

Fond ochrany vkladov

**INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL
STATEMENTS AS AT 31 DECEMBER 2022**

AND

**REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS**



Annual Report

2022

Deposit Protection Fund

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FOREWORD BY THE DEPOSIT PROTECTION FUND COUNCIL CHAIRMAN

Dear Ladies and Gentlemen,

The year 2022 was a challenging period for the financial sector, including the Deposit Protection Fund. The high rate of inflation, the rise in energy prices, the drop in real wages, but also the war in Ukraine are persistent challenges for the entire Slovak economy.

Despite the turbulent economic situation, the Deposit Protection Fund managed to meet ahead of deadline one of its main goals - to accumulate its own financial resources in an amount that they represent a 0.8% share of covered deposits in banks. At the same time, the stated goal, according to the provisions of Directive 2014/49/EU of the European Parliament and of the Council on deposit protection systems, as well as Act of the National Council of the Slovak Republic no. 118/1996 Coll. on deposit protection, as amended, to be implemented by deposit protection systems by July 3, 2024.

Regarding the bank deposit protection, the Deposit Protection Fund saw an increase in protected deposits in 2022, while covered bank deposits were on a downward trend over the same period. It can be concluded that banks currently have enough stable funding.

Currently, 11 banks participate in the Slovak deposit protection system. Funding of the deposit protection system is based on differentiated contributions from banks determined by law from the principles of determining contributions with regard to the risk profile of banks, while also depending on some legally established indicators. Their level for 2022 was determined in cooperation with the National Bank of Slovakia. In 2022, the total funds of the Deposit Protection Fund were accumulated not only from differentiated bank contributions, but also from interest income from own funds.

Stress testing of the operational 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 testing demonstrated the ability and readiness of the Slovak deposit guarantee scheme to meet its legal obligations.

In order to ensure cross-border compensation payments and stress testing, the Deposit Protection Fund has concluded bilateral

agreements with the Czech, Hungarian and Polish deposit protection systems, and is currently negotiating the terms of the bilateral agreement with the Lithuanian and the Austrian systems.

Cooperation between deposit protection systems is also supported by the European Forum of Deposit Insurers - EFDI - of which the Deposit Protection Fund is also a member. EFDI plays an important role in the process of building the European Deposit Protection System - EDIS, even if this process is currently stagnating due to other priorities, especially those of the European Commission.

After more than twenty years, the Deposit Protection Fund is not a party to any litigation, and neither is a creditor in any bankruptcy proceedings.

Deposit Protection Fund in accordance with Act No. 371/2014 Coll. on the resolution of crisis situations on the financial market, as amended, is also responsible for the management of the National Fund's funds, including the collection and withdrawal of banks' contributions to the European Single Resolution Fund. One of the main goals of this law is to prevent the emergence of crisis situations in financial institutions without the need for the intervention of public finances and under the conditions of preserving the protection of depositors and their protected deposits.

Effective cooperation with the Ministry of Finance of the Slovak Republic, the National Bank of Slovakia, the Slovak Banking Association, commercial banks, and other relevant institutions contributed to meeting important objectives of the Deposit Protection Fund.

Dear Ladies and Gentlemen,

I would like to thank all the representatives of the above institutions, the members of the Council, Supervisory Board, the Presidium of the Deposit Protection Fund and employees of the Deposit Protection Fund for their support and commitment to deposit protection and for their contribution to the completion of tasks in 2022.



RNDr. Karol Mrva
Chairman of the Council
Deposit Protection Fund

DEPOSIT PROTECTION FUND OPERATIONS IN 2022

Banking Sector deposits

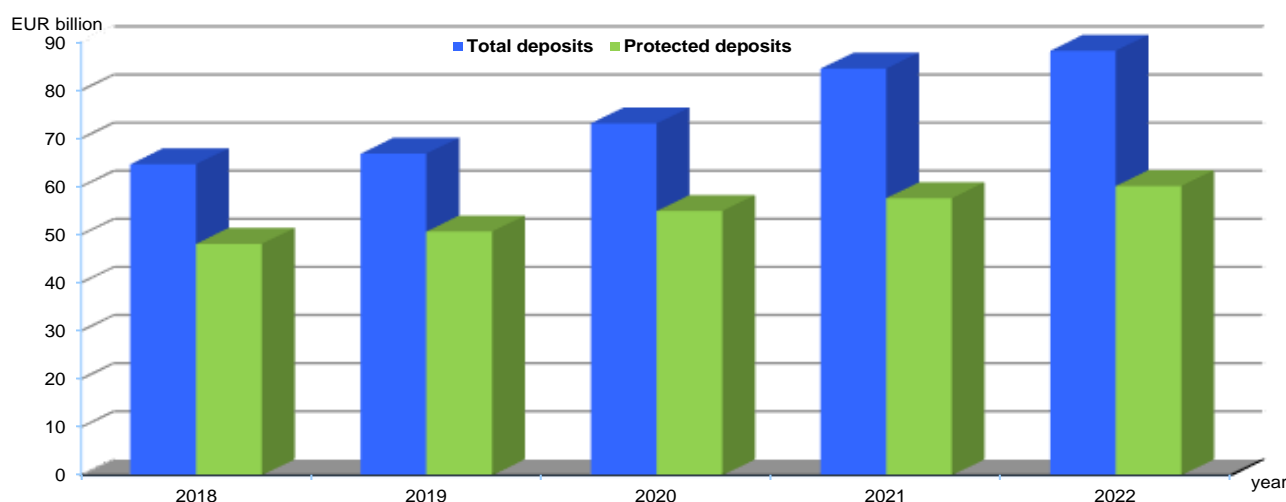
The growing trend of protected deposits in banks continued during 2022, when protected deposits grew by 4.4%. On the contrary, covered deposits in 2022 recorded a slight decrease. Events from the external environment, in particular increased inflation, an increase in consumer prices and energy, were reflected in the increased consumption of liquid funds in bank accounts due to the need to cover living expenses. The share of protected deposits in the total deposits of banks in the banking sector is 68%, and the volume of protected deposits at the end of the year was 60 billion €.

Covered deposits at the end of 2022 totalled 41.09 billion €, ie. 68% of protected deposits in banks. Covered deposits represent the amount of a protected deposit limited to a guaranteed level of 100,000 € per depositor in one bank.

Eleven banks participated in the deposit guarantee scheme at the end of 2022: Slovenská sporiteľňa, a.s., Všeobecná úverová banka, a.s., Tatra banka, a.s., Československá obchodná banka, a.s., 365.bank, a.s., Prima banka Slovensko, a.s., Prvá stavebná sporiteľňa, a.s., Privatbanka, a.s., Wüstenrot stavebná sporiteľňa, a.s., ČSOB stavebná sporiteľňa, a.s. and Slovenská záručná a rozvojová banka, a.s.

