Annual Report 2016

VÚB Asset Management správ. spol., a.s.

VÚB Asset Management správ. spol., a. s., Mlynské Nivy 1, P. O. Box 6, 820 04 Bratislava 24
Obchodný register: Okresný súd Bratislava I, Oddiel: Sa, Vložka číslo 2416/B, IČ: 35786272, Kontakt: 0850 123 000, www.vubam.sk

CONTENT

1. Company Details

Business Name: **VÚB Asset Management, správ. spol., a.s.**
Legal Form: Joint-stock company
CRNo.: 35 786 272
Business Register: District Court Bratislava I, Section: Sa, File No.: 2416/B
Registered Office: Mlynské Nivy 1, 820 04 Bratislava 24
Date of Establishment: 17 April 2000

Scope of Business (until 13 December 2016):

- Establishment and management of standard mutual funds and European standard funds,
- Establishment and management of alternative investment funds and foreign alternative investment funds

Scope of Business (from 14 December 2016):

- Establishment and management of standard funds and European standard funds,
- Establishment and management of alternative investment funds and foreign alternative investment funds

Mutual Funds under Management as of 31 December 2016:

- VÚB AM FOND BANKOVÝCH VKLADOV,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM EUROVÝ FOND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM KONZERVATÍVNE PORTFÓLIO,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM ACTIVE BOND FUND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM FLEXIBILNÝ KONZERVATÍVNY FOND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM MAGNIFICA EDÍCIA I,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM MAGNIFICA EDÍCIA II,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM ACTIVE MAGNIFICA,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.
- VÚB AM FLEXIBLE MAGNIFICA FUND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.

- VÚB AM DLHOPISOVÝ KONVERGENTNÝ FOND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.

- VÚB AM DYNAMICKÉ PORTFÓLIO,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.

- VÚB AM VYVÁŽENÝ RASTOVÝ FOND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.

- VÚB AM PRIVÁTNY EUROVÝ FOND,
  open-end mutual fund of VÚB Asset Management, správ. spol., a.s.

Depositary: Všeobecná úverová banka, a. s.
Registered Office: Mlynské Nivy 1, 829 90 Bratislava

Shareholders in 2016 (until 14 December 2016):
50.1% Eurizon Capital S.A.
40.6% Všeobecná úverová banka, a. s.
9.3% Privredna Banka Zagreb, d.d.

Shareholders in 2016 (from 14 December 2016):
100% Eurizon Capital S.A.

Supervisory Board:
Prof. Daniel Gros - chairman (until 11 October 2016)
Prof. Giorgio Di Giorgio - chairman (from 14 November 2016)
Alexander Resch - member
Massimo Mazzini - member
Dinko Lucić - member (until 11 October 2016)
Bruno Alfieri - member (from 14 November 2016)
Doc. Ing. Tomáš Výrost, PhD. - member (from 14 November 2016)

Management Board:
Massimo Torchiana - chairman (until 11 October 2016)
Marco Bus - chairman (from 11 October 2016)
RNDr. Ing. Marian Matušovič, PhD. - member and CEO
Emiliano Laruccia - member
Claudio Marco Malinverno - member
Marco Canton – member

2. Report of Management Board on Company's Activities and Equity in 2016

Market Environment in 2016

In 2016 we witnessed several important global events impacting the development on the financial market. At the beginning of the year economic problems in China caused panic which meant strong drops on all global equity markets. Primarily the situation resulted from the concerns about strengthening US monetary policy. The American Central Bank FED increased interest rates in December in 2015 by 0.25%, whereas further gradual growth of rates was expected next year. The situation on the financial market calmed down in the middle of February 2016 and the FED raised rates only once in December 2016 (by 0.25%).

The other pursued event was a referendum of Great Britain citizens on staying or leaving the European Union held on 23 June 2016. The result of referendum caused an initial shock on the market since generally the opposite result had rather been expected. The main reasons for leaving the European Union were economic reasons and immigration policy. However strong sales of almost all asset classes lasted only a few days and the situation returned fast to normal trading.

A global event that long term attracted the attention of investors was the US presidential election. Voters decided between the Republican nominee Donald Trump and the Democratic nominee Hillary Clinton. The winner of the election became Donald Trump whose potential victory was evaluated by financial market rather negatively before the election. Considering the pre-election preferences the result of the election was a surprise. However no negative development was reported on the market and stock indices began to grow right after the election until the end of the year. The reason of the positive response was the massive fiscal expenses announced and overall support of the American economy.

In 2016 the great attention of financial market concentrated on the implementation of monetary policy of particular central banks. The European Central Bank (ECB) continued in implementing expansionary monetary policy reducing the deposit rate to the level of -0.40% p.a. and the rate for main refinancing operations represented the amount of 0% p.a. During the whole year the ECB implemented the program of purchase of government bonds the so called quantitative easing. The objective of the aforementioned measures was to increase the low inflation in Eurozone and support economic growth.
The opposite situation in the direction of the monetary policy was carried out by the American Central Bank FED. The financial market expected several increases in interest rates in 2016 however the FED adopted a prudent approach and increased rates only once. The objective of such central bank approach was to calm down the situation caused by emerging countries led by China at the beginning of the year and to prevent potential negative mood on markets resulting from several global events. A positive factor is that main macroeconomic parameters in the USA reported positive fundamental results during almost the entire year.

The expansionary monetary policy of some central banks meant the drop in bond yields (growth of their prices). Primarily global bonds reached their history lows in July. The situation changed in the last month of the year, when the planned fiscal incentives in the USA caused the growth of bond yields. Equity markets were doing well in 2016 and reported a growing trend. Investors who put their capital to equity component of portfolio mainly at the beginning of the year made an interesting performance of their investments.

The commodity of crude oil attacking the value of USD 30 per barrel in January 2016 was in centre of great attention and compared to the end of the year the price almost doubled. Moreover this massive growth in oil prices was supported by the meeting of OPEC countries with the aim to agree on the reduction of monthly production.

All these facts had impact on performance of mutual funds managed by VUB Asset Management, správ. spol., a. s., (hereinafter referred to as "VÚB AM").

Market Scenario for 2017

The positive fact is that in 2017 the growth of global economy is expected in a slightly higher pace than in 2016. The centre of great attention will be the anticipated real steps of the American president. Donald Trump advised to implement several measures in order to stimulate American economy (tax reduction, massive fiscal policy etc.), however there are several protectionist measures (e.g. act to tax US imports at the level of corporate income tax). The US economy should grow by approximately 2.2% p.a. however it may be revised by the aforementioned measures. An important factor will be the next direction of monetary policy of the FED and confirmation of the expected further growth of interest rates.

The main issue of the financial market in Europe will be elections in particular countries (in March in the Netherlands, in April in France and in autumn in Germany). The expansionary monetary policy of the ECB could be an encouragement for Eurozone. The growth of economy in Europe is expected at the level of approximately 1.4% p.a. Brexit and also real steps related to the withdrawal from the EU will not be a negligible factor influencing the further development.

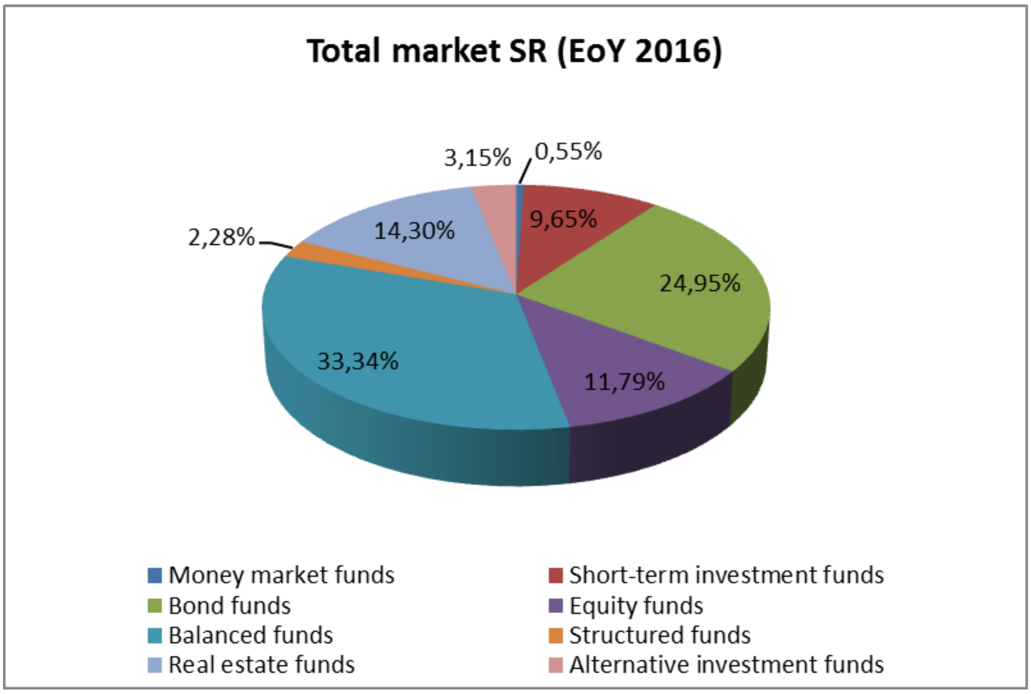
The expectations related to emerging countries are slightly better comparing to previous years. The increasing prices of commodities and thus growth of revenues of particular countries should help their economic situations. In China the attention will be primarily focusing on continuous fiscal incentives, exchange rate and indebtedness of the country. The key factor that may negatively influence the development of economies of those markets will be the tightening of monetary policy too fast by the FED.

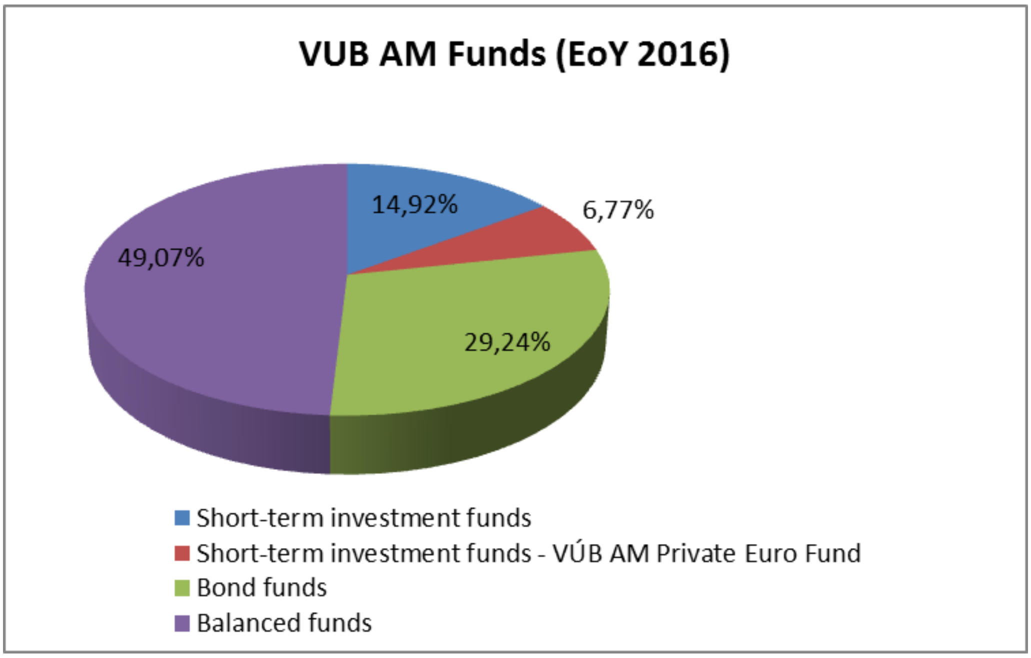
The growth of long-term rates on financial market should continue however the standardisation rate should be moderate in order not to damage particular economies. The government bonds (USA and Germany) have a generally negative market outlook; on the other hand a slight positive outlook is expected from government bonds of peripheral Eurozone countries. Equity markets should be supported by the improving global economic growth and the incentive measures expected in the USA. Oil prices should oscillate in broader price range as it was seen at the end of 2016.

