

Slovenský záručný a rozvojový fond, s. r. o.

**Audited annual report for the year ended
31 December 2015**

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Management and Administration

Registered office

Slovenský záručný a rozvojový fond, s. r.o.
Dvořákovo nábrežie 4
811 02 Bratislava
Slovakia

Executive Directors

Robin James Vaudrey, CFA (appointed on 21 March 2009, terminated 1 January 2016)
Ing. Juraj Beňo (appointed on 19 September 2012, terminated 30 September 2015)

Ing. Štefan Adamec, (appointed on 1 October 2015)
Ing. Matej Říha, (appointed on 1 January 2016)

Supervisory board

Štefan Adamec (Chairman)
Appointed on: 28 February 2014, terminated on 30 September 2015

Martina Kobilicová (Deputy Chairman)
Appointed on: 1 October 2015

Ing. Peter Habo
Appointed on: 30 September 2014

Ing. Marek Balážik
Appointed on: 16 February 2015

Ing. Marek Repa
Appointed on: 16 February 2015

Ing. Peter Dittrich, PhD.
Appointed on: 16 February 2015

Ing. Ivan Gránsky
Appointed on: 24 August 2015

Martina Kobilicová (Deputy Chairman)
Appointed on: 1 October 2015

Mgr. Roderik Klinda
Appointed on: 30 September 2015

Banks

Tatra banka, a.s.
Hodžovo námestie 3
811 06 Bratislava
Slovak Republic

Štátna pokladnica
Radlinského 32
810 05 Bratislava 15
Slovak Republic

Treasury banks

Všeobecná úverová banka a.s.
Mlynské nivy 1
829 90 Bratislava
Slovak Republic

Administrative Agent

TMF Services Slovakia s.r.o.
Dvořákovo nábrežie 4
811 02 Bratislava
Slovak Republic

Auditor

KPMG Slovensko spol. s r.o.
Dvořákovo nábrežie 10
811 02 Bratislava
Slovak Republic

Legal advisor

Allen & Overy Bratislava, s.r.o.
Eurovea Central 1
Pribinova 4
811 09 Bratislava
Slovak Republic

Tax Advisor

Deloitte Tax k.s.
Digital Park II, Einsteinova 23
851 01 Bratislava
Slovak Republic

Slovenský záručný a rozvojový fond, s. r. o.

Executive Directors' report

For the period from January 1, 2015 to December 31, 2015

General information

JEREMIE (Joint European Resources for Micro to Medium Enterprises) is a joint initiative launched by the European Commission (Directorate General Regional Policy) and the European Investment Bank group to improve access to finance for small and medium-sized enterprises (the "SMEs") in the European Union ("EU") within the EU Structural Funds framework for the period 2007 - 2015. JEREMIE enables the EU Member States and Regions to allocate money from the EU Structural Funds and also national resources into holding funds that can finance SMEs in a flexible and innovative way. The JEREMIE initiative aims at developing and fostering the role of entrepreneurship within the EU in order to meet the objectives of the Lisbon agenda and help EU Structural Funds to deliver greater benefits to the market.

The Government of the Slovak Republic has positively assessed the benefits of JEREMIE implementation during the fourth Programming Period (2007 – 2015) and allocated EUR 100 million under the Operational Programmes Competitiveness and Economic Growth, Bratislava Region, and Research & Development.

JEREMIE implementation structure

The European Investment Fund ("EIF") was selected to manage the implementation of JEREMIE based on provisions of the General Regulation 1083¹. To this end the Framework Agreement was concluded on 23 December 2008 and subsequently amended on 28 April 2010 and on 12 January 2011, between the Slovak Republic (hereinafter "SR") and EIF. Also Funding Agreements were entered into on 28 October 2009, and subsequently amended on 28 April 2010, between the Ministry of Education, Science, Research and Sport of the Slovak Republic, and EIF, and on 28 October 2009, and subsequently amended on 7 May 2010 and 26 May 2011, between the Ministry of Agriculture and Rural Development of the Slovak Republic and EIF, and on 28 October 2009, and subsequently amended on 25 May 2010 between the Ministry of Economy and EIF. A Side Protocol to the Funding Agreement was also entered into between the Ministry of Economy and EIF on 30 June 2011.

The Framework Agreement and the Funding Agreements (including the Side Protocol) are hereinafter collectively referred to as the "Agreements".

The Agreements provide for JEREMIE implementation through a holding fund organised as a special purpose vehicle (the "SPV") under the laws of the Slovak Republic.

The SPV was incorporated by SZRB in March 2010 as a limited liability company under the Slovak Commercial Law under the name Slovenský záručný a rozvojový fond, s.r.o. (the "Company"). The Company was capitalised with the JEREMIE contributions of EUR 100 million in 2011, with a further capital increase of EUR 40 million effected in December 2015, following receipt of the increase to the allocation from the Ministry of Economy

EIF and the Company entered into a Holding Fund Agreement, valid and effective in January 2011, under which EIF was tasked with carrying out the JEREMIE implementation activity. The Holding Fund Agreement automatically terminated as of 31 December 2015, upon the expiry of the Framework Agreement on the same date.

¹ Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

Slovenský záručný a rozvojový fond, s. r. o.

JEREMIE implementation activity

The Investment Strategy approved by the JEREMIE Slovakia Investment Board, focuses on three product types:

- equity financing through fund structures,
- support for debt financing through portfolio guarantees, and
- a portfolio risk-sharing loan instrument also supporting debt financing.

The first category addresses the particular equity gap on the Slovak market, especially in the seed and early stages. It is foreseen that under the JEREMIE initiative investments of up to EUR 47,5 million will be made into companies with high growth potential by specialised fund managers active in venture capital. The guarantee product is expected to result in at least EUR 230 million of new lending to SMEs on preferential terms through SME loan portfolio guarantees offered to financial intermediaries. The third product involves a loan from the JEREMIE Holding Fund to Financial Intermediaries to co-finance a new portfolio of eligible SME loans, combined with credit risk sharing of the portfolio on a loan-by-loan basis.

With regards to the investment strategy outlined above, the following allocations to transactions result from calls for expressions of interest published by EIF in the course of 2011-15 under the JEREMIE initiative in Slovakia:

INSTRUMENT	JEREMIE Allocation	Leverage Portfolio
First Loss Portfolio Guarantee	EUR 40.0m	EUR 230.0m
Risk Capital fund investments	EUR 31.0m	EUR 47.5m
Portfolio risk sharing loan	EUR 60.3m	EUR 84.0m
Total	EUR 131.3m	EUR 361.5m

Overview and analysis of the Company's activities in 2015:

The Company did not undertake any activities in 2015 other than the implementation activity outlined above.

Structure of the Company's share capital

At 31 December 2015, the Company's share capital was distributed between SZRB, holding 99% of voting rights, and EIF with 1% of voting rights, but with unanimous decision-making required for key corporate decisions. Nominal share capital contributed is disproportionate to the voting rights.

Significant events occurring between the end of the reporting period and the date of preparation and approval of the report of the management and Company's activities in 2015:

As at 31 December 2015, EIF is no longer appointed as the manager and operator of the JEREMIE Holding Fund, and no longer acts on behalf of SZRF. The Framework Agreement

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and Funding Agreements expired at that date, triggering also the automatic termination of the Holding Fund Agreement and Shareholders Agreement.

SZRB Asset Management a.s. was nominated by the Slovak government to receive the shareholding in SZRF s.r.o. returned for no consideration by EIF, and was a party with EIF to the Participation Interest transfer Agreement registered with the commercial register. SZRB Asset Management a.s. was also since appointed as manager of the JEREMIE funds under a new Holding Fund Agreement entered into with SZRF s.r.o.

