

**Fond Ochrany Vkladov**

**SUPPLEMENT TO THE INDEPENDENT  
AUDITOR'S REPORT  
ON THE ANNUAL REPORT  
TO SECTION REPORT ON INFORMATION  
DISCLOSED IN THE ANNUAL REPORT**

**31 DECEMBER 2020**

## Fond ochrany vkladov

### SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT to Section Report on Information Disclosed in the Annual Report

To the Presidium, Council and the Supervisory Board of Fond ochrany vkladov:

We have audited the financial statements of Fond ochrany vkladov (the "Fund") as at 31 December 2020 disclosed on pages 9 – 33 of the accompanying annual report of the Fund, on which we issued an independent auditor's report on 26 February 2021 that is disclosed on pages 7 – 8 of the Fund's annual report. We have prepared this supplement in accordance with Article 27 (6) of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Statutory Audit Act").

Based on the performed procedures described in section "Report on Information Disclosed in the Annual Report" of the independent auditor's report specified above, in our opinion:

- Information disclosed in the Fund's annual report prepared for 2020 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to Act No. 431/2002 Coll. on Accounting, as amended.

Furthermore, based on our understanding of the Fund and its position obtained during our audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report. There are no findings that should be reported in this regard.

Bratislava, 21 April 2021



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

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

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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**Annual Report**

**2020**

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**Deposit Protection Fund**

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## FOREWORD OF THE CHAIRMAN OF THE COUNCIL OF THE DEPOSIT PROTECTION FUND

Dear Ladies and Gentlemen,

One of the main objectives of the Deposit Protection Fund as an institutional element of the legal system of deposit protection in the Slovak Republic, arising from EU and Slovak legislation on deposit protection, is long-term financial stability of the banking sector. Twelve banks which have their registered offices in the Slovak Republic participate in this system via the Deposit Protection Fund.

The basic principles of differentiated financing of the deposit guarantee schemes are applied in accordance with the provisions of Directive 2014/49/EU of the European Parliament and of the Council on Deposit Guarantee Schemes and Act of the National Council of the Slovak Republic No. 118/1996 Coll. on Deposit Protection, as amended.

The Deposit Protection Fund determined the amount of differentiated payments by banks for 2020 in cooperation with the National Bank of Slovakia, taking into account the risk profiles of individual banks and selected statutory indicators of the banking sector stability.

Another important obligation fulfilled by the Deposit Protection Fund is the administration of the National Fund's funds, including the collection and payment of bank contributions to the European Single Resolution Fund pursuant to Act of the National Council of the Slovak Republic No. 371/2014 Coll. on Resolution in the Financial Market, as amended.

The legal option to use the Deposit Protection Fund's funds in crisis events at banks also significantly strengthens the financial sector.

The results of regular stress testing in cooperation with banks, foreign deposit guarantee schemes, the Ministry of Finance of the Slovak Republic and the National Bank of Slovakia have shown the ability of the Slovak deposit guarantee scheme to make compensation payments to depositors, including across borders. The testing focused on cross-border compensation payments and on the assessment of the quality of bank datasets and

the timeliness of their transmission. The stress testing report was submitted to the European Banking Authority.

The Deposit Protection Fund continued to negotiate contractual terms for the conclusion of cross-border bilateral agreements with the Austrian and Polish systems, in which it acts as a host system. The Deposit Protection Fund concluded two agreements with the Czech Financial Market Guarantee System; it acts as a home system in one and as the host system in the other. The Deposit Protection Fund acting as a host system also concluded an agreement with the Hungarian Deposit Protection System in 2020.

There were significant changes to bankruptcy proceedings in 2020: the Deposit Protection Fund received performance from two bankruptcy proceedings, ie from Devín banka, a. s. „v konkurze“ a Slovenská kreditná banka, a. s. „v konkurze“. The total income from these two bankruptcy proceedings amounted to EUR 54 485 776.37.

The high-quality fulfilment of key tasks of the Deposit Protection Fund despite the difficult conditions due to the epidemiological situation was made possible by effective cooperation with the representatives of the Ministry of Finance of the Slovak Republic, the National Bank of Slovakia, the Slovak Banking Association, commercial banks and other competent institutions.

Dear Ladies and Gentlemen,

I would also like to thank all the representatives of the above institutions, the members of the Council, Supervisory Board, Presidium of the Deposit Protection Fund and employees of the Deposit Protection Fund for their activities and commitment to deposit protection and their contribution to the fulfilment of the Deposit Protection Fund's tasks in 2020.



RNDr. Karol Mrva  
Chairman of the Council  
of the Deposit Protection Fund

## ACTIVITIES OF THE DEPOSIT PROTECTION FUND IN 2020

### Development of Deposits in the Banking Sector

The volume of deposits in the banking sector in Slovakia amounted to EUR 73.19 billion in 2020 and there was an increase in protected deposits by EUR 4.26 billion (8.4%) compared to 2019. The share of protected deposits of total bank deposits in the banking sector amounts to 75.06% and protected deposits amounted to EUR 54.94 billion at the end of 2020. In addition to protected deposits, banks also report covered deposits, ie the amount of a protected deposit of a depositor in the bank up to the deposit coverage limit of

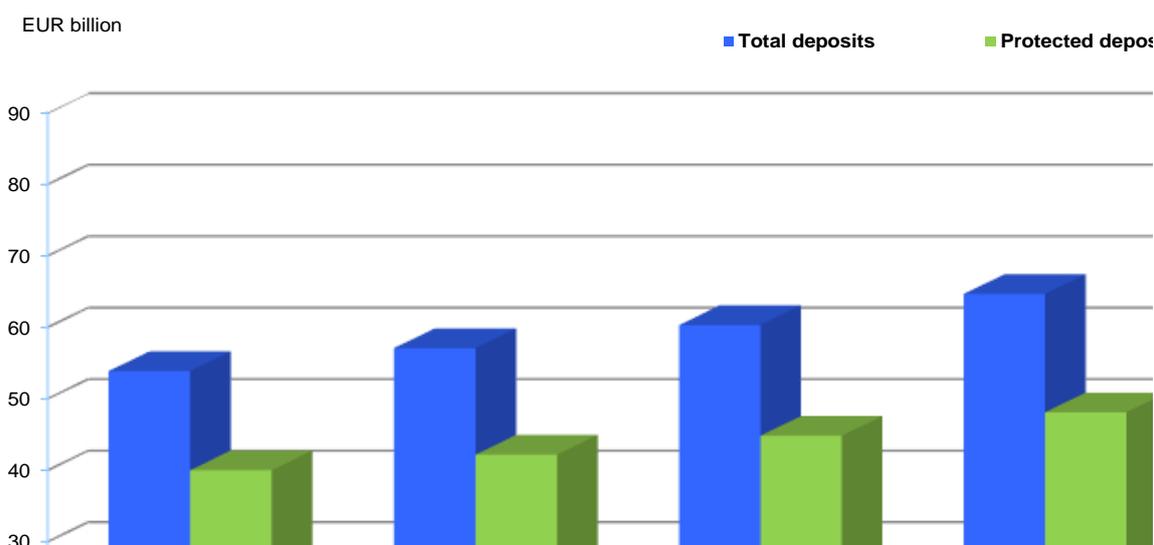
EUR 100 000. At the end of 2020, covered deposits amounted to EUR 39.56 billion, ie 72% of protected bank deposits.

Twelve banks participated in the deposit guarantee scheme at the end of 2020:

Slovenská sporiteľňa, a.s., Všeobecná úverová banka, a.s., Tatra banka, a.s., Poštová banka, a.s., Československá obchodná banka, a.s., Prvá stavebná sporiteľňa, a.s., Prima banka Slovensko, a.s., OTP Banka Slovensko, a.s., Wüstenrot stavebná sporiteľňa, a.s., Privatbanka, a.s., ČSOB stavebná sporiteľňa, a.s. and Slovenská záručná a rozvojová banka, a.s.

The development of deposits in banks in Slovakia from 2015 to 2020 is shown below.

Development of Deposits in the Banking Sector from 2015 to 2020



### Contributions to the Deposit Protection Fund

In 2020, banks paid differentiated annual contributions to the Deposit Protection Fund. The annual contribution to the Deposit Protection Fund was calculated for each bank individually according to methodology published on the Deposit Protection Fund's website and amounted to 0.01% of the average amount of covered deposits for 2019.

In 2020, banks' annual contribution paid to the Deposit Protection Fund totalled

EUR 3.54 million.

The Deposit Protection Fund concentrates the funds paid in the form of bank contributions in the contribution fund, which represents the accumulated funds of the Fund for compensation payments if necessary.

The Deposit Protection Fund's funds are deposited in accounts with the State Treasury and amounted to EUR 269 million at the end of 2020. The Deposit Protection Fund's funds are intended for the performance of its duties and obligations imposed by the Deposit Protection Act.

## **Bankruptcy Proceedings**

In 2020, the Deposit Protection Fund's receivables from two banks remaining in bankruptcy, Slovenská kreditná banka and Devín banka, were fully satisfied based on the final distribution. The Deposit Protection Fund's receivable from Devín banka was satisfied by the bankruptcy trustee in February 2020 in the amount of EUR 44.46 million, which amounts to 11.52% of the Deposit Protection Fund's class 1 receivable.

In October 2020, the receivable of the Deposit Protection Fund from Slovenská kreditná banka was recovered in the amount of EUR 10.03 million, which amounts to almost 7% according to the effective distribution resolution.

