Pilier vášho dôchodku

ANNUAL REPORT

2019

STABILITA

doplnková dôchodková spoločnosť

ANNUAL REPORT

2019

Contents

STABILITA
doplnková dôchodková spoločnosť

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ID: 31 343 414
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STABILITA, d.d.s., a.s.

SUPPLEMENT TO THE INDEPENDENT AUDITOR 'S REPORT
to the Report on the information provided in the annual report for
Shareholders, the Supervisory Board and the Board of Directors of STABILITA, d.d.s., a.s.
and the Audit Committee:

We have audited the financial statements of STABILITA, d.d.s., a.s. (hereinafter referred to as the "Company") as of 31 December 2019 listed in the Annex to the attached Annual report of the company, to which we issued the Independent auditor's report on 26 March 2020, which forms the annex to the company's Annual report. We have prepared this supplement in accordance with Section 27 paragraph 6 of Act No. 423/2015 Coll. on Statutory audit and on amendment of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the "Act on statutory audit").

Based on the work performed, described in the section "Report on the information provided in the Annual report" of the aforementioned Independent auditor's report, in our opinion:

- the information given in the company's Annual report for 2019 is consistent with its financial statements for the given year,
- the annual report contains information pursuant to Act No. 431/2002 Coll. on Accounting, as amended.

In addition, based on our knowledge of the company and its situation, which we acquired during the audit of financial statements, we are required to indicate whether we have identified material misstatements in the annual report. In this

In this context, there are no findings that we could state.

Bratislava, 20 April 2020

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

On behalf of
Deloitte Audit, s.r.o.
Licence SKau No. 014

General information on the company

STABILITA
doplnková dôchodková spoločnosť

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
1 April 2007

ID
36 718 556

Registered in
Business Register of District Court Košice I,
Section Sa, Insert no. 1407/V

Depositary
Slovenská sporiteľňa, a. s.

Board of Directors
Ing. Michal Krajčovič, CSc.,
Chairman of the Board of Directors

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

Ing. Martin Pivarči,
Member of the Board

Supervisory Board
Ing. Ján Žačko
JUDr. Magdaléna Martincová
Ing. Ľubor Podracký
Ing. Ľudovít Ihring
Ing. Róbert Rigo
Ing. Stanislava Fejfarová, CSc.
Ing. Peter Benedikt
Ing. Ján Perželˇ
JUDr. Nataša Kučerová
Ing. Pavol Bulla
Ing. Viliam Markócsy

Basic capital
EUR 1 660 000 as of 31 December 2019

Net assets
EUR 9 153 566 as of 31 December 2019

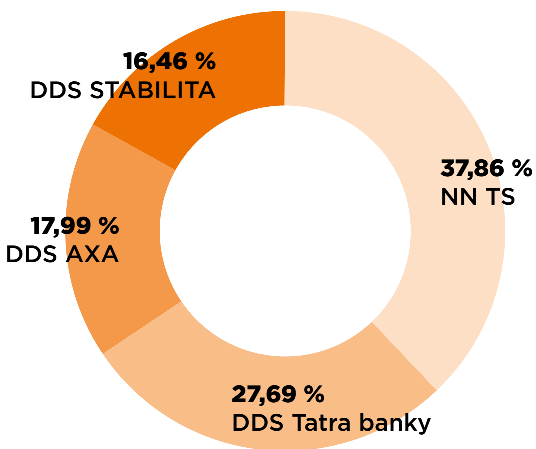
a) Information on company's development and on current state of affairs

Complementary pension company STABILITA, d.d.s., a.s. completed 22 years of its successful operation in the complementary pension savings market last year, during which it concluded a total of 253,652 participant contracts. More than 100,000 participants who have already finished their participation in the third pillar system by means of the payment of benefits are proof of the viability and justification of creating complementary pension savings under this voluntary pension scheme. As of December 31, 2019, the company managed a total of 141,439 participant contracts. Of the total number, 7,408 participant contracts accounted for the increase last year, of which 6,067 were completely new participant contracts and 1,341 renewed participant contracts /clients who had already terminated their original participant contracts by payment of benefits and concluded renewed participant contracts during 2019/.

At the end of 2019, the total number of participants in complementary pension savings in all complementary pension companies operating in Slovakia reached a total of 859,499.

Compared to 2018, this number increased by 37,123 / the figure represents a net increase in contracts based on the registration of birth numbers/.

Market share of individual complementary pension companies



The volume of assets managed by individual CPCs in Slovakia reached a total of € 2,373,220,090 as of 31 December 2019. Out of the total volume, STABILITA, d.d.s., a.s. managed within its three funds EUR 365,581,123, which represents a year-on-year increase of EUR 45,280,256 and provides the company with a market share of 15.4%.

The largest volume of assets has long been in the Stabilita contributory d.d.f. STABILITA, d.d.s., a.s. /hereinafter only referred to as the contributory d.d.f./, up to 85%. A slight increase was recorded in the volume of assets managed within Stabilita equity contributory d.d.f., to 8%, the remaining 7% represents the assets in Stabilita payout d.d.f., STABILITA, d.d.s., a.s.

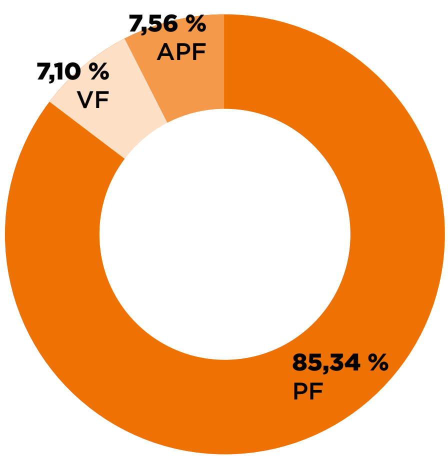
Last year, in addition to acquiring new participants, the company's attention was focused primarily on concluding new employee contracts. It is the presence of the employer's benefit, in the form of a regular monthly contribution, that is the basic precondition for the future successful acquisition of new participants in savings. In 2019, 298 new employee contracts were concluded and their total number reached 6,372 at the end of last year.

The total volume of assets under management of the complementary pension company increased by 14.14% year-on-year and reached the amount of EUR 365.6 mil. The largest volume of assets was in the assets of Stabilita contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter referred to as the "contributory d.d.f. "), namely 85.34% of the total volume of assets, 7.56% of the total volume of assets were in Stabilita equity contributory d.d.f., STABILITA, d.d.s., a. s. (hereinafter referred to as the "equity d.d.f.") and 7.10% of the total volume of assets was in Stabilita payout d.d.f., STABILITA, d.d.s., a.s. (hereinafter referred to as the "payroll d.d.f.").

Net asset value in funds as at 31 December 2019:

Contributory d.d.f.	311 988 621
Payout d.d.f.	25 954 567
Equity d.d.f.	27 637 935
SPOLU	**365 581 123**

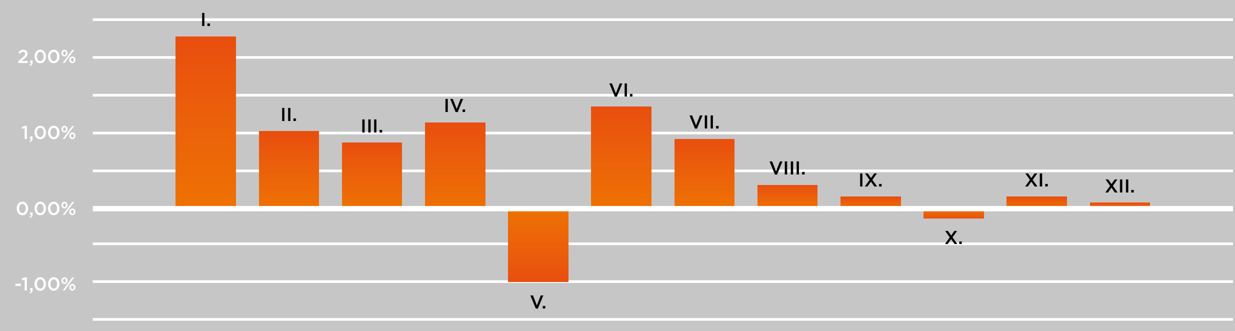
The share of individual funds in the total net asset value managed by the company Stabilita, d.d.s. a.s. as of 31 December 2019



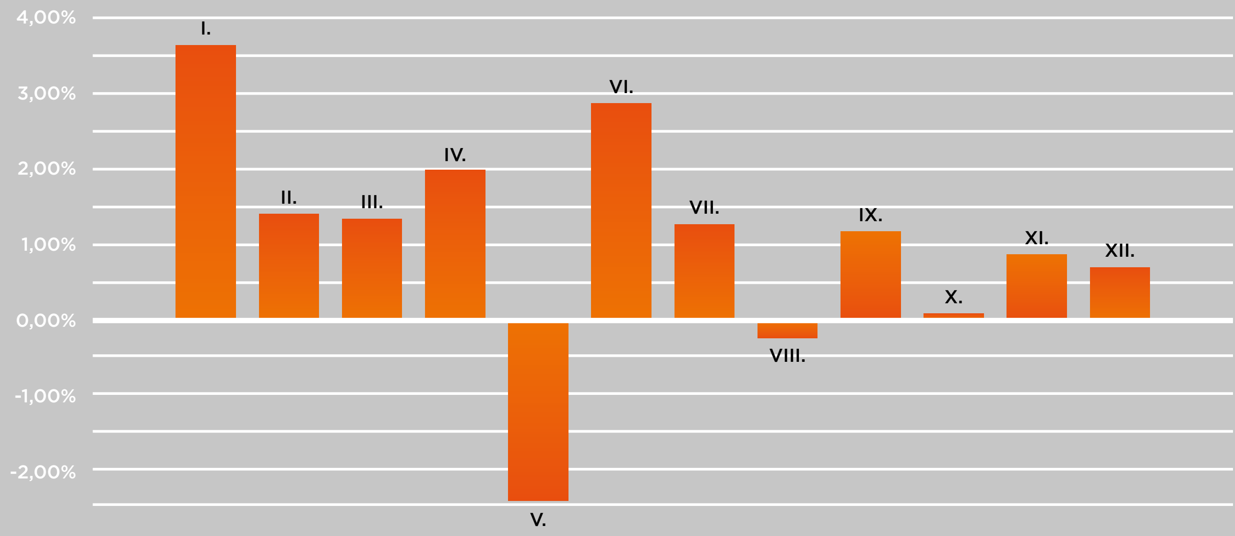
Key indicators of the company according to International Accounting Standards