Credit risk

As at 31 December 2015, the Company only held cash in EUR denominated accounts and on term deposits, and is therefore exposed only to the credit risk from the financial institutions where the cash is deposited.

The EUR denominated current accounts are with the Slovak State Treasury, while funds placed on term deposits are with VUB bank.

During the year 2014 and 2015 to company entered into Portfolio Risk Sharing Facility Agreements. Under these agreements, the Company is exposed mainly to two types of credit risks:

- on the advances to financial intermediaries (not yet disbursed to SME's)
- on the SME loans.

Counterparty Risk

The portfolio risk sharing loan instrument ("the PRSL") is implemented via Financial Intermediaries, and, as such, the Company is exposed to differing degrees of counterparty risk; mainly depending on the credit risk profile of the Financial Intermediary, the nature of the PRSL and the risk mitigation measures that have been implemented.

The following risk mitigation covenants have been implemented:

- 1) Stop disbursement under the PRSL upon loss of investment grade rating (second best rating basis);
- 2) Right to obtain security over the SME portfolio upon loss of investment grade rating (second best rating basis);
- 3) Early amortisation of the PRSL upon loss of BB+/Ba1 if the facility is unsecured or B+/B1 if secured (second best rating basis).

Financial Covenants triggering an Event of Default under the PRSL (i.e. right of the lender to accelerate the repayment of the PRSL), applicable to all Financial Intermediaries:

- 1) Capital Adequacy Ratio shall not fall below the regulatory minimum level set by the Borrower's supervisory authority (as applicable from time to time);
- 2) Liquidity Ratio shall not fall below the regulatory minimum level set by the Borrower's supervisory authority (as applicable from time to time);
- 3) Large Exposure Ratio shall not exceed the regulatory maximum level set by the Borrower's supervisory authority (as applicable from time to time).

Basel III ratios:

The Financial Intermediaries will undertake to comply with certain additional financial covenants covering, inter alia, their: (a) level of Tier 1 equity capital, (b) leverage, (c) liquidity (e.g. liquidity coverage ratio), (d) funding (e.g. net stable funding ratio), in each case, as a result of the implementation into the laws of the Relevant Jurisdictions of the Basel III framework, as applied by the relevant regulator and at the minimum/maximum (as applicable) levels set by such authority.

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III framework, as applied by the relevant regulator and at the minimum/maximum (as applicable) levels set by such authority.

Management

The company has a two-tier management system with two Executive Directors (who as from 1 January 2016 are Stefan Adamec and Matej Riha) and a 9-Member Supervisory Board composed of representatives of the managing authorities as well as four independent experts. Mr Adamec replaced Mr Beno during the year 2015, while Mr Riha was appointed upon the recall of Mr Vaudrey effective on 1 January 2016, with Mr Vaudrey's recall linked to EIF's exit at the same date.

The Company is represented and managed jointly by The Executive Directors. As at 31 December 2015, the Company has no assigned personnel.

No remuneration was paid to Supervisory Board members. The Executive Director nominated by EIF was not remunerated either, while the Executive Director nominated by the Ministry of Finance and the Ministry of Economy was paid a monthly net salary of EUR 1,834.65.

The Executive Directors of the Company:

- do not acquire and hold the Company shares;
- do not participate in any companies as unlimited liability partners;
- do not hold over 25 per cent of the equity in any other company;
- had not entered into contract with the Company that goes beyond its usual business.

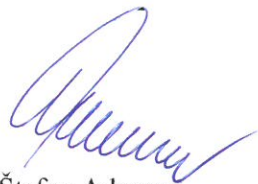
The Executive Directors do not participate in the management of other companies or cooperatives as procurators, managers or board members.

Management responsibilities

According to the Slovak accounting legislation, the management of the Company is responsible for the preparation and fair presentation of the Company's financial statements.

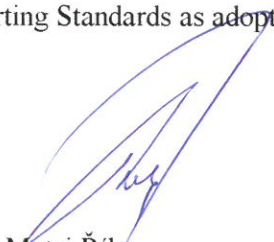
The management of the Company hereby confirms the consistent application of an adequate accounting policy and observation of the general accounting principles in the preparation of the financial statements as at the end of the reporting period.

The management of the Company also confirms the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.



Štefan Adamec
Executive Director

Bratislava, 20 April 2016



Matej Riha
Executive Director

Bratislava, 20 April 2016



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

Independent Auditors' Report

To the Owners, the Supervisory Board and the Executive Directors of Slovenský záručný a rozvojový fond, s. r. o.:

We have audited the financial statements presented on pages 14 - 34 of accompanying annual report of Slovenský záručný a rozvojový fond, s. r. o. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

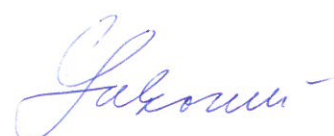
Opinion

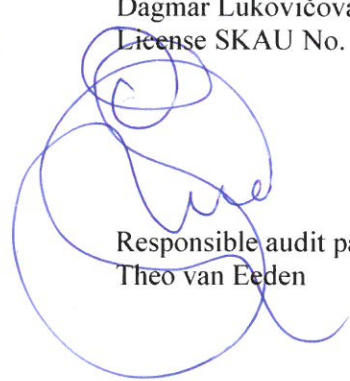
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

20 April 2016
Bratislava, Slovak Republic

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




Responsible auditor:
Dagmar Lukovičová
License SKAU No. 754


Responsible audit partner:
Theo van Eeden

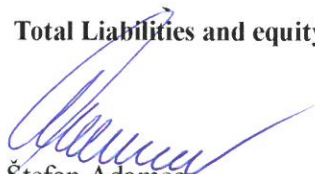
Slovenský záručný a rozvojový fond, s. r. o.

Separate statement of financial position

For the year ended 31 December 2015

(in EUR)

	Notes	2015 EUR	2014 EUR
ASSETS			
Current assets			
Cash and cash equivalents	4	113,095,952	45,125,866
Placements with banks	5	-	42,010,773
Loans and advances to banks for SME loan funding	6	8,005,174	3,502,569
Receivables and other assets	8	36,517	941,269
Total current assets		121,137,643	91,580,477
Non-current assets			
Receivables	8	2,440,943	-
Investments in subsidiaries	7	8,339,677	3,083,033
Total non-current assets		10,780,620	3,083,033
Total Assets		131,918,263	94,663,510
EQUITY AND LIABILITIES			
Liabilities			
Current liabilities			
Tax liabilities and Other liabilities	10	774,332	748,053
Provisions for financial guarantees	11	25,719,940	8,160,416
Total current liabilities		26,494,272	8,908,469
Total liabilities		26,494,272	8,908,469
Equity			
Share capital	12	140,176,361	100,176,361
Retained Earnings		(14,421,320)	(5,828,144)
Loss for the financial year		(20,331,050)	(8,593,176)
Total equity		105,423,991	85,755,041
Total Liabilities and equity		131,918,263	94,663,510


Stefan Adamc
Executive Director

Bratislava, 20 April 2016


Matej Rha
Executive Director

Bratislava, 20 April 2016

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.


Slovenský záručný a rozvojový fond, s. r. o.

