



Všeobecná úverová banka, a.s.

SUPPLEMENT NO. 1

TO THE BASE PROSPECTUS DATED JUNE 6, 2018

This Supplement No. 1 (hereinafter „**Supplement No. 1**“) to the Base Prospectus dated June 6, 2018 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 „**VUB, a.s.**“, „**Issuer**“ or „**Bank**“) is authorized to issue, in compliance with the generally binding legal regulations, individual bond issues – covered bonds (hereinafter „**CB**“ 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 5 000 000 000,00 EUR 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. 1 updates the Base Prospectus approved by National Bank of Slovakia with ruling No.:100-000-109-943, to the file No.: NBS1-000-025-329 dated 13.6.2018. The information about the free of charge accessibility of the Base Prospectus was published in Hospodárske noviny on June 18, 2018 and from this day it is available in written form at the registered office of the Issuer and on Issuer's website.

All public offers announced by the date of this Supplement No. 1 based on valid Base Prospectus were closed and all Bonds were delivered to the investors.

To the date of preparation of this Supplement No. 1 the 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. 1 will not do so, and for this reason does not state in this Supplement No. 1 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. 1 shall be read together with the Base Prospectus as later amended, Final Terms and Summaries. The words in this Supplement No. 1, starting with capital letter, shall have the meaning as defined in the Base Prospectus.

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

October 16, 2018

RESPONSIBLE PERSONS

Všeobecná úverová banka, a.s., represented by members of the Management Board Mr. Roberto Vercelli and Mr. Antonio Bergalio represents that it is liable for the information contained in the entire Supplement No. 1.

The Issuer represents, that it paid due care to the Supplement No. 1 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 the Issuer and Bonds issued by the Issuer were omitted.

Bratislava, October 16, 2018

Roberto Vercelli
Member of Management Board of VÚB, a.s.

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 the Issuer and Bonds issued by the Issuer.

Here below are stated only those parts of sections from the Base Prospectus which are updated or amended.

In section:

I. SUMMARY

Section B – Issuer Element B.12

The original text of the Base Prospectus is amended as follows:

Selected key interim financial information		
The selected key interim financial information from the Interim consolidated financial statements, unverified by auditor, for the period ending on June 30, 2018 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting.		
Consolidated statement of financial position at 30 June 2018 (In thousands of euro)		
	June 2018	December 2017
Assets		
Cash, balances at central banks	1,261,267	1,595,097
Financial assets at fair value through profit or loss:		
Financial assets held for trading	92,777	-
Non-trading financial assets mandatorily at fair value through profit or loss	507	-
Derivatives – Hedge accounting	25,222	-
Financial assets at fair value through profit or loss	-	5,783
Derivative financial instruments	-	49,856
Financial assets at fair value through other comprehensive income	731,929	-
Available-for-sale financial assets	-	520,416
Held-to-maturity investments	-	376,472
Financial assets at amortised cost:		
Due from other banks	107,180	90,913
Due from customers	12,632,031	12,000,729
Fair value changes of the hedged items in portfolio hedge of interest rate risk	5,286	-
Investments in subsidiaries, joint ventures and associates	7,446	8,972
Property and equipment	123,741	126,848
Intangible assets	79,112	80,100
Goodwill	29,305	29,305
Current income tax assets	2,063	9,478
Deferred income tax assets	65,568	53,779
Other assets	20,122	23,128
	<u>15,183,556</u>	<u>14,970,876</u>
Liabilities		
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	24,069	-
Derivatives – Hedge accounting	12,780	-
Derivative financial instruments	-	52,184
Financial liabilities at amortised cost:		
Due to banks	581,875	768,781
Due to customers	10,223,143	9,939,121
Subordinated debt	200,145	200,164
Debt securities in issue	2,484,602	2,252,380
Fair value changes of the hedged items in portfolio hedge of interest rate risk	619	-