Year 2019	Year 2018	Year 2017
Total revenues achieved		
4 483 209	4 443 611	4 502 938
Profit after income tax application		
550 264	490 607	212 426
Own capital profitability		
6,01%	5,69%	3,65%
Profitability of assets		
4,90%	4,90%	2,92%

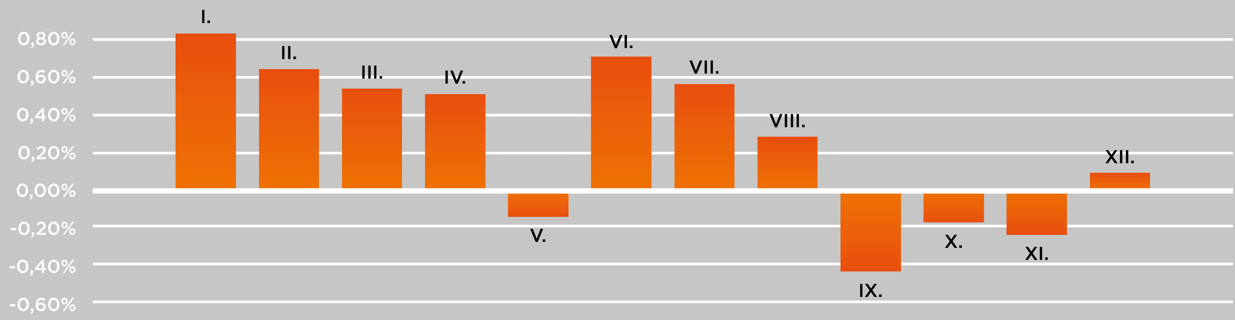
Revenue development in Contributory Fund by months



Revenue development in Equity Contributory Fund by months



Revenue development in Payout Fund by months



Comparison of performance of the complementary pension funds

Largest contributory d.d.f.

Creation date of the fund	Performance for a given period					Annualised performance	
	2015	2016	2017	2018	2019	Since the fund creation to 31/12/2018	2016-2019
Balanced contributory d.d.f. NN Tatry - Sympatia, d.d.s., a.s.							
01.02.2006	0,36%	2,90%	3,33%	-3,14%	12,20%	1,54%	3,68%
Contributory complementary pension fund AXA d.d.s., a.s.							
27.01.2006	-0,25%	3,16%	1,56%	-2,56%	4,07%	1,74%	1,53%
Complementary pension company Tatra banka a.s., Comfort life 2030 contributory d.d.f.							
10.04.2006	-3,62%	2,00%	5,52%	-6,75%	6,02%	1,27%	1,56%
STABILITA contributory d.d.f., STABILITA, d.d.s., a.s.							
02.04.2007	-4,45%	2,80%	2,27%	-5,30%	7,45%	1,81%	1,70%

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

As of January 1, 2020, the subsidiary STABILITA Servis, s.r.o. merged with the parent company, the successor company is STABILITA, d.d.s., a.s.

The rapid development of the Covid-19 virus and its possible impact on the society were analysed by the company's management as stated in the note "Information on subsequent events". The company continues to closely monitor developments in this area and evaluates its possible impacts.

c) Information on the expected future development of the company's activities

Information on the expected future development of the company's activities

The spreading coronavirus will also have a negative impact on the Slovak economy, which is strongly linked to the economic development of other European countries. The most significant impact will be seen already during the II. quarter.

The business plan for 2020 will continue to strengthen the company's image as a long-term successful company in the complementary pension savings market.

d) Information on the costs of research and development

In 2019, the complementary pension company did not incur any costs on research and development.

e) Information on the acquisition of own equity and business interests

In 2019, the complementary pension company did not acquire any of its own equity or stakes in other companies and thus did not fulfil Section 20 par. 1) letter e) of Act 431/2002 Coll. on Accounting.

f) Proposal for profit distribution of STABILITA d.d.s., a.s. for 2019

Economic outturn for the year 2019	550 263,76 €
Allocation to the social fund	20 263,76 €
Retained earnings of past years	530 000,00 €

g) Data on the organizational unit abroad

The company does not have an accounting unit registered abroad.

Separate Financial Statements

for the accounting period from 1 January 2019 to 31 December 2019

prepared in accordance with International Financial Reporting Standards as amended by the European Union

Contents

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

REPORT OF AN INDEPENDENT AUDITOR

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

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 31/12/2019, 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, 2019 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.

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.

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
Loyalty program reserve for participants	
See note 13 of the financial statement 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. 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. 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.	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.
The calculation of the reserve includes estimates of future draw downs and actual determination of the present value of future performance. The amount of the loyalty program reserve for participants for the year ending 31/12/2019 is EUR 594,000.	We have verified the accuracy and completeness of the calculated points for the year 2019 as well as their value expression on a selected sample of participant accounts by performing substantive procedures. We also verified the correctness and completeness of the dissolution or writing off of points for the year 2019 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.
Model of accrual intermediary remuneration	
see note D3 of the financial statements The Company uses accrual differentiation of the deferred acquisition costs (DAC), so as to obtain contracts with complementary pension saving participants. Asset of the deferred acquisition costs represents that portion of the intermediary commissions paid to future periods for the duration of the participant contract. As a result of this, the Company posted a DAC value on January 1, 2018, with a corresponding entry to equity increase in the total amount of 2 319 ths. EUR. The company distinguishes these costs evenly over the residual life of contracts with individual savings participants. The non-accrued portion of acquisition cost expense for obtaining participant contracts will be reported by the Company under the cost of active contracts. Accrued expense will be recognized under the item "Expenses and commissions paid". Specifics of the accrual cost concept for obtaining participant contracts, the concept which requires from the management of the company applying significant judgment in determining the estimated amortization time while assessing the risk of impairment of the asset in question representing non-accrued mediation remuneration, these specifics led to the issue being identified as a key audit issue. For the year ending December 31, 2019, the assets amounted to 3254 thousand euros and the costs were 121 thousand euros.	We have assessed the design and implementation of key control procedures introduced by the management of a complementary pension company in connection with the accrual of acquisition costs for participating contracts while focusing on control procedures related to: • stablishing the principles for accruals costs of remuneration paid for acquisition • validity and accuracy of input data for the calculation of remuneration • the accuracy of calculation of accruals in the complementary pension company • supervision of the management of the complementary pension company over the accrual accounting of costs. We have also performed these procedures: 1) We have assessed the adequacy of the accrual method for acquiring participant contracts paid to intermediaries to determine whether the methodology used is consistent with the requirements of the applicable accounting standards. 2) We assessed the adequacy of the estimates and assumptions used by management in determining the amortization period. 3) We evaluated the correctness of the mathematical formula used for the calculation in the complementary pension company and we have recalculated the impact of the accruing charges to the statement of aggregate profits and losses. 4) We have assessed the completeness and accuracy of the data used to calculate the accrual of acquisition costs for participating contracts as on 1 January 2019 and also on 31 December 2019.

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

The statutory body is responsible for preparation and fair presentation of the financial statements in accordance with the International Standards for Financial Reporting as approved by the European Union and for internal audits which the 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, the statutory body 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, and 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 a 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 and methods 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 ON OTHER REQUIREMENTS OF LAWS AND OTHER LEGAL REGULATIONS

Report on the information presented in the annual report

The 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 (further Accounting Act). Our above statement on the financial statements does not apply to other information in the annual report.

With regard to audit of the financial statements we are responsible for getting acquainted with 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.