Market of Collective Investment in Slovakia

Based on the data published by the Slovak Association of Asset Management Companies (SASS) as of 31 December, 2016 the net value of assets in mutual funds, funds of institutional investors and portfolios under management amounted to EUR 7,959.7 mil., thus representing increase by 4.64% compared to the end of 2015. Out of the total volume under management the open-end mutual funds amounted to EUR 7,264.9 mil.

As in previous year, the mixed funds made the largest market share (33.34%) also in 2016. The bond funds (24.95%) and real estate funds (14.30%) followed. Equity funds represented the fourth highest market share (11.79%), and the short-term investments had 9.65% market share.





Source : SASS; data as of 31 December 2016

Loose monetary policy of central banks resulted in negative net sales in money market funds (EUR -24 mil.) and short-term investments (EUR -164 mil.). This situation was not only caused by negative performance of the above funds last year but also by very low potential for positive performance in the upcoming period. The mixed funds booked the highest positive net sales (EUR +142 mil.), with bond funds (EUR +110 mil.) and real estate funds (EUR +95 mil.) coming next. The total net sales of the opened mutual funds amounted to EUR +286 mil.

Position of VÚB Asset Management, správ. spol., a.s., in the Slovak market of collective investment.

Taking into account the indicators such as market share, ranking of the top three asset management companies, no changes have been recorded in 2016. With its market share of 21.63% and assets under management amounting to EUR 1,571.57 mil. (end of 2016), VUB AM defended its second place. Compared to the end of 2015, the assets under management increased by 2.6%.

Company	AUM 31/12/15 (EUR mln.)	AUM 31/12/16 (EUR mln.)	AUM change YTD	Market Share 31/12/15	Market Share 31/12/2016	Market Share change YTD
TAM (Reiffeisen)	2 052,89	1 934,36	-5,8%	29,65%	26,63%	-3,02%
VÚB AM (ISP)	**1 532,17**	**1 571,57**	**2,6%**	**22,13%**	**21,63%**	**-0,50%**
AM SLSP (Erste)	1 085,22	1 130,60	4,2%	15,68%	15,56%	-0,12%
PP	748,10	905,49	21,0%	10,81%	12,46%	1,65%
KBC	370,98	368,86	-0,6%	5,36%	5,08%	-0,28%
Pioneer Investments	300,95	420,72	39,8%	4,35%	5,79%	1,44%
IAD Investments	231,94	292,84	26,3%	3,35%	4,03%	0,68%
ESPA (Erste)	203,60	207,97	2,1%	2,94%	2,86%	-0,08%
AXA	149,70	167,82	12,1%	2,16%	2,31%	0,15%
Others	247,61	264,71	6,9%	3,58%	3,64%	0,06%
Total	**6 923,16**	**7 264,94**	**4,9%**	**100%**	**100%**	

Source : SASS; data as of 31 December 2016

TOP 10 Funds in Slovakia 2016	SASS Category	Net Sales 2016 (EUR)
TAM - Dynamický dlhopisový fond	Bond	113 850 321,95
PP - NÁŠ PRVÝ REALITNÝ š.p.f.	Real estate	76 056 528,90
J&T BOND EUR zmiešaný o.p.f.	Alternative Investments	73 108 315,81
VÚB AM - Flexibilný Konzervatívny fond	**Mixed**	**65 127 356,60**
VÚB AM - Magnifica Edícia II	**Mixed**	**56 277 156,91**
TAM - Private Growth 1	Mixed	39 061 662,78
VÚB AM - Magnifica Edícia I	**Mixed**	**33 647 847,56**
IAD - Prvý realitný fond	Real estate	26 725 405,72
SPORO ŠIP Klasik, o.p.f.	Mixed	21 731 953,33
SPORO Aktívne portfólio, o.p.f.	Mixed	21 495 061,77

Source : SASS; data as of 31 December 2016

Open-End Mutual Funds of VUB AM and Sales Support

Our company managed 13 open-end mutual funds during the year, one of which was designed for clients of VUB private banking. The funds of short-term investments include VÚB AM Fond Bankových Vkladov (FBV) and VÚB AM Privátny Eurový Fond (PEF), while the former is intended for retail clients and the latter is for private banking clients. The category of bond funds includes VÚB AM Eurový fond (EF), VÚB AM Active Bond fund (ABF) and VÚB AM Dlhopisový Konvergentný fond (DKG). Eight funds are from the category of mixed funds, and they are designed for the retail segment. It refers to VÚB AM Vyvážený Rastový fond (VRF), VÚB AM Konzervatívne Portfólio (KOP), VÚB

AM Dynamické Portfólio (DOP), VÚB AM Flexible Magnifica fund (FMG), VÚB AM Active Magnifica (AMG), VÚB AM Flexibilný Konzervatívny fond (FLK), VÚB AM Magnifica Edícia I (ME1) and VÚB AM Magnifica Edícia II (ME2).

For more details on the individual mutual funds, including all statutory documents, check: www.vubam.sk

In order to expand its product range, VÚB AM added two new funds into the portfolio: VÚB AM Magnifica Edícia I and VÚB AM Magnifica Edícia II. Total clients´ investments in VÚB AM Magnifica Edícia I amounted to EUR 33.6 mil. and those in VÚB AM Magnifica Edícia II EUR 56.3 mil.

As of the end of 2016 the profit generated by VUB AM was EUR 7.82 mil., while the cost income ratio stood at 51%. Operating expenses to average AUM represented 15.5 basis points. For more details refer to Annexe attached hereto.

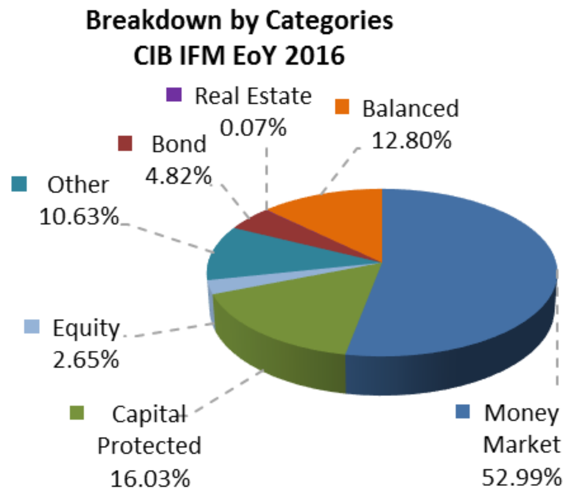
CIB Investment Fund Management Ltd. (Hungary)

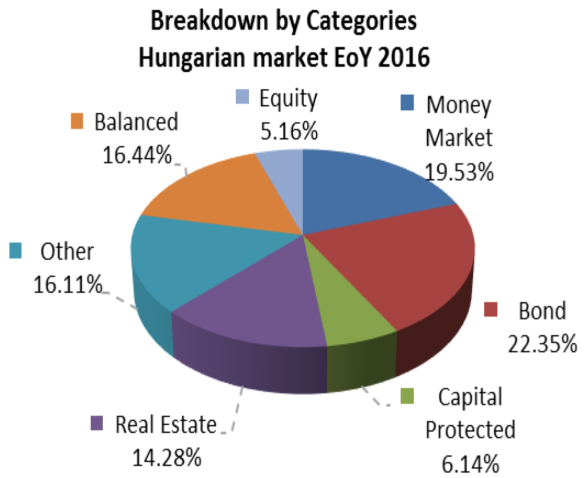
The year 2016 was characterized by challenging market environment described above, with regard to both fund management and asset management operations. The 1 203,42 mln EUR in assets managed by the CIB Investment Fund Management Ltd. (hereinafter, the "CIBIFMCo") in investment funds on 1 January 2016 had increased up to 1 324,65 mln EUR by 31 December 2016.
The overall Hungarian investment fund market mirrored weaker than trend observed at the CIBIFMCo, with 18 270,56 mln EUR in managed assets at the beginning of the year increasing to 18 660,51 mln EUR by the end of December 2016, while at the same time the CIBIFMCo's market share increased from 6.59% up to 7.10%.

Company		AUM	AUM	AUM change YTD	Market share	Market share	Market share
31/12/2015	31/12/2016	31/12/15 (mln. EUR)	31/12/16 (mln.EUR)		31/12/15 (%)	31/12/16 (%)	change YTD
OTP	OTP	3 845,06	3 706,24	-3,61%	21,05%	19,86%	-1,18%
K&H	ERSTE	3 199,68	2 993,40	-6,45%	17,51%	16,04%	-1,47%
Erste	K&H	2 853,96	2 598,24	-8,96%	15,62%	13,92%	-1,70%
CONCORDE	CONCORDE	1 516,13	1 584,22	4,49%	8,30%	8,49%	0,19%
BB GE Capital	BB GE Capital	1 503,80	1 538,36	2,30%	8,23%	8,24%	0,01%
CIB IFM	**CIB IFM**	**1 203,42**	**1 324,65**	**10,07%**	**6,59%**	**7,10%**	**0,51%**
AEGON	AEGON	865,23	870,03	0,56%	4,74%	4,66%	-0,07%
MKB	MKB	686,36	812,71	18,41%	3,76%	4,36%	0,60%
Pioneer	Raiffeisen	617,76	442,7	-28,34%	3,38%	2,37%	-1,01%
Raiffeisen	Pioneer	526,01	405,37	-22,94%	2,88%	2,17%	-0,71%
Market total		**18 270,56**	**18 660,51**				

Data source: Hungarian Funds Association; as of December 31, 2016

At the beginning of the year the range of investment fund products consisted of 34 public and 2 private investment funds, which grew by 8 newly launched and decreased by 3 expired public investment funds by the end of the year.
In term of asset mix, the CIBIFMCo is heavily overweighed in the liquidity fund category and better than the market in fixed term, capital protected funds category.





Data source: Hungarian Funds Association; as of December 31, 2016

As a consequence of the processes described above, the CIBIFMCo's generated high net profit of 3.67 mln EUR, 6% above budget and equal vs EoY 2015. CIBIFMCo's efficiency position remained excellent with cost-income ratio of 23%, vs 25.66% in EoY 2015. Operating expenses to average AUM represented 10.8 basis points.

PBZ Invest (Croatia)

Croatian fund market grew in 2016 by 625 mln EUR (+34,43%) out of which PBZ Invest participated with 135 mln EUR and represents 22% of market's annual growth. PBZ Invest reached the level of 584 mln EUR (+30,12%) as of EoY2016 and became the second biggest Asset management company in Croatia in terms of AuM in UCITS funds.

PBZ Invest was the leader on the market until December 2016, despite strong AuM improvement during year. Market share dropped by 0,79% on annual basis mainly thanks to stronger AuM improvement by main competitors.