The development of deposits at banks in Slovakia for the previous five years is shown in the diagram below.

Deposits in the Banking Sector from 2018 to 2022



Contributions to the Deposit Protection Fund

The Deposit Protection Fund has determined an annual contribution for each bank for 2022, based on the amount of covered deposits and the risk profile of the respective bank. The annual contribution was calculated for each bank individually according to methodology published on the Deposit Protection Fund's website.

The deposit protection system obtains available funds through annual contributions of banks in order for the amount of these contributions reached as of July 3, 2024, a target level of at least 0.8% of the amount of covered deposits of banks that are in the deposit protection

system. The target level of ex ante financing is specified by Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 uniformly for all Deposit Guarantee Schemes.

In 2022, the banks paid a total annual contribution of 32.22 million € to the Deposit Protection Fund from the volume of covered deposits for 2021 at an annual contribution rate of 0.08%. 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 any potential compensation payments.

The Deposit Protection Fund's funds totalling 331.2 million € are intended for the discharge of its duties and obligations stipulated by the Deposit Protection Act.

Result of the Deposit Protection Fund Operations

The Deposit Protection Fund prepared its 2022 financial statements pursuant to Measure of the Ministry of Finance of the Slovak Republic No. 22273/2008-74, as amended.

The positive result of the Deposit Protection Fund's operations in 2022 translated into a profit of 467,707 €. The gradual increase in the key rates of the European Central Bank from mid-September 2022 created opportunities for the appreciation of the Fund's own resources and to obtain interest income. The European Central Bank proceeded to raise key interest rates after almost seven years of zero interest rates. By gradually increasing the deposit interest rate from 0.75% p.a. to 2% p.a., the Deposit Protection Fund received in 2022 interest income of approx. 970,000 €.

Compensation for Non-Accessible Deposits in Banks

In the event of the unavailability of deposits in any of the banks in the Slovak Republic, the depositor would be compensated for all his/her legally protected deposits in this bank with the maximum amount of 100,000 €.

Compensation in the full amount of the deposit would be provided only in the case of selected deposits that serve certain social or other purposes, determined by Act No. 118/1996 Coll. on the protection of deposits and on the amendment and supplementation of certain laws, as amended.

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

Administration of the National Fund's Funds

The Deposit Protection Fund in accordance with the Act on Solving Crisis Situations in the Financial Market secures the management of the funds of the national fund, to which the banks paid an annual contribution in 2022 in the total amount of 26.99 million €, while the individual contributions were determined by the Single Resolution Board.

Stress Testing of the Deposit Guarantee Scheme

Deposit protection systems regularly perform stress tests, the principles and scope of which are defined by the European Banking Authority (EBA) stress test directive. The Deposit Protection Fund is obliged to perform the main function tests in the three-year stress testing cycle between 2022 and 2024, as specified in the Directive 2014/49/EU of the European Parliament and of the Council of April 16, 2014 on deposit protection systems and Directive of the European Parliament and of the Council 2014/ 59/EU of May 15, 2014, which establishes the framework for recovery and resolution of credit institutions and investment companies.

In the course of 2022, the Deposit Protection Fund has carried out stress tests, through which it regularly verifies the readiness of banks to provide data to the Fund properly and on time, so that the deposit protection system ensures its legal obligation to pay compensation to depositors within 7 working days if deposits are unavailable. All five banks, which are included according to the preferred resolution strategy in the group of banks in bankruptcy or liquidation, were obliged to provide the Fund with summary reports on all clients and their deposits. The test results confirmed that all the tested banks are able to prepare valid files on time, that is, no later than 36 hours after the simulation of the declaration of a bank's insolvency.

In the next stress test, the function of paying compensation to depositors of the selected bank, which is under the jurisdiction of the Council for resolution of crisis situations, was verified. The test confirmed the operational capability of the Fund to pay compensation to depositors within the legal period from the

simulation of the unavailability of deposits through the paying bank. The results of the test confirmed the ability of the Fund to make ex ante resources available to the paying bank for the payment of compensation. In the case of paying off the bank under the resolution, alternative ex post funds from the banks' extraordinary contribution and from a short-term loan from the National Bank of Slovakia would also be utilised. After all other legal possibilities have been exhausted, the Fund's resources would be supplemented with repayable financial assistance and subsidies from the state budget to support the execution of the Fund's tasks and the deposit protection system. Cooperation with the National Bank of Slovakia and the Ministry of Finance of the Slovak Republic in this area is enshrined in memoranda on cooperation with the aforementioned institutions.

As part of the cross-border pay-out test, the validity of data files on depositors and payment instructions of the Polish Guarantee Fund was verified. The test results confirmed the ability to transfer valid files and the Deposit Protection Fund as a host system ensured the payment of payment instructions. The role of a host scheme is to pay compensation payments when necessary to depositors of branches of those

foreign banks that established Polish scheme banks in the Slovak Republic.

All data files that were tested in the stress tests were processed in the Deposit Protection Fund System for the payment of compensation for unavailable deposits.

For the stress testing, a steering group and an observer group were established with members from the Deposit Protection Fund, the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the Slovak Banking Association. The Fund submits a report on the results of the stress tests to the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the European Banking Authority.

The stress testing results for 2022 will be submitted to the European Banking Authority in a summary report on stress testing for the 2022-2024 period by 16 June 2024.



Ing. Pavol Komzala
Presidium Chairman
Deposit Protection Fund

SELECTED FINANCIAL INDICATORS

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

Assets	2022	2021
Current account with the National Bank of Slovakia and cash on hand	331,259,792	298,535,051
Term deposits with the National Bank of Slovakia	0	0
Receivables from paid compensation	0	0
Tangible and intangible assets	392,785	423,287
Other assets	2,311	2,535
Loss for the current period	0	500,495
Total assets	331,654,888	299,461,368

Liabilities	2022	2021
Liabilities for compensation payments	0	0
Other liabilities	89,220	85,535
Current income tax	0	0
Contributions fund	331,097,961	299,375,833
Profit for the current period/Profit subject to approval	467,707	0
Total liabilities	331,654,888	299,461,368

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

	2022	2021
Personnel expenses	(365,291)	(351,119)
Other operating expenses	(85,514)	(95,633)
Depreciation/amortisation	(51,287)	(53,532)
Other expenses	(135)	(28)
Interest income	1,197,167	0
Other income	412	0
Profit/loss from bond transactions	0	0
Profit/loss from the sale and transfer of assets	0	0
Guarantee Fund administration expenses	(502,227)	(500,312)
Interest expense and similar expenses	0	0
Income tax	(227,462)	0
National Fund administration expenses	(183)	(183)
Guarantee Fund financing expenses	(227,462)	0
Profit/loss for the reporting period after tax	467,707	(500,495)

**SUPERVISORY BOARD
REPORT
DEPOSIT PROTECTION FUND**

The Supervisory Board of the Deposit Protection Fund is responsible for supervising the activities and management of the Deposit Protection Fund and its bodies. Members of the Supervisory Board of the Deposit Protection Fund are entitled to inspect documents related to the Deposit Protection Fund's activities, including the processing of personal data protected by law, as well as to obtain information on all financial activities carried out.