Separate statement of comprehensive income

For the year ended 31 December 2015

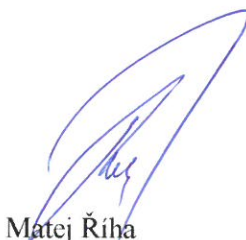
(in EUR)

	Notes	2015 EUR	2014 EUR
Finance income	13	192,371	310,428
Guarantee income	13	-	81,242
Management fees		(1,377,277)	(1,398,966)
Audit, tax and legal fees	15	(72,184)	(63,557)
Administration fees	16	(20,406)	(23,694)
Other operating expenses	17	(123,810)	(132,064)
Net change in provisions for financial guarantees	11	(17,864,978)	(7,307,113)
Value adjustment to investments in subsidiaries		(1,029,103)	-
Loss before tax		(20,295,387)	(8,533,724)
Income tax expense	18	(35,663)	(59,452)
Loss for the financial year		(20,331,050)	(8,593,176)
Other comprehensive income		-	-
Total comprehensive income for the financial year		(20,331,050)	(8,593,176)



Štefan Adamiec
Executive Director

Bratislava, 20 April 2016



Matej Řiha
Executive Director

Bratislava, 20 April 2016

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Separate statement of changes in equity

For the year ended 31 December 2015

(in EUR)

	Notes	Share capital	Retained earnings	Profit/(Loss) for the year	Total equity
Balance as at 1 January, 2014		100,176,361	(3,553,038)	(2,275,106)	94,348,217
Distribution of net income/(loss)		-	(2,275,106)	2,275,106	-
Total comprehensive income/(loss) for the financial year		-	-	(8,593,176)	(8,593,176)
Balance as at 31 December, 2014	12	100,176,361	(5,828,144)	(8,593,176)	85,755,041
Balance as at January 1, 2015		100,176,361	(5,828,144)	(8,593,176)	85,755,041
Share capital increase		40,000,000	-	-	40,000,000
Distribution of net income/(loss)		-	(8,593,176)	8,593,176	-
Total comprehensive income/(loss) for the financial year		-	-	(20,331,050)	(20,331,050)
Balance as at 31 December, 2015	12	140,176,361	(14,421,320)	(20,331,050)	105,423,991

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Separate statement of cash flows

For the year ended 31 December 2015

(in EUR)

	Notes	2015	2014
Cash flows from operating activities			
Profit/(Loss) before income tax		(20,295,387)	(8,533,724)
Adjustments for:			
Interests income		(192,371)	(310,428)
Guarantee fee income		-	(81,242)
Change in provisions for financial guarantees		17,559,524	7,307,113
Change in value adjustment to investments		1,029,103	-
Changes in:			
Changes in loans and advances to banks for SME loan funding		(4,502,605)	(3,502,569)
Changes in placement with banks		42,010,773	(2,551)
Changes in other assets		(1,978,069)	(896,612)
Change in other liabilities		26,279	(63,914)
Cash flow generated from operating activities		33,657,247	(6,083,927)
Income tax paid	18	(36,285)	(59,008)
Net cash flow from operating activities		33,620,962	(6,142,935)
Cash flows from investing activities			
Investments in subsidiaries		(5,843,247)	(3,083,033)
Interests received		192,371	310,575
Guarantee fees received		-	81,242
Net cash flows from investing activities		(5,650,876)	(2,691,216)
Cash flows from financing activities			
Proceed from issue of share capital		40,000,000	-
Net cash flows from financing activities		40,000,000	-
Net decrease in cash and cash equivalents		67,970,086	(8,834,151)
Cash and cash equivalents at the beginning of the year		45,125,866	53,960,017
Cash and cash equivalents at the end of the year	4	113,095,952	45,125,866

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the Separate financial statements

For the year ended 31 December 2015

1. General

Slovenský záručný a rozvojový fond, s. r. o. (the "Company") is a limited liability company established on March 10, 2009 in the context of the initiative "Joint European Resources for Micro to Medium Enterprises" ("JEREMIE"), with a seat and address of management. JEREMIE was jointly developed in 2006 by the European Commission and the European Investment Bank group. Through this initiative, a portion of the European Union Structural Funds allocations from the budgetary period 2007 – 2015 is earmarked to support SMEs through financial intermediaries operating in the Member States of the European Union ("EU"), by the means of venture capital funds, guarantee funds and loan funds. All the funds to be distributed and applied in the course of JEREMIE shall be made available and used in accordance with article 44 of Council Regulation (EC) No 1083/2006 and the Commission Regulation (EC) No 1828/2006.

The Company is established on the basis of, and in performance of the obligations of European Investment Fund ("EIF") under the Framework Agreement dated on 23 December 2008, and later amended on 28 April 2010 and on 12 January 2011, between EIF and the Government of the Slovak Republic. The Company is established as a part of the JEREMIE Holding Fund Structure (as defined in the Framework Agreement) for the purposes of implementing the JEREMIE Initiative in the Slovak Republic.

In respect with the Shareholders' agreement, EIF transferred the EIF participation Interest without consideration to the Slovak republic (represented by the Ministry of Finance) or to an Entity controlled by the Slovak Republic with effect as of 31 December 2015.

The principal activities of the Company are related to the implementation of the JEREMIE initiative in Slovakia, and mainly consist of:

- Entering into transactions with Financial Intermediaries and executing Operational Agreements as set out in clause 4.8 of the Framework Agreement for the purposes of implementing guarantee and loan schemes or investing in venture capital funds (subject always to conformity with the applicable Slovak law and EU regulations);
- Carrying out of the Holding Fund Activity (as defined in the Framework Agreement), which includes the use of financial engineering instruments (guarantees, loans or private equity investments) designated for enterprises, primarily small and medium-sized ones, as well as any other activities).

The financial year of the Company runs from 1 January to 31 December each year.

2. Significant accounting policies

2.1 Basis of compliance

The financial statements of the Company have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January , 2015 and have been accepted by the European Commission.

2.2 Basis of preparation

2.2.1 Basis of measurement

The financial statements have been prepared on the historical costs basis.

2.2.2 Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment when applying the Fund's

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the Separate financial statements

For the year ended 31 December 2015

policies. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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 are described in Notes 6, 7, 11, 19.

Judgments and estimates are principally made in:

- the determination of provisions for financial guarantees as described in the note relating to the accounting treatment of the financial guarantees;
- the determination of indications for impairment of the loans and advances to banks for SME's loan funding as described in note 2.6
- the determination of fair values of financial assets and financial liabilities as described in note 3.4;
- determination of control over investees as described in note 2.7
- determination and disclosures of unconsolidated structured entities and investment entities in which the Company has an interest.

As at 31 December 2015 and in respect of unconsolidated structured entities and investment entities, the Management concluded that the Company is not exposed to unconsolidated structured entities and investment entities.

The approach applied for measurement and recognition of loans impairment is described in the note 2.6. As a result of estimations, the management has concluded that as at 31 December, 2015 there are no indications for impairment of the loans and advances to banks for SMEs' loan funding.

The approach applied for measurement and recognition of investments in subsidiaries is described in the note 2.7.

2.2.3 Change in accounting policies and presentation

The accounting policies adopted have been applied consistently with those used in the previous year.

The Company has adopted the new and amended IFRS and IFRIC interpretation during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Company.

2.2.4 Consolidated financial statements

The Company also prepares the consolidated financial statements in accordance with IFRS and comprising of financial statements of the Company and its subsidiaries. In order to obtain overall information of financial position, operations' results and changes in financial position of JEREMIE Slovakia as a whole, user should read these separate financial statements together with the consolidated financial statements. These consolidated financial statements are available at the registered office of the Company.

The Company is not included in the consolidated financial statements of any of the shareholders.