As of the issuance of auditor's report on the financial statement, we did not have the Annual report

- the information provided in the annual report compiled for the year 2019 is consistent with the financial statements for that year,
- the annual report contains information as 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, April 8, 2019

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

On behalf of
Deloitte Audit, s.r.o.
Licence SKau no. 014

Statement of financial position as of 31/12/2019 (data in charts are in EUR)

Item	Note No.	31.12.2019	31.12.2018
ASSETS			
Non-current assets		**4 937 422**	**3 499 974**
Intangible fixed assets	(1)	197 348	152 299
Tangible fixed assets	(2)	951 871	103 309
Acquisition costs for active contracts	(3)	3 254 444	2 799 899
Investment in the subsidiary	4a)	203 319	203 323
Receivable in the subsidiary	4b)	153 125	56 250
Deferred income tax related receivables	(5)	177 314	184 894
Current assets		**6 281 779**	**6 520 382**
Money and cash equivalents	(6)	2 345 126	2 604 199
Bank receivables	(7)	3 502 794	3 508 852
Other debtors´ receivables	(8)	379 899	360 699
Tax receivables	(9)	9 158	-
Other current assets	(10)	44 802	46 632
Total assets		**11 219 200**	**10 020 356**
LIABILITIES AND EQUITY			
Current liabilities		**2 065 634**	**1 288 498**
Trade liabilities	(11)	67 096	90 203
Liabilities with interest	(12)	822 091	
Provisions and other liabilities	(13)	1 176 448	1 198 295
Income tax related liabilities		**-**	**107 949**
Income tax due	(14)	-	107 949
Income tax deferred		-	-
Total equity:		**9 153 566**	**8 623 909**
Share capital subscribed	(15)	1 660 000	1 660 000
Profit based funds	15a)	832 000	832 000
Other capital funds		36 513	36 513
Valuation differences from equity contributions to the subsidiary capital		4 148	4 148
Retained earnings	(16)	6 070 641	5 600 641
Of which postponed acquisition costs for active contracts	(17)	2 319 277	2 319 277
Profit in approval proceedings		-	-
Profit/ loss for the accounting period after taxation	(18)	550 264	490 607
Liabilities and equity total		**11 219 200**	**10 020 356**

Statement of comprehensive income and loss for the year ended 31/12/2019 (data in charts are in EUR)

Item	Note	Year ending 31.12.2019	Year ending 31.12.2018
Interest income and similar income		3 930	5 050
Interest and similar costs		-	-
Net interest income	(1)	**3 930**	**5 050**
Revenues from retaliation and commissions		4 469 363	4 415 643
Retaliation and commissions costs		(120 963)	(83 934)
Net profit (loss) from retaliation and commissions	(2)	**4 348 400**	**4 331 709**
Other revenues	(3)	9 917	22 918
General administration costs	(4)	**(3 637 318)**	**(3 735 796)**
Personnel costs	(5)	(2 004 783)	(2 050 148)
Depreciation of tangible and non-tangible assets	(6)	(206 157)	(88 608)
Other costs	(7)	(1 426 378)	(1 597 040)
Comprehensive profit (loss) prior taxation		**724 928**	**623 881**
Income tax	(8)	(174 664)	(133 274)
Comprehensive profit after taxation		**550 264**	**490 607**
Basic profit per share	(9)	**11,01**	**9,81**

The company's statement of profit and loss is the same as the statement of comprehensive profit and loss, the company has no other components of comprehensive income.

The notes on pages 14 to 30 form an integral part of these financial statements.

Statement of changes in equity for the 12 months of the year ending 31 December 2019 (data are in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from the past years	Profit for the current account. Period	Capital total
Balance as of 31.12.2018	1 660 000	832 000	40 661	5 600 641	490 607	8 623 909
Allocation of profit for 2018:						**0**
Other movements					(20 607)	(20 607)
Payment of dividends to shareholders						0
Contribution to the Development fund from profit						0
Retained earnings				470 000	(470 000)	0
Profit as of 31.12.2019					550 264	550 264
Balance as of 31.12.2019	**1 660 000**	**832 000**	**40 661**	**6 070 641**	**550 264**	**9 153 566**

Statement of changes in equity for the 12 months of the year ending 31 December 2018 (data are in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from the past years	Profit for the current account. Period	Capital total
Balance as of 31.12.2017	1 660 000	832 000	40 661	3 081 364	212 426	5 826 451
Change in first application of IFRS 15				2 319 277		
Balance as of 1.1.2018	1 660 000	832 000	40 661	5 400 641	212 426	8 145 728
Allocation of profit for 2017:						**0**
Other movements					(12 426)	(12 426)
Payment of dividends to shareholders						0
Contribution to the Development Fund from profit						0
Retained earnings				200 000	(200 000)	0
Profit as of31.12.2018					490 607	490 607
Balance as of 31.12.2018	**1 660 000**	**832 000**	**40 661**	**5 600 641**	**490 607**	**8 623 909**

Statement of cash flows for the 12 months of the year ending 31 December 2019 (data are in EUR)

Item name	31.12.2019	31.12.2018
Cash flows from operating activities:	x	x
Economic results of current activity prior to income taxation (+/-)	724 928	623 880
Non-monetary operations affecting the profit or loss from ordinary activities	**(396 501)**	**(456 554)**
Depreciation of intangible fixed assets and tangible fixed assets	206 157	88 608
Changes in accruals of costs and revenues (+/-)	(601 228)	(541 612)
Interest charged to revenues (-)	(3 930)	(5 050)
Interest charges to costs (+)		
Profit from sale of non - current assets	2 500	1 500
Change in liabilities from investing activities		
Other items of non-monetary character		
Impact of changes in working capital on the profit or loss from ordinary activities	**(89 685)**	**(133 142)**
Change in receivables from operating activities (- / +)	(3 320)	30 478
Change in liabilities from operating activities (+/-)	(86 362)	(162 755)
Change in inventory (+/-)	(3)	(865)
Cash flows from operating activities other than income and expense which are separately listed in other parts of the cash flow statement (+/-)	**238 742**	**34 184**
Interest received (+)	3 930	5 050
Interest paid (-)	-	-
Income tax expense (+/-)	(176 242)	(69 399)
Net cash flows from operating activities	**66 430**	**(30 164)**
Cash flows from inevestment activity		
Expenditure on acquisition of tangible and intangible fixed assets (-)	(174 878)	34 204
Revenues from sales of tangible fixed assets	2 500	4 352
Net cash flows from investment activities	**(172 378)**	**38 556**
Cash flows from financial activities	**(153 125)**	**18 750**
Credit related revenues and expenses	(153 125)	18 750
Net cash flows total:	**(259 073)**	**27 142**
Net increase or net decrease in cash and monetary equivalents (+/-)	(259 073)	27 142
State of cash and monetary equivalents at the beginning of the accounting period (Note n.5)	**2 604 199**	**2 577 057**
Balance of cash and monetary equivalents at the end of the accounting period (Note n.5)	**2 345 126**	**2 604 199**

The cash flow statement is prepared using the indirect method.

The notes on pages 14 to 30 form an integral part of these financial statements.

Comments on the financial statements for the period from 1/1/2019 to 31/12/2019

A) General information on company

Business activities

Complementary pension company STABILITA, d.d.s., a.s., (hereinafter referred to as the "Company"), with seat at Bačíkova 5,

040 01 Košice, Identification No. 36 718 556, is entered in the 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 the 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 Insurance 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 (hereinafter referred to as 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.

Depositary 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 referred to as the Depositary).

Statutory, supervisory and management bodies as of 31/12/2019

Board Members	Position	Appointed	End
Ing. Michal Krajčovič, CSc.	Chairman	01.07.2018	
JUDr. Marián Melichárek	Vice-chairman	01.04.2007	
Ing. Martin Pivarči	Member	24.04.2019	
Members of the Supervisory Board	**Position**	**Appointed**	**End**
Ing. Ján Žačko	Chairman	01.04.2007	
JUDr. Magdaléna Martincová	Member	01.04.2007	
Ing. Ľubor Podracký	Member	26.09.2007	
Ing. Róbert Rigo	Member	25.07.2012	
Ing. Ľudovít Ihring	Member	26.09.2007	
Ing. Stanislava Fejfarová,CSc.	Member	24.06.2008	
Ing. Peter Benedikt	Member	26.05.2011	
Ing. Ján Peržeľ	Member	26.05.2011	
JUDr. Nataša Kučerová	Member	26.05.2011	
Ing. Pavol Bulla	Member	16.05.2017	
Ing. Viliam Markócsy	Vice-chairman	09.05.2019	

Shareholder structure and their share in the company's share capital

Shareholders	Shareholder ID	Country of registration	share on SC v %
Lorea Investment Limited	7001665	Cyperská republika	30,22
Železnice SR	31364501	Slovenská republika	55,26
Železiarne Podbrezová a.s.	31562141	Slovenská republika	5,17
U. S. Steel Košice, s.r.o.	36199222	USA	9,30
Marek Szabo	7303076407	Slovenská republika	0,05

Data on number of employees

Structure of employees	31.12.2019	31.12.2018
General Director, Executive Director, Investment Director	3	3
Middle management staff	14	15
Other employees	30	30
Average number of employees	47	48

Approval of financial statements for the previous accounting period

At its meeting on 9 May 2019, the General Meeting approved the financial statements of the company for the year ended 31 December 2018 in accordance with provision no. X. par. 1) Articles of association for complementary pension funds and for the company.

Disclosure of financial statements for the previous period

The company's separate financial statements as of 31 December 2018 were filed in the register of financial statements on 15 March 2019. The annual report was filed in the register of financial statements on 9 April 2019.

Information on complementary pension funds

As of December 31, 2018, 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.

Položka	NAV k 31.12.2019	NAV k 31.12.2018	Audítor
Stabilita príspevkový d.d.f.	311 988 621	277 999 417	Deloitte Audit s.r.o.
Stabilita výplatný d.d.f.	25 954 567	22 853 255	Deloitte Audit s.r.o.
Stabilita akciový príspevkový d.d.f.	27 637 935	19 448 196	Deloitte Audit s.r.o.
Majetok fondov celkom:	**365 581 123**	**320 300 868**	

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 are not the property of the company. Separate financial statements of the complementary pension funds are not consolidated in the financial statements of the company.

The Company does not form a consolidated financial statements because it does not meet the conditions for consolidation under Section 22 of Act No. 431/2002 Coll. on Accounting as amended (hereinafter the "Accounting Act").

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 d.d.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 d.d.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 d.d.f. may be invested globally and in all sectors.

When investing in derivatives these are mainly options, forwards, IRS, CCIRS, 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.