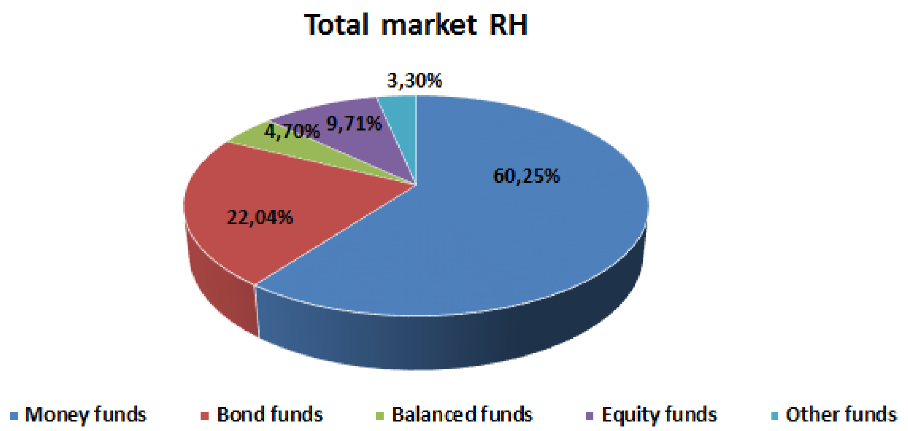
Company	AUM 31/12/15 (mln. EUR)	AUM 31/12/16 (mln.EUR)	AUM change YTD	Market share 31/12/15 (%)	Market share 31/12/16 (%)	Market share change YTD
PBZ Invest	**449,00**	**584,20**	**30,12%**	**24,74%**	**23,94%**	**-0,79%**
ZB Invest	434,40	621,50	43,06%	23,94%	25,47%	1,54%
Erste Invest	363,70	539,20	48,25%	20,04%	22,10%	2,06%
RBA Invest	189,90	221,20	16,49%	10,46%	9,07%	-1,40%
HPB Invest	55,20	102,30	85,43%	3,04%	4,19%	1,15%
OTP Unvest	77,70	101,10	30,16%	4,28%	4,14%	-0,14%
Intercapital AM	72,50	88,5	22,16%	3,99%	3,63%	-0,36%
Addiko Invest	55,20	45,9	-16,79%	3,04%	1,88%	-1,16%
Other	117,60	136,10	15,74%	6,48%	5,58%	-0,90%
Market total	**1 815,00**	**2 440,00**	34,43%			

Data source: Croatian Financial Services Supervisory Agency (HANFA – CFSSA); as of 31 December 2016

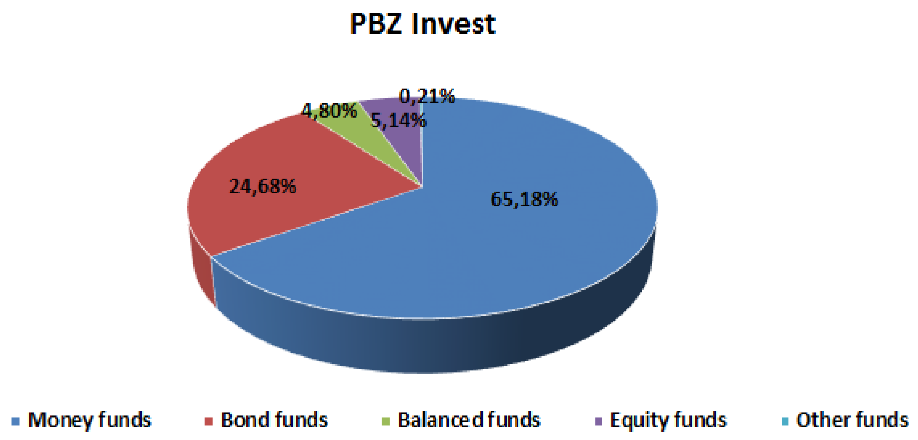
The company manages with 11 mutual funds and managed accounts. Two bond funds with maturity was launched during 2016., both of them denominated in USD (PBZ Dollar Bond fund and PBZ Dollar Bond fund 2). Managed accounts were upgraded offering new investment models within existing strategies.

Bestselling funds in 2016 were PBZ Bond fund (+48,3 mln EUR), PBZ Novčani fund (+25,6 mln EUR) and PBZ Conservative 10 fund (+17,7 mln EUR). Total number of clients in the company's funds increased by 8 983 (15,53%), to 72 167, all of which are retail clients and as of EoY2016 they represent 99,59% of total number of clients.

In terms of asset mix in RH market at the EoY2016, PBZ Invest managed with 65,18% of AuM in money market funds (+4,93% above market), 24,68% in bond funds (2,64% above market), 5,14% in equity funds, 4,80% in balanced fund and 0,21% in other – flexible fund.



Data source: Croatian Financial Services Supervisory Agency (HANFA – CFSSA); as of 31 December 2016



Flexible" is the PBZ Flexible 30 fund which is one of the "Other" funds in total market RH
Data source: Croatian Financial Services Supervisory Agency (HANFA – CFSSA); as of 31 December 2016

In terms of market ranking of products performance, PBZ Invest ranked 2nd in Euro money market, 2nd in bond, 3rd in balanced category, 3rd in equity category and 2th in HRK money market. Best performing PBZ Invest funds in 2016 were PBZ Equity fund (14,03%), PBZ Global fund (7,98%) and PBZ Conservative 10 fund (6,36%).

According to the International Financial Reporting Standards as adopted by the EU, PBZ Invest posted in 2016 a net profit of 1 mln EUR, cost-income ratio of 53%. Operating expenses to average AUM represented 26.5 basis points.

The Main Objectives of HUB for 2017

- Continue with the cooperation, coordination and sharing of best practices in joint projects between Eurizon Capital, Intesa Sanpaolo Bank, HUB companies and main distributors - VÚB Bank, CIB Bank and PBZ Bank.

- Focus on the quality of sales primarily through trainings and workshops for the branch network, as well as increased diversification of the client portfolio.

- Support further savings in funds through marketing and other sale support activities.

- Focus to implementation of MIFID II and new service model based of investment advisory.

- Continue with Magnifica Edicia product line. In the event of changes in the market respond flexibly by adjusting the product range.

The Management Board shall submit the following proposal for distribution of profit for 2016 at the General Meeting:

In thousands of EUR	2016
Dividends paid out to shareholders	0
Allocation to Statutory Reserved Fund	0
Allocation to retained profit	7 819
	7 819

Annexes

Appendix to Independent Auditor's Report, regarding Annual Report

Individual Financial Statements and Independent Auditor's Report for year ended 31 December 2016

Appendix to Independent Auditor´s Report on Annual Report

under Section 27, par. 6 of Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended ("Act on Statutory Audit")

To the shareholder, the Supervisory Board, the Management Board of the company VUB Asset Management, sprav. spol., a.s.

We have audited the financial statements of the company, VUB Asset Management, sprav. spol., a.s. (The " Company" ") as of 31st December 2016, presented in the Appendix to the Annual report. We have issued the independent auditor ´s report on the financial statements on 6th February 2017.

Auditor´s report on financial statements

The Opinion

We have audited the financial statements of the company, VUB Asset Management, sprav. spol., a. s. ("The Company "), which comprise the statement of the financial position as at 31st December 2016, the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and accounting methods.

In our opinion, the presented financial statements give a true and fair view of the financial position of the Company as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

A Basis of our Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under such standards is set out in section on Auditor´s Responsibility for Audit of Financial Statements, as amended. We are independent of the Company under the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended ("Act on Statutory Audit"), regarding ethics, including the Code of Ethics for auditors, relevant for the audit of financial statements. We have also met the other requirements for such provisions, regarding the ethics. We believe that the audit evidence we have obtained is sufficient and appropriate basis for our opinion.

Statutory Body´s Responsibility for the Financial Statements

The statutory body is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material statement, whether due to fraud or error.

When preparing financial statements, the Statutory body is responsible for assessing the ability of the Company to carry on business as a going concern, for the description of facts, regarding the going concern, if necessary, and for using assumptions of going concern accounting, unless the Statutory body has intended to wind-up the Company or terminate its activities or it would not have any other realistic option but to do so.

Auditor´s responsibility for audit of financial statements

Our responsibility is to obtain reasonable assurance, whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue the auditor's report, including the opinion. The reasonable assurance is a high-level assurance, however, it does not guarantee that the audit conducted in accordance with International Auditing Standards always reveals significant irregularities, if any. The mis-statements may arise from fraud or error, and they are considered significant if it might be reasonably expected they may influence economic decisions of users, taken on the basis of such financial statements, either individually or as a whole.

Within the audit conducted in accordance with International Auditing Standards, we apply the professional judgment and maintain professional scepticism during the overall audit. In addition:

- We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, design and implement audit procedures appropriate to those risks and receive the audit evidence, which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk due to an error because fraud may involve collusion, forgery, deliberate omission, false declarations or circumvention of internal controls.

- We get acquainted with the internal control relevant to the audit, to be able to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting policies and accounting estimates and information related thereto made by the statutory body.

- We make a conclusion, whether the Statutory body properly uses the assumption of a going concern in the accounting and on the basis of the audit evidence we arrive at the conclusion, whether there is a significant uncertainty related to events or circumstances that might significantly challenge the ability of the Company to continue as a going concern. If we arrive at the conclusion that there are significant uncertainties, we are obliged to draw attention to related information in the financial statements in our report or if the information is insufficient to modify our opinion. Our conclusions are based on the audit evidence obtained until the date of the issue of our report. However, future events or circumstances may cause that the Company will cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the information referred to therein, as well as whether the financial statements capture the underlying transactions and events in the manner that leads to their true presentation.

6th February 2017
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Černáková
License UDVA No. 1120

Report on additional requirements of laws and other legal regulations

Report on information presented in the annual report

The Statutory body is responsible for the information, contained in the annual report, prepared in accordance with the requirements of Act No. 431/2002 Coll. on Accounting, as later amended (" Act on Accounting "). Our opinion, set forth above, does not apply to other information in the annual report.

In regard to the audit of the financial statements, it is our responsibility to get acquainted with information, presented in the annual report and pass the judgement, whether such information is not in the significant incompatibility with the audited financial statements or our knowledge that we obtained during the audit of the financial statements, or they appear to be significantly wrong otherwise.

We judged, whether the annual report of the Company contains information, as required by Act on Accounting.

Based on works conducted during the audit of the financial statements, in our opinion:

- Information presented in the annual report prepared for the year 2016 is in accordance with the financial statements for the given year,

- the annual report contains information under Act on Accounting

In addition, based on our knowledge of the accounting unit and the situation therein, which we have obtained during the audit of the financial statements, we are obliged to state, whether we have found out material misstatements in the annual report, which we received prior to the date of issue of this auditor's report. In this context, there are no findings, which should be mentioned.

20th February 2017
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Černáková
License UDVA No. 1120

Separate financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and Independent auditors' report for the year ended 31 December 2016

VÚB ASSET MANAGEMENT

Contents

KPMG Slovensko spol. s r.o.
Dvořákovo nábrežie 10
P.O.Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 (0)2 59 98 41 11
Fax +421 (0)2 59 98 42 22
Internet www.kpmg.sk

Translation of the Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Shareholder, Supervisory Board and Board of Directors of VÚB Asset Management, správ. spol., a. s.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VÚB Asset Management, správ. spol., a. s. ("the Company"), which comprise the statement of financial position as at 31 December 2016, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Statutory Body for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

KPMG

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting"). Our opinion on the financial statements, mentioned above, does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report was not available to us as of the date of this auditors' report.

When we obtain the Annual Report, we will consider whether it includes the disclosures required by the Act on Accounting, and, based on the work undertaken in the course of the audit of the financial statements, we will express an opinion as to whether:

- the information given in the Annual Report for the year 2016 is consistent with the financial statements prepared for the same financial year; and

- the Annual Report contains information according to the Act on Accounting.

In addition, we will report whether we have identified any material misstatement in the Annual Report in light of the knowledge and understanding of the accounting entity and its environment that we have acquired during the course of the audit of the financial statements.

6 February 2017
Bratislava, Slovak Republic

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Čerňáková
License UDVA No. 1120

VÚB ASSET MANAGEMENT

Separate statement of financial position at 31 December 2016

in thousands of euro	Note	2016	2015
Assets			
Due from banks	3	691	2,433
Financial assets at fair value through profit or loss	4	8,677	11,732
Subsidiaries	5	2,938	2,938
Receivables from funds	6	1,775	1,307
Current income tax receivable		483	-
Intangible assets	7	161	118
Property and equipment	8	30	46
Deferred income tax asset	9	360	480
Other assets	10	54	53
		15,169	19,107
Liabilities			
Current income tax liability		-	429
Accrued expenses	11	1,525	1,119
Other liabilities	12	408	1,400
		1,933	2,948
Equity			
Share capital	13	4,094	4,094
Share premium	13	38,438	38,438
Legal reserve fund	13	819	819
Other funds	13	(37,934)	(37,934)
Retained earnings		-	3,784
Net profit for the year		7,819	6,958
		13,236	16,159
		15,169	19,107

The accompanying notes on pages 9 to 39 form an integral part of these financial statements.

These financial statements were authorised for issue by the Management Board on 7 February 2017.