Deferred income tax liabilities	13	
Provisions	28,128	29,743
Other liabilities	76,421	95,917
	13,631,795	13,338,290
Equity		
Equity (excluding net profit for the period)	1,458,610	1,457,589
Net profit for the period	93,151	174,997
	1,551,761	1,632,586
	15,183,556	14,970,876
Financial commitments and contingencies	3,736,920	3,532,979
Consolidated statement of profit or loss and other comprehensive income for 6 months ended 30 June 2018 (In thousands of euro)		
	June 2018	June 2017
Interest and similar income	208,464	216,246
Interest and similar expense	(25,383)	(24,463)
Net interest income	183,081	191,783
Fee and commission income	75,970	73,662
Fee and commission expense	(14,297)	(17,006)
Net fee and commission income	61,673	56,656
Net trading result	38,775	26,291
Other operating income	3,656	4,171
Other operating expenses	(11,147)	(10,903)
Special levy of selected financial institutions	(12,778)	(12,040)
Operating income	263,260	225,958
Salaries and employee benefits	(65,032)	(60,471)
Other administrative expenses	(43,426)	(44,815)
Amortisation	(5,743)	(5,492)
Depreciation	(6,050)	(6,195)
Operating expenses	(120,251)	(116,973)
Operating profit before provisions and impairment	143,009	138,985
Provisions	2,081	16,737
Impairment losses	(25,991)	(27,156)
Profit from operations	119,099	128,566
Share of the profit or loss of investments in joint ventures and associates accounted for using the equity method	839	1,004
Profit before tax	119,099	129,570
Income tax expense	(26,787)	(28,294)
NET PROFIT FOR SIX MONTHS	93,151	101,276
Other comprehensive income for six months, after tax:		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Net gain on cash flow hedges	(499)	225
Net loss on financial assets at fair value	(34,137)	-

through other comprehensive income		
Net loss on available-for-sale financial assets	-	(558)
Exchange difference on translating of foreign operations	(414)	120
Other comprehensive income for six months, net of tax	(35,050)	(213)
TOTAL COMPREHENSIVE INCOME FOR SIX MONTHS	58,101	101,063
Basic and diluted earnings per € 33.2 share in €	7.18	7.80

In section:

III. INFORMATION ABOUT THE 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 is amended as follows:

Interim Financial Statement prepared in compliance with the IAS 34 as of 30 June, 2018

Bellow mentioned data for the first half of 2018 have been assumed from the Interim consolidated financial statements unverified by auditor, for the period ending on 30 June, 2018 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting in the version adopted by the European Union. The financial statements were attached to VUB Semiannual Report for the first half of 2018, presented to the National Bank of Slovakia on August 24, 2018. The VUB Semiannual Report is available for inspection at the registered office of the Issuer and the Release Note was published in the Hospodárske noviny on August 24, 2018.

The interim consolidated financial statements unverified by auditor, for six months ending on 30 June, 2018 are intergrated in a form of reference to VUB Semiannual Report for the first half of 2018, to which this financial statements are attached (see the part „List of used cross-references“ in the Base Prospectus) and are available on Issuer's website (www.vub.sk).

Consolidated statement of financial position at 30 June 2018 (In thousands of euro)

	June 2018	December 2017
Assets		
Cash, balances at central banks	1,261,267	1,595,097
Financial assets at fair value through profit or loss:		
Financial assets held for trading	92,777	-
Non-trading financial assets mandatorily at fair value through profit or loss	507	-
Derivatives – Hedge accounting	25,222	-
Financial assets at fair value through profit or loss	-	5,783
Derivative financial instruments	-	49,856
Financial assets at fair value through other comprehensive income	731,929	-
Available-for-sale financial assets	-	520,416
Held-to-maturity investments	-	376,472
Financial assets at amortised cost:		
Due from other banks	107,180	90,913
Due from customers	12,632,031	12,000,729
Fair value changes of the hedged items in portfolio hedge of interest rate risk	5,286	-
Investments in subsidiaries, joint ventures and associates	7,446	8,972