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.

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 2019 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.

Background and objective of the preparation of financial statements

Separate financial statements of the Company for the period of 2019 with a comparable period of 2018, is compiled 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.

Stabilita Servis s.r.o. is not consolidated as it does not meet the conditions for the preparation of consolidated financial statements pursuant to Section 22, par. 10 of Act No. 431/2002 Coll. on Accounting.

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 months of the year 2019 taking into consideration comparable data of the year 2018. In the course of the year 2019 the company adopted all new and revised standards issued by the Board for International Accounting Standards with effect from 1 January 2019 to 31 December 2019. All figures in the tables are stated in whole Euros, negative values in parentheses. With effect from 1 January 2020, STABILITA Servis, s.r.o. merges with the successor company and the parent company STABILITA, d.d.s., a.s. becomes its legal successor.

Significant accounting estimates

The preparation of financial statements in accordance with IFRS requires the 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.

In 2018, the Company changed its accounting policy in relation to contract acquisition costs while deferring acquisition costs (deferred acquisition costs – DAC). In previous years, these costs were charged on a one-off basis to the periods in which they were incurred. As of 1 January 2018, the Company began to apply IFRS 15 and within it the DAC method. The company has developed a DAC application model, the parameters of which have been estimated based on the development of the average participant contract. Significant parameters of the model are: average contract life (dissolution time of acquisition costs)14 years, which consists of the average duration of participation in contributory funds for 13 years, of which the average contribution period is 11 years, and an average pay-out period in the pay-out fund of 1 year.

The model also takes into account the likelihood of death, the contractual age of the entitlement to the supplementary retirement pension and the fact that the participant may but does not have to draw the given allowance after the conditions for payment of the benefit have been met. The model parameter is also the amount of remuneration for fund management in accordance with Act 650/2004 Coll. on Complementary Pension Savings and on Amendments and Supplements to Certain Acts Section 35a. and the expected evolution of fund appreciation. The application model works with an average contract, which means that it treats participant contracts as a whole. Therefore, cancelled contracts in a given period are already incorporated in the estimated parameters of the model as a whole. The company tests the model parameters at the end of the reporting period and suggests modifying the model in the event of a significant change. As of 31/12/2019, the company carried out a test of the correctness of setting the parameters of the DAC model, stating that none of the parameters recorded a significant change. The DAC method, which also concerned contracts concluded between 1 January 2014 and 31 December 2017, calculated the cumulative deferred acquisition costs as of 31 December 2017. The year 2014 was selected as the start of the application of the accrual of acquisition costs due to the fact that a significant legislative amendment to Act 650/2004 Coll. on Supplementary Pension Savings and on Amendments and Supplements to Certain Acts has come into force.

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

The following new standards, 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:

- **IFRS 16 "Leases"** adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 9 "Financial Instruments"** adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2019);

- **Amendments to IAS 19 "Employee Benefits"** Modification, Reduction or Settlement of the Plan – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019)
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** Long-term Participations in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019)
- **Amendments to various standards due to the "IFRS Quality Improvement Project (2015 2017 Cycle)"** resulting from the annual IFRS Quality Improvement Project (IFRS 3, IFRS 11, IAS 12 and IAS 23), which aim to eliminate discrepancies and explain the wording (effective for accounting periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty in the Income Tax Assessment"** - adopted by the EU on 23 October 2018 (effective for accounting periods beginning on or after 1 January 2019).

The adoption of these new standards, additions to existing standards and new interpretations did not have a material impact on the company's financial statements in the first application period.

New and revised IFRS issued by the IASB and adopted by the EU that are not yet effective

As of the date of approval of these financial statements, the IASB has issued and the EU has adopted the following amendments to existing standards that have not yet become effective:

- **Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** Definition of 'Significant' adopted by the EU on 29 November 2019 (effective for accounting periods beginning on or after 1 January 2020)
- **Update of the References in IFRS to the Conceptual Framework** - adopted by the EU on 29 November 2019 (effective for accounting periods beginning on or after 1 January 2020),
- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Reform of Reference Interest Rates - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020 or later).

New and revised IFRS issued by the IASB but not yet adopted by the EU

At present, IFRS, as adopted by the EU, do not significantly differ from those adopted by the IASB, except for the following new standards and amendments to existing standards that have not been endorsed for use in the EU on the date of publishing of the financial statement (these effective dates apply to IFRS as issued by the IASB):

- **IFRS 14 "Accruals Accounts in Regulating"** (Effective for accounting periods beginning on or after 1 January 2016) The European Commission has decided not to start the process of approving this preliminary Standard and wait for its final version,
- **IFRS 17 "Insurance contracts"** (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 3 "Business combinations" Business definition (applicable to business combinations whose acquisition date is the first or any subsequent day of the first financial year beginning on or after 1 January 2020 and the acquisition of assets that occurred on the start date of that period or later).
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** Sale or transfer of property between an investor and its affiliate or joint venture and other additions (the effective date has been postponed indefinitely until the equity method of equity research project has been completed).

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

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

Based on the company's estimates, the accounting for hedging instruments in relation to the portfolio of financial assets or liabilities under IAS 39 "Financial Instruments: Recognition and Measurement" would not have a material effect on the financial statements if applied on the date of the financial statement.

- **IFRS 14 "Accruals and Regulatory Accounts",** issued by the IASB on 30 January 2014. This standard is intended to enable entities that apply IFRS for the first time and that currently report accruals in regulation in accordance with their previous accounting standards, to continue after the transition to IFRS.
- **IFRS 16 "Leases"** issued by the IASB on 13 January 2016. According to IFRS 16, a lessee recognizes assets with the right to use and a lease liability. Assets with the right to use are accounted for similarly as other non-financial assets and are depreciated accordingly. The lease liability is initially measured at the present value of the lease payments receivable over the lease term and is discounted by the lease's implicit interest rate if it can be easily determined. If this rate cannot be easily determined, the lessee will use his interest rate on the loan. According to IFRS 16, as well as its predecessor, IAS 17, lessors classify leases, according to their character, as operating and finance. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, the lease is classified as an operating lease. In the case of finance leases, the lessor recognizes a financial profit over the lease term based on a structure that takes into account a constant periodic rate of return on the net investment. The lessor recognizes operating lease payments as income on a straight-line basis or on another systematic basis if it takes better account of the model by which the benefit of using the underlying asset decreases.

- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at their present value and provides a more uniform approach to the measurement and presentation of all insurance contracts. These requirements are designed to achieve consistent accounting of insurance contracts on a principal basis. IFRS 17 replaces IFRS 4 "Insurance Contracts" and the related interpretations when applied.

- **Amendments to IFRS 3 "Business Combinations"** – Definition of business issued by the IASB on 22 October 2018. The amendments were intended to improve the definition of a business. The revised definition emphasizes that the output of a business is to provide goods and services to customers, while the previous definition focused on revenue in the form of dividends, lower costs or other economic benefits for investors and other persons. In addition to modifying the wording of the definition, the IASB provided additional guidance.

- **Amendments to IFRS 9 "Financial Instruments"** – Early payment with negative compensation issued by the IASB on 12 October 2017. The amendments modify the existing requirements of IFRS 9 regarding early termination rights to allow measurement at amortized cost (or, depending on the business model, fair value measurement through other components of the cumulative result) also in the case of payments with negative compensation. Based on the amendments, the sign of the amount of early repayment is not relevant, i.e. depending on the interest rate applicable at the time of early termination, the payment may also be made to the party carrying out the early repayment. The calculation of this compensation must be the same in the case of an early repayment penalty as in the case of an early repayment profit. The amendments also provide clarification regarding the accounting of a change in a financial liability that does not result in a deaccounting. In this case, the accounting amount of the liability is adjusted and the related result is recognized in the cumulative result. The effective interest rate is not recalculated.

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Reform of Reference Interest Rates issued by the IASB on 26 September 2019. Changes in Reform of Reference Interest Rates:

a) Amend the specific requirements for accounting of hedging instruments so that entities apply those hedge accounting requirements provided that the reference interest rate, on which the hedged cash flows and the cash flows from the hedging instrument are based, does not change as a result of the reform of the reference interest rates.

b) They are mandatory for all hedging relationships that are directly affected by the reform of reference interest rates.

c) They are not intended to provide relief from any other consequences arising from the reform of reference interest rates (if the hedging relationship no longer meets the requirements for accounting of hedging instruments for reasons other than those set out in the Annexes, the accounting of hedge instruments must be discontinued).

d) They require specific disclosures about the extent to which the amendments affect the entity's hedging relationships.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between an investor and their associate or joint venture** issued by the IASB on 11 September 2014. The amendments address a conflict between requirements IAS 28 and IFRS 10 and explain that in a transaction involving an associate or a joint venture, the extent of the recognition of profit or loss depends on whether the asset sold or invested is a business.

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of the term "significant"** issued by the IASB on 31 October 2018. The amendments explain the definition of s gnificant and how it should be applied, while it is included in the list of definitions.

- **Amendments to IAS 19 "Employee Benefits"** - An amendment, abridging or settlement of a plan issued by the IASB on 7 February 2018. The amendments require the application of updated assumptions to determine current service costs and net interest for the remaining accounting period after the change in plan.

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-Term Interests in Associates and Joint Ventures** issued by the IASB on 12 October 2017. These amendments explain that an entity should apply IFRS 9, including its requirements to reduce value, to long-term interests in an associate or a joint venture that are part of a net investment in an associate or joint venture to which the equity method does not apply. The amendments also delete paragraph 41 because, according to the IASB, it merely reiterated the requirements stated in IFRS 9 and caused confusion about the accounting for long-term interests.