As part of the performance of these competencies in 2022, the Supervisory Board of the Deposit Protection Fund in accordance with Act NR SR No. 118/1996 Coll. on the protection of deposits and on the amendment of certain laws as amended (hereinafter referred to as the "Deposit Protection Act"), with other generally binding legal regulations, as well as the legal regulations of the Deposit Protection Fund, mainly assessed the overall development of the financial situation, including the differentiated contribution of banks, and the overall management of the Deposit Protection Fund.

The performance of the management of the funds of the National Fund for the resolution of crisis situations, including their regular transfer to the European Single Fund for the resolution of crisis situations, was also the subject of an examination by the Supervisory Board of the Deposit Protection Fund. This obligation arises for the Deposit Protection Fund under Act No. 371/2014 Coll. on resolution of crisis situations on the financial market and on amendments to certain laws as amended.

The Supervisory Board also paid attention to the results achieved in stress testing, especially in connection with testing the functionality and ability of the Deposit Protection Fund to ensure the payment of compensation for unavailable deposits in banks in accordance with legal requirements. At the same time, the stress testing concerned not only domestic but also cross-border compensation payments.

Pursuant to Article 21 of the Deposit Protection Act, the Supervisory Board reports its findings regularly to the Deposit Protection Fund Council and the National Bank of Slovakia. If any actions of the Deposit Protection Fund are in breach of the relevant legislation, the Supervisory

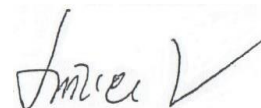
Board must report such actions within three days of detection.

The Supervisory Board provided quarterly reports on the activities of the Deposit Protection Fund, in which it concluded that in the relevant period, ie. during the entire period of 2022, no deficiencies in its management were detected.

At its 108th meeting on 16 March 2022, the Supervisory Board of the Deposit Protection Fund reviewed a proposal for the approval of the Deposit Protection Fund's 2022 financial statements and information on the audit of these financial statements by an independent auditor. The Supervisory Board concluded that the Deposit Protection Fund had prepared the 2022 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 measure of the Ministry of Finance of the Slovak Republic governing this area.

According to the report of the independent auditor, Deloitte Audit s.r.o., the financial statements compiled as of December 31, 2022 objectively reflect the financial situation of the Deposit Protection Fund in all significant respects, and the result of its management for the said year is in accordance with the Slovak Accounting Act.

The Supervisory Board, based on the result of audit prepared by an independent auditor, as well as on the basis of its own control activity and review of the financial statements, expressed a favourable opinion on it and recommended the Board of the Deposit Protection Fund to approve the annual financial statements of the Deposit Protection Fund for the year 2022, as it was compiled correctly and presents a faithful and true picture of the financial position of the Deposit Protection Fund.



Ing. Vladimír Dvořáček
Chairman of the Supervisory
Board 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 2022, 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 2022, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

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

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

We assessed 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 2022 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 prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 28 February 2023

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

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

ÚČ ZFOND

FINANCIAL STATEMENTSguarantee fund
as of December 31, 2022

Tax ID no

2 0 2 0 8 6 2 0 3 0

Financial statements

- ordinary
- extraordinary

Financial statements

- prepared

For period

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

Company ID no

3 5 7 0 0 5 6 4

SK NACE

6 6 . 1 1 . 0

(mark)Immediately
preceding
period

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

Financial statements Appendices

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

(mark)**Business name** (name) of reporting enterprise

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

Registered address street and number

K A P I T U L S K Á 1 2

Postal Code

8 1 2 4 7

City

B R A T I S L A V A

Companies' Register and registration no.

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

Telephone no.:

0 2 / 5 4 4 3 5 4 4 4

Fax number

/

E-mail address:

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

Prepared on:

February 14, 2023

Approved on:

March 30, 2023

Signature of a member of the reporting enterprise's statutory body:

Company ID

3 5 7 0 0 5 6 4

Tax ID No.

2 0 2 0 8 6 2 0 3 0

ÚČ ZFOND 1-1

BALANCE SHEET
As at 31 December 2022
in EUR

Description	ITEM	Note No.	Current reporting period 01.01.2022-31.12.2022			Immediately preceding reporting period 1 Jan 2021 – 31 Dec 2021
			Gross	Correction	Net	
a	b	c	1	2	3	4
x	Assets	x	x	x	x	x
1.	Current account in the National Bank of Slovakia and in the State Treasury and cash on hand		331,259,792	0	331,259,792	298,535,051
2.	Term deposits in the National Bank of Slovakia and the State Treasury	E.2.	0	0	0	0
3.	Receivables from loans provided to guarantee funds		0	0	0	0
4.	Government bonds		0	0	0	0
5.	Receivables from paid compensation	E.5.	341,122,034	(341,122,034)	0	0
6.	Receivables from	E.6.	10,436	(10,436)	0	0
7.	Acquisition of tangible and intangible assets	E.7.	0	0	0	0
8.	Intangible assets	E.8.	425,279	(347,647)	77,632	98,982
9.	Tangible assets	E.9.	902,576	(587,423)	315,153	324,305
a)	Not depreciated		1,847	0	1,847	1,847
b)	Depreciated		900,729	(587,423)	313,305	322,458
1	Other assets	E.10.i.	2,311	0	2,311	2,535
1	Loss		0	0	0	500,495
	Total assets		673,722,428	(342,067,540)	331,654,888	299,461,368

Company ID

3 5 7 0 0 5 6 4

Tax ID No.

