



**Všeobecná úverová banka, a.s.**

## **SUPPLEMENT NO. 2**

### **TO BASE PROSPECTUS DATED MAY 23, 2016**

This Supplement No. 2 to the Base Prospectus dated May 23, 2016 (hereinafter "**Supplement No. 2**") for debt securities issued within the offering program (hereinafter "**Base Prospectus**"), on the basis of which Všeobecná úverová banka, a.s., with the registered office at Mlynské nivy 1, 829 90 Bratislava, CRN: 31 320 155, registered in the Business Register of District Court Bratislava I, section: Sa, file no. 341/B (hereinafter "**VÚB, a.s.**", "**Issuer**" or "**Bank**") is authorized to issue, in compliance with the generally binding legal regulations, individual bond issues – mortgage bonds (hereinafter "**MB**" or "**Bonds**") in any currency, on the basis of the information provided in the Base Prospectus as later amended (hereinafter "**Program**"). The total nominal value of all unpaid Bonds issued within Program must not exceed EUR 1 500 000 000.00 or equivalent sum in other currency. Program duration, during which VÚB, a.s., may issue individual Bonds issues within Program, is 10 years.

This Supplement No. 2 updates the Base Prospectus approved by National Bank of Slovakia with ruling No. ODT-6400/2016-1 as of June 7, 2016 as amended by Supplement No. 1 to the Base Prospectus dated September 8, 2016 (hereinafter "**Supplement No. 1**") approved by National Bank of Slovakia with ruling No. ODT-11020/2016-1 as of September 19, 2016. The information about the free of charge accessibility of the Base Prospectus was published in Hospodárske noviny on June 16, 2016 and from this day it is available in written form at the registered office of Issuer and on Issuer's website. The information about the free of charge accessibility of the Supplement No. 1 was published in Hospodárske noviny on September 28, 2016 and from this day it is available in written form at the registered office of Issuer and on Issuer's website.

All public offers announced by the date of this Supplement No. 2 based on valid Base Prospectus were closed and all Bonds were delivered to the investors.

To the date of preparation of this Supplement No. 2 Issuer did not realize a new public offer of securities based on valid Base Prospectus and did not publish relevant Final Terms and to the date of publishing of this Supplement No. 2 will not do so, and for this reason does not state in Supplement No. 2 information about the possibility of a right of withdrawal their acceptances pursuant to Act No. 566/2001 Coll. on securities and investment services as amended, art. 125c sub-sect. 5.

In order to acquire complete information about the Issuer and Bonds offer, the Supplement No. 2 shall be read together with the Base Prospectus as later amended, Final Terms and Summaries. The words in this Supplement No. 2, starting with capital letter, shall have the meaning as defined in the Base Prospectus.

Once approved by National Bank of Slovakia, the Supplement No. 2 will be published free of charge and available in written form at the registered Office of Issuer: Mlynské nivy 1, 829 90 Bratislava, in department: Balance Sheet Management and on Issuer's website: <http://www.vub.sk/informacny-servis/prospekty-cennyh-papierov/>. A notification of availability will be published in daily national press.

November 16, 2016

## **RESPONSIBLE PERSONS**

Všeobecná úverová banka, a.s., represented by Ing. Elena Kohútiková, PhD., member of Management Board, and Antonio Bergalio, member of Management Board, represents that it is liable for the information contained in the entire Supplement No. 2.

Issuer represents, that it paid due care to the Supplement No. 2 preparation, that it prepared it using its best knowledge, that information and data contained therein are up-to-date, complete, true and actual to the date of preparation thereof and that no data which may influence the meaning thereof, accurate and correct assessment of Issuer and Bonds issued by Issuer were omitted.

Bratislava, November 16, 2016

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Ing. Elena Kohútiková, PhD.  
Member of Management Board of VÚB, a.s.

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Antonio Bergalio  
Member of Management Board of VÚB, a.s.

From the date of approval and publishing the announcement about the free of charge availability of the Base Prospectus the below mentioned new factors have occurred which could influence the correct assessment of Issuer and Bonds issued by Issuer.

Here below are stated only those parts of sections from the Base Prospectus as amended by Supplement No. 1, which are updated or amended.

