laid down in the transformation project of Complementary Pension Insurance Company Stabilita. All details of the Contributory d.d.f. are listed in the fund statute.

Contributory d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Contributory d.d.f. aims to acceptable forms of assets defined by the Act on CPC and the

Statute so as to achieve appreciation of fund assets. The investment policy of the Contributory d.d.f. is balanced; it takes into account the purpose of its establishment, which aims to achieve long-term appreciation at medium risk level. The policy envisages allocation of invested assets among equity component, bond and cash components, with the possibility of eliminating credit and market risk. The bond component forms the bulk of the assets in the Contributory d.d.f.. When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. When investing in shares, equity ETFs, Commodity ETCs and PL investing mostly in shares, the company does not exclude any territory or sector in the world; it means that the assets in the Contributory c.p.f may be invested globally and in all sectors. Additional restrictions and details of the investment policy are based on the relevant legislation and the Statute.

In connection with the fact that the company, while managing assets, employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets in the Contributory c.p.f respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b and 53f of the Act on CPC, also some stricter rules set out in an internal directive. This Directive is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

Stabilita Equity Contributory d.d.f., STABILITA, d.d.s., a. s. (hereinafter „Equity d.d.f.“) was established pursuant to the Act on CPC for the purpose of administering contributions of the complementary pension saving participants and their employers, according to the fund's investment strategy. Establishing and management of the Equity d.d.f. was authorized by Decision no. ODT-12019/2011 of December 6, 2011, issued by the National Bank of Slovakia.

The current Statute of the Equity d.d.f. was approved by the Extraordinary General Assembly May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

Equity d.d.f. is established for unspecified period and it

does not represent a legal entity. Investing of financial resources of the Equity d.d.f. aims to acceptable forms of assets defined by law and the Statute so as to achieve appreciation of fund assets in the complementary pension fund. Investment policy of the Equity d.d.f. is a growth policy in order to achieve growth in the value of assets in the long term at a higher level of risk. The policy envisages allocation of invested assets primarily in equity part, while investments in bond and money components are complementary, with the possibility of eliminating foreign exchange and market risk. An equity component can reach up to 100% of fund assets. When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. When investing in shares, equity ETFs, Commodity ETCs and PL investing mostly in shares, the company does not exclude any territory or sector in the world; it means that the assets in the Equity c.p.f. may be invested globally and in all sectors. When investing in derivatives these are mainly options, forwards, IRS, CCIIRS, swaptions, futures, with the fact that these derivatives may be concluded on a regulated market and beyond, they can be used to hedge against risk and to achieve returns and all of them will be used without leverage. The risk profile of the Equity d.d.f. arises from the given investment policy in accordance with Art. IV of the Statute and it presents a higher level of risk that is associated with investing in equity part of property, the bond component of property, to the monetary component of the property and to derivatives. Details of the investment policy result from the relevant legislation and the Statute. In connection with the fact that the company, while managing assets of the Equity d.d.f., employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b and 53f of the Act on CPC, also some stricter rules set out in an internal directive which is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

B) Accounting principles and methods applied

B1) Basis of presentation and the assumption of further continuous operation of the company

Declaration of compliance

Separate financial statement for the year 2016 was compiled in compliance with International Financial Reporting Standards (hereinafter IFRS), in the wording adopted by bodies of the European Union (EU), Commission Regulation no. 1725/2003, and current interpretations of the International Financial Reporting Interpretations Committee Standards (IFRIC). These financial statements have been prepared assuming that the Company will continue as a going concern (i.e. going concern).

These financial statements are the only regular financial statements compiled by the company.

Stabilita Payout d.d.f., STABILITA, d.d.s., a. s. (hereinafter „Payout d.d.f.“) was established by a decision no. UDK-004/2006/PDDS of November 29, 2006, issued by the National Bank of Slovakia and in force of December 6, 2006. The current status of the Payout d.d.f. was approved by the Extraordinary General Assembly on May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

The Payout d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Payout d.d.f. aims to acceptable forms of assets defined by law and the Statute so as to achieve appreciation of fund assets in the complementary pension fund. Assets in a Payout d.d.f. can only be used to ensure proper and safe investment of the fund assets and the protection of beneficiaries of complementary pension savings.

Investment strategy of the Payout fund is of a conservative type, it takes into account the purpose of establishment of the fund which is to secure resources for settlement of benefits of complementary pension saving for the beneficiaries that requires investment into assets providing for not only valorisation of assets but also liquidity taking into account the continuous payment of benefits in accordance with valid benefit schemes according to participant contracts and benefit plans. The objective of the investment policy is to achieve long-term capital growth at low risk provided that the policy is based on allocation of invested assets in bond and cash components, with the possibility of eliminating foreign exchange and interest rate risk. The share of the bond component can be as high as 90% of the assets of the complementary pension fund.

When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. In connection with the fact that the company, while managing assets of the Payout d.d.f., employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b to 53f of the Act on CPC, also some stricter rules set out in an internal directive which is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

Background and objective of the preparation of financial statements

Separate financial statements of the Company for the period of 2016 with a comparable period of 2015, is in the Slovak Republic in accordance with the Act on Accounting within the meaning of § 17a). According to this act the company prepares the financial statements and annual report under special regulations - Regulation of the European Parliament and of the Council EC 1606/2002 on the application of International Accounting Standards (IFRS).

The financial statements are intended for general use, the information contained therein shall not be used for any specific assessment of the individual transactions. These financial statements cannot be the sole source of information when deciding and judging.

Consolidated entity information

The Company, pursuant to § 22 par. 12 of the Act of the

National Council of the Slovak Republic no. 431/2002 Coll. is not subject to the obligation to draw up a consolidated financial statement and a consolidated annual report.

The main parent company is the Railways of the Slovak Republic, which applies the exemption from the preparation of the consolidated financial statements pursuant to § 22 par. 12 of the Act of the National Council of the Slovak Republic no. 431/2002 Coll.

Company presentation

The company prepared annual financial statement for 12 month of the year 2016 taking into consideration comparable data of the year 2015. In the course of the year 2016 the company adopted all new and revised standards issued by the Board for International Accounting Standards with effect from 1 January 2016 to 31 December 2016. All figures in the tables are stated in whole Euros, negative values in parentheses.

Significant accounting estimates

The preparation of financial statements in accordance with IFRS requires management to prepare estimates and assumptions that affect the reported amounts of assets and liabilities, and estimated asset and liability items at the balance sheet date as well as on the reported amounts of income and expense over the reporting period. Actual results may differ from these estimates and future changes in economic conditions, business strategies, regulatory measures, accounting policies, or other factors may cause a change in estimates, which may subsequently have a significant effect on the reported financial position and results.