2 0 2 0 8 6 2 0 3 0

ÚČ ZFOND 1-1

Description	ITEM	Note NOTES	Current reporting period	Immediately preceding reporting period
			01.01.2022-31.12.2022	1 Jan 2021-31 Dec 2021
a	b	C	1	2
x	Liabilities	x	x	x
1.	Loan to the National Bank of Slovakia		0	0
2.	Due to banks		0	0
a)	from short-term loans		0	0
b)	from long-term loans		0	0
3.	Loan liabilities to guarantee funds		0	0
4.	Liabilities for compensation payments	E.4.I.	0	0
5.	Other liabilities	E.5.I.	89,220	85,535
6.	Tax liabilities		0	0
a)	Current income tax		0	0
b)	Deferred tax liability		0	0
7.	Contributions fund	E.7.I.	331,097,961	299,375,833
8.	Profit		467,707	0
	Total liabilities		331,654,888	299,461,368

Company ID

3 5 7 0 0 5 6 4

Tax ID No.

2 0 2 0 8 6 2 0 3 0

ÚČ ZFOND 2-1

INCOME STATEMENT
in EUR
For 1 Jan – 31 Dec 2022

Description	ITEM	Note No.	Current reporting period 01.1.2022- 31.12.2022	Immediately preceding reporting period 01.01.2021- 31.12.2021
a	b	c	1	2
a.	Personnel expenses	E.a.	(365,291)	(351,119)
a.1.	Wages and salaries and social security payments		(363,646)	(349,472)
a.2.	Other personnel expenses		(1,645)	(1,647)
b.	Other operating expenses	E.b.	(85,514)	(95,633)
c.	Depreciation/amortisation		(51,287)	(53,532)
d.	Net impairment of assets and depreciation of assets		0	0
e.	Other expenses	E.e.	(135)	(28)
1.	Interest income	E.1.	1,197,167	0
2./f.	Profit/loss from bond transactions		0	0
3./g.	Profit/loss from the sale and transfer of assets		0	0
4.	Other income	E.4.	412	0
I.	Guarantee Fund administration expenses	E.I.	(502,227)	(500,312)
h.	Interest expense and similar expenses		0	0
i.	Creation of provisions for liabilities arising from compensation payments		0	0
j.	Income tax	G.6.	(227,462)	0
II.	National Fund administration expenses	E.II.	(183)	(183)
III.	Guarantee Fund financing expenses	E.	(227,462)	0
A.	Profit/loss for the reporting period	G.4.	467,707	(500,495)

Company ID

3	5	7	0	0	5	6	4
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Tax ID No.

2	0	2	0	8	6	2	0	3	0
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ÚČ ZFOND 3-1

NOTES**to Financial Statements Prepared
at 31 Dec 2022
in EUR****A. GENERAL INFORMATION**

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

The fund was registered in the Companies’ Register of the Bratislava District Court on October 10, 1996, in file number 566/B, section PO.

The Deposit Protection Fund forms an institutional part of the legal deposit protection system in the Slovak Republic, while organising and carrying out activities, rights and obligations related to this deposit protection system.

The Fund is not a state fund and its operations 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 private individuals and legal entities deposited in banks participating in the deposit guarantee scheme in Slovakia from the date of receiving the first legally protected deposit. Branches of Slovak banks operating abroad also have deposits protected by the Slovak deposit guarantee scheme. Branches of foreign banks that operate in the Slovak Republic and benefit from a single bank licence under EU legislation, have deposits protected by the home deposit guarantee scheme in the country in which the foreign bank has its registered office.

Deposit Protection Fund’s operations can also be performed under the Act No. 371/2014 Coll. on Resolution in the Financial Market and on Amendments to Certain Acts, as amended (the “Crisis Resolution Act”). The possibility of using the funds of the Fund within the framework of addressing a possible crisis situation of banks contributes to strengthening the prevention of the emergence of crisis situations, and also makes it possible to secure the solution of the possible bankruptcy of a selected financial institution without the need for intervention of public finances and while preserving the protection of depositors and their protected deposits. Pursuant to the Law on Resolution of Crisis Situations, the Fund continuously provides the management of the funds of the National Fund for Resolution of Crisis Situations, including the collection and transfer of banks' contributions to the European Single Resolution Fund.

During 2022, no change was made to the Deposit Protection Act; some changes made by Act no. 454/2021 Coll. of November 2, 2021, amending Act no. 483/2001 Coll. on banks and on the amendment of certain laws, as amended and by which certain laws are amended and supplemented, entered into force in the course of 2022. From the point of view of European legislation, comments are being made on the proposal for changes to determine the methods of calculating contributions to deposit protection systems. According to article 13 par. 3 of Directive 2014/49/EU on deposit protection systems, the European Banking Authority (EBA) will be mandated to issue an amendment to the guidelines on contributions to deposit protection systems - EBA/GL/2015/10 - and also regularly check compliance with these provisions.

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The Fund performs the following activities/operations:

- concentration of monetary contributions of banks to the Fund and management of the Fund's monetary resources in accordance with § 13 of the Deposit Protection Act, provision of compensation for unavailable deposits in banks within the scope and under the conditions established by the Deposit Protection Act and the General Terms and Conditions for the payment of compensation for legally protected unavailable deposits in banks, issued by the Fund according to § 12 par. 3 of the Act on the Protection of Deposits,
- management of the funds of the National Fund for Resolution of Crisis Situations according to the Act on Resolution of Crisis Situations, including organising the collection of contributions, keeping records of these funds and their transfer to the Unified Resolution Fund,
- purchase of government securities with maturity of up to one year from the purchase date; and
- further professional, organizational, administrative and technical support of the main tasks of the Fund according to the Deposit Protection Act in connection with the Act on Resolution of Crisis Situations.

The Fund's financial statements for the previous accounting period ending on December 31, 2021, were approved by the Board of the Deposit Protection Fund on March 24, 2022, while the DPF Supervisory Board recommended them to the DPF Board for approval on March 11, 2022.

Audit of the financial statements for the accounting period from January 1, 2022 to December 31, 2022 was performed by Deloitte Audit s.r.o. On June 26, 2020, the Supervisory Board of the Deposit Protection Fund granted the Presidium of the Fund prior approval to conduct an audit by this company.

Based on the classification by the Statistical Office of the Slovak Republic, the Deposit Protection Fund is classified as a public administration entity 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 € (hereinafter "€" or "EUR"). Balances are disclosed in whole € amounts, unless stated otherwise.

The reporting period is a calendar year ended 31 December 2022.

On February 14, 2023, the Presidium of the Deposit Protection Fund discussed and approved the draft financial statements and instructed the Chairman of the Deposit Protection Fund's Presidium to submit the financial statements for the year ending on December 31, 2022 to the meeting of the DPF Supervisory Board, which will take place on March 16, 2023.

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B.2. Accounting Principles and Methods Applied

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

The 2022 financial statements were prepared under the assumption that the Fund is a going-concern legal entity established by law.

The financial statements were prepared on the accrual basis. The effects of transactions and other events are recognised as they occur and in the period to which they relate. Financial statements were prepared on a historical price revaluation 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. Following the approval of the financial statements, the loss is settled against the contribution fund. The profit from the immediately preceding accounting period is transferred to the contribution fund account.