- **Amendments to various standards due to "Annual Improvements to IFRSs (2015-2017 Cycle)"** issued by the IASB on 12 December 2017. These are amendments to various standards resulting from annual improvements to IFRSs (IFRS 3, IFRS 11, IAS 12 and IAS 23), which aim in particular to eliminate inconsistencies and clarify the wording. The amendments explain that: a company should revalue the interest in a joint operation it owned in the past when it acquires control of a business (IFRS 3); the company should not revalue its interest in a joint venture in the past when it acquires joint control of a business (IFRS 11); the company should account for all income tax consequences associated with the payment of dividends in the same way (IAS 12); and a company should consider any loan granted to acquire an asset as part of general borrowings, when the asset is ready for its intended use or for sale (IAS 23).
- **Update of the References to the Conceptual Framework in IFRS** issued by the IASB on 29 March 2018. As the Conceptual Framework was revised, the IASB updated the references in IFRS to the Conceptual Framework. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. The update was made to support the transition to a revised Conceptual Framework for companies that create accounting policies using the Conceptual Framework if a particular transaction is not covered by any IFRS.
- **IFRIC 23 "Uncertainty in the Income Tax Assessment"** issued by the IASB on 7 June 2017. It may be unclear how the tax legislation applies to a particular transaction or circumstance or whether the tax authority will accept the income tax applied by the company. IAS 12 Income Taxes sets out how current and deferred tax should be accounted for, but does not specify how to account for the effects of uncertainty. IFRIC 23 introduces requirements that supplement those contained in IAS 12 and determines how to account for the effects of uncertainty.

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

The Company's separate financial statement for the year ending 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The accounting policies and methods used in the preparation of this financial statement differ from those applied in the preparation of the Company's annual financial statement as of 31 December 2018, due to the application of IFRS 16 "Leases" for the accounting period beginning on 1 January 2019.

IFRS 16 disclosures

IFRS 16 replaces IAS 17 Leases, Interpretations: IFRIC 4 - Determining whether a Contract contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluating the Nature of Transactions Involving the Legal Form of a Lease.

The purpose of the new standard is to simplify the comparability of financial statements, to present financial and operating leases in the statement of financial position and to provide users of financial statements with adequate information about the risks associated with contracts.

The new standard does not distinguish between operating and finance leases in the lessee's accounting anymore and requires that assets with the right to use and a lease liability are recognized in respect of all the lessee's lease agreements. Under IFRS 16, a contract constitutes or includes a lease if it transfers the rights to control the use of an identified asset for a specified period in exchange for consideration.

An essential element that distinguishes the definition of a lease according to IAS 17 from the definition according to IFRS 16 is the requirement to have control over the specific asset used, which is stated directly or indirectly in the contract. Costs related to the use of leasing assets, most of which were previously recognized under external service costs, are currently classified by the Company as depreciation/amortization and interest expense.

When depreciating the right to use, the Company uses the straight-line depreciation method, with lease liabilities settled at the effective discount rate.

In the statement of cash flows, the cash flows from the principal of a lease liability are classified as cash flows from financial activities, with lease payments for short-term leases, lease payments for low-value assets and variable lease payments not included in the evaluation of the lease liability are classified as cash flows from operating activities. Interest payments related to the lease liability are classified in accordance with IAS 7.

The Company, as a lessee, applies IAS 36 Impairment of Assets to determine whether an asset with a right to use is impaired and, if necessary, recognizes an impairment loss.

First adoption of IFRS 16

At the first application, the company used a modified retrospective approach. Applying a modified retrospective approach requires a lessee to recognize the cumulative effect of IFRS 16 as an adjustment of equity at the beginning of the current accounting period in which IFRS 16 is first applied.

The accounting unit has applied the following existing practical simplifications:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Adjustment of an asset with the right to use at the date of initial application by the amount of any provision for disadvantageous leases in the statement of financial position.
- Application of the simplified method for contracts with a maturity of up to 12 months on the date of initial application.
- Exemption of initial direct costs from the evaluation of an asset with the right to use at the date of initial application.
- Use of rear view, e.g. in determining the lease term, if the contract includes options to extend or terminate the lease.

a) **Recognition of lease liabilities**

At the date of initial application, the company recognized lease liabilities related to leases that were previously classified as "operating leases" in accordance with IAS 17 Leases. These liabilities have been measured at the present value of the lease payments receivable at the date of application of IFRS 16. Lease payments are discounted using the implicit lease interest rate or, if this rate cannot be easily determined, the incremental interest rate of the loan. The interest rate applied by the company in its first application is 1%.

At the date of initial recognition, lease payments include fixed lease payments included in the measurement of lease liabilities

The accounting entity uses simplifications in relation to short-term leases (less than 12 months), as well as for leases with a basic asset with low value (less than USD 5 thousand) and for contracts for which it will not recognise financial liabilities or any related assets with right of use. These types of lease payments will be recognized as expense using the straight-line method over the life of the lease in 'General administrative expenses'.

b) **Recognition of assets with the right to use**

Assets with the right to use are initially measured by their acquisition cost.

The acquisition cost of an asset with a right of use consists of:

- initial estimate of lease liabilities,
- any lease payments made at or before the date of the commencement of the lease, minus any receivables from the lease incentives;
- initial costs incurred directly by the lessee as a result of concluding the lease agreement,
- estimates of the costs incurred by the lessee due to the obligation to disassemble and remove the basic asset or to carry out renovation/renewal.

c) **Use of estimates**

The implementation of IFRS 16 requires the use of certain estimates and calculations that affect the measurement of financial lease liabilities and assets with the right to use. These include, but are not limited to:

- determining which contracts are covered by IFRS 16;
- determining the duration of such contracts (including contracts of indefinite duration or contracts with the possibility of extension),
- determining the interest rates that will be applied to discount future cash flows;
- determining depreciation rates.

The effect of implementation of IFRS 16 as of the date of the first application

(in ths. EUR)	1.1.2019
Assets with the right to use (line „Tangible fixed assets" in the statement of financial position)	927 131
Lease liability (line "Other liabilities" in the statement of financial position)	927 131
Cumulative effect recognized as an adjustment of equity at the date of initial application	0

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 for accounting depreciation
TFA over 1 700 €	by type	by type	linear
TFA from 166 to 1 700 €	2 years		time
IFA from 332 to 2 400 €	2 years		time
IFA over 2 400 €	5 years -10 years	by type	linear
TFA-assets with the right to use	7 to 10 years		linear

**TFA – assets with the right to use, see note B2*

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.

Receivables from banks amounted to EUR 3,502,794 as of 31 December 2019.

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 2019 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 reviewed the creation of the loyalty program reserve and, with effect from 1 January 2017, reduced the value of the loyalty program to half, 1 point is equal to 0.005 EUR.

After the accounting period, the Company evaluates the contributions of the participants and adds points in accordance with the rules of the loyalty program. At the same time, it evaluates the drawdown of points for a given accounting period. Subsequently, the Company estimates the present value of future drawing as the new provision value.

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' benefits 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 charged these cost items at their inception until 31 December 2017. As of 1 January 2018, it has changed the accounting policy in relation to the cost of contracting and, in accordance with this new principle, accrues it. This method is based on a straight-line amortization of the cost of acquisition over the estimated useful life of contracts with individual savings participants.

The Company has developed an internal model to accrue the cost of acquiring participating contracts over time and adjusted retained earnings of prior periods according to the simplified approach in IFRS 15 as a simplified retrospective adjustment. Due to this fact, as at 1 January 2018, the Company recorded a DAC value of 2,319 thousand. euros.

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 – derivates
- an equity instrument of other enterprise – it is a financial asset in the form of 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. At the same time, it records in the balance sheet receivables from savings participants, which are the mirror account of the received contributions, recorded in the balance sheet on the liability side of the item "Other payables ".

The Company recognizes financial assets at amortized cost based on the assessment of individual items of financial assets under IFRS 9.

B11) Subsidiaries and other equity

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 valued 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.

Deferred income tax is calculated using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their accounting values in the statement of financial position.

Deferred income tax is determined using tax rates for the following tax period valid on the moment, when tax liability is realised or tax obligation is accounted for that have been enacted or substantively enacted by the balance sheet date. For 2019, the tax rate is 21%.

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. As of 1 January 2020, this registration will cease to exist due to the merger of the subsidiary STABILITA Servis, s.r.o. with the parent company.

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 2019 accounted for 1.30 % of the average annual net value of fund assets. (for year 2018: 1.40%). Remuneration for managing the Payout d.d.f. in the year 2019 accounted for 0.65 % of the average annual net asset value of the fund (for year 2018: 0,70%).