The effect of a change in accounting estimates is prospectively included in the economic outturn of the period in which the change occurs, provided that the changes affect only the period or the economic outturn and the subsequent periods, if the change also affects subsequent periods.

First-time adoption of new amendments to existing standards applicable to the current period

The following amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and approved by the EU are valid for the current accounting period:

- **Amendments to IFRS 10 „Consolidated Financial Statements“, IFRS 12 „Disclosure of Shares in Other Entities“ and IAS 28 „Investments in Associates and Joint Ventures“** – Investment Entities: Applying the Consolidation Exemption adopted by the EU on 22 September 2016 with effect for accounting periods beginning on or after January 1, 2016),
- **Amendments to IFRS 11 „Common Agreements“** - Accounting for share acquisition in joint operations, adopted by the EU on 24 November 2015 (effective for accounting periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 „Presentation of Financial Statements“** - Initiative for Improvements in Disclosure, adopted by the EU on 18 December 2015 (effective for accounting periods beginning on or after 1 January 2016);

- **Amendments to IAS 16 „Land, Buildings, Buildings and Facilities“ and IAS 38 „Intangible Assets“** - Explained Acceptable Methods of Depreciation and Amortization adopted by the EU on 2 December 2015 (effective for accounting periods beginning on or after 1 January 2016)
- **Amendments to IAS 16 „Land, Buildings, Buildings and Facilities“ and IAS 41 „Agriculture“** - Fruit Plants adopted by the EU on 23 November 2015 (effective for accounting periods beginning on or after 1 January 2016);
- **Amendments to IAS 19 Employee Benefits** - Defined Benefit Plans: Staff Contributions, adopted by the EU on 17 December 2014 (effective for accounting periods beginning on or after 1 February 2015);
- **Amendments to IAS 27 „Separate Financial Statements“** - the equity method in separate financial statements adopted by the EU on 18 December 2015 (effective for accounting periods beginning on or after 1 January 2016);
- **Amendments to the various Standards „IFRS Quality Assurance Project (Cycle 2010 - 2012)“** resulting from the annual quality assurance project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) aimed particularly at eliminating irregularities and clarifying the text adopted by the EU on 17 December 2014 (the appendices will apply to accounting periods beginning on or after 1 February 2015);
- **Amendments to the various Standards „IFRS Quality Assurance Project (Cycle 2012 - 2014)“** resulting from the annual IFRS Quality Assurance Project (IFRS 5, IFRS 7, IAS 19 and IAS 34), primarily aimed at eliminating discrepancies and explaining the text adopted by the EU On 15 December 2015 (the amendments will apply for accounting periods beginning on or after 1 January 2016).

The application of these amendments to existing standards did not lead to any significant changes in the financial statements.

Standards and amendments to existing standards issued by the IASB and approved by the EU, but which have not yet come into force

As of the date of approval of these financial statements, the following new standards and amendments to standards issued by the IASB and approved by the EU have yet to come into force:

- **IFRS 9 „Financial Instruments“** - adopted by the EU on 22 November 2016 (effective for accounting periods beginning on or after 1 January 2018);
- **IFRS 15 „Revenue from contracts with customers“** and amendments to IFRS 15 „Effective date IFRS 15“, adopted by the EU on 22 September 2016 (effective for accounting periods beginning on or after 1 January 2018).

The new standards and amendments to existing standards issued by the IASB, which the EU has not yet approved

Currently, IFRS standards, as approved by the EU, do not differ significantly from those adopted by the Inter-

national Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations that were not authorized for use in the EU at the date of the release of the financial statements (the effective dates apply to full IFRS):

- **IFRS 14 „Regulatory Accruals Accounts“** (Effective for accounting periods beginning on or after 1 January 2016) - The European Commission has decided not to begin the process of approving this Prestandard Standard and wait for its final version,
- **IFRS 16 „Leases“** (effective for accounting periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 „Share-based Payment“** - Classification and valuation by share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 „Insurance contracts“** - Application of IFRS 9 „Financial Instruments“ and IFRS 4 „Insurance Contracts“ (effective for accounting periods beginning on or after 1 January 2018 or when IFRS 9 „Financial Instruments“ applies for the first time),
- **Amendments to IFRS 10 „Consolidated Financial Statements“ and IAS 28 „Investments in Associates and Joint Ventures“** - Sale or deposit of assets between an investor and its affiliated company or joint venture and other amendments (the effective date has been postponed indefinitely until the project of equity method of exploration is completed),
- **Amendments to IFRS 15 „Revenue from contracts with customers“** - Explanation of IFRS 15 „Revenue from contracts with customers“ (effective for accounting periods beginning on or after 1 January 2018);
- **Amendments to IAS 7 „Cash Flow Statements“** - Improvement Initiative for Disclosures (effective for accounting periods beginning on or after 1 January 2017);
- **Amendments to IAS 12 „Income Taxes“** - Re-

cognition of deferred tax receivables from unrealized losses (effective for accounting periods beginning on or after 1 January 2017);

- **Amendments to IAS 40 „Investments in Real Estate“** - Movements in real estate investments (effective for accounting periods beginning on or after 1 January 2018),
- **Amendments to the various Standards** „IFRS Quality Assurance Project (2014-2016 Cycle)“, resulting from the annual quality improvement project (IFRS 1, IFRS 12 and IAS 28), primarily aimed at eliminating discrepancies and explaining the amendments (amendments to IFRS 12 will apply to accounting periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 will apply for accounting periods beginning on or after 1 January 2018);
- **IFRIC 22 „Foreign Currency Transactions and pre-paid consideration“** (effective for accounting periods beginning on or after 1 January 2018).

The Company expects that the adoption of these new standards and amendments to existing standards will not have a significant impact on the company's financial statements during the first application period.

Accounting for hedging instruments in relation to the portfolio of financial assets and liabilities, the principles of which the EU has not yet adopted, remains unadjusted.

- Based on the Company's estimates the application of hedge accounting In respect of a portfolio of financial assets or liabilities under IAS 39 „Financial Instruments: Reporting and Valuation“ would not have a significant impact on the financial statements if it were applied at the date of preparation of the financial statement.

The Company has decided not to apply these standards, revised versions and interpretations before their effective date. The Company expects that the adoption of these standards, revised versions and interpretations will not have a significant impact on its financial statements in the first application period.

B2) Information on the use of accounting principles and methods in relation to the prior period and their impact on the result of operations

Mentioned standards and interpretations and their incorporation in accounting practices did not affect the Company's accounting policy or, the economic outturn.