In both bankruptcy proceedings, the receivables of the Deposit Protection Fund were recovered in a higher amount than originally expected. For Devín banka, the proceeds were higher by EUR 20.5 thousand. For Slovenská kreditná banka, the proceeds were higher by EUR 1.64 mil. due to the inclusion of the priority receivable of one of the creditors in class 4 by a ruling of the Supreme Court of the Slovak Republic.

### **Result of Operations of the Deposit Protection Fund**

The Deposit Protection Fund prepared its 2020 financial statements pursuant to Measure of the Ministry of Finance of the Slovak Republic No. 22273/2008-74, as amended.

The operating expenses of the Deposit Protection Fund as at 31 December 2020 in the amount of EUR 522 297 constitute a loss of the same amount, as the zero interest rate on the Deposit Protection Fund's funds in the State Treasury generates no interest income for the Deposit Protection Fund.

### **Compensation for Non-Accessible Deposits in Banks**

If deposits at a bank in the Slovak Republic become non-accessible, depositors receive compensation for all their legally-protected deposits in such a bank of up to EUR 100 000, except for selected deposits stipulated in the Deposit Protection Act and for which compensation in the full amount of a contribution would be provided.

Deposits in a branch of a foreign bank, which accepts deposits in Slovakia taking advantage of a single bank licence under EU legislation, are protected under the rules of the deposit guarantee scheme in the Member State where the relevant foreign bank has its registered office.

### **Administration of the National Fund's Funds**

Pursuant to the Act on Crisis Management on the Financial Market, the Deposit Protection Fund administers the funds of the National Fund, to which banks paid annual contributions totalling EUR 21.08 million in 2020. The contributions were determined by the Single Resolution Board.

### **Main Activities of the Fund in 2020**

In 2020, the Deposit Protection Fund conducted stress testing of single customer view files (hereinafter "SCV files") to assess the data quality of the whole portfolio and the timeliness of delivery of valid SCV files to the deposit guarantee scheme in accordance with compensation payment time limits under the Deposit Protection Act. The validity and quality of the SCV files was verified by the information system for compensation payments for non-accessible deposits in banks (hereinafter the "FOV system").

There was also a stress test for cross-border compensation payments in cooperation with the host deposit guarantee scheme. The Deposit Protection Fund as the home deposit guarantee scheme carried out the test in cooperation with a bank that has a branch of a foreign bank in the Czech Republic. The test also verified the accuracy and processability of data files by the FOV system. The results of the cross-border compensation test confirmed the ability of the Deposit Protection Fund to effectively transmit to a foreign system a file with payment instructions of depositors of a branch of a foreign bank and the foreign system confirmed that the file contains all information necessary to make the payment.

For the stress testing, a steering group and an observer group were established with members from the Deposit Protection Fund, the National Bank of Slovakia, the Ministry of Finance of the

Slovak Republic and the Slovak Banking Association.

A report was prepared on the result of stress testing, including the Declaration of Observers for Stress Testing of the Deposit Guarantee Scheme in 2020. The report was approved by the Deposit Protection Fund's Council in December 2020 and was submitted to the National Bank of Slovakia, the Ministry Finance of the Slovak Republic and the European Banking Authority.

As regards cross-border cooperation with foreign deposit guarantee schemes, two bilateral agreements were concluded with the Czech Deposit Guarantee Scheme. The Deposit Protection Fund acts as a home deposit guarantee scheme (2 Slovak scheme banks have their foreign branches in the Czech Republic) and it also acts as a host deposit guarantee scheme to make compensation payments to depositors of branches of Czech scheme banks in the Slovak Republic. In May 2020, the Deposit Protection Fund concluded an agreement with the Hungarian Deposit Guarantee Scheme, under which the Deposit Protection Fund is the host deposit guarantee scheme.

In addition, the Fund began cooperation to conclude bilateral agreements with Polish and Austrian deposit protection funds, for which the Fund acts as a host deposit guarantee scheme.

Bilateral agreements with foreign deposit guarantee schemes define rules for cross-border compensation payments, based on which data files on depositors and payment instructions are exchanged in accordance with Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes.



Ing. Pavol Komzala  
Chairman of the Presidium  
of the Deposit Protection Fund

**Fond ochrany vkladov**

**INDEPENDENT AUDITOR'S REPORT  
ON THE AUDIT OF THE FINANCIAL  
STATEMENTS AS AT 31 DECEMBER 2020**

**AND**

**REPORT ON OTHER LEGAL AND  
REGULATORY REQUIREMENTS**

This is an English language translation of the original Slovak language document.

## Fond ochrany vkladov

### INDEPENDENT AUDITOR'S REPORT

To the Presidium, Council and the Supervisory Board of Fond ochrany vkladov:

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of Fond ochrany vkladov (the "Fund"), which comprise the balance sheet as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

##### Basis for Opinion

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

##### Responsibility of the Fund's Presidium and Those Charged with Governance for the Financial Statements

Presidium of the Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as Presidium of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Financial Statements

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

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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of Fund's Presidium use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### Report on Information Disclosed in the Annual Report

Presidium of the Fund is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

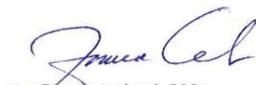
As at the issuance date of the auditor's report on the audit of financial statements, the annual report was not available to us.

When we obtain the annual report, we will assess whether the Fund's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2020 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Fund and its position, obtained in the audit of the financial statements.

Bratislava, 26 February 2021

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

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

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

ÚČ ZFOND

## FINANCIAL STATEMENTS

guarantee fund  
as of December 31, 2020

Tax ID no  
2 0 2 0 8 6 2 0 3 0

Financial statements

Financial statements

For period

- ordinary  
 - extraordinary

- prepared

from month year  
to 0 1 2 0 2 0  
1 2 2 0 2 0

Company ID no  
3 5 7 0 0 5 6 4

SK NACE  
6 6 . 1 1 . 0

(mark )

Immediately preceding period  
from month year  
to 0 1 2 0 1 9  
1 2 2 0 1 9

Financial statements Appendices

Balance Sheet (ÚČ ZFOND 1-01), Profit and loss statement (ÚČ ZFOND 2-01), Notes (ÚČ ZFOND 3-01)

(mark )

Business name (name) of reporting enterprise

F O N D O C H R A N Y V K L A D O V

Registered address street and number

K A P I T U L S K Á 1 2

Postal Code

8 1 2 4 7

City

B R A T I S L A V A

Companies' Register and registration no.

5 6 6 B s e k c i a P O

Telephone no.:

0 2 / 5 4 4 3 5 4 4 4

Fax number

/

E-mail address:

f o v @ f o v s r . s k

Prepared on: January 29, 2021	Signature of a member of the reporting enterprise's statutory body:   
Approved on: March 24, 2021	

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ÚČ ZFOND 1-1

**BALANCE SHEET**  
**As at 31 December 2020**  
**in EUR**

Description	ITEM	Note No.	Current Reporting Period 1 Jan 2020 – 31 Dec 2020			Immediately Preceding Reporting Period 1 Jan 2019 – 31 Dec 2019
			Gross	Correction	Net	
a	b	c	1	2	3	4
x	Assets	x	x	x	x	x
1.	Current account in the National Bank of Slovakia and in the State Treasury and cash on hand		268 690 292	0	268 690 292	211 101 842
2.	Term deposits in the National Bank of Slovakia and in the State Treasury	E.2.	0	0	0	0
3.	Receivables from loans provided to guarantee funds		0	0	0	0
4.	Government bonds		0	0	0	0
5.	Receivables from paid compensation	E.5.	474 413 723	(474 413 723)	0	52 822 700
6.	Receivables from	E.6.	16 338	(16 338)	0	0
7.	Acquisition of tangible and intangible assets	E.7.	0	0	0	0
8.	Intangible assets	E.8.	421 634	(305 631)	116 003	136 442
9.	Tangible assets	E.9.	882 631	(526 834)	355 797	385 511
a)	Not depreciated		1 847	0	1 847	1 847
b)	Depreciated		880 784	(526 834)	353 950	383 664
10.	Other assets	E.1	2 284	0	2 284	3 173
11.	Loss		522 297	0	522 297	367 226
	<b>Total assets</b>		<b>744 949 199</b>	<b>(475 262 526)</b>	<b>269 686 673</b>	<b>264 816 894</b>

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ÚČ ZFOND 1-1

Description	ITEM	Note No.	Current Reporting Period 1 Jan 2020 – 31 Dec 2020	Immediately Preceding Reporting period 1 Jan 2019 – 31 Dec 2019
a	b	c	1	2
x	Liabilities	x	x	x
1.	Loan liabilities to the National Bank of Slovakia		0	0
2.	Liabilities to banks		0	0
a)	from short-term loans		0	0
b)	from long-term loans		0	0
3.	Loan liabilities to guarantee funds		0	0
4.	Liabilities for compensation	E	0	0
5.	Other liabilities	E	99 975	67 679
6.	Tax liabilities		0	0
a)	Current income tax		0	0
b)	Deferred tax liability		0	0
7.	Contribution fund	E	269 586 698	264 749 215
8.	Profit		0	0
	<b>Total liabilities</b>		<b>269 686 673</b>	<b>264 816 894</b>