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 2019, 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 31/12/2019

Assets (gross)	Line	as of 1.1.2019	Increase	Decrease	Transfers	as of 31.12.2019
B.I.Intangible fixed assets total	1	**492 296**	**86 582**	-	-	**574 705**
1. Software	2	448 658	81 238	4 173	-	525 723
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	39 712	5 344	-	-	45 056
B.II. Acc. depreciations of IFA total	5	**(339 997)**	**(41 533)**		-	**(377 357)**
1. Accumulated depreciations of software	6	(305 273)	(37 155)	(4 173)	-	(338 255)
2. Accumulated depreciations of trademark	7	(1 740)	(396)	-	-	(2 136)
3. Acc. depr. of IFA (from 332 to 2400)	8	(32 984)	(3 982)		-	(36 966)
Residual price of IFA (L.1+L.5)	9	**152 299**	**45 049**	-	-	**197 348**

Intangible fixed assets – summary of transactions as of 31/12/2018

Assets (gross)	Line	as of 31.12.2017	Increase	Decrease	Transfers	as of 31.12.2018
B.I.Intangible fixed assets total	1	**459 456**	**32 840**	-	-	**492 296**
1. Software	2	415 818	32 840	-	-	448 658
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	39 712	-	-	-	39 712
B.II. Accumulated depreciations of IFA	5	**(312 472)**	**(27 525)**		-	**(339 997)**
1. Accumulated depreciations of software	6	(281 585)	(23 688)		-	(305 273)
2. Accumulated depreciations of trademark	7	(1 344)	(396)	-	-	(1 740)
3. Acc. depr. of IFA (from 332 to 2400)	8	(29 543)	(3 441)		-	(32 984)
Residual price of IFA (Lr.1+L.5)	9	**146 984**	**5 315**	-	-	**152 299**

In the year ending 31 December 2019, the company mainly technically evaluated the "Portal" software, which is used to communicate with the client as a participant, employer and beneficiary (EUR 17 thousand), and the BM3 software for the management of tied financial agents (EUR 39 thousand).

2) Tangible fixed assets – summary of transactions as of 31/12/2019

Assets (grosss)	Line	as of 1.1.2019	Increase	Decrease	Transfers	as of 31.12.2019
B.I.Tangible fixed assets total(L.02 to 07)	1	**1 587 057**	**88 296**	**(126 451)**	**-**	**1 548 902**
1. Right to use assets	2	927 131				927 131
2. Ind. MA and coll. Of MA-machinery, devices	3	237 650	73 586	(76 388)	-	234 848
3. Ind. MA and coll. - vehicles	4	219 161	14 192	(28 501)	-	204 852
4. Ind.MA - inventory	5	66 926	-	(1 144)	-	65 782
5. Ind. MA (from 166 eur to 1 700 eur)	6	79 588	518	(17 734)	-	62 372
6. Other tangible fixed assets	7	56 601	-	(2 684)	-	53 917
B.II. Acc. depr. of TFA total (L.11 to 16)	8	**(556 617)**	**(166 866)**	**(126 452)**	**-**	**(597 031)**
Acc. depreciation of right to use assets	9		(110 112)			(110 112)
1. Acc. depr. of machinery, devices, and equipment	10	(194 514)	(23 537)	(76 388)	-	(141 663)
2. Accumulated depreciations of vehicles	11	(162 343)	(32 086)	(28 501)	-	(165 928)
3. Accumulated depreciations of inventory	12	(63 803)	(756)	(1 144)	-	(63 415)
4. Acc. depr. of SMA (166 - 1700 €)	13	(79 356)	(375)	(17 735)	-	(61 996)
5. Accumulated depreciations of other TFA	14	(56 601)		(2 684)	-	(53 917)
B.III. Residual price of TFA	15	**1 030 440**	**(51 571)**	**-**	**-**	**951 871**

Tangible fixed assets – summary of transactions as of 31/12/2018

Assets (grosss)	line	as of 31.12.2017	Increase	Decrease	Transfers	as of 31.12.2018
B.I.Tangible fixed assets total (L.02 to 09)	1	**737 663**	**12 365**	**(90 102)**	**-**	**659 926**
1. Ind. MA and coll. Of MA-machinery, devices	3	294 949	10 510	(67 809)	-	237 650
2. Ind. MA and coll. - vehicles	4	236 295	0	(17 134)	-	219 161
3. Ind.MA - inventory	5	65 071	1 855	-	-	66 926
4. Ind. MA (from 166 euro to 1 700 euro)	8	84 253	0	(4 665)	-	79 588
5. Other tangible fixed assets	9	57 095	0	(494)	-	56 601
B.II. Accumulated depreciations of tangible fixed assets -total (L.11 to 16)	10	**(582 783)**	**(63 636)**	**(90 102)**	**-**	**(556 617)**
1. Accum.depr. of machinery, devices, and equipment	12	(234 738)	(27 585)	(67 809)	-	(194 514)
2. Accumulated depreciations of vehicles	13	(144 477)	(35 000)	(17 134)	-	(162 343)
3. Accumulated depreciations of inventory	14	(63 255)	(548)		-	(63 803)
4. Acc. Depr. Of SMA (from 166-1700 euro)	15	(83 218)	(503)	(4 665)	-	(79 356)
5. Accumulated depreciations of other TFA	16	(57 095)		(494)	-	(56 601)
B.III. residual price of tangible fixed assets		**154 880**	**(51 571)**	**-**	**-**	**103 309**

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/ 2019 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 Bačíkova Street in Košice. There is no lien recorded on the property to which the Company has the right of management.

3) Acquisition costs for active contracts

Item	31.12.2019	31.12.2018
Acquisition costs for active contracts	2 799 899	2 319 277
of which:		
Deferred acquisition costs for the year 2018	575 508	564 566
Dissolved acquisition costs during 2018	(120 963)	(83 944)
Balance as of the end of the year	**3 254 444**	**2 799 899**

4a) Investment in the subsidiary

Item	as of 31.12.2019	as of 31.12.2018
Investment in the subsidiary	203 319	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 2019 is € 276 467. In 2018, the value of its equity amounted to EUR 248 725.

The subsidiary STABILITA Servis, s.r.o., ceases to exist on the decisive date, 1 January 2020, by merging with the parent company STABILITA, d.d.s., a.s, which becomes its legal successor on that date.

4b) Liability in the subsidiary

Item	as of 31.12.2019	as of 31.12.2018
Liability in the subsidiary	153 125	56 250

STABILITA, d.d.s, a.s. provided financial assistance to the subsidiary STABILITA Servis, s.r.o., also during 2019. The balance of the loan as of 31 December 2019 amounts to EUR 153,125, while on the decisive date of 1 January 2020, the loan obligation will be offset on the side of subsidiary and the liability from the parent company, thereby terminating the financial loan.

5) Liabilities arising from deferred income tax

Item	as of 31.12.2019	as of 31.12.2018
Deferred tax - tax receivable	177 314	184 894
Total	**177 314**	**184 894**

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 at 31 December 2019 is EUR 177 314.

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

Item	as of 31.12.2019	as of 31.12.2018
Temporary differences between the carrying amount of assets and	(24 629)	(48 370)
tax base, of which:		
deuctible		
taxable	(24 629)	(48 370)
Temporary differences between the carrying amount of liabilities and	868 981	928 817
tax base, of which:		
deductible	868 981	928 817
taxable		
Subtotal:	844 352	880 447
Income tax rate (in %)	21	21
Deferred tax asset	177 314	184 894
Applied tax assets	184 894	141 926
Accounted for as a reduction in costs	(7 580)	42 968
Deferred tax asset	**177 314**	**184 894**
Change of deferred tax asset	(7 580)	42 968

6) Cash and cash equivalents

Structure of items as of 31/12/2019 a k 31/12/2018

Item	as of 31. 12.2019	as of 31. 12.2018
Cash desk domestic, foreign	5 078	4 762
Valuables	16 935	21 947
Operating accounts	2 141 500	2 040 593
Payroll account	71 348	382 203
Account of unassigned payments	110 265	154 694
Total:	**2 345 126**	**2 604 199**

The item "Cash and cash equivalents" also includes the unallocated payments account, where the participants deposit their contributions on a monthly basis. The balance of the account represents outstanding directed contributions to payments received as of 31 December 2019.

7) Liabilities from banks

Item	as of 31.12.2019	as of 31.12.2018
TV in ČSOB	1 002 794	3 508 852
Termdeposit in VÚB	2 500 000	-
Total:	**3 502 794**	**3 508 852**

The maturity date of the term deposit in the amount of EUR 1,002,794 is 5 June 2020 with an interest rate of 0.1600% p. a. and the maturity date of the term deposit in the amount of EUR 2,500,000 is 5.12.2020 with an interest rate of 0.0050%% p. a.

8) Liabilities from clients and other debtors

Položka	stav k 31.12.2019	stav k 31.12.2018
Receivable for managing the Contributory Fund	336 474	324 672
Receivable for managing the Payout Fund	13 967	13 377
Receivable for managing the Equity Contributory Fund	29 458	22 650
Other receivables	(0)	(0)
Total:	**379 899**	**360 699**

Receivables relate to the fees for the management of funds, other receivables represent the amounts of payments received as of 31 December 2019.

9) Tax receivables

Receivables represent the difference between the paid corporate income tax advances and the tax payable for 2019. The advances represent the amount of EUR 176,242, the tax payable is EUR 167,084. The amount of EUR 9 158 is recorded in the balance sheet as a tax receivable in point 9).

10) Structure of other short-term assets

Item	as of 31.12.2019	as of 31.12.2018
Provided prepayments domestic	9 075	8 903
Expenses for future periods	32 165	34 635
Income from future periods	821	1 680
Material in stock	1 287	1 284
Other receivables	1 454	130
Total:	**44 802**	**46 632**

The advances provided are permanent advances for rent and energy bills at the branches in Bratislava and Trenčín. Deferred expenses are the fees paid for parking cards, professional magazines and newspapers subscriptions, accident and statutory insurance, relating to the following period. These costs also include the maintenance and upgrade of the server for 2020. The material in stock represents the balance of small office supplies and forms for concluding a complementary pension savings.

11) Trade liabilities

Item	as of 31.12.2019	as of 31.12.2018
Domestic suppliers	67 096	90 203
Total:	**67 096**	**90 203**

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 19 488, the costs of the subsidiary for servicing activities in amount of EUR 17 628, the rentals of individual branches.