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

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

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

B.3. Accounting Methods Applied

In 2022, no significant changes were made to the accounting methods and principles compared to the previous reporting period.

B.4. Methods of valuation 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/setting aside of provisions for receivables and the creation/setting aside of provisions for the Fund's liabilities 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 financial statements audit and provisions for unused holidays, including contributions employer is required to pay on behalf of employees, are recognised

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in other liabilities as accrued expenses and revalued at the anticipated payable amount. The Fund creates a provision credited to a sub-ledger account for the type of liability for which it is estimated, with a counter entry of a provision debited to a cost account in which the liability would be recognised for which it is estimated. The Fund cancels such a provision by a reverse entry.

The cash reported as the Fund's cash at hand and the Fund's funds deposited in current accounts at the National Bank of Slovakia are reported at nominal value.

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

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

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

Contributions paid to the deposit guarantee scheme are not the Fund's income, they represent the contribution fund that can be used to carry out its principal operations as stipulated by law, including the operation of the Fund's Office. The balance of the contribution fund cannot be negative.

Tangible and intangible assets are valued 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 directly 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 payment 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, loss 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. The transaction date for the acquisition of tangible and intangible assets is the date on which such assets are placed into service. Assets are placed into service on the date they are ready for their intended use.

B.6. Depreciation of Tangible and Intangible Assets

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

In the first year of depreciation of tangible assets, only a proportional part of the annual depreciation calculated according to § 27 par. 1 of Act no. 595/2003 Coll. on income tax, as amended (hereinafter referred to as the "Income Tax Act") is applied depending on the number of months, starting with the month of its inclusion in use until the end of this taxation period. Tangible investments in progress, land and works of art are not depreciated.

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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
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, a financial statement is prepared to determine whether there is objective evidence for impairment of assets that are not revalued at their fair value. Fair value and carrying amount is compared for assets other than financial assets. For financial assets, it is examined 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 will pay out to bank depositors under the Deposit Protection Act comprise receivables from paid compensation for non-accessible deposits and other receivables from these banks resulting from a failure to pay a participant's contribution to the deposit guarantee scheme, etc., the Fund records such receivables in its books. Receivables from banks in bankruptcy are recognised by the Fund 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 the Bankruptcy Act, which has been in force and effective when the 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 ruling.

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 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, as at 31 December 2022, the Fund did not create provisions for compensation payments.

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E. NOTES TO BALANCE SHEET AND INCOME STATEMENT ITEMS

BALANCE SHEET OF THE GUARANTEE FUND

Assets

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

Line no.	2.I. Term Deposits in NBS and in the State Treasury by Agreed Maturity	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Up to one month	0	0
2.	Up to three months	0	0
3.	Up to six months	0	0
4.	Up to one year	0	0
5.	Up to two years	0	0
6.	Up to five years	0	0
7.	Over five years	0	0
	Total	0	0

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

Line no.	2. II. Term deposits with the NBS and in the State Treasury by Outstanding Maturity Period	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Up to one month	0	0
2.	Up to three months	0	0
3.	Up to six months	0	0
4.	Up to one year	0	0
5.	Up to two years	0	0
6.	Up to five years	0	0
7.	Over five years	0	0
	Total	0	0

The Deposit Protection Fund in 2022 maintained financial resources until September 28, 2022 on current accounts and on a term deposit (from September 14, 2022 to September 27, 2022) in the State Treasury. In order to achieve effective appreciation of the Fund's resources by achieving the highest possible interest rate, and thus the highest returns, the Fund used the option of changing the placement of deposit of its financial resources according to par. 3 § 13 of the Act on Protection of Deposits, namely to current accounts with the National Bank of Slovakia. Having the power of attorney from the Council for Resolution of Crisis Situations dated September 27, 2022, the Fund also proceeded to change the placement of deposit of the financial resources of the National Fund for Resolution of Crisis Situations, namely to current accounts maintained at the National Bank of Slovakia.

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

Line no.	5. Receivables from Paid Compensation	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Gross carrying amount		
1.1.	Devín banka a.s.	341,122,034	341,122,034
	Total	341,122,034	341,122,034
2.	Impairment		
2.1.	Devín banka a.s.	341,122,034	341,122,034
	Total	341,122,034	341,122,034
3.	Net carrying amount		
3.1.	Devín banka a.s.	0	0
	Total	0	0

As part of 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. The Deposit Protection Fund paid compensations for legally protected inaccessible deposits in three banks during the years 2000-2004 and in one bank in the years 2000-2018, thereby complying with its legal obligation towards depositors of these banks. The Fund has received performance under contracts from all four banks in bankruptcy. In case of three banks, the bankruptcy proceedings were closed and the companies were removed from the Companies' Register. In the case of Devín banka a.s., the liquidation of the company is prevented by one lawsuit between the administrator of the bankruptcy estate and the bankrupt's creditor. After the deletion of this company from the Companies' Register, the Fund will write off the claim against the bankrupt entity in the accounting records.

During bankruptcy proceedings, the Fund proceeded in accordance with the Act on Bankruptcy and Settlement in force at that time. All receivables of the Fund were acknowledged by bankruptcy trustees and satisfied in 2020 and 2021 on a pro rata basis. The Fund does not expect any additional revenue from the bankruptcy proceedings. The reduction of the Fund's receivables by the provisions amount corresponds to the recovery of receivables in 2020 and 2021.

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

E.5.II. Impairment of Receivables from Paid Compensation Reduction in the value of receivables for compensation paid

The amount of adjustment items to the Fund's claims against banks in bankruptcy for paid compensations depends on the value of assets that form the bankruptcy estate of the bankrupt entity and by which the claims are actually secured. The Fund's receivables are covered from the sale proceeds of assets based on the outcome of implementation of 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 adjustment items for the claim against Devín banka a.s. takes into account the amount of the claim settlement according to the final schedule of the proceeds of the bankruptcy estate.

When estimating the recoverability of receivables, the Fund follows the prudence principle.

Development of Bankruptcy Proceedings and Assets of the Fund's Debtors in 2022

The Fund's claims against the bankrupt Devín banka in 2022 are revalued according to the value of the bankrupt's assets, which is as follows:

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Devín banka a.s.

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

In February 2020, the Deposit Protection Fund's receivable was satisfied under the final distribution resolution by the bankruptcy trustee in the amount of 44,456,882.93 € (after a deduction of a funds transfer fee of 6 €, the amount of 44,456,876.93 € was transferred to the account), ie. 11.52% recovery of this receivable.

