



**ANNUAL REPORT 2009**

**FPV<sub>CZ</sub>**  
FOND POJIŠTĚNÍ VKLADŮ



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## I. Introduction by the President of the Board of Directors

Who would not associate 2009 with the financial crisis? Even though no financial institution failures had to be dealt with, this year has also been difficult for the Fund. Yet 2009 was above all the year full of signs of market turbulence, state involvement and intervention and legislative initiatives from the preceding year.

If, thanks to the excellent stable situations at Czech banks, which are navigating (and have navigated) this period of crisis without significant fluctuations or even losses, the Fund was not required to pay any compensation to bank clients, it certainly had its hands full with many other things.

The understanding of the institution of deposit insurance has changed completely and dramatically all around the world, as if at the wave of a magic wand. There has been a great deal of evidence of this change in approach, for example:

- deposit insurance systems have become the centre of attention for governments, supranational institutions, central banks and experts,
- deposit insurers have begun to organise themselves with heightened urgency, there has been a sharp increase in the membership of international organisations (the IADI and the EFDI) among important countries in Europe and elsewhere,
- highly important global, supranational and regional (not only European) organisations (the IMF, BIS, WB and the EC...) have begun intensively communicating and cooperating with deposit insurers,
- thanks to their organisation, systematic research and communication, deposit insurers are already today essential partners of the main authorities at any level.

More rather than less evidence of this movement is appearing on the desks of the employees of the Fund, its managing director and Board of Directors. There is a lot of this, and it is all down to the good relations and working contacts with the Ministry of Finance of the Czech Republic, the Czech National Bank and the Czech Banking Association that it has been possible to cope with the flood of requests arising in particular from European and domestic legislation.

In other words, what is raised by the political scene and incorporated into legislation must in turn be incorporated by the Fund and its associates (including banks, government institutions and the Czech National Bank) into their processes, technical procedures and solutions in the area of information technologies.

The field of operations of the Fund continues to narrow, while pressure increases to ensure the maximum level of certainty for all participants, in particular for bank clients, but also for the banks themselves, for governments and central banks or regulators. With reductions in deadlines for payment, continuing harmonisation and increased coverage limits, the demands on processing of data, how speedily it is delivered and the precision of its processing are growing enormously. Here, in the field of IT solutions, we are currently witnessing the greatest shifts, yet here there are also the greatest risks, in particular operational ones.

This means of course increased costs for data processing, in an environment that is changing over time. We already know that a system put into operation from 31 December 2010 will, one or two years later, be overwhelmed by new narrower and stricter limits, which will once again need to be implemented with consequent additional costs and higher risks. This is a random sample of the operational and technical side of affairs.

Very few people at this time are currently asking whether deposit insurance systems will be not only sufficiently solvent, but whether they will also be sufficiently liquid if they have to face very short deadlines for client payments. In other words, completely new questions and challenges for funds are appearing in the area of financial management. A change in investment strategies will be needed; funds will have to find ways to secure resources from the market and other sources, among which will eventually also be resources from national budgets. These will be affected until it is possible to achieve a demanding (and very ambitious) political goal, namely the creation of a Europe-wide system capable of responding to the next crisis situation. This would involve the system creating enough of its own resources and applying rescue measures, so that taxpayers' money would not need to be used when rescuing financial systems.



Josef Tauber  
President of the Board of Directors

## II. Authorised Representative

The Deposit Insurance Fund is managed by a five-member Board of Directors. The President, Vice-president and other members of the Board of Directors of the Deposit Insurance Fund (hereinafter referred to as "the Fund") are appointed and removed from office by the Finance Minister. Pursuant to Section 41b (5) of the Act on Banks, at least one member of the Fund's Board of Directors is appointed from among Czech National Bank employees at the recommendation of the Czech National Bank, and at least two members of the Board of Directors are appointed from among members of the boards of directors of banks. The term of office of individual Board of Directors members is five years, and one new member is appointed every

year. Board of Directors members do not receive remuneration for carrying out their duties. The Fund's Board of Directors is the authorised representative of the Fund and manages the Fund's activities. The Board of Directors appoints an executive director, who is the head of the Fund's executive staff.

In 2009 there was a change in the composition of the Board of Directors. On 24 August 2009 Jiří Šperl resigned as a member of the Board of Directors and on 14 October 2009 the Finance Minister subsequently appointed Libor Löfler a new member of the Board of Directors.

### MEMBERSHIP OF THE BOARD OF DIRECTORS IN 2009

#### **President:**

Josef T a u b e r  
Executive Director of the Czech Banking Association

#### **Vice-president:**

Petr V o j t í š e k  
Deputy Director of the Czech National Bank Section

#### **Members:**

Daniel H e l e r  
Deputy CEO and member of the Board of Directors of Česká spořitelna, a. s.

Michal F r a n ě k  
Department Director of the Ministry of Finance of the Czech Republic

Jiří Š p e r l  
Deputy Director and member of the Board of Directors of Modrá pyramida stavební spořitelna, a. s.  
to 24 August 2009

Libor L ö f l e r  
Deputy Director and Vice-chairman of the Board of Directors of Modrá pyramida stavební spořitelna, a. s.  
from 14 October 2009.

#### **Executive Director:**

Renáta K a d l e c o v á

### SUBSEQUENT EVENTS

Libor Löfler was on 1 August 2010 appointed Deputy Executive Director of Strategy and Finance in Komerční banka, a.s.

### III. Activities of the Deposit Insurance Fund in 2009

#### ■ MACROECONOMIC DEVELOPMENTS IN THE EU AND THE CZECH REPUBLIC IN 2009

The global financial crisis initially only affected the Czech financial market indirectly. The stability of the domestic financial market was not immediately threatened in any way by the events on foreign markets when the financial crisis was at its peak. Nevertheless, in the phase when the financial crisis in Western Europe began to filter through to the real economy, it was clear that the Czech Republic could not avoid such difficulties either.

During 2009 the economic crisis hit the Czech economy with full force. The fall in foreign demand, in particular in Western European countries, which account for 70% of Czech exports, was reflected in a significant drop in Czech GDP, which fell year-on-year by 4.2%.

Across Europe a wide variety of plans were put forward for putting the European economy back on track. Perhaps the most well-known measure to support demand, and at the same time a very controversial one, was the introduction of subsidies for purchases of new cars, in Germany, Italy, Slovakia and other EU countries. Although this helped to temporarily dampen the effects of the crisis, it in no way warded it off.

The falling numbers of orders was very quickly reflected in the job market, which in turn experienced the highest increase in unemployment in the history of the independent Czech Republic. Over 12 months this indicator rose from 5.8% (1Q/2009) to 7.2% (4Q/2009).

The fall in revenues suffered by businesses combined with the rise in unemployment accompanied by a flat reduction in salaries began to significantly affect the ability of people and companies to pay their debts in a timely manner. The volume of credits in default in the banking sector increased to 5.2% at the end of 2009, meaning that the difficulties experienced by the real economy had begun to overflow into the financial sector.

The banks, however, had anticipated this development to a certain extent. Thanks to very good capital positions, this worsening trend did not translate into a more serious threat to their financial stability, which among other things was also confirmed by the results of stress testing that the Czech National Bank performed in the domestic banking sector.

In addition the level of savings of Czech households remains a strong stabilising element in the Czech economy. The volume of savings by households rose in 2009 by 8.3% to end the year to CZK 2.2 trillion. In 2009 the stock market shocks resulted in a significant shift of savings into safer instruments – term deposits, savings accounts etc. At the end of the year deposits in banks and building societies accounted for 70% of all savings, which proves the depositors' high level of confidence in the stability of the domestic banking system.

#### ■ ACTIVITIES OF THE DEPOSIT INSURANCE FUND IN 2009

Although in 2009 the Deposit Insurance Fund did not have to deal with any crises related to the insolvency of domestic banks, we definitely cannot say that this is a calm period.

In the light of its experiences with the impacts of the financial crisis on the banking sector in Western European countries, the European Commission fundamentally reassessed its strategy in terms of the regulation and supervision of financial markets; the deposit insurance system was among the areas discussed. One of the first results was a measure to unify deposit insurance limits across the European Union, and a further step was significantly shortening the time limits for the disbursement of compensation of claims from deposits of bankrupt banks and to increase the volumes of financial reserves in deposit insurance systems.

At the end of 2008 the Czech Republic, specifically the Deposit Insurance Fund, had already complied with the first of the requirements: the deposit insurance limit was increased to the required EUR 50,000 and the 10% coinsurance of depositors was also abolished.

For 2009, the management of the Deposit Insurance Fund set itself a target to commence preparatory work for reconstruction of the data exchange system and the implementation of a new IT solution, thanks to which the Fund will be able to comply with the requirements of the European Commission to shorten the time limit for the commencement of disbursement of compensation of claims from deposits from the current 3 months to 20 working days.

In the Czech Republic the transposition of European Commission directives into Czech legislation should be ensured through an

amendment to the Act on Banks. Among other things, this will include an increase in the regular contributions from banks, building societies and cooperative savings banks to the Deposit Insurance Fund from the current 0.1% (or 0.05% for building societies) of the volume of managed deposits annually to 0.04% (or 0.02%) quarterly. The preparation of the amendment to the Act on Banks, which should result in the shortening of the time limits for commencement of disbursement of compensation from 31 December 2010, is now the primary task of the management of the Deposit Insurance Fund.

Alongside the preparations for the changes linked to the European Commission directive, the Deposit Insurance Fund has also been working for a long period on raising awareness of the existence of the deposit insurance system. Public opinion surveys carried out by the Fund at the start of 2009 showed that two-fifths of citizens in the Czech Republic did not know that their savings in banks are insured, while only 13% of the population was aware of the existence of the Deposit Insurance Fund. On the basis of these findings, the Fund prepared a new communication strategy through which it will work to significantly improve public awareness of the Deposit Insurance Fund and its activities.

In addition to the fundamental tasks listed above, during 2009, the Deposit Insurance Fund facilitated regular administrative work connected with ensuring the timely payment of regular contributions from banks, building societies and cooperative savings banks and the management of entrusted funds.

As in previous years, the Deposit Insurance Fund actively participated in all kinds of proceedings, with the aim of recovering claims from bankrupt banks, whose clients the Fund compensated in the past. At the start of 2009 the nominal value of these claims was approximately CZK 19 billion. The majority of this amount is made up of claims from Union banka, which went bankrupt in 2003.

#### ■ WHAT TASKS AWAIT THE DEPOSIT INSURANCE FUND IN THE YEARS TO COME?

The priority task of the Deposit Insurance Fund for 2010 is the design and launch of a new system for recording the disbursement of compensation from insured deposits. The whole system has had to be revised and modified to comply with the requirements of the amended Act on Banks – the changes in the system for the disbursement of compensation of claims from insured deposits arising from this amendment will be effective from 31 December 2010. This Act reflects

the European Union directive shortening the time limit for commencing disbursement of compensation of claims from deposits and will cut this time limit to 20 working days. This means that the rapid and high-quality exchange of data between entities involved in disbursing compensation will be of fundamental importance throughout the system. The Act will also introduce another fundamental feature, which is important in particular for depositors: an increase in the limit for deposit compensation to EUR 100,000.

Nevertheless, it is already clear that the adopted measures will not be sufficient in the medium term. The European Commission has already begun work on a second package of measures that should raise the confidence of bank clients, insurers and investment companies in the European financial sector yet further.

For example, the European Commission is working towards the introduction of a deposit insurance system financed ex-ante in all EU countries, together with a stipulated limit for compulsory reserves and the unifying the scope of insurance for bank deposits.

Of course one fundamental change that the individual national deposit insurance systems will have to cope with if approved, is a proposal from the European Commission for a further shortening of the time limit for commencing the disbursement of compensation to clients of bankrupt banks to a mere 7 days.

The proposals from the European Commission mentioned are currently being considered and discussed, and representatives of the Deposit Insurance Fund are actively participating in them. The final form of the proposed changes could be known by the end of 2010.

#### ■ ROLE OF THE DEPOSIT INSURANCE FUND

The Deposit Insurance Fund's mission is to help stabilise the Czech banking market. Its main role is to protect the clients of banks and other insured financial institutions from losses that they could incur should such institutions be unable to repay their deposits. In this way the Deposit Insurance Fund reinforces confidence in the banking system, in particular during periods of economic turbulence, and contributes to general economic and financial equilibrium.

Pursuant to the valid legislation of the Czech Republic, which is fully in accordance with European Union directives, the deposits of a single depositor at a single bank are insured in full up to an amount equivalent to EUR 50,000.

Since its establishment, the Deposit Insurance Fund has disbursed compensation for insured deposits of over CZK 25 billion. Payments have been made to approximately 300,000 clients of 12 banks that went bankrupt between 1995 and 2003.

Currently, deposits totalling CZK 2.1 trillion at 38 financial institutions are insured through the Deposit Insurance Fund. These in turn contributed almost CZK 2 billion to the Fund in 2009.

### ■ ACT ON BANKS

The activities of the Fund are regulated in Section 41a through Section 41m of the Act on Banks and in the joint and transitional provisions of amendments to this Act.

Pursuant to the Act on Banks, all banks and branches of foreign banks, with the exception set forth