Property and equipment	123,741	126,848
Intangible assets	79,112	80,100
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Deferred income tax assets	65,568	53,779
Other assets	20,122	23,128
	15,183,556	14,970,876
Liabilities		
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading	24,069	-
Derivatives – Hedge accounting	12,780	-
<i>Derivative financial instruments</i>	-	52,184
Financial liabilities at amortised cost:		
Due to banks	581,875	768,781
Due to customers	10,223,143	9,939,121
Subordinated debt	200,145	200,164
Debt securities in issue	2,484,602	2,252,380
Fair value changes of the hedged items in portfolio hedge of interest rate risk	619	-
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Other liabilities	76,421	95,917
	13,631,795	13,338,290
Equity		
Equity (excluding net profit for the period)	1,458,610	1,457,589
Net profit for the period	93,151	174,997
	1,551,761	1,632,586
	15,183,556	14,970,876
Financial commitments and contingencies	3,736,920	3,532,979

**Consolidated statement of profit or loss and other comprehensive income
for 6 months ended 30 June 2018
(In thousands of euro)**

	June 2018	June 2017
Interest and similar income	208,464	216,246
Interest and similar expense	(25,383)	(24,463)
Net interest income	183,081	191,783
Fee and commission income	75,970	73,662
Fee and commission expense	(14,297)	(17,006)
Net fee and commission income	61,673	56,656
Net trading result	38,775	26,291
Other operating income	3,656	4,171
Other operating expenses	(11,147)	(10,903)
Special levy of selected financial institutions	(12,778)	(12,040)
Operating income	263,260	225,958
Salaries and employee benefits	(65,032)	(60,471)
Other administrative expenses	(43,426)	(44,815)
Amortisation	(5,743)	(5,492)
Depreciation	(6,050)	(6,195)
Operating expenses	(120,251)	(116,973)
Operating profit before provisions and impairment	143,009	138,985

Provisions	2,081	16,737
Impairment losses	(25,991)	(27,156)
Profit from operations	119,099	128,566
Share of the profit or loss of investments in joint ventures and associates accounted for using the equity method	839	1,004
Profit before tax	119,099	129,570
Income tax expense	(26,787)	(28,294)
NET PROFIT FOR SIX MONTHS	93,151	101,276
Other comprehensive income for six months, after tax:		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Net gain on cash flow hedges	(499)	225
Net loss on financial assets at fair value through other comprehensive income	(34,137)	-
Net loss on available-for-sale financial assets	-	(558)
Exchange difference on translating of foreign operations	(414)	120
Other comprehensive income for six months, net of tax	(35,050)	(213)
TOTAL COMPREHENSIVE INCOME FOR SIX MONTHS	58,101	101,063
Basic and diluted earnings per € 33.2 share in €	7.18	7.80

Consolidated statement of cash flows for 6 months ended 30 June 2018
(In thousands of euro)

	June 2018	June 2017
Cash flows from operating activities		
Profit before tax	119,938	129,570
Adjustments for:		
Amortisation	5,743	5,492
Depreciation	6,050	6,195
Unrealised loss/(profit) from trading	7,141	(26,207)
Items related to share of profit of associates and joint ventures	1,523	947
Interest income	(208,464)	(216,246)
Interest expense	25,383	24,463
Sale of intangible assets and property and equipment	(256)	(398)
Impairment losses and similar charges	36,672	22,019
Interest received	231,193	244,841
Interest paid	(27,421)	(26,634)
Tax paid	(31,754)	(21,106)
Increase in financial assets at fair value through profit or loss	(59,462)	-
Increase in derivatives – hedge accounting (assets)	(3,826)	-
Increase in financial assets at fair value through profit or loss	-	(15,290)
Increase in derivative financial instruments (assets)	-	(14,966)
Decrease in financial assets at fair value through other comprehensive income	159,437	-
Decrease in available-for-sale financial assets	-	575,912
Financial assets at amortised cost:		
Increase in due from other banks	(13,079)	(13,001)
Increase in due from customers	(720,948)	(698,744)
Decrease in other assets	2,703	4,871
Decrease in financial liabilities at fair value through profit or loss	(13,474)	-
Decrease in derivatives – hedge accounting (liabilities)	(1,862)	-
Increase in derivative financial instruments (liabilities)	-	28,517
Financial liabilities measured at amortised cost:		
Decrease in due to banks	(186,615)	(82,832)