The amount due to creditors who had not collected the money intended for the settlement of their receivable by the end of 2020 was transferred to the notarial custody. Termination of bankruptcy proceedings in the case of Devín banka, a.s. "in bankruptcy" is defended by a lawsuit filed by a creditor against the administrator of the bankruptcy estate of the bankrupt in the relationship to an outstanding receivable against the bankruptcy assets.

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

Line no.	6.I. Receivables from Contributors	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Within maturity	0	0
2.	Overdue		
2.1.	Devín banka a.s.	10,436	10,436
	Total	10,436	10,436

The Fund's claim against the contributor is a claim against the bank in bankruptcy, which the Fund registers in its accounting as a title of delayed payment of the participant's contribution the deposit protection system.

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

Line no.	6.II. Impairment of Receivables from Contributors	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Gross carrying amount	10,436	10,436
2.	Impairment	10,436	10,436
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 Acquisition	Total
Acquisition cost						
At 1 Jan 2022	714,738	138,665	28,389	425,279	0	1,307,071
Transfers	0	0	0	0	0	0
Additions	20,784	0	0	0	0	20,784
Disposals	0	0	0	0	0	0
At 31 Dec 2022	735,522	138,665	28,389	425,279	0	1,327,855
Accumulated depreciation						
At 1 Jan 2022	416,654	114,817	26,015	326,297	0	883,783
Depreciation charges for the year	19,086	8,477	2,374	21,350	0	51,287
Disposals	0	0	0	0	0	0
At 31 Dec 2022	435,740	123,294	28,389	347,647	0	935,070
Net book value						
At 31 Dec 2022	299,782	15,371	0	77,632	0	392,785
At 31 Dec 2021	298,084	23,848	2,374	98,982	0	423,287

In June 2022, the Deposit Protection Fund, within the meaning and scope of the Call for a low-value order, implemented the replacement of gas boilers and reconstruction of the related technology in the DPF building for an amount of 20,784 €. The asset was included as a technical improvement of the building and is depreciated according to the principles of asset registration and depreciation. In 2022, the Deposit Protection Fund did not deregister any tangible or intangible assets.

E.10.I. EUR – Other assets

Line no.	10. Other Assets	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Receivables from employees	550	0
2.	Provided operating advances	119	60
3.	Inventories	0	963
4.	Deferred expenses	1,642	1,512
	Total	2,311	2,535

Company ID

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BALANCE SHEET OF THE GUARANTEE FUND

Liabilities

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

Line no.	4. Liabilities for compensation payments	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Provisions for compensation payments to clients of Devín banka a.s.	0	0
2.	Other provisions for court rulings	0	0
	Total	0	0

The Fund has closed all legal disputes related to the payment of compensation and is not a party to any other litigation. See Note F for more information.

E.5.I. EUR – Other Liabilities

Line no.	5. Other Liabilities	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Accrued expenses	28,493	27,030
2.	Due to employees	31,716	29,951
3.	Due to social security and health insurance institutions	18,250	17,370
4.	Clearing with the state budget	6,943	6,798
5.	Other liabilities	3,818	4,386
	Total	89,220	85,535

Accrued expenses include unbilled supplies and provisions for unused employee vacation days, social security and health insurance contributions as at 31 December 2022. Other payables include payables due to suppliers within maturity.

E.7.I. EUR – Contributions Fund

Line no.	7. Contributions Fund	Current reporting period as at 31 Dec 2022	Immediately preceding reporting period as at 31 Dec 2021
1.	Balance at 1 Jan	299,375,833	269,586,697
2.	Clearing of profit/loss of the previous reporting period	(500,495)	(522,297)
3.	Contributions of banks to the guarantee scheme	32,222,623	30,282,947
4.	Setting aside of provisions	0	28,485
5.	Creation of provisions	0	0
6.	Balance of creation and setting aside of provisions for compensation payments	0	0
7.	Balance at 31 Dec	331,097,961	299,375,833

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As at 31 December 2022, the Fund reported a Contribution Fund totalling 331,097,961€. A Profit totalling (467,707 €) was reported for the reporting period from 1 January 2022 to 31 December 2022. After the approval of the financial statements for the year 2022 by the Board of the Deposit Protection Fund, the profit from the immediately preceding period will be transferred to the account of the Contribution Fund.

In 2022, banks paid annual contributions to the Fund pursuant to Article 6 (2) of the Deposit Protection Act in the amount equalling 0.08% (in 2021 an annual contribution was set at an interest rate of 0.08%) of the value of covered bank deposits protected by the Deposit Protection Act. Pursuant to the Deposit Protection Act, the Deposit Protection Fund's alternative funding, e.g. refundable financial assistance and subsidies from state budget or loans, may also be used to supplement its funds required to pay compensation for inaccessible deposits.

Annual contribution of the banks for the year 2022, which the banks were obliged to pay by June 15, 2022, totals 32,222,622.88 €.

In 2022, the Deposit Protection Fund reached the minimum target level of own funds totalling 0.8% of the value of all covered deposits in banks, which deposit protection systems according to the European Parliament and Council 2014/49/EU on deposit protection systems, as well as the Protection Act of deposits, have to comply with by July 3, 2024.

More information is provided in section F. of the notes and section G.10.2.

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INCOME STATEMENT OF THE GUARANTEE FUND

E. a. EUR – Personnel expenses

Line no.	Personnel expenses	Current reporting period (1 Jan 2022 – 31 Dec 2022)	Immediately preceding reporting period (1 Jan 2021 – 31 Dec 2021)
1.	Wages and salaries and social security payments, of which:	(363,646)	(349,472)
1.1.	Employee wages, salaries and bonuses	(201,363)	(190,948)
1.2.	Remuneration of the members of statutory bodies	(60,600)	(62,525)
1.3.	Social security and health insurance expenses	(101,683)	(95,999)
2.	Other personnel expenses	(1,645)	(1,647)
	Total	(365,291)	(351,119)

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 duties in 2022. 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 2022. 3 employees are members of the Presidium.

E. b. EUR – Other operating costs

Line no.	Other Operating Expenses	Current reporting period (1 Jan 2022 – 31 Dec 2022)	Immediately preceding reporting period (1 Jan 2021 – 31 Dec 2021)
1.	Taxes and fees	(12,221)	(12,096)
2.	Audit expenses	(11,880)	(11,880)
3.	Legal advisory	0	0
4.	Other operating expenses	(61,413)	(71,657)
	Total	(85,514)	(95,633)

Taxes and fees include indirect taxes. They comprise property tax, motor vehicle tax, fees to international organisations, and notarial and administrative fees. Income tax is recognised separately in line "j". Other operating expenses represent other purchased services required for the operation of the Deposit Protection Fund.