In section:

## I. SUMMARY

### Section B – Issuer Element B.12

The original text of the Base Prospectus as amended by Supplement No. 1 is amended as follows:

<b>Selected key interim financial information</b>		
The selected key interim financial information from the Interim separate financial statements, unverified by auditor, for the period ending on September 30, 2016 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting.		
<b>Separate statement of financial position at 30 September 2016 (In thousands of euro)</b>		
	<b>Sep 2016</b>	<b>Dec 2015</b>
<b>Assets</b>		
Cash and balances with central banks	816,771	469,321
Due from banks	99,586	178,491
Financial assets at fair value through profit or loss	150,630	97,753
Derivative financial instruments	75,526	46,652
Available-for-sale financial assets	1,375,500	1,867,941
Non-current assets held for sale	293	-
Loans and advances to customers	9,878,749	8,553,701
Held-to-maturity investments	524,270	531,742
Subsidiaries, associates and joint ventures	95,566	95,566
Intangible assets	55,949	59,250
Property and equipment	87,065	93,328
Deferred income tax assets	45,536	41,327
Other assets	15,307	20,347
	<b>13,220,748</b>	<b>12,055,419</b>
<b>Liabilities</b>		
Due to central and other banks	471,753	412,146
Derivative financial instruments	68,214	62,559
Due to customers	9,568,453	8,543,134
Debt securities in issue	1,720,112	1,600,341
Current income tax liabilities	7,665	8,314
Provisions	25,534	25,266
Other liabilities	72,261	80,210
	<b>11,933,992</b>	<b>10,731,970</b>
<b>Equity</b>		
Equity (excluding net profit for the period)	1,175,800	1,193,092
Net profit for the period	110,956	130,357
	<b>1,286,756</b>	<b>1,323,449</b>
	<b>13,220,748</b>	<b>12,055,419</b>

	3,562,693	3,408,617
Financial commitments and contingencies		
<b>Separate statement of profit or loss and other comprehensive income for 9 months ended 30 September 2016 (In thousands of euro)</b>		
	Sep 2016	Sep 2015
Interest and similar income	287,352	311,084
Interest and similar expense	(35,856)	(53,220)
<b>Net interest income</b>	<b>251,496</b>	<b>257,864</b>
Fee and commission income	107,366	111,465
Fee and commission expense	(40,411)	(46,169)
<b>Net fee and commission income</b>	<b>66,955</b>	<b>65,296</b>
Net trading result	34,553	7,759
Other operating income	1,912	3,518
Dividend income	4,427	5,913
<b>Operating income</b>	<b>359,343</b>	<b>340,350</b>
Salaries and employee benefits	(77,625)	(74,727)
Other operating expenses	(64,605)	(63,066)
Special levy of selected financial institutions	(16,254)	(14,941)
Amortisation	(9,432)	(9,277)
Depreciation	(7,260)	(8,502)
<b>Operating expenses</b>	<b>(175,176)</b>	<b>(170,513)</b>
<b>Operating profit before impairment</b>	<b>184,167</b>	<b>169,837</b>
Impairment losses	(36,969)	(39,362)
<b>Profit before tax</b>	<b>147,198</b>	<b>130,475</b>
Income tax expense	(36,242)	(30,670)
<b>NET PROFIT FOR 9 MONTHS</b>	<b>110,956</b>	<b>99,805</b>
<b>Other comprehensive income for 9 months, after tax:</b>		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Exchange difference on translating foreign operation	2	9
Available-for-sale financial assets	(17,393)	(11,499)
Cash flow hedges	(73)	(213)
<b>Other comprehensive income for 9 months, net of tax</b>	<b>(17,464)</b>	<b>(11,703)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR 9 MONTHS</b>	<b>93,492</b>	<b>88,102</b>
Basic and diluted earnings per € 33.2 share in €	8.55	7.69

In section:

### III. INFORMATION ABOUT ISSUER

#### 3.11 Financial information concerning assets and liabilities, financial situation, Issuer's profit and losses

##### 3.11.4 Interim and other financial information

The original text of the Base Prospectus as amended by Supplement No. 1 is amended as follows:

##### Interim Financial Statement prepared in compliance with the IAS 34 as of September 30, 2016

Bellow mentioned data for the period ended September 30, 2016 have been assumed from the Interim separate financial statements unverified by auditor, for 9 months ended on September 30, 2016 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting. The financial statements are attached herein.