RNDr. Ing. Marian Matušovič PhD.
Member of the Management Board

Marco Canton
Member of the Management Board

Separate statement of profit or loss and other comprehensive income
for the year ended 31 December 2016

in thousands of euro	Note	2016	2015
Interest and similar income	15	-	1
Fee and commission income	16	14,815	15,009
Fee and commission expense	17	(10,042)	(10,672)
Net fee and commission income		4,773	4,337
Dividend income	5	6,099	5,509
Net (loss)/income from trading	18	(10)	30
Other income		23	13
Personnel expenses	19	(1,222)	(1,393)
Other operating expenses	20	(1,266)	(1,082)
Amortisation of intangible assets	7	(26)	(18)
Depreciation of property and equipment	8	(21)	(18)
Operating expenses		(2,535)	(2,511)
Profit before tax		8,350	7,379
Income tax expense	9	(531)	(421)
Net profit for the year		7,819	6,958
Basic and diluted earnings per share	13	6.36	5.64

Net profit for the year equals comprehensive income.

The accompanying notes on pages 9 to 39 form an integral part of these financial statements.

Separate statement of changes in equity for the year ended 31 December 2016

in thousands of euro	Share capital	Share premium	Legal reserve fund	Other funds	Retained earnings	Total
1 January 2015	4,094	38,438	415	(37,934)	9,764	14,777
Transfer to legal reserve fund	-	-	404	-	(404)	-
Transactions with shareholders						
Dividends	-	-	-	-	(5,576)	(5,576)
Net profit for the year (comprehensive income)	-	-	-	-	6,958	6,958
31 December 2015	4,094	38,438	819	(37,934)	10,742	16,159
1 January 2016	4,094	38,438	819	(37,934)	10,742	16,159
Transfer to legal reserve fund	-	-	-	-	-	-
Transactions with shareholders						
Dividends	-	-	-	-	(10,742)	(10,742)
Net profit for the year (comprehensive income)	-	-	-	-	7,819	7,819
31 December 2016	4,094	38,438	819	(37,934)	7,819	13,236

The accompanying notes on pages 9 to 39 form an integral part of these financial statements.

Separate statement of cash flows for the year ended 31 December 2016

in thousands of euro	**Note**	**2016**	**2015**
Cash flows from operating activities			
Profit before tax		8,350	7,379
Adjustments for:			
Depreciation of property and equipment		21	18
Amortisation of intangible assets		26	18
Interest and similar income		-	(1)
Dividend income		(6,099)	(5,509)
Unrealised loss/(income) from trading		10	(30)
Operating profit before changes in working capital		2,308	1,875
Changes in financial assets at fair value through profit or loss		3,045	(987)
Changes in receivables from funds		(468)	(95)
Changes in other assets		(1)	(18)
Changes in other liabilities and accrued expenses		(586)	1,132
Tax paid		(1,323)	(545)
Net cash from operating activities		2,975	1,362
Cash flows from investing activities			
Interest received		-	1
Dividend received		6,099	5,509
Purchase of intangible assets and property and equipment		(74)	(54)
Net cash from investing activities		6,025	5,456
Cash flows from financing activities			
Dividends paid		(10,742)	(5,576)
Net cash used in financing activities		(10,742)	(5,576)
Net change in cash and cash equivalents		(1,742)	1,242
Cash and cash equivalents at beginning of the year	3	2,433	1,191
Cash and cash equivalents at end of the year	3	691	2,433

The accompanying notes on pages 9 to 39 form an integral part of these financial statements.

1. General information

VÚB Asset Management, správ. spol., a.s. ('the Company'), IČO 35786272, DIČ 2021522690, with its registered seat at Mlynské Nivy 1, 820 04 Bratislava, was established on 17 April 2000 in compliance with the provisions of Act No. 385/1999 Coll. on Collective Investments ('the Act'). The Company was registered in the Commercial Register Bratislava 1 on 17 April 2000, insertion 2416/b.

The core activities of the Company are the creation and administration of mutual funds.

Date of approval of the Financial Statements for the preceding accounting period

The Financial Statements of the Company as at 31 December 2015, i.e. for the preceding accounting period, were approved by the shareholder at the Company's general meeting on 4 February 2016.

Funds under administration

The Company has established and administers the following thirteen open-ended mutual funds as at 31 December 2016:

Name of mutual fund	Audited by
VÚB AM VYVÁŽENÝ RASTOVÝ FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM EUROVÝ FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM DLHOPISOVÝ KONVERGENTNÝ FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM KONZERVATÍVNE PORTFÓLIO, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM DYNAMICKÉ PORTFÓLIO, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM PRIVÁTNY EUROVÝ FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM FOND BANKOVÝCH VKLADOV, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM ACTIVE MAGNIFICA, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM ACTIVE BOND FUND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM FLEXIBLE MAGNIFICA FUND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM FLEXIBILNÝ KONZERVATÍVNY FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM MAGNIFICA EDÍCIA I, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.
VÚB AM MAGNIFICA EDÍCIA II, o.p.f. VÚB Asset Management, správ. spol., a.s.	KPMG Slovensko spol. s r.o.

In April 2016, the National Bank of Slovakia granted permission to create an open-ended mutual fund named VÚB AM MAGNIFICA EDÍCIA I, o.p.f., VÚB Asset Management, správ. spol., a.s. The Company started issuing mutual fund certificates on 16 April 2016.

In September 2016, the National Bank of Slovakia granted permission to create an open-ended mutual fund named VÚB AM MAGNIFICA EDÍCIA II, o.p.f., VÚB Asset Management, správ. spol., a.s. The Company started issuing mutual fund certificates on 10 September 2016.

The accounting records, financial reporting and assets of the funds are maintained separately from the accounting records, financial reporting and assets of the administration Company.

1. General information (continued)

VÚB AM VYVÁŽENÝ RASTOVÝ FOND, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 29 October 2001, and started issuing mutual fund certificates on 5 November 2001. The Fund focuses on investing accumulated assets mainly in publicly traded securities, especially debt securities and shares of new markets (using approximately 50:50 ratio), regions, industries, and companies operating in the markets of Middle and East Europe. The Fund invests into liquid securities, which offer an above-average yield or show great growth potential.

VÚB AM EUROVÝ FOND, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 29 October 2001, and started issuing mutual fund certificates on 5 November 2001. The Fund focuses on investing accumulated assets, particularly in securities and money market instruments denominated in euro and in derivative instruments.

VÚB AM DLHOPISOVÝ KONVERGENTNÝ FOND, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 22 August 2003, and started issuing mutual fund certificates on 1 September 2003. The Fund focuses on investing accumulated assets, as determined by the Act, mainly in bonds denominated in EUR, CZK, HUF, PLN, LTL, LVL, HRK, BGN, RON, TRY and other national currencies, particularly of countries converging to European Monetary Union and in derivative instruments.

VÚB AM KONZERVATÍVNE PORTFÓLIO, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 17 January 2006, and started issuing mutual fund certificates on 9 February 2006. The Fund focuses on investing accumulated assets particularly into transferrable securities, money market instruments, bonds issued in the Slovak Republic, foreign bonds, shares issued by Slovak or foreign entities in Slovak Republic or abroad, mutual fund certificates of other open-ended mutual funds, other securities issued by the European funds and securities issued by other collective investment entities including mutual fund certificates of open-ended mutual funds administered by the Company and in derivative instruments.

VÚB AM DYNAMICKÉ PORTFÓLIO, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 17 January 2006, and started issuing mutual fund certificates on 9 February 2006. The Fund focuses on investing accumulated assets particularly into the mutual fund certificates of other open-end mutual funds, other securities issued by European funds and securities issued by other collective investment entities, including mutual fund certificates of open-ended mutual funds administered by the Company and European funds administered by administration companies from the Intesa Sanpaolo group, financial derivative instruments, shares, bonds issued in Slovak Republic or abroad, transferrable securities and money market instruments.

VÚB AM PRIVÁTNY EUROVÝ FOND, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 12 September 2008. The issuance of mutual fund certificates started on 23 September 2008. This Fund focuses on investment, especially in transferable securities and in those money market instruments denominated in EUR, and in derivative instruments.

VÚB AM FOND BANKOVÝCH VKLADOV, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 19 March 2012, and started issuing mutual fund certificates on 2 April 2012. Since November 2014, the Fund became special fund of securities, which focuses on investing into current accounts and term deposits in Všeobecná úverová banka, a.s. ('the VÚB Bank') and other Slovak banks as well as investing into mutual fund certificates of other money-market mutual funds administered by the VÚB Asset Management, správ. spol., a.s., money market instruments, bonds issued particularly by the VÚB Bank and bonds issued by other credible Slovak banks.

VÚB AM ACTIVE MAGNIFICA, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 5 January 2013. This fund was created as a result of redesigning the VÚB AM PRIVÁTNE PORTFÓLIO – MIX30, which was renamed. The Fund focuses on three main asset classes: fixed income (EMU government debt), equities (European, US, Emerging markets) and commodities. Exposure to these asset classes is build up by investments in ETFs, mutual funds and foreign exchange hedging contracts. The aim is to maximise performance in the medium risk within the investment horizon of at least 4 years.

1. General information (continued)

VÚB AM ACTIVE BOND FUND, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 7 October 2013, and started issuing mutual fund certificates on 31 October 2013. Fund mainly focuses on investments into bond mutual funds managed by well-known foreign asset management companies. Within its investment strategy, it aims to invest into bonds with above-average performance within their asset class. In investment selection process, the stress is put on choosing the best mutual funds in a given category based on the assessment of independent rating agencies.

VÚB AM FLEXIBLE MAGNIFICA, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 8 July 2014 and started to issue unit certificates on 1 August 2014. The Fund is mainly oriented to investments in debt securities of EMU countries, shares in mutual funds, equity, commodity or mixed type and money market instruments. Approximately 90% of the assets in the fund is actively managed, which means that asset structure changes dynamically based on the current developments in the financial markets. The share of investments aimed at equity markets may not exceed 50% of the value of the fund and in case of commodity investments the share may not exceed 20% of the fund assets. The objective is to maximize performance at intermediate risk category, with an investment horizon of at least five years.

VÚB AM FLEXIBILNÝ KONZERVATÍVNY FOND, an open-ended mutual fund of VÚB Asset Management, správ. spol., a.s., was established on 23 September 2015 and started issuing mutual fund certificates on 1 November 2015. The fund focuses mainly on investments into fund share certificates in equity, debt or mixed markets and money market instruments. Most assets of the fund are actively managed, i.e. the fund's asset structure changes dynamically, following actual and expected development on the financial markets. Exposure of the fund to equity markets may not exceed 20% of the fund's assets.

VÚB AM MAGNIFICA EDÍCIA I, an open-ended mutual fund, was established on 12 April 2016 and started to issue unit certificates on 16 April 2016 with the Subscription period lasting until 30 June 2016. Reference period starts on 1 July 2016 and ends on 30 April 2021. The fund focuses mainly on investments into fund share certificates in equity and debt and money market instruments. Most assets of the fund is actively managed, i.e. the fund asset structure changes dynamically, following actual and expected development of financial markets. Exposure of the fund to equity markets may not exceed 50% of the fund's assets.

VÚB AM MAGNIFICA EDÍCIA II, an open-ended mutual fund, was established on 5 September 2016 and started to issue unit certificates on 10 September 2016 with the Subscription period lasting until 15 December 2016. Reference period starts on 16 December 2016 and ends on 15 May 2020. The fund focuses mainly on investments into fund share certificates in equity and debt and money market instruments. Most assets of the fund is actively managed, i.e. the fund asset structure changes dynamically, following actual and expected development on financial markets.

Depositary

The Company's depository is Všeobecná úverová banka, a.s., a member of the Intesa Sanpaolo S.p.A Group, Mlynské Nivy 1, 829 90 Bratislava.