E. e. EUR – Other Expenses

Other expenses include bank fees and commissions in the amount of EUR 135.

E.1. EUR – Interest Income

Line no.	Interest Income	Current reporting period (1 Jan 2022 – 31 Dec 2022)	Immediately preceding reporting period (1 Jan 2021 – 31 Dec 2021)
1.	Interest income from current accounts	1,108,937	0
2.	Income from term deposits	88,230	0
	Total	1,197,167	0

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In 2022, based on the increase in key ECB rates from 14/09/2022, DPF deposited funds on a term deposit in the State Treasury (in the period from 14/09/2022 to 27/09/2022), at the same time, DPF produced interest income from funds deposited in current accounts with the National Bank of Slovakia.

E. 4. EUR – Other Income

In 2022, the Deposit Protection Fund generated other revenues from the termination of liabilities totalling € 412.

E.I. EUR - Guarantee Fund Administration Expenses

Line no.	I. Guarantee Fund Administration Expenses	Current reporting period (1 Jan 2022 – 31 Dec 2022)	Immediately preceding reporting period (1 Jan 2021 – 31 Dec 2021)
1.	Personnel expenses	(365,291)	(351,119)
2.	Other operating expenses	(85,514)	(95,633)
3.	Depreciation/amortisation	(51,287)	(53,532)
4.	Other expenses	(135)	(28)
	Total	(502,227)	(500,312)

E.II. EUR – National Fund administration expenses

Line no.	II. National Fund administration expenses	Current reporting period (1 Jan 2022 – 31 Dec 2022)	Immediately preceding reporting period (1 Jan 2021 – 31 Dec 2021)
1.	Payment operations	0	0
2.	Bookkeeping, preparation of financial statements and statements of arrears	(183)	(183)
6.	Granting of powers of attorney, concluding agreements and other legal agenda	0	0
	Total	(183)	(183)

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

E. III. EUR – The cost of financing the guarantee fund

Line no.	III. Guarantee Fund financing expenses	Current reporting period (1 Jan 2022 – 31 Dec 2022)	Immediately preceding reporting period (1 Jan 2021 – 31 Dec 2021)
1.	Withholding tax on interest from current accounts	210,698	0
2.	Withholding tax on interest from term deposits	16,764	0
	Total	227,462	0

In line with the law, DPF paid withholding tax on funds deposited on term deposits and on current accounts deposited with the National Bank of Slovakia.

Company ID

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F. SUMMARY OF OTHER ASSETS AND OTHER LIABILITIES

National Crisis Resolution Fund

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

The National Fund is not a legal entity; hence its funds are not part of the state budget, or any other budget of the public administration sector. Separate accounting is kept for the National Fund for the Council for the Resolution of Crisis Situations. A separate financial statement, balance sheet, off-balance sheet and notes are compiled, while their management and compilation are the responsibility of the Deposit Protection Fund at its own expenses. The accounting books and funds of the National Fund are recorded separately from funds and assets of the Fund. Financial statements of the National Fund are not subject to audit.

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

The Fund records no other assets and liabilities.

Contingent Liabilities

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

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

The Fund is not a party to any litigation.

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:

- Fund's Council;
- Fund's Supervisory Board; and
- Fund's Presidium.

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, related parties, except for those described in Note E.5.I.

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

After the date on which the financial statements are compiled, with effect from 1 July 2022, there was a change in the organizational structure of the Fund, namely the creation of the position of expert assistant within the newly created department called "Fund Office Department", which is responsible mainly for specific operations of the Fund, pertaining to the expert domain falling under the direct management authority of the chairman of the DPF Presidium. The reason for this change, which was approved by the DPF Council at its 3rd regular session on June 7, 2022, was the increase in demands on the Fund's operations in its priority areas of competence.

No bank with an ownership structure in the Russian Federation currently participates in the Slovak deposit protection scheme. As the war in Ukraine has no direct impact on the Fund, nor on the banks whose deposits are protected by the Fund, the Fund allocated no provisions for compensation payments. The war in Ukraine and sanctions imposed on the Russian Federation and their economic impacts in Slovakia and worldwide may require a certain reassessment of assumptions and estimates used in the preparation of the financial statements. At this stage, management cannot reliably estimate their possible impact, because events are dynamically developing.

Despite the challenges faced by the world economy, the Slovak banking system remains stable, and the Deposit Protection Fund is producing the required amount of own funds corresponding to the size of the Slovak banking sector.

Except for the above, after the reporting date there were no other significant events that would have an impact on these financial statements prepared as at 31 December 2022.

G.4. Profit distribution proposal for the current accounting period

By Resolution No. 3 dated 24 March 2022, the Fund's Council decided to charge the 2021 loss amounting to (500,494.73 €) to the Contribution Fund. The result for the year 2022 is a profit of (467,707.39 €), the accounting of the result in the sense of the measure and the Fund Statutes will be decided by the highest authority of the Fund at its 2nd meeting on March 30, 2022.

G.5. Fund Employees and Bodies

Full-Time Equivalent of the Fund	No. of Members of the Fund's Council	Number of Fund's Supervisory Board members	Number of DPF Presidium members
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. Appointments to and termination of the Council membership is governed by provisions of Article 16 (2) of the Deposit Protection Act and Article 8 of the Fund's Statutes.

Three members are representatives of the banks that participate in the deposit guarantee scheme. The members are elected by banks at the meeting of the banks' representatives. Two members are 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 appointed and dismissed by the Minister of Finance of the SR. Each Council member has one vote.

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On March 3, 2022, Ing. Pavel Cetkovský from Slovenská sporiteľňa, a. s., was re-elected as the vice-chairman of the Deposit Protection Fund Council, for the period from March 3, 2022 to December 31, 2025, while he became a member of the Council for the said term of office from January 1, 2022. Ing. Peter Magala, FCCA, FRM from Všeobecná úverová banka, a. s., who is also a member of the DPF Council on behalf of banks, was elected with effect from January 1, 2022 for another four-year term.

Structure of the Fund's Council in 2022

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

Presidium

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

Structure of the Fund's Presidium in 2022

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

Fund's Supervisory Board

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

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

On May 13, 2022, the Governor of the National Bank of Slovakia appointed Ing. Vladimír Dvořáček as a member of the Supervisory Board, representing the National Bank of Slovakia, effective from August 1, 2022 for a further four-year term. Ing. Vladimír Dvořáček was elected as the Chairman of the DPF Supervisory Board on June 16, 2022.