12) Interest bearing liabilities

The item interest-bearing liabilities represents the value of the liability for rent payments in accordance with IFRS 16 Leases at the contact points in Košice and Bratislava. The total value after discounting represents an amount of EUR 822 091 as of 31 December 2019.

13) Provisions and other liabilities

Item	as of 31.12.2019	as of 31.12.2018
Provisions	835 877	863 804
Other liabilities	112 206	154 693
Ubilled deliveries	40 476	9 700
Liabilities to employees	54 162	58 436
Expenses for future periods	68 930	61 209
Tax liabilities	17 079	15 746
Expenses for future periods	1 043	1 228
Mandate contracts	25 571	15 955
Social fund	21 104	17 524
Liabilities from the payment of dividends to shareholders	-	-
Total:	**1 176 448**	**1 198 295**

The item provisions in the amount of EUR 835 877 includes a provision for loyalty program amounting to 594,000 Euros (624 000 in 2018), and provisions for remuneration of EUR 196 ths. (176 ths. EUR in 2018) and provisions for undrawn holidays and premiums of EUR 45 ths. (64 thousand EUR in 2018). Other liabilities as of 31 December 2019 are detailed in the table.

Creation and drawing of the Social Fund as of 31/12/2019

Item	31.12.2018	Movement	31.12.2019
Initial state as of 1/1/2019	17 524		
Creation of the social fund		30 797	
Use-meal vouchers		(20 148)	
Use-other		(7 069)	
Closing balance as of 31/12/ 2019		3 580	21 104

According to the Act on the Social Fund, a part of the social fund is compulsorily debited to costs and a part can be created from profit. According to the Act on the Social Fund, the Social Fund is used for the health, social, recreational and other needs of employees.

14) 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 724 928 in 12 months of 2019. Tax liability occurs by means of mutual accreditation of the prepayments paid and the tax obligation, described in point 9) The company describes point 14 "Tax payable due to the passive balance as of 31 December 2018".

15) Share capital

Share capital of the company as of 31/12/2019 consists of 50,000 shares with a nominal value of EUR 33.20 per share. The company's shares represent the rights of shareholders as partners to participate in accordance with the law and the company's articles of association in its management, profit distribution and liquidation balance after the company's liquidation.

Information on shareholders of the Complementary Pension Company

Shareholders	The value of the share in the capital	Share Value in Reserve Fund	Company Development Fund
Železnice SR	917 316	183 463	
Lorea Investment Limited	501 718	100 344	
U. S. Steel Košice, s.r.o.	154 314	30 863	
Železiarne Podbrezová a.s.	85 822	17 164	
Szabo Marek	830	166	
Total:	**1 660 000**	**332 000**	**500 000**

15a) Funds created from profit

The total value of the reserve fund as of 31 December 2019namounted 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 2019

The General Assembly approved the separate financial statements, annual report and profit distribution for the year 2017, on May 9, 2019.

Dividends to shareholders were not paid.

16) Retained earnings

Retained earnings of the company in the total amount of EUR 6,070,641 consist of retained earnings after tax for the past periods and the impact of the implementation of IFRS15 in connection with deferred AC on active contracts in the amount of EUR 2,319,277.

17) Of which deferred acquisition costs for active contracts

Deferred acquisition costs for active contracts represent commissions that were capitalized on 1 January 2018 after the adoption of IFRS 15 in the total amount of EUR 2,319,277.

18) 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, 2019, the company earned a net profit after tax of EUR 550 264, and the General Assembly decides on its allocation.

Description of items in the statement of profit and loss

1) Net interest revenues

Item	31.12.2019	31.12.2018
Interest revenues and similar ravenues	3 930	5 050
Interest costs and similar costs		
Net interest revenues	**3 930**	**5 050**

Net interest income represents interest income on bank accounts held with the depositary.

2) Net profit or loss form R&C

Item	31.12.2019	31.12.2018
Revenues from R&C	4 469 363	4 415 643
R&C costs	(120 963)	(83 934)
Net profit or loss from R&C	**4 348 400**	**4 331 709**

The item net profit from remuneration and commissions represents profit from the management of funds, remuneration for severance pay and remuneration for the transfer of savings participants to other supplementary pension companies to which the management company is entitled pursuant to Section 35 of the CPS Act. The item costs of remuneration and commissions includes brokerage costs, which the company accrues from 1 January 2018. Description in the amendments to IFRS 15, section "Significant accounting estimates"

3) Other revenues

Item	31.12.2019	31.12.2018
Other revenues	9 917	22 918

4) General administrative costs

Item	31.12.2019	31.12.2018
General administration costs	(3 637 318)	(3 735 796)

General administrative costs consist of personnel costs, depreciation of assets and operating costs of the company.

5) Personnel costs

The item Personnel costs in the amount of EUR 2,004,783 represents wage costs, a more detailed breakdown of which is provided in the following table:

Item	31.12.2019	31.12.2018
Payroll costs and agreements	(1 182 089)	(1 183 495)
Remuneration of members of the Board of Directors	(115 104)	(156 294)
Remuneration of members of the Supervisory Board	(88 403)	(95 215)
Social security costs	(461 190)	(469 225)
Training of employees	(24 627)	(20 125)
Contribution for meal vouchers	(31 828)	(29 613)
Contribution for CPS	(69 157)	(61 636)
Sick day recompenses	(1 132)	(2 082)
Other social costs	(2 755)	(910)
Mandatory creation of the Social Fund	(10 190)	(9 266)
Severance	(18 308)	(22 287)
Total:	**(2 004 783)**	**(2 050 148)**

6) Depreciations of tangible and intangible assets

Položka	31.12.2019	31.12.2018
Depreciations of tangible fixed assets	(164 625)	(61 083)
Depreciations of intangible fixed assets	(41 532)	(27 525)
Total:	**(206 157)**	**(88 608)**

The increase in depreciation is caused by the adoption of the new IFRS 16 standard, described in part B1 p. 15 of these notes.

7) Other costs

Item	31.12.2019	31.12.2018
Material consumption	(179 581)	(161 542)
Services (purchased performance) of which:	(1 187 946)	(1 329 819)
x costs of technical provisioning	(263 620)	(299 084)
x rent	(70 852)	(170 514)
x closing review	(31 700)	(25 927)
x other confirming auditor services	(6 360)	(10 047)
x tax advice	(0)	(0)
x other non-auditor services	(0)	(0)
x legal services and counseling	(24 934)	(14 452)
Other taxes and fees	(12 854)	(9 241)
Property insurance	(7 861)	(7 476)
Creating long-term provisions for loyalty program	(9 018)	(64 926)
Other operating costs	(31 534)	(24 036)
Total:	**(1 428 794)**	**(1 597 040)**

Costs for audit services are costs for the verification of individual financial statements as of 31 December 2019 also represent other verification services (related to the merger of companies):

Independent accountant's report on the factual findings in connection with the merger of STABILITA, d.d.s., a.s. and STABILITA Servis, s.r.o.

8) Income tax

Structure of income tax payable and deferred as of 31 December 2019:

Item	31.12.2019	31.12.2018
Income tax - tax payable	(167 084)	(176 242)
Income tax - deferred tax	(7 580)	42 968
Total:	**(174 664)**	**(133 274)**

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.

9) Profit per share

The indicator provides information on the relative performance of the company, gives a ratio of data on the amount of profit after tax and the number of shares per this result.

Item	31.12.2019	31.12.2018
Profit after tax	550 264	490 607
Number of shares	50 000	50 000
Basic earnings per share	**11,01**	**9,81**

	2019		2018	
	Tax base EUR	Tax EUR	Tax base EUR	Tax EUR
Profit/loss before tax	724 928		623 881	
Of which theoretical tax	21 %	152 235	21 %	131 015
Permanent differences increasing the tax base	70 711	14 849	42 414	8 907
Permanent differences decreasing the tax base	0	0	-31 657	-6 648
The impact of the change in tax rate	0	0	0	0
Other	0	0	0	0
Redemption of losses	0	0	0	0
	795 639	**167 084**	**634 638**	**133 274**
Tax payable		(167 084)		(176 241)
Tax deferred		(7 580)		42 968
Total reported tax		**(174 664)**		**(133 274)**

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.

E) Overview of contingent assets and liabilities

Receivables from future credits, loans, and guaranties

- as of 31/ 12/ 2019 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/.2019 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/ 2019 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/ 2019 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. Key management remuneration amount for the year 2019 is shown on page 28, point 5) Staff costs.

As of 31 December 2019, the Company holds the share capital of STABILITA Servis, s.r.o., in the amount of EUR 203,319. 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. As of the record date, January 1, 2020, the company merges the subsidiary STABILITA Servis, s.r.o. and becomes its legal successor.

The structure of assets in relation to related parties:

Item	31.12.2019	31.12.2018
Shares in the registered capital of the subsidiary (1)	203 319	203 323
Pôžička dcérskej spoločnosti	153 125	56 250

The structure of equity in relation to related parties:

Item	31.12.2019	31.12.2018
Other capital funds	36 513	36 513

Summary of transactions of the complementary pension company to a related party as of 31/12/2019:

Item	31.12.2019	31.12.2018
Rental of software from subsidiary STABILITA Servis	(263 620)	(299 084)

G) Capital adequacy

For purposes of capital management company defines regulatory capital. Regulatory capital is the 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 of 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	31.12.2019	31.12.2018
Own resources of the company	x	x
Basic own resources	9 114 152	8 623 909
Additional own resources	0	0
Deductible items	197 348	152 299
Own resources total	**8 916 804**	**8 471 610**
Indicators of adequacy of own resources		
Own resources limit § 33 Par. 3 lett. a) Act on CPC	1 750 795	1 728 098
Own resources limit § 33 Par. 3 lett. b) Act on CPC	954 933	1 055 432
Own resources are adequate	**áno**	**áno**

H) Risk management

As of 31 December 2019, the Company had all the funds deposited in the current account with the depositary. 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 depositary, 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 2019.