Management Board

The members of the Management Board of the Company as at 31 December 2016 and 2015 are:

	31 December 2016	**31 December 2015**
Chairman:	Marco Bus (since 11 October 2016) Massimo Torchiana (until 11 October 2016)	Massimo Torchiana
Members:	RNDr. Ing. Marian Matušovič, PhD. Emiliano Laruccia Claudio Marco Malinverno Marco Canton	RNDr. Ing. Marian Matušovič, PhD. (since 1 May 2015) Alberto Castelli (until 30 April 2015) Emiliano Laruccia Claudio Marco Malinverno Marco Canton (since 1 May 2015)

1. General information (continued)

The Management Board of the Company may propose to change the financial statements before the approval by the General meeting. Based on the Article 16 (9-11) of the Act on Accounting the accounting books may not be reopened after the approval of the financial statements. However, if it is established that the data related to the preceding accounting period is not comparable, the Company shall correct this data in the accounting period in which these facts were established.

Supervisory Board

The members of the Supervisory Board of the Company as at 31 December 2016 and 2015 are:

	31 December 2016	**31 December 2015**
Chairman:	Prof. Giorgio di Giorgio (since 14 November 2016) Prof. Daniel Gros (until 11 October 2016)	Prof. Daniel Gros
Members:	Doc. Ing. Tomáš Výrost , PhD. (since 14 November 2016) Prof. Giorgio di Giorgio (until 13 November 2016) Massimo Mazzini Alexander Resch Bruno Alfieri (since 14 November 2016) Dinko Lučić (until 11 October 2016)	Prof. Giorgio di Giorgio Massimo Mazzini Alexander Resch Dinko Lučić

Structure of the group

The Company became the new centre of the rationalisation project of existing holdings of the financial group of Intesa Sanpaolo S.p.A (the 'ISP Group') for managing assets in the Eastern Europe. The creation of this centre was a result of a strategic cooperation between Eurizon Capital and International Subsidiary Banks Division of ISP. The Company assumed the role of the subgroup, which covers the Hungarian company CIB Befektetési Alapkezelö Zrt. and the Croatian company PBZ Invest d.o.o.

The direct parent company of VÚB Asset Management, správ. spol., a.s. is Eurizon Capital S.A., seated at 8 Avenue de la Liberté, L-1930 Luxembourg, a member of the ISP Group.

The Company is a member of the following group:

	Direct Parent Company	**Ultimate Parent Company**
Name:	Eurizon Capital S.A.	Intesa Sanpaolo S.p.A
Consolidated financial statements archived with:	8 Avenue de la Liberté, L-1930 Luxembourg	Piazza San Carlo 156, 10 121 Torino, Italy

The Company has applied an exemption from the obligation to prepare the consolidated financial statements and consolidated annual report in accordance with the Article 22 (8) of the Act on Accounting: its ultimate parent company Intesa Sanpaolo S.p.A owns more than 90 % share in the Company and prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union. The Company and all its subsidiaries are included in these consolidated financial statements.

2. Accounting methods and policies

2.1 Basis of preparation

The separate financial statements of the Company ('the financial statements') as at 31 December 2016 have been prepared as ordinary financial statements in accordance with section 17 (6) of the Act No. 431/2002 Collection on the Accounting for the accounting period from 1 January 2016 until 31 December 2016 and have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and with interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ('IFRIC') as approved by the Commission of European Union in accordance with the Regulation of European Parliament and Council of European Union.

2. Accounting methods and policies (continued)

The separate financial statements for the year ended 31 December 2015 were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and were authorised for issue by the Management Board on 4 February 2016.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the financial instruments at fair value through profit or loss, which are measured at fair value.

The financial statements are presented in thousands of euro ('€'), which is the Company's functional currency and rounded to the nearest thousand, unless indicated otherwise.

Negative balances are presented in brackets.

2.2 Significant accounting judgements and estimates

In the process of preparation of financial statements, management has used its judgements and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates is determining the fair value of financial instruments. Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques, which include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is provided in notes 21 and 23.

Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 2.11 indicate that the Company controls a mutual fund. The Company acts as fund manager to 13 open-ended mutual funds. Determining whether the Company controls such fund usually focuses on the assessment of the aggregate economic interest of the Company in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager.

The Company has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds. For further disclosure in respect of the asset value of mutual funds managed see Note 25.

2.3 Changes in accounting policies

Accounting policies and methods were applied consistently in both accounting periods presented in these financial statements.

Standards and interpretations relevant to Company's operations issued but not yet effective

Standards issued but not yet effective or not yet adopted by the EU up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments (2014)

Effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Early application is permitted.

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

2. Accounting methods and policies (continued)

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:
- the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, a company may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

It is expected that the new Standard, when initially applied, will not have a significant impact on the financial statements, since the classification and the measurement of the Company's financial instruments are not expected to change. It is also not expected that the new credit loss model under IFRS 9 will result in the recognition of impairment losses since the Company carries investments in funds already at FVTPL and only has short term receivables from its funds.

IFRS 15 Revenue from contracts with customers

Effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. Clarifications to IFRS 15 Revenue from Contracts with Customers is not yet endorsed by the EU but IFRS 15 Revenue from Contracts with Customers including Effective Date of IFRS 15 have been endorsed by the EU.

The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:
- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Although it has not yet fully completed its initial assessment of the potential impact of IFRS 15 on the Company's financial statements, management does not expect that the new Standard, when initially applied, will have material impact on the Company's financial statements. The timing and measurement of the Company's revenues are not expected to change under IFRS 15 because of the nature of the Company's operations and the types of revenues it earns.

2. Accounting methods and policies (continued)

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15. Although, this pronouncement is not yet endorsed by the EU, it is deemed to be highly probable, that EU will endorse this pronouncement.

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The new Standard introduces a number of limited scope exceptions for lessees which include:

- leases with a lease term of 12 months or less and containing no purchase options, and
- leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance leases will be retained.

It is expected that the new Standard, when initially applied, will have a non-significant impact on the financial statements. It will require the Company to recognise in its statement of financial position assets and liabilities relating to operating leases for which the Company acts as a lessee, but the amount of such leases is not material.

Annual Improvements to IFRSs relevant to Company's operations issued but not yet effective

The improvements introduce two amendments to two standards and consequential amendments to other standards and interpretations that result in accounting changes for presentation, recognition or measurement purposes. These amendments are applicable to annual periods beginning on or after either 1 January 2017 or 1 January 2018; to be applied retrospectively.

2.4 Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency using the reference exchange rates determined and declared by the European Central Bank or National Bank of Slovakia as at the date preceding the date of the accounting transaction or at any other day if required by special regulation.

At the reporting date, the assets and liabilities denominated in foreign currency (except for advance payments made and advance payments received) are translated into the functional currency using the reference exchange rates determined and declared by the European Central Bank or National Bank of Slovakia as at the reporting date. The transaction in foreign currency is retranslated into the functional currency using the exchange rate valid at the date of the accounting transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as 'Net income from trading' in the statement of profit or loss and other comprehensive income.

2.5 Financial instruments – date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the settlement date. Derivatives are recognised on a trade date basis.

2.6 Initial recognition of financial instruments

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At initial recognition, the financial assets and liabilities are measured at fair value.

2. Accounting methods and policies (continued)

2.7 Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

If the Company owns more than one piece of the same security, the weighted average method is used at the disposal of the investment.

2.8 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, if, and only if, there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

2.9 Due from banks

Due from banks represent current account balances and term deposits with commercial banks.

Due from banks are initially recorded at their fair value. Subsequently, they are carried at amortised cost using the effective interest rate method – i.e. the amount used for the initial recognition adjusted by the interest accrued.

An impairment loss is established if there is objective evidence that the Company will not be able to collect all amounts due.

2.10 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise securities held for trading.

Securities held by the Company for trading represent financial assets held by the Company for the purpose of trading and generating profit from short-term fluctuations in prices.

After their initial recognition, financial assets at fair value through profit or loss are measured at their fair value. The fair value of financial assets owned, for which an active market exists, and where a market value can be reliably estimated, is measured at the quoted market prices. If the value of financial assets cannot be assessed using this method, the value is assessed by the Company upon agreement with the depositary, using different generally accepted valuation methods. Such methods reflect the latest interest rates of financial instruments having either the same or comparable characteristics, the credibility of the issuer of securities, the residual maturity and the currency in which payments flowing from the ownership title to these financial assets are denominated.

2. Accounting methods and policies (continued)

Changes in fair values are recorded to expense or revenue accounts and are reported as 'Net income from trading' in the statement of profit or loss and other comprehensive income and debited or credited to appropriate securities accounts.

For investments into financial assets at fair value through profit or loss, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

2.11 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The Company reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held become substantive and lead to the Company having power over an entity.

Subsidiaries are recorded at cost valid in the ISP Group less impairment losses. The impairment loss is measured using the Dividend discount model.

Dividend discount model

The Management of the companies which are subject to the impairment test provide projection of dividends that are expected to be paid out by their companies in a period of 5 years. The model calculates the present value of these cash flows discounting them at the interest rate resulting from the CAPM (Capital Asset Pricing Model). Cash flows after the period of 5 years are determined by a present value of the perpetuity with the particular estimated growth rate, determined at Intesa Sanpaolo Group level specifically for the Slovak market.

2.12 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell them immediately or in the near term.

Receivables are initially recorded at their fair value. Subsequently, receivables are carried at amortised cost. An impairment loss is created for uncollectible amounts.

2.13 Intangible assets

Intangible assets are recorded at historical cost less accumulated depreciation and impairment losses.

Amortisation plan

Amortisation is calculated on a straight-line basis in order to write off the cost of each asset to its residual value over its estimated useful economic life as follows:

	Number of years
Software	7

Amortisation methods, useful lives and net book values are reassessed at each balance sheet date.

2.14 Property and equipment

Property and equipment are recorded at their acquisition cost less accumulated depreciation and impairment losses.

Acquisition cost includes the purchase price plus other costs related to the acquisition, such as freight, duties and commissions. Irrecoverable value added tax is also part of the acquisition cost.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency are capitalised. Upkeep, maintenance and repair costs are expensed as incurred.

Depreciation plan

Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

2. Accounting methods and policies (continued)

The estimated useful lives are as follows:

	Number of years
Property and equipment	4
Furniture and office equipment	4 – 6
Other items of property and equipment	4 – 6

Depreciation methods, useful lives and net book values are reassessed at each balance sheet date.

2.15 Liabilities

Liabilities are initially recorded at their fair value. Subsequently, they are carried at amortised cost.

2.16 Provisions

A provision represents a liability of uncertain timing or amount. Provisions are made if the following criteria are met:

- an obligation (legal or constructive) to perform exists, resulting from past events,
- it is probable that the event will occur and that it will require a cash outflow representing economic benefits,
- the amount of the obligation can be reliably estimated.

2.17 Recognition of revenue and expense

Revenues and expenses are accounted for on an accruals basis, i.e. regardless of their actual financial settlement.

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective yield of the interest-earning asset or interest-bearing liability. Interest income and expense include interest on coupons earned on securities and the gradually earned difference between the nominal value and the net acquisition cost of securities, i.e. discounts and premiums.

2.18 Fees and commissions

The Company receives fees for the management of the open-ended mutual funds that are derived from the average annual net asset value in each mutual fund. These are accrued over the period to which they relate. Administration fees are reported as ‘Fee and commission income’ in the accompanying statement of profit or loss and other comprehensive income.

The Company pays fees mainly for the distribution of the open-ended mutual funds based on specific contracts with the VÚB Bank. These are accrued over the period to which they relate. Administration fees paid are reported as ‘Fee and commission expense’.

2.19 Dividend income

Dividend income is recognized in statement of profit or loss and other comprehensive income on the date the dividend is declared.

2.20 Net income from trading

Net income from trading includes gains and losses arising from purchases, disposals and changes in the fair value of financial assets and liabilities including securities. It also includes the result of all foreign currency transactions.

2.21 Personnel expenses

Contributions are made to the state’s medical, retirement benefit, health and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. The cost of social security payments is charged to the statement of profit or loss and other comprehensive income in the same period as the related salary cost. The Company takes part in the voluntary additional old-age pension savings program for its employees.