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Structure of the Fund's Supervisory Board in 2022

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. Martin Lipovský L.L.M., MBA	National Bank of Slovakia	Member
Ing. Marcel Klímek	Ministry of Finance of the SR	Member
Ing. Darina Čaplánová	Ministry of Finance of the SR	Member
Ing. Jiří Plíšek	Prvá stavebná sporiteľňa, a.s.	Member
Ing. Andrej Zat'ko	365.bank, a.s.	Member

G.6. Taxation

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

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

Withholding tax, which applies to interest income from bank accounts and term deposits, which are posted in the current year, is reported in the Profit and Loss Statement line "j." Income tax.

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 impact on the reported amounts of assets and liabilities as at the reporting date and on the recognition of revenues and expenses for the relevant period. The reported amounts represent management's best available estimate based on data and information available to the Fund.

The Fund's receivables from banks in bankruptcy are of a specific nature depending on the cause of their origin. Fund's receivables arose primarily from the obligation stipulated by the Deposit Protection act, i.e. to make compensation payments for non-accessible deposits on behalf of insolvent banks. At the inception of a receivable, the Fund did 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 enforcement of a decision on funds of the Fund's is ruled out. The Fund's claims in bankruptcy proceedings over bank assets must be satisfied first, before other unsecured claims.

The Fund's claims against one bank in bankruptcy will definitively expire in the accounting records only after the removal of this company from the Companies' register.

Company ID

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

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

The Fund monitors the banking sector and collects data on deposit protection while cooperating closely with the National Bank of Slovakia and foreign funds. The Fund continually analyses data on the Slovak and foreign banking sectors. In cooperation with banks, the Fund continuously analyses also the development of deposits in the banking sector, whereas the situation in the banking sector in Slovakia is sufficiently stabilized.

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

In 2022, the Fund conducted a stress testing in accordance with Article 12 (7) of the Deposit Protection Act and in line with the Stress Testing Plan approved by the Resolution of the Fund's Council No. 20 dated 24 March 2022. In 2022, the Fund conducted three stress tests, which focused on testing the operational and financial capability of the deposit protection scheme.

In 2022, a selected bank, which falls outside the scope of the competences of the Crisis Resolution Council or the Single Resolution Crisis Council and whose deposits would be compensated by the Deposit Protection Fund in the event of the bank's default, was stress tested for operational and financial capability. Testing of the operational capability confirmed the ability of the deposit protection scheme to make compensation payments to depositors within the statutory time limit from the simulation of non-accessibility of deposits. The evaluation of stress testing for the financial capability showed that the Fund's funds, including alternative funding under Article 13 (1) of the Deposit Protection Act, will be necessary ex ante to make compensation payments to depositors. Based on the Memorandum on cooperation between the National Bank of Slovakia and the Deposit Protection Fund dated 13 June 2022, the funds obtained in the form of a short-term loan are available "on demand" after approval by the Fund Council. After exhausting all other legal alternatives for supplementing the Fund's funds, the Fund's alternative funding also include repayable financial assistance and subsidies from the state budget to support the compliance with the Fund's and the deposit protection system's obligations, which are subject of the Memorandum on Cooperation between the Ministry of Finance of the Slovak Republic and the Deposit Protection Fund from 13 June 2022.

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The next test was a review of the banks' files with client summary. Quality control, validity of appropriate files with a client summary overview, time of transmission of the valid file between the bank and the Fund was carried out in 5 banks that are included in the group of banks in bankruptcy or liquidation. Results of the stress testing of the client overview files in all the banks that were subject to the inspection confirmed that the banks are able to prepare valid files on time for the DPF system in the correct structure and the files are processable by the DPF system.

At the same time, a test was carried out for the cross-border payment of compensation with the Polish Bank Guarantee Fund, which was carried out by the Fund upon request from the Polish guarantee fund. As part of the cross-border pay-out test, the accuracy and processability of the data files was verified by the DPF System. The cross-border payment test results confirmed that the Polish Guarantee Fund in the Home DGS position is able to efficiently transfer to the DPF in the Host DGS position a valid payment instruction file that is processed in the DPF System, all payment instructions have been paid through the paying bank and the Fund has informed the Polish Guarantee Fund about the results of processed files and paid payment instructions.

For the stress testing of the deposit guarantee scheme, a steering group and an observer group were established with members from the Deposit Protection Fund, the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and the Slovak Banking Association. Results of stress tests in 2022 will be subject to a summary report on the results of basic tests of the deposit protection scheme over a three-year period and will be submitted to the European Banking Authority (EBA) by 16 June 2024 in line with the EBA Guidelines on Stress Tests of Deposit Guarantee Schemes (EBA/GL/2021/10).

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

The Deposit Protection Fund has the issue of bilateral cooperation as a host system open with the Austrian Einlagensicherung AUSTRIA GmbH (ESA) and with the Deposit Protection System of Lithuania.

In accordance with the Deposit Protection Act, the Fund sets the amount of the annual contribution no later than 1 April, at a minimum amount of 0.01% of the average balance of covered deposits in the respective bank for the previous calendar year and based on the bank's risk level as determined by the National Bank of Slovakia. When determining annual contributions, the Fund takes into account the banking sector's stability, the economic cycle phase and impact of the prescribed 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 an extraordinary contribution up to 0.5% of the covered deposits' value and with the approval of the National Bank of Slovakia it may also set a higher extraordinary contribution amount.

The level 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.

Company ID

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In addition to contributions from the banks, funding for the Fund may also include loans and repayable financial assistance and subsidies from the state budget to support the Fund's activities and the deposit protection system according to conditions stipulated by the relevant legislation.

DPF funds may be used to finance a crisis situation resolution up to a minimum of 50% of the target level, unless the Fund Council rules otherwise, however up to a maximum of 160% of the target level. Should DPF 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 DPF funds by one third.

The Fund in the interest of declaring mutual readiness for cooperation in the area of ensuring the replenishment of the Fund's financial resources according to § 13 par. 1 letter e) of the Act on the Protection of Deposits necessary in instances where the Fund, after exhausting all other legal options for supplementing the Fund's resources, does not have a sufficient funds for the purpose of real payment of compensation for unavailable deposits in banks, or in the case of simulating a bank failure for the purposes of stress testing, concluded two memoranda of cooperation. Memorandum of Cooperation between the Ministry of Finance of the Slovak Republic and the Deposit Protection Fund and Memorandum of Cooperation between the National Bank of Slovakia and the Deposit Protection Fund. The parties to both memorandums in the documents declare the basis for joint cooperation in order to ensure the compliance with legal obligations of the deposit protection system. The memoranda represent a general framework for mutual cooperation, coordination of the approach of this cooperation and information of parties to the memorandum, especially in the area of compensation payments for unavailable deposits in banks.

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

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