B3) Description of ways of valuing assets and liabilities, methods of determining the real values of assets

The financial statements are prepared on the accrual basis of costs and revenues; their impact is accounted for in the period to which these items relate. Tangible and intangible fixed assets and inventories are valued at acquisition cost, which include costs related to its acquisition.

Asset type	Depreciation period	Depreciation rate	Depreciation method of accounting depreciation
Tangible fixed assets over 1 700 EUR	by type	by type	linear
Tangible fixed assets from 166 to 1 700 EUR	2 years		time
Intangible fixed assets from 332 to 2 400 EUR	2 years		time
Intangible fixed assets over 2 400 EUR	5 to 10 years	by type	linear

Nominal value is applied for evaluation of receivables, payables, cash and cash equivalents.

B4) Conversion of foreign currency to the euro

The company converts monetary assets and liabilities valued in foreign currency into euro by reference exchange rate determined and announced by the European Central Bank or National Bank of Slovakia on the date of the preparation of financial statements.

B5) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost, which is reduced by accumulated depreciation (amortization). Depreciation of assets is calculated using the straight-line method of depreciation according to period of use in accordance with Act 595/2003 Coll. on Income Tax as amended. Expenses related to renovation and modernizations of property are considered technical improvement and repairs and maintenance of this property are accounted directly to the expenses of the company.

B6) Cash and cash equivalents

Cash and cash equivalents consist of the cash in the cash desk in the currency of euro and in foreign currencies, and of the balances of current accounts, and of valuables.

B7) Provisioning reserves and impairment items

Reserve is defined in terms of IAS 37 as a liability of indefinite time period or amount and its use is bound only to expenditures which it was originally created for. A liability is a present obligation of unit arising from past events the settlement of which is expected to reduce the resources embodying economic benefits.

Reserves can be distinguished from other liabilities because there is uncertainty about the time period or amount of future expenditure required in settlement. Apart from short-term provisions, the company created also in 2016 the long-term reserves for loyalty programme so as to stabilize the participant stock of complementary pension saving. Rules of the loyalty programme and the resulting provisioning and use of the reserves have been incorporated into the in-company directive on the processing and bookkeeping of the company. The company attributes points to savings participants depending on the amount of contributions paid and the length of their participation in the system. The value of each point is expressed in euro. The participant's entitlement to the payment of the corresponding amount of the point account balance arises on the date of payment of the first benefit.

As of the balance sheet date the company assessed there is no need for any impairment items which would indicate an impairment of assets as there are no records of litigation or indirect liabilities arising from past events.

B8) Employees' benefits

Employees' benefits present all forms of compensations provided by the company in exchange for the services performed by its employees. Employees' be-

nefits are reported within the item "Other Liabilities".

They are particularly continuous salaries and bonuses paid to employees, employer's contributions to social and health insurance, and employer's contribution to complementary pension saving as well as meal allowance. The company creates a social fund by means of mandatory allocation of costs in accordance with the requirements of Act 152/1994 Coll. on Social Fund as amended.

B9) Accounting for revenue and expenses

Time differentiation of accrued interest income and interest expense related to individual assets and liabilities items is recognized on relevant accounts of these items. Interest income and expenses are recognized in the period they relate to on accrual basis using the effective interest method.

Revenues from recompenses and commissions represent remuneration of the management company for the management and valorisation of assets in the funds. Costs of recompenses and commissions are the activities of financial agents who perform financial intermediation for the company in accordance with Act 186/2009 Coll. on financial intermediation and financial counselling and on amendments to certain laws, and selected external collaborators. Parts of these costs are the costs of broker companies. The company accounts for these cost items at the time of their creation and does not distinguish them in time. Other administrative costs are broken down by types to personnel, depreciation of tangible and intangible assets, and other costs. Income tax is reported separately as it forms a part of the company's costs.

B10) Financial assets

The Company's financial assets are:

- cash
- the contractual right to receive cash or other assets, these are financial assets such as receivables and debt securities
- the contractual right to exchange financial assets or liabilities with other entity under potentially favourable conditions – derivatives
- an equity instrument of other enterprise – financial assets such as equity securities

The Company records as a financial instrument the amounts of funds in the current account with the depositary; the financial instruments also include the balance of the unassigned payment account, which represents the received contributions from the savings participants on the date on which the financial statements are prepared. It also records liabilities to savings participants under „other liabilities“ item at their gross value.

B11) Subsidiaries and other equity

Subsidiaries

Investments in subsidiaries include direct or indirect investments by companies in companies exceeding 50% of their capital or companies in which a company can

exercise more than 50% of the voting rights or where a company may appoint or remove a majority of the members of the board of directors or the supervisory board, or where it has other means to manage the entity's financial and operating policies so as to benefit from its activities.

Subsidiaries are measured at acquisition cost less impairment losses due to impairment

B12) Taxation and deferred tax

Income tax calculation is exhaustively defined by Act 595/2003 Coll. on Income tax as amended based on economic outturn, which is recognized in the statement of comprehensive income and losses in accordance with international accounting standards. Income tax is a part of the cost items and when calculated it is subsequently adjusted by deductible and non-deductible items which incurred in the course of the accounting period. Liability, possibly receivable resulting from income tax is calculated upon mutual credit system of already paid tax advances in a given tax period.

Accounting for a deferred tax claim can be only made under the assumption that in the future the company will have such economic result that will enable compensation of this tax claim.

The company has been registered for VAT in a group under § 4a) Act 222/2004 Coll. on Value Added Tax since 1/ 1/ 2010 as it is financially, economically, and organisationally related to its subsidiary STABILITA Servis, s. r. o.

B13) Segment reporting

IFRS 8 Operating Segments requires disclosure of information on the operating segments of the company. As the company activities do not exhibit significantly different risks and profitability, and the regulatory environment, nature of services, business processes, geographical coverage, and types of clients who are provided products and services to, are homogeneous, the company operates as a single operating segment and therefore it does not apply IFRS 8.

C) Additional information

Information on the amount of recompenses to complementary pension company

The company is entitled under § 35 Act 650/2004 Coll. on CPCs to recompense for:

- the management of the funds
- the valorisation of assets in Equity d.d.f. and Contributory d.d.f.
- the transfer of a participant to other complementary pension company
- recompense for severance pay within the meaning of § 87n paragraph. 10 of the Act on CPC

Remuneration for managing the Equity d.d.f. and Contributory d.d.f. in the year 2016 accounted for 1.60 % of the average annual net value of fund assets. Remuneration for managing the Payout d.d.f. in the year 2016 accounted for 0.80 % of the average annual net asset value of the fund. Remuneration for evaluation of assets in complementary pension funds is determined every working day in accordance with the calculation set forth under the Act on CPC. Remuneration for transfer of a participant to another complementary pension fund within one year from the conclusion of the participant contract may not present more than 5% of the balance on the participant's personal account on the day preceding the date of transfer.