Increase in due to customers	284,227	457,181
Decrease in other liabilities	(18,846)	(10,532)
<i>Net cash (used in)/used from operating activities</i>	(405,997)	374,052
Cash flows from investing activities		
<i>Repayments of held-to-maturity investments</i>	-	147,281
Purchase of intangible assets and property and equipment	(11,987)	(7,294)
Disposal of intangible assets and property and equipment	4,371	4,497
<i>Net cash (used in)/used from investing activities</i>	(7,616)	144,484
Cash flows from financing activities		
Proceeds from issue of debt securities	250,000	500,000
Repayments of debt securities in issue	(22,756)	(155,000)
Dividends paid	(144,025)	(72,020)
<i>Net cash used from financing activities</i>	83,219	272,980
Net change in cash and cash equivalents	(330,394)	791,516
Cash and cash equivalents at the beginning of the period	1,620,309	1,065,848
Cash and cash equivalents at 30 June	1,289,915	1,857,364

Consolidated statement of changes in equity for 6 months ended 30 June 2018
(In thousands of euro)

	Share capital	Share premium	Legal reserve fund	Retained earnings	Property and equipment	Financial assets at FVOCI	Available-for-sale financial assets	Cash flow hedges	Translation of foreign operation	Total
At 1 January 2017	430,819	13,719	100,054	957,389	-	-	4,112	(840)	3	1,505,256
Total comprehensive income for six months, net of tax	-	-	-	101,276	-	-	(558)	225	120	101,063
Exchange difference	-	-	-	4	-	-	49	-	-	53
Transactions with owners, recorded directly in equity										
Dividends to shareholders	-	-	-	(72,020)	-	-	-	-	-	(72,020)
Reversal of dividends distributed but not collected	-	-	-	130	-	-	-	-	-	130
	-	-	-	(71,890)	-	-	-	-	-	(71,890)
At 30 June 2017	430,819	13,719	100,054	986,779	-	-	3,603	(615)	123	1,534,482
At 31 December 2017	430,819	13,719	100,054	1,060,501	21,966	-	4,717	538	272	1,632,586
Impact of adopting IFRS 9	-	-	-	(30,078)	-	44,791	(4,717)	-	-	9,996
At 1 January 2018	430,819	13,719	100,054	1,030,423	21,966	44,791	-	538	272	1,642,582
Total comprehensive income for six months, net of tax	-	-	-	93,150	-	(34,137)	-	(499)	(414)	58,100
Business combinations (note 2.2)	-	-	(11,068)	5,843	-	-	-	-	-	(5,225)
Exchange difference	-	-	-	147	-	-	-	-	-	147

Transactions with owners, recorded directly in equity										
Dividends to shareholders	-	-	-	(144,025)	-	-	-	-	(144,025)	
Reversal of dividends distributed but not collected	-	-	-	182	-	-	-	-	182	
	-	-	-	(143,843)	-	-	-	-	(143,843)	
At 30 June 2018	<u>430,819</u>	<u>13,719</u>	<u>88,986</u>	<u>985,720</u>	<u>21,966</u>	<u>10,654</u>	<u>-</u>	<u>39</u>	<u>(142)</u>	<u>1,551,761</u>

In section:

III. INFORMATION ABOUT THE ISSUER

3.14 Documents for inspection

The original text of the Base Prospectus is amended as follows:

- Interim consolidated financial statements for six months ended 30 June 2018 prepared in compliance with the International Accounting Standard IAS 34 Interim Financial Reporting.

In section:

III. INFORMATION ABOUT THE ISSUER

3.15 List of used cross-references

The original text of the Base Prospectus is amended as follows:

- The Interim consolidated financial statements for six months ended 30 June 2018, unverified by auditor, prepared in compliance with the International Accounting Standard IAS 34 Interim financial Reporting (see the information in part of the Base Prospectus „3.11 Financial information concerning assets and liabilities, financial situation, Issuer’s profit and losses“), which is attached to the VUB Semiannual Report for first half of 2018 under Act on Securities („VUB Semiannual Report for first half of 2018“). This Base Prospectus shall be read along with the above mentioned VUB Semiannual Report for first half of 2018, which is integrated to and forming a part of this Base Prospectus. Other parts of VUB Semiannual Report for first half of 2018, which are not integrated to the Base Prospectus in form of references, are not relevant to investors.