2. Accounting methods and policies (continued)

2.22 Income tax

Income tax comprises current income tax and deferred income tax.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences between the tax base of assets or liabilities and their carrying amount using the balance sheet method. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company also pays other indirect operating taxes which are included in 'Other operating expense'.

2.23 Regulatory requirements

In compliance with the provisions of Act No. 203/2011 on Collective Investments, the Company is subject to several limitations relating to its investment activities.

2.24 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and Amounts due from banks with contractual maturity up to 3 months.

3. Due from banks

The breakdown of balances on bank accounts and term deposits as at 31 December 2016 and 31 December 2015 is as follows:

in thousands of euro	**2016**	**2015**
Current accounts	691	22
Term deposits	-	2,411
	691	2,433

The Company has a current account in € with an authorised depository Všeobecná úverová banka, a.s.

The structure of term deposits as at 31 December 2015 was as follows:

in thousands of euro	**Curr-ency**	**Principal**	**Accrued interest**	**Total**	**Interest rate**	**Maturity**
Bank						
Všeobecná úverová banka, a.s.	EUR	2,411	-	2,411	0.05%	4.1.2016
		2,411	-	2,411		

4. Financial assets at fair value through profit or loss

The structure of financial assets at fair value through profit or loss as at 31 December 2016 and 31 December 2015 is as follows:

in thousands of euro	**2016**	**2015**
Securities held for trading	8,677	11,732

The Company held the following financial assets at fair value through profit and loss as at 31 December 2016:

in thousands of euro	**CCY**	**Units**	**Acqusi-tion cost**	**Unit FV in CCY**	**Fair Value**
Securities held for trading					
VÚB AM PRIVÁTNY EUROVÝ FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	EUR	46,846,501	1,664	0.036778	1,723
VÚB AM FOND BANKOVÝCH VKLADOV, o.p.f. VÚB Asset Management, správ. spol., a.s.	EUR	68,230,929	6,952	0.101923	6,954
			8,616		8,677

4. Financial assets at fair value through profit or loss (continued)

The Company held the following financial assets at fair value through profit and loss as at 31 December 2015:

in thousands of euro	CCY	Units	Acqusi-tion cost	Unit FV in CCY	Fair Value
Securities held for trading					
VÚB AM PRIVÁTNY EUROVÝ FOND, o.p.f. VÚB Asset Management, správ. spol., a.s.	EUR	170,571,368	6,007	0.036754	6,269
VÚB AM FOND BANKOVÝCH VKLADOV, o.p.f. VÚB Asset Management, správ. spol., a.s.	EUR	53,511,148	5,450	0.102081	5,463
			11,457		11,732

Financial assets recorded at fair value through profit and loss are subject to the risk of fair value change as a result of market interest rate changes.

5. Subsidiaries

in thousands of euro	Share in %	2016	2015
CIB Befektetési Alapkezelö Zrt.	100	2,278	2,278
PBZ Invest d.o.o.	100	660	660
		2,938	2,938

PBZ Invest d.o.o. has its registered seat at Ilica 5 - Oktogon, 10 000 Zagreb, Croatia. CIB Befektetési Alapkezelö Zrt. has its registered seat at Medve utca 4-14, 1027 Budapest, Hungary. Both companies provide asset management services.

The Company is not a partner with unlimited liability in any other company.

Dividend income from subsidiaries was as follows:

in thousands of euro	2016	2015
CIB Befektetési Alapkezelö Zrt.	2,960	4,119
PBZ Invest d.o.o.	3,139	1,390
	6,099	5,509

6. Receivables from funds

The structure of receivables from funds as at 31 December 2016 and 31 December 2015 is as follows:

in thousands of euro	**2016**	**2015**
VÚB AM MAGNIFICA EDÍCIA II, o.p.f.	586	-
VÚB AM ACTIVE BOND FUND, o.p.f.	231	205
VÚB AM ACTIVE MAGNIFICA, o.p.f.	170	160
VÚB AM FLEXIBILNÝ KONZERVATÍVNY FOND, o.p.f.	136	200
VÚB AM FLEXIBLE MAGNIFICA FUND, o.p.f.	125	172
VÚB AM KONZERVATÍVNE PORTFÓLIO, o.p.f.	120	144
VÚB AM FOND BANKOVÝCH VKLADOV, o.p.f.	90	116
VÚB AM DYNAMICKÉ PORTFÓLIO, o.p.f.	82	85
VÚB AM VYVÁŽENÝ RASTOVÝ FOND, o.p.f.	68	64
VÚB AM EUROVÝ FOND, o.p.f.	64	78
VÚB AM DLHOPISOVÝ KONVERGENTNÝ FOND, o.p.f.	58	60
VÚB AM MAGNIFICA EDÍCIA I, o.p.f.	24	-
VÚB AM PRIVÁTNY EUROVÝ FOND, o.p.f.	21	23
	1,775	1,307

7. Intangible assets

The movement of intangible assets in 2016 is as follows:

in thousands of euro	**Software**	**Other intangible assets**	**Assets in progress**	**Total**
Acquisition cost				
1 January 2016	721	1	-	722
Additions	-	-	69	69
Disposals	(7)	(1)	-	(8)
Transfers	69	-	(69)	-
31 December 2016	783	-	-	783
Accumulated amortisation				
1 January 2016	(603)	(1)	-	(604)
Amortisation for the year	(26)	-	-	(26)
Disposals	7	1	-	8
31 December 2016	(622)	-	-	(622)
Net book value				
1 January 2016	118	-	-	118
31 December 2016	161	-	-	161

7. Intangible assets (continued)

The movement of intangible assets in 2015 is as follows:

in thousands of euro	**Software**	**Other intangible assets**	**Assets in progress**	**Total**
Acquisition cost				
1 January 2015	654	3	21	678
Additions	-	-	46	46
Disposals	-	(2)	-	(2)
Transfers	67	-	(67)	-
31 December 2015	721	1	-	722
Accumulated amortisation				
1 January 2015	(585)	(3)	-	(588)
Amortisation for the year	(18)	-	-	(18)
Disposals	-	2	-	2
31 December 2015	(603)	(1)	-	(604)
Net book value				
1 January 2015	69	-	21	90
31 December 2015	118	-	-	118

Intangible assets comprise mainly software used to perform the valuation of the funds' assets, administration of the clients' database and risk management. The estimated useful life of the software is in line with the depreciation and amortisation plan of the Company (7 years). In order to maintain the highest efficiency and effectiveness, the software is being upgraded continuously. Upgrades of the software extend its useful life.

The gross book value of fully amortised assets which are still used by the Company was € 561 thousand as at 31 December 2016 (31 December 2015 € 567 thousand).

8. Property and equipment

The movement of property and equipment in 2016 is as follows:

in thousands of euro	Property and equipment	Furniture and office equipment	Other tangible assets	Assets in progress	Total
Acquisition cost					
1 January 2016	129	3	5	-	137
Additions	-	-	-	5	5
Disposals	(37)	-	(1)	-	(38)
Transfers	5	-	-	(5)	-
31 December 2016	97	3	4	-	104
Accumulated depreciation					
1 January 2016	(84)	(2)	(5)	-	(91)
Depreciation for the year	(21)	-	-	-	(21)
Disposals	37	-	1	-	38
31 December 2016	(68)	(2)	(4)	-	(74)
Net book value					
1 January 2016	45	1	-	-	46
31 December 2016	29	1	-	-	30

The movement of property and equipment in 2015 is as follows:

in thousands of euro	Property and equipment	Furniture and office equipment	Other tangible assets	Assets in progress	Total
Acquisition cost					
1 January 2015	161	3	5	9	178
Additions	-	-	-	8	8
Disposals	(49)	-	-	-	(49)
Transfers	17	-	-	(17)	-
31 December 2015	129	3	5	-	137
Accumulated depreciation					
1 January 2015	(115)	(2)	(5)	-	(122)
Depreciation for the year	(18)	-	-	-	(18)
Disposals	49	-	-	-	49
31 December 2015	(84)	(2)	(5)	-	(91)
Net book value					
1 January 2015	46	1	-	9	56
31 December 2015	45	1	-	-	46

8. Property and equipment (continued)

The gross book value of fully depreciated assets which were still used by the Company was € 29 thousand (€ 51 thousand as at 31 December 2015).

The Company's insurance covers all standard risks to property and equipment and intangible assets (theft, robbery, natural hazards, vandalism, and other damages).

At 31 December 2016 and 31 December 2015, no property and equipment was pledged by the Company to secure transactions with counterparties.

9. Taxes

The effective tax rate differs from the statutory tax rate in 2016 and in 2015. The reconciliation of the Company's profit before tax with the actual corporate income tax is as follows:

in thousands of euro	2016		2015	
	Tax base	**Tax at applicable tax rate (22%)**	**Tax base**	**Tax at applicable tax rate (22%)**
Profit before tax	8,350	(1,837)	7,379	(1,623)
Tax effect of expenses that are not deductible in determining taxable profit				
Tax deductible expense upon payment	1,443	(317)	1,855	(408)
Creation of reserves for bonuses	225	(50)	268	(59)
Creation of provisions for accrued expenses	17	(4)	50	(11)
Representation expenses	26	(6)	23	(5)
Other	38	(8)	35	(8)
	1,749	(385)	2,231	(491)
Tax effect of revenues that are deductible in determining taxable profit				
Dividends received	(6,094)	1,340	(5,524)	1,215
Tax deductible expense upon payment – paid	(1,839)	405	-	-
Use of reserves for bonuses	(251)	55	(224)	49
Use of reserves for accrued expenses	(50)	11	-	-
Release of reserves for bonuses	-	-	(23)	5
Other	(1)	-	(1)	-
	(8,235)	1,811	(5,772)	1,269
Current income tax	1,864	(411)	3,838	(845)
Deferred income tax at 21% (2015: 22%)		(120)		424
Income tax expense		(531)		(421)
Effective tax rate		6.35 %		5.71 %

9. Taxes (continued)

Deferred income tax

In 2016 and 2015, the Company accounted for deferred income tax from taxable temporary differences between the carrying amount of assets and liabilities and their tax written-down value.

Deferred income taxes as at 31 December 2016 are calculated on all temporary differences using a tax rate of 21% as follows:

in thousands of euro	**2016**	**Income/ (loss)**	**2015**
Other liabilities – tax base after payment	360	(120)	480
Deferred income tax asset	360	(120)	480

Deferred income taxes as at 31 December 2015 are calculated on all temporary differences using a tax rate of 22% as follows:

in thousands of euro	**2015**	**Income/ (loss)**	**2014**
Other liabilities – tax base after payment	480	424	56
Deferred income tax asset	480	424	56

Based on the Amendment to the Act on income taxes, the tax rate of 21% represents the income tax rate valid from 1 January 2017. The change has no effect on deferred income tax asset, since the whole deffered tax asset form 2015 was used during 2016.

10. Other assets

The structure of other assets as at 31 December 2016 and 31 December 2015 is as follows:

in thousands of euro	**2016**	**2015**
Other receivables and prepayments	32	25
Other assets	22	28
	54	53

There are no overdue receivables within other assets. The Company did not create any impairment losses for receivables as at 31 December 2016 and 31 December 2015.

11. Accrued expenses

The breakdown of accrued expenses as at 31 December 2016 and 31 December 2015 is as follows:

in thousands of euro	**2016**	**2015**
VÚB – admission fees	682	283
VÚB – administration fees	650	618
VÚB – other	59	65
Generali – administration fees	35	36
Eurizon – commission of the administration fees	20	13
Audit	16	16
Epsilon – commission of the administration fees	16	11
Eurizon – service level agreement	5	5
VÚB – competitions for salesmen	4	-
Eurizon – license agreement	2	2
Eurizon – other	2	8
ISP – other	-	30
Competitions	-	7
Other	34	25
	1,525	1,119

12. Other liabilities

The breakdown of other liabilities as at 31 December 2016 and 31 December 2015 is as follows:

in thousands of euro	**2016**	**2015**
Year-end bonuses	237	254
Payables to employees	40	39
Undrawn vacations	35	27
Social security payables	23	29
VÚB, a.s. – fees	21	856
Supervisory Board remuneration	14	23
Other direct and indirect taxes	12	24
Social fund	5	9
VÚB Leasing	2	4
Eurizon SGR S.p.A.	-	34
ISP S.p.A.	-	79
Other liabilities	19	22
	408	1,400

There were no overdue payables within the balance of other liabilities (short-term and long-term) as at 31 December 2016 and 31 December 2015.