Claims for the amount of remuneration in individual funds are described in the fund rules in section VI.

Information on social security

The company pays contributions to health insurance companies and to the Social Insurance Company in the amount of statutory rates applicable during the year and calculated on the basis of gross salary. The social security costs are recognized in the period in which the relevant wages are cleared. The company does not create any other insurance funds for its employees. The company participates in complementary pension scheme for employees. No unrecognized liabilities to employees result from this scheme.

Information on statutory requirements

In accordance with the provisions of the Act on CPC the company shall comply with the statutory maximum limits and restrictions on the investment of assets in complementary pension funds. The rules for limitation of risk and for risk diversification are stated in the fund statutes in section V and published on the company's website.

As of 31 December 2016 the company was meeting all the above limits and restrictions in accordance with the Act on Complementary Pension saving.

D) Notes on items of individual Statements of the Company

1) Intangible fixed assets – summary of transactions as of December 31, 2016

Assets (gross)	L.no.	as of 31/12/2015	Increase	Decrease	Transfers	as of 31/12/2016
B.I.Intangible fixed assets total	1	411 574	44 516	-	-	456 090
1. Software	2	372 649	43 169	-	-	415 818
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	34 999	1 347	-	-	36 346
B.II. Accumulated depreciations of IFA total	5	(257 163)	(30 350)	-	-	(287 513)
1. Accumulated depreciations of software	6	(233 361)	(26 924)	-	-	(260 285)
2. Accumulated depreciations of trademark	7	(552)	(396)	-	-	(948)
3. Accumulated depreciations of IFA (from 332 to 2400)	8	(23 250)	(3 030)	-	-	(26 280)
Residual price of intangible fixed assets (L.1+L.5)	9	154 411	14 166	-	-	168 577

Intangible fixed assets – summary of transactions as of December 31, 2015

Assets (gross)	L.no.	as of 31/12/2014	Increase	Decrease	Transfers	as of 31/12/2015
B.I.Intangible fixed assets total (L.2 to 4)	1	403 496	17 533	9 455	-	411 574
1. Software	2	376 192	5 259	8 802	-	372 649
2. Trademark	3	3 926	-	-	-	3 926
3. Other intangible fixed assets	4	653	-	653	-	-
4. IFA (from 332 euro to 2 400 euro)	5	22 725	12 274	-	-	34 999
B.II. Accumulated depreciations of intangible fixed assets (L.6 to 8)	6	(213 504)	(53 114)	(9 455)	-	(257 163)
1. Accumulated depreciations of software	7	(189 970)	(52 193)	(8 802)	-	(233 361)
2. Accumulated depreciations of trademark		(156)	(396)	-	-	(552)
2. Accum. depreciations of other IFA	8	(653)		(653)	-	-
3. Accumulated depreciations of IFA (from 332 to 2400)	9	(22 725)	(525)	-	-	(23 250)
Residual price of intangible fixed assets (Lr.1+L.5)		189 992	(35 581)	-	-	154 411

2) Tangible fixed assets – summary of transactions as of 31/12/2016

Assets (gross)	L.no.	as of 31/12/2014	Increase	Decrease	Transfers	as of 31/12/2015
B.I.Tangible fixed assets total(L.02 to 09)	1	683 751	62 718	(35 644)	-	710 825
1. Ind. MA and coll. Of MA-machinery, devices	3	237 774	38 397	(6 816)	-	269 355
2. Ind. MA ndacoll. - vehicles	4	235 037	18 390	(17 132)	-	236 295
3. Ind. MA - inventory	5	62 477	2 594	-	-	65 071
4. Ind. MA(from 166 euro to 1 700 euro)	8	91 368	3 337	(11 696)	-	83 009
5. Other tangible fixed assets	9	57 095				57 095
B.II. Accumulated depreciations of tangible fixed assets -total (L.11 to 16)	10	(479 684)	(76 220)	(35 644)	-	(520 260)
1. Accum.depr. of machinery, devices, and equipment	12	(180 693)	(33 015)	(6 816)	-	(206 892)
2. Accumulated depreciations of vehicles	13	(88 431)	(41 030)	(17 132)	-	(112 329)
3. Accumulated depreciations of inventory	14	(62 478)	(333)	-	-	(62 811)
4. Accum.depr of SMA (from 166 to 1700 euro)	15	(90 987)	(1 842)	(11 696)	-	(81 133)
5. Accumulated depreciations of other TFA	16	(57 095)	-	-	-	(57 095)
B.III.residual price of tangible fixed assets		204 067	(13 502)	-	-	190 565

Abbreviations: IFA – intangible fixed assets, TFA – tangible fixed assets MA – movable assets

Tangible fixed assets – summary of transactions as of 31/12/ 2015

Assets (gross)	L.no.	as of 31/12/2014	Increase	Decrease	trans- fers	as of 31/12/2015
B.I.Tangible fixed assets total (L.02 to 09)	1	683 262	82 098	(81 609)		683 751
1. Ind. MA and coll.-machinery, devices	3	236 684	27 306	(26 216)		237 774
2. Ind. MA and coll. - vehicles	4	226 508	54 208	(45 679)		235 037
3. Ind.MA - inventory	5	62 477				62 477
4. Ind. MA(from 166 euro to 1 700 euro)	8	98 628	584	(7 844)		91 368
5. Other tangible fixed assets	9	58 965	0	(1 870)		57 095
B.II. Accum.depreciations of tangible fixed assets- -total (L.11 to 16)	10	(499 319)	(61 974)	(81 609)		(479 684)
1. Accum.deprec.of machinery,devices and equipment	12	(177 492)	(29 417)	(26 216)		(180 693)
2. Accum.depreciations of vehicles	13	(102 646)	(31 464)	(45 679)		(88 431)
3. Accum.depreciations of inventory	14	(62 478)				(62 478)
4.Accum.depreciations of SMA (from 166-1700 euro)	15	(97 738)	(1 093)	(7 844)		(90 987)
5. Accum.depreciations of other TFA	16	(58 965)		(1 870)		(57 095)
B.III. Residual price of tangible fixed assets		183 943	20 124	0		204 067

Abbreviations: IFA – intangible fixed assets, TFA – tangible fixed assets MA – movable assets

Method and amount of insurances of tangible fixed assets

Motor vehicles in company ownership on 31/ 12/ are insured in Slovenská poisťovňa Allianz by means of a fleet contract for mandatory insurance policy No. 8080074463. Vehicle damage or destruction of a vehicle and theft is covered by motor hull insurance policy with the company Colonnade Insurance S.A. By the insurance contract with this insurance company the company insured the tangible fixed assets against the element and the alienation, located in the individual branches and in the building on Bačf-kova Street in Košice. There is no lien recorded on the property to which the Company has the right of management.