##### Separate statement of financial position at 30 September 2016 (In thousands of euro)

	Sep 2016	Dec 2015
<b>Assets</b>		
Cash and balances with central banks	816,771	469,321
Due from banks	99,586	178,491
Financial assets at fair value through profit or loss	150,630	97,753
Derivative financial instruments	75,526	46,652
Available-for-sale financial assets	1,375,500	1,867,941
Non-current assets held for sale	293	-
Loans and advances to customers	9,878,749	8,553,701
Held-to-maturity investments	524,270	531,742
Subsidiaries, associates and joint ventures	95,566	95,566
Intangible assets	55,949	59,250
Property and equipment	87,065	93,328
Deferred income tax assets	45,536	41,327
Other assets	15,307	20,347
	<u>13,220,748</u>	<u>12,055,419</u>
<b>Liabilities</b>		
Due to central and other banks	471,753	412,146
Derivative financial instruments	68,214	62,559
Due to customers	9,568,453	8,543,134
Debt securities in issue	1,720,112	1,600,341
Current income tax liabilities	7,665	8,314
Provisions	25,534	25,266
Other liabilities	72,261	80,210
	<u>11,933,992</u>	<u>10,731,970</u>
<b>Equity</b>		
Equity (excluding net profit for the period)	1,175,800	1,193,092
Net profit for the period	110,956	130,357
	<u>1,286,756</u>	<u>1,323,449</u>
	<u>13,220,748</u>	<u>12,055,419</u>
Financial commitments and contingencies	<u>3,562,693</u>	<u>3,408,617</u>

**Separate statement of profit or loss and other comprehensive income  
for 9 months ended 30 September 2016  
(In thousands of euro)**

	<b>Sep 2016</b>	<b>Sep 2015</b>
Interest and similar income	287,352	311,084
Interest and similar expense	(35,856)	(53,220)
<b>Net interest income</b>	<b>251,496</b>	<b>257,864</b>
Fee and commission income	107,366	111,465
Fee and commission expense	(40,411)	(46,169)
<b>Net fee and commission income</b>	<b>66,955</b>	<b>65,296</b>
Net trading result	34,553	7,759
Other operating income	1,912	3,518
Dividend income	4,427	5,913
<b>Operating income</b>	<b>359,343</b>	<b>340,350</b>
Salaries and employee benefits	(77,625)	(74,727)
Other operating expenses	(64,605)	(63,066)
Special levy of selected financial institutions	(16,254)	(14,941)
Amortisation	(9,432)	(9,277)
Depreciation	(7,260)	(8,502)
<b>Operating expenses</b>	<b>(175,176)</b>	<b>(170,513)</b>
<b>Operating profit before impairment</b>	<b>184,167</b>	<b>169,837</b>
Impairment losses	(36,969)	(39,362)
<b>Profit before tax</b>	<b>147,198</b>	<b>130,475</b>
Income tax expense	(36,242)	(30,670)
<b>NET PROFIT FOR 9 MONTHS</b>	<b>110,956</b>	<b>99,805</b>
<b>Other comprehensive income for 9 months, after tax:</b>		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Exchange difference on translating foreign operation	2	9
Available-for-sale financial assets	(17,393)	(11,499)
Cash flow hedges	(73)	(213)
<b>Other comprehensive income for 9 months, net of tax</b>	<b>(17,464)</b>	<b>(11,703)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR 9 MONTHS</b>	<b>93,492</b>	<b>88,102</b>
Basic and diluted earnings per € 33.2 share in €	8.55	7.69

**Separate statement of cash flows for 9 months ended 30 September 2016**  
(In thousands of euro)

	<b>Sep 2016</b>	<b>Sep 2015</b>
<b>Cash flows from operating activities</b>		
Profit before tax	147,198	130,475
Adjustments for:		
Amortisation	9,432	9,277
Depreciation	7,260	8,502
Securities at fair value through profit or loss, debt securities in issue and FX differences	36,538	(1,491)
Interest income	(287,352)	(311,084)
Interest expense	35,856	53,220
Dividend income	(4,427)	(5,913)
Sale of property and equipment	4	(3)
Impairment losses and similar charges	58,464	56,689
Interest received	314,625	329,335
Interest paid	(43,915)	(62,761)
Dividends received	4,427	5,913
Tax paid	(41,100)	(32,962)
Due from banks	87,806	437,791
Financial assets at fair value through profit or loss	(52,236)	(144,163)
Derivative financial instruments (assets)	(28,796)	12,044
Available-for-sale financial assets	452,478	(279,801)
Loans and advances to customers	(1,378,734)	(563,527)
Other assets	5,126	(3,324)
Due to central and other banks	59,613	(76,859)
Derivative financial instruments (liabilities)	5,655	(5,362)
Due to customers	1,028,499	169,849
Other liabilities	(8,628)	(8,177)
<i>Net cash used from/(used in) operating activities</i>	<u>407,793</u>	<u>(282,332)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets and property and equipment	(7,596)	(8,177)
Disposal of property and equipment	171	5
<i>Net cash used in investing activities</i>	<u>(7,425)</u>	<u>(8,172)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of debt securities	237,252	338,000
Repayments of debt securities	(150,618)	(194,870)
Purchase of treasury shares	-	(88)
Dividends paid	(130,334)	(89,538)
<i>Net cash (used in)/from financing activities</i>	<u>(43,700)</u>	<u>53,504</u>
Net change in cash and cash equivalents	356,668	(237,000)
Cash and cash equivalents at the beginning of the year	491,355	428,960
<b>Cash and cash equivalents at 30 September</b>	<u><u>848,023</u></u>	<u><u>191,960</u></u>