2.2.5 Comparatives

In these separate financial statements the Company presents comparative information for one prior year besides the investments in subsidiaries and receivables and other assets. As at 31 December 2014 the amount 442 500 EUR was classified as investment in subsidiary, which was reclassified as loan receivable due from subsidiary in 2015 due to asymmetric call.

2.2.6 Foreign currency translation

The Euro (EUR) is the functional and presentation currency.

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the Separate financial statements

For the year ended 31 December 2015

Transactions in foreign currencies are translated to the Company's functional currency as at the date of the accounting transaction by the reference exchange rate determined and declared by the European Central Bank as at the date preceding the date of the accounting transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.4 Financial instruments

(i) Financial assets

The Company classifies its financial assets in the category 'loans and receivables', including cash and cash equivalents. The classification is predetermined by the nature and purpose of the financial assets at the date of their acquisition. The management determines the classification of the financial assets of the Company at the time of their initial recognition on the statement of financial position.

The Company usually recognizes its financial assets on the statement of financial position on the trade date, being the date on which the Company commits (undertakes an ultimate engagement) to purchase the respective financial assets. All financial assets are initially measured at their fair value plus the directly attributable transaction costs.

Standard IFRS 13 Fair Value Measurement adopted by the EU on 11 December 2012 (in force as from the beginning of the first financial year starting on or after 1 January 2015). It does not change when an entity should use fair value, but rather prescribes how the entity, in compliance with this standard, should use fair value in situations when it is necessary or possible to use fair value. The application of this standard has no impact on the financial situation of profit or loss of the Company. The definition of the Fair Value according to IFRS reads as follows: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets are derecognized from the Company's statement of financial position when the rights to receive cash (flows) from these assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership of the asset to another entity (person). If the Company retains substantially all risks and rewards associated with the ownership of a particular transferred financial asset, it continues to recognize the transferred asset in its statement of financial position but also recognizes a secured liability (a loan) for the consideration received.

As at 31 December, 2015 the Company held cash in EUR denominated accounts and loans and advances to banks for SMEs' loan funding.

(ii) Financial liabilities

As at 31 December, 2015 the Company does not have financial liabilities.

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(iii) Impairment

Impairment loss on a financial asset, reported at amortized costs, is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows discounted at the assets' original effective interest rate. Impairment loss is recognized in the Statement of comprehensive income and reflected in an allowance account against loans and receivables. Interest on the impaired asset is still recognized during the discount period. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through Statement of comprehensive income.

2.5 Placement with banks

Placements with banks include term deposits with banks with original maturities of more than three months.

2.6 Loans and advances to banks for SME loan funding

Loans and advances to banks for SME loan funding represent the portfolio risk sharing loans ("PRSL") signed under Portfolio Risk Sharing Facility Agreements.

The Company is provided by EIF (acting in its own name but on behalf of the Company) to selected Financial Intermediaries pursuant to individual facility agreements. The Financial Intermediary undertakes to originate a new portfolio of loans to SMEs according to pre-determined volume targets. The Company provides financing and risk sharing typically of 50% of the new SME loan portfolio ("SME loan").

The initial recognition of these loans is at their fair value including transaction costs and they are presented in the statement of financial position at amortized costs less impairment, if any. The Company initially recognizes them on the date on which they are granted to the financial intermediaries and derecognizes them when they are settled, or the contractual rights to the cash flows expire or are transferred and substantially all risks and rewards of the ownership are transferred and it does not retain control of the receivable.

The loans and advances granted by the Company are subject to the review of impairment.

Subsequent to the initial recognition, a value adjustment on SME loans disbursed is recorded if there is objective evidence that the financial intermediary will be unable to collect all amounts due according to the original contractual terms or the equivalent value. Value adjustments are accounted for in the profit and loss account under "Value adjustments in respect of loans and advances" and are deducted from the appropriate asset items on the statement of financial position. A value adjustment is measured and a provision is established for the difference between the carrying amount and the estimated recoverable amount. Value adjustments are reversed through profit and loss only when there is reasonable assurance of timely collection of principal amount and interest in accordance with the original contractual terms of SME loans agreement. Any interest generated under PRSL is recognized in the statement of comprehensive income in the period it relates to, using the effective interest method.

2.7 Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company has the control over the subsidiary when the Company is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The power over the subsidiary means the existing rights that give the current ability to direct the relevant activities of the subsidiary that significantly affect the subsidiary's returns.

Investments in subsidiaries are presented in the statement of financial position at cost, less impairment, if any, which is measured at the fair value of the consideration given.

The Company usually recognizes in the statement of financial position its investments in subsidiaries on the date of becoming a party to contractual arrangements for the acquisition. All investments are initially measured at their acquisition cost, which represents the fair value of the consideration paid.

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The investments held by the Company are subject to review for impairment. Where conditions for impairment are identified, the impairment is recognized in the statement of comprehensive income. In purchase and sales of investments in subsidiaries the date of trading (conclusion of the deal) is applied.

Investments are derecognized when the rights related thereto are transferred to third parties as a result of occurrence of legal rights for that and thus the control over the economic benefits from the investments are being lost. The gains or losses arising from their sale are presented in a separate line in the statement of comprehensive income.

Dividends and other income on shares in subsidiaries are recognized in the statement of comprehensive income (within profit or loss for the year) when the Company's right to receive the dividends/other income is established.

2.8 Tax liabilities, accounts payable and accruals

Accounts payable and accruals are carried at original invoice amount (cost), being the fair value of the consideration to be paid in the future for goods and services received.

Current tax liabilities are measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted by the end of the reporting period.

2.9 Provisions for financial guarantees

According to the accounting principles adopted by the Company, a provision in relation to First Loss Portfolio Guarantees ("FLPG") should be established on the face of the balance sheet when the following three conditions are met: a present obligation exists as a result of a past event, the probability of an outflow of benefits is higher than the probability that it will not and a reliable estimate is possible.

FLPG is a financial guarantee where EIF, on behalf of the Company, issues a guarantee to the benefit of a Financial Intermediary ("FI") to reimburse the FI for a portion of the actual loss it incurs due to a loss of principal and/or accrued interest as a result of default of loans covered by the FLPG. The FLPG is effective from the signing date of the loans included in the portfolio. The guarantee does not cover losses on loans originated before the FLPG inclusion period. Under the FLPG, the FI can include SME loans in the portfolio up until the end of the Inclusion Period. The cumulative losses of the Company per Financial Intermediary, although linked to the guarantee volume are limited by a maximum amount, called the Guarantee Cap amount. The Guarantee Cap amount is the maximum aggregate net amount which EIF may be liable to pay under the guarantee agreement to financial intermediaries recorded upon the signature of a new guarantee agreement.

Provisions are based on the actual guarantee cap rate of the amounts included in the portfolio until the end of the inclusion period and to the expected loss amount of the build up portfolio after the inclusion period. Provisions are accounted for in the profit and loss account under "Change in provisions for guarantees" and added to the appropriate liability item on the balance sheet.

Due to the first loss piece nature of the FLPG, the so created provision is not amortized due to the repayments of the underlying SME loans' principal. However the value of the FLPG provision is reviewed annually based on the actual loss experience of the portfolio in time.

2.10 Interest income and guarantee income

Interest income is recognized on a time-proportionate basis using the effective interest method and includes interest income from bank deposits.

The periodic guarantee fee is collected systematically from each and every SME transaction included in the portfolio covered by FLPG calculated as the product of the quarterly guarantee fee percentage; the average outstanding principal amount of all SME loans included in the portfolio, on each day during the relevant quarter and the guarantee rate.