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ÚČ ZFOND 2-1

**INCOME STATEMENT**  
in EUR  
For 1 Jan – 31 Dec 2020

Description	ITEM	Note No.	Current Reporting Period 1 Jan 2020 – 31 Dec 2020	Immediately Preceding Reporting period 1 Jan 2019 – 31 Dec 2019
a	b	c	1	2
a.	Personnel expenses	E.a.	(370 719)	(335 467)
a.1.	Wages and salaries and social security payments		(368 811)	(334 211)
a.2.	Other personnel expenses		(1 908)	(1 256)
b.	Other operating expenses	E.b.	(98 171)	(105 028)
c.	Depreciation		(53 288)	(53 175)
d.	Net impairment of assets and depreciation of assets		0	0
e.	Other expenses	E.e.	(6)	(251)
1.	Interest income	E.1.	0	156 645
2./f.	Profit/loss from bond operations		0	0
3./g.	Profit/loss from the sale and transfer of assets		0	0
4.	Other income	E.4.	0	0
<b>I.</b>	<b>Guarantee fund administration expenses</b>	E.I.	<b>(522 184)</b>	<b>(493 921)</b>
h.	Interest costs and similar expenses		0	0
i.	Creation of provisions for liabilities for compensation payments		0	0
j.	Income tax	G.6.	0	(29 763)
<b>II.</b>	<b>National Fund administration</b>	E.II.	<b>(113)</b>	<b>(188)</b>
<b>III.</b>	<b>Guarantee fund financing expenses</b>		<b>0</b>	<b>(29 763)</b>
<b>A.</b>	<b>Profit/loss for the reporting period after tax</b>	G.4.	<b>(522 297)</b>	<b>(367 226)</b>

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ÚČ ZFOND 2-1

## NOTES

### to Financial Statements Prepared at 31 Dec 2020 in EUR

#### A. GENERAL INFORMATION

Fond ochrany vkladov (Deposit Protection Fund) (hereinafter the “Fund” or “FOV”) with its registered seat at Kapitulská 12, 812 47 Bratislava, is a legal entity established by Act of the National Council of the Slovak Republic No. 118/1996 Coll. on Protection of Deposits and on Amendments to Certain Acts of 20 March 1996 (hereinafter the “Deposit Protection Act”), which became effective on 1 July 1996.

The Fund was registered in the Commercial Register of District Court Bratislava I on 10 October 1996 in File No. 566/B, Section PO.

The Fund is an institutional part of the statutory deposit protection system in the Slovak Republic and performs activities, rights and obligations associated with the deposit guarantee scheme.

The Fund is not a state fund and its activities and tasks are not performed for business purposes. Details of its status, activities, organisation and use of funds are governed by the Fund’s Statutes.

The Fund performs activities laid down by the Deposit Protection Act relating to the protection of deposits of natural persons and legal entities deposited in banks participating in the deposit guarantee scheme in Slovakia from the date of receiving the first legally-protected deposit. Branches of Slovak banks operating abroad also have deposits protected by the Slovak deposit guarantee scheme. Branches of foreign banks that operate in the Slovak Republic have deposits protected by the home deposit guarantee scheme in the country in which the foreign bank has its registered office.

Some activities of the Deposit Protection Fund are governed by Act No. 371/2014 Coll. on Resolution in the Financial Market and on Amendments to Certain Acts, as amended (the “Crisis Resolution Act”). The Deposit Protection Fund may participate in the resolution of a crisis situation at banks via these legal conditions.

The Deposit Protection Act was not amended in 2020. The Crisis Resolution Act was amended by Act of the National Council of the Slovak Republic No. 343/2020 Coll. of 5 November 2020 amending Act No. 371/2014 Coll. on Resolution in the Financial Market and on Amendments to Certain Acts, as amended, and amending Act No. 7/2005 Coll. on Bankruptcy and Restructuring and on the Amendments to Certain Acts, as amended.

The Fund performs the following activities:

- Accumulation of monetary contributions from banks to the Fund and management of the Fund’s funds pursuant to Article 13 of the Deposit Protection Act, compensation payments for inaccessible deposits in banks to the extent and under the conditions laid down by the Deposit Protection Act and General Terms and Conditions for Compensation Payments for Legally-Protected Inaccessible Deposits in Banks, issued by the Fund pursuant to Article 12 (3) of the Deposit Protection Act;
- Management of funds in the National Resolution Fund under the Crisis Resolution Act, including the collection of contributions and keeping records of these funds and their transfer to the Single Resolution Fund;

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ÚČ ZFOND 2-1

- Purchase of government securities with a maturity of up to one year from the purchase date; and
- Fulfilment of the Fund's main tasks relating to expertise, organisation, administration and technical aspects pursuant to the Deposit Protection Act in conjunction with the Crisis Resolution Act.

The Fund's financial statements for the preceding reporting period ended 31 December 2019 were approved by the Fund's Council on 24 March 2020.

On 26 June 2020, the Fund's Supervisory Board gave consent to the Fund's Presidium to reappoint Deloitte Audit s.r.o. as auditor of the Fund's financial statements for the next reporting period, ie from 1 January 2020 to 31 December 2022.

Based on the classification by the Statistical Office of the Slovak Republic, the Deposit Protection Fund is classified as a public administration body pursuant to the European methodology of ESA 2010.

Information about the Fund's bodies is presented in Note G.5.

## **B. ACCOUNTING PRINCIPLES AND METHODS APPLIED**

### **B.1. Method of Preparation of the Financial Statements**

The Fund's financial statements were prepared to address the public need to assess the efficiency of the Fund's statutory activity. When preparing the financial statements, the Fund observed Measure of the Ministry of Finance of the Slovak Republic of 10 December 2008 No. MF/22273/2008-74, laying down details on the arrangement, naming and content of items included in financial statements and on the extent of financial statements' disclosures, the frame chart of accounts and accounting procedures for the Deposit Protection Fund, Investment Guarantee Fund, electronic money institutions and branches of foreign financial institutions and on amendments to certain measures, as amended.

This measure was amended in December 2020 by Measure of the Ministry of Finance of the Slovak Republic No. MF/014269/2020-74, which became effective on 1 January 2021. In compliance with Article 17 of Act No. 431/2002 Coll. on Accounting, as amended (the "Accounting Act"), the Fund's separate financial statements were prepared as annual financial statements. These financial statements were prepared in euro (hereinafter "€" or "EUR"). Balances are disclosed in whole euro, unless stated otherwise.

The reporting period is a calendar year ended 31 December 2020.

On 22 February 2021, the Presidium of the Deposit Protection Fund discussed a draft of the financial statements and required its Chairman to submit the financial statements for the year ended 31 December 2020 to be discussed by the Fund's Supervisory Board in March 2021.

### **B.2. Accounting Principles and Methods Applied**

The Fund keeps its accounting books in line with the Act on Accounting and the relevant measures of the Ministry of Finance of the Slovak Republic under double-entry book-keeping system.

The 2020 financial statements were prepared under the assumption that the Fund is a going-concern legal entity established by law.

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The financial statements was prepared on the accrual basis. The effects of transactions and other events are recognised as they occur and in the period to which they relate. The financial statements were prepared on a historical cost measurement basis.

The prudence principle is applied to measuring assets and liabilities, whereby all risks, losses, and impairments related to assets and liabilities and known as at the reporting date are used as a basis.

Loss from previous years and loss in the approval process are recognised as assets. After the approval of the financial statements, the loss is cleared with the contribution fund and earnings from the previous reporting period are transferred to the contribution fund account.

Financial assets and financial liabilities in the balance sheet are presented as current (with the agreed maturity of up to one year) and as non-current (with the agreed maturity over one year).

When compiling financial statements, the Fund's management is required to prepare estimates and assumptions that impact the recognised amounts of assets and liabilities and the preparation of estimated items of assets and liabilities as at the reporting date, and the recognised amounts of revenues and expenses during the reporting period. The Company's results may differ from these estimates due to future changes in regulatory requirements, accounting rules or other factors.

Areas requiring a subjective judgment include recognised provisions for liabilities that involve an estimate of expenses needed to settle a liability of uncertain performance or uncertain amount, and of creation of provisions.

### **B.3. New Accounting Methods Applied**

In 2020, no significant changes were made to the accounting methods and principles compared to the previous reporting period. Measure of the Ministry of Finance of the Slovak Republic No. MF/014269/2020-74, which became effective on 1 January 2021, clarified some procedures and reporting in the Fund's accounting books.

### **B.4. Measurement of Assets and Liabilities**

Receivables and payables are measured at their face value when originated.

Receivables from paid compensation are recognised at their face value when originated and a provision for assets is used to express impairment to the amount of expected recoverability of the Fund's receivables. Measurement is performed as at the reporting date.

The creation/release of provisions for receivables and the creation/release of provisions for liabilities of the Fund in relation to compensation payments for inaccessible deposits is not an expense/income, but is recognised with a counter-entry in the contribution fund until its exhaustion.

Provisions for assets represent justifiable anticipated temporary impairment of assets. Completely impaired assets are written off.

Provisions for unbilled supplies and services, provisions for audit of financial statements and provisions for unused vacation days, including contributions an employer is required to pay for an employee, are recognised in other liabilities as accrued expenses and measured at the anticipated payable amount.

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The Fund's cash on hand and its funds deposited in current accounts in the State Treasury are presented at face value.

Improvement to assets, income from the relevant assets and expenses for income is presented in gross amount in a separate line of the income statement.

Gains and costs of the sale of assets are presented in net amount as the difference between gains and costs; the difference represents profit or loss.

Interest income and expense are accrued in the income statement using the effective interest rate method. Accruals and deferrals of earned interest recognised with a counter-entry in income and expense accounts related to financial instruments are recognised in the relevant account groups for financial instruments.

Contributions paid to the deposit guarantee scheme are not the Fund's income, they create the contribution fund that can be used to perform its core legal activities, including the operation of the Fund's Office. The balance of the contribution fund cannot be negative.

Tangible and intangible assets are measured at cost, at which they were acquired, including related incidental costs, and depreciated on a straight-line basis over the estimated useful life corresponding to normal conditions of their use.

Repairs and maintenance are recognised in the income statement when incurred.

Income tax is a tax liability from taxable income for the year. It is calculated using the tax rate applicable on the reporting date.

### **B.5. Transaction Date**

The transaction date is the date on which a receivable or a payable originates, the date of paying a payable, of collecting, assigning or depositing of a receivable, of paying or receiving an advance payment, of paying or receiving cash, the date of purchase or sale of foreign currency funds or securities, or the date of crediting securities to an account, the date of closing or settling a securities trade, a deficit, surplus, damage or movement in the Fund's assets, or other events under special regulations or internal conditions and procedures of the Fund that are subject to bookkeeping, or can be documented.

### **B.6. Depreciation of Tangible and Intangible Assets**

Tangible and intangible assets are depreciated on a straight-line basis over the estimated useful life corresponding to normal conditions of their use. The annual depreciation charge on tangible assets under the straight-line depreciation method is calculated as the proportion of the tangible assets' cost and the depreciation period applicable to the relevant depreciation class.

In the first depreciation year of tangible assets, only a pro rata portion of the annual depreciation charge is applied and this is calculated under Article 27(1) of Act No. 595/2003 Coll. on Income Tax, as amended (the "Income Tax Act"), based on the number of months, starting in the month in which it was put into use, up to the end of that taxation period. Tangible investments in progress, land and works of art are not depreciated.

The estimated useful life of intangible assets is 4 – 8 years, depending on the class.

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The economic useful life of tangible assets in the Fund is as follows:

	Years
Buildings	40
Passenger vehicles	5
Furniture and fixtures & fittings	5 - 15
Computers/peripherals	4 - 15
Other	6 - 8
Low-value tangible assets	5

### B.7. Principles and Procedures for Identifying Impaired Assets

As at the reporting date, it is determined whether there is objective evidence for impairment of assets that are not measured at fair value. Fair value and carrying amount is compared for assets other than financial assets. For financial assets, it is determined whether one or more events occurred after their acquisition, which reduced the estimate of expected future cash flows from these assets.

### B.8. Principles and Procedures for the Creation of Provisions for Assets and Provisions for Liabilities

Receivables that the Fund paid to bank depositors under the Deposit Protection Act comprise receivables from paid compensation for non-accessible deposits and other receivables from these banks resulting from a failure to pay a participant's contribution to the deposit guarantee scheme, etc. The Fund records such receivables in its accounting books. Receivables from banks in bankruptcy are presented at amounts net of provisions for assets. Receivables are assessed in terms of recoverability and the Fund creates provisions for receivables from debtors in bankruptcy in accordance with the Income Tax Act, and Act No. 328/1991 Coll. on Bankruptcy and Settlement, as amended (the "Bankruptcy and Settlement Act"), which was valid and effective when these banks became bankrupt.

Receivables are measured in accordance with the principles for the creation of provisions in the Fund, taking into consideration the anticipated risks and losses, the anticipated time of settlement and the amount recoverable in the debtor's bankruptcy proceedings in favour of the Fund. The Fund writes off receivables upon a legally binding court decision.

The Fund creates provisions for compensation payments for inaccessible deposits based on a risk assessment that, in the foreseeable future, the Fund will have to make such a payment if the possibility of losing funds involving economic benefits, which will be required to meet the obligation, is greater than 75%, and it is possible to reliably estimate the reduction in these funds. The Fund uses analyses of information available from the banking environment to identify facts that could potentially constitute legal obligations to pay compensation in the foreseeable future. Based on this assessment, the Fund did not create provisions for compensation payments as at 31 December 2020.

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## E. NOTES TO BALANCE SHEET AND INCOME STATEMENT ITEMS

### BALANCE SHEET OF THE GUARANTEE FUND

#### Assets

#### E.2.I. EUR - Term Deposits in NBS and in the State Treasury by Agreed Maturity

Line	2.I. Term Deposits in NBS and in the State Treasury by Agreed Maturity	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
1.	Up to one month	0	0
2.	Up to three months	0	0
3.	Up to six months	0	0
4.	Up to one year	0	0
5.	Up to two years	0	0
6.	Up to five years	0	0
7.	Over five years	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>

#### E.2.II. EUR - Term Deposits in NBS and in the State Treasury by Residual Maturity

Line	2.II. Term Deposits in NBS and the State Treasury by Residual Maturity	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
1.	Up to one month	0	0
2.	Up to three months	0	0
3.	Up to six months	0	0
4.	Up to one year	0	0
5.	Up to two years	0	0
6.	Up to five years	0	0
7.	Over five years	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>

In 2020, the Deposit Protection Fund's funds were deposited in current accounts of the State Treasury. No term deposits were opened.

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### E.5.I. EUR - Receivables from Paid Compensation

Line	5. Receivables from Paid Compensation	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
<b>1.</b>	<b>Gross carrying amount</b>		
1.1.	Slovenská kreditná banka, a.s.	133 291 689	143 320 589
1.2.	Devín banka a.s.	341 122 034	385 577 623
	<b>Total</b>	<b>474 413 723</b>	<b>528 898 212</b>
<b>2.</b>	<b>Impairment</b>		
2.1.	Slovenská kreditná banka, a.s.	133 291 689	134 934 279
2.2.	Devín banka a.s.	341 122 034	341 141 233
	<b>Total</b>	<b>474 413 723</b>	<b>476 075 512</b>
<b>3.</b>	<b>Net carrying amount</b>		
3.1.	Slovenská kreditná banka, a.s.	0	8 386 310
3.2.	Devín banka a.s.	0	44 436 390
	<b>Total</b>	<b>0</b>	<b>52 822 700</b>

When exercising bank oversight in 2000 and 2001, the National Bank of Slovakia identified four banks with a permanent lack of liquidity and declared them to be unable to pay out deposits in accordance with Article 8 (3) of the Deposit Protection Act. In three banks between 2000 and 2004 and in one bank between 2000 and 2018, the Fund met its statutory obligation vis-a-vis the depositors of these banks and paid compensation for inaccessible deposits protected by the Deposit Protection Act. The Fund has received performance from all four banks in bankruptcy. For two banks, the bankruptcy proceedings were concluded definitely and the companies were deleted from the Business Register.

The Fund ended the payments of compensation with respect to the bankrupt Slovenská kreditná banka, a. s. in 2003. As regards the bankrupt Devín banka, a. s., on 4 December 2018 the Fund's Council decided that compensation payments would end on 31 December 2018 in accordance with Article 10 (1) of the Deposit Protection Act. The Fund complied with the Act on Bankruptcy and Settlement during bankruptcy proceedings and exercised its rights via creditor meetings, creditor committees, or other legal means. All receivables of the Fund were acknowledged by bankruptcy trustees and satisfied in 2020 on a pro rata basis. The proceeds from bankruptcy proceedings against Devín banka, a.s., and Slovenská kreditná banka, a.s. amounted to EUR 44 456 882.93 and EUR 10 028 899.44, respectively. The Fund does not expect any significant additional performance from these bankruptcy proceedings. The reduction of the Fund's receivables by provisions corresponds to the recovery of receivables in 2020. Both companies will be deleted from the Business Register after the satisfaction of creditors due to a lack of assets.

Information about the Fund's bankruptcy proceedings is presented in Note E.5.II.

### E.5.II. Impairment of Receivables from Paid Compensation

The amount of provisions for the Fund's receivables from banks in bankruptcy for compensation payments depends on the amount of bankruptcy assets of the bankrupts, which secure the receivables. The Fund's receivables are satisfied from the proceeds of the sale of assets based on the outcome of realisation plans and distribution resolutions of bankruptcy judges.

The amount of the created and recognised provisions for receivables is based on the information on bankruptcy proceedings available to the Fund from bankruptcy trustees. The amount of provisions for

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the receivables from Devín banka, a.s. and Slovenská kreditná banka, a.s. reflects the amount of debt recovery based on the final distribution of proceeds from the bankrupt's bankruptcy assets.

The Fund follows the prudence principle when estimating the recoverability of receivables.

In 2020, based on the analysis of the financial situation and of the development and progress of the bankruptcy proceedings, the Fund released provisions for Slovenská kreditná banka, a.s. "v konkurze", amounting to EUR 1 642 589 and provisions for Devín banka, a.s., v konkurze, amounting to EUR 20 487, which increased the total expected recovered amounts from the bankrupts by EUR 1 663 076 compared to the balance as at 31 December 2019.

### **Development of Bankruptcy Proceedings and Assets of the Fund's Debtors in 2020**

The Fund's receivables from the bankrupts in 2020 are measured according to their assets, which are as follows:

#### **Devín banka a.s.**

The bank's bankruptcy was announced by a resolution of the Regional Court in Bratislava (file ref. 3K 297/00) on 28 September 2001. The Fund's registered receivable amounting to EUR 394 174 037 was acknowledged by the bankruptcy trustee at the preliminary hearing on 15 October 2003 as a class 1 receivable. This amount was later updated to EUR 385 931 792.32 by a supplementation to the bankruptcy registration.

As at 31 December 2020, the Fund released a provision for receivables from the bankrupt amounting to EUR 20 487, based on the final distribution of the Fund's debt recovery from the proceeds of bankruptcy assets.

On 30 January 2020, the Supreme Court of the Slovak Republic ruled on the filed appeals against the Draft Final Distribution of Proceeds from Bankruptcy Assets and dismissed them as unfounded. On 13 February 2020, Resolution of the Supreme Court of the Slovak Republic No. K013808 was published in the Commercial Journal and the distribution resolution became final and binding. In February 2020, the Deposit Protection Fund's receivable was satisfied by the bankruptcy trustee in the amount of EUR 44 456 882.93 (after deducting a funds transfer fee of EUR 6, the amount of EUR 44 456 876.93 was transferred to the account), ie 11.52% recovery of this receivable.

The trustee satisfied receivables by the end of 2020. The money intended for the payment of receivables not to be collected by creditors will be transferred to the notarial escrow. Subsequently, the trustee will file a motion with the Regional Court in Bratislava for the winding-up of the company and its deletion from the Business Register. After the Court approves by its resolution the winding-up of the company due to a lack of assets, Devín banka a.s. „v konkurze“ will be deleted from the Business Register.

#### **Slovenská kreditná banka, a.s.**

The bank's bankruptcy was announced by a resolution of Regional Court in Bratislava (file ref. 1K 118/00) on 4 July 2000. Pursuant to the Act on Bankruptcy and Settlement, the Fund's receivable of EUR 143 320 589 was acknowledged as a class 3 receivable. After estimating the recoverable amount as at 31 December 2020, the Fund cancelled a provision for the receivable amounting to EUR 1 642 589.

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The bankruptcy trustee prepared a Draft of the Final Distribution of Proceeds from the Bankruptcy Assets of the Bankrupt, Slovenská kreditná banka, a.s. „v konkurze“, which was submitted to the Regional Court in Bratislava on 17 August 2020. The distribution resolution was approved by the Court and became final and binding on 6 October 2020.

Funds in the amount of EUR 10 224 067.77 to satisfy receivables from the bankruptcy assets, which the trustee could not pay after the approval of the final report, will be fully recovered. Creditors' class 2 receivables will be recovered at 100% and creditors' class 3 receivables, in which the Fund's receivable was registered, will be recovered up to EUR 6.99752877% of the acknowledged claim.

The recoverable amount of EUR 10 028 899.44, ie 6.99752877% recovery of the Fund's claim from the acknowledged claim, from the final distribution was paid to the Deposit Protection Fund, whose receivable totalled EUR 143 320 588.80. The recoverable amount was fully paid to the Fund's account on 21 October 2020. The Court ordered the distribution resolution to be enforced by 7 December 2020. Funds that could not be used to recover receivables will be transferred to the notarial escrow by the trustee. The Court will subsequently rule on the winding-up of Slovenská kreditná banka, a.s. „v konkurze“ due to a lack of assets; and the company will then be deleted from the Business Register.

#### E.6.I. EUR - Receivables of the Fund from Contributors

Line	6.I. Receivables from Contributors	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
1.	Within maturity	0	0
2.	Overdue		
2.1.	Slovenská kreditná banka, a.s.	5 902	5 902
2.2.	Devín banka a.s.	10 436	11 723
	<b>Total</b>	<b>16 338</b>	<b>17 625</b>

The Fund's receivables from contributors are receivables from bankrupt banks which the Fund records in its accounting books due to late payment of the contribution of a participant in the Deposit Guarantee Scheme and other receivables that are registered in bankruptcy and are acknowledged by bankruptcy trustees. On 24 February 2020, this portion of a registered receivable in the bankruptcy proceedings of Devín banka a.s. v likvidácii in the amount of EUR 1 287.91, ie 11.52%, was satisfied.

#### E.6.II. EUR - Impairment of Receivables from Contributors

Line	6.II. Impairment of Receivables from Contributors	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
1.	Gross carrying amount	16 338	17 625
2.	Impairment	16 338	17 625
3.	Net carrying amount	0	0

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**E.7., E.8. and E.9. EUR - TANGIBLE AND INTANGIBLE ASSETS**

	<b>Buildings and Land</b>	<b>Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Software</b>	<b>Assets in Acquisition</b>	<b>Total</b>
<b>Cost</b>						
At 1 Jan 2020	<b>714 738</b>	<b>148 259</b>	<b>28 389</b>	<b>421 634</b>	<b>0</b>	<b>1 313 020</b>
Transfers	0	0	0	0	0	0
Additions	0	3 136	0	0	0	3 136
Disposals	0	11 891	0	0	0	11 891
<b>At 31 Dec 2020</b>	<b>714 738</b>	<b>139 504</b>	<b>28 389</b>	<b>421 634</b>	<b>0</b>	<b>1 304 265</b>
<b>Accumulated depreciation</b>						
At 1 Jan 2020	<b>379 814</b>	<b>111 398</b>	<b>14 663</b>	<b>285 192</b>	<b>0</b>	<b>791 068</b>
Depreciation charges for the year	18 420	8 754	5 676	20 439		53 288
Disposals	0	11 891	0	0	0	11 891
<b>At 31 Dec 2020</b>	<b>398 234</b>	<b>108 261</b>	<b>20 339</b>	<b>305 631</b>	<b>0</b>	<b>832 465</b>
<b>Net book value</b>						
<b>At 31 Dec 2020</b>	<b>316 504</b>	<b>31 243</b>	<b>8 050</b>	<b>116 003</b>	<b>0</b>	<b>471 800</b>
<b>At 31 Dec 2019</b>	<b>334 924</b>	<b>36 861</b>	<b>13 726</b>	<b>136 442</b>	<b>0</b>	<b>521 953</b>

In 2020, purchased assets totalled EUR 3 136. In October 2020, the Deposit Protection Fund purchased a firewall in the amount of EUR 2 136. In December 2020, the Fund purchased a data projector in the amount of EUR 1 000. The firewall and data projector were placed into service and are depreciated in accordance with the Principles for the Registration and Depreciation/Amortisation of Assets. In 2020, the Deposit Protection Fund derecognised tangible assets with a net book value of EUR 0 due to technical unusability and obsolescence totalling EUR 11 891.

**E.10.I. EUR – Other Assets**

<b>Line</b>	<b>10. Other Assets</b>	<b>Current Reporting Period as at 31 Dec 2020</b>	<b>Immediately-Preceding Reporting Period as at 31 Dec 2019</b>
1.	Provided operating advances	45	193
2.	Inventories	877	1 447
3.	Deferred expenses	1 362	1 533
	<b>Total</b>	<b>2 284</b>	<b>3 173</b>

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## BALANCE SHEET OF THE GUARANTEE FUND

### Liabilities

#### E.4.I. EUR - Liabilities for Compensation Payments

Line	4. Liabilities for Compensation Payments	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
1.	Provisions for compensation payments to clients of Devín banka a.s.	0	0
2.	Other provisions for court decisions	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>

All litigations of the Fund related to compensation payments are completed. The Fund did not create a provision for a litigation with one of the banks concerning the payment of an extraordinary contribution. See Note F for more information.

#### E.5.I. EUR – Other Liabilities

Line	5. Other Liabilities	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
1.	Accrued expenses	34 678	14 505
2.	Payables to employees	33 644	24 976
3.	Payables to social security and health insurance institutions	17 563	15 188
4.	Clearing with the state budget	8 395	5 822
5.	Other payables	5 695	7 188
	<b>Total</b>	<b>99 975</b>	<b>67 679</b>

Accrued expenses include unbilled supplies and provisions for unused employee vacations days as at 31 December 2020. The Fund did not create a provision for withholding tax on accrued interest income as the Fund's funds were not deposited in term accounts. Other payables include payables to suppliers within maturity.

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### E.7.I. EUR – Contribution Fund

Line	7. Contribution Fund	Current Reporting Period as at 31 Dec 2020	Immediately-Preceding Reporting Period as at 31 Dec 2019
<b>1.</b>	<b>Balance at 1 Jan</b>	<b>264 749 215</b>	<b>260 661 529</b>
2.	Clearing of profit/loss of the previous reporting period	(367 226)	(266 304)
3.	Contributions of banks to the guarantee scheme	3 541 632	3 329 816
4.	Cancellation of provisions	1 663 076	1 021 911
5.	Creation of provisions	0	0
6.	Balance of creation and release of provisions for compensation payments	0	2 263
<b>7.</b>	<b>Balance at 31 Dec</b>	<b>269 586 697</b>	<b>264 749 215</b>

As at 31 December 2020, the Fund reported a Contribution Fund amounting to **EUR 269 586 697** and a loss amounting to EUR (522 297) for the reporting period from 1 January 2020 to 31 December 2020. The loss will be cleared against the Contribution Fund after the Fund's Council approves the 2020 financial statements.

In 2020, banks paid annual contributions to the Fund pursuant to Article 6 (2) of the Deposit Protection Act in the amount of 0.01% of the value of covered bank deposits protected by the Deposit Protection Act. Pursuant to the Deposit Protection Act, state financial assets may also be used to supplement the Deposit Protection Fund's funds required to pay compensation for inaccessible deposits as per Act No. 384/2011 Coll. on the Special Levy on Selected Financial Institutions, as amended. Although Act No. 353/2020 Coll. repealed Act No. 384/2011 Coll. with effect as of 1 January 2021, funds contributed by the selected financial institutions remain part of state financial assets.

Annual contributions for 2020, which banks were obliged to pay by 15 June 2020, amounted to EUR 3 541 632.

In 2013, one of the banks whose deposits were protected by the deposit guarantee scheme in Slovakia paid an extraordinary contribution amounting to EUR 5 642 008 to the Fund, thereby meeting its statutory obligation pursuant to Article 22c (2) (d) (2) of the Deposit Protection Act resulting from a change in its participation in the deposit guarantee scheme. In November 2013, the bank filed a legal action against the alleged decision of the Fund as a public administration body. On 30 May 2017, the Supreme Court of the Slovak Republic upheld the ruling of the Bratislava Regional Court, which dismissed the action in the full extent, with a final and binding resolution. As a result, the bank filed an action to a general court against the Slovak Republic, represented by the Ministry of Justice of the Slovak Republic, the Ministry of Finance of the Slovak Republic, and the Deposit Protection Fund, seeking compensation for alleged (non-existing) damage suffered allegedly due to the exercise of public authority (adoption of legislation by the National Council of the Slovak Republic in HY1 2004).

See Note F for more information.

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## INCOME STATEMENT OF THE GUARANTEE FUND

### E. a. EUR – Personnel Expenses

Line	Personnel expenses	Current Reporting Period (1 Jan 2020 – 31 Dec 2020)	Immediately-Preceding Reporting Period (1 Jan 2019 – 31 Dec 2019)
<b>1.</b>	<b>Wages and salaries and social security payments, of which:</b>		
		<b>(368 811)</b>	<b>(334 211)</b>
1.1.	Employee wages, salaries and bonuses	(204 396)	(177 953)
1.2.	Remuneration of the members of statutory bodies	(63 267)	(64 111)
1.3.	Social security and health insurance expenses	(101 148)	(92 147)
<b>2.</b>	<b>Other personnel expenses</b>	<b>(1 908)</b>	<b>(1 256)</b>
	<b>Total</b>	<b>(370 719)</b>	<b>(335 467)</b>

In addition to employee wages and salaries, personnel expenses include remuneration of the members of the Fund's Supervisory Board and Council for discharge of their office in 2020. The Fund's employees represent the Fund's Office that performs tasks related to the professional, organisational, administrative and technical operations of the Fund and its bodies. The Fund is managed by the Presidium Chairman. The Fund had 5 full-time equivalent employees in 2020, of which 3 employees were Presidium members.

### E. b. EUR - Other Operating Expenses

Line	Other Operating Expenses	Current Reporting Period 1 Jan 2020 – 31 Dec 2020	Immediately-Preceding Reporting Period (1 Jan 2019 – 31 Dec 2019)
1.	Taxes and fees	(12 372)	(17 066)
2.	Audit expenses	(11 880)	(11 100)
3.	Legal advisory	(5 866)	(13 426)
4.	Other operating expenses	(68 053)	(63 436)
	<b>Total</b>	<b>(98 171)</b>	<b>(105 028)</b>

Taxes and fees include indirect taxes. Income tax is recognised separately in line "j". Other operating expenses represent other purchased services.

### E. e. EUR – Other Expenses

Other expenses include bank fees and commissions in the amount of EUR 5.75.

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### E.1. EUR – Interest Income

Line	Interest Income	Current Reporting Period (1 Jan 2020 – 31 Dec 2020)	Immediately-Preceding Reporting Period (1 Jan 2019 – 31 Dec 2019)
1.	Interest income from current accounts	0	40 633
2.	Income from term deposits	0	116 012
	<b>Total</b>	<b>0</b>	<b>156 645</b>

### E. 4. EUR – Other Income

The Deposit Protection Fund did not recognise any income in 2020.

### E.I. EUR - Guarantee Fund Administration Expenses

Line	Guarantee Fund Administration Expenses	Current Reporting Period (1 Jan 2020 – 31 Dec 2020)	Immediately-Preceding Reporting Period (1 Jan 2019 – 31 Dec 2019)
1.	Personnel expenses	(370 719)	(335 467)
2.	Other operating expenses	(98 171)	(105 028)
3.	Depreciation charges	(53 288)	(53 175)
4.	Other expenses	(6)	(251)
	<b>Total</b>	<b>(522 184)</b>	<b>(493 921)</b>

### E.II. EUR - National Fund Administration Expenses

Line	II. National Fund Administration Expenses	Current Reporting Period (1 Jan 2020 – 31 Dec 2020)	Immediately-Preceding Reporting Period (1 Jan 2019 – 31 Dec 2019)
1.	Payment operations	0	0
2.	Bookkeeping, preparation of financial statements and statements of arrears	(113)	(188)
6.	Granting of powers of attorney, concluding agreements and other legal agenda	0	0
	<b>Total</b>	<b>(113)</b>	<b>(188)</b>

Pursuant to the Crisis Resolution Act, the Deposit Protection Fund administers the National Fund at its expense.

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## F. SUMMARY OF OTHER ASSETS AND OTHER LIABILITIES

### National Resolution Fund

Since 1 January 2016, the Fund has kept separate accounting books for the National Fund and bears its administration expenses, see Note E.II.

The National Fund is not a legal entity, hence its funds are not part of the state budget, or any other budget of the public administration sector. On behalf of the National Fund, separate accounting books, separate financial statements, balance sheet, off-balance sheet and notes are kept and prepared for the Crisis Resolution Board. These are kept and prepared by the Fund at its expense. The accounting books and financial funds of the National Fund are recorded separately from funds and assets of the Fund, and the financial statements of the National Fund are not subject to audit.

Under the Crisis Resolution Act, selected institutions are obliged to pay an annual and an extraordinary contribution to the National Fund. The Fund is obliged to pay these contributions to the Single Fund for Crisis Resolution managed by the Single Council for Crisis Resolution.

The Fund records no other assets and liabilities.

### Contingent Liabilities of the Fund

Compliance with regulatory and supervisory principles that prevent potential risks at banks is a prerequisite for ensuring financial stability and depositor protection. The Fund is able to meet its statutory obligation, ie to protect deposits at banks that participate in the deposit protection system in Slovakia. The Fund is currently unaware of any facts that could represent contingent liabilities and could significantly influence its financial situation.

All the Fund's nineteen passive litigations on compensation payments for inaccessible deposits were completed. Seventeen litigations were won by the Fund.

One of the banks filed a legal action against the Deposit Protection Fund as regards the payment of the extraordinary contribution in 2013 (E.7.I). These proceedings under administrative jurisdiction have been stayed by an effective Resolution of the Supreme Court of the Slovak Republic No. 5Sžf/3/2016 of 30 May 2017, by which the Supreme Court upheld Resolution of the Bratislava Regional Court No. 6S/283/2013-129 of 27 November 2015 on staying the proceedings (as regards a legal action) due to the non-existence of a decision by the Fund as a public administration body. By Resolution of the Constitutional Court of the Slovak Republic No. II.ÚS 108/2018-76, the Court ruled on the rejection of the claimant's complaint and the unjustifiability of the prejudicial question.

After dismissal of the administrative action, the above bank filed an action against the Slovak Republic, represented by the Ministry of Finance of the Slovak Republic as Respondent 1, the Ministry of Justice of the Slovak Republic as Respondent 2, and the Deposit Protection Fund as Respondent 3, seeking compensation for allegedly incurred (non-existing) damage. According to the claimant, the alleged damage occurred due to the exercise of public authority, as a result of alleged illegal legislative actions of the National Council of the Slovak Republic, ie adoption of Act No. 186/2004 Coll. of 12 March 2004, which by Chapter V added a new Article 22c to Act of the National Council of the Slovak Republic No. 118/1996 Coll. on Protection of Deposits and on Amendments to Certain Acts, as amended. On behalf of the Respondent, ie the Slovak Republic, the Fund challenged the absence of legal jurisdiction of the Fund to represent the Respondent, ie the Slovak Republic, in proceedings over the merits of the filed action, challenged the substantiation and the grounds of the

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action, and refuted the assertions made by the claimant. By Resolution of the Bratislava Regional Court No. 18C 120/2016 – 533 dated 4 June 2020, the Court ruled on the resumption of the hearing with the respondent, the National Bank of Slovakia

The Fund created no provision for this litigation - see Note E.4.I.

## G. OTHER NOTES

### G.1. Financial Relations with Related Parties

The Fund's related parties include parties who, directly or indirectly, have the power to exercise control over the Fund (and their close relatives), parties with a significant influence in the Fund and parties holding key management positions in the Fund (and their close relatives).

Related parties are considered to be the members of the following bodies:

- Council of the Fund;
- Supervisory Board of the Fund; and
- Presidium of the Fund.

No loans, borrowings and guarantees were provided to related parties. As a result of financial relations with related parties, the Fund does not record any receivables from, or payables to, the related parties, except for those described in Note E.5.I.

### G.2. Significant Events that Occurred After the Reporting Date

After the reporting date there were no other significant events.

### G.4. Proposed Distribution of Profit/Settlement of Loss for the Current Reporting Period

By Resolution on a per rollam basis No. 20 dated 24 March 2020, the Fund's Council decided to charge the 2019 loss amounting to EUR (367 226.27) to the Contribution Fund. In 2020, the Fund reported a loss in the amount of EUR (522 297). The decision on the settlement of the loss will be made by the supreme body of the Fund at its 2<sup>nd</sup> meeting in March 2021 pursuant to an adopted measure and the Fund's Statutes.

### G.5. Fund Employees and Bodies

Full-Time Equivalent of the Fund	No. of Members of the Fund's Council	No. of Members of the Fund's Supervisory Board	No. of Members of the Fund's Presidium
5	7	7	3

#### Fund's Council

The Fund's Council is the supreme body of the Fund and consists of seven members with a four-year term of office. Appointments to and termination of membership of the Council is governed by provisions of Article 16 (2) of the Deposit Protection Act and Article 8 of the Fund's Statutes.

Three members are representatives of the banks that participate in the deposit guarantee scheme. The members are elected by banks at the meeting of the banks' representatives. Two members are

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representatives of the National Bank of Slovakia and are appointed and dismissed by the Governor of the National Bank of Slovakia. The other two members are representatives of the Ministry of Finance of the SR and are elected from amongst the Ministry's employees and are appointed and dismissed by the Minister of Finance of the SR. Each Council member has one vote.

In 2020, changes were made to the structure of the Fund's Supervisory Board, a member of the Fund's Council was reappointed for a further term of office, and a member and a Vice-chairman of the Fund's Supervisory Board were reelected.

### Structure of the Fund's Council in 2020

Title, Name and Surname	Representative	Position
RNDr. Karol Mrva	National Bank of Slovakia	Chairman
Ing. Pavel Cetkovský	Slovenská sporiteľňa, a.s.	Vice-chairman
Ing. Peter Magala, FCCA, FRM	Všeobecná úverová banka, a.s	Member
Ing. Marcel Kaščák	Tatra banka, a.s.	Member
Ing. Roman Turok-Heteš	Ministry of Finance of the SR	Member until 30 Nov 2020 Member since 1 Dec 2020
Mgr. Martin Peter	Ministry of Finance of the SR	Member
Mgr. Roman Fusek	National Bank of Slovakia	Member

### Fund's Presidium

The Fund's Presidium is responsible for the Fund's operations, including the execution of the Council's rulings and acts on behalf of the Fund to the extent primarily stipulated by the Deposit Protection Act and the Fund's Statutes. The Presidium consists of a Chairman and two other members, who are appointed and dismissed by the Council. All members of the Presidium are the Fund's employees.

### Structure of the Fund's Presidium in 2020

Title, Name and Surname	Position
Ing. Pavol Komzala	Chairman
JUDr. Ildikó Hurínek Kamenická	Member
Ing. Katarína Krištofiaková	Member

### Fund's Supervisory Board

The Supervisory Board oversees the operations and performance of the Fund, including the Fund's bodies. It consists of seven members and their term of office is four years. The appointment and termination of the membership in the Supervisory Board is governed by provisions of Article 20 (2) of the Deposit Protection Act and Article 14 of the Fund's Statutes.

Three members are bank representatives, who are elected and dismissed by the Fund's Council based on banks' proposals. Two members are representatives of the National Bank of Slovakia; they are appointed and dismissed by the Governor of the National Bank of Slovakia, other two members are representatives of the Ministry of Finance of the SR; they are elected from amongst the Ministry's employees and appointed and dismissed by the Minister of Finance of the SR. The members of the Council and Presidium and other Fund employees may not be Supervisory Board members.

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### Structure of the Fund's Supervisory Board in 2020

Title, Name and Surname	Representative	Position
Ing. Vladimír Dvořáček	National Bank of Slovakia	Chairman
Ing. Daniel Kollár	Československá obchodná banka, a.s.	Vice-Chairman (until 14 Jun 2020) Member (since 15 Jun 2020) Vice-chairman (since 26 Jun 2020)
JUDr. Jana Škultétyová	National Bank of Slovakia	Member (until 31 Jul 2020)
JUDr. Martin Lipovský L.L.M., MBA	National Bank of Slovakia	Member (since 25 Nov 2020)
Ing. Darina Čaplánová	Ministry of Finance of the SR	Member
Ing. Zita Zemková	OTP Banka Slovensko, a.s.	Member (until 13 Dec 2020)
Ing. Radovan Majerský	Ministry of Finance of the SR	Member
Ing. Jiří Plíšek	Prvá stavebná sporiteľňa, a.s.	Member

### G.6. Taxation

Under the Income Tax Act, taxpayers' income specified in Article 12 (3) of the Income Tax Act generated from an activity for which such taxpayers were established, or which is their fundamental activity defined in a special regulation, except for income generated from the sale of assets, is tax exempt.

The Fund is a taxpayer which was not established or founded for business purposes and, therefore, the income generated from the Fund's activities undertaken under the Deposit Protection Act, except for income taxed at a special rate, is exempt from corporate income tax. The Fund is not a VAT payer. Indirect taxes paid are included in other operating expenses.

Withholding tax applicable to interest income on bank accounts and term deposits recorded in the current year is recognised as income tax in line "j".

### G.10. Risks Arising from the Fund's Operations

Compliance with principles and control processes adopted by the Fund supporting the prudent principle when managing potential risks ensures elimination of risks so the Fund will be able to continue as a going concern in the foreseeable future.

When preparing the Fund's financial statements, management reassesses assumptions with an impact on the reported amounts of assets and liabilities as at the reporting date and on the recognition of revenues and expenses for the relevant period. The reported amounts represent management's best available estimate based on data and information available to the Fund.

The Fund's receivables from banks in bankruptcy are of a specific nature depending on the cause of their origin. Fund's receivables arose primarily from the obligation stipulated by the Deposit Protection act, ie to make compensation payments for non-accessible deposits on behalf of insolvent banks. At the inception of a receivable, the Fund does not determine the receivable amount, or the conditions for its recovery. The transfer of creditor rights as a result of compensation payments made is guaranteed by the Deposit Protection Act and a statute of limitation cannot be challenged against the

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Fund as regards the enforcement of a receivable from compensation payments made for time-barred deposits in bankruptcy proceedings.

The execution of a decision for the Fund's funds is ruled out. The Fund's claims in bankruptcy proceedings over bank assets must be satisfied first, prior to other unsecured claims.

The Fund's receivables from two bankrupt banks will finally cease to exist in the accounting books after the deletion of these companies from the Business Register.

Given the epidemiological situation related to COVID-19, the Deposit Protection Fund partially carried out its activities via home office of its employees in 2020. The Fund's management assessed the overall COVID-19-related situation in terms of fulfilling tasks and responsibilities of the Deposit Protection Fund and concluded that COVID-19 had no negative impacts on the Fund's business results or its operations.

### **G.10.1. Methods and Procedures for Identifying Risks for the Fund**

According to valid legislation of the Slovak Republic, the Fund can satisfy its claims and reduce the risk of a loss due to the payment of funds as follows:

- By the registration of claims in bankruptcy proceedings by the statutory time limit if bankruptcy proceedings were begun against a debtor of the Fund;
- By exercising and enforcing the Fund's creditor rights;
- By proposing draft legislative amendments to strengthen the position and rights of the Fund; and
- By filing applications, motions and notifications with government bodies and law enforcement agencies to improve the efficiency of potential bankruptcy proceedings.

### **G.10.2. Methods and Procedures for Measuring, Monitoring and Managing Risks for the Fund**

The Fund monitors the banking sector and collects data on deposit protection while cooperating closely with the National Bank of Slovakia and foreign funds. The Fund continually analyses data on the Slovak and foreign banking sectors. In cooperation with banks, the Fund continually analyses the development of banking sector deposits. The Slovak banking sector is currently considered to be stable.

The Fund is obliged to regularly perform stress testing on the deposit protection system (at least once every three years) and report the results to the National Bank of Slovakia, the Ministry of Finance SR and the European Banking Authority. The above statutory obligation relates to the testing of the banks' and the Fund's domestic and cross-border readiness so that if any of the banks is declared unable to make deposit payments, the deposit protection system is able to pay out compensation for inaccessible deposits by the statutory time limit. The Fund's risk management as regards securing the funding of the Fund in the event of a potential compensation pay-out for inaccessible deposits resulting from a bank's inability to make deposit payments is carried out in accordance with the Deposit Protection Act, which defines the funding and thereby ensures the stability of the Fund's income.

In 2020, the Fund conducted a stress testing pursuant to Article 12 (7) of the Deposit Protection Act and in line with the Stress Testing Plan approved by the Resolution of the Fund's Council No. 20 dated 24 March 2020. The subject matter of stress testing was a test for cross-border compensation payments in cooperation with the Czech host deposit guarantee scheme – Financial Market Guarantee System. The Fund ensured a transfer of data files with payment instructions related to depositors in a

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foreign branch of a bank in the Czech Republic to the host system which confirmed that the files contain all information necessary to make the payment. The transfer of files on depositors and payment instructions between the Fund and the Czech Deposit Guarantee System was ensured by the Eddies system (European DGS to DGS Information Exchange System), which provides secure exchange of relevant data between European deposit guarantee schemes in the event of cross-border compensation payments for non-accessible deposits and stress testing.

Under the 2020 Stress Testing Plan, a test was conducted on the SCV Files in the whole database of the selected bank, including quality assessment of these files and the timeliness of their transmission to the Fund. The test results confirmed that the bank is able to prepare input data files for the payment, if any, of compensations for inaccessible deposits in a timely manner and these files can be processed by the Deposit Protection Fund's information system for the payment of compensations for inaccessible bank deposits.

For the stress testing of the deposit guarantee scheme, a steering group and an observer group were established with members from the Deposit Protection Fund, the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the Slovak Banking Association. The stress test report was approved by the Fund's Council on 2 December 2020 and was submitted to the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the European Banking Authority (EBA).

For the purposes of ensuring cross-border compensation payments, the Deposit Protection Fund has concluded cross-border bilateral agreements, in which the Fund acts as a Home DGS due to the fact that Slovak banks contributing to the Fund have branches abroad, and as a Host DGS vis-a-vis foreign systems if a foreign bank has its branch in Slovakia. The Deposit Protection Fund has concluded both types of contracts with the Czech Financial Market Guarantee System. A bilateral agreement as a Host DGS was concluded with the Hungarian system – ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP (OBA).

As regards bilateral cooperation, the Deposit Protection Fund as the host system vis-a-vis two more home deposit guarantee schemes is currently commenting on bilateral contracts with the Austrian Einlagensicherung AUSTRIA GmbH (ESA) and the Polish Bankowy Fundusz Gwarancyjny (BFG).

In accordance with the Deposit Protection Act, the Fund sets the amount of the annual contribution no later than 1 April, in a minimum amount of 0.01% of the average balance of covered deposits in the respective bank for the previous calendar year, and based on the bank's risk level as determined by the National Bank of Slovakia. When determining annual contributions, the Fund takes into account the banking sector's stability, the economic cycle phase and the impact of the determined contributions on the Slovak banking sector's stability, also based on data provided by the National Bank of Slovakia. The annual contribution determined by the Fund's Council must be paid by a bank on or before 15 June of the relevant calendar year and the Fund is authorised to determine the details of the calculation of the annual contribution and average balance of protected deposits, including the calculation methodology for the annual contribution.

The Fund's Council may set the amount of the extraordinary contribution up to 0.5% of the covered deposits' value and may also set a higher extraordinary contribution with the approval of the National Bank of Slovakia.

The amount of contributions is determined by the Fund so that as of 3 July 2024, the amount of available funds will be as a minimum at the target level of 0.8% of the value of all covered deposits. The target level does not include contributions made under the Crisis Resolution Act. The amount of available funds may include payment obligations, which may not exceed 30% of the amount of available funds.

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In addition to contributions from the banks, funding for the Fund may also include loans and refundable financial assistance and subsidies from the state budget to support the roles of the Fund and the deposit protection system according to conditions stipulated by the relevant legislation. State financial assets may also be used as set out in Article 4 (3), first sentence of Act No. 384/2011 Coll. on the Special Levy of Selected Financial Institutions and on Amendments to and Supplementation of Certain Acts, as amended, to add funds to the Fund required to cover expenses for compensation payments for inaccessible deposits. Although Act No. 353/2020 Coll. repealed Act No. 384/2011 Coll. with effect as of 1 January 2021, funds paid by the banks in the previous reporting period remain part of state financial assets.

FOV funds may be used to finance a crisis situation resolution up to a minimum of 50% of the target level, unless the Fund Council decides otherwise, and up to a maximum of 160% of the target level. Should FOV funds be decreased by more than one third from the target level, the Fund Council will set the annual contribution at a level which will enable the target level to be reached within six years of the decrease of the FOV funds by one third.

The banking sector's stability will be significantly affected by the amendment to Regulation (EU) No. 806/2014, which will establish the European Deposit Insurance Scheme ("EDIS") to protect deposits at the Banking Union level. The completion of this third pillar of the Banking Union will take place in three stages – reinsurance system, co-insurance system and full insurance system, at which time the national deposit protection systems will be fully insured via EDIS, which will increase financial market stability.

Creating EDIS will result in the establishment of a Single Deposit Insurance Fund at the European level administered by the Single Resolution and Deposit Insurance Board, which will accumulate funds from ex-ante contributions of the banks from all Member States participating in EDIS. The accumulation of funds will reduce the vulnerability of depositors to large local shocks. To comply with the cost-neutrality principle, these contributions will be counted towards the target level of available funds at 0.8% of the covered deposits in 2024 in accordance with Directive 2014/49/EU on Deposit Guarantee Schemes, as amended.

## SELECTED FINANCIAL INDICATORS OF THE DEPOSIT PROTECTION FUND

### Overview of Assets and Liabilities as at 31 December (in EUR)

Assets	2020	2019
Current account with the National Bank of Slovakia and cash on hand	268 690 292	211 101 842
Term deposits with the National Bank of Slovakia	0	0
Receivables from paid compensation	0	52 822 700
Tangible and intangible assets	471 800	521 953
Other assets	2 284	3 173
Loss for the current period	522 297	367 226
<b>Total assets</b>	<b>269 686 673</b>	<b>264 816 894</b>

Liabilities	2020	2019
Liabilities for compensation payments	0	0
Other liabilities	99 975	67 679
Current income tax	0	0
Contribution fund	269 586 698	264 749 215
Profit for the current period/Profit subject to approval	0	0
<b>Total liabilities</b>	<b>269 686 673</b>	<b>264 816 894</b>

### Overview of Expenses and Revenues for the Period from 1 January to 31 December (in EUR)

	2020	2019
Personnel expenses	(370 719)	(335 467)
Other operating expenses	(98 171)	(105 028)
Depreciation/amortisation	(53 288)	(53 175)
Other expenses	(6)	(251)
Interest income	0	156 645
Profit/loss from bond transactions	0	0
Profit/loss from the sale and transfer of assets	0	0
<b>Guarantee Fund administration expenses</b>	<b>(522 184)</b>	<b>(493 921)</b>
Interest expense and similar expenses	0	0
Income tax	0	(29 763)
<b>National Fund administration expenses</b>	<b>(113)</b>	<b>(188)</b>
<b>Guarantee Fund financing expenses</b>	<b>0</b>	<b>(29 763)</b>
<b>Profit/loss for the reporting period after tax</b>	<b>(522 297)</b>	<b>(367 226)</b>

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## **REPORT OF THE SUPERVISORY BOARD OF THE DEPOSIT PROTECTION FUND**

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The scope of competence of the Supervisory Board of the Deposit Protection Fund includes the oversight of the activities and operations of the Deposit Protection Fund and its bodies.

In 2020, as part of its activities the Supervisory Board of the Deposit Protection Fund in accordance with Act of the National Council of the Slovak Republic No. 118/1996 Coll. on Deposit Protection and on Amendments to Certain Acts, as amended (hereinafter “Deposit Protection Act”), with other legislation and regulations of the Deposit Protection Fund, assessed especially the overall development of the financial situation, including bank contributions, and the overall financial performance of the Deposit Protection Fund.

The members of the Supervisory Board of the Deposit Protection Fund are authorised to inspect documents related to the Deposit Protection Fund’s activities and obtain information on the management of the funds of the Deposit Protection Fund.

In connection with the verification of legality, the Supervisory Board of the Deposit Protection Fund also paid attention to compliance with obligations pursuant to Act of the National Council of the Slovak Republic No. 371/2014 Coll. on Resolution in the Financial Market, as amended, especially to the management of funds of the National Crisis Resolution Fund, including their regular transfer to the European Single Crisis Resolution Fund.

The Fund’s Supervisory Board paid special attention to the overall development of the Fund’s financial situation and operations, as banks again paid the differentiated annual contributions to the Deposit Protection Fund in 2020.

The Supervisory Board also focused on compliance of the results of the verification of the functionality and ability of the Deposit Protection Fund to make compensation

payments for non-accessible deposits in banks with legal conditions. The Deposit Protection Fund submits a report on the results of this verification annually to the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the European Banking Authority (EBA).

Pursuant to Article 21 of the Deposit Protection Act, the Supervisory Board of the Deposit Protection Fund reports its findings regularly to the Council of the Deposit Protection Fund and to the National Bank of Slovakia.

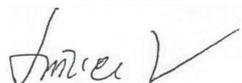
In 2020, the Supervisory Board of the Deposit Protection Act continued to issue quarterly reports on the Fund’s activities in which it concluded that no deficiencies were identified in the management of the Deposit Protection Fund in the relevant period. If any actions of the Deposit Protection Fund are not in compliance with the relevant legislation, the Supervisory Board of the Deposit Protection Act must report on such actions within three days of detection.

At its 100th meeting on 15 March 2021, the Supervisory Board of the Deposit Protection Fund discussed a proposal for the approval of the Deposit Protection Fund’s 2020 financial statements and information on the audit of these financial statements by an independent auditor. The Supervisory Board concluded that the Deposit Protection Fund prepared the 2020 financial statements pursuant to Article 14 of the Deposit Protection Act, the relevant provisions of Act of the National Council of the Slovak Republic No. 431/2002 Coll. on Accounting, as amended, and the measures of the Ministry of Finance of the Slovak Republic.

According to the independent auditor’s report by Deloitte Audit s.r.o., the financial statements give a true and fair view of the financial position of the Deposit Protection Fund as at 31 December 2020 and the profit/loss for the year then ended in accordance with the Slovak Act on Accounting.

Based on the result of the audit carried out by the independent auditor and based on its own control activities and a review of the financial statements, the Supervisory Board of the Deposit Protection Fund approved the

financial statements and recommended that the Council of the Deposit Protection Fund approve the annual financial statements of the Deposit Protection Fund for 2020, as they were prepared correctly and give a true and fair view of the financial position of the Deposit Protection Fund.

A handwritten signature in black ink, appearing to read 'Ing. Dvořáček', is positioned above the printed name.

Ing. Vladimír Dvořáček  
Chairman of the Supervisory Board  
of the Deposit Protection Fund