3) Investment in the subsidiary

Item	as of 31/12/2016	as of 31/12/2015
Investment in the subsidiary	203 323	203 323

STABILITA, d. d. s., a. s. company is the controlling entity in the STABILITA Servis, s. r. o. company whose main task is to provide attendant services for the mother company. The value of the subsidiary's equity in 2016 is € 231,478. In 2015, the value of its equity amounted to EUR 227,337.

4) Claims arising from deferred income tax

Item	as of 31/12/2016	as of 31/12/2015
Deferred tax - tax receivable	142 388	132 416
Total	142 388	132 416

A deferred tax asset arises on temporary differences between the tax value of assets and liabilities and their carrying amount for financial reporting purposes. The Company has a deferred tax asset, the amount of the deferred tax asset as at 31 December 2016 is EUR 142,388.

The calculation of deferred tax asset is given in the table below:

Item	31.12.2016	31.12.2015
Temporary differences between the carrying amount of assets and tax base, of which:		
deductible		
taxable	(74 966)	(57 295)
Temporary differences between the carrying amount of liabilities and tax base, of which:		
deductible	753 003	659 186
taxable		
Subtotal:	678 037	601 891
Income tax rate (in %)	21	22
Deferred tax asset	142 388	132 416
Applied tax assets	142 388	108 933
Accounted for as a reduction in costs	9 972	23 483
Deferred tax asset	142 388	132 416
Change of deferred tax asset	9 972	23 483

5) Money and cash equivalents

Structure of items as of 31/12/2016 and as of 31/12/2015

Item	as of 31/ 12/2016	as of 31/ 12/2015
Cash desk domestic, foreign	5 953	2 952
Valuables	21 554	27 342
Operating account	1 674 758	5 788 902
Payroll account	257 584	44 768
Account of unassigned payments	113 423	
Total:	2 073 272	5 863 964

The item „Money and cash equivalents“ also includes an account of unassigned payments, to which the participants of saving transfer their contributions on a monthly basis. The account balance presents unsettled contribution orders to received payments as of December 31, 2016.

6) Receivables from banks

Item	as of 31/ 12/2016	as of 31/ 12/2015
Term deposit in SLSP	1 000 000	-
Term deposit in ČSOB	2 500 000	-
Total:	3 500 000	

The maturity of term deposits is at the end of the first half of 2017 with an average interest rate of 0.14%.

7) Receivables from clients and other debtors

Item	as of 31/12/2016	as of 31/12/2015
Receivable for managing the Contributory Fund	339 238	337 615
Receivable for managing the Payout Fund	17 896	20 048
Receivable for managing the Equity Contributory Fund	14 074	9 681
Other receivables	44 282	x
Total:	415 490	367 344

Receivables relate to remuneration for the management of funds, other receivables are the amounts of outstanding contributions as of 31 December 2016.

8) Tax receivables

Item	as of 31/ 12/2016	as of 31/ 12/2015
Tax receivables from income tax of legal person	218 563	-
Total:	218 563	-

Tax receivables represent mutual accreditation of paid income tax advances of legal persons for the year 2016 and of the tax due, calculated on the basis of Act No. 595/2003 Coll. on Income Tax, § 15.

9) Structure of other short-term assets

Item	as of 31/12/2016	as of 31/12/2015
Provided prepayments domestic	15 568	15 415
Expenses for future periods	33 134	25 738
Income from future periods	2 344	0
Material in stock	2 221	2 317
Other receivables	816	319
Total:	54 083	43 789

Prepayments provided are permanent advances for rent and energy at branches in Bratislava and Trenčín. Expenses for future periods are paid fees for parking cards, subscriptions to professional journals and newspapers, statutory and motor-hull insurance, relating to the following period. These costs include maintenance and up-grade of the server for the year 2017. Material in stock represents a balance of small stationery supplies and forms for the conclusion of complementary pension saving.

10) Trade liabilities

Item	as of 31/12/2016	as of 31/12/2015
Domestic suppliers	72 972	49 144
Foreign suppliers	0	0
Total:	72 972	49 144

The item "domestic suppliers" includes short-term liabilities with a maturity of 14 days. The highest liability items are the cost of intermediation commissions of EUR 18 524, the costs of the subsidiary for servicing activities, the rentals of individual branches.

11) Provisions and other liabilities

Item	as of 31/12/2016	as of 31/12/2015
Provisions	560 151	454 289
Other liabilities	197 755	-
Unbilled deliveries	17 980	38 226
Liabilities to employees	339 517	249 890
Settlement with organization of social, health insurance	60 478	91 865
Tax liabilities	57 884	35 042
Expenses for future periods	1 070	1 052
Mandate contracts	26 204	20 627
Social fund	9 115	12 310
Liabilities from the payment of dividends to shareholders	200	-
Total:	1 270 354	903 301

The item provisions and other liabilities in the amount of EUR 1,270,354 also includes a provision for loyalty program amounting to 560,000. Euros. Other liabilities as of 31 December 2016 are detailed in the table.

Creation and drawing of the Social Fund as of 31 December 2016

Item	31.12.2015	movement	31.12.2016
Initial state as of 1/1/2016	12 310		
Creation of the social fund		26 557	
Use-meal vouchers		(22 566)	
Use-other		(7 186)	
Closing balance as of 31/12/ 2016		(8 384)	9 115

Part of the Social Fund is, according to the Social Fund Act, compulsory to bear the costs and a part may be generated from the profit. Social fund can under the Social Fund Act be used for health, social, recreational and other needs of employees.

12) Income tax payable

Income tax is calculated according to Act no. 595/2003 Coll. On Income Tax, as amended, on the basis of the results reported in the Profit and Loss Statement prepared under IFRS. Income tax is charged to company's expenses at the moment of the tax liability and in the statement it is calculated on the basis of the tax resulting from the pre-tax profit, which amounted to EUR 99,995 in 12 months of 2016. By means of mutual accreditation of the prepayments paid and the tax liability, the company has a tax claim of EUR 218,563 described in Note 8).