Periodic guarantee fees are recognized as income in the profit and loss in the period it relates to.

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2.11 Operating expenses

Operating expenses are recognized in the statement of comprehensive income on an accrual basis.

2.12 Taxation

Income tax expense comprises current and deferred tax.

Current income taxes are determined in accordance with the requirements of the Slovakian tax legislation – the Corporate Income Taxation Act. The nominal income tax rate for year 2015 is 22 %. Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years.

Deferred income taxes are determined using the liability method on all temporary differences, existing at the date of the financial statements, between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of those originating from recognition of an asset or liability, which has not affected the accounting and the taxable profit/(loss) as at the date of the transaction.

Deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses, to the extent that it is probable they will reverse and a taxable profit will be available or taxable temporary differences might occur, against which these deductible temporary differences can be utilized, with the exception of the differences arising from the initial recognition of an asset or liability, which has affected neither the accounting nor taxable profit or loss as at the date of the transaction.

The carrying amount of all deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that they will reverse and sufficient taxable profit to be generated or occurring in the same period taxable temporary differences to allow the deferred tax asset to be utilized (deducted or compensated).

Deferred taxes, related to items that are other components of comprehensive income or are directly credited or charged to equity or other item of the statement of financial position, are also reported directly to the respective comprehensive income or equity component or item of the statement of financial position.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period when the asset will be realized or the liability will be settled (paid), based on the tax laws that are enacted or to a high degree of probability will be enacted.

2.13 New standards and interpretations not adopted

The following IFRS and IFRIC interpretations applicable to the Company were issued but are not yet effective. The Company has chosen not to early adopt these standards and interpretations. The Company plans to adopt them at the date of endorsement by the European Union.

- IFRS 9 – Financial instruments:
This standard is the first step in a three-part project by the IASB to replace IAS 39 financial instruments. This first part, dealing with the classification and measurement of financial assets, simplifies the recognition of financial assets by requiring such assets to be measured at either amortised cost or fair value, depending on certain criteria. The date of the adoption of this standard by the Fund will be dependent on the timing of the EU endorsement process.

The Company is in the process of analysing the impact of this standard on its operations as well as the date at which they plan to adopt the standard.

- Amendments to IAS 1: Presentation of Financial Statements
The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard:

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- immaterial information can detract from useful information,
- materiality applies to the whole of the financial statements,
- materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) has been amended to:

- Remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements.

Clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

The Company expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Company.

- IFRS 15 – Revenue from contracts with customers:
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This standard will replace existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 will be effective for annual reporting period beginning on or after 1 January 2017, with early adoption permitted. The date of the adoption of this standard by the Company will also be dependent on the timing of the EU endorsement process.

The Company is in the process of analysing the impact of this standard on its operations as well as the date at which they plan to adopt the standard.

3. Financial risk management

3.1 Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

Financial guarantees issued by EIF on behalf of the Company

As at 31 December 2015, EIF has transferred the guarantees issued on behalf of the Company with 4 financial intermediaries (2014: 4) to SZRB Asset Management, a.s. The Company assesses its credit risk at two levels: financial intermediaries' creditworthiness and the risk related to the creditworthiness of the SMEs. The banks – financial intermediaries have high credit ratings.

Loans and advances to banks for SMEs loan funding

As at 31 December 2015, EIF has provided through the Company risk sharing credit facilities with 3 banks – financial intermediaries to grant through them loans to SMEs under the Portfolio Risk Sharing Facility Instrument (2014: 2). The Company assesses its credit risk at two levels: financial intermediaries' creditworthiness and the risk related to the creditworthiness of the SMEs. The financial intermediaries have high credit ratings.

As at 31 December 2015 the Company granted funds to the financial intermediaries – banks in the amount of EUR 8,000,000 (2014: 3,500,000).

Treasury

Cash balance with the Slovak State Treasury (the "State Treasury") and Tatrabanka and term deposit with Všeobecná úverová banka, a.s. are exposed to credit risk. As at 31 December 2015, the State Treasury had a rating of A+ according to Standard & Poor's (2014: A) and A2 according to Moody's (2014: A2). As at 31 December 2015, Tatrabanka had a rating of BA/A- according to Moody's (2014: A3). As at 31 December 2015, Všeobecná úverová banka had a rating of A2 according to Moody's (2014: A3).

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During the year the available cash has been used for the term deposits deals with Všeobecná úverová banka, a.s and Eximbanka SR. The deposit deal with Eximbanka SR has been terminated in December 2015, replaced by pledge agreement with Tatrabanka and with Unicreditbank - both dated in February 2016

Maximum exposure to credit risk

The exposure to credit risk relating to the financial assets recognised in the statement of financial position is as follows:

	2015	2014
Cash and cash equivalents	113,095,952	45,125,866
Placement with banks	-	42,010,773
Loans and advances to banks for SME loan funding	8,005,174	3,502,569
Receivables and other assets	-2,447,460	941,269
	123,548,586	91,137,977

The exposure to credit risk relating to contingent liabilities and commitments reported off-balance sheet is as follows:

	2015	2014
Financial guarantees issued by EIF (transferred to SZRB AM) on behalf of the Company	40,000,000	42,980,000
	40,000,000	42,980,000
Maximum exposure to credit risk	163,548,586	134,117,977

3.2 Market risk

3.2.1 Pricing risk

The Company is not exposed to any pricing risk.

3.2.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Company's interest rate risk arises mainly from cash and cash equivalent positions /term deposits/ as the return on cash balances is influenced by the changes in interest rates and also from the portfolio risk sharing facilities.

The Company is mainly exposed to interest rate risk through its cash and cash equivalents, which have a maturity less than 3 months (cash in State Treasury available at sight, term deposits with VUB). The company is also exposed to interest risk through PRSL loans, which bear a floating interest rate.

The following table illustrates the Company's exposure to interest risk at the time they reprice or mature:

	Fixed rate					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years		Total
	EUR	EUR	EUR	EUR		EUR
31 December, 2015						
Financial assets						
Cash and cash equivalents	113,095,952	-	-	-	-	113,095,952
Placements with bank	-	-	-	-	-	-
Financial assets	113,095,952	-	-	-	-	113,095,952

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<i>Fixed rate</i>					
	<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	EUR	EUR	EUR	EUR	EUR
31 December, 2014					
Financial assets					
Cash and cash equivalents	44,145,675	980,191	-	-	45,125,866
Placements with banks		42,010,773			42,010,773
Financial assets	44,145,675	42,990,964	-	-	87,136,639
	<i>With fixed interest rate</i>	<i>Floated interest, incl. through SME's loans</i>	<i>Interest-free</i>	<i>Total</i>	
	EUR	EUR	EUR	EUR	
31 December, 2015					
Financial assets					
Cash and cash equivalents	113,095,952	-	-	113,095,952	
Placements with banks	-	-	-	-	
Loans and advances to banks for SMEs' loan funding	-	8,005,174	-	8,005,174	
Receivables and other assets(Note 8)	-	-	2,477,260	2,477,260	
Financial assets	113,095,952	8,005,174	2,477,260	123,578,386	
Financial liabilities					
Accounts payable	-	-	774,332	774,332	
Financial liabilities	-	-	774,332	774,332	
	<i>With fixed interest rate</i>	<i>Floated interest, incl. through SME's loans</i>	<i>Interest-free</i>	<i>Total</i>	
	EUR	EUR	EUR	EUR	
31 December, 2014					
Financial assets					
Cash and cash equivalents	45,125,866	-	-	45,125,866	
Placements with banks	42,010,773	-	-	42,010,773	
Loans and advances to banks for SMEs' loan funding	-	3,502,569	-	3,502,569	
Receivables and other assets(Note 8)	-	-	941,269	941,269	
Financial assets	87,136,639	3,502,569	941,269	91,580,477	
Financial liabilities					
Accounts payable	-	-	748,053	748,053	
Financial liabilities	-	-	748,053	748,053	

3.2.3 Foreign currency risk

As at 31 December, 2015, the Company is not exposed to any foreign currency risk (2014: none).