The movements in social fund liability were as follows:

in thousands of euro	**1 Jan 2016**	**Creation**	**Use**	**31 Dec 2016**
Social fund	9	6	(10)	5

in thousands of euro	**1 Jan 2015**	**Creation**	**Use**	**31 Dec 2015**
Social fund	11	8	(10)	9

13. Equity

The movements on equity accounts are detailed in the Statement of changes in equity.

Share capital

Shareholding structure of the Company is as follows:

	2016	2015
Eurizon Capital S.A.	100.0 %	50.1 %
Všeobecná úverová banka, a.s.	- %	40.6 %
Privredna Banka Zagreb d.d.	- %	9.3 %
Total	100.0 %	100.0 %

In December 2016, the majority shareholder Eurizon Capital S.A. acquired stakes of Všeobecná úverová banka, a.s. and Privredna Banka Zagreb d.d. The reason for this transaction was to achieve the separation and independence of asset management companies from distributors, in line both with the model adopted by Intesa Sanpaolo Group and with the indications of the Supervisory Authorities and the simplification of decision-making and governance processes.

The Share capital as at 31 December 2016 in the amount of € 4,094 thousand consists of 1,233 ordinary shares (as at 31 December 2015 the Share capital was in amount of € 4,094 and consisted of 1,233 ordinary shares) with a nominal value of € 3,320 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares of the Company were authorized, issued and fully paid as at 31 December 2016 and 2015.

Earnings per share of the Company as at 31 December 2016 and as at 31 December 2015:

in thousands of euro	2016	2015
Net profit for the year	7,819	6,958
Number of shares	1,233	1,233
Basic and diluted earnings per share	6.36	5.64

Share premium and Other funds

Compensation for the issue of new shares in 2013 were in-kind contributions in the form of holdings in the companies PBZ Invest d.o.o. as a contribution of a shareholder Privredna Banka Zagreb d.d. and CIB Befektetési Alapkezelö Zrt. as a contribution of a shareholder Eurizon Capital S.A. The fair value of these companies was allocated between the share capital in the amount of € 2,434 thousand and the share premium in the amount of € 38,438 thousand.

As the transaction was a common control transaction, the value was subsequently adjusted to the value that has been recognised in the original parent companies before the transaction. The value adjustment of € 37,934 thousand is recognised under Other funds.

Legal reserve fund

Under the Slovak Commercial Code, all companies are required to maintain a legal reserve fund to cover future losses. The Company is obliged to contribute an amount to the fund each year which is not less than 10% of its annual net profit until the aggregate amount reaches a minimum level equal to 20 % of the issued share capital. The aggregate amount of legal reserve fund is € 819 thousand as at 31 December 2016, which represents the level of 20% of the issued share capital (as at 31 December 2015: € 819 thousand, which represented the level of 20% of the issued share capital).

13. Equity (continued)

Distribution of profit

On 7 March 2016, the General Assembly meeting was held, at which the shareholders approved profit distribution for 2015 as follows:

in thousands of euro	**2015**
Dividend pay-out	6,958
	6,958

On 14 November 2016, the extraordinary General Assembly meeting was held, at which the shareholders approved distribution of retained earnings as follows:

in thousands of euro	**2015**
Dividend pay-out	3,784
	3,784

Proposed distribution of profit

The Management Board will propose the following 2016 profit distribution at the General Assembly meeting:

in thousands of euro	**2016**
Dividend pay-out	7,819
	7,819

14. Off-balance sheet liabilities

In the normal course of business, the Company enters into agreements under operating leases for premises and transportation vehicles for employees. As at 31 December 2016 and 31 December 2015, the total amount of future payments arising from irrevocable operating lease agreements was as follows:

in thousands of euro	**2016**	**2015**
Within 1 year	81	78
1 – 5 years	57	43
	138	121

15. Interest and similar income

The breakdown of interest income is as follows:

in thousands of euro	**2016**	**2015**
Interest from deposits	-	1
	-	1

16. Fee and commission income

The breakdown of income from fees and commissions is as follows:

in thousands of euro	2016 Administration fees	2016 Fees for sale of mutual fund certificates	2016 Termination fees	2016 Other fees and commissions	2016 Total	2015 Total
Active Bond Fund, o.p.f.	1,991	439	34	117	2,581	3,426
Flexibilný konzervatívny fond, o.p.f	1,251	449	35	-	1,735	353
Active Magnifica, o.p.f.	1,527	109	54	21	1,711	2,112
Flexible Magnifica fund, o.p.f.	1,424	112	14	-	1,550	2,018
Konzervat. portfólio, o.p.f.	1,390	32	111	-	1,533	1,886
Fond bankových vkladov o.p.f	1,166	-	-	-	1,166	1,388
Dynamické portfólio, o.p.f.	742	139	20	-	901	840
Eurový fond, o.p.f.	760	43	9	-	812	1,032
Vyváž. rastový fond, o.p.f.	751	17	19	-	787	860
Dlhopisový konverg. fond, o.p.f.	668	10	20	-	698	766
Magnifica Edícia II, o.p.f.	21	564	-	-	585	-
Magnifica Edícia I, o.p.f.	144	338	-	-	482	-
Privátny eurový fond, o.p.f.	249	-	-	-	249	241
CP zaistený fond I., o.p.f.	-	-	-	-	-	61
Other fees	-	-	-	25	25	26
	12,084	2,252	316	163	14,815	15,009

17. Fee and commission expense

The breakdown of expenses for fees and commissions is as follows:

in thousands of euro	2016	2015
Fees for fund administration	(7,766)	(6,989)
Fees for sale of mutual fund certificates	(2,267)	(3,679)
Bank fees	(2)	(2)
Other fees	(7)	(2)
	(10,042)	(10,672)

18. Net (loss)/income from trading

The breakdown of net gain from trading is as follows:

in thousands of euro	2016	2015
Gain from securities	4	34
Realised FX gains	(14)	(4)
	(10)	30

19. Personnel expenses

The breakdown of personnel expenses as at 31 December 2016 is as follows:

in thousands of euro	**Management**	**Employees**	**Total**
Wages and salaries	(378)	(338)	(716)
Bonuses for 2016	(193)	(1)	(194)
Social security costs	(177)	(135)	(312)
			(1,222)

The breakdown of personnel expenses as at 31 December 2015 is as follows:

in thousands of euro	**Management**	**Employees**	**Total**
Wages and salaries	(425)	(446)	(871)
Bonuses for 2015	(225)	(1)	(226)
Social security costs	(156)	(140)	(296)
			(1,393)

Average number of employees by categories:

	2016	**2015**
Senior management	2	2
Middle management	6	5
Administration	19	21
Headcount as at 31 December	27	28
Average number of employees	26.9	27.1

Average number of employees as well as employees in Administration include 2 employees (2015: 5 employees) on maternity leave as at 31 December 2016.

20. Other operating expenses

The breakdown of other operating expenses is as follows:

in thousands of euro	**2016**	**2015**
Advisory services	(347)	(263)
Rent	(191)	(229)
Fee to NBS, Investment Guarantee Fund	(182)	(132)
Advertising and promotional activities	(145)	(109)
IT systems maintenance	(137)	(112)
Market information providers (Bloomberg, Reuters)	(48)	(46)
Supervisory Board remuneration	(45)	(23)
Travelling	(37)	(34)
Education	(25)	(15)
Audit	(22)	(22)
Office supplies	(12)	(8)
Penalties	(10)	(5)
Copy machine service	(6)	(6)
Archive	(6)	(5)
Penalty interest	(5)	-
Phone services	(4)	(7)
Other	(44)	(66)
	(1,266)	(1,082)

20. Other operating expenses (continued)

The breakdown of audit and assurance services is as follows:

in thousands of euro	2016	2015
Audit of the separate financial statements	(21)	(21)
Audit of the consolidation package	(1)	(1)
	(22)	(22)

Expenses for the statutory audit of mutual funds under the Company's administration are recorded as an expense of the individual funds.

21. Financial risk management

The purpose of risk management is to achieve the optimal ratio between the risk profile of the Company and its profitability. The Company, based on the activities it performs, is exposed particularly to the following types of risks: credit, market and operational risk. The risk management process comprises mainly risk identification, risk quantification, reporting, and proposals of preventing and detecting measures.

Due to the non-complex structure of the financial instruments portfolio, the Company is exposed to credit risk, liquidity risk, interest rate risk and operational risk. The Company is not exposed to share price risk. Nor is the Company exposed to currency risk since the Company maintains its accounting books in euro and its activities are conducted in euro and generally the investments are made only into funds investing to financial assets denominated in euro.

21.1 Credit risk

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to banks as well as investment securities.

In order to achieve the required appreciation of the invested assets and acceptable risk position, as at 31 December 2016 and 31 December 2015, the Company only invested into low-risk instruments with a short duration denominated in €. The Company does not accept collateral to minimise credit risk, which reflects the nature of the Company's operations and counterparties.

The Company does not use any internal ratings to assess the credit quality of the financial assets. The quality of financial assets based on external credit risk ratings was as follows:

in thousands of euro	External rating	2016	2015
Amounts due from banks	A2 *	691	2,433
Financial assets at fair value through profit or loss	n/a	8,677	11,732
Receivables from funds	n/a	1,775	1,307

* external rating according to Moody´s rating agency

21.2 Liquidity risk

Liquidity risk is defined as the risk that the Company is not able to meet its payment obligations when they fall due (funding liquidity risk). Normally, the Company is able to cover cash outflows with cash inflows, highly liquid assets and its ability to obtain credit. With regard to the highly liquid assets in particular, there may be strains in the market that make them difficult (or even impossible) to sell or be used as collateral in exchange for funds. From this perspective, the Company's liquidity risk is closely tied to the market liquidity conditions (market liquidity risk).

The following table provides a breakdown of financial assets by their residual maturity from the balance sheet date to the agreed due date. If there is a possibility of early repayment, or if a repayment schedule exists which enables an early repayment, the table is prepared with the most prudent classification of the due date. Those financial assets without an agreed due date are disclosed commonly within the category 'unspecified maturity'.

21. Financial risk management (continued)

The residual maturity of financial assets as at 31 December 2016 is as follows:

in thousands of euro	Within 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Unspe-cified maturity	Total
Financial assets							
Amounts due from banks	691	-	-	-	-	-	691
Financial assets at fair value through profit or loss	-	-	-	-	-	8,677	8,677
Receivables from funds	1,775	-	-	-	-	-	1,775
	2,466	-	-	-	-	8,677	11,143

The residual maturity of financial assets as at 31 December 2015 is as follows:

in thousands of euro	Within 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Unspe-cified maturity	Total
Financial assets							
Amounts due from banks	2,433	-	-	-	-	-	2,433
Financial assets at fair value through profit or loss	-	-	-	-	-	11,732	11,732
Receivables from funds	1,307	-	-	-	-	-	1,307
	3,740	-	-	-	-	11,732	15,472

21.3 Interest rate risk

The Company is exposed to interest rate risk as the value of a financial instrument will vary due to market changes in interest rates and the maturity of interest-earning assets will differ from the maturity of interest-bearing liabilities used as the source of financing the assets. The extent to which the financial instrument is exposed to interest rate risk can be derived from the period during which the interest rate is fixed to the financial instrument.