**Separate statement of changes in equity for 9 months ended 30 September 2016**  
(In thousands of euro)

	Share capital	Share premium	Treasury shares	Legal reserve fund	Retained earnings	Translation of foreign operation	Available-for-sale financial assets	Cash flow hedges	Total
<b>At 1 January 2015</b>	430,819	13,636	-	87,493	724,503	(9)	31,446	(885)	1,287,003
Total comprehensive income for 9 months, net of tax	-	-	-	-	99,805	9	(11,499)	(213)	88,102
Dividends to shareholders	-	-	-	-	(89,538)	-	-	-	(89,538)
Reversal of dividends distributed but not collected	-	-	-	-	147	-	-	-	147
Other	-	-	-	-	(15)	15	-	-	-
Purchase of treasury shares	-	-	(88)	-	-	-	-	-	(88)
<b>At 30 September 2015</b>	<u>430,819</u>	<u>13,636</u>	<u>(88)</u>	<u>87,493</u>	<u>734,902</u>	<u>15</u>	<u>19,947</u>	<u>(1,098)</u>	<u>1,285,626</u>
<b>At 1 January 2016</b>	430,819	13,719	-	87,493	765,454	22	27,192	(1,250)	1,323,449
Total comprehensive income for 9 months, net of tax	-	-	-	-	110,956	2	(17,393)	(73)	93,492
Dividends to shareholders	-	-	-	-	(130,334)	-	-	-	(130,334)
Reversal of dividends distributed but not collected	-	-	-	-	149	-	-	-	149
Other	-	-	-	-	23	(23)	-	-	-
<b>At 30 September 2016</b>	<u>430,819</u>	<u>13,719</u>	<u>-</u>	<u>87,493</u>	<u>746,248</u>	<u>1</u>	<u>9,799</u>	<u>(1,323)</u>	<u>1,286,756</u>

In section:

### III. INFORMATION ABOUT ISSUER

#### 3.14 Documents for inspection

The original text of the Base Prospectus as amended by Supplement No. 1 is amended as follows:

- Interim separate financial statements for 9 months ended September 30, 2016 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting

In section:



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## **V. INFORMATION ABOUT THE PROGRAM**

The original text of the Base Prospectus as amended by Supplement No. 1 is amended as follows:

According to the Act on Banks the mortgage loan is a loan with a maturity of at least four years and a maximum of thirty years, secured by a security interest established in any domestic real property, including property under construction, and financed, up to at least 90% unless this Act provides otherwise, through the issuance and sale of mortgage bonds by a mortgage bank under a separate regulation and which mortgage bank provides for the following purposes:

- a) acquisition of domestic real property or any part thereof;
- b) construction or modification of existing buildings or structures;
- c) maintenance of domestic real properties; or
- d) repayment of an outstanding mortgage loan drawn for any of the purposes mentioned in subparagraphs (a) to (c);
- e) repayment of an outstanding loan drawn for any of the purposes mentioned in subparagraphs (a) to (c), other than a mortgage loan.

Proper coverage of mortgage bonds issued by the Issuer consists only of those mortgage loans that are provided to non-business individuals or individual-entrepreneur customers (proving the business income only within Slovak Republic) to invest in real estate for housing purposes.

In section:

## **VIII. ANNEXES**

The original text of the Base Prospectus as amended by Supplement No. 1 is amended as follows:

Interim separate financial statements for 9 months ended September 30, 2016 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting.