

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 2019

Fond ochrany vkladov
SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT
ON THE ANNUAL REPORT
Pursuant to Act No. 423/2015 Coll., Article 27 (6)

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

- I. We have audited the financial statements of Fond ochrany vkladov (the "Fund") as at 31 December 2019 presented in Appendix to Annual report of the Fund. We issued an Auditor's Report on the Audit of Financial Statements dated 27 February 2020 in the wording as follows:

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 2019, 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 2019, 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

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.

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.

II. Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report – Supplement to the Independent Auditor's 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.

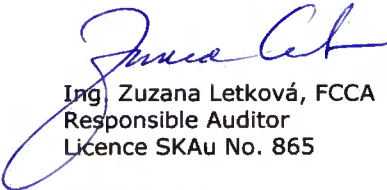
We evaluated whether the Fund's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2019 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

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

Bratislava, 28 February 2020



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

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



Annual Report

2019

Deposit Protection Fund

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

Dear Ladies and Gentlemen,

During 2019, the Deposit Protection Fund pursued in practice the main objective of EU and Slovak legislation on deposit protection: the long-term financial stability of the banking sector. To this end, a single European deposit guarantee scheme is being built as the third pillar of the European banking union.

The application 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, involves applying basic principles of primary funding of the deposit guarantee scheme by banks based on the principle of differentiated contributions.

The amount of differentiated payments by banks to the Deposit Protection Fund was determined in cooperation with the National Bank of Slovakia. The payments take into account the risk profiles of individual banks and selected indicators of the banking sector stability.

The Deposit Protection Fund continued to manage the funds of the National Resolution Fund, including the collection and transfer of banks' 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 option to use the funds of the Deposit Protection Fund in the event of a crisis at a bank also strengthens the financial sector.

Stress testing of the functionality and financial capacity of the deposit guarantee scheme was carried out in cooperation with banks, the Ministry of Finance of the Slovak Republic and the National Bank of Slovakia in line with legal competencies. The stress test report was submitted to the European Banking Authority (EBA) and the stress testing demonstrated the ability and readiness of the Slovak deposit guarantee scheme to meet its legal obligations.

In 2019, the Deposit Protection Fund joined a centralised platform for the secure exchange of information between European systems, thus meeting all requirements and conditions for the conclusion of bilateral cross-border cooperation agreements with foreign deposit guarantee schemes.

On 8 August 2019, the Deposit Protection Fund concluded two bilateral cooperation agreements with the Czech Financial Market Guarantee System. The Fund acts as a home deposit guarantee scheme in one of the agreements and as a host deposit guarantee scheme in the other. As regards bilateral cooperation, the Fund acts as a host system vis-a-vis three more home systems.

In February 2020, the Deposit Protection Fund received funds from the bankruptcy proceedings over the assets of the bankrupt, Devín banka, a. s. The remaining bankrupt proceedings of the bankrupt, Slovenská kreditná banka, a. s. "v konkurze", is at an advanced stage of its final resolution.

The important tasks of the Deposit Protection Fund in 2019 were supported by cooperation with specialised departments 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 like to thank all the representatives of the above institutions, the members of the Council, Supervisory Board, Presidium of the Deposit Protection Fund as well as employees of the Deposit Protection Fund for their activities and commitment to deposit protection and for their contribution to the fulfilment of tasks in 2019.



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

ACTIVITIES OF THE DEPOSIT PROTECTION FUND IN 2019

Development of Deposits in the Banking Sector

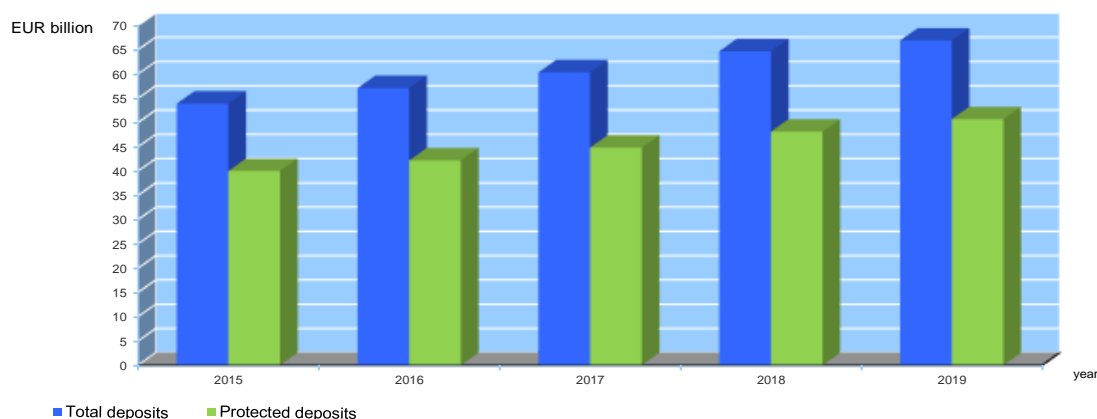
The volume of deposits in the banking sector in Slovakia amounted to EUR 66.9 billion in 2019 and there was an increase in protected deposits by EUR 2.56 billion (5.3%) compared to 2018. The share of protected deposits of total bank deposits in the banking sector amounts to 75.8% and protected deposits amounted to EUR 50.7 billion at the end of 2019. In addition to protected deposits, banks also report covered deposits, which is the amount of a protected deposit of one depositor in the bank up to the deposit coverage limit of EUR 100 000. Covered

deposits at the end of 2019 amounted to EUR 36.5 billion, ie 72% of protected bank deposits.

Twelve banks participated in the deposit guarantee scheme at the end of 2019: 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 2019 is shown in the chart below.

Development of Deposits in the Banking Sector from 2015 to 2019



Contributions to the Deposit Protection Fund

In 2019, 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 2018.

In 2019, banks' annual contribution paid to the Deposit Protection Fund totalled EUR 3.33 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 211 million at the end of 2019. 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 2019, the Deposit Protection Fund's assets included receivables from two banks remaining in bankruptcy, Slovenská kreditná banka and Devín banka. In the bankruptcy proceedings of Devín banka, following the approval of the Bankruptcy Trustee's Final Report on the Realisation of Bankruptcy Assets and on the Trustee's Remuneration and Expenses and the final schedule of proceeds from bankruptcy assets, the Fund's receivable was satisfied in February 2020 in the total amount of EUR 44.46 million, ie 11.52%.

In the bankruptcy proceedings over the assets of the bankrupt Slovenská kreditná banka, the Final Report on the Realisation of Bankruptcy Assets and on Remuneration and Expenses was submitted to the bankruptcy court, which was approved by a resolution. One creditor appealed against this resolution. Upon the issue of the decision of the Supreme Court of the Slovak Republic on the filed appeal, creditors' receivables will be settled by the bankrupt based on the final schedule.

Result of Operations of the Deposit Protection Fund

The Deposit Protection Fund prepared its 2019 financial statements pursuant to Measure of the Ministry of Finance of the Slovak Republic No. 22273/2008-74, as amended. This measure was supplemented with accounting and reporting with respect to the National Crisis Resolution Fund by Measure of the Ministry of Finance of the Slovak Republic No. MF/020367/2015-74, as amended.

The Deposit Protection Fund's operating expenses as at 31 December 2019 amounted to EUR 523 872 and its revenues amounted to EUR 156 645.

Compensation for Non-Accessible Deposit in Banks

If deposits at a bank in the Slovak Republic become non-accessible, depositors receive compensation for all their legally-protected deposits in this 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.

Management of the National Fund's Funds

Pursuant to the Act on Resolution in the Financial Market, the Deposit Protection Fund manages the funds of the National Fund, to which banks paid annual contributions totalling EUR 18.94 million in 2019. The individual contributions were determined by the Single Resolution Board.

Main Activities of the Fund in 2019

In 2019, the Deposit Protection Fund conducted stress testing of single customer view files (hereinafter the "SCV Files") to assess the data quality of the whole portfolio of all the banks and verified their validity via an information system for compensation payments for non-accessible deposits at banks (hereinafter the "FOV System"). The stress testing aimed to process the SCV Files in the FOV System without defective records, to set up control processes at banks when generating the SCV Files, and to verify the quality of banks' client databases via the FOV System. Stress testing included subsequent processing of files on paid compensation payments by the bank information system. Based on the test results, all the banks are able to prepare the SCV Files in the correct structure and such files can be processed by the Fund and the banks.

In addition, stress testing of financial capability was carried out in cooperation with the National Bank of Slovakia and the Ministry of Finance of the Slovak Republic, which focused on the financing of bank crisis resolution to maintain uninterrupted access to deposits. The test results show that the Fund's funds or state financial assets from the special bank levy would be used to make compensation payments for non-accessible deposits at banks, if necessary. Legislative conditions stipulate rules on financing crisis resolution at banks and rules on using the Fund's funds if a bank enters crisis resolution, bankruptcy, or liquidation.

For the stress testing, a steering group and an observer group were established whose members are representatives of 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 about the result of stress testing, including the Declaration of Observers for Stress Testing of the Deposit Guarantee Scheme in 2019. The report was approved by the Deposit Protection Fund's Council in December 2019 and was submitted to the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the European Banking Authority.

On 1 May 2019, the Deposit Protection Fund became an active participant of the Eddies system (European DGS to DGS Information Exchange System), which is a centralised platform for the secure exchange of relevant data between European deposit guarantee schemes in the event of cross-border compensation payments for non-accessible deposits at banks.

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 addition, the Fund began cooperation to conclude bilateral agreements with Polish, Hungarian 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

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 2019, 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 2019, 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

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.

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.

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 evaluate 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 2019 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, 27 February 2020



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

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

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ÚČ ZFOND 1-1


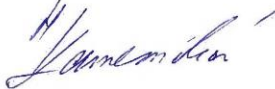
Appendix no. 1 to measure no. MF/16232/2014-74
Appendix no. 1 to measure no. MF/22276/2008-74

ÚČ ZFOND

FINANCIAL STATEMENTS

guarantee fund
as of December 31, 2019

Tax ID no 2 0 2 0 8 6 2 0 3 0	Financial statements <input checked="" type="checkbox"/> - ordinary <input type="checkbox"/> - extraordinary <input type="checkbox"/> - repeated	Financial statements <input type="checkbox"/> - prepared <input checked="" type="checkbox"/> - approved <input type="checkbox"/> - not approved	For period from month year to 0 1 2 0 1 9 1 2 2 0 1 9
Company ID no 3 5 7 0 0 5 6 4			Immediately preceding period from month year to 0 1 2 0 1 8 1 2 2 0 1 8
SK NACE 6 6 . 1 1 . 0	(mark <input checked="" type="checkbox"/>)		
Financial statements Appendices			
<input checked="" type="checkbox"/> Balance Sheet (ÚČ ZFOND 1-01)	<input checked="" type="checkbox"/> Profit and loss statement (ÚČ ZFOND 2-01)	<input checked="" type="checkbox"/> Notes (ÚČ ZFOND 3-01)	(mark <input checked="" type="checkbox"/>)
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	City		
8 1 2 4 7	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.:	Fax number		
0 2 / 5 4 4 3 5 4 4 4			
E-mail address:			
f o v @ f o v s r . s k			

Prepared on: 13. February 2020	Signature of a member of the reporting enterprise's statutory body:  
Approved on: 24. March 2020	

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ÚČ ZFOND 1-1

BALANCE SHEET
As at 31 December 2019
in EUR

Description	ITEM	Note No.	Current Reporting Period 1 Jan 2019 – 31 Dec 2019			Immediately Preceding Reporting Period 1 Jan 2018 – 31 Dec 2018
			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 cash on hand		211 101 842	0	211 101 842	5 610 292
2.	Term deposits in the National Bank of Slovakia	E.2.	0	0	0	202 504 175
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.	528 898 212	(476075 512)	52 822 700	51 800 790
6.	Receivables from contributors	E.6.	17 625	(17 625)	0	0
7.	Acquisition of tangible and	E.7.	0	0	0	0
8.	Intangible assets	E.8.	421 634	(285 192)	136 442	154 272
9.	Tangible assets	E.9.	891 386	(505 875)	385 511	413 518
a)	Not depreciated		1 847	0	1 847	1 847
b)	Depreciated		889 539	(505 875)	383 664	411 671
10.	Other assets	E.10.1	3 173	0	3 173	3 607
11.	Loss		367 226		367 226	266 304
	Total Assets		741 701 098	(476 884 204)	264 816 894	260 752 958

Description	ITEM	Note No.	Current Reporting Period 1 Jan 2019 – 31 Dec 2019		Immediately Preceding Reporting Period 1 Jan 2018 – 31 Dec 2018	
			1	2	1	2
a	b	c	1	2	1	2
x	Liabilities	x	x	x	x	x
1.	Loan liabilities to the National Bank of Slovakia		0	0	0	0
2.	Liabilities to banks		0	0	0	0
a)	from short-term loans		0	0	0	0
b)	from long-term loans		0	0	0	0
3.	Loan liabilities to guarantee funds		0	0	0	0
4.	Liabilities for compensation payments	E.4.I.	0	0	0	6 375
5.	Other liabilities	E.5.I.	67 679	67 679	0	85 054
6.	Tax liabilities		0	0	0	0
a)	Current income tax		0	0	0	0
b)	Deferred tax liability		0	0	0	0
7.	Contribution fund	E.7.I.	264 749 215	264 749 215	260 661 529	260 661 529
8.	Profit		0	0	0	0
	Total Liabilities		264 816 894	264 816 894	260 752 958	260 752 958

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3	5	7	0	0	5	6	4
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ÚČ ZFOND 2-1

INCOME STATEMENT
in EUR
for 1 Jan 2019 –31 December 2019

Description	ITEM	Note No.	Current Reporting Period 1 Jan 2019 – 31 Dec 2019	Immediately Preceding Reporting period 1 Jan 2018 – 31 Dec 2018
a	b	c	1	2
a.	Personnel expenses	E.a.	(335 467)	(306 238)
a.1.	Wages and salaries and social security payments		(334 211)	(304 150)
a.2.	Other personnel expenses		(1 256)	(2 088)
b.	Other operating expenses	E.b.	(105 028)	(91 964)
c.	Depreciation charges		(53 175)	(35 712)
d.	Net impairment of assets and depreciation of assets		0	0
e.	Other expenses	E.e.	(251)	(320)
1.	Interest income	E.1.	156 645	206 977
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	654
I.	Guarantee fund administration expenses	E.I.	(493 921)	(434 234)
II.	National Fund administration expenses	E.II.	(188)	(322)
h.	Interest costs and similar expenses		0	0
i.	Creation of provisions for liabilities for compensation payments		0	0
j.	Income tax	G.6.	(29 763)	(39 379)
III.	Guarantee fund financing expenses		(29 763)	(39 379)
A.	Profit/loss for the reporting period after tax	G.4.	(367 226)	(266 304)

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NOTES

to Financial Statements Prepared as at 31 December 2019 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 protection system.

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 protection system in Slovakia. Banks are required to participate in the Slovak deposit protection system under the Deposit Protection Act from the date of receipt of the first legally-protected deposit.

During 2019, the Act on Deposit Protection was amended by Act of the National Council of the Slovak Republic No. 281/2019 Coll. of 11 September 2019 amending Act No. 80/1997 Coll. on the Export-Import Bank of the Slovak Republic and on Amendments to Certain Acts, as amended. In addition, Act No. 371/2014 Coll. on Resolution in the Financial Market and on Amendments to Certain Acts, as amended (the “Crisis Resolution Act”), was also amended, which created legislative conditions for the Deposit Protection Fund and the National Resolution Fund to maintain accounts at the State Treasury in addition to the National Bank of Slovakia.

These legislative changes initiated by the Ministry of Finance of the Slovak Republic in cooperation with the National Bank of Slovakia and the Deposit Protection Fund were due to the fact that pursuant to Guideline (EU) 2019/671 (ECB/2019/7) of the European Central Bank of 9 April 2019 on domestic asset and liability management operations by national central banks (OJ L 113, 29.4.2019), deposits unrelated to monetary policy at national central banks are also subject to a negative interest rate as of 1 October 2019, including funds of national deposit guarantee schemes and funds of national resolution funds. As of 1 October 2019, a negative interest rate applies to Eurosystem deposit facilities.

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;

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- Management of funds in the National Resolution Fund under the Crisis Resolution Act, including the collection of contributions and keeping records of these funds;
- 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 2018 was approved by the Fund's Council on 21 March 2019.

On 2 October 2017, 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 2019 to 31 December 2019.

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.

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 2019.

On 26 February 2020, 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 2019 to be discussed by the Fund's Supervisory Board on 6 March 2020.

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 2019 financial statements were prepared under the assumption that the Fund is a going-concern legal entity established by law.

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

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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 disclosed 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 disclosed 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 disclosed 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 2019, no changes were made to the accounting methods and principles compared to the previous reporting period.

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 disclosed in other liabilities as accrued expenses and measured at the anticipated payable amount.

The Fund's cash on hand and its funds deposited in current and term accounts in the National Bank of Slovakia (until 30 September 2019) and subsequently deposited in current accounts in the State Treasury (since 1 October 2019) are disclosed at face value. Term deposits with the National Bank of Slovakia (until 30 September 2019) yielded accrued interest income.

Improvement of assets, income from the relevant assets and expenses for income is disclosed in gross

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amount in a separate line of the income statement.

Gains and costs of the sale of assets are disclosed 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 protection system 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 quotient 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.

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

	Years
Buildings	40
Passenger vehicles	5

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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 protection system, etc. The Fund records such receivables in its accounting books. Receivables from banks in bankruptcy are disclosed 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 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 2019.

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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 by Agreed Maturity

Line	Term Deposits in NBS by Agreed Maturity	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
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	202 504 175
5.	Up to two years	0	0
6.	Up to five years	0	0
7.	Over five years	0	0
	Total	0	202 504 175

E.2.II. EUR - Term Deposits in NBS by Residual Maturity

Line	Term Deposits in NBS by Residual Maturity	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Up to one month	0	0
2.	Up to three months	0	15 511 739
3.	Up to six months	0	116 514 489
4.	Up to one year	0	70 477 947
5.	Up to two years	0	0
6.	Up to five years	0	0
7.	Over five years	0	0
	Total	0	202 504 175

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

Line	Receivables from Paid Compensation	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Gross carrying amount		
1.1.	Slovenská kreditná banka, a. s.	143 320 589	143 320 589
1.2.	Devín banka, a. s.	385 577 623	385 577 623
	Total	528 898 212	528 898 212
2.	Impairment		
2.1.	Slovenská kreditná banka, a. s.	134 934 279	135 005 559
2.2.	Devín banka, a. s.	341 141 233	342 091 863
	Total	476 075 512	477 097 422
3.	Net carrying amount		
3.1.	Slovenská kreditná banka, a. s.	8 386 310	8 315 030
3.2.	Devín banka, a. s.	44 436 390	43 485 760
	Total	52 822 700	51 800 790

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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 bankruptcy proceedings of two bankrupt banks were definitively completed.

The Fund ended the payments of compensations 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 proceeds in accordance with the Act on Bankruptcy and Settlement during bankruptcy proceedings and exercises its rights via creditor meetings, creditor committees, or other legal means. All the Fund's receivables were acknowledged by the bankruptcy trustees and both pending bankruptcy proceedings over the assets of the bankrupt banks are in their final phase.

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

The amount of provisions for the Fund's receivables from bankrupt banks for paid compensation depends on the amount of assets that comprise bankruptcy assets of the bankrupts and secures 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 receivables from Devín banka, a.s. reflects the amount of debt recovery based on the final schedule of proceeds from the bankrupt's bankruptcy assets.

The Fund follows the prudence principle when estimating the recoverability of receivables. There is a certain degree of uncertainty with respect to the final amount of recovered receivables and the Fund expects that the final recovered amount will not be lower than the net carrying amount of receivables estimated in the financial statements. Recoverability estimates may change in the future depending on the development of the bankruptcy proceedings. The final recovered amounts may differ from estimates and the differences will depend on the outcome of other litigation, if any, to which the Fund is not a party.

In 2019, based on the analysis of the financial situation and of the development and progress of the bankruptcy proceedings, the Fund released provisions for receivables as regards Slovenská kreditná banka, a.s. "v konkurze", amounting to EUR 71 280 and released provisions for receivables as regards Devín banka, a.s., v konkurze, amounting to EUR 950 631, which increased the total expected recovered amounts from the bankrupts by EUR 1 021 910 compared to the balance as at 31 December 2018.

Development of Bankruptcy Proceedings and Assets of the Fund's Debtors in 2019

The Fund's receivables from the bankrupts in 2019 are measured according to their assets, which are as follows:

Devín banka, a.s.

The bank's bankruptcy was announced by a resolution of 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 1st class receivable. The Fund updated the amount of the registered receivable to EUR 385 931 792.32 with a supplementation of the bankruptcy registration of 13 June 2019. The amount of the Fund's receivable is reduced by a contingent

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1st class receivable, which the Fund did not exercise against the bankrupt.

As at 31 December 2019, the Fund released a provision for receivables from the bankrupt amounting to EUR 950 631, based on the final schedule of the Fund's debt recovery from the proceeds of bankruptcy assets.

The funds of Devín banka as at 31 December 2019 amounting to EUR 83 534 thousand are deposited in bank accounts. The Fund's receivable from this bankrupt bank as at 31 December 2019 was EUR 44 436 390.11.

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 3rd class receivable.

As at 31 December 2019, the funds in the bankruptcy administration accounts amounted to EUR 11 817 thousand. In the bankrupt's bankruptcy proceedings, the Final Report on the Realisation of Bankruptcy Assets and on Remuneration and Expenses dated 30 May 2019 was prepared (hereinafter the "Final Report"), which was examined by the Bratislava Regional Court on 29 June 2019. The subject matter of this report is a priority receivable included based on a judgment of the Supreme Court of the Slovak Republic. The Bratislava Regional Court did not approve this receivable as a priority receivable. A creditor of the respective receivable appealed against this decision. The appeal has not yet been decided. As regards the bankrupt's bankruptcy assets, the bankrupt's revenues increased and expenses decreased during 2019, until the final distribution resolution of the bankrupt. The Fund released a provision for the receivable amounting to EUR 71 280, after estimating the recoverable amount as at 31 December 2019.

The expected recovered amount of the Fund's receivable from this bankrupt bank as at 31 December 2019 is EUR 8 386 310.

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

Line	Receivables from Contributors	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Within maturity	0	0
2.	Overdue		
2.1.	Slovenská kreditná banka, a. s.	5 902	5 902
2.2.	Devín banka, a. s.	11 723	11 723
	Total	17 625	17 625

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 Protection System and other receivables that are registered in bankruptcy and are acknowledged by bankruptcy trustees. The balance of receivables did not change compared to the immediately-preceding reporting period.

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

Line	Impairment of Receivables from Contributors	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Gross carrying amount	17 625	17 625
2.	Impairment	17 625	17 625
3.	Net carrying amount	0	0

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

	Buildings and Land	Fixtures and Fittings	Motor Vehicles	Software	Assets in Acquisition	Total
Cost						
At 1 Jan 2019	714 738	143 451	28 389	419 105	0	1 305 683
Transfers	0	0	0	0	0	0
Additions	0	4 808	0	2 529	0	7 337
Disposals	0	0	0	0	0	0
At 31 Dec 2019	714 738	148 259	28 389	421 634	0	1 313 020
Accumulated depreciation						
At 1 Jan 2019	361 394	102 678	8 987	264 833	0	737 892
Depreciation charges for the year	18 420	8 719	5 676	20 360		53 175
Disposals	0	0	0	0	0	0
At 31 Dec 2019	379 814	111 398	14 663	285 192	0	791 067
Net book value						
At 31 Dec 2019	334 924	36 861	13 726	136 442	0	521 953
At 31 Dec 2018	353 343	40 773	19 402	154 272	0	567 790

In 2019, purchased assets totalled EUR 7 337. In April 2019, the Deposit Protection Fund purchased a server in the amount of EUR 2 708 and required licences in the amount of EUR 2 529. In December 2019, the Fund purchased a photocopier in the amount of EUR 2 100. The server, licences and photocopier were registered in the asset ledger and are depreciated/amortised in accordance with The Principles for the Registration and Depreciation/Amortisation of Assets.

E.10.I. EUR – Other Assets

Line	Other Assets	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Provided operating advances	193	101
2.	Inventories	1 447	1 847
3.	Deferred expenses	1 533	1 659
	Total	3 173	3 607

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BALANCE SHEET OF THE GUARANTEE FUND

Liabilities

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

Line	Liabilities for Compensation Payments	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Provisions for compensation payments to clients of Devín banka, a.s.	0	0
2.	Other provisions for court decisions	0	6 375
	Total	0	6 375

Due to the completion of litigation related to compensation payments and the Fund's Council decision dated 4 December 2018, which ended compensation payments for legally-protected, non-accessible deposits with Devín banka, a.s. as at 31 December 2018, a provision for litigation was not created in 2019. By Resolution of District Court Bratislava I, No.: 14C/281/2009 - 550, the Court ordered the Fund to pay the costs of the proceedings in the amount of EUR 4 111.93. At its 7th meeting held on 23 May 2019, the Presidium of the Deposit Protection Fund released the provision of EUR 2 263.22.

E.5.I. EUR – Other Liabilities

Line	Other Liabilities	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Accrued expenses	14 505	33 016
2.	Payables to employees	24 976	25 318
3.	Payables to social security and health insurance institutions	15 188	16 076
4.	Clearing with the state budget	5 822	6 204
5.	Other payables	7 188	4 440
	Total	67 679	85 054

Accrued expenses include unbilled supplies and provisions for unused vacations days as at 31 December 2019. The Fund will not create a provision for withholding tax on accrued interest income due to the fact that funds are not deposited in term accounts. Other payables include payables to suppliers within maturity.

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E.7.I. EUR – Contribution Fund

Line	Contribution Fund	Current Reporting Period as at 31 Dec 2019	Immediately-Preceding Reporting Period as at 31 Dec 2018
1.	Balance at 1 January	260 661 529	257 292 351
2.	Clearing of profit/loss of the previous reporting period	(266 304)	(313 200)
3.	Contributions of banks to the protection system	3 329 816	3 161 521
4.	Cancellation of provisions	1 021 911	517 144
5.	Creation of provisions	0	(6 333)
6.	Balance of creation and release of provisions for compensation payments	2 263	10 046
7.	Balance at 31 December	264 749 215	260 661 529

As at 31 December 2019, the Fund reported the Contribution Fund amounting to EUR **264 749 215** and a loss amounting to EUR (367 226) for the reporting period from 1 January 2019 to 31 December 2019. The loss will be cleared against the Contribution Fund after the Fund's Council approves the 2019 financial statements.

In 2019, 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 Fund's funds required to pay compensation for inaccessible deposits as per Act No. 384/2011 Coll. on Special Levy of Selected Financial Institutions, as amended.

Annual contributions for 2019, which banks were obliged to pay by 15 June 2019, amounted to EUR 3 329 816.

In 2013, one of the banks whose deposits were protected by the deposit protection system 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 protection system. 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.I. EUR - Guarantee Fund Administration Expenses

Line	Guarantee Fund Administration Expenses	Current Reporting Period (1 Jan 2019 – 31 Dec 2019)	Immediately-Preceding Reporting Period (1 Jan 2018 - 31 Dec 2018)
1.	Personnel expenses	(335 467)	(306 238)
2.	Other operating expenses	(105 028)	(91 964)
3.	Depreciation charges	(53 175)	(35 712)
4.	Other expenses	(251)	(320)
	Total	(493 921)	(434 234)

E. a. EUR – Personnel Expenses

Line	Personnel Expenses	Current Reporting Period (1 Jan 2019 – 31 Dec 2019)	Immediately-Preceding Reporting Period (1 Jan 2018 - 31 Dec 2018)
1.	Wages and salaries and social security payments, of which:	(334 211)	(304 150)
1.1.	Employee wages, salaries and bonuses	(177 953)	(153 823)
1.2.	Remuneration of the members of statutory bodies	(64 111)	(64 538)
1.3.	Social security and health insurance expenses	(92 147)	(85 789)
2.	Other personnel expenses	(1 256)	(2 088)
	Total	(335 467)	(306 238)

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 2019. 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 2019, of which 3 employees were Presidium members.

E. b. EUR - Other Operating Expenses

Line	Other Operating Expenses	Current Reporting Period (1 Jan 2019 – 31 Dec 2019)	Immediately-Preceding Reporting Period (1 Jan 2018 - 31 Dec 2018)
1.	Taxes and fees	(17 066)	(3 922)
2.	Audit expenses	(11 100)	(11 100)
3.	Legal advisory	(13 426)	(13 426)
4.	Other operating expenses	(63 436)	(63 516)
	Total	(105 028)	(91 964)

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

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E. e. EUR – Other Expenses

Other expenses include bank fees and commissions in the amount of EUR 250.73.

E.II. EUR - National Fund Administration Expenses

Line	Guarantee Fund Administration Expenses	Current Reporting Period (1 Jan 2019 – 31 Dec 2019)	Immediately-Preceding Reporting Period (1 Jan 2018 - 31 Dec 2018)
1.	Payment operations	0	0
2.	Bookkeeping, preparation of financial statements and statements of arrears	(188)	(322)
6.	Granting of powers of attorney, concluding agreements and other legal agenda	0	0
	Total	(188)	(322)

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

E.1. EUR – Interest Income

Line	Interest Income	Current Reporting Period (1 Jan 2019 – 31 Dec 2019)	Immediately-Preceding Reporting Period (1 Jan 2018 - 31 Dec 2018)
1.	Interest income from current accounts	40 633	4 391
2.	Income from term deposits	116 012	202 586
	Total	156 645	206 977

E. 4. EUR – Other Income

In 2019, the Deposit Protection Fund had no other revenues, except for the recognised interest income from current accounts and term deposits.

F. SUMMARY OF OTHER ASSETS AND OTHER LIABILITIES

National Resolution Fund

Since 1 January 2016, the Fund keeps 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 budgets 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 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.

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Under the Crisis Resolution Act, selected institutions are obliged to pay an annual and extraordinary contributions to the National Fund.

The National Fund is comprised of credit institutions' and security traders' contributions and the target amount for the resolution fund is 1% of covered deposits by 31 December 2024. For 2019, the contribution of EUR 18 936 185.43, in accordance with the statutory conditions for crisis resolution, was paid on 25 June 2019 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. Guarantees laid down in the Deposit Protection Act and related acts, particularly the Crisis Resolution Act create a legislative framework for balancing financial security and protection of deposits of banking sector depositors.

The Fund is able to meet its statutory obligation, ie to protect deposits in banks that participate in the deposit protection system in Slovakia. The Fund is currently unaware of facts that could represent contingent liabilities and could significantly influence its financial situation.

The Fund's nineteen passive litigations on compensation payments for inaccessible deposits were completed, of which one litigation was completed in 2018. Seventeen litigations in total were won by the Fund.

Litigation was pending due to a repeated appeal concerning the payment of default interest and legal representation costs. After a number of court rulings, the final ruling was issued in favour of the Fund on 8 November 2017. The Court identified with the arguments presented by the Fund, which rely on the fact that the respondent could not have defaulted on payment, as it became obliged to provide payment to the claimants of the residual portion of the funds not recoverable from the bank only after a court ruling became effective, therefore, the court dismissed the action. The claimants filed an appeal against the court's ruling on 22 November 2017. The Bratislava Regional Court by its ruling No. CO/150/2018 partially amended the first-instance court ruling so that the respondent is obliged to pay an amount of EUR 3 267.37 to the three claimants, and upheld the district court's ruling in the remaining dismissing verdict. The claimants were awarded the right to reimbursement of legal representation costs.

The justification of the Bratislava Regional Court is based on the binding legal opinion of the Supreme Court of the Slovak Republic, under which the three heirs entered in the contractual relationships of one benefactor and they allegedly established a relationship similar to the joint deposit.

As the courts in 2008 acknowledged in their final and binding rulings that the claimants are entitled to a receivable from the principal, and since under Article 121 (3) of the Civil Code interest and charges of a receivable mean interest, default interest, late payment fee and the related enforcement expenses, it was probable that in this case the courts will also acknowledge default interest and costs of legal representation. Therefore, and also based on the reason above, on 4 December 2018 the Fund's Council agreed that the Fund's only litigation on compensation payments will be finally completed. The Fund did not appeal against the Bratislava Regional Court's ruling and paid default interest in the total amount of EUR 9 802.11. Based on the Resolution of District Court Bratislava I in Bratislava on the litigation Kubínová et al, the costs of court proceedings (since 26 September 2011) were paid to the account of the plaintiffs' legal representative on 14 May 2019, in the total amount of EUR 4 111.93 calculated by the Court, of which the court fee for the appeal and legal representation costs amounted to EUR 595,50 and EUR 3 516.43, respectively. By the payment of the costs of court proceedings, the litigation Kubínová et al, which started in 2002, is definitively completed.

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On 13 June 2019, the Deposit Protection Fund as a bankruptcy creditor in the bankruptcy proceedings of Devín banka, a. s. by a supplementation of the bankruptcy registration registered a 1st class receivable of EUR 13 914.04, which it was obliged to pay in 2018 and in 2019 in the litigation Dorota Kubínová et al based on the court decision (default interest and costs of court proceedings). The bankrupt's bankruptcy trustee increased the Fund's 1st class receivable by EUR 13 914.04, which was originally registered as contingent. The above litigation was definitively completed. As at 31 December 2019, the related provision for the litigation was released by the Fund in the amount of the paid costs of legal representation (E.4.1.).

On 28 November 2013, a bank filed a legal action against the Deposit Protection Fund as regards the payment of an 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 of 28 November 2013) 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 plaintiff'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 passive procedural legitimation and 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 action, and refuted the assertions made by the claimant. The Fund agreed with the legal opinion of the Court at the hearing held on 7 November 2019, according to which the Fund is not a public authority authorised to act on behalf of the Slovak Republic in this litigation. In the court proceedings, File No. 18C/120/2016 on the subject matter of the legal action dated 21 December 2016, the Fund has no legal competence to act on behalf of the state pursuant to Act No. 514/2003 Coll. on Liability for Damage Caused in the Exercise of Public Authority and on Amendments to Certain Acts, as amended, nor pursuant to other domestic or international legislation.

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.

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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 was a significant event in the bankruptcy proceedings over the assets of the bankrupt, Devín banka, a.s. “v konkurze”. On 30 January 2020, the Supreme Court of the Slovak Republic ruled on the filed appeals against the Draft Final Schedule 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 schedule resolution became final and binding. The Fund’s receivable of EUR 44 456 876.93 was satisfied by the bankruptcy trustee in February 2020.

These significant events do not require a disclosure or adjustment in these financial statements as at 31 December 2019.

G.4. Proposed Distribution of Profit for the Current Reporting Period

At its 3rd annual meeting held on 21 March 2019, the Fund’s Council made a decision to charge the 2018 loss amounting to EUR (266 304.25) to the contribution fund. In 2019, the Fund reported a loss in the amount of EUR (367 226.27). The decision on the settlement of the loss will be made by the supreme body of the Fund at its 2nd meeting in March 2020 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 bank that participate in the deposit protection system. The members are elected by banks at the meeting of the banks’ representatives. Two members are 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 2019, there was a change to the structure of the Fund’s Council and the Fund’s Supervisory Board.

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Structure of the Fund's Council in 2019

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. Miroslav Uličný	Tatra banka, a.s.	Member until 18 May 2019
Ing. Marcel Kaščák	Tatra banka, a.s.	Member since 27 May 2019
JUDr. Štefan Hrčka, PhD.	National Bank of Slovakia	Member until 18 Oct 2019
Mgr. Roman Fusek	National Bank of Slovakia	Member since 29 Nov 2019
Ing. Roman Turok-Heteš	Ministry of Finance of the SR	Member
Mgr. Martin Peter	Ministry of Finance of the SR	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 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 Fund employees.

Structure of the Fund's Presidium in 2019

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 consist 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.

Structure of the Fund's Supervisory Board in 2019

Title, Name and Surname	Representative	Position
Ing. Vladimír Dvořáček	National Bank of Slovakia	Chairman
Ing. Daniel Kollár	Československá obchodná banka, a.s.	Vice-Chairman
JUDr. Jana Škultétyová	National Bank of Slovakia	Member
Ing. Darina Čaplánová	Ministry of Finance of the SR	Member
Ing. Zita Zemková	OTP Banka Slovensko, a.s.	Member
Ing. Radovan Majerský	Ministry of Finance of the SR	Member

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Ing. Imrich Béreš	Prvá stavebná sporiteľňa, a.s.	Member until 4 Dec 2019
Ing. Jiří Plíšek	Prvá stavebná sporiteľňa, a.s.	Member since 12 Dec 2019

G.6. Taxation

Under the Income Tax Act, taxpayers' income specified in Article 12(3) of the Income Tax Act generated from activity for which such taxpayers have been 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 corporation tax.

The Fund is not a VAT payer and 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 actual results may differ from these estimates, primarily due to the outcome of the litigation as part of bankruptcy proceedings of the bankrupt Slovenská kreditná banka, a. s. "v konkurze", which could result in a potential adjustment of estimates. However, these should not be lower than the reported balance. As regards assets, the Fund's receivables from Slovenská kreditná banka, a. s. "v konkurze" are subject to estimation. 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. The Fund's receivables arose primarily from an obligation stipulated by the Deposit Protection Act, ie the obligation to make compensation payments for inaccessible deposits 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 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.

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;

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- 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 pending 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-stated statutory obligation relates to the testing of the banks' and the Fund's 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 2019, 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 Fund's Council on 22 March 2017. The subject matter of stress testing was a test of financial capability focused on the financing of bank crisis resolution to maintain uninterrupted access to deposits. The results of stress testing show that the Fund's funds may be used to make compensation payments for non-accessible deposits at banks in bankruptcy or liquidation. The Fund would make potential compensation payments to depositors by obtaining additional funds from state financial assets from the special bank levy. Pursuant to the Deposit Protection Act, the use of the Fund's funds for a bank in crisis resolution is limited to 50%, up to a maximum of 160% of the target level of covered deposits. A loss incurred by a bank in crisis resolution of a magnitude requiring the use of the Fund's funds is highly unlikely; therefore, the use of the Fund's funds for this purpose is extraordinary.

In 2019, the Fund tested the SCV Files in the whole database of 11 banks that are part of the deposit guarantee scheme. The test results confirmed that the banks are able to generate data files for the payment, if any, of compensations for inaccessible deposits and these files can be processed by the Deposit Protection Fund's information system for the payment of compensations for inaccessible bank deposits. Financial back-up is addressed by the bank's resolution plan. A steering group and an observation group were established for the stress testing of the deposit protection system, whose members are representatives of the 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 4 December 2019 and was submitted to the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the European Banking Authority (EBA).

On 1 May 2019, the Fund became an active participant in 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.

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

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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.

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.

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. Contributions will be set based on the bank risk profiles. 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	2019	2018
Current account with the National Bank of Slovakia and cash on hand	211 101 842	5 610 292
Term deposits with the National Bank of Slovakia	0	202 504 175
Receivables from paid compensation	52 822 700	51 800 790
Other assets	3 173	3 607
Loss for the current period	367 226	266 304
Total assets	264 816 894	260 752 958

Liabilities	2019	2018
Liabilities for compensation payments	0	6 375
Other liabilities	67 679	85 054
Current income tax	0	0
Contribution fund	264 749 215	260 661 529
Profit for the current period/Profit subject to approval	0	0
Total liabilities	264 816 894	260 752 958

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

	2019	2018
Personnel expenses	(335 467)	(306 238)
Other operating expenses	(105 028)	(91 964)
Depreciation/amortisation	(53 175)	(35 712)
Other expenses	(251)	(320)
Interest income	156 645	206 977
Profit/loss from bond transactions	0	0
Profit/loss from the sale and transfer of assets	0	0
Guarantee Fund management expenses	(493 921)	(434 234)
National Fund management expenses	(188)	(322)
Interest expenses and similar expenses	0	0
Income tax	(29 763)	(39 379)
Guarantee Fund funding expenses	(29 763)	(39 379)
Profit/loss for the reporting period after tax	(367 226)	(266 304)

REPORT OF THE SUPERVISORY BOARD OF THE DEPOSIT PROTECTION FUND

The Supervisory Board of the Deposit Protection Fund oversees the activities and operations of the Deposit Protection Fund and its bodies, especially their compliance with Act No. 118/1996 Coll. on Deposit Protection and on Amendment to Certain Acts, as amended (hereinafter the “Deposit Protection Act”), with other legislation and internal regulations, especially the Deposit Protection Fund’s Statutes.

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.

Under the Deposit Protection Fund’s purview pursuant to Act No. 371/2014 Coll. on Crisis Management on the Financial Market, as amended, and the management of funds of the National Fund, including their regular transfer to the Single Fund for Crisis Resolution, the members are authorised to access information on crisis management. This authorisation is partially limited by law for members of the Supervisory Board of the Deposit Protection Fund who represent banks, to avoid a conflict of interest.

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 2019.

Pursuant to Article 21 of the Deposit Protection Act, the Supervisory Board of the Deposit Protection Fund reports its findings quarterly to the Council of the Deposit Protection Fund and to the National Bank of Slovakia. If any actions of the Deposit Protection Fund contradict the relevant legislation, the Supervisory Board must report on such actions within three days of detection.

The Supervisory Board of the Deposit Protection Fund identified no deficiencies in the operations of the Deposit Protection Fund in 2019.

At its 96th meeting on 6 March 2019, the Supervisory Board of the Deposit Protection Fund discussed a proposal for the approval of the Deposit Protection Fund’s 2019 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 2019 financial statements pursuant to Article 14 of the Deposit Protection Act, the relevant provisions of Act No. 431/2002 Coll. on Accounting, as amended, and the measures of the Ministry of Finance of the Slovak Republic governing this area.

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 2019 and the profit/loss for the year then ended in accordance with Act No. 431/2002 Coll. on Accounting, as amended.

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 2019, as they were prepared correctly and give a true and fair view of the financial position of the Deposit Protection Fund.



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