13) Share capital

The share capital of company as of 31/ 12/ 2016 consists of 50,000 pieces of shares at nominal value of 33.20 EUR per a share. Company shares represent shareholders' rights as partners to participate under the law and statutes of the company in its management, distribution of profit and liquidation balance upon dissolution of the company by liquidation.

Information on shareholders of the Complementary Pension Company

Shareholders	Share value in share capital	Share value in Reserve Fund	Company Reserve Fund
Železnice SR	917 316	183 463	
Lorea Investment Limited	360 618	72 124	
U. S. Steel Košice, s.r.o.	154 314	30 863	
ZSNP, a.s.	141 100	28 220	
Železiarne Podbrezová a.s.	85 822	17 164	
Szabo Marek	830	166	
Total:	1 660 000	332 000	500 000

14) Funds created from profit

The total value of the reserve fund as of 31 December 2011 amounted to EUR 332,000, which fulfils the mandatory allocation up to 20% of the share capital in accordance with the Commercial Code 513/1991 Coll. § 217 par. 1. Reserve fund reserves are created from profit according to statutory requirements. The legal reserve fund is not available for distribution to shareholders.

Payment of dividends during the year 2016

The General Assembly approved the separate financial statements, annual report and profit distribution for the year 2015, on May 17, 2016. Dividends to shareholders of EUR 8 per share for a total of EUR 400,000 were paid in June and July 2016.

15) Retained earnings

The undistributed profits of the company form part of the retained earnings after tax for the period of existence of the company amounting to EUR 3 041 364.

16) Profit / loss of current accounting period after taxation

The profit for the current accounting period is the economic result after deducting the income tax. As of December 31, 2016, the company earned a net profit of EUR 59,909 after tax, the General Assembly decides on its division.

Description of Profit and Loss Statement items

1) Net interest revenues

Item	31.12.2016	31.12.2015
Interest revenues and similar revenues	2 683	2 615
Interest costs and similar costs	(64)	(497)
Net interest revenues	2 619	2 118

The item net interest income represents the difference between the interest income of the bank accounts held with the depositary and the withholding tax on such interest paid, as well as the interest revenues on term deposits.

2) Net profit or loss from recompenses and commissions

Item	31.12.2016	31.12.2015
Revenues from recompenses and commissions	4 353 346	5 656 730
Recompenses and commissions costs	(566 954)	(753 763)
Net profit or loss from recompenses and commissions	3 786 392	4 902 967

The item Revenues from recompenses and commissions represents the proceeds of fund management, remuneration for severance pay and reward for the transfer of saving participants to other complementary pension companies to which the management company has a claim under § 35 of the Act on CPC. The item „Recompenses and commissions costs“ includes costs of mediation.

3) Other revenues

Item	31.12.2016	31.12.2015
Other revenues	10 710	7 756

The item of other operating revenues relates to implementation of the car insurance of the company's motor vehicles on the side of the insurance company and the revenue from the sale of a motor vehicle.

4) General administration costs

Item	31.12.2016	31.12.2015
General administration costs	3 699 726	3 829 620

General administration costs consist of personnel costs, depreciations of assets, and costs of the common operation of the company.

5) Personnel costs

The item "Personnel costs" in the amount of 1 895 372 euro represents payroll costs and their breakdown can be seen in the in the chart below:

Item	31.12.2016	31.12.2015
Payroll costs and agreements	(1 038 788)	(1 065 493)
Remuneration of members of the Board of Directors	(248 462)	(181 470)
Remuneration of members of the Supervisory Board	(83 266)	(83 266)
Social security costs	(386 692)	(403 614)
Training of employees	(50 570)	(38 542)
Contribution for meal vouchers	(27 581)	(27 452)
Contribution for CPS	(49 380)	(49 977)
Sick day recompenses	-	-
Other social costs	(839)	(3 254)
Mandatory creation of the Social Fund	(9 794)	(9 839)
Severance	-	(5 472)
Total:	(1 895 372)	(1 868 379)

6) Depreciations of tangible and intangible assets

Item	31.12.2016	31.12.2015
Depreciations of tangible fixed assets	(66 839)	(61 974)
Depreciations of intangible fixed assets	(30 350)	(53 114)
Total:	(97 189)	(115 088)

7) Other costs

Item	31.12.2016	31.12.2015
Material consumption	(162 188)	(142 431)
Services (purchased performance) of which:	(1 329 759)	(1 546 710)
xcosts of mediation		
x rent	(162 963)	(171 697)
x auditor services	(32 281)	(32 948)
x legal services and counseling	(12 365)	(7 056)
Other taxes and fees	(5 402)	(5 300)
Property insurance	(7 314)	(7 517)
Creating long-term provisions for loyalty program	(135 064)	(125 654)
Other operating costs	(67 438)	(18 541)
Total:	(1 707 165)	(1 846 153)

The costs of auditing services are the costs of verifying separate financial statements as of 31 December 2016 and do not include reassurance, related or other services (e.g. tax advice, etc.).

8) Income tax

The structure of the income tax payable and deferred to 12/31/2016:

Item	31.12.2016	31.12.2015
Income tax - tax payable	(50 058)	(268 621)
Income tax - deferred tax	9 972	23 483
Total:	(40 086)	(245 138)

Income tax payable is calculated based on the economic result recorded in the accounting, which is adjusted for permanent or temporary differences relating to tax unrecognized cost items of the company and income not included in the tax base in a given taxable period.

Item	Tax base /EUR/	Tax /EUR/	Tax base /EUR/	Tax /EUR/
Profit / loss before tax	99 995		1 083 718	
of which the theoretical tax	22%	21 999	22%	238 418
Permanent differences increasing the tax base	51 394	11 307	30 545	6 720
Permanent differences decreasing the tax base				0
The impact of the change in the tax rate	32 287	6 780	0	0
Other	0	0		
Redemption of losses	0	0	0	0
	151 389	40 086	1 114 263	245 138
Tax payable		50 058		268 621
Tax deferred		-9 972		-23 483
Total reported tax		40 086		245 138

The theoretical income tax is calculated without taking into account the impact of allowable and deductible items. The basis for the calculation is the accounting profit taxed at the rate in force in that year.

9) Earnings per share

The indicator provides information on the relative performance of the company, it gives the ratio of the amount of the profit after tax to the number of shares for which this result is due.

Item	31.12.2016	31.12.2015
Profit after tax	59 909	838 083
Number of shares	50 000	50 000
Basic earnings per share	1,20	16,76

E) Overview of contingent assets and liabilities

Receivables from future credits, loans, and guaranties
- as of 31/ 12/ 2016 the company did not provide any loan, guaranty and has no receivables from future loans.