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3.3 Liquidity risk

The table below presents the financial non-derivative assets and liabilities of the Company, grouped by remaining term to maturity, determined against the contractual maturity at the end of the reporting period. The table is prepared on the basis of agreed undiscounted cash flows and the earliest date on which the receivable and respectively, the payable become due for payment. The amounts include principal and interest.

December 31, 2015	<i>at sight</i> EUR	<i>up to 1 month</i> EUR	<i>1-3 months</i> EUR	<i>3-12 months</i> EUR	<i>over 12 months</i> EUR	<i>Total</i> EUR
Financial assets						
Cash and cash equivalents	90,367,022	4,390,670	18,338,260	-	-	113,095,952
Placements with banks	-	-	-	-	-	-
Loans and advances to banks for SME loans funding	-	5,174	-	-	8,000,000	8,005,174
Other assets	-	-	-	2,477,460	-	2,477,460
Financial assets	90,367,022	4,395,844	18,338,260	2,477,260	8,000,000	123,578,586
Financial liabilities						
Accounts payable	-	774,332	-	-	-	774,332
Financial liabilities	-	774,332	-	-	-	774,332
Contingent liabilities and commitments	-	-	42,674,545	-	-	42,674,545
December 31, 2014	<i>at sight</i> EUR	<i>up to 1 month</i> EUR	<i>1-3 months</i> EUR	<i>3-12 months</i> EUR	<i>over 12 months</i> EUR	<i>Total</i> EUR
Financial assets						
Cash and cash equivalents	7,255,382	36,890,293	980,191	-	-	45,125,866
Placements with banks				42,010,773		42,010,773
Loans and advances to banks for SME loans funding		2,569	-	-	3,500,000	3,502,569
Other assets	-	-	-	941,269	-	941,269
Financial assets	7,255,382	36,892,862	980,191	42,952,042	3,500,000	91,580,477
Financial liabilities						
Accounts payable	-	748,053	-	-	-	748,053
Financial liabilities	-	748,053	-	-	-	748,053
Contingent liabilities and commitments	-	-	980,000	42,000,000	-	42,980,000

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3.4 Fair value of financial assets and financial liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques.

The fair value hierarchy reflects the significance of the inputs used in making the measurements.

- Level 1 - inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3 - inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value by the level in the fair value hierarchy into which the fair value measurement is categorised as at 31 December, 2015:

	Level 1	Level 2	Level 3	Fair value	Carrying value
	EUR	EUR	EUR	EUR	EUR
Liabilities					
Accounts payable and accruals		774,332		774,332	774,332

The carrying amount of assets is a reasonable approximation of their fair value.

4. Cash and cash equivalents

Cash and cash equivalents comprise the following balances with original maturity of less than 90 days and are as follows:

	2015	2014
	EUR	EUR
Current bank accounts	90,367,022	7,255,382
Short term deposits	22,728,882	37,869,615
Interest receivable on term deposits	48	869
	113,095,952	45,125,866

5. Placements with banks

Placements with banks as at 31 December 2015 comprise the following balances with original maturity of more than 90 days:

	2015	2014
	EUR	EUR
Term deposits with bank with maturity more than 3 months	-	42,000,000
Interest receivable on term deposits	-	10,773
	-	42,010,773

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The deposit deal with Eximbanka SR has been terminated in December 2015 and the funds were transferred to the current bank account in State Treasury. Dated on 1 February 2016 the Company entered into the pledge agreement with Tatra Banka, a.s.

6. Loans and advances to banks for SME loan funding

During the year 2014 the Company entered into Portfolio Risk Sharing Facility Agreements with the following financial intermediaries: Sberbank Slovensko, a.s. and OTP Banka Slovensko a.s. In December 2015 the Company entered into Portfolio Risk Sharing Facility Agreement also with Slovenska zarucna a rozvojova banka, a.s. with no utilization request as at 31 December 2015.

As at 31 December 2015, the outstanding balance of the loans and advances to banks for SME loan funding is as follows:

	2015 EUR	2014 EUR
Advances under utilisation requests, including:	2,628,850	1,985,593
- <i>principal</i>	2,623,676	1,983,024
- <i>interest</i>	5,174	2,569
SME Loans	5,376,324	1,516,976
	8,005,174	3,502,569

As at 31 December 2015, the outstanding balance of the loans and advances granted to the financial intermediaries, is allocated as follows:

	Utilisation requests EUR	Disbursement to SMEs EUR	Balance as at 31 December EUR
OTP Banka Slovensko a.s.	5,000,000	3,720,918	1,279,082
Sberbank Slovensko a.s.	3,000,000	1,655,406	1,344,594
	8,000,000	5,376,324	2,623,676

As at 31 December 2014, the outstanding balance of the loans and advances granted to the financial intermediaries, is allocated as follows:

	Utilisation requests EUR	Disbursement to SMEs EUR	Balance as at 31 December EUR
Sberbank Slovensko a.s.	1,500,000	1,235,776	264,224
OTP Banka Slovensko a.s.	2,000,000	281,200	1,718,800
	3,500,000	1,516,976	1,983,024

As at 31 December 2015 no indications for impairment of the loans and advances to SME loan funding were identified by the Company.

7. Investments in subsidiaries

As at 31 December 2015 the Company held directly control in two subsidiaries:

- Slovak Venture Fund S.C.A., SICAR, and
- JEREMIE Co-Investment Fund, s.r.o.

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The investments in the subsidiaries represent commitments further invested to SMEs.

Subsidiary	Country	Capital share %	Carrying amount as at 31 December 2015 EUR	Capital share %	Carrying amount as at 31 December 2014 EUR
Slovak Venture Fund S.C.A., SICAR	Luxembourg	73.49	7,451,780	73.49	2,883,033
JEREMIE Co-Investment Fund, s.r.o.	Slovakia	98.04	887,897	98.04	200,000
			8,339,677		3,083,033

As at 31 December 2015 impairment of financial investment was identified by the Company:

Subsidiary	Net Asset Value Held	Net Paid at last NAV DATE (30.09.2015)	NAV Less Net Paid
JEREMIE Co-Investment Fund, s.r.o.	827,897	1,181,960	354,063
Slovak Venture Fund S.C.A., SICAR (SEF)	3,438,991	3,808,650	369,659
Slovak Venture Fund S.C.A., SICAR (SIF)	2,086,069	2,391,450	305,381
Total			1,029,103

Slovak Venture Fund S.C.A., SICAR

Slovak Venture Fund S.C.A., SICAR is a Luxembourg Investment Company established under the law of the Grand Duchy of Luxembourg and was incorporated on 5 February 2014. EIF entered into a Subscription agreement with SICAR under which EIF committed to invest into SICAR the amount of EUR 19 mil.

EIF selected Neulogy Ventures a.s. as the manager of the SICAR. The purpose of the SICAR is to make equity investments into Slovak SMEs operating in the area of high value-added sectors, such as ICT/TMF, cleantech and medical diagnostics.