21. Financial risk management (continued)

An overview of statement of financial position items by the agreed period during which the underlying interest rate is fixed for the item as at 31 December 2016 is as follows:

in thousands of euro	Within 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Unspe-cified maturity	Total
Financial assets							
Amounts due from banks	691	-	-	-	-	-	691
Financial assets at fair value through profit or loss	-	-	-	-	-	8,677	8,677
Receivables from funds	1,775	-	-	-	-	-	1,775
	2,466	-	-	-	-	8,677	11,143

An overview of statement of financial position items by the agreed period during which the underlying interest rate is fixed for the item as at 31 December 2015 is as follows:

in thousands of euro	Within 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Unspe-cified maturity	Total
Financial assets							
Amounts due from banks	2,433	-	-	-	-	-	2,433
Financial assets at fair value through profit or loss	-	-	-	-	-	11,732	11,732
Receivables from funds	1,307	-	-	-	-	-	1,307
	3,740	-	-	-	-	11,732	15,472

21.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company adopted the Standardised Approach for Operational Risk management and measurement.

22. Adequacy of own funds

The Management Company is obliged to comply with regulatory requirements primarily by the NBS which are set out under Act No. 203/2011 on the collective investment and under the Decree of NBS No. 7/2011 about proportionality of own resources. These include limits and restrictions on capital adequacy. These requirements apply to all management companies in Slovakia and their compliance is determined on the basis of reports submitted by the management company under statutory accounting rules.

22. Adequacy of own funds (continued)

The summary of these requirements valid for 2016 is as follows:

- Initial capital of the Company is at least € 125 thousand.
- The Company is obliged to observe the adequacy of own funds. Own funds of the management company are appropriate under this Act, unless they are below:

  a) € 125 thousand plus 0.02% of the value of the assets in the funds managed by the Company exceeding € 250,000,000, this amount is not increased when it reaches € 10,000,000,

  b) One quarter of average general operating costs of the management company for the previous calendar year, if the management company operated for less than one year, a quarter of a value of general operating costs referred to in its business plan.

- Company must not acquire to its property or property in the open-ended mutual fund, which manages, more than 10% of the total nominal value of shares with voting rights issued by one issuer.
- Company may not acquire in its property or assets to the open-ended mutual fund, which manages, shares with voting rights which would enable the Company to exercise a significant influence on the management of the issuer located in the territory of the Slovak republic, or in a non EU State.
- The Company is required to comply with restrictions on the acquisition of significant influence in the management of the issuer established in EU Member State, provided by the law of that Member State, taking into account the property in the mutual fund, which it manages.
- The Company must provide elimination of risk imposed on shareholders' interest of a mutual fund or its clients by the conflict of interest between the Company and its clients, between two of its clients mutually, between one of its clients and shareholders of a mutual fund or between the shareholders of mutual funds.

The Company regularly and on timely basis informs NBS about the amount of initial capital, its own resources and structure by the NBS measure No. 7/2011 on asset management company's own resources and attaches the information about proportionality of own resources by the law No. 203/2011 on collective investments.

in thousands of euro	**Indicator value 2016**	**Indicator value 2015**
Limit of initial capital	628	574
Paid up share capital	4,094	4,094
Share premium	38,438	38,438
Retained earnings	-	3,784
Items decreasing value of own funds	(3,099)	(3,056)
Reserve fund and other funds	(37,115)	(37,115)
Accumulated losses of previous periods	-	-
Capital total	2,318	6,145
Data on compliance with the limits of own funds	369.11 %	1 070.56 %

Limit of initial capital was fulfilled on 369.11 % (2015: 1,070.56 %).

23. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities as at 31 December 2016 is as follows:

in thousands of euro	**Note**	**Carrying amount**	**Fair value**
Amounts due from banks	3	691	691
Financial assets at fair value through profit or loss	4	8,677	8,677
Receivables from funds	6	1,775	1,775

The fair value of financial assets and liabilities as at 31 December 2015 is as follows:

in thousands of euro	**Note**	**Carrying amount**	**Fair value**
Amounts due from banks	3	2,433	2,433
Financial assets at fair value through profit or loss	4	11,732	11,732
Receivables from funds	6	1,307	1,307

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

in thousands of euro		**December 2016**			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Amounts due from banks	3	-	691	-	691
Financial assets at fair value through profit or loss	4	8,677	-	-	8,677
Receivables from funds	6	-	1,775	-	1,775

in thousands of euro		**December 2015**			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Amounts due from banks	3	-	2,433	-	2,433
Financial assets at fair value through profit or loss	4	11,732	-	-	11,732
Receivables from funds	6	-	1,307	-	1,307

The Company uses the following hierarchy for the determination and disclosure of fair value of financial instruments based on the valuation technique:

Level 1: Quoted (unadjusted) prices from active markets for identical assets or liabilities;

Level 2: Other techniques, by which all inputs which have a significant impact on the posted fair value are observable, either directly or indirectly;

Level 3: Techniques that use inputs with significant impact on the posted fair value, but these inputs are not based on observable market data.

Amounts due from banks

Amounts due from banks represent current account balances and short-term deposits with maturity period of less than 14 days. Accordingly, the book value is considered to be the fair value.

Financial assets at fair value through profit or loss

All securities are carried at quoted market prices.

23. Fair value of financial assets and liabilities (continued)

Receivables from funds

Receivables from funds represent due management fees from the funds. As they are short-term the book value is considered to be the fair value.

24. Financial assets and liabilities in foreign currencies

All financial assets and liabilities of the Company were denominated in EUR as at 31 December 2016.

25. Related parties transactions

Related parties are those counterparties that represent:

(a) enterprises that directly, or indirectly, through one or more intermediaries, control, or are controlled by, have a significant influence or are under the common control of the reporting enterprise;

(b) associates – enterprises in which the parent company has significant influence and which are neither a subsidiary nor a joint venture;

(c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and anyone expected to influence, or be influenced by, that person in their dealings with the Company;

(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of the Company and close members of the families of such individuals; and

(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Company and enterprises that have a member of key management in common with the Company.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. All transactions with related parties were performed on an arm's length basis.

The breakdown of receivables and payables with related parties as at 31 December 2016 is as follows:

in thousands of euro	**Mutual Funds VUB AM** [(1)]	**Share-holders** [(2)]	**Other companies in ISP group** [(3)]	**Generali** [(4)]	**KMP** [(5)]	**Total**
Assets						
Amounts due from banks	-	-	691	-	-	691
Financial assets at fair value through profit or loss	8,677	-	-	-	-	8,677
Subsidiaries	-	-	2,938	-	-	2,938
Receivables from funds	1,775	-	-	-	-	1,775
Other assets	-	-	8	-	-	8
	10,452	-	3,637	-	-	14,089
Liabilities						
Accrued expenses	-	-	1,452	35	-	1,487
Other liabilities	-	-	23	-	253	276
	-	-	1,475	35	253	1,763

(1) Mutual Funds VÚB AM – Related party (a)
(2) Eurizon Capital S.A. – Shareholder of the Company (a)
(3) Všeobecná úverová banka, a.s. (Shareholder until December 2016); Consumer Finance Holding, a.s.; VÚB Leasing a. s.; Eurizon Capital SGR S.p.A.; Epsilon SGR; PBZ Invest d.o.o.; CIB Befektetési Alapkezelö Zrt.; Intesa Sanpaolo S.p.A – Related parties (a)
(4) VÚB Generali dôchodková správcovská spoločnosť, a.s. – Related party (a)
(5) KMP – Key management personnel and supervisory board (d)

25. Related parties transactions (continued)

The breakdown of receivables and payables with related parties as at 31 December 2015 is as follows:

in thousands of euro	**Mutual Funds VUB AM** [(1)]	**Share-holders** [(2)]	**Other companies in ISP group** [(3)]	**Generali** [(4)]	**KMP** [(5)]	**Total**
Assets						
Amounts due from banks	-	2,433	-	-	-	2,433
Financial assets at fair value through profit or loss	11,732	-	-	-	-	11,732
Subsidiaries	-	-	2,938	-	-	2,938
Receivables from funds	1,307	-	-	-	-	1,307
Other assets	-	6	2	1	-	9
	13,039	2,439	2,940	1	-	18,419
Liabilities						
Accrued expenses	-	966	70	36	-	1,072
Other liabilities	-	856	117	-	285	1,258
	-	1,822	187	36	285	2,330

Summary of transactions with group companies and other related parties during the year 2016:

in thousands of euro	**Mutual Funds VUB AM** [(1)]	**Share-holders** [(2)]	**Other companies in ISP group** [(3)]	**Generali** [(4)]	**KMP** [(5)]	**Total**
Interest and similar income	-	-	-	-	-	-
Fee and commission income	14,790	22	-	-	-	14,812
Fee and commission expense	-	(9,896)	-	(140)	-	(10,036)
Dividend income	-	-	6,099	-	-	6,099
Net loss from trading	-	-	(5)	-	-	(5)
Other income	-	-	23	-	-	23
Personnel expenses	-	-	(13)	-	(748)	(761)
Other operating expenses	-	(434)	(221)	-	(61)	(716)
	14,790	(10,308)	5,883	(140)	(809)	9,416

[(1)] Mutual Funds VÚB AM – Related party (a)
[(2)] Eurizon Capital S.A.; Všeobecná úverová banka, a.s. (until December 2016) – Shareholders of the Company (a)
[(3)] Consumer Finance Holding, a.s.; VÚB Leasing a. s.; Eurizon Capital SGR S.p.A. ; Epsilon SGR; PBZ Invest d.o.o.; CIB Befektetési Alapkezelö Zrt.; Intesa Sanpaolo S.p.A – Related parties (a)
[(4)] VÚB Generali dôchodková správcovská spoločnosť, a.s. – Related party (a)
[(5)] KMP – Key management personnel and supervisory board (d)

25. Related parties transactions (continued)

Summary of transactions with group companies and other related parties during the year 2015:

in thousands of euro	Mutual Funds VUB AM (1)	Share-holders (2)	Other companies in ISP group (3)	Generali (4)	KMP (5)	Total
Interest and similar income	-	1	-	-	-	1
Fee and commission income	14,983	22	-	-	-	15,005
Fee and commission expense	-	(10,512)	-	(160)	-	(10,672)
Dividend income			5,509			5,509
Net income from trading	17	-	14	-	-	31
Other income	-	-	14	-	-	14
Personnel expenses	-	-	(88)	-	(806)	(894)
Other operating expenses	-	(373)	(160)	-	(45)	(578)
	15,000	(10,862)	5,289	(160)	(851)	8,416

See note 19, regarding the bonuses for key management personnel.

The asset value of mutual funds managed by VÚB Asset Management, správ. spol., a.s. is shown in the table below:

in thousands of euro	Mutual funds' assets as at 31 December 2016	Mutual funds' assets as at 31 December 2015
VÚB AM ACTIVE BOND FUND, o.p.f.	274,719	277,652
VÚB AM FOND BANKOVÝCH VKLADOV, o.p.f.	235,236	299,141
VÚB AM KONZERVATÍVNE PORTFÓLIO, o.p.f.	165,886	180,512
VÚB AM FLEXIBILNÝ KONZERVATÍVNY FOND, o.p.f.	150,609	91,855
VÚB AM ACTIVE MAGNIFICA, o.p.f.	140,954	137,987
VÚB AM EUROVÝ FOND, o.p.f.	134,189	157,172
VÚB AM FLEXIBLE MAGNIFICA FUND, o.p.f.	127,224	135,022
VÚB AM PRIVÁTNY EUROVÝ FOND, o.p.f.	106,783	120,353
VÚB AM DYNAMICKÉ PORTFÓLIO, o.p.f.	64,183	55,051
VÚB AM MAGNIFICA EDÍCIA II, o.p.f.	56,810	-
VÚB AM DLHOPISOVÝ KONVERGENTNÝ FOND, o.p.f.	51,708	52,773
VÚB AM VYVÁŽENÝ RASTOVÝ FOND, o.p.f.	37,694	35,023
VÚB AM MAGNIFICA EDÍCIA I, o.p.f.	33,836	-
	1,579,831	1,542,541

26. Subsequent events

There were no events after 31 December 2016 that would have a material effect on a fair presentation of the matters disclosed in these financial statements.

RNDr. Ing. Marian Matušovič PhD.
Member of the Management Board

Marco Canton
Member of the Management Board