Provision of security

- The company did not secure any real estate, securities or any other assets

Receivables from spot operations, fixed forward transactions and transactions with options

- as of 31/ 12/.2016 the company does not have any claims arising from derivative transactions

Receivables written off, values passed into custody, administration and deposit

- as of 31/ 12/ 2016 the company has neither such assets nor receivables written off

Liabilities from future credits, loans, and guaranties

- the company was not provided any loan, guarantee or credit

Liabilities from spot transactions, forward transactions and fixed operation with options

- as of 31/ 12/ 2016 the company has no liabilities arising from derivative transactions

F) Related party information

Related parties as defined in IAS 24 are particularly:

a) A person or close family member of that person is related to the management company if that person:

- has control or joint control over management company,
- has a significant impact on the management company or
- is a member of the key management personnel of the management company or its parent company.

b) Accounting entity is related to a management company, if any of these conditions applies:

- accounting entity and the management company are members of the same group (which means that each parent company, subsidiary and affiliated company is related to each other),
- accounting entity is an associated company or joint venture of the management company (or associate or joint venture of a group member, which the management company is a member of),

- accounting entity and the management company are joint ventures of the same third party,

- accounting entity is a joint venture of the third-party and the management company is an associate of the same third party,

- accounting entity is a program of post-employment benefits for employees of either the management company or an entity that is related to the management company,

- accounting entity is controlled or joint-controlled by a person referred to in point. a) and

- a person who controls or co-manages a management company has a material influence on the entity or is a member of the entity's key management personnel (or the parent of that entity).

When assessing relationships with each related person, emphasis is placed on the nature of the relationship, not just the legal form.

In the normal course of business, the management company enters into a number of transactions with related parties. Transactions were conducted under normal terms and conditions and at market prices. The company is the parent company of the subsidiary STABILITA Servis, s.r.o., and it controls the company in terms of IFRS directly and has its 100% shareholding.

As of 31 December 2016, the Company holds the share capital of STABILITA Servis, s.r.o., in the amount of EUR 203,323. The company STABILITA Servis, s.r.o., is its 100% owned subsidiary, which under the Framework Agreement on securing economic management and technical and service activities of January 1, 2012 provides for services related to ensuring the functioning of economic management, the performance of technical, and service activities, and rental of software.

The structure of assets in relation to related parties:

Item	31.12.2016	31.12.2015
Shares in the registered capital of the subsidiary	203 323	203 323

Structure of liabilities in relation to related parties:

Item	31.12.2016	31.12.2015
Other capital funds	36 513	36 513

Summary of transactions of the complementary pension company to a related party as of 31/ 12/ 2016:

Item	31.12.2016	31.12.2015
Rental of software from a subsidiary STABILITA Servis	(303 262)	(302 714)
total:	(303 262)	(302 714)

G) Capital adequacy

For purposes of capital management company defines regulatory capital. Regulatory capital is capital that is set by capital adequacy rules. When quantifying regulatory capital, the company proceeds in accordance with the valid legislation, that sets its structure as well as its minimum amount. The

company is obliged to comply with the requirements of the regulatory capital of the company resulting from the relevant provisions of the CPC Act and its Implementing rules.

Regulatory capital, referred to as the company's own funding sources, consists of basic own resources and additional own resources, the sum of which is reduced by the value of the deductible items. Regulatory capital serves to cover risks arising from the company's activities. National Bank of Slovakia as the supervising authority requires the company to monitor and comply with requirements for minimum capital specified in the Act on CPC. The company adheres to the legal requirements on CPC referring to minimum capital.

The following table presents the composition of the regulatory capital and the indicators of capital adequacy under the Act on CPC and its implementing rules for the years ended on December 31:

Item	31.12.2016	31.12.2015
Own resources of the company	x	x
Basic own resources	5 574 025	5 152 704
Additional own resources	0	0
Deductible items	168 577	161 411
Own resources total:	5 405 448	4 991 293
Indicators of adequacy of own resources:		
„Own resources limit podľa § 33 ods. 3 písm.a) zákona o DDS“	1 715 546	1 710 767
„Own resources limit pursuant to § 33 par. 3 (b) of the CPC Act“	957 405	967 859
Own resources are adequate	yes	yes

H) Risk management

As of 31 December 2016, the Company had all the funds deposited in the current account with the depository. Purchase of securities and security instruments did not take place in the company. Given the above, the risks mentioned are of little relevance.

Transactions with financial instruments which the company enters during its existence may lead to one or more of the financial risks being transferred, with the following risks in particular:

Credit risk – is mainly the risk of loss arising from the fact that a debtor or another contracting party will fail to discharge obligations which arise from agreed terms and conditions. Within the risk management the company pursues the credibility of its depository, SLSP, where all of its funds are deposited.

Currency risk - i. e. the risk of a change in the value of a financial instrument in relation to a change in foreign exchange rates. The company has placed its funds in the currency of the Euro on current accounts. Risk exposure and related possible losses has only minor importance to the company as it results from only small liabilities in the form of invoices from business relations.

Interest rate risk – i. e. the risk of a change in the financial instrument in response to changes in market interest rates. Changes in interest rates on current accounts did not affect the economic outturn as of 31 December 2016.

Liquidity risk is characterized by the possibility that the company will not have sufficient liquidity at the time it is to meet certain financial obligations. It is linked to the ability to repay and the monetization of assets and liabilities. It is in the interest of the company to maintain its ability to pay and to meet its obligations at the same time properly and in time and the resulting obligation to manage its assets in order to maintain its liquidity position.

In the next report we present a maturity analysis of the individual asset items in the balance sheet

Company assets and their liquidity position as of 31 December 2016

Assets	0-1month	1-3 m.	3m-1year	1-5 years	over 5 years	Undefined	Total
Intangible fixed assets	-	-	-	-	-	179577	179 577
Tangible fixed assets	-	-	-	-	-	190565	190 565
Investments in affiliated companies	-	-	-	-	-	203 323	203 323
Deferred income tax	-	-	-	-	-	142 388	142 388
Tax receivables	-	218 563	-	-	-	-	218 563
Cash and monetary equivalents	2 073 272	-	-	-	-	-	2 073 272
Bank receivables	-	-	3 500 000	-	-	-	3 500 000
Receivables from clients	415 490	-	-	-	-	-	415 490
Other short-term assets	-	54 083	-	-	-	-	54 083
Total:	2 488 762	272 646	3 500 000	-	-	715 853	6 977 261

Company assets and their liquidity position as of 31 December 2015

Assets	0-1month	1-3 m.	3m-1year	1-5 years	over 5years	Undefined	Total
Intangible fixed assets	-	-	-	161 411	-	-	161 411
Tangible fixed assets	-	-	-	204 067	-	-	204 067
Investments in affiliated companies	-	-	-	-	-	203 323	203 323
Deferred income tax	-	-	-	-	-	132 416	132 416
Tax receivables	-	-	-	-	-	-	0
Cash and monetary equivalents	5 863 964	-	-	-	-	-	5 863 964
Bank receivables	-	-	-	-	-	-	0
Receivables from clients	367 344	-	-	-	-	-	367 344
Other short.term assets	-	43 789	-	-	-	-	43 789
Total:	6 231 308	43 789	-	365 478	-	335 739	6 976 314

Company liabilities and their liquidity position as of December 31, 2016

Liabilities	0-1 month	1-3 m.	m-1 year	1-5 years	over 5years	Undefined	Total:
Trade liabilities	72 972	-	-	-	-	-	72 972
Provisions and other liabilities	-	-	710 132	-	-	560 223	1 270 355
Income tax	-	-	-	-	-	-	0
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds	-	-	-	-	-	36 513	36 513
Valuation differences to subs.com.	-	-	-	-	-	4 148	4 148
Retained earnings	-	-	-	-	-	3 041 364	3 041 364
Profit from the current accou. period	-	-	-	-	-	59 909	59 909
Total:	72 972	0	710 132	-	-	6 194 157	6 977 261

Company liabilities and their liquidity position as of December 31, 2015

Liabilities	0-1 month	1-3 m.	m-1 year	1-5 years	over 5years	Undefined	Total
Trade liabilities	49 144	-	-	-	-	-	49 144
Provisions and other liabilities	-	-	449 012	-	-	454 289	903 301
Income tax	33082	-	-	-	-	-	33 082
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital profits	-	-	-	-	-	36 513	36 513
Valuation differences to to subs.com.	-	-	-	-	-	4 148	4 148
Retained earnings	-	-	-	-	-	2 620 043	2 620 043
Profit for the current acc.period	-	-	-	-	-	838 083	838 083
Total:	82 226	0	449 012	-	-	6 445 076	6 976 314

I) Information related to subsequent events

From the date of the preparation of the separate financial statements as of 31 December 2016 until the date of preparation of these notes, no significant events occurred in the Company that would affect the information contained therein.

Košice, 16 February 2017



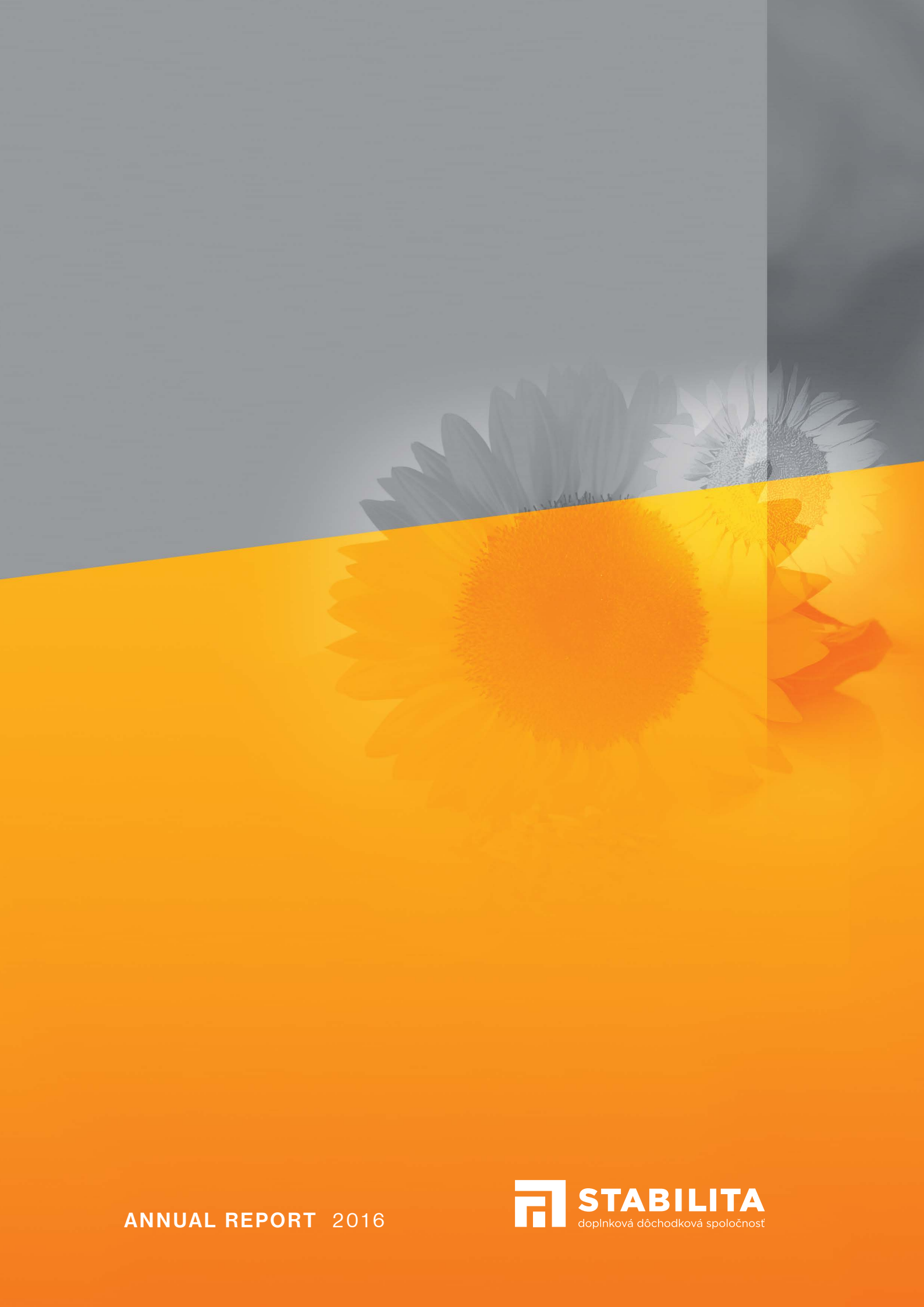
Ing. Peter Gregor
Chairman of the Board of Directors



JUDr. Marián Melichárek
Vice-Chairman of the Board
of Directors



Ing. Agáta Bachledová
Responsible for compiling
of the company's financial statements



ANNUAL REPORT 2016

 **STABILITA**
doplnková dôchodková spoločnosť