JEREMIE Co-Investment fund, s.r.o.

JEREMIE Co-Investment fund, s.r.o. was incorporated on 5 June 2014 as limited liability company under the law of Slovak republic.

The purpose of the fund is to carry out the business of an investor in eligible SMEs and in particular to identify, research, negotiate, make and monitor the progress of, and, sell, realise, exchange, convert or distribute equity instruments. The total capital commitment of the Company in the fund totals to EUR 11,900,000.

8. Receivables and other assets

As at 31 December 2015, receivables and other assets are splitted into current and non-current part. The current receivables mainly composed of receivable due to EIF (payment performed on behalf of EIF, refunded at the beginning of January 2016). The non-current receivables composed of asymmetric calls in the amount of EUR 2,440,943 (in 2014: 941,100 – recognised as current assets).

9. Deferred Tax Assets

The Company does not recognize a deferred tax asset since it is not probable that future taxable profits will be available against which the deferred tax can be utilized.

The deferred tax assets have been calculated using a corporate income tax rate of 22% valid since 1 January 2015 (in 2014: 22%). The amount of unused tax losses for which no deferred tax asset is recognized in the statement of financial position amounts to EUR 9,490,637 (2014: EUR 7,686,657).

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10. Tax liabilities and Other liabilities

As at 31 December, 2015, other liabilities are as follows:

	2015 EUR	2014 EUR
Fund management costs	692,207	701,600
Audit, tax and legal fees	70,866	25,403
Administration fees	7,080	10,817
Tax liabilities	960	960
Other operating expenses	3,219	9,273
	774,332	748,053

11. Provisions for financial guarantees

As at December 31, 2015 the provision in respect of the guarantees portfolio is at the amount of EUR 25,719,940 (in 2014: 8,160,416). The Company calculated the provision based on the actual guarantee cap amount.

During the year 2015 there was paid the guarantee call in amount 305,454 EUR (2014:0).

FLPG Provision

	2015 EUR	2014 EUR
Balance at January 1	8,160,416	853,303
Additions	17,864,978	7,307,113
Utilized	305,454	-
Balance at December 31	25,719,940	8,160,416

12. Equity

As at 31 December 2015 the share capital of the Company amounts to EUR 140,176,361 and confers voting rights as follows:

	Interest in share capital		Voting rights
	EUR	%	%
Slovenská záručná a rozvojová banka, a.s.	5,000	0.01	99
European Investment Fund on behalf of Slovak Republic	140,171,361	99.99	1
Total	140,176,361	100	100

In

January 2015 Slovenska zaručná a rozvojová banka, a.s. announced to EIF, that the shares of the Company will be transferred to SZRB Asset Management, a.s.

SZRB Asset Management, a.s. became the shareholder of the Company since 1 January 2016 based on Transfer of Shares Agreement from 7 December 2015.

In addition, further the Side Protocol No. 2 to the Funding Agreement between EIF and Ministry of Economy, there was an additional allocation to the JEREMIE holding fund from Ministry of Economy in amount 40,000,000 EUR. This grant was contributed by EIF to the share capital of the company, officially registered in Slovak Trade Register since 1 January 2016.

The Company has a statutory obligation to create a legal reserve fund. The minimum amount represents 5 % of the net profit. In subsequent years 5% of net profit should be allocated to the legal reserve fund until the amount reaches 10% of the registered capital of the Company.

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In accordance with the requirements of the Commercial Code, the amounts in the legal reserve fund can be used to cover annual loss or losses from previous years. The Executives shall decide on the use of the legal reserve fund in accordance with Section 67(1) of the Commercial Code.

13. Finance income and Guarantee income

	2015 EUR	2014 EUR
Interest income from cash in bank and term deposits	176,655	307,859
Interest income from PRSL activities	15,716	2,569
Guarantee income	-	81,242
	192,371	391,670

14. Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related Parties

EIF owns 99.99% of its shares in the Company on behalf and for the benefit of the Slovak Republic.

SZRB owns 0.01% of its shares in the Company with 99% of voting rights.

The Company holds control with 73,49 % of Slovak Venture Fund SCA, S.I.C.A.R. and 98,04 % of JEREMIE Co-Investment Fund, s.r.o.

Transactions

Investments in subsidiaries

The tranches for capital commitments for the subsidiaries made during the year 2015 (2014: 3 083 033 EUR) are as follows:

	2015 EUR	2014 EUR
Slovak Venture Fund SCA, S.I.C.A.R.	5,243,787	2,883,033
JEREMIE Co-Investment fund, s.r.o.	1,041,960	200,000
	6,285,747	3,083,033

During 2015 the amount of EUR 1,499,843 (in 2014: EUR 941 100) was transferred to the subsidiaries as an interest-free intercompany loan.

Management fees

Pursuant to Art 8.3 of the Holding Fund Agreement between SZRF s.r.o. and EIF, EIF is entitled to receive an annual flat fee (the "Management Fees"). For the period from 1 January 2015 to 31 December 2015, Management Fees totalled EUR 1,377,277 (2014: EUR 1,398,966). As at 31 December 2015, the total amount of EUR 692 207 is still due to EIF. (As at 31 December 2014: EUR 701,600).

Legal fees

For the period from 1 January 2015 to 31 December 2015, Legal Fees totalled EUR 0 (2014: EUR 28,524). As at 31 December 2015, the total amount of EUR 0 is still due to EIF. (As at 31 December 2014: EUR 5,042).

Guarantee fees

For the period from 1 January 2015 to 31 December 2015, Guarantee fees totalled to EUR 0 (2014: EUR 48,258).

Key management remuneration

Juraj Beňo, who is in the position of Executive Director until 30 September 2015, has received monthly gross remuneration from the Company of EUR 2 772 and severance payment EUR 13 859.

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Since 1 October 2015 is in position of new Executive Director Stefan Adamec, who has received the monthly gross remuneration EUR 2 500.

The total amount of expenses regarding the remuneration of management is presented in the note 17 – Other operating expenses.

Robin James Vaudrey, as the other Executive Director, does not receive remuneration from the Company.

15. Audit, tax and legal fees

As at 31 December 2015 audit, tax and legal fees are as follows:

	2015 EUR	2014 EUR
Audit fees including related services	12,195	13,663
Tax advisors fees	9,996	13,460
Legal fees	49,993	36,434
	72,184	63,557

16. Administration fees

As at 31 December 2015, administration fee are as follows:

	2015 EUR	2014 EUR
Accounting services	18,640	21,864
Payroll services	1,766	1,830
	20,406	23,694

17. Other operating expenses

As at 31 December 2015, other operating expenses are as follows:

	2015 EUR	2014 EUR
Executive remuneration	52,788	43,111
Marketing	666	3,890
Translations	87	817
Bank fees	59,659	72,181
Unclaimed VAT	10,469	11,862
Others	140	203
	123,809	132,064

18. Taxation

As per the annual income tax return for year 2015, the determined tax loss amounts to EUR 1,803,980, however with the effect from 1 January 2014 a tax licence has been introduced in the Slovak Income Tax Act, which basically represents a minimum tax liability that should be paid by a legal entity, even if a tax loss is achieved. Therefore, the amount of tax licence that is due by the Company as at 31 December 2015 amounts to EUR 960 (2014: 960).

During the year 2015 withholding tax on interests received at the rate of 19% has been posted in the amount of EUR 34,703. In the year 2014 withholding tax on interests received at the rate of 19% has been posted in the amount of EUR 58,492.

