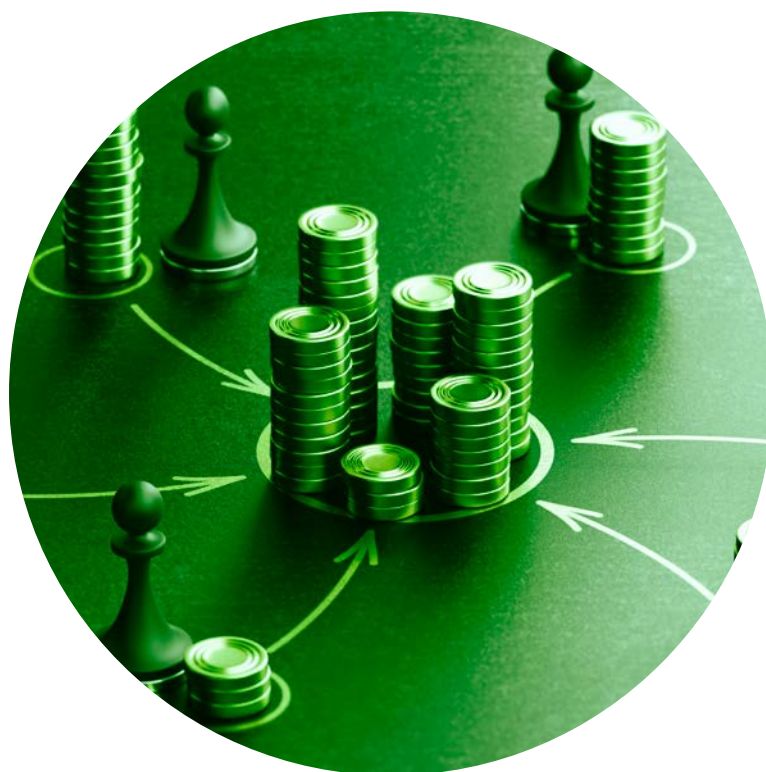


ANNUAL REPORT

for 2023



CONTENTS

I.	INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF DIRECTORS	4
II.	ABOUT THE FINANCIAL MARKET GUARANTEE SYSTEM	6
III.	BODIES OF THE FINANCIAL MARKET GUARANTEE SYSTEM	7
	Board of Directors	7
	Management Board	7
IV.	MACROECONOMIC AND REGULATORY ENVIRONMENT OF THE INSURED INSTITUTIONS IN 2023	8
V.	ACTIVITIES OF THE FINANCIAL MARKET GUARANTEE SYSTEM IN 2023	9
	Stress Tests	9
	Information Technologies and Security	9
	International Cooperation	9
	Investment Activities	10
	Reporting Method	10
VI.	ACTIVITIES IN DEPOSIT INSURANCE IN 2023	10
	Disbursements of Compensation for Deposits	10
	Testing Banking Data	11
	Receivables Against Insured Institutions	11
	Contributions by Insured Institutions to the Deposit Insurance Fund	13
	Management of the Deposit Insurance Fund Portfolio	14
	Main Cash Flows of the Deposit Insurance Fund – History	17
VII.	ACTIVITIES IN CRISIS MANAGEMENT IN 2023	18
	Contributions to the Crisis Resolution Fund	18
	Main Cash Flows of the Crisis Resolution Fund	20
VIII.	PROVISION OF INFORMATION PURSUANT TO ACT NO. 106/1999 COLL., ON FREE ACCESS TO INFORMATION	21

IX.	THE FINANCIAL MARKET GUARANTEE SYSTEM – INDEPENDENT AUDITOR’S REPORT	22
	FINANCIAL STATEMENTS	25
	Balance Sheet as of 31 December 2023	25
	Profit and Loss Account for the year ended 31 December 2023	27
	1 General Information	29
	2 Accounting Policies	31
	3 Additional Information on the Balance Sheet and Profit and Loss Account	39
X.	THE DEPOSIT INSURANCE FUND – INDEPENDENT AUDITOR’S REPORT	45
	FINANCIAL STATEMENTS	48
	Balance Sheet as of 31 December 2023	48
	Profit and Loss Account for the year ended 31 December 2023	50
	1 General Information	52
	2 Accounting Policies	54
	3 Additional Information on the Balance Sheet and Profit and Loss Account	62
XI.	THE CRISIS RESOLUTION FUND – INDEPENDENT AUDITOR’S REPORT	67
	FINANCIAL STATEMENTS	70
	Balance Sheet as of 31 December 2023	70
	Profit and Loss Account for the year ended 31 December 2023	72
	1 General Information	74
	2 Accounting Policies	76
	3 Additional Information on the Balance Sheet and Profit and Loss Account	83

I. INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



2023 was a year of challenges for the Czech and international economy, as well as for the financial market. Yet I am pleased to say that the Financial Market Guarantee System, one of the entities charged with maintaining the stability of the banking system, has remained a strong and credible component of the financial safety net, and that it honoured its duties and obligations.

Risks to financial stability were heightened over the past year due to restrictive monetary policies and expected weak economic growth. Nevertheless, with its high capital and liquidity levels, the Czech banking sector has maintained its resilience over the long term. How the quality of the loan portfolio will develop in relation to economic developments remains a key risk.

In 2023, the Guarantee System did not have to activate mechanisms related to the use of financial reserves in its funds under management, and could focus mainly on issues related to stress testing and on the ongoing disbursement of deposit compensation to the clients of Sberbank CZ. This bank suffered a liquidity crisis as a consequence of the Russian invasion of Ukraine. On 28 February 2022, the Czech National Bank declared the bank was incapable of meeting its obligations, and the Guarantee System commenced the payout of compensation for insured deposits within the statutory deadline.

By 31 December 2023, the Financial Market Guarantee System had disbursed compensation to approx. 89,000 beneficiaries, totalling CZK 25,522.20 million. I would like to express my thanks to Komerční banka, a.s., which is performing the payout of deposit compensation through its branches, for managing the entire process so well.

We can already confirm that the insolvency proceedings for Sberbank CZ will have a successful outcome, partly thanks to the support from the Guarantee System as the main creditor. The reason is that after the quick sale of the loan portfolio of the failed bank to Česká spořitelna, the option emerged to resolve the insolvency proceedings for this bank by settling creditor claims rapidly and at a record-high level.

Although the expected first partial payout of creditor claims had not started by the end of the year as LitFin creditors had lodged an appeal, this obstacle was successfully overcome in early 2024. In the second half of March 2024, as part of the 'partial distribution schedule', the Guarantee System received an amount equal to 95% of the claim arising in connection with the payout of compensation for deposits to the clients of this bank. Thus, the insolvency proceedings for Sberbank CZ have been the most successful insolvency proceedings of any failed bank since the establishment of the Guarantee System. Here I would like to thank all my colleagues who have actively, and with great commitment, participated in the functioning of the creditors' committee in the role of the failed bank's largest creditor and worked to ensure that the payout of funds to all creditors is as fast and smooth as possible.

As regards international developments, it is worth mentioning the banking market turmoil in the United States last spring, when several banking institutions collapsed. This wave of collapses then spilled over to Europe, where it had fatal consequences for Switzerland's Credit Suisse. With regard to these events, even the Czech media started a debate on the sudden flare-up of crises and their extremely rapid spillover to other territories as

a result both of digitalisation and the power of social media, especially as concerns spreading panic and disinformation. Both these trends will certainly remain a future challenge not only for the Guarantee System, but also for the competent regulatory authorities.

Nevertheless, the impact of the growing digitalisation in the banking sector on the activities of the Guarantee System has also been positive. 2023 saw the beginning of a tender process to select a new payout bank that included the requirement to improve the experience for the depositors of a failed financial institution during compensation payouts through a system enabling electronic identification of the client, i.e. especially through the use of the expanding Bank Identity (Bank iD) system. The tender process will be completed in 2024 ahead of schedule to allow the selected bank to make the system ready before its launch in April 2025.

Many complex tasks and situations could not have been successfully handled without our professional team of employees and associates. So I would like to thank them here for their great commitment and energy. Thanks are also due to the members of the Board of Directors, who devote their time to the agenda of the Financial Market Guarantee System.

It is clear that the Guarantee System will face further challenges in 2024 and in the years ahead. Yet I am convinced that the Guarantee System will overcome these challenges, as it has done before, and will continue to be ready to fulfil its duties and obligations even in a tough environment.

Tomáš Müller

Chairman of the Board of Directors
of the Financial Market Guarantee System

II. ABOUT THE FINANCIAL MARKET GUARANTEE SYSTEM

The Financial Market Guarantee System is a statutory institution to secure, manage and use financial resources intended to ensure and maintain the stability of the financial market in the Czech Republic. The Financial Market Guarantee System manages two funds which, in accounting terms, are kept separately: the Deposit Insurance Fund and the Crisis Resolution Fund. These funds are its accounting units and unlike the Financial Market Guarantee System do not have legal personality.

The role of the **Deposit Insurance Fund** is defined in Section 41a to Section 41s of Act No. 21/1992 Coll., on Banks, as amended (the "Act on Banks"). The Deposit Insurance Fund is used to disburse compensation for deposits of clients of a financial institution the Czech National Bank has labelled as unable to meet its obligations to beneficiaries under statutory and contractual terms, or where a court has decided on bankruptcy or has made a different decision for reasons directly related to the financial situation of such institution, a consequence of which is the suspension of depositors' right to dispose of deposits covered by the insurance. Banks, branches of banks from non-Member States, building savings banks and cooperative credit unions must make regular annual contributions to the Deposit Insurance Fund.

The role of the Financial Market Guarantee System in crisis resolution is mainly defined in Act No. 374/2015 Coll., on Financial Crisis Prevention and Resolution, as amended (the "Act on Recovery Procedures"). The purpose of the **Crisis**

Resolution Fund is to have available resources that can be used in the event of a threat to the stability of a financial institution so that it is not necessary to terminate its existence and initiate the disbursement of compensation for deposits to its clients. The Czech National Bank, as the resolution authority, decides on the use of these resources. This measure can only be applied if the institution is failing or if its failure can reasonably be anticipated, there are no other supervisory or private sector measures that would prevent the institution's failure in the short term, and if the resolution of the crisis is in the public interest. The objective is to strengthen the stability of the financial sector, minimize costs and damage and, if possible, eliminate the use of public funds. Contributions to the Crisis Resolution Fund are made by institutions already participating in the deposit insurance system, and by some investment firms, also on a regular annual basis.

The Crisis Resolution Fund is, by law, composed of two funds:

- The Contribution Fund, which consists of regular or extraordinary contributions from financial institutions, resources raised from the market, loans through crisis resolution financing mechanisms, or state subsidies or assistance and other revenues based on decisions by the Czech National Bank or, as the case may be, funds transferred from the Operational Fund;
- The Operational Fund, which consists mainly of yields from the investment of the resources on the Crisis Resolution Fund and the proceeds of completed liquidation and insolvency proceedings.

III. BODIES OF THE FINANCIAL MARKET GUARANTEE SYSTEM

Board of Directors

The supreme body of the Financial Market Guarantee System is the Board of Directors. Its members are appointed by the Minister of Finance of the Czech Republic. The Board of Directors has five members and is composed of two employees of the Czech National Bank, two employees of the Ministry of Finance of the Czech Republic, and one member appointed on a proposal from the Czech Banking Association. Its members are appointed for a term of five years. There were several changes in the membership of the Board of Directors in 2023. In connection with the departure of Karel Bauer from the Czech National Bank on 30 June 2023, the Minister of Finance of the Czech Republic appointed Radek Urban, Director of a Czech National Bank section, as Vice-Chairman of the Board of Directors with effect from 13 July 2023. At the same time, Petr Frydrych, Deputy Director of a Czech National Bank section, was appointed as a new member of the Board of Directors with effect from the same date. Following the resignation of Alex Ivančo, his term of office on the Board of Directors ended on 31 August 2023. With effect from 1 September 2023, the Minister of Finance of the Czech Republic appointed Eva Sluková, Director of a Ministry of Finance of the Czech Republic department, as a new member of the Board of Directors.

Management Board

The statutory body of the Financial Market Guarantee System, which ensures the activity of the Financial Market Guarantee System and executes the decisions of the Board of Directors, is the Management Board. The Management Board has three members, who are appointed by the Board of Directors and who are employed by the Financial Market Guarantee System.

Members of the Board of Directors of the Financial Market Guarantee System in 2023

Chairman	Tomáš Müller <i>Term of office: until 2026</i> Director of a Ministry of Finance of the Czech Republic Department
Vice-Chairman	Radek Urban <i>(from 13 July 2023; until 30 June 2023, the position was held by Karel Bauer)</i> <i>Term of office: until 2026</i> Director of a Czech National Bank section
Member	Petr Frydrych <i>(from 13 July 2023; until 13 July 2023, the position was held by Radek Urban)</i> <i>Term of office: until 2025</i> Deputy Director of a Czech National Bank section
	Eva Sluková <i>(from 1 September 2023; until 31 August 2023, the position was held by Alex Ivančo)</i> <i>Term of office: until 2025</i> Departmental Director at the Ministry of Finance of the Czech Republic
	Monika Zahálková <i>Term of office: until 2029</i> Representative of the Czech Banking Association

Members of the Management Board of the Financial Market Guarantee System in 2023

Chairman	Renáta Kadlecová Executive Director
Member	Martin Hlavnička Risk Manager
	Roman Kahánek Finance Manager

IV. MACROECONOMIC AND REGULATORY ENVIRONMENT OF THE INSURED INSTITUTIONS IN 2023

After 2022, which saw GDP growth of 2.4%, a decline of 0.4% was recorded for 2023. The main factor behind this decline was reduced household consumption, which was also negatively affected by changes in inventories. Conversely, external demand, investment and government consumption had positive contributions to GDP growth.

The state budget finished the year with a deficit of CZK 288.5 billion, a year-on-year improvement of CZK 71.9 billion compared to 2022. This result was also better than the planned deficit of CZK 295.0 billion. The year-on-year improvement in the deficit was mainly due to higher corporate income tax collections, boosted by extraordinary revenues from the taxation of windfall profits and excess sales, as well as revenues from the state's ownership interest in power utility ČEZ and revenues from the European Union, especially from the Recovery and Resilience Facility (National Recovery Plan). On the other hand, the 2023 budget was burdened with extraordinary expenditure for assistance to households and businesses to cope with steep energy prices. This expenditure reached nearly CZK 76 billion.

State debt swelled by CZK 216.1 billion to a record high of CZK 3,111 billion, which means that every Czech citizen theoretically owes CZK 285,870. State debt as a share of GDP fell to 42.3%, down from 42.7% in 2022, as a result of nominal GDP growth.

In 2023, there were no failures of banks or cooperative credit unions that would require the commencement of disbursement of compensation for deposits or the use of any instruments to resolve a financial market crisis.

The banking sector remained resilient thanks to its high levels of capital and liquidity. The development of the quality of the loan portfolio, which may have been affected by the subdued domestic and global economies, remained a key risk. The creation of macroprudential capital buffers contributed to the stability of the banking sector. As of 31 December 2023, the

capital ratio of the banking sector stood at 22.87%. The voluntary capital surplus above regulatory requirements, decline in aggregate risk weights and growth in capital played important roles in this development. The liquidity position of the banking sector therefore remained strong. The overall share of non-performing receivables in total receivables reached 1.8% at the end of 2023, a year-on-year decrease of 0.3 percentage points. Loans continued to move into the higher credit risk category during the first eight months of 2023.

In 2023, banks recorded an increase in their total net profit by CZK 2.2 billion to CZK 104.4 billion. The profit from financial and operating activities was up CZK 5 billion to CZK 239 billion. Interest income surged by CZK 133.4 billion to CZK 564.4 billion, and income from fees and commissions rose by CZK 3.6 billion to CZK 56.3 billion. Nevertheless, impairment losses were also up, reaching CZK 3.6 billion, a year-on-year increase of almost CZK 2.8 billion. The average interest margin also decreased. In 2023, cooperative credit unions posted total profit of CZK 82.5 million, a year-on-year decrease of CZK 5.5 million. During the year, banks and building savings banks provided mortgage loans totalling CZK 150 billion, a drop of one quarter over the previous year. However, the mortgage market continued its gradual recovery over the course of the year, reflecting the easing of rules by the Czech National Bank, a slight decline in rates and deferred demand.

The Czech National Bank kept its two-week repo rate at 7% until 21 December 2023, when the rate was lowered by 0.25 percentage points to 6.75%. Such high rates could have had an impact on the profit and loss accounts of institutions that invest a substantial portion of their assets in reverse repo operations with the Czech National Bank.

There were no significant changes in the banking system in 2023. After the acquisition of Max banka, a.s. (formerly Expobank, a.s.) in 2022 by Banka Creditas, work was commenced in 2023 to merge the two banks, while the merger is expected in 2024.

V. ACTIVITIES OF THE FINANCIAL MARKET GUARANTEE SYSTEM IN 2023

Stress Tests

Every year, the Financial Market Guarantee System performs stress tests in line with the general guidelines of the European Banking Authority (the "EBA Guidelines") on stress tests of deposit insurance schemes according to Directive 2014/49/EU (EBA/GL/2016/04). The spring of 2023 saw the implementation of a financial readiness test, which aimed, inter alia, to procure additional sources of funding through the collection of extraordinary contributions and through the proceeds of a bond issue. This test had originally been planned as part of the "Comprehensive Test of Operating Capabilities and Financial Readiness", but due to the disbursement of compensation for deposits to the customers of Sberbank CZ, its scope was narrowed to the above-mentioned part only. According to the EBA instructions, the disbursement of compensation for deposits is considered a fully-fledged test, and the findings from this disbursement were evaluated in line with the EBA criteria and incorporated in the relevant reporting. In the autumn of 2023, a test was carried out in cooperation with the Czech National Bank to evaluate the use of the Deposit Insurance Fund's contribution to finance the resolution of a financial market crisis. Several other tests were carried out to assess cooperation with foreign deposit insurance schemes in the event of cross-border payouts of deposit compensation, and there was also a regular round of bank-data testing to verify the functionality of the system for disbursing compensation for deposits.

Information Technologies and Security

In IT in 2023, cybersecurity trends were continuously monitored, and appropriate measures subsequently adopted, to eliminate the latest threats.

The IT systems and applications smoothly handled the processes related to the ongoing disbursement of compensation for deposits to the clients of Sberbank CZ, a.s. A new system was chosen for the Electronic Registry Service and put into live operation on 1 January 2024.

International Cooperation

The Financial Market Guarantee System is a member of two international associations of similar organizations in Europe and globally, namely the European Forum of Deposit Insurers (EFDI) and the International Association of Deposit Insurers (IADI). In both organizations, it actively participates in meetings of their committees and working groups, and attends conferences. At the same time, the Financial Market Guarantee System also bilaterally cooperates with similar organizations, both in the EU and globally.

The European Forum of Deposit Insurers organized in 2023 several meetings of its long-standing committees and working groups in which officials of the Financial Market Guarantee System participate (the EU Committee, the Public Relations and Communications Committee, the Risk Management Working Group, the FinTech Working Group etc.). A key issue in 2023 was a package of legislative proposals including amendments to both the Deposit Guarantee Scheme Directive and the Bank Recovery and Resolution Directive, i.e. the CMDI Framework ("Crisis Management and Deposit Insurance Framework"), unveiled by the European Commission in April 2023 and on which the EFDI made their first joint statement: the CMDI framework review: Statements from practitioners¹. More statements will follow in 2024.

In 2023, the **International Association of Deposit Insurers** focused its attention mainly on the 'Core Principles', a new revision of the basic principles of deposit insurance. These were introduced in 2009 and have already been revised once - in 2014. The current goal is to make another revision so that the principles reflect current financial-market needs and developments. Besides the revision of these core principles, the European Regional Committee, in which officials of the Financial Market Guarantee System participate, also dealt with other priorities including, inter alia, cooperation with the EFDI. As part of this cooperation, a conference was organized with the title: Redefining the Financial Safety Net: Tackling New Challenges

¹ <https://www.efdi.eu/page/efdi-papers-positions-2021>

and Shaping the Future of Deposit Insurance, and was held in Berlin. Besides this committee, the Financial Market Guarantee System also participates in the Fintech Committee. The general meeting and the annual conference of this organization took place in September in Boston, USA.