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. 12. 2019

Assets	0-1 month	1-3 months	3 m.-1 year	1-5 years	over 5 years	Undefined	Total:
Intangible fixed assets	-	-	-	-	-	197 348	197 348
Tangible fixed assets	-	-	-	-	-	951 871	951 871
Provision costs for current contracts	13 487	26 973	121 380	1 072 641	2 019 963	-	3 254 444
Investments in affiliated companies	153 125	-	-	-	-	203 319	356 444
Deferred income tax	-	-	-	-	-	177 314	177 314
Cash and monetary equivalents	2 345 126	-	-	-	-	-	2 345 126
Bank receivables	-	-	3 502 794	-	-	-	3 502 794
Receivables from clients	379 899	-	-	-	-	-	379 899
Tax receivables	-	9 158	-	-	-	-	9 158
Other short-term assets	-	44 802	-	-	-	-	44 802
Total:	**2 891 637**	**53 960**	**3 624 174**	**-**	**-**	**1 529 852**	**11 219 200**

Company assets and their liquidity position as of 31. 12. 2018

Assets	0-1 month	1-3 months	3 m.-1 year	1-5 years	over 5 years	Undefined	Total:
Intangible fixed assets	-	-	-	-	-	152 299	152 299
Tangible fixed assets	-	-	-	-	-	103 309	103 309
Provision costs for current contracts	9 821	19 642	88 389	824 298	1 857 749	-	2 799 899
Investments in affiliated companies	6 250	-	18 750	31 250	-	203 323	259 573
Deferred income tax	-	-	-	-	-	184 894	184 894
Tax receivables	-	-	-	-	-	-	-
Cash and monetary equivalents	2 604 199	-	-	-	-	-	2 604 199
Bank receivables	-	-	3 508 852	-	-	-	3 508 852
Receivables from clients	360 699	-	-	-	-	-	360 699
Other short-term assets	-	46 632	-	-	-	-	46 632
Total:	**2 980 969**	**66 274**	**3 615 991**	**855 548**	**1 857 749**	**643 825**	**10 020 356**

Company liabilities and their liquidity position as of 31. 12. 2019

Liabilities	0-1 month	1-3 months	3 m.-1 year	1-5 years	over 5 years	Undefined	Total:
Trade liabilities	67 096	-	-	-	-	-	67 096
Provisions and other liabilities	-	-	-	-	822 091	-	822 091
Income tax	449 156	-	132 820	-	-	594 472	1 176 448
Subscribed capital	-	-	-	-	-	-	0
Funds created from profit	-	-	-	-	-	1 660 000	1 660 000
Other capital funds	-	-	-	-	-	832 000	832 000
Valuation difference to subs. Com		-	-	-	-	36 513	36 513
Retained earnings	-	-	-	-	-	4 148	4 148
Deffered ON on active contracts	-	-	-	-	-	3 751 364	3 751 364
Profit from current account, period	-	-	-	-	-	2 319 277	2 319 277
Total:	-	-	-	-	-	550 264	550 264
Spolu:	**516 252**	**-**	**132 820**	**-**	**822 091**	**9 748 037**	**11 219 200**

Company liabilities and their liquidity position as of 31. 12. 2018

Liabilities	0-1 month	1-3 months	3 m.-1 year	1-5 years	over 5 years	Undefined	Total:
Trade liabilities	90 203	-	-	-	-	-	90 203
Provisions and other liabilities	256 950	17 388	299 582	-	-	624 375	1 198 295
Income tax	-	107 949	-	-	-	-	107 949
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds	-	-	-	-	-	36 513	36 513
Valuation difference to subs. Com	-	-	-	-	-	4 148	4 148
Retained earnings	-	-	-	-	-	3 281 364	3 281 364
Deffered ON on active contracts	-	-	-	-	-	2 319 277	2 319 277
Profit from current account, period	-	-	-	-	-	490 607	490 607
Total:	**347 153**	**125 337**	**299 582**	**-**	**-**	**9 248 284**	**10 020 356**

I) Information on subsequent event

On January 1, 2020, Stabilita, d.d.s., a.s. and the subsidiary Stabilita Servis, s.r.o. merged.

Impact of Covid-19

The rapid development of the Covid-19 virus and its social and economic impact in Slovakia and the world may lead to a revision of the predictions and estimates used in determining the fair value of financial assets as of 31 December 2019, which may have a significant impact on financial performance to be reported during the financial year 2020.

- **Impact on the generated income for fund management (management company)**

There is a degree of uncertainty as to the level of fund management returns to be achieved in 2020 by an asset manager that manages mutual funds (open-ended funds) based on the value of the managed NAV, as it may decline due to current market developments. From 1 January 2020 to the date of issue of these financial statement, the company has recorded a decrease in income from fund management of up to one percent compared to the plan. Historically, mutual fund management income represents the highest percentage of the company's recurring income (AM).

- **Impact of declining prices of listed financial assets traded in an active market (funds managed by AM)**

The management of the company observes a decrease in the fair value of financial assets classified as level 1-2 (traded in an active market) based on information available as of 23 March 2020:

Stabilita contributory fund

In the case of financial assets measured by means of profit and loss (bonds and mutual funds) with a fair value (NAV) of 312 mil. EUR as of 31 December 2019, the company recorded a decrease of 11.4% in the amount of 35.6 mil. EUR as of 23 March 2020.

The composition of the portfolio as of 31 December 2019 (level 1.2 financial assets) is:

179 mil. EUR bonds

124 mil. EUR ETF

The fund's significant exposure at 1.73%, as of 31 December 2019, is followed by a government bond of 15% in the corporate sector. As discussed below, the financial markets were highly volatile until the date of the balance sheet and affected all sectors of activity.

At this stage, the management is unable to predict a reliable impact on the fair value of financial assets classified as level 1.2 for any future period. The fair value of these assets as of 31 December 2019 is EUR 312 million (financial assets measured through the statement of income and loss).

Stabilita equity contributory fund

In the case of financial assets measured through profit or loss (bonds and mutual funds) with a fair value (NAV) of 27.6 mil. as of 31 December 2019, the company recorded a decrease of 19% in the amount of 5.3 mil. EUR as of 23 March 2020.

The composition of the portfolio as of 31 December 2019 (level 1.2 financial assets) is:

6.5 mil. EUR bonds

18.2 mil. EUR ETF

The fund's significant exposure at 1.70%, as of 31 December 2019, is followed by a 18% bank bond in the corporate sector. As discussed below, the financial markets were highly volatile until the date of the balance sheet and affected all sectors of activity.

At this stage, the management is unable to predict a reliable impact on the fair value of financial assets classified as level 1.2 for any future period. The fair value of these assets as of 31 December 2019 is EUR 27.6 million (financial assets measured through the statement of income and loss).

Stabilita payout fund

In the case of financial assets valued by means of profit and loss (bonds and mutual funds) with a fair value (NAV) of 25.9 mil. as of December 31, 2019, the company recorded a decrease of 6.9% in the amount of EUR 1.8 million as of March 23, 2020.

The composition of the portfolio as of 31 December 2019 (level 1.2 financial assets) is:

15.5 mil. EUR bonds

8.2 mil. EUR ETF

2.4 mil. EUR cash deposits

The fund's significant exposure at 1.79%, as of 31 December 2019, is followed by a 12% bank bond in the corporate sector. As discussed below, the financial markets were highly volatile until the date of the balance sheet and affected all sectors of activity.

At this stage, the management is unable to predict a reliable impact on the fair value of financial assets classified as level 1.2 for any future period. The fair value of these assets as of 31 December 2019 is EUR 25.9 million (financial assets measured through the statement of income and loss).

On average for all funds, the NAV decreased by 42.7 mil. EUR on the total NAV managed in 3 mutual funds by 365.5 mil. EUR (as of 31/12/2019), i.e. by 11.7%.

Going concern

Although the current situation may affect the transactions, cash flows and profitability of the company and its mutual funds, the company's management confirms that the company has a stable financial position and will meet its payment obligations in a timely manner.

As a result, the company has assessed that, on the date of the financial statement, there are no significant doubts about the entity's ability to continue as a going concern. Given the development of the current situation, the company's management has assessed the company's liquidity for a period of 12 months after the financial statement date and considers it to be sound and does not assume any risk with regard to the continuation of operations. In addition, due to the fact that the company, through its mutual funds, holds more than 90% of Level 1 financial assets of its total asset value as of 31 December 2019 (the remaining are Level 2 financial assets, the company and its mutual funds do not own Level 3 financial assets), even in the event of a potential significant economic downtrend, STABILITA is able to continue its activity in the foreseeable future.

Apart from the above, no such events occurred after 31 December 2019 until the date of preparation of the financial statement that would significantly affect the company's assets and liabilities, other than those listed above and which are the result of ordinary activities.

In Košice, 23 March 2020

Ing. Michal Krajčovič, CSc.	**JUDr. Marián Melichárek**	**Ing. Agáta Bachledová**
Chairman of the Board	Vice-Chairman of the Board	Head of Accounting Department

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