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	2015	2013
	EUR	EUR
Current tax	960	960
Deferred tax	-	-
Withholding tax	34,703	58,492
	35,663	59,452

19. Contingent liabilities and commitments

Contingent liabilities

The Company is a party in pledge agreement with EIF for the purpose of supporting EIF's obligations towards the financial intermediaries in relation to operations under the First Loss Portfolio Guarantee Instrument. EIF entered into the FLPG guarantee operations in its own name but on behalf and for the account of the Company. The agreements with Slovenská záručná a rozvojová banka, a.s.; Tatrabanka a.s.; UniCredit bank a.s.; and Slovenská sporiteľňa a.s. will guarantee loans with total volume up to EUR 40 million (2014: EUR 43 milion).

As at 31 December 2015 the unrecognised portion of the global guarantee cap amount totalled to EUR 13 974 605 (2014: EUR 34,819,584).

In the context of guarantees operations issued by EIF on behalf of the Company, the Company pledged bank account in the amount of EUR 40,000,000. Part of the funds (305 455 EUR) was used for guarantee call in November 2015.

20. Separate Statement of financial position and Separate Statement of comprehensive income per source of funding

Pursuant to Art 7.7 of the Holding Fund Agreement between SZRF s.r.o. and EIF, EIF should follow the Holding Fund Activity per source of funding.

The Statement of financial position and Statement of comprehensive income have been prepared for following sources of funding:

SF1 - Operation Programme Research and Development
SF2 - Operation Programme Competitiveness & Economic Growth
SF3 - Operation Programme Bratislava Region
SZRB - transactions are not attributable to the funds.

20.1. Separate statement of financial position per source of funding for the year 2015

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Notes to the Separate financial statements

For the year ended 31 December 2015

	2015 EUR	SF1 EUR	SF2 EUR	SF3 EUR	SZRB EUR
ASSETS					
Current assets					
Cash and cash equivalents	113 095 952	17 435 787	94 136 354	1 519 862	3 949
Placement with banks	-	-	-	-	-
Loans and advances to banks for SMEs loan funding	8 005 174	-	8 005 174	-	-
Receivables and other assets	36 517	10 740	24 488	1 289	-
Total current assets	121 137 643	17 446 527	102 166 016	1 521 151	3 949
Non-current assets					
Receivables	2 440 943	1 476 082	-	964 861	-
Investments in subsidiaries	8 339 677	6 714 403	-	1 625 274	-
Total non-current assets	10 780 620	8 190 485	-	2 590 135	-
Total Assets	131 918 263	25 637 012	102 166 016	4 111 286	3 949
EQUITY AND LIABILITIES					
Liabilities					
Current liabilities					
Other liabilities	774 332	(238 620)	520 497	492 455	-
Provisions for financial guarantees	25 719 940	-	25 719 940	-	-
Total current liabilities	26 494 272	(238 620)	26 240 437	492 455	-
Total liabilities	26 494 272	(238 620)	26 240 437	492 455	-
Equity					
Share capital	140 176 361	29 485 882	107 147 227	3 538 252	5 000
Retained Earnings	(14 421 320)	(1 793 067)	(12 411 087)	(216 210)	(956)

Slovenský záručný a rozvojový fond, s. r. o.

Notes to the Separate financial statements

For the year ended 31 December 2015

20.2. Separate statement of financial position per source of funding for the year 2014

	2014 EUR	SF1 EUR	SF2 EUR	SF3 EUR	SZRB EUR
ASSETS					
Current assets					
Cash and cash equivalents	45,125,866	24,717,809	17,887,628	2,516,386	4,043
Placements with banks	42,010,773	-	42,010,773	-	-
Loans and advances to banks for SMEs loan funding	3,502,569	-	3,502,569	-	-
Receivables and other assets	498,769	498,650	114	5	-
Total current assets	91,137,977	25,216,459	63,401,084	2,516,391	4,043
Non-current assets					
Investments in subsidiaries	3,525,533	2,693,783	-	831,750	-
Total non-current assets	3,525,533	2,693,783	-	831,750	-
Total Assets	94,663,510	27,910,242	63,401,084	3,348,141	4,043
EQUITY AND LIABILITIES					
Liabilities					
Current liabilities					
Other liabilities	748,053	217,426	504,527	26,100	-
Provisions for financial guarantees	8,160,416	-	8,160,416	-	-
Total current liabilities	8,908,469	217,426	8,664,943	26,100	-
Total liabilities	8,908,469	217,426	8,664,943	26,100	-
Equity					
Share capital	100,176,361	29,485,882	67,147,227	3,538,252	5,000
Retained Earnings	(5,828,144)	(1,371,077)	(4,287,803)	(168,450)	(814)
Loss for the financial year	(8,593,176)	(421,989)	(8,123,283)	(47,761)	(143)
Total equity	85,755,041	27,692,816	54,736,141	3,322,041	4,043
Total Liabilities and equity	94,663,510	27,910,242	63,401,084	3,348,141	4,043

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Notes to the Separate financial statements

For the year ended 31 December 2015

20.3. Separate statement of comprehensive income per source of funding for the year 2015

	2015 EUR	SF1 EUR	SF 2 EUR	SF 3 EUR	SZRB EUR
Finance income	192,371	15,456	175,433	1,482	
Guarantee income	-	-	-	-	
Management fees	-1,377,277	(405,057)	(923,602)	(48,618)	
Audit, tax and legal fees	-72,184	(20,908)	(48,770)	(2,506)	
Administration fees	-20,406	(6,002)	(13,686)	(718)	
Other operating expenses	-123,810	(19,052)	(103,204)	(1,459)	(95)
Net change in provision for financial guarantees	-17,864,978	-	(17,864,978)	-	
Value adjustment to investments in subsidiaries	-1,029,103	(879,466)	-	(149,637)	
Loss before tax	(20,295,387)	(1,315,029)	(18,778,807)	(201,456)	(95)
Income tax expense	-35,663	(3,554)	(31,754)	(355)	-
Profit/Loss for the period	(20,331,050)	(1,318,583)	(18,810,561)	(201,811)	(95)
Other comprehensive income	0	-	-	-	-
Total comprehensive income for the period	(20,331,050)	(1,318,583)	(18,810,561)	(201,811)	(95)

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Notes to the Separate financial statements

For the year ended 31 December 2015

20.4. Separate statement of comprehensive income per source of funding for the year 2014

	2014 EUR	SF1 EUR	SF 2 EUR	SF 3 EUR	SZRB EUR
Finance income	310,428	65,671	237,161	7,596	-
Guarantee income	81,242	-	81,242	-	-
Management fees	(1,398,966)	(411,436)	(938,147)	(49,383)	-
Audit, tax and legal fees	(63,557)	(36,316)	(26,106)	(1,135)	-
Administration fees	(23,694)	(6,969)	(15,891)	(834)	-
Other operating expenses	(132,064)	(20,180)	(109,213)	(2,528)	(143)
Net change in provision for financial guarantees	(7,307,113)	-	(7,307,113)	-	-
Loss before tax	(8,533,724)	(409,230)	(8,078,067)	(46,284)	(143)
Income tax expense	(59,452)	(12,759)	(45,216)	(1,477)	-
Profit/Loss for the period	(8,593,176)	(421,989)	(8,123,283)	(47,761)	(143)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	(8,593,176)	(421,989)	(8,123,283)	(47,761)	(143)

21. Subsequent events

From 31 December 2015, up to the date when these financial statements were approved by the statutory representatives, there were no further events identified that would require adjustments to or disclosures in these financial statements.