Investment Activities

The Financial Market Guarantee System separately manages the assets of the Deposit Insurance Fund and the Crisis Resolution Fund. The individual funds have different sources of financing and a different method of use determined by the Act on Banks, the Act on Recovery Procedures, and Commission Delegated Regulation (EU) 2015/63 supplementing Directive 2014/59/EU with regard to ex ante contributions to resolution financing arrangements. The Financial Market Guarantee System can only invest resources in managed funds in a safe manner in accordance with statutory requirements, the Statute of the Financial Market Guarantee System, the statutes of the individual managed funds, and other internal rules of the Financial Market Guarantee System.

Through long-term and short-term investment strategies, the investment policy determines the method of investing financial reserves. The long-term investment strategy is a long-term framework for composing and determining the risk positioning of individual portfolios. The short-term investment strategy defines, within the limits of the long-term investment strategy, the risk parameters of the benchmark, the parameters of the investment limits of the portfolio in performing individual transactions, the market risk conditions and other investment limits. Information on the management of the portfolios of the two funds in 2023 is contained in Chapters VI. Activities in Deposit Insurance in 2023 and VII. Activities in Crisis Management in 2023.

Reporting Method

The Financial Market Guarantee System prepares an annual report. The Financial Market Guarantee System publishes the annual report on its website after it is audited, and archives the original in paper form in the registry in accordance with the Filing and Shredding Rules.

VI. ACTIVITIES IN DEPOSIT INSURANCE IN 2023

Disbursements of Compensation for Deposits

Disbursement of compensation for deposits to the clients of Sberbank CZ, a. s., in liquidation

Throughout 2023, the Financial Market Guarantee System continued the disbursement of deposit compensation to the clients of Sberbank CZ, a. s., in liquidation. The payout was started on 9 March 2022 for basic compensation (up to an equivalent of EUR 100,000), on 22 April 2022 for institutional compensation, and on 28 June 2022 for increased compensation. By 31 December 2023, the Financial Market Guarantee System had disbursed compensation to approx. 89,000 beneficiaries totalling CZK 25,544.62 million. The disbursement of basic deposit compensation will be completed on 10 March 2025.

Disbursement of compensation for deposits to the clients of Československé úvěrní družstvo in liquidation

The Financial Market Guarantee System also continued the disbursement of compensation for deposits at Československé úvěrní družstvo in liquidation, which it had commenced on 11 August 2021. The payout of this compensation concerned 541 clients, whose total deposits in the aforementioned cooperative credit union amounted to CZK 52.35 million. The payout of compensation will be terminated on 12 August 2024.

From its establishment to 31 December 2023, the Financial Market Guarantee System (formerly the Deposit Insurance Fund) disbursed compensation for deposits to beneficiaries twenty-four times, providing deposit compensation to clients of fourteen banks and six cooperative credit unions in the form of twenty regular and four additional disbursements totalling CZK 71,232.59 million.

Table 1 Compensation Disbursed from the Deposit Insurance Fund to 31 December 2023

(in CZK mil.)

Insured institution	Compensation for deposits disbursed	Date of commencement of compensation disbursement
Česká banka, a. s.*	948.61	11/12/1995
AB banka, a. s.	0.03	31/1/1996
První slezská banka, a. s.	217.48	15/5/1996
Podnikatelská banka, a. s.	1,073.54	17/6/1996
Realitbanka, a. s.	23.97	24/7/1996
Velkomoravská banka, a. s.	1,006.09	29/7/1996
Kreditní banka Plzeň, a. s.	580.30	23/9/1996
Pragobanka, a. s.**	414.13	1/12/1998
Universal banka, a. s.**	2,299.75	17/5/1999
Moravia banka, a. s.**	6,394.40	11/10/1999
Union banka, a. s.	12,366.79	17/5/2003
Plzeňská banka, a. s.	135.70	7/6/2003
Vojenská družstevní záložna	68.34	30/5/2011
UNIBON, spořitelni a úvěrní družstvo	1,805.96	23/7/2012
Úvěrní družstvo PDW, Praha	20.14	11/3/2013
Metropolitní spořitelni družstvo	12,014.98	27/1/2014
WPB Capital, spořitelni družstvo	2,780.45	14/10/2014
ERB bank, a. s.	3,508.49	20/10/2016
Československé úvěrní družstvo	51.24	11/8/2021
Sberbank CZ, a. s.	25,522.20	9/3/2022
Total	71,232.59	

* disbursement of additional compensation commenced on 8/6/1998

** disbursement of additional compensation commenced on 4/1/2002

Testing Banking Data

In 2023, in accordance with Decree No. 71/2011 Coll., on the Form, Structure and Method of Keeping and Providing Data that a Bank and a Branch of a Bank from a non-EU Member State Must Keep, and Which Must be Provided to the Financial Market Guarantee System, as amended, the Financial Market Guarantee System performed two rounds of testing on client data of banks, building savings banks and cooperative credit unions. The purpose of these tests is to verify the functionality of the system for disbursing compensation for deposits, as required by Section 41n (1) of the Act on Banks.

In the first round of testing, between April and May 2023, the complete client data of 18 selected financial institutions participating in the deposit insurance scheme were successfully

tested. The data of building savings banks and the largest banks by volume of insured deposits were not tested. Subsequently, in the second round of testing, between October and December 2023, the complete client data of all 27 financial institutions participating in the deposit insurance scheme were successfully tested.

Receivables Against Insured Institutions

Pursuant to Section 41h (2) of the Act on Banks, starting from the disbursement commencement date, the Financial Market Guarantee System becomes a creditor of the insured institution that has failed to meet its commitments under statutory and contractual terms and conditions to the extent of the rights of beneficiaries of the bank to receive payment from the Deposit Insurance Fund.

Of the total of 14 banks and six cooperative credit unions paid out, bankruptcy proceedings have been completed in nine cases, and liquidation in two cases. Of total disbursed compensation for deposits, which reached CZK 71,232.59 million as of 31 December 2023, CZK 70,979.25 million of the Financial Market Guarantee System claims have been recognized in bankruptcy proceedings and liquidation processes.

The table below shows a summary of the Financial Market Guarantee System claims against the individual banks and cooperative credit unions as registered as of

31 December 2023 for the purposes of bankruptcy and insolvency proceedings and the liquidation process of the disbursed banks and cooperative credit unions. Of the total of CZK 64,677.07 million in registered claims, a final distribution schedule has been already drawn up for one bank and a preliminary distribution schedule prepared for three banks and three cooperative credit unions.

As of 31 December 2023, the Financial Market Guarantee System registers CZK 52,029.65 million in receivables due from banks.

Table 2 Overview of Registered Receivables in Insolvency, Bankruptcy and Liquidation Proceedings as of 31 December 2023

(in CZK mil.)

Insured institution	Type of disbursement	Total amount of claim in insolvency/ bankruptcy/ liquidation	Returned to the Deposit Insurance Fund	Claim in insolvency/ bankruptcy/ liquidation
AB banka, a. s.	regular	0.23	0.03	0.20
Moravia banka, a. s.	regular	4,753.65	1,281.44	3,472.29
Union banka, a. s.	regular	12,416.54	5,386.79	7,029.75
UNIBON, spořitelni a úvěrni družstvo	regular	1,806.58	926.85	879.73
Metropolitni spořitelni družstvo	regular	12,021.48	4,062.34	7,959.14
WPB Capital, spořitelni družstvo	regular	2,799.88	0.00	2,799.88
ERB banka, a. s.	regular	3,534.16	950.00	2,584.16
Československé úvěrni družstvo	regular	52.35	40.00	12.35
Sberbank CZ, a. s.	regular	27,292.15	0.00	27,292.15
Total		64,677.02	12,647.45	52,029.65

As concerns bankruptcy proceedings completed by the end of 2023, judicial composition has already been carried out in the case of Podnikatelská banka, a. s., and composition as part of the closing schedule in the case of Pragobanka, a. s., Plzeňská banka, a. s., První slezská banka, a. s., Kreditní banka Plzeň, a. s., Česká banka, a. s., Velkomoravská banka, a. s., Universal banka, a. s., and Úvěrni družstvo PDW, and composition as part of the completed liquidation of Vojenská družstevní záložna. The bankruptcy proceedings of

Realitbanka, a. s. were terminated because of lack of assets. Thus, the Financial Market Guarantee System had no more registered claims against these nine banks and two cooperative credit unions as of 31 December 2023. A summary of these claims in completed bankruptcy and liquidation proceedings, including revenues received and recovery rates achieved, is shown in the table below.

Table 3 Summary of the Proceeds of Receivables against Insured Institutions in Completed Bankruptcy and Liquidation Proceedings as of 31 December 2023

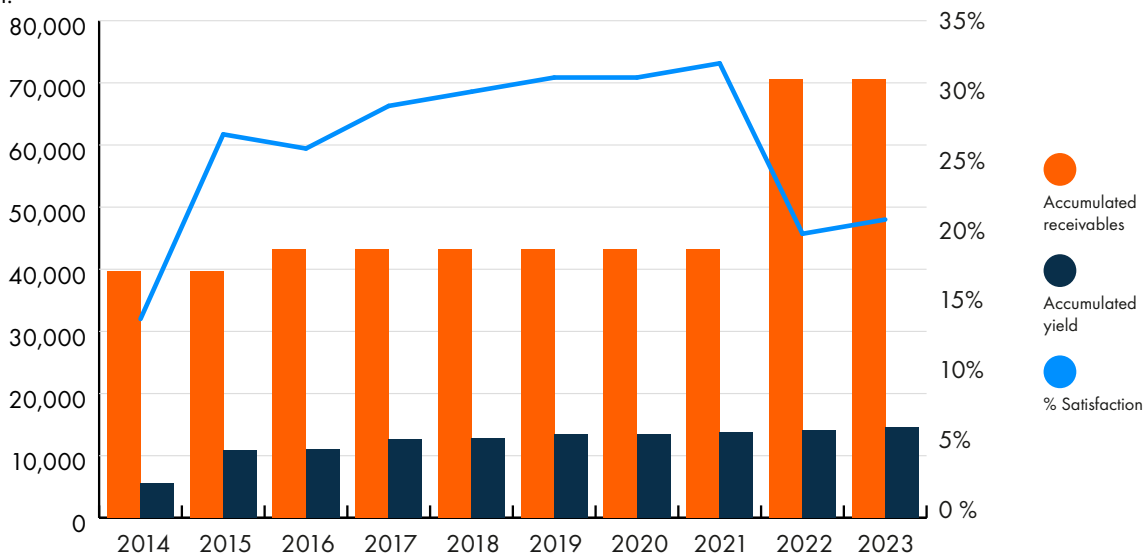
(in CZK mil.)

Insured institution	Type of disbursement	Total amount of claim	Returned to the Deposit Insurance Fund	Recovery rate (%)
Podnikatelská banka, a. s.	regular	1,075.53	548.52	51.00
Pragobanka, a. s.	regular + additional	348.20	184.33	52.94
Plzeňská banka, a. s.	regular	134.85	70.67*	52.41
Realitbanka, a. s.	regular	24.20	0.00	0.00
Vojenská družstevní záložna	regular	69.05	45.55	65.97
První slezská banka, a. s.	regular	217.50	11.54	5.30
Kreditní banka Plzeň, a. s.	regular	580.95	58.48	10.07
Česká banka, a. s.	regular	961.67	20.73	2.16
Velkomoravská banka, a. s.	regular	1,006.63	224.31	22.28
Universal banka, a. s.	regular	1,862.64	788.72	42.34
Úvěrní družstvo PDW, Praha	regular	20.97	2.83	13.48
Total		6,302.19	1,955.68	31.03

* In addition to this payment, the Deposit Insurance Fund received CZK 1.025 million from the bankruptcy assets of Plzeňská banka, a. s. in 2004 as an additional payment to the contribution for insured deposits for 2003

Graph 1 Development of the Recovery Ratio of Receivables From Bankrupt Banks and Cooperative Credit Unions over the last 10 years

In CZK mil.



Contributions by Insured Institutions to the Deposit Insurance Fund

The amount of annual contributions to the Deposit Insurance Fund is set for each institution by the Czech National Bank depending on the amount of covered claims for deposits (i.e. deposits up to the coverage limit equivalent of EUR 100,000) registered against the given insured institution and on the overall risk profile of the institution. The insured institutions must pay

contributions to the Deposit Insurance Fund by 30 June of the relevant calendar year.

For 2023, the insured institutions paid contributions to the Deposit Insurance Fund totalling CZK 1,911.44 million, while since its formation in 1994, the Deposit Insurance Fund has received total contributions of CZK 65,018.39 million. The table below shows a summary of the contributions received by the Deposit Insurance Fund over the past 10 years.

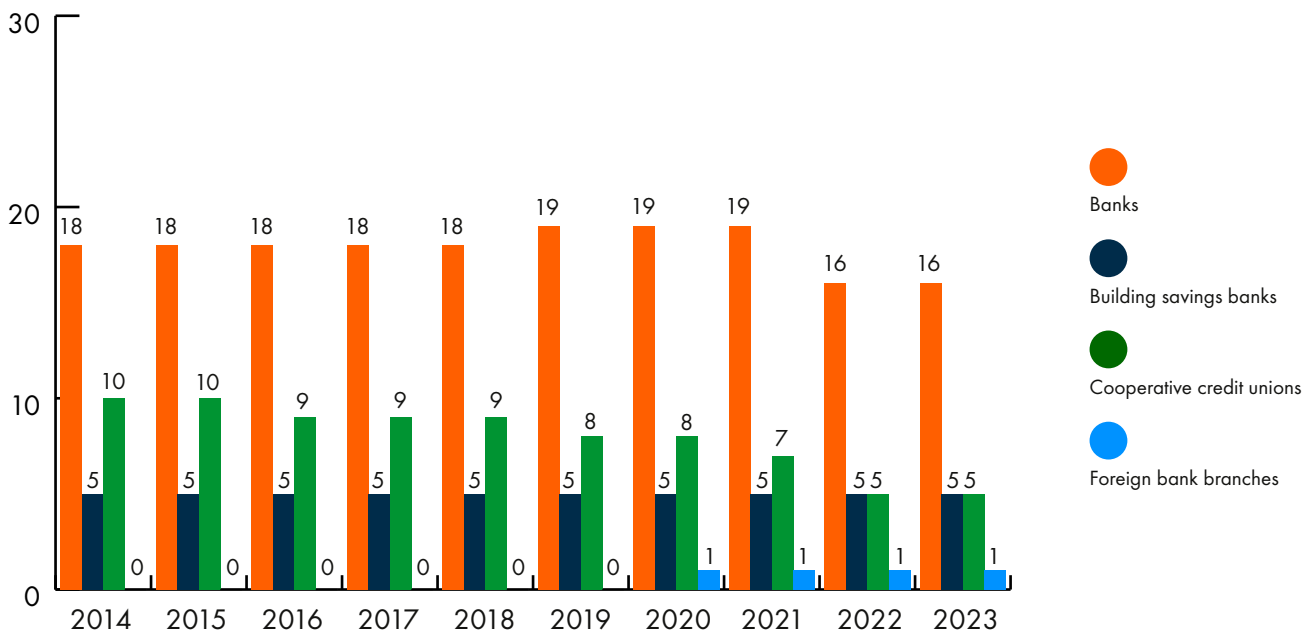
Table 4 **Contributions by Insured Institutions to the Deposit Insurance Fund by year of contribution payment, over the last 10 years**

Contribution payment year	Amount in CZK mil.
2014	4,260.52
2015*	4,417.47
2016**	2,055.54
2017	940.65
2018	1,003.03
2019	1,075.67
2020	1,145.66
2021	1,284.09
2022	1,385.05
2023	1,911.44
Total	19,479.12

* In 2014, an advance payment of a contribution due in 01/2015 was made

** Since 2016, contributions to the Deposit Insurance Fund have been annual; 2016 also contains the payment for the 4th quarter of 2015

Graph 2 **Number of Institutions Contributing to the Deposit Insurance Fund over the last 10 years**



Management of the Deposit Insurance Fund Portfolio

The total financial reserves of the Deposit Insurance Fund reached CZK 17,607.39 million at the end of 2023, a rise after 2022, when they decreased significantly as a consequence of deposit compensation payout to the clients of

Sberbank CZ, a. s. In 2023, the financial reserves of the Deposit Insurance Fund increased by CZK 3,399.58 million, strongly driven especially by contributions received from financial institutions of CZK 1,911.44 million and by revenues from financial reserves totalling CZK 957.58 million.

The financial reserves of the Deposit Insurance Fund have been divided into two portfolios: the short-term portfolio and the portfolio of securities held to maturity (the HTM portfolio). Both portfolios are managed by the Financial Market Guarantee System.

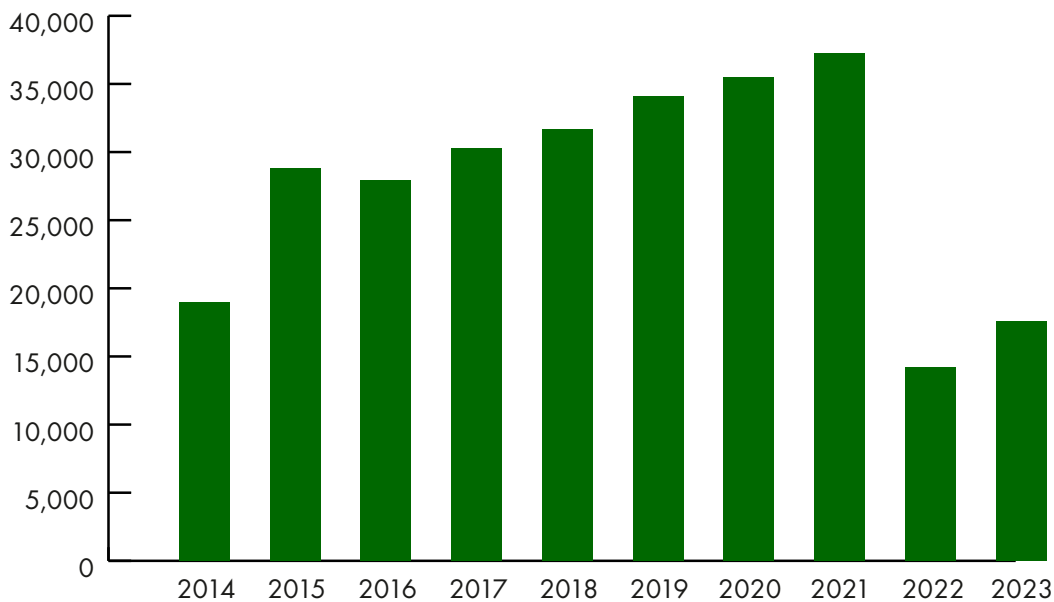
2023 saw a significant increase in the short-term portfolio, by a total of CZK 3,011.23 million. Transfers to the short-term portfolio were made mainly from new funding in the form of received contributions and revenues. At the end of 2023, the short-term portfolio stood at CZK 13,863.11 million and thus

accounted for 79% of the total reserves of the Deposit Insurance Fund. During the year, the financial reserves managed under the short-term portfolio were invested mainly in short-term repo operations with treasury bills issued by the Czech National Bank.

In line with the long-term objective, the HTM portfolio was bolstered slightly in 2023, as new bonds with a nominal value of CZK 500 million were purchased for this portfolio and no bonds matured in 2023. The total value of the HTM portfolio stood at CZK 3,744.28 million at the end of 2023, accounting for 21% of the total financial reserves of the Deposit Insurance Fund.

Graph 3 Development in the Volume of Financial Reserves in the Deposit Insurance Fund, Over the Last 10 Years

In CZK mil.



At the end of 2023, 79% of the financial reserves of the Deposit Insurance Fund was made up of short-term funds (deposits and repo operations) and 21% was comprised of domestic government bonds issued by the Ministry of Finance of the Czech Republic.

Table 5 **Structure of Financial Reserves by Instrument, as of 31 December 2023**

Type of instrument	Value in CZK mil.
Current accounts, term deposits, buy-sell and repo operations, receivables *	13,863.11
Bonds:	3,744.28
of which: Government bonds	3,744.28
Total	17,607.39

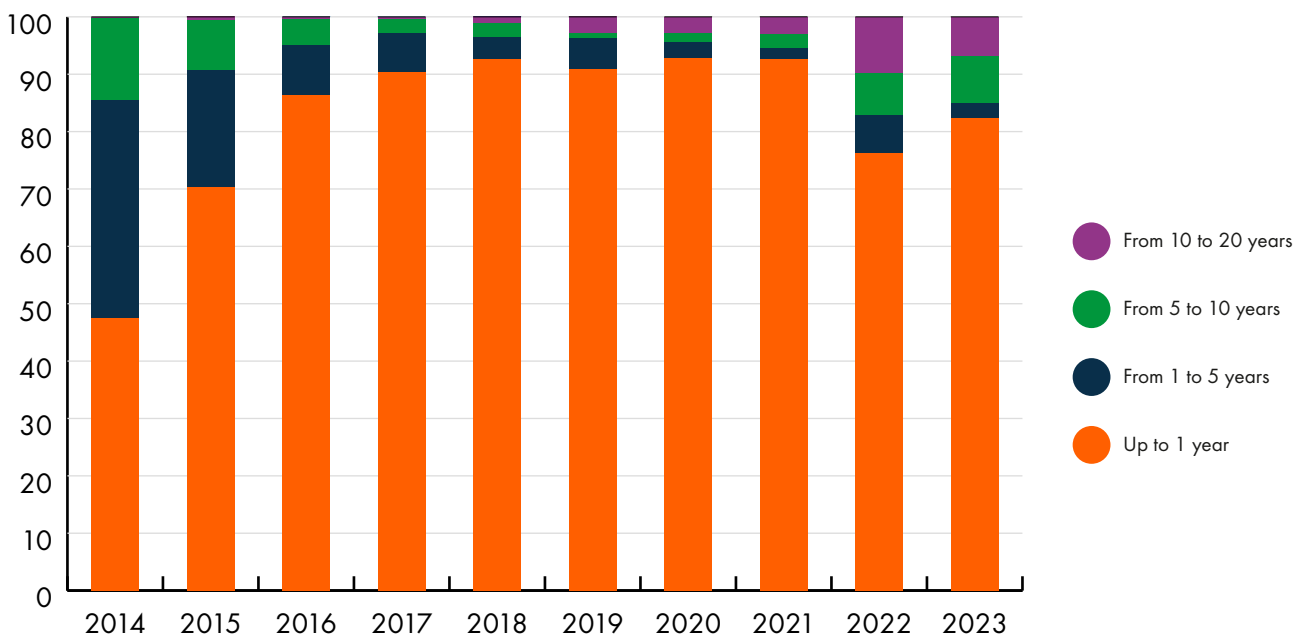
*Receivables arising from financial transactions and unpaid coupons

Instruments maturing within 1 year made up the largest share (82.3%) in the total volume of financial reserves, and the remaining portion of the portfolio is divided by maturity among

instruments maturing in 1 to 5 years (2.7%), 5 to 10 years (8.3%) and 10 to 20 years (6.7%).

Table 6 **Structure of Financial Reserves by Maturity, as of 31 December 2023**

Instrument maturity	Value in CZK mil.
Up to 1 year	14,496.17
From 1 to 5 years	480.54
From 5 to 10 years	1,452.81
From 10 to 20 years	1,177.87
Total	17,607.39

Graph 4 **Development of the Financial Reserve Structure by Maturity in the Past 10 Years**
in %

The total gross appreciation of Deposit Insurance Fund financial provisions for 2023 was 5.98% p.a., i.e. CZK 957.58 million.

Main Cash Flows of the Deposit Insurance Fund – History

Table 7 **Summary of Income and Expenditure for 1994–2023**

(in CZK mil.)

I.	Income	92,864.99
	Contributions from banks and cooperative credit unions	65,018.39
	Income from judicial composition and bankruptcy proceedings	14,604.10
	Refunds of disbursed compensation	130.56
	Returned advance payments of non-disbursed compensation	189.66
	Interest received and other revenues	9,916.28
	– <i>investment revenue</i>	9,808.85
	– <i>other financial revenue</i>	107.43
	Loans received	3,006.00
II.	Expenditure	75,247.21
	Compensation for deposits disbursements	71,534.23
	Operating costs	585.65
	Operating costs of the Crisis Resolution Fund ²	0.07
	Interest paid	121.26
	Loan repayments	3,006.00
III.	Difference between income and expenditure	17,617.78

² In 2023, the Crisis Resolution Fund provided funding from the Operational Fund to cover operating costs, which were CZK 74,656.05 less than the actual costs. The resulting Crisis Resolution Fund liability will be settled after the approval of the financial statements.

VII. ACTIVITIES IN CRISIS MANAGEMENT IN 2023

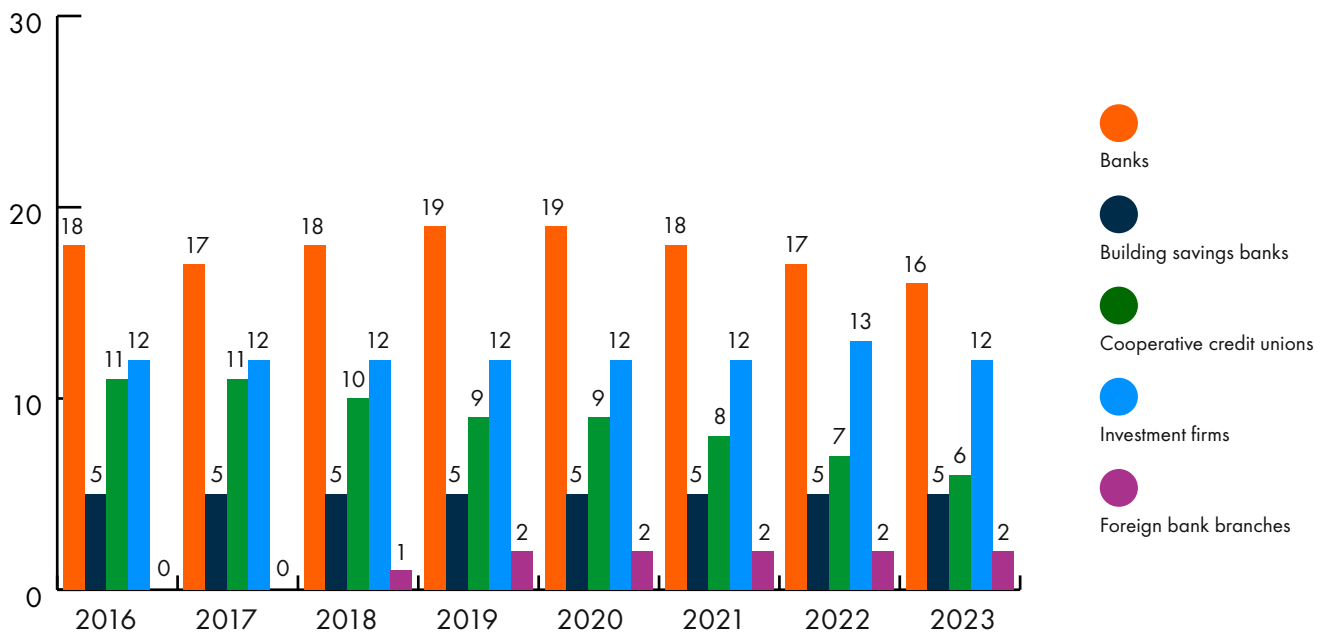
Contributions to the Crisis Resolution Fund

The amount of contributions to the Crisis Resolution Fund is determined by the Czech National Bank following discussion with the Financial Market Guarantee System, in accordance with Commission Delegated Regulation (EU) 2015/63 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements. The Czech National Bank is obliged to take into account that the target volume of assets in the Contribution Fund of the Crisis Resolution Fund must reach 1% of the total volume of covered deposit

receivables by 31 December 2024. Contributions made in 2023 by financial institutions to the Crisis Resolution Fund amounted to CZK 4,496.41 mil. The objective is that the Crisis Resolution Fund will accumulate approximately CZK 36.8 billion in its Contribution Fund by 31 December 2024.

Institutions are obliged to pay contributions to the Crisis Resolution Fund based on the decision of the Czech National Bank regarding the amount of the specific contribution, issued by the Czech National Bank to the relevant financial institution by 1 May each year.

Graph 5 **Number of Institutions Contributing to the Crisis Resolution Fund Since Its Establishment in 2016**



Management of the Crisis Resolution Fund Portfolio

The value of financial reserves managed in the Crisis Resolution Fund reached CZK 34,137.30 million at the end of 2023. The total volume of contributions received this year to the Crisis Resolution Fund from financial institutions amounted to CZK 4,496.41 million, thus representing the main source of income. This amount was then completed with income from financial reserves for 2023, which was CZK 2,103.50 million.

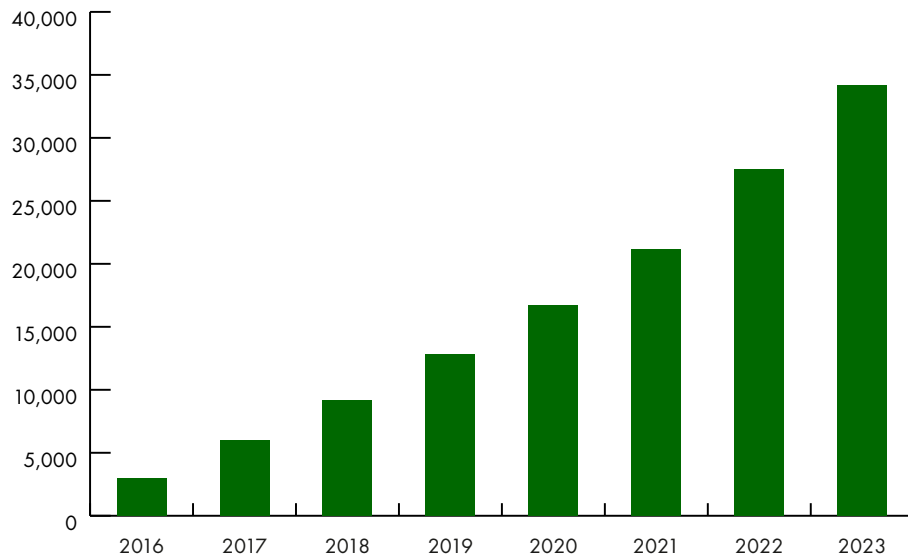
The financial reserves of the Crisis Resolution Fund have been divided into two portfolios: the short-term portfolio and the portfolio of securities held to maturity (the HTM portfolio). Both portfolios are managed by the Financial Market Guarantee System.

During the year, the decisive part of all financial reserves managed under the short-term portfolio was invested in short-term repo operations with treasury bills issued by the Czech National Bank. Thus, the performance of this portfolio was influenced by the level of the main two-week repo rate, which is reflected in money market yields. Transfers to the short-term portfolio were made from new funding in the form of received contributions and revenues. At the end of 2023, the short-term portfolio stood at CZK 33,080.74 million and thus accounted for 97% of the total reserves of the Crisis Resolution Fund.

In 2023, investments in the HTM portfolio of the Crisis Resolution Fund continued as planned, and bonds with a nominal value of CZK 500 million were purchased for this portfolio. At the end of 2023, the total value of the HTM portfolio reached CZK 1,056.56 million and the entire portfolio comprised only Czech government bonds issued by the Ministry of Finance of the Czech Republic. This bond portfolio made up 3% of the total financial reserves of the Crisis Resolution Fund at the year's end.

Graph 6 Development in the Volume of Financial Reserves in the Crisis Resolution Fund Since Its Establishment in 2016

In CZK mil.



At the end of 2023, the structure of the financial reserves of the Crisis Resolution Fund was as follows: short-term funds (deposits and repo operations) accounted for 97% and Czech

government bonds issued by the Ministry of Finance of the Czech Republic made up 3% of the reserves.

Table 8 Structure of Financial Reserves by Instrument, as of 31 December 2023

Type of instrument	Value in CZK mil.
Current accounts, term deposits, buy-sell and repo operations, receivables *	33,080.74
Bonds:	1,056.56
of which: Government bonds	1,056.56
Total	34,137.30

*Receivables arising from financial transactions and unpaid coupons

Table 9 **Structure of Financial Reserves by Maturity, as of 31 December 2023**

Instrument maturity	Value in CZK mil.
Up to 1 year	33,080.74
From 1 to 5 years	89.79
From 5 to 10 years	415.01
From 10 to 20 years	551.76
Total	34,137.30

The total gross appreciation of Crisis Resolution Fund financial provisions for 2023 was 6.82% p.a., i.e. CZK 2,103.50 million.

Main Cash Flows of the Crisis Resolution Fund

Table 10 **Summary of Income and Expenditure for 2016–2023**

(in CZK mil.)

A.	Contribution Fund	
I.	Income	31,981.19
	Contributions from financial institutions	30,081.19
	Transfer of funds from the Operational Fund	1,900.00
II.	Expenditure	0.00
III.	Difference between income and expenditure	31,981.19
B.	Operational Fund	
I.	Income	4,082.11
	Interest received and other revenues	4,082.04
	– investment revenue	4,081.97
	– other financial revenue	0.07
	Liabilities to the Deposit Insurance Fund for the reimbursement of operating expenses ³	0.07
II.	Expenditure	1,926.00
	Operating costs	26.00
	Transfer of funds to the Contribution Fund	1,900.00
III.	Difference between income and expenditure	2,156.11

³ In 2023, the Crisis Resolution Fund provided funding from the Operational Fund to cover operating costs, which were CZK 74,656.05 less than the actual costs. The resulting Crisis Resolution Fund liability will be settled after the approval of the financial statements.

VIII. PROVISION OF INFORMATION PURSUANT TO ACT NO. 106/1999 COLL., ON FREE ACCESS TO INFORMATION

In accordance with Section 18 (1) (a) of Act No. 106/1999 Coll., on Free Access to Information, as amended, the Financial Market Guarantee System informs that in 2023 it was delivered three requests for the provision of information, which the Financial Market Guarantee System granted. The information provided is available on the website of the Financial Market Guarantee System (<https://www.garancnisystem.cz/informace-poskytnute-na-zadost>).

In accordance with Section 18 (1) (b) to (f) of Act No. 106/1999 Coll., on Free Access to Information, as amended, the Financial Market Guarantee System also states that there are no other circumstances relating to the application of this Act which it is obliged to disclose in accordance with Section 18 of this Act.

IX. THE FINANCIAL MARKET GUARANTEE SYSTEM – INDEPENDENT AUDITOR’S REPORT



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Court in Prague, Section C,
File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of Garanční systém finančního trhu

Having its registered office at: Tyn 639/1, Staré Město, 110 00 Praha 1

Opinion

We have audited the accompanying financial statements of Garanční systém finančního trhu (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2023, and the profit and loss account, for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Garanční systém finančního trhu as at 31 December 2023, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

Other Matter

The financial statements of Garanční systém finančního trhu for the year ended 31 December 2022 were audited by another auditor who expressed unmodified opinions on those statements on 28 June 2023.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Responsibilities of the Company's Statutory Body and Supervisory Board for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Body 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, the Statutory Body is responsible for assessing the Company'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 the Statutory Body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company'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 ISAs 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.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism 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 Company'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 the Statutory Body 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 Company'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 Company 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 the Statutory Body and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 19 June 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Miroslav Mayer
registration no. 2529

FINANCIAL STATEMENTS

THE FINANCIAL MARKET

GUARANTEE SYSTEM	Registered office:	Týn 639/1, 110 00 Prague 1, Staré Město
	Identification number:	49710362
	Date of financial statements:	31 December 2023
	Date of preparation of financial statements:	19 June 2024

Balance Sheet as of 31 December 2023

(CZK '000)

ASSETS	As of 1 January 2023	As of 31 December 2023
A. Total fixed assets	4,001,206	4,168,098
I. Intangible fixed assets – software	2,728	2,728
II. Tangible fixed assets	2,123	1,730
Works of art, objects and collections	320	320
Tangible assets and their sets	1,803	1,410
III. Total long-term investments	4,000,851	4,167,778
Debt securities held to maturity	4,000,851	4,167,778
IV. Total accumulated depreciation and amortization of fixed assets	-4,496	-4,138
Accumulated amortization of software	-2,728	-2,728
Accumulated depreciation of machinery and equipment	-1,768	-1,410
B. Total current assets	90,377,806	99,712,102
II. Total receivables	52,626,714	98,931,446
Operating advances paid	5	0
Other receivables	52,626,709	98,931,446
III. Total current financial assets	37,750,851	780,377
Cash in hand	47	73
Stamps and vouchers	399	443
Financial resources on accounts	37,750,405	146,809
Other securities	0	633,052
IV. Total other assets	241	279
Prepaid expenses	241	279
Total assets	94,379,012	103,880,200

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Balance Sheet as of 31 December 2023

(CZK '000)

LIABILITIES	As of 1 January 2023	As of 31 December 2023
A. Total equity	94,138,491	103,538,171
I. Equity	85,473,909	93,311,652
Funds	85,473,909	93,311,652
II. Total profit/loss	8,664,582	10,226,519
Profit/loss account	0	3,010,975
Result of management in approval procedure	3,628,679	0
Retained earnings	5,035,903	7,215,544
B. Total liabilities	240,521	342,029
III. Total current payables	240,521	342,029
Payables to suppliers	1,275	1,483
Employees	2,260	2,446
Other payables to employees	6	7
Payables to social security and public health insurance institutions	1,057	1,117
Other direct tax liabilities	534	598
Other payables	232,943	333,577
Estimated payables	2,446	2,801
Total equity and liabilities	94,379,012	103,880,200

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Profit and Loss Account for the year ended 31 December 2023

(CZK '000)

	Activity		
	Main	Economic	Total
A. Expenses			
I. Consumed purchases and purchased services	22,019	0	22,019
1. Consumption of material	419	0	419
3. Repairs and maintenance	30	0	30
4. Travel expenses	568	0	568
5. Representation expenses	185	0	185
6. Other services	20,817	0	20,817
III. Personnel costs	23,187	0	23,187
10. Wages and salaries	16,696	0	16,696
11. Statutory social security insurance	5,306	0	5,306
13. Statutory social expenses	815	0	815
14. Other social expenses	370	0	370
IV. Taxes and fees	34	0	34
V. Other expenses	4,832	0	4,832
18. Interest expense	98	0	98
19. Foreign exchange losses	47	0	47
22. Sundry other expenses	4,687	0	4,687
VI. Depreciation and assets sold, creation and use of provisions and adjustments	35	0	35
23. Amortization of intangible and depreciation of tangible fixed assets	35	0	35
Total expenses	50,107	0	50,107

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Profit and Loss Account for the year ended 31 December 2023

(CZK '000)

	Main	Activity Economic	Total
B. Revenues			
IV. Other revenues	3,061,082	0	3,061,082
7. Interest revenue	3,061,081	0	3,061,081
8. Foreign exchange gains	1	0	1
Total revenues	3,061,082	0	3,061,082
C. Profit/loss before tax	3,010,975	0	3,010,975
D. Profit/loss after tax	3,010,975	0	3,010,975

Within the meaning of Section 5a (1) of Decree No. 504/2002 Coll., as amended, the Financial Market Guarantee System performed only the main activities for which it was established, i.e. activities in deposit insurance (including the management of the Deposit Insurance Fund) and in the management of the Crisis Resolution Fund. The Financial Market Guarantee System did not perform any economic activity within the meaning of Section 5a (2) of the Decree (additional, secondary, business or other activity outside the main activity).

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

1 General Information

The Financial Market Guarantee System is a legal person governed by public law, which was originally called the Deposit Insurance Fund, established by Act No. 156/1994 Coll., amending Act No. 21/1992 Coll., on Banks, in its then valid version. With effect from 1 January 2016, based on Act No. 374/2015 Coll., on Financial Crisis Prevention and Resolution (the "AFCPR"), the Deposit Insurance Fund was transformed into the Financial Market Guarantee System.

The identification number of the Financial Market Guarantee System is 497 10 362. Based on Act No. 586/1992 Coll., on Income Taxes, as amended, the income of the Financial Market Guarantee System is exempt from income tax. The registered office of the Financial Market Guarantee System is Prague 1, Týn 639/1.

Membership of the Board of Directors in 2023 was as follows:

Name	Position
Tomáš Müller	Chairman
Radek Urban (from 13 July 2023)	Vice-Chairman
Karel Bauer (until 30 June 2023)	
Eva Sluková (from 1 September 2023)	Member
Alex Ivančo (until 31 August 2023)	
Monika Zahálková	Member
Petr Frydrych (from 13 July 2023)	Member
Radek Urban (until 13 July 2023)	

In 2023, there were several changes in the membership of the Board of Directors. In connection with the termination of employment of Karel Bauer at the Czech National Bank on 30 June 2023, the Minister of Finance appointed Radek Urban, a Czech National Bank section director, as Vice-Chairman of the Board of Directors with effect from 13 July 2023. At the same time, Petr Frydrych, a deputy section director at the Czech National Bank, was appointed as a new member of the Board of Directors with effect from the same date. Following the resignation of Alex Ivančo, his term of office on the Board of Directors ended on 31 August 2023. With effect from 1 September 2023, the Minister of Finance appointed Eva Sluková, a department director at the Ministry of Finance of the Czech Republic, as a new member of the Board of Directors.

Under legislation effective from 1 January 2016, the Management Board of the Financial Market Guarantee System is its statutory body. The Board of Directors remains the supreme body of the Financial Market Guarantee System with the powers listed in Section 201 of the AFCPR.

Membership of the Management Board in 2023 was as follows:

Name	Position
Renáta Kadlecová	Chairperson
Martin Hlavnička	Member
Roman Kahánek	Member

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

The role of the Financial Market Guarantee System is the operation of a deposit insurance scheme in the Czech Republic, including the management of the Deposit Insurance Fund (Section 41 a et seq. of Act No. 21/1992 Coll., on Banks, as amended) and the management of the Crisis Resolution Fund (Section 209 et seq. of the AFCPR). By performing these activities, the Financial Market Guarantee System contributes to the stability of the financial market.

1.1 Transformation of the Deposit Insurance Fund into the Financial Market Guarantee System

With effect from 1 January 2016, based on the AFCPR, the Deposit Insurance Fund was transformed into the Financial Market Guarantee System. This was not a “transformation” of a legal person within the meaning of Section 174 et seq. of Act No. 89/2012 Coll., the Civil Code (i.e. in the sense of a merger, division or change of legal form), but only a “change” consisting in particular of: a) a name change (Section 252 of the AFCPR), b) a change to the organizational structure (Section 199 et seq. of the AFCPR - a change to the statutory body, a listing of the powers of the Board of Directors, etc.) and c) an extension of the scope of activity (Section 198 of the AFCPR, on the management of assets in the Crisis Resolution Fund). We thus cannot speak of legal succession because there has been no transition of rights and obligations, and the legal person (holder of rights and obligations) has been retained (the same identification number).

1.2 Managed Funds (Nonentities)

In view of the retention of continuity of legal personality (the original Deposit Insurance Fund has changed into the Financial Market Guarantee System), while the funds managed by the Financial Market Guarantee System (the Deposit Insurance Fund and the Crisis Resolution Fund) have no legal personality (Section 198 (4) of the AFCPR), it is necessary to differentiate the Deposit Insurance Fund until 31 December 2015 (legal personality, change into the Financial Market Guarantee System) and the Deposit Insurance Fund from 1 January 2016 (nonentity made up of part of the assets of the Financial Market Guarantee System).

While the new nonentity called the Deposit Insurance Fund was de facto established by law on 1 January 2016 (see Section 254 of the AFCPR on allocation of assets and debts to the Deposit Insurance Fund), the Crisis Resolution Fund was established on the basis of Section 209 (1) of the AFCPR through the Statute of the Financial Market Guarantee System on 12 January 2016 (Article 5 of the Financial Market Guarantee System Statute).

1.3 Assets Placed in Funds

Section 198 (2) of the AFCPR states that the Financial Market Guarantee System manages assets created by the Deposit Insurance Fund, the Crisis Resolution Fund and other assets of the Financial Market Guarantee System. From the legal point of view, therefore, they are always assets of the Financial Market Guarantee System, located a) in the Deposit Insurance Fund, b) in the Crisis Resolution Fund, c) outside of both Funds (i.e. not a model of an investment company - mutual fund, when the assets in the mutual fund are not the assets of the investment company).

From the accounting point of view, the Financial Market Guarantee System, the Deposit Insurance Fund and the Crisis Resolution Fund are three separate accounting units, while the assets constituted by the Deposit Insurance Fund, the assets constituted by the Crisis Resolution Fund and other assets of the Financial Market Guarantee System are kept separately in asset and accounting terms (Section 205 and Article 198 (2) of the AFCPR). Each of the accounting units has its own financial statements and their preparation is ensured by the Financial Market Guarantee System.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

2 Accounting Policies

2.1 Bookkeeping

The Financial Market Guarantee System provides accounting for its own management and the management of the Deposit Insurance Fund and the Crisis Resolution Fund (the Fund for Deposit Insurance and the Crisis Resolution Fund collectively the “Funds”) pursuant to Act No. 563/1991 Coll., on Accounting, as amended (the “Act on Accounting”), Implementing Decree No. 504/2002 Coll., implementing some provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting units whose main business activity is not commercial business, if they use double-entry bookkeeping, as amended (the “Decree”) and other legislation governing bookkeeping, and in accordance with the accounting methods specified therein.

The Financial Market Guarantee System and the Funds managed by it are separate accounting units (“accounting units”). The Financial Market Guarantee System records the status and movement of assets and liabilities, costs and revenues, and profit or loss separately from the subject matter of its and other Funds’ accounts. The bookkeeping for the subject of accounting is performed in ledgers kept separately for each accounting unit in a way that allows for the preparation of financial statements for each accounting unit.

The Financial Market Guarantee System provides for the verification of the Financial Market Guarantee System annual report (which describes the facts that are also reflected in the financial statements of the Financial Market Guarantee System and the individual managed Funds, and which is in all material respects consistent with the relevant financial statements of the Financial Market Guarantee System and the individual managed Funds) and the preparation of an auditor’s report on the verification of the Financial Market Guarantee System annual report.

The Statute of the Financial Market Guarantee System states that the Financial Market Guarantee System performs the management of the Funds and that the Financial Market Guarantee System is entitled and bound by the legal relationships. From the point of view of the accounting, all the accounting documents (as well as the electronic registry service) will be recorded by the Financial Market Guarantee System.

The Financial Market Guarantee System Statute states that the Financial Market Guarantee System manages the Funds and that all activity is tied to the management of the Funds. In terms of the bookkeeping, all expenses, revenues, costs, income, receivables and payables are items for the individual Funds. The Financial Market Guarantee System, as a legal person, maintains all these accounting cases in its accounts and materially assigns them to the individual Funds.

2.2 System of Accounting and Retention of Accounting Documents

The accounting units that maintain full accounts use double-entry accounting for the status and movement of property and other assets, liabilities, including debts and other liabilities, costs and revenues, and profit or loss.

The accounting units use double-entry accounts for facts that are subject to accounting and these are recognized in the period to which they relate in time and in fact.

The Financial Market Guarantee System accounting period is the calendar year.

The accounting units keep one set of accounts per accounting unit as a whole.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

The accounting units maintain accounts as a set of accounting records using technical means, data carriers and software. An accounting record is data that are a record of all the facts relating to the maintenance of the accounts. The accounting units must record every fact relating to the maintenance of accounts exclusively through accounting records. Individual accounting records may be grouped into aggregate accounting records; such accounting records are in particular accounting documents, accounting entries, ledgers, the depreciation plan, inventory listings, accounting plans, financial statements and the annual report.

The accounting units maintain their accounts in the Czech currency.

The accounting units maintain their accounts in the Czech language. Accounting documents may be drawn up in a foreign language only if the condition of comprehensibility is fulfilled.

The accounting units capture the facts that are the subject of the accounts ("accounting cases") through accounting documents.

The accounting units record accounting cases in ledgers ("accounting entries") only on the basis of probative accounting records.

The accounting units keep accounts in such a way that the financial statements prepared on their basis are comprehensible and provide a true and fair view of the accounting unit's accounts and financial situation.

The accounting units keep accounts in a correct, complete, probative, comprehensible and clear manner that ensures the continuity of the accounting records.

The accounting units keep their accounts in a way that ensures the continuity of the accounting records so that the accounting unit complies with its obligations relating to their retention under the Act on Accounting.

The Financial Market Guarantee System assigns another person to process the accounts of the accounting units on the basis of a contractual relationship in accordance with Section 5 of the Act on Accounting.

2.3 Scope of Bookkeeping, Accounting Documents, Accounting Records and Ledgers

The accounting units maintain their accounts in full scope.

The accounting documents are probative accounting records that must include:

- identification of the accounting document,
- the content of the accounting case and its participants,
- the monetary amount or information on the price per unit of measurement and an indication of the quantity,
- the moment of preparation of the accounting document,
- the moment of performance of the accounting case, if not identical to the moment of the preparation of the accounting document,
- the signature record of the person responsible for the accounting case and the signature record of the person responsible for its posting.

The accounting units prepare accounting documents without undue delay.

The accounting entries are accounting records in ledgers.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

The accounting units account in the following ledgers:

- in the journal(s) in which the accounting entries are organized in terms of time (chronologically) and which show the accounting of all the accounting cases in the accounting period,
- in the main ledger in which the accounting entries are organized on a factual (systematic) basis,
- in the books of analytical accounts detailing the accounting records of the main ledger.

2.4 Plan of Accounts

The accounting units prepare a plan of accounts for each accounting period within the meaning of the guideline chart of accounts, accounting methods, organization and marking of the items of financial statements, and the content definition of those items determined in the Decree. An accounting unit may supplement the plan of accounts during the accounting period.

The amounts in the analytical accounts books must correspond to the relevant aggregate cash amounts of the turnover or balance of the synthetic accounts to which these accounts are connected.

2.5 Financial Statements, Accounting Audit, Annual Report, Reporting Method

The accounting unit performs an inventory before the preparation of the financial statements.

The financial statements are an inseparable whole and comprise:

- balance sheet,
- profit and loss account,
- notes.

The Financial Market Guarantee System prepares an annual report.

The Financial Market Guarantee System publishes the annual report on its website after it is audited, and archives the original in paper form in accordance with the Filing and Shredding Rules.

2.6 Storage of Accounting Documents

The Executive Director of the Financial Market Guarantee System is responsible for organizing the storage of accounting documents, and may designate the person responsible for the storage of the accounting documents. The archiving of accounting documents is performed according to the Filing and Shredding Rules.

2.7 Accounting Methodological Guidelines

The accounting units prepare accounting methodological guidelines to comply with Directive No. 22 - Bookkeeping, in accordance with the Accounting Act and other statutory regulations.

The accounting methodological guidelines are approved by the Board of Directors of the Financial Market Guarantee System or by the Management Board on the basis of an authorization granted by the Board of Directors.

The accounting methodological guidelines will be updated by the accounting units if there is a change in legislation.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

2.8 Assignment Procedures for Accounting Cases

2.8.1 Accounting Cases Directly Assignable to the Funds

2.8.1.1 These cases are charged by the Financial Market Guarantee System and directly assigned - posted - to the relevant Fund accounts.

2.8.1.2 These cases include, in particular, received contributions to the Funds and the investment of the financial reserves. Individual bank accounts are set up for the allocation of the contributions to the individual Funds. These accounts may also be used for investing assets in the individual Funds, unless separate bank accounts are established for this purpose. Accounting cases directly assignable to the Funds also include other accounting cases on these bank accounts, such as interest accrued or fees related to the management of these accounts.

2.8.2 Other Accounting Cases (for example, received invoices for rent, legal services, accounting, wages, depreciation, etc.)

2.8.2.1 Directly assignable accounting documents for individual funds that arise from invoicing (e.g. portfolio management fees), or where there is another possibility of direct assignment (for example, for legal services an annex with a breakdown of the purpose of legal representation by Fund). The Financial Market Guarantee System attributes and charges to the relevant Fund accounts according to the supporting criteria established from the accounting case.

2.8.2.2 In the event common accounting cases cannot be assigned to individual Funds under paragraph 2.8.2.1, this assignment will be made at a ratio determined as follows:

- a) To calculate the ratio of costs for managing the individual Funds, the cost-to-work ratio method is used for each Fund in the staff statements of work. Staff at the Financial Market Guarantee System prepare statements of work on a monthly basis.
- b) The ratio of the activities performed for each Fund will be calculated as of 31 December.
- c) The annual ratio calculated under point 2.8.2.2 (b) will be used to account for the advance ratio and will be balanced according to the actual status as of 31 December of the current year.
- d) The annual ratio calculated under point 2.8.2.2 (b) will be used to determine the advance ratio for the following accounting period.

2.8.3 The Financial Market Guarantee System proceeds with the assignment of expenses similarly to in paragraphs 2.8.1 and 2.8.2, for example, when paying for the purchase of technical equipment, when paying an advance for a future performance, when calculating anticipated costs or income, when paying a deposit or similar performances.

2.9 Providing Advances from the Deposit Insurance Fund and the Crisis Resolution Fund for the Operating Costs of the Financial Market Guarantee System

The Financial Market Guarantee System incurs expenditure connected with the management of the Deposit Insurance Fund and the Crisis Resolution Fund. Expenditure related to the management of the Crisis Resolution Fund is covered from the Operational Fund of the Crisis Resolution Fund.

Expenditure related to the management of the Deposit Insurance Fund is covered from operating income, primarily from the investment income of the Deposit Insurance Fund.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

The Financial Market Guarantee System establishes the budget of all accounting units prior to the start of the current year, and at the same time determines the amount of advances to be provided from the Deposit Insurance Fund and the Crisis Resolution Fund to cover operating costs. Advances can be provided in instalments.

Advances are settled with actual costs after the end of the accounting period.

Receivables and payables between the Deposit Insurance Fund and the Crisis Resolution Fund relating to the payment of operating costs are subject to an inventory during the preparation of the financial statements.

2.10 Basic Principles for Preparing the Financial Statements

The financial statements are compiled in accordance with accounting regulations applicable in the Czech Republic and with Czech Accounting Standards for units that are not primarily engaged in business activity. The financial statements are compiled at historical cost except for securities held for trading and available-for-sale securities, which are recognized at fair value, and securities held to maturity, which are valued at amortized costs. The financial statements are compiled on the assumption that the unit is able to continue as a going concern. The amounts in the financial statements and in the notes thereto are rounded to thousands of Czech korunas unless stated otherwise.

2.11 Tangible Fixed Assets

Purchased tangible fixed assets are recognized at acquisition cost, which includes the price for which the assets were acquired and the expenses relating to the acquisition.

The depreciation of tangible fixed assets was calculated using the straight-line depreciation method, based on the estimated useful life of the assets. The depreciation period for personal computers, servers, printers etc. is 3 years. The depreciation period for passenger cars is 5 years. The depreciation period for strongboxes is 10 years. Works of art are not subject to depreciation.

Repair and maintenance expenses on tangible fixed assets are charged directly to expenses.

Tangible assets with a useful life of more than 1 year and acquisition cost not exceeding CZK 80,000 per item are charged directly to expenses once they are put into use.

The amortization of intangible fixed assets was calculated using the straight-line amortization method over 3 years.

Intangible assets with a useful life of more than 1 year and acquisition cost not exceeding CZK 60,000 per item are charged directly to expenses once they are put into use.

2.12 Securities and Shares

The Financial Market Guarantee System classifies securities and shares as securities held for trading, available-for-sale securities and securities held to maturity.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Securities Held for Trading

Securities held for trading are securities held by the Financial Market Guarantee System for the purpose of transactions aimed at generating profit from price differences in the short term.

When purchased, securities and shares are recognized at acquisition cost, including transaction expenses. Securities held for trading are measured at fair value. The Financial Market Guarantee System uses the market value of securities as of the balance sheet date to calculate the fair value. The valuation of securities not traded on public markets is based on an expert opinion or a qualified estimate made by the management of the Financial Market Guarantee System.

Interest income from securities held for trading is recognized as 'Interest revenue'.

Profit and loss arising from changes in the fair value of securities held for trading are recognized in the profit and loss account in the period in which they arise.

Available-for-Sale Securities

Available-for-sale securities are securities that are not intended for trading in the short term. These securities are classified as long-term investments.

When purchased, available-for-sale securities are recognized at acquisition cost, including transaction expenses, and subsequently measured at fair value at the balance sheet date.

Interest income from available-for-sale securities is recognized as 'Interest revenue'.

Changes in the fair value of available-for-sale securities are recognized in the balance sheet as 'Valuation differences from revaluation of assets and liabilities'.

Securities Held to Maturity

Securities held to maturity are financial assets with a fixed or predefined yield and fixed maturity, which the Financial Market Guarantee System intends and is able to hold until their maturity.

When purchased, securities held to maturity are recognized at acquisition cost, including transaction expenses, and subsequently valued at amortized costs.

Interest income from securities held to maturity includes accrued coupons, discounts and premiums on debt securities and is recognized as 'Interest revenue'.

Repo and Buy/Sell Operations

Collateralized receivables as part of repo and buy-sell transactions are reported under 'Other receivables', including accrued interest. Interest from these transactions is recorded on an accruals basis for the duration of such a transaction and recognized as interest revenue.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

2.13 Foreign Currency Conversions

Transactions carried out in foreign currencies are converted and posted at the exchange rate valid on the transaction date. All monetary assets and liabilities maintained in foreign currencies were converted at the exchange rate published by the Czech National Bank as of the balance sheet date. All foreign exchange gains and losses arising from the conversion of receivables and payables are recognized in the profit and loss account and are reported under 'Foreign exchange gains' and 'Foreign exchange losses'.

Exchange differences on securities that are measured at fair value and maintained in foreign currencies are considered to be part of their fair value measurement.

2.14 Contributions Received from Banks

Contributions to the Deposit Insurance Fund are posted directly to the account of the Funds included in the Deposit Insurance Fund's equity. The amount of contributions is set by the Czech National Bank by 31 May of the year in respect of which contributions are paid, while they are due by 30 June of the given year.

Contributions to the Crisis Resolution Fund are posted to the contributions fund of the Crisis Resolution Fund. The amount of contributions is determined by the Czech National Bank by 1 May of the respective year for which the contributions are paid, while they are due within the deadline set by the Czech National Bank.

2.15 Adjustments and Provisions

The Financial Market Guarantee System neither creates nor accounts for adjustments in accordance with Section 37 (1) of the Decree. The Financial Market Guarantee System neither creates nor accounts for provisions in accordance with Section 40 (1) of the Decree.

2.16 Payables to Bank Clients and Receivables Due from Banks that Could Not Meet their Commitments to Clients

In accordance with a decree of the Ministry of Finance of the Czech Republic and an internal accounting regulation governing accepted contributions, compensation disbursements and related cases, the commencement of disbursement, payables to clients of the banks for which the compensation is being disbursed, are posted by the Financial Market Guarantee System against the reduction in the above-mentioned account of the Funds included in equity. A receivable due from banks that could not meet their commitments to clients is posted in the same amount against the funds account in equity.

2.17 Equity

Based on a decision of the Board of Directors of the Financial Market Guarantee System, the financial result (profit or loss from the current year) is transferred to Retained earnings / Retained losses from prior years or to Funds within the framework of the own resources of the Financial Market Guarantee System. The subsequent transfer of retained earnings from prior years from Retained earnings / Retained losses from prior years to Funds is possible if the Board of Directors of the Financial Market Guarantee System so decides.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

2.18 Use of Estimates

The preparation of the financial statements requires that the Financial Market Guarantee System uses estimates and assumptions that influence the recognized values of assets and liabilities as of the date of the financial statements, and the recognized amounts of revenues and expenses for the reporting period. The Financial Market Guarantee System has defined these estimates and assumptions on the basis of all the relevant information available to the Deposit Insurance Fund. Nevertheless, the inherent nature of estimates means that the actual future values may differ from these estimates.

2.19 Subsequent Events

The impact of events that occurred between the balance sheet date and the date of preparation of the financial statements is reported in the accounting reports if such events provide additional information about facts that existed as of the balance sheet date.

In the event that between the balance sheet date and the date of preparation of the financial statements material events occurred reflecting facts that took place after the balance sheet date, the consequences of these events are described in the notes to the financial statements but are not posted to the financial statements.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

3 Additional Information on the Balance Sheet and Profit and Loss Account**3.1 Other Receivables**

(CZK '000)	As of 31 December 2023	As of 1 January 2023
Receivables from compensation disbursed	52,026,684	52,518,884
Receivables from duplicate payments	14,252	14,280
Other receivables	234	234
Receivables from unpaid contributions	93,229	93,311
Receivables from repo operations	46,797,047	0
Other receivables – total	98,931,446	52,626,709

Receivables from compensation disbursed include receivables due from banks and cooperative credit unions that failed to meet their commitments to clients; they amounted to CZK 52,026,684,000 as of 31 December 2023 (as of 1 January 2023: CZK 52,518,884,000). Of the total receivable resulting from the disbursement of deposit compensation as of 31 December 2023, CZK 8,902,000 represented funds provided to the financial institution to carry out the disbursement of compensation but which have not yet been disbursed.

No adjustments were created for these receivables based on a measure of the Ministry of Finance of the Czech Republic (see note 2.15). If there were an option to create an adjustment, the Financial Market Guarantee System would create a 42% adjustment for the Receivables from compensation for deposits disbursed.

3.2 Debt Securities Held to Maturity**Debt Securities Held to Maturity at Amortized Costs:**

(CZK '000)	As of 31 December 2023	As of 1 January 2023
Debt securities held to maturity	4,800,830	4,000,851

Czech government bonds represented 100% of the value of held-to-maturity securities as of 31 December 2023 (the same as of 1 January 2023). The value of the bonds in market terms reached CZK 4,684,336,000 as of 31 December 2023 (as of 1 January 2023: CZK 3,482,561,000). As of 31 December 2023, the accrued value of securities held to maturity and maturing in more than 1 year stood at CZK 4,167,778,000 (as of 1 January 2023: CZK 4,000,851,000) and is shown under assets in Part A.III. Debt securities held to maturity. As of 31 December 2023, the accrued value of securities held to maturity and maturing within 1 year stood at CZK 633,052,000 (as of 1 January 2023: CZK 0) and is shown under assets in Part B.III. Other securities.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

3.3 Statement of Changes on the Funds Account

The Financial Market Guarantee System has no registered capital. Its equity consists of the Funds account, valuation differences from revaluation of assets and liabilities and the financial result (i.e. profit/loss).

Statement of Changes on the Funds Account:

(CZK '000)	2023	2022
Deposit Insurance Fund:		
Opening balance – 1 January	59,288,514	57,903,464
Contributions received (see note 3.5)	1,911,445	1,385,051
New receivables due from banks in insolvency and liquidation	0	25,884,949
Written-off receivables and payables from compensation disbursements	-18,076	0
Compensation disbursement	-1,004	-25,884,949
Written-off receivables and payables from unpaid contributions	-70	0
Closing balance – 31 December	61,180,809	59,288,514

In 2023, the Financial Market Guarantee System continued the payout of deposit compensation to the clients of Sberbank CZ, a. s. and the clients of Československé úvěrní družstvo.

(CZK '000)	2023	2022
Crisis Resolution Fund:		
Opening balance – 1 January	26,185,395	21,015,804
of which:		
Contribution Fund		
Opening balance – 1 January	25,672,696	20,637,721
Contributions received (see note 3.5)	4,496,410	4,947,059
New receivables due from banks in insolvency and liquidation	0	87,916
Transfer from the Operational Fund	1,900,000	0
Closing balance – 31 December	32,069,106	25,672,696
Operational Fund		
Opening balance – 1 January	512,699	378,083
Operating revenue	1,454,217	137,866
Management costs	-5,179	-3,250
Transfer to the Contribution Fund	-1,900,000	0
Closing balance – 31 December	61,737	512,699
Closing balance – 31 December	32,130,843	26,185,395

3.4 Liabilities

Estimated payables amounted to CZK 2,801,000 (1 January 2023: CZK 2,446,000), with the largest item being the fixed annual fee for the maintenance of the payout system, which is paid after the end of the relevant calendar year (CZK 1,457,000).

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Payables from social security and health insurance as of 31 December 2023 were CZK 1,117,000 (as of 1 January 2023: CZK 1,057,000), of which CZK 664,000 (1 January 2023: CZK 640,000) was social security payables and CZK 453,000 (1 January 2023: CZK 417,000) was health insurance payables.

Tax liabilities amounted to CZK 598,000 (1 January 2023: CZK 543,000).

None of these payables were overdue.

3.5 Contributions from Banks

The contributions are recognized on the basis of being actually received and are not recorded on an accruals basis (see note 2.14.).

(CZK '000)	2023	2022
Contributions received from banks	6,407,855	6,332,110

By 23 June 2023, contributions to the Crisis Resolution Fund totalled CZK 4,496,410,000 and by 29 June 2023, contributions to the Deposit Insurance Fund totalled CZK 1,911,445,000. By 31 May 2022, contributions to the Crisis Resolution Fund totalled CZK 4,947,059,000 and by 30 June 2022, contributions to the Deposit Insurance Fund totalled CZK 1,385,051,000.

3.6 Summary of Revenues and Expenses of the Current Accounting Period

(CZK '000)	2023	2022
Revenues:		
Contractual penalties, late payment interest, other fines and penalties	0	1,409,626
Interest revenue	3,061,081	2,287,796
Foreign exchange gains	1	0
Other revenues (see note 3.7.)	0	0
Total	3,061,082	3,697,422
Expenses:		
Amortization of intangible and depreciation of tangible fixed assets	-35	-339
Purchases consumed	-419	-533
Services	-21,600	-41,434
Personnel costs	-23,187	-21,976
Taxes and fees	-34	-32
Interest expense	-98	0
Foreign exchange losses	-47	-25
Other expenses (see note 3.7)	-4,687	-4,404
Total	-50,107	-68,743

The 2023 profit of CZK 3,010,975,000 is made up of the profit of the Deposit Insurance Fund totalling CZK 914,298,000 and of the profit of the Crisis Resolution Fund amounting to CZK 2,096,677,000. The profit of the Deposit Insurance Fund is proposed for transfer to retained earnings from prior years, and the profit of the Crisis Resolution Fund is proposed for transfer to the Operational Fund of the Crisis Resolution Fund. The 2022 profit of CZK 3,628,679,000 was made up by the profit of the Deposit Insurance Fund of CZK 2,179,641,000 and by the profit of the Crisis Resolution Fund of CZK 1,449,038,000. The profit of the Deposit

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Insurance Fund was transferred to retained earnings from prior years, and the profit of the Crisis Resolution Fund was transferred to the Operational Fund of the Crisis Resolution Fund.

The average number of employees of the Financial Market Guarantee System is ten, of which one is a management employee. Total wage costs in 2023 amounted to CZK 16,396,000 (2022: CZK 15,865,000).

3.7 Other Revenues and Other Expenses

(CZK '000)	2023	2022
Revenues:		
Other	0	0
Total	0	0
Expenses:		
Other	-4,687	-4,404
Total	-4,687	-4,404

The item 'Other expenses' primarily includes bank fees, fees associated with the management of financial reserves, insurance premiums including statutory employee insurance, and membership fees to international organizations.

In 2023, the auditor PricewaterhouseCoopers Audit, s.r.o. was reimbursed for the statutory audit of the financial statements for 2022. The auditor's fee was CZK 442,000 (2022: CZK 472,000).

In 2023, members of the Board of Directors and Management Board of the Financial Market Guarantee System were provided with non-cash performances totalling CZK 103,000 (2022: CZK 101,000) in connection with liability insurance for the members of the Board of Directors and the members of the Management Board for damage caused when exercising their functions.

3.8 Reimbursement of the Costs of the Financial Market Guarantee System

Pursuant to Section 207 (2) of the AFCPR, the Financial Market Guarantee System has the right to the reimbursement of costs incurred in connection with the management of the Deposit Insurance Fund and the Crisis Resolution Fund, and this from the Deposit Insurance Fund and from the Operational Fund of the Crisis Resolution Fund. In 2022, the Financial Market Guarantee System only incurred costs connected with the management of the two Funds.

The total costs incurred by the Financial Market Guarantee System in connection with the management of the two Funds in 2023 totalled CZK 46,458,000 (2022: CZK 65,141,000), of which CZK 42,019,000 (2022: CZK 61,907,000) was expenses related to the management of the Deposit Insurance Fund and CZK 4,439,000 (2022: CZK 3,234,000) was expenses related to the management of the Crisis Resolution Fund.

The expenses related to the management of the Deposit Insurance Fund of CZK 42,019,000 (2022: CZK 61,907,000) were covered from the resources of the Deposit Insurance Fund. The expenses related to the management of the Crisis Resolution Fund of CZK 4,439,000 (2022: CZK 3,234,000) were covered from the Operational Fund of the Crisis Resolution Fund.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

3.9 Litigation

As of 31 December 2023, the Financial Market Guarantee System was not involved as a defendant in any litigation where the subject matter of the dispute was for a principal amount in excess of CZK 5 million.

In the first litigation, the plaintiffs M.K, I.K and L.K filed with the District Court for Prague 1 a claim for damages of CZK 9,317,300 (plus interest, fees and other charges or penalties) against the defendants, i.e. the Financial Market Guarantee System and Česká spořitelna, a.s. The damage allegedly caused by the defendants to the plaintiffs results from the fact that an employee of Česká spořitelna, a.s. provided the plaintiffs with incorrect information by telling them that it was not necessary to collect compensation for deposits at ERB bank, a.s., in liquidation, and that, as a result of this information, the plaintiffs failed to collect their deposit compensation within the three-year limitation period. By its judgment of 3 November 2023, the District Court for Prague 1 dismissed the action and ordered the plaintiffs to reimburse the defendants for the costs of the case. By their application of 19 December 2023, the plaintiffs appealed against the verdicts imposing the obligation to pay the costs of the case. However, they did not lodge an appeal against the verdict dismissing the action and, therefore, this part of the case is finally closed.

3.10 Subsequent Events

No events took place after the balance sheet date which could have a material impact on the Financial Market Guarantee System financial statements as of 31 December 2023.

As regards the insolvency proceedings of Sberbank CZ, a. s., in liquidation, by its resolution of 10 November 2023, Ref. No. MSPH 95 INS 12575/2022-B-874, the Municipal Court in Prague (the "First Instance Court") permitted a partial distribution schedule for the proceeds of the monetization of the debtor's insolvency estate (verdict I) and ruled that the identified claims of the debtor's creditors included in the partial distribution schedule would be satisfied (at 95%) from the proceeds of the monetization of the debtor's insolvency estate of CZK 56,813,229,144.54, imposed on the insolvency administrator JUDr. Jiřina Lužová, business ID No. 44686650, with registered office at Dušní 22, 110 00 Prague 1 (the "Insolvency Administrator") the obligation to satisfy individual creditors included in the partial distribution schedule in the amount specified in the table that constitutes an inseparable part of the resolution (verdict II), imposed on the Insolvency Administrator the obligation to implement the partial distribution schedule within 60 days of the resolution becoming final and to submit to the insolvency court a written report on the implementation of the partial distribution schedule within 80 days of the resolution becoming final (verdict III), stated that the amounts intended for individual creditors included in the partial distribution schedule would be paid to the creditors by the Insolvency Administrator through a third party – Komerční banka, a. s., business ID No. 45317054, with registered office at Prague 1, Na Příkopě 969/33, postcode 114 07 (verdict IV), imposed on the Insolvency Administrator the obligation to appropriately inform the creditors included in the partial distribution schedule about the implementation of the schedule within 15 days of publication of the contested resolution (verdict V) and, finally, imposed on the Insolvency Administrator the obligation to publish the contested resolution on the debtor's website and in two periodicals published nationwide (verdict VI).

An appeal against verdict II of the First Instance Court's resolution of 10 November 2023, B-874, (the "Contested Resolution") was lodged in a timely manner by the creditor LitFin SPV 9, s. r. o. (the "Appellant").

By a resolution of 15 February 2024, ref. No. MSPH 95 INS 12575/2022 5 VSPH 38/2024-B-1034, the High Court in Prague, as the court of appeal, decided on the Appellant's appeal and upheld verdict II of the Contested Resolution.

THE FINANCIAL MARKET GUARANTEE SYSTEM

Financial Statements

Year ended 31 December 2023

Subsequently, the Insolvency Administrator implemented the partial distribution schedule and on 18 March 2024, the Financial Market Guarantee System received the corresponding amounts, i.e. the amount of CZK 25,927,544,200.98, equal to 95% of the claim of the Deposit Insurance Fund and the amount of CZK 85,753,312.60, equal to 95% of the claim of the Crisis Resolution Fund.

On 12 May 2024, the Minister of Finance was delivered a notice from Monika Zahálková of her resignation as a member of the Board of Directors of the Financial Market Guarantee System. In accordance with Section 200 (2) of Act No. 374/2015 Coll., on Financial Crisis Prevention and Resolution, as amended, the term of office of Monika Zahálková on the Board of Directors will expire two (2) months after the delivery of the notice of resignation, i.e. on 12 July 2024.

The financial statements were approved by the Board of Directors of the Financial Market Guarantee System.

Prague, 19 June 2024



Renáta Kadlecová

Chairperson of the Management Board and Executive Director



Roman Kahánek

Member of the Management Board and Financial Manager

X. THE DEPOSIT INSURANCE FUND – INDEPENDENT AUDITOR’S REPORT



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File 24349
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Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of Garanční systém finančního trhu

Having its registered office at: Týn 639/1, Staré Město, 110 00 Praha 1

Opinion

We have audited the accompanying financial statements of the fund Fond pojištění vkladů (hereinafter also the "Fund") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2023, and the profit and loss account, for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fond pojištění vkladů as at 31 December 2023, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

Other Matter

The financial statements of the fund Fond pojištění vkladů for the year ended 31 December 2022 were audited by another auditor who expressed unmodified opinions on those statements on 28 June 2023.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Fund obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (DTTL), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Body 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, the Statutory Body 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 the Statutory Body either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is 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 ISAs 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.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism 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 Company'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 the Statutory Body 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 the Statutory Body and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 19 June 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Miroslav Mayer
registration no. 2529

FINANCIAL STATEMENTS

The Deposit Insurance Fund

Date of financial statements: 31 December 2023

Date of preparation of financial statements: 19 June 2024

Balance Sheet as of 31 December 2023

(CZK '000)

ASSETS	As of 1 January 2023	As of 31 December 2023
A. Total fixed assets	3,356,251	3,111,513
I. Intangible fixed assets – software	2,728	2,728
II. Tangible fixed assets	2,034	1,641
Works of art, objects and collections	290	290
Tangible assets and their sets	1,744	1,351
III. Long-term investments – bonds, debentures and similar securities held to maturity	3,355,928	3,111,223
Debt securities held to maturity	3,355,928	3,111,223
IV. Total accumulated depreciation and amortization of fixed assets	-4,439	-4,079
Accumulated amortization of software	-2,728	-2,728
Accumulated depreciation of machinery and equipment	-1,711	-1,351
B. Total current assets	63,389,015	66,541,167
II. Total receivables	52,536,447	65,765,121
Operating advances paid	5	0
Other receivables	52,536,442	65,765,121
III. Total current financial assets	10,852,327	775,767
Cash in hand	47	73
Stamps and vouchers	399	443
Financial resources on accounts	10,851,881	142,199
Other securities	0	633,052
IV. Total other assets	241	279
Prepaid expenses	241	279
Total assets	66,745,266	69,652,680

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

Balance Sheet as of 31 December 2023

(CZK '000)

LIABILITIES	As of 1 January 2023	As of 31 December 2023
A. Total equity	66,504,058	69,310,651
I. Equity – funds	59,288,514	61,180,809
Funds	59,288,514	61,180,809
II. Total profit/loss	7,215,544	8,129,842
Profit/loss account	0	914,298
Result of management in approval procedure	2,179,641	0
Retained earnings	5,035,903	7,215,544
B. Total liabilities	241,208	342,029
III. Total current payables	241,208	342,029
Payables to suppliers	1,275	1,483
Employees	2,260	2,446
Other payables to employees	6	7
Payables to social security and public health insurance institutions	1,057	1,117
Other direct tax liabilities	534	598
Other payables	233,630	333,577
Estimated payables	2,446	2,801
Total equity and liabilities	66,745,266	69,652,680

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

Profit and Loss Account for the year ended 31 December 2023

(CZK '000)

	Activity		
	Main	Economic	Total
A. Expenses			
I. Consumed purchases and purchased services	20,607	0	20,607
1. Consumption of material	367	0	367
3. Repairs and maintenance	26	0	26
4. Travel expenses	497	0	497
5. Representation expenses	162	0	162
6. Other services	19,555	0	19,555
III. Personnel costs	20,312	0	20,312
10. Wages and salaries	14,626	0	14,626
11. Statutory social security insurance	4,648	0	4,648
13. Statutory social expenses	714	0	714
14. Other social expenses	324	0	324
IV. Taxes and fees	19	0	19
V. Other expenses	2,315	0	2,315
18. Interest expense	98	0	98
19. Foreign exchange losses	41	0	41
22. Sundry other expenses	2,176	0	2,176
VI. Depreciation, assets sold, creation and use of provisions and adjustments	34	0	34
23. Amortization of intangible and depreciation of tangible fixed assets	34	0	34
Total expenses	43,287	0	43,287

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

Profit and Loss Account for the year ended 31 December 2023

(CZK '000)

	Activity		
	Main	Economic	Total
B. Revenues			
IV. Other revenues	957,585	0	957,585
7. Interest revenue	957,584	0	957,584
8. Foreign exchange gains	1	0	1
Total revenues	957,585	0	957,585
C. Profit/loss before tax	914,298	0	914,298
D. Profit/loss after tax	914,298	0	914,298

Within the meaning of Section 5a (1) of Decree No. 504/2002 Coll., as amended, the Financial Market Guarantee System performed only the main activities for which it was established in terms of the management of the Deposit Insurance Fund. Nor did the Financial Market Guarantee System perform any economic activity within the meaning of Section 5a (2) of the Decree (additional, secondary, business or other activity outside the main activity).

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

1 General Information

The Deposit Insurance Fund is an accounting unit managed by the Financial Market Guarantee System, a legal person governed by public law, which was established under its original name the Deposit Insurance Fund by Act No. 156/1994 Coll., amending Act No. 21/1992 Coll., on Banks, in its then valid version. With effect from 1 January 2016, based on Act No. 374/2015 Coll., on Financial Crisis Prevention and Resolution (the "AFCPR"), the Deposit Insurance Fund was transformed into the Financial Market Guarantee System.

The identification number of the Financial Market Guarantee System is 497 10 362. Based on Act No. 586/1992 Coll., on Income Taxes, as amended, the income of the Financial Market Guarantee System is exempt from income tax. The registered office of the Financial Market Guarantee System is Prague 1, Týn 639/1.

Under legislation effective from 1 January 2016, the Management Board of the Financial Market Guarantee System is its statutory body. The Board of Directors remains the supreme body of the Financial Market Guarantee System with the powers listed in Section 201 of the AFCPR.

The role of the Financial Market Guarantee System is the operation of a deposit insurance scheme in the Czech Republic, including the management of the Deposit Insurance Fund (Section 41 a et seq. of Act No. 21/1992 Coll., on Banks, as amended) and the management of the Crisis Resolution Fund (Section 209 et seq. of the AFCPR). By performing these activities, the Financial Market Guarantee System contributes to the stability of the financial market.

1.1 Transformation of the Deposit Insurance Fund into the Financial Market Guarantee System

With effect from 1 January 2016, based on the AFCPR, the Deposit Insurance Fund was transformed into the Financial Market Guarantee System. This was not a "transformation" of a legal person within the meaning of Section 174 et seq. of Act No. 89/2012 Coll., the Civil Code (i.e. in the sense of a merger, division or change of legal form), but only a "change" consisting in particular of: a) a name change (Section 252 of the AFCPR), b) a change to the organizational structure (Section 199 et seq. of the AFCPR - a change to the statutory body, a listing of the powers of the Board of Directors, etc.) and c) an extension of the scope of activity (Section 198 of the AFCPR, on the management of assets in the Crisis Resolution Fund). We thus cannot speak of legal succession because there has been no transition of rights and obligations, and the legal person (holder of rights and obligations) has been retained (the same identification number).

1.2 Managed Funds (Nonentities)

In view of the retention of continuity of legal personality (the original Deposit Insurance Fund has changed into the Financial Market Guarantee System), while the funds managed by the Financial Market Guarantee System (the Deposit Insurance Fund and the Crisis Resolution Fund) have no legal personality (Section 198 (4) of the AFCPR), it is necessary to differentiate the Deposit Insurance Fund until 31 December 2015 (legal personality, change into the Financial Market Guarantee System) and the Deposit Insurance Fund from 1 January 2016 (nonentity made up of part of the assets of the Financial Market Guarantee System).

While the new nonentity called the Deposit Insurance Fund was de facto established by law on 1 January 2016 (see Section 254 of the AFCPR on allocation of assets and debts to the Deposit Insurance Fund), the Crisis Resolution Fund was established on the basis of Section 209 (1) of the AFCPR through the Statute of the Financial Market Guarantee System on 12 January 2016 (Article 5 of the Financial Market Guarantee System Statute).

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

1.3 Assets Placed in Funds

Section 198 (2) of the AFCPR states that the Financial Market Guarantee System manages assets created by the Deposit Insurance Fund, the Crisis Resolution Fund and other assets of the Financial Market Guarantee System. From the legal point of view, therefore, they are always assets of the Financial Market Guarantee System, located a) in the Deposit Insurance Fund, b) in the Crisis Resolution Fund, c) outside of both Funds (i.e. not a model of an investment company - mutual fund, when the assets in the mutual fund are not the assets of the investment company).

From the accounting point of view, the Financial Market Guarantee System, the Deposit Insurance Fund and the Crisis Resolution Fund are three separate accounting units, while the assets constituted by the Deposit Insurance Fund, the assets constituted by the Crisis Resolution Fund and other assets of the Financial Market Guarantee System are kept separately in asset and accounting terms (Section 205 and Article 198 (2) of the AFCPR). Each of the accounting units has its own financial statements and their preparation is ensured by the Financial Market Guarantee System.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

2 Accounting Policies

2.1 Bookkeeping

The Financial Market Guarantee System provides accounting for the management of the Deposit Insurance Fund pursuant to Act No. 563/1991 Coll., on Accounting, as amended (the "Act on Accounting"), Implementing Decree No. 504/2002 Coll., implementing some provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting units whose main business activity is not commercial business, if they use double-entry bookkeeping, as amended (the "Decree") and other legislation governing bookkeeping, and in accordance with the accounting methods specified therein.

The Deposit Insurance Fund is a separate accounting unit ("accounting unit").

The Financial Market Guarantee System records the status and movement of assets and liabilities, costs and revenues, and profit or loss of the Deposit Insurance Fund. The accounting for the subject of accounting is performed in ledgers kept separately for the Deposit Insurance Fund in a way that allows for the preparation of financial statements for the Deposit Insurance Fund.

The Statute of the Financial Market Guarantee System states that the Financial Market Guarantee System performs the management of the Deposit Insurance Fund and that the Financial Market Guarantee System is entitled and bound by the legal relationships. From the point of view of the accounting, all the accounting documents (as well as the electronic registry service) will be recorded by the Financial Market Guarantee System.

The Financial Market Guarantee System Statute states that the Financial Market Guarantee System manages the Deposit Insurance Fund and the Crisis Resolution Fund (the "Funds") and that all activity is tied to the management of the Funds. In terms of the bookkeeping, all expenses, revenues, costs, income, receivables and payables are items for the individual Funds. The Financial Market Guarantee System, as a legal person, maintains all these accounting cases in its accounts and materially assigns them to the individual Funds.

2.2 System of Accounting and Retention of Accounting Documents

The Financial Market Guarantee System maintains full accounts for the Deposit Insurance Fund and uses double-entry accounting for the status and movement of property and other assets, payables, including debts and other liabilities, costs and revenues, and profit or loss.

Double-entry records are kept of all facts that are subject to accounting and these are recognized in the period to which they relate in time and in fact.

The accounting period for the Deposit Insurance Fund is the calendar year.

The Financial Market Guarantee System maintains a single bookkeeping for the Deposit Insurance Fund for the accounting unit as a whole.

The bookkeeping is maintained as a set of accounting records using technical means, data carriers and software. An accounting record is data that are a record of all the facts relating to the maintenance of the accounts. The accounting units must record every fact relating to the maintenance of accounts exclusively through accounting records. Individual accounting records may be grouped

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

into aggregate accounting records; such accounting records are in particular accounting documents, accounting entries, ledgers, the depreciation plan, inventory listings, accounting plans, financial statements and the annual report.

The bookkeeping is maintained in the Czech currency.

The bookkeeping is maintained in the Czech language. Accounting documents may be drawn up in a foreign language only if the condition of comprehensibility is fulfilled.

Facts that are the subject of the accounts (“accounting cases”) are captured through accounting documents.

Accounting cases are recorded in ledgers (“accounting entries”) only on the basis of probative accounting records.

The bookkeeping is kept in such a way that the financial statements prepared on its basis are comprehensible and provide a true and fair view of the accounting unit’s accounts and financial situation.

The bookkeeping is kept in a correct, complete, probative, comprehensible, clear manner that ensures the continuity of the accounting records.

The bookkeeping is kept in a way that ensures the continuity of the accounting records so that the accounting unit complies with its obligations relating to their retention under the Act on Accounting.

The Financial Market Guarantee System assigns another person to process the accounts of the accounting unit on the basis of a contractual relationship in accordance with Section 5 of the Act on Accounting.

2.3 Scope of Bookkeeping, Accounting Documents, Accounting Records and Ledgers

The Financial Market Guarantee System maintains separate and full bookkeeping for the Deposit Insurance Fund.

The accounting documents are probative accounting records that must include:

- identification of the accounting document,
- the content of the accounting case and its participants,
- the monetary amount or information on the price per unit of measurement and an indication of the quantity,
- the moment of preparation of the accounting document,
- the moment of performance of the accounting case, if not identical to the moment of the preparation of the accounting document,
- the signature record of the person responsible for the accounting case and the signature record of the person responsible for its posting.

The accounting documents are prepared without undue delay.

The accounting entries are accounting records in ledgers.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

They are posted in the following ledgers:

- in the journal(s) in which the accounting entries are organized in terms of time (chronologically) and which show the accounting of all the accounting cases in the accounting period,
- in the main ledger in which the accounting entries are organized on a factual (systematic) basis,
- in the books of analytical accounts detailing the accounting records of the main ledger.

2.4 Plan of Accounts

The accounting unit prepares a plan of accounts for each accounting period within the meaning of the guideline chart of accounts, accounting methods, organization and marking of the items of financial statements, and the content definition of those items determined in the Decree. The plan of accounts may be supplemented during the accounting period. The amounts in the analytical accounts books must correspond to the relevant aggregate cash amounts of the turnover or balance of the synthetic accounts to which these accounts are connected.

2.5 Financial Statements, Accounting Audit

An inventory is performed before the preparation of the financial statements.

The financial statements are an inseparable whole and comprise:

- balance sheet,
- profit and loss account,
- notes.

2.6 Storage of Accounting Documents

The Executive Director of the Financial Market Guarantee System is responsible for organizing the storage of accounting documents, and may designate the person responsible for the storage of the accounting documents. The archiving of accounting documents is performed according to the Filing and Shredding Rules.

2.7 Accounting Methodological Guidelines

Accounting methodological guidelines are prepared to comply with Directive No. 22 - Bookkeeping, in accordance with the Accounting Act and other statutory regulations.

The accounting methodological guidelines are approved by the Board of Directors of the Financial Market Guarantee System or by the Management Board on the basis of an authorization granted by the Board of Directors.

The accounting methodological guidelines will be updated by the accounting unit if there is a change in legislation.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

2.8 Assignment Procedures for Accounting Cases

2.8.1 Accounting Cases Directly Assignable to the Funds

2.8.1.1 These cases are charged by the Financial Market Guarantee System and directly assigned - posted - to the relevant Fund accounts.

2.8.1.2 These cases include, in particular, received contributions to the Funds and the investment of the financial reserves. Individual bank accounts are set up for the allocation of the contributions to the individual Funds. These accounts may also be used for investing assets in the individual Funds, unless separate bank accounts are established for this purpose. Accounting cases directly assignable to the Funds also include other accounting cases on these bank accounts, such as interest accrued or fees related to the management of these accounts.

2.8.2 Other Accounting Cases (for example, received invoices for rent, legal services, accounting, wages, depreciation, etc.)

2.8.2.1 Directly assignable accounting documents for individual funds that arise from invoicing (e.g. portfolio management fees), or where there is another possibility of direct assignment (for example, for legal services an annex with a breakdown of the purpose of legal representation by Fund). The Financial Market Guarantee System attributes and charges to the relevant Fund accounts according to the supporting criteria established from the accounting case.

2.8.2.2 In the event common accounting cases cannot be assigned to individual Funds under paragraph 2.8.2.1, this assignment will be made at a ratio determined as follows:

- a) To calculate the ratio of costs for managing the individual Funds, the cost-to-work ratio method is used for each Fund in the staff statements of work. Staff at the Financial Market Guarantee System prepare statements of work on a monthly basis.
- b) The ratio of the activities performed for each Fund will be calculated as of 31 December.
- c) The annual ratio calculated under point 2.8.2.2 (b) will be used to account for the advance ratio and will be balanced according to the actual status as of 31 December of the current year.
- d) The annual ratio calculated under point 2.8.2.2 (b) will be used to determine the advance ratio for the following accounting period.

2.8.3 The Financial Market Guarantee System proceeds with the assignment of expenses similarly to in paragraphs 2.8.1 and 2.8.2, for example, when paying for the purchase of technical equipment, when paying an advance for a future performance, when calculating anticipated costs or income, when paying a deposit or similar performances.

2.9 Providing Advances from the Deposit Insurance Fund for the Operating Costs of the Financial Market Guarantee System

The Financial Market Guarantee System incurs costs connected with the management of the Deposit Insurance Fund.

Expenditure related to the management of the Deposit Insurance Fund is covered from operating income, primarily from the investment income of the Deposit Insurance Fund.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

The Financial Market Guarantee System establishes the budget of all accounting units prior to the start of the current year, and at the same time determines the amount of advances to be provided from the Deposit Insurance Fund to cover operating costs. Advances can be provided in instalments.

Advances are settled with actual costs after the end of the accounting period.

Receivables and payables between the managed accounting units from the title of the payment of operating costs are subject to an inventory during the preparation of the financial statements.

2.10 Basic Principles for Preparing the Financial Statements

The financial statements are compiled in accordance with accounting regulations applicable in the Czech Republic and with Czech Accounting Standards for units that are not primarily engaged in business activity. The financial statements are compiled at historical cost except for securities held for trading and available-for-sale securities, which are recognized at fair value, and securities held to maturity, which are valued at amortized costs. The financial statements are compiled on the assumption that the unit is able to continue as a going concern. The amounts in the financial statements and in the notes thereto are rounded to thousands of Czech korunas unless stated otherwise.

2.11 Tangible Fixed Assets

Purchased tangible fixed assets are recognized at acquisition cost, which includes the price for which the assets were acquired and the expenses relating to the acquisition.

The depreciation of tangible fixed assets was calculated using the straight-line depreciation method, based on the estimated useful life of the assets. The depreciation period for personal computers, servers, printers etc. is 3 years. The depreciation period for passenger cars is 5 years. The depreciation period for strongboxes is 10 years. Works of art are not subject to depreciation.

Repair and maintenance expenses on tangible fixed assets are charged directly to expenses.

Tangible assets with a useful life of more than 1 year and acquisition cost not exceeding CZK 80,000 per item are charged directly to expenses once they are put into use.

The amortization of intangible fixed assets was calculated using the straight-line amortization method over 3 years.

Intangible assets with a useful life of more than 1 year and acquisition cost not exceeding CZK 60,000 per item are charged directly to expenses once they are put into use.

2.12 Securities and Shares

The Deposit Insurance Fund classifies securities and shares as securities held for trading, available-for-sale securities and securities held to maturity.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

Securities Held for Trading

Securities held for trading are securities held by the Financial Market Guarantee System for the Deposit Insurance Fund for the purpose of transactions aimed at generating profit from price differences in the short term.

When purchased, securities and shares are recognized at acquisition cost, including transaction expenses. Securities held for trading are measured at fair value. The market value of securities as of the balance sheet date is used to calculate the fair value. The valuation of securities not traded on public markets is based on an expert opinion or a qualified estimate made by the management of the Financial Market Guarantee System.

Interest income from securities held for trading is recognized as 'Interest revenue'.

Profit and loss arising from changes in the fair value of securities held for trading are recognized in the profit and loss account in the period in which they arise.

Available-for-Sale Securities

Available-for-sale securities are securities that are not intended for trading in the short term. These securities are classified as long-term investments.

When purchased, available-for-sale securities are recognized at acquisition cost, including transaction expenses, and subsequently measured at fair value at the balance sheet date.

Interest income from available-for-sale securities is recognized as 'Interest revenue'.

Changes in the fair value of available-for-sale securities are recognized in the balance sheet as 'Valuation differences from revaluation of assets and liabilities'.

Securities Held to Maturity

Securities held to maturity are financial assets with a fixed or predefined yield and fixed maturity, where there is the intention and ability to hold until their maturity.

When purchased, securities held to maturity are recognized at acquisition cost, including transaction expenses, and subsequently valued at amortized costs.

Interest income from securities held to maturity includes accrued coupons, discounts and premiums on debt securities and is recognized as 'Interest revenue'.

Repo and Buy/Sell Operations

Collateralized receivables as part of repo and buy-sell transactions are reported under 'Other receivables', including accrued interest. Interest from these transactions is recorded on an accruals basis for the duration of such a transaction and recognized as interest revenue.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

2.13 Foreign Currency Conversions

Transactions carried out in foreign currencies are converted and posted at the exchange rate valid on the transaction date. All monetary assets and liabilities maintained in foreign currencies were converted at the exchange rate published by the Czech National Bank as of the balance sheet date. All foreign exchange gains and losses arising from the conversion of receivables and payables are recognized in the profit and loss account and are reported under 'Foreign exchange gains' and 'Foreign exchange losses'.

Exchange differences on securities that are measured at fair value and maintained in foreign currencies are considered to be part of their fair value measurement.

2.14 Contributions Received from Banks

Contributions to the Deposit Insurance Fund are posted directly to the account of the Funds included in the Deposit Insurance Fund's equity. The amount of contributions is set by the Czech National Bank by 31 May of the year in respect of which contributions are paid, while they are due by 30 June of the given year.

2.15 Adjustments and Provisions

The Deposit Insurance Fund neither creates nor accounts for adjustments in accordance with Section 37 (1) of the Decree. The Deposit Insurance Fund neither creates nor accounts for provisions in accordance with Section 40 (1) of the Decree.

2.16 Payables to Bank Clients and Receivables Due from Banks that Could Not Meet their Commitments to Clients

In accordance with the Decree and an internal accounting regulation governing accepted contributions, compensation disbursements and related cases, upon commencement of disbursement, a payable to clients of the banks for which the compensation is being disbursed is posted against a reduction in the above-mentioned Funds account included in equity. A receivable due from banks that could not meet their commitments to clients is posted in the same amount against the Funds account in equity.

2.17 Equity

Based on a decision of the Board of Directors of the Financial Market Guarantee System, the financial result (profit or loss from the current year) is transferred to Retained earnings / Retained losses from prior years or to Funds within the framework of the own resources of the Deposit Insurance Fund. The subsequent transfer of retained earnings from prior years from Retained earnings / Retained losses from prior years to Funds is possible again if the Board of Directors of the Financial Market Guarantee System so decides.

2.18 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that influence the recognized values of assets and liabilities as of the date of the financial statements, and the recognized amounts of revenues and expenses for the reporting period. The Deposit Insurance Fund has defined these estimates and assumptions on the basis of all the relevant

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

information available to the Deposit Insurance Fund. Nevertheless, the inherent nature of estimates means that the actual future values may differ from these estimates.

2.19 Subsequent Events

The impact of events that occurred between the balance sheet date and the date of preparation of the financial statements is reported in the accounting reports if such events provide additional information about facts that existed as of the balance sheet date.

In the event that between the balance sheet date and the date of preparation of the financial statements material events occurred reflecting facts that took place after the balance sheet date, the consequences of these events are described in the notes to the financial statements but are not posted to the financial statements.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

3 Additional Information on the Balance Sheet and Profit and Loss Account

3.1 Other Receivables

(CZK '000)	As of 31 December 2023	As of 1 January 2023
Receivables from compensation disbursed	52,026,684	52,518,884
Receivables from duplicate payments	14,252	14,280
Other receivables	309	234
Receivables from unpaid contributions	2,962	3,044
Receivables from repo operations	13,720,914	0
Other receivables – total	65,765,121	52,536,442

Receivables from compensation disbursed include receivables due from banks and cooperative credit unions that failed to meet their commitments to clients; they amounted to CZK 52,026,684,000 as of 31 December 2023 (as of 1 January 2023: CZK 52,518,884,000). Of the total receivable resulting from the disbursement of deposit compensation as of 31 December 2023, CZK 8,902,000 represented funds provided to the financial institution to carry out the disbursement of compensation but which have not yet been disbursed.

No adjustments were created for these receivables based on a measure of the Ministry of Finance of the Czech Republic (see note 2.15). If there were an option to create an adjustment, the Financial Market Guarantee System would create a 42% adjustment for the Receivables from compensation for deposits disbursed.

3.2 Debt Securities Held to Maturity

(CZK '000)	As of 31 December 2023	As of 1 January 2023
Debt securities held to maturity	3,744,275	3,355,928

Czech government bonds represented 100% of the value of held-to-maturity securities as of 31 December 2023 (the same as of 1 January 2023). The value of the bonds in market terms reached CZK 3,567,961,000 as of 31 December 2023 (as of 1 January 2023: CZK 2,876,137,000). As of 31 December 2023, the accrued value of securities held to maturity and maturing in more than 1 year stood at CZK 3,111,223,000 (as of 1 January 2022: CZK 3,355,928,000) and is shown under assets in Part A.III. Debt securities held to maturity. As of 31 December 2023, the accrued value of securities held to maturity and maturing within 1 year stood at CZK 633,052,000 (as of 1 January 2023: CZK 0) and is shown under assets in Part B.III. Other securities.

3.3 Statement of Changes on the Funds Account

The Deposit Insurance Fund has no registered capital. Its equity consists of the Funds account, valuation differences from revaluation of assets and liabilities and the financial result (i.e. profit/loss).

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

Statement of Changes on the Funds Account:

(CZK '000)	2023	2022
Opening balance – 1 January	59,288,514	57,903,464
Contributions received (see note 3.5)	1,911,445	1,385,051
New receivables due from banks in insolvency and liquidation	0	25,884,949
Written-off receivables and payables from compensation disbursements	-18,076	0
Compensation disbursement	-1,004	-25,884,949
Written-off receivables and payables from unpaid contributions	-70	0
Closing balance – 31 December	61,180,809	59,288,514

In 2023, the Financial Market Guarantee System continued the payout of deposit compensation to the clients of Sberbank CZ, a. s. and the clients of Československé úvěrní družstvo.

3.4 Liabilities

As of 31 December 2023, estimated payables amounted to CZK 2,801,000 (1 January 2023: CZK 2,446,000), with the largest item being the fixed annual fee for the maintenance of the payout system, which is paid after the end of the relevant calendar year (CZK 457,000).

Payables from social security and health insurance as of 31 December 2023 were CZK 1,117,000 (as of 1 January 2023: CZK 1,057,000), of which CZK 664,000 (1 January 2023: CZK 640,000) was social security payables and CZK 453,000 (1 January 2023: CZK 417,000) was health insurance payables.

Tax liabilities amounted to CZK 598,000 (1 January 2023: CZK 543,000).

None of these payables were overdue.

3.5 Contributions from Banks

The contributions are recognized on the basis of being actually received and are not recorded on an accruals basis (see note 2.15.).

(CZK '000)	2023	2022
Contributions received from banks	1,911,445	1,385,051

By 29 June 2023, contributions made to the Deposit Insurance Fund totalled CZK 1,911,445,000. Contributions to the Deposit Insurance Fund for 2022 totalled CZK 1,385,051,000.

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

3.6 Summary of Revenues and Expenses of the Current and Previous Accounting Periods

(CZK '000)	2023	2022
Revenues:		
Contractual penalties, late payment interest, other fines and penalties	0	1,407,230
Interest revenue	957,584	835,975
Foreign exchange gains	1	0
Other revenues (see note 3.7.)	0	0
Total	957,585	2,243,205
Expenses:		
Amortization of intangible and depreciation of tangible fixed assets	-34	-323
Purchases consumed	-367	-488
Services	-20,240	-40,214
Personnel costs	-20,312	-20,122
Taxes and fees	-19	-17
Interest expense	-98	0
Foreign exchange losses	-41	-23
Other expenses (see note 3.7)	-2,176	-2,377
Total	-43,287	-63,564

The 2023 profit of CZK 914,298,000 (2022: CZK 2,179,641,000) is proposed for transfer to retained earnings from prior years.

The average number of employees of the Financial Market Guarantee System is ten, of which one is a management employee. Total wage costs in 2023 amounted to CZK 16,696,000 (2022: CZK 15,865,000). The share of wage costs covered by the Deposit Insurance Fund was CZK 14,626,000 (2022: CZK 14,526,000).

3.7 Other Revenues and Other Expenses

(CZK '000)	2023	2022
Revenues:		
Other	0	0
Total	0	0
Expenses:		
Other	-2,176	-2,377
Total	-2,176	-2,377

The item 'Other expenses' primarily includes bank fees, fees associated with the management of financial reserves, insurance premiums including statutory employee insurance, and membership fees to international organizations.

In 2023, members of the Board of Directors and Management Board of the Financial Market Guarantee System were provided with non-cash performances totalling CZK 103,000 (2022: CZK 101,000) in connection with liability insurance for the members of the Board of Directors and the members of the Management Board for damage caused when exercising their functions. The Deposit Insurance Fund's share of these costs was CZK 90,000 (2022: CZK 92,000).

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

3.8 Reimbursement of Costs Related to the Management of the Deposit Insurance Fund to the Financial Market Guarantee System

Pursuant to Section 207 (2) of the AFCPR, the Financial Market Guarantee System has the right to the reimbursement of costs incurred in connection with the management of the Deposit Insurance Fund and the Crisis Resolution Fund, and this from the Deposit Insurance Fund and from the Operational Fund of the Crisis Resolution Fund. In 2023, the Financial Market Guarantee System only incurred costs connected with the management of the two Funds.

The total costs incurred by the Financial Market Guarantee System in connection with the management of the two Funds in 2023 totalled CZK 46,458,000 (2022: CZK 65,141,000), of which CZK 42,019,000 (2022: CZK 61,907,000) was expenses related to the management of the Deposit Insurance Fund and CZK 4,439,000 (2022: CZK 3,234,000) was expenses related to the management of the Crisis Resolution Fund.

The expenses related to the management of the Deposit Insurance Fund of CZK 42,019,000 (2022: CZK 61,907,000) were covered from the resources of the Deposit Insurance Fund.

3.9 Litigation

As of 31 December 2023, the Financial Market Guarantee System was not involved as a defendant in any litigation where the subject matter of the dispute was for a principal amount in excess of CZK 5 million.

In the first litigation, the plaintiffs M.K, I.K and L.K filed with the District Court for Prague 1 a claim for damages of CZK 9,317,300 (plus interest, fees and other charges or penalties) against the defendants, i.e. the Financial Market Guarantee System and Česká spořitelna, a.s. The damage allegedly caused by the defendants to the plaintiffs results from the fact that an employee of Česká spořitelna, a.s. provided the plaintiffs with incorrect information by telling them that it was not necessary to collect compensation for deposits at ERB bank, a.s., in liquidation, and that, as a result of this information, the plaintiffs failed to collect their deposit compensation within the three-year limitation period. By its judgment of 3 November 2023, the District Court for Prague 1 dismissed the action and ordered the plaintiffs to reimburse the defendants for the costs of the case. By their application of 19 December 2023, the plaintiffs appealed against the verdicts imposing the obligation to pay the costs of the case. However, they did not lodge an appeal against the verdict dismissing the action and, therefore, this part of the case is finally closed.

3.10 Subsequent Events

No events took place after the balance sheet date which could have a material impact on the Deposit Insurance Fund financial statements as of 31 December 2023.

As regards the insolvency proceedings for Sberbank CZ, a. s., in liquidation, by its resolution of 10 November 2023, ref. No. MSPH 95 INS 12575/2022-B-874, the Municipal Court in Prague (the "First Instance Court") permitted a partial distribution schedule for the proceeds of the monetization of the debtor's insolvency estate (verdict I) and ruled that the identified claims of the debtor's creditors included in the partial distribution schedule would be satisfied (at 95%) from the proceeds of the monetization of the debtor's insolvency estate of CZK 56,813,229,144.54, imposed on the insolvency administrator JUDr. Jiřina Lužová, business ID No. 44686650, with registered office at Dušní 22, 110 00 Prague 1 (the "Insolvency Administrator") the obligation to satisfy individual creditors included in the partial distribution schedule in the amount specified in the table that constitutes an inseparable part of the resolution (verdict II), imposed on the Insolvency Administrator the obligation to

The Deposit Insurance Fund

Financial Statements

Year ended 31 December 2023

implement the partial distribution schedule within 60 days of the resolution becoming final and to submit to the insolvency court a written report on the implementation of the partial distribution schedule within 80 days of the resolution becoming final (verdict III), stated that the amounts intended for individual creditors included in the partial distribution schedule would be paid to the creditors by the Insolvency Administrator through a third party – Komerční banka, a. s., business ID No. 45317054, with registered office at Prague 1, Na Příkopě 969/33, postcode 114 07 (verdict IV), imposed on the Insolvency Administrator the obligation to appropriately inform the creditors included in the partial distribution schedule about the implementation of the schedule within 15 days of publication of the contested resolution (verdict V) and, finally, imposed on the Insolvency Administrator the obligation to publish the contested resolution on the debtor's website and in two periodicals published nationwide (verdict VI).

An appeal against verdict II of the First Instance Court's resolution of 10 November 2023, B-874, (the "Contested Resolution") was lodged in a timely manner by the creditor LitFin SPV 9, s. r. o. (the "Appellant").

By a resolution of 15 February 2024, ref. No. MSPH 95 INS 12575/2022 5 VSPH 38/2024-B-1034, the High Court in Prague, as the court of appeal, decided on the Appellant's appeal and upheld verdict II of the Contested Resolution.

Subsequently, the Insolvency Administrator implemented the partial distribution schedule and on 18 March 2024, the Financial Market Guarantee System received CZK 25,927,544,200.98, i.e. an amount equal to 95% of the claim of the Deposit Insurance Fund.

The financial statements of the Deposit Insurance Fund were approved by the Board of Directors of the Financial Market Guarantee System:

Prague, 19 June 2024



Renáta Kadlecová

Chairperson of the Management Board and Executive Director



Roman Kahánek

Member of the Management Board and Financial Manager

XI. THE CRISIS RESOLUTION FUND – INDEPENDENT AUDITOR’S REPORT



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File 24349
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Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of Garanční systém finančního trhu

Having its registered office at: Týn 639/1, Staré Město, 110 00 Praha 1

Opinion

We have audited the accompanying financial statements of the fund Fond pro řešení krize (hereinafter also the "Fund") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2023, and the profit and loss account, for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Fond pro řešení krize as at 31 December 2023, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

Other Matter

The financial statements of the fund Fond pro řešení krize for the year ended 31 December 2022 were audited by another auditor who expressed unmodified opinions on those statements on 28 June 2023.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Fund obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

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Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Body 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, the Statutory Body 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 the Statutory Body either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is 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 ISAs 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.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism 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 Company'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 the Statutory Body 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 the Statutory Body and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 19 June 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Miroslav Mayer
registration no. 2529

FINANCIAL STATEMENTS

The Crisis Resolution Fund

Date of financial statements:	31 December 2023
Date of preparation of financial statements:	19 June 2024

Balance Sheet as of 31 December 2023

(CZK '000)

ASSETS	As of 1 January 2023	As of 31 December 2023
A. Total fixed assets	644,955	1,056,585
II. Tangible fixed assets	89	89
Works of art, objects and collections	30	30
Tangible assets and their sets	59	59
III. Total long-term investments	644,923	1,056,555
Debt securities held to maturity	644,923	1,056,555
IV. Total accumulated depreciation and amortization of fixed assets	-57	-59
Accumulated depreciation of machinery and equipment and of vehicles, furniture and fixtures	-57	-59
B. Total current assets	26,989,478	33,171,010
II. Total receivables	90,954	33,166,400
Other receivables	90,954	33,166,400
III. Total current financial assets	26,898,524	4,610
Financial resources on accounts	26,898,524	4,610
Total assets	27,634,433	34,227,595

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

Balance Sheet as of 31 December 2023

(CZK '000)

LIABILITIES	As of 1 January 2023	As of 31 December 2023
A. Total equity	27,634,433	34,227,520
I. Equity	26,185,395	32,130,843
Funds	26,185,395	32,130,843
Contribution Fund	25,672,696	32,069,106
Operational Fund	512,699	61,737
II. Total profit/loss	1,449,038	2,096,677
Profit/loss account	0	2,096,677
Result of management in approval procedure	1,449,038	0
B. Total liabilities	0	75
III. Total current payables	0	75
Other payables	0	75
Total equity and liabilities	27,634,433	34,227,595

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

Profit and Loss Account for the year ended 31 December 2023

(CZK '000)

	Activity		
	Main	Economic	Total
A. Expenses			
I. Consumed purchases and purchased services	1,412	0	1,412
1. Consumption of material	52	0	52
3. Repairs and maintenance	4	0	4
4. Travel expenses	71	0	71
5. Representation expenses	23	0	23
6. Other services	1,262	0	1,262
III. Personnel costs	2,875	0	2,875
10. Wages and salaries	2,070	0	2,070
11. Statutory social security insurance	658	0	658
13. Statutory social expenses	101	0	101
14. Other social expenses	46	0	46
IV. Taxes and fees	15	0	15
15. Taxes and fees	15	0	15
V. Other expenses	2,517	0	2,517
19. Foreign exchange losses	6	0	6
22. Sundry other expenses	2,511	0	2,511
VI. Depreciation, assets sold, creation and use of provisions and adjustments	1	0	1
23. Depreciation and amortization of fixed assets	1	0	1
Total expenses	6,820	0	6,820

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

Profit and Loss Account for the year ended 31 December 2023

(CZK '000)

	Activity		
	Main	Economic	Total
B. Revenues			
IV. Other revenues	2,103,497	0	2,103,497
7. Interest revenue	2,103,497	0	2,103,497
Total revenues	2,103,497	0	2,103,497
C. Profit/loss before tax	2,096,677	0	2,096,677
D. Profit/loss after tax	2,096,677	0	2,096,677

Within the meaning of Section 5a (1) of Decree No. 504/2002 Coll., as amended, the Financial Market Guarantee System performed only the main activities for which it was established in terms of the management of the Crisis Resolution Fund. The Financial Market Guarantee System did not perform any economic activity within the meaning of Section 5a(2) of the above Decree (additional, secondary, business or other activity outside the main activity) in this area either.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

1 General Information

The Crisis Resolution Fund is an accounting unit managed by the Financial Market Guarantee System, a legal person governed by public law, which was established under its original name the Deposit Insurance Fund by Act No. 156/1994 Coll., amending Act No. 21/1992 Coll., on Banks, in its then valid version. With effect from 1 January 2016, based on Act No. 374/2015 Coll., on Financial Crisis Prevention and Resolution (the "AFCPR"), the Deposit Insurance Fund was transformed into the Financial Market Guarantee System.

The identification number of the Financial Market Guarantee System is 497 10 362. Based on Act No. 586/1992 Coll., on Income Taxes, as amended, the income of the Financial Market Guarantee System is exempt from income tax. The registered office of the Financial Market Guarantee System is Prague 1, Týn 639/1.

Under legislation effective from 1 January 2016, the Management Board of the Financial Market Guarantee System is its statutory body. The Board of Directors remains the supreme body of the Financial Market Guarantee System with the powers listed in Section 201 of the AFCPR.

The role of the Financial Market Guarantee System is the operation of a deposit insurance scheme in the Czech Republic, including the management of the Deposit Insurance Fund (Section 41 et seq. of Act No. 21/1992 Coll., on Banks, as amended) and the management of the Crisis Resolution Fund (Section 209 et seq. of the AFCPR). By performing these activities, the Financial Market Guarantee System contributes to the stability of the financial market.

1.1 Transformation of the Deposit Insurance Fund into the Financial Market Guarantee System

With effect from 1 January 2016, based on the AFCPR, the Deposit Insurance Fund was transformed into the Financial Market Guarantee System. This was not a "transformation" of a legal person within the meaning of Section 174 et seq. of Act No. 89/2012 Coll., the Civil Code (i.e. in the sense of a merger, division or change of legal form), but only a "change" consisting in particular of: a) a name change (Section 252 of the AFCPR), b) a change to the organizational structure (Section 199 et seq. of the AFCPR - a change to the statutory body, a listing of the powers of the Board of Directors, etc.) and c) an extension of the scope of activity (Section 198 of the AFCPR, on the management of assets in the Crisis Resolution Fund). We thus cannot speak of legal succession because there has been no transition of rights and obligations, and the legal person (holder of rights and obligations) has been retained (the same identification number).

1.2 Managed Funds (Nonentities)

In view of the retention of continuity of legal personality (the original Deposit Insurance Fund has changed into the Financial Market Guarantee System), while the funds managed by the Financial Market Guarantee System (the Deposit Insurance Fund and the Crisis Resolution Fund) have no legal personality (Section 198 (4) of the AFCPR), it is necessary to differentiate the Deposit Insurance Fund until 31 December 2015 (legal personality, change into the Financial Market Guarantee System) and the Deposit Insurance Fund from 1 January 2016 (nonentity made up of part of the assets of the Financial Market Guarantee System).

While the new nonentity the Deposit Insurance Fund was de facto established by law on 1 January 2016 (see Section 254 of the AFCPR on allocation of assets and debts to the Deposit Insurance Fund), the Crisis Resolution Fund was established on the basis of Section 209 (1) of the AFCPR through the Statute of the Financial Market Guarantee System on 12 January 2016 (Article 5 of the Financial Market Guarantee System Statute).

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

1.3 Assets Placed in Funds

Section 198 (2) of the AFCPR states that the Financial Market Guarantee System manages assets created by the Deposit Insurance Fund, the Crisis Resolution Fund and other assets of the Financial Market Guarantee System. From the legal point of view, therefore, they are always assets of the Financial Market Guarantee System, located a) in the Deposit Insurance Fund, b) in the Crisis Resolution Fund, c) outside of both Funds (i.e. not a model of an investment company - mutual fund, when the assets in the mutual fund are not the assets of the investment company).

From the accounting point of view, the Financial Market Guarantee System, the Deposit Insurance Fund and the Crisis Resolution Fund are three separate accounting units, while the assets constituted by the Deposit Insurance Fund, the assets constituted by the Crisis Resolution Fund and other assets of the Financial Market Guarantee System are kept separately in asset and accounting terms (Section 205 and Article 198 (2) of the AFCPR). Each of the accounting units has its own financial statements and their preparation is ensured by the Financial Market Guarantee System.

The Crisis Resolution Fund had no assets at the time of its establishment.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

2 Accounting Policies

2.1 Bookkeeping

The Financial Market Guarantee System provides accounting for the management of the Crisis Resolution Fund pursuant to Act No. 563/1991 Coll., on Accounting, as amended (the "Act on Accounting"), Implementing Decree No. 504/2002 Coll., implementing some provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting units whose main business activity is not commercial business, if they use double-entry bookkeeping, as amended (the "Decree") and other legislation governing bookkeeping, and in accordance with the accounting methods specified therein.

The Crisis Resolution Fund is a separate accounting unit ("accounting unit").

The Financial Market Guarantee System records the status and movement of assets and liabilities, costs and revenues, and profit or loss of the Crisis Resolution Fund. The accounting for the subject of accounting is performed in ledgers kept separately for the Crisis Resolution Fund in a way that allows for the preparation of financial statements for the Crisis Resolution Fund.

The Statute of the Financial Market Guarantee System states that the Financial Market Guarantee System performs the management of the Crisis Resolution Fund and that the Financial Market Guarantee System is entitled and bound by the legal relationships. From the point of view of the accounting, all the accounting documents (as well as the electronic registry service) will be recorded by the Financial Market Guarantee System.

The Financial Market Guarantee System Statute states that the Financial Market Guarantee System manages the Deposit Insurance Fund and the Crisis Resolution Fund (the "Funds") and that all activity is tied to the management of the Funds. In terms of the bookkeeping, all expenses, revenues, costs, income, receivables and payables are items for the individual Funds. The Financial Market Guarantee System, as a legal person, maintains all these accounting cases in its accounts and materially assigns them to the individual Funds.

2.2 System of Accounting and Retention of Accounting Documents

The Financial Market Guarantee System maintains full accounts for the Crisis Resolution Fund and uses double-entry accounting for the status and movement of property and other assets, payables, including debts and other liabilities, costs and revenues, and profit or loss.

Double-entry records are kept of all facts that are subject to accounting and these are recognized in the period to which they relate in time and in fact.

The accounting period for the Crisis Resolution Fund is the calendar year.

The Financial Market Guarantee System maintains a single bookkeeping for the Crisis Resolution Fund for the accounting unit as a whole.

The bookkeeping is maintained as a set of accounting records using technical means, data carriers and software. An accounting record is data that are a record of all the facts relating to the maintenance of the accounts. The accounting units must record every fact relating to the maintenance of accounts exclusively through accounting records. Individual accounting records may be grouped

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

into aggregate accounting records; such accounting records are in particular accounting documents, accounting entries, ledgers, the depreciation plan, inventory listings, accounting plans, financial statements and the annual report.

The bookkeeping is maintained in the Czech currency.

The bookkeeping is maintained in the Czech language. Accounting documents may be drawn up in a foreign language only if the condition of comprehensibility is fulfilled.

Facts that are the subject of the accounts (“accounting cases”) are captured through accounting documents.

Accounting cases are recorded in ledgers (“accounting entries”) only on the basis of probative accounting records.

The bookkeeping is kept in such a way that the financial statements prepared on its basis are comprehensible and provide a true and fair view of the accounting unit’s accounts and financial situation.

The bookkeeping is kept in a correct, complete, probative, comprehensible, clear manner that ensures the continuity of the accounting records.

The bookkeeping is kept in a way that ensures the continuity of the accounting records so that the accounting unit complies with its obligations relating to their retention under the Act on Accounting.

The Financial Market Guarantee System assigns another person to process the accounts of the accounting unit on the basis of a contractual relationship in accordance with Section 5 of the Act on Accounting.

2.3 Scope of Bookkeeping, Accounting Documents, Accounting Records and Ledgers

The Financial Market Guarantee System maintains separate and full bookkeeping for the Crisis Resolution Fund.

The accounting documents are probative accounting records that must include:

- identification of the accounting document,
- the content of the accounting case and its participants,
- the monetary amount or information on the price per unit of measurement and an indication of the quantity,
- the moment of preparation of the accounting document,
- the moment of performance of the accounting case, if not identical to the moment of the preparation of the accounting document,
- the signature record of the person responsible for the accounting case and the signature record of the person responsible for its posting.

The accounting documents are prepared without undue delay.

The accounting entries are accounting records in ledgers.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

They are posted in the following ledgers:

- in the journal(s) in which the accounting entries are organized in terms of time (chronologically) and which show the accounting of all the accounting cases in the accounting period,
- in the main ledger in which the accounting entries are organized on a factual (systematic) basis,
- in the books of analytical accounts detailing the accounting records of the main ledger.

2.4 Plan of Accounts

The plan of accounts is prepared for each accounting period within the meaning of the guideline chart of accounts, accounting methods, organization and marking of the items of financial statements, and the content definition of those items determined in the Decree. An accounting unit may supplement the plan of accounts during the accounting period.

The amounts in the analytical accounts books must correspond to the relevant aggregate cash amounts of the turnover or balance of the synthetic accounts to which these accounts are connected.

2.5 Financial Statements, Accounting Audit

An inventory is performed before the preparation of the financial statements.

The financial statements are an inseparable whole and comprise:

- balance sheet,
- profit and loss account,
- notes.

2.6 Storage of Accounting Documents

The Executive Director of the Financial Market Guarantee System is responsible for organizing the storage of accounting documents, and may designate the person responsible for the storage of the accounting documents. The archiving of accounting documents is performed according to the Filing and Shredding Rules.

2.7 Accounting Methodological Guidelines

Accounting methodological guidelines are prepared to comply with Directive No. 22 - Bookkeeping, in accordance with the Accounting Act and other statutory regulations.

The accounting methodological guidelines are approved by the Board of Directors of the Financial Market Guarantee System or by the Management Board on the basis of an authorization granted by the Board of Directors.

The accounting methodological guidelines will be updated if there is a change in legislation.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

2.8 Assignment Procedures for Accounting Cases

2.8.1 Accounting Cases Directly Assignable to the Funds

2.8.1.1 These cases are charged by the Financial Market Guarantee System and directly assigned - posted - to the relevant Fund accounts.

2.8.1.2 These cases include, in particular, received contributions to the Funds and the investment of the financial reserves. Individual bank accounts are set up for the allocation of the contributions to the individual Funds. These accounts may also be used for investing assets in the individual Funds, unless separate bank accounts are established for this purpose. Accounting cases directly assignable to the Funds also include other accounting cases on these bank accounts, such as interest accrued or fees related to the management of these accounts.

2.8.2 Other Accounting Cases (for example, received invoices for rent, legal services, accounting, wages, depreciation, etc.)

2.8.2.1 Directly assignable accounting documents for individual funds that arise from invoicing (e.g. portfolio management fees), or where there is another possibility of direct assignment (for example, for legal services an annex with a breakdown of the purpose of legal representation by Fund). The Financial Market Guarantee System attributes and charges to the relevant Fund accounts according to the supporting criteria established from the accounting case.

2.8.2.2 In the event common accounting cases cannot be assigned to individual Funds under paragraph 2.8.2.1, this assignment will be made at a ratio determined as follows:

- a) To calculate the ratio of costs for managing the individual Funds, the cost-to-work ratio method is used for each Fund in the staff statements of work. Staff at the Financial Market Guarantee System prepare statements of work on a monthly basis.
- b) The ratio of the activities performed for each Fund will be calculated as of 31 December.
- c) The annual ratio calculated under point 2.8.2.2 (b) will be used to account for the advance ratio and will be balanced according to the actual status as of 31 December of the current year.
- d) The annual ratio calculated under point 2.8.2.2 (b) will be used to determine the advance ratio for the following accounting period.

2.8.3 The Financial Market Guarantee System proceeds with the assignment of expenses similarly to in paragraphs 2.8.1 and 2.8.2, for example, when paying for the purchase of technical equipment, when paying an advance for a future performance, when calculating anticipated costs or income, when paying a deposit or similar performances.

2.9 Providing Advances from the Crisis Resolution Fund for the Operating Costs of the Financial Market Guarantee System

The Financial Market Guarantee System incurs costs connected with the management of the Crisis Resolution Fund.

Expenditure related to the management of the Crisis Resolution Fund is covered from the Operational Fund of the Crisis Resolution Fund.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

The Financial Market Guarantee System establishes the budget of all accounting units prior to the start of the current year, and at the same time determines the amount of advances to be provided from the Crisis Resolution Fund to cover operating costs. Advances can be provided in instalments.

Advances are settled with actual costs after the end of the accounting period.

Receivables and payables between the managed accounting units from the title of the payment of operating costs are subject to an inventory during the preparation of the financial statements.

2.10 Basic Principles for Preparing the Financial Statements

The financial statements are compiled in accordance with accounting regulations applicable in the Czech Republic and with Czech Accounting Standards for units that are not primarily engaged in business activity. The financial statements are compiled at historical cost except for securities held for trading and available-for-sale securities, which are recognized at fair value, and securities held to maturity, which are valued at amortized costs. The financial statements are compiled on the assumption that the unit is able to continue as a going concern. The amounts in the financial statements and in the notes thereto are rounded to thousands of Czech korunas unless stated otherwise.

2.11 Tangible Fixed Assets

Purchased tangible fixed assets are recognized at acquisition cost, which includes the price for which the assets were acquired and the expenses relating to the acquisition.

The depreciation of tangible fixed assets was calculated using the straight-line depreciation method, based on the estimated useful life of the assets. The depreciation period for personal computers, servers, printers etc. is 3 years. The depreciation period for passenger cars is 5 years. The depreciation period for strongboxes is 10 years. Works of art are not subject to depreciation.

Repair and maintenance expenses on tangible fixed assets are charged directly to expenses.

Tangible assets with a useful life of more than 1 year and acquisition cost not exceeding CZK 80,000 per item are charged directly to expenses once they are put into use.

The amortization of intangible fixed assets was calculated using the straight-line amortization method over 3 years.

Intangible assets with a useful life of more than 1 year and acquisition cost not exceeding CZK 60,000 per item are charged directly to expenses once they are put into use.

2.12 Securities and Shares

The Crisis Resolution Fund classifies securities and shares as securities held for trading, available-for-sale securities and securities held to maturity.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

Securities Held for Trading

Securities held for trading are securities held by the Financial Market Guarantee System for the Crisis Resolution Fund for the purpose of transactions aimed at generating profit from price differences in the short term.

When purchased, securities and shares are recognized at acquisition cost, including transaction expenses. Securities held for trading are measured at fair value. The market value of securities as of the balance sheet date is used to calculate the fair value. The valuation of securities not traded on public markets is based on an expert opinion or a qualified estimate made by the management of the Financial Market Guarantee System.

Interest income from securities held for trading is recognized as 'Interest revenue'.

Profit and loss arising from changes in the fair value of securities held for trading are recognized in the profit and loss account in the period in which they arise.

Available-for-Sale Securities

Available-for-sale securities are securities that are not intended for trading in the short term. These securities are classified as long-term investments.

When purchased, available-for-sale securities are recognized at acquisition cost, including transaction expenses, and subsequently measured at fair value at the balance sheet date.

Interest income from available-for-sale securities is recognized as 'Interest revenue'.

Changes in the fair value of available-for-sale securities are recognized in the balance sheet as 'Valuation differences from revaluation of assets and liabilities'.

Securities Held to Maturity

Securities held to maturity are financial assets with a fixed or predefined yield and fixed maturity, where there is the intention and ability to hold until their maturity.

When purchased, securities held to maturity are recognized at acquisition cost, including transaction expenses, and subsequently valued at amortized costs.

Interest income from securities held to maturity includes accrued coupons, discounts and premiums on debt securities and is recognized as 'Interest revenue'.

Repo and Buy/Sell Operations

Collateralized receivables as part of repo and buy-sell transactions are reported under 'Other receivables', including accrued interest. Interest from these transactions is recorded on an accruals basis for the duration of such a transaction and recognized as interest revenue.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

2.13 Foreign Currency Conversions

Transactions carried out in foreign currencies are converted and posted at the exchange rate valid on the transaction date. All monetary assets and liabilities maintained in foreign currencies were converted at the exchange rate published by the Czech National Bank as of the balance sheet date. All foreign exchange gains and losses arising from the conversion of receivables and payables are recognized in the profit and loss account and are reported under 'Foreign exchange gains' and 'Foreign exchange losses'.

Exchange differences on securities that are measured at fair value and maintained in foreign currencies are considered to be part of their fair value measurement.

2.14 Contributions Received from Banks

Contributions to the Crisis Resolution Fund are posted to the contributions fund of the Crisis Resolution Fund. The amount of contributions is determined by the Czech National Bank by 1 May of the respective year for which the contributions are paid, while they are due within the deadline set by the Czech National Bank.

2.15 Adjustments and Provisions

The Crisis Resolution Fund neither creates nor accounts for adjustments in accordance with Section 37 (1) of the Decree. The Crisis Resolution Fund neither creates nor accounts for provisions in accordance with Section 40 (1) of the Decree.

2.16 Equity

Based on a decision of the Board of Directors, the financial result (profit or loss from the current year) is transferred to the Operational Fund of the Crisis Resolution Fund within the framework of the own resources of the Crisis Resolution Fund. The subsequent transfer from the Operational Fund of the Crisis Resolution Fund to the Contribution Fund of the Crisis Resolution Fund is possible again if the Board of Directors so decides.

2.17 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that influence the recognized values of assets and liabilities as of the date of the financial statements, and the recognized amounts of revenues and expenses for the reporting period. The Crisis Resolution Fund has defined these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, the inherent nature of estimates means that the actual future values may differ from these estimates.

2.18 Subsequent Events

The impact of events that occurred between the balance sheet date and the date of preparation of the financial statements is reported in the accounting reports if such events provide additional information about facts that existed as of the balance sheet date.

In the event that between the balance sheet date and the date of preparation of the financial statements material events occurred reflecting facts that took place after the balance sheet date, the consequences of these events are described in the notes to the financial statements but are not posted to the financial statements.

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

3 Additional Information on the Balance Sheet and Profit and Loss Account

3.1 Other Receivables

(CZK '000)	As of 31 December 2023	As of 1 January 2023
Receivables from unpaid contributions	90,267	90,267
Other receivables	0	687
Receivables from repo operations	33,076,133	0
Other receivables – total	33,166,400	90,954

Receivables include the Crisis Resolution Fund's receivable from Sberbank CZ, a. s. for unpaid contributions to the Crisis Resolution Fund, including accessions, of CZK 90,267,000. As of 31 December 2023, the Crisis Resolution Fund did not have any other receivables on its books. As of 1 January 2023, the item 'Other receivables' was made up by a receivable from the Deposit Insurance Fund of CZK 687,000 as a result of higher advance payments made to cover the expenses related to the management of the Crisis Resolution Fund in 2022.

3.2 Debt Securities Held to Maturity

(CZK '000)	As of 31 December 2023	As of 1 January 2023
Debt securities held to maturity	1,056,555	644,923

Czech government bonds represented 100% of the value of held-to-maturity securities as of 31 December 2023. The value of the bonds in market terms reached CZK 1,116,375,000 as of 31 December 2023 (as of 1 January 2023: CZK 606,422,000). As of 31 December 2023, the accrued value of securities held to maturity and maturing in more than 1 year stood at CZK 1,056,555,000 (as of 1 January 2023: CZK 644,923,000) and is shown under assets in Part A.III. Debt securities held to maturity. As of 31 December 2023, there were no bonds held to maturity and maturing within 1 year (the same as of 1 January 2023).

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

3.3 Statement of Changes on the Funds Account

The Crisis Resolution Fund has no registered capital. Its equity consists of a Funds account and its profit/loss.

Statement of Changes on the Funds Account:

(CZK '000)	2023	2022
Crisis Resolution Fund:		
Opening balance – 1 January	26,185,395	21,015,804
of which:		
Contribution Fund		
Opening balance – 1 January	25,672,696	20,637,721
Contributions received (see note 3.5)	4,496,410	4,947,059
New receivables due from banks in insolvency and liquidation	0	87,916
Transfer from the Operational Fund	1,900,000	0
Closing balance – 31 December	32,069,106	25,672,696
Operational Fund		
Opening balance – 1 January	512,699	378,083
Operating revenue	1,454,217	137,866
Management costs	-5,179	-3,250
Transfer to the Contribution Fund	-1,900,000	0
Closing balance – 31 December	61,737	512,699
Closing balance – 31 December	32,130,843	26,185,395

3.4 Liabilities

In 2023, the liability of the Crisis Resolution Fund to cover the expenses related to the management of the Crisis Resolution Fund constituted a payable to the Deposit Insurance Fund of CZK 75,000 (2022: CZK 0).

3.5 Contributions from Banks

The contributions are recognized on the basis of being actually received and are not recorded on an accruals basis (see note 2.15.).

(CZK '000)	2023	2022
Contributions received from banks	4,496,410	4,947,059

By 23 June 2023, banks and selected investment firms had made contributions to the Crisis Resolution Fund, as prescribed by the Czech National Bank, totalling CZK 4,496,410,000 (2022: CZK 4,947,059,000).

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

3.6 Summary of Revenues and Expenses of the Current and Previous Accounting Periods

(CZK '000)	2023	2022
Revenues:		
Contractual penalties, late payment interest, other fines and penalties	0	2,396
Interest revenue	2,103,497	1,451,821
Total	2,103,497	1,454,217
Expenses:		
Amortization of intangible and depreciation of tangible fixed assets	-1	-16
Purchases consumed	-52	-45
Services	-1,360	-1,220
Personnel costs	-2,875	-1,854
Taxes and fees	-15	-15
Foreign exchange losses	-6	-2
Other expenses (see note 3.7)	-2,511	-2,027
Total	-6,820	-5,179

The 2023 financial result will be distributed as follows: the revenues of CZK 2,103,497,000 will be transferred to the Operational Fund of the Crisis Resolution Fund and the expenses of CZK 6,820,000 will be paid from the Operational Fund of the Crisis Resolution Fund after approval of the financial statements. The funds provided from the Operational Fund of the Crisis Resolution Fund to cover operating expenses were lower than the actual expenses by CZK 75,000 and the liability thus created will be settled upon approval of the financial statements.

The average number of employees of the Financial Market Guarantee System is ten, of which one is a management employee. Total wage costs in 2023 amounted to CZK 16,696,000 (2022: CZK 15,865,000). The share of wage costs covered by the Crisis Resolution Fund was CZK 2,070,000 (2022: CZK 1,339,000).

3.7 Other Revenues and Other Expenses

(CZK '000)	2023	2022
Revenues:		
Other	0	0
Total	0	0
Expenses:		
Other	-2,511	-2,027
Total	-2,511	-2,027

The item 'Other expenses' primarily includes bank fees, fees associated with the management of financial reserves, insurance premiums including statutory employee insurance, and membership fees to international organizations.

In 2023, members of the Board of Directors and Management Board of the Financial Market Guarantee System were provided with non-cash performances totalling CZK 103,000 (2022: CZK 101,000) in connection with liability insurance for the members of

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

the Board of Directors and the members of the Management Board for damage caused when exercising their functions. The Crisis Resolution Fund's share of these costs was CZK 13,000 (2022: CZK 9,000).

3.8 Reimbursement of Costs Related to the Management of the Crisis Resolution Fund of the Financial Market Guarantee System

Pursuant to Section 207 (2) of the AFCPR, the Financial Market Guarantee System has the right to the reimbursement of costs incurred in connection with the management of the Deposit Insurance Fund and the Crisis Resolution Fund, and this from the Deposit Insurance Fund and from the Operational Fund of the Crisis Resolution Fund. In 2023, the Financial Market Guarantee System only incurred costs connected with the management of the two Funds.

The total costs incurred by the Financial Market Guarantee System in connection with the management of the two Funds in 2023 totalled CZK 46,458,000 (2022: CZK 65,141,000), of which CZK 42,019,000 (2022: CZK 61,907,000) was expenses related to the management of the Deposit Insurance Fund and CZK 4,439,000 (2022: CZK 3,234,000) was expenses related to the management of the Crisis Resolution Fund.

The expenses related to the management of the Crisis Resolution Fund of CZK 4,439,000 (2022: CZK 3,234,000) were covered from the Operational Fund of the Crisis Resolution Fund.

3.9 Subsequent Events

No events took place after the balance sheet date which could have a material impact on the Crisis Resolution Fund financial statements as of 31 December 2023.

As regards the insolvency proceedings for Sberbank CZ, a. s., in liquidation, by its resolution of 10 November 2023, Ref. No. MSPH 95 INS 12575/2022-B-874, the Municipal Court in Prague (the "First Instance Court") permitted a partial distribution schedule for the proceeds of the monetization of the debtor's insolvency estate (verdict I) and ruled that the identified claims of the debtor's creditors included in the partial distribution schedule would be satisfied (at 95%) from the proceeds of the monetization of the debtor's insolvency estate of CZK 56,813,229,144.54, imposed on the insolvency administrator JUDr. Jiřina Lužová, business ID No. 44686650, with registered office at Dušní 22, 110 00 Prague 1 (the "Insolvency Administrator") the obligation to satisfy individual creditors included in the partial distribution schedule in the amount specified in the table that constitutes an inseparable part of the resolution (verdict II), imposed on the Insolvency Administrator the obligation to implement the partial distribution schedule within 60 days of the resolution becoming final and to submit to the insolvency court a written report on the implementation of the partial distribution schedule within 80 days of the resolution becoming final (verdict III), stated that the amounts intended for individual creditors included in the partial distribution schedule would be paid to the creditors by the Insolvency Administrator through a third party – Komerční banka, a. s., business ID No. 45317054, with registered office at Prague 1, Na Příkopě 969/33, postcode 114 07 (verdict IV), imposed on the Insolvency Administrator the obligation to appropriately inform the creditors included in the partial distribution schedule about the implementation of the schedule within 15 days of publication of the contested resolution (verdict V) and, finally, imposed on the Insolvency Administrator the obligation to publish the contested resolution on the debtor's website and in two periodicals published nationwide (verdict VI).

An appeal against verdict II of the First Instance Court's resolution of 10 November 2023, B-874, (the "Contested Resolution") was lodged in a timely manner by the creditor LitFin SPV 9, s. r. o. (the "Appellant").

The Crisis Resolution Fund

Financial Statements

Year ended 31 December 2023

By a resolution of 15 February 2024, ref. No. MSPH 95 INS 12575/2022 5 VSPH 38/2024-B-1034, the High Court in Prague, as the court of appeal, decided on the Appellant's appeal and upheld verdict II of the Contested Resolution.

Subsequently, the Insolvency Administrator implemented the partial distribution schedule and on 18 March 2024, the Financial Market Guarantee System received CZK 85,753,312.60, i.e. an amount equal to 95% of the claim of the Crisis Resolution Fund.

The financial statements of the Crisis Resolution Fund were approved by the Board of Directors of the Financial Market Guarantee System.

Prague, 19 June 2024



Renáta Kadlecová

Chairperson of the Management Board and Executive Director



Roman Kahánek

Member of the Management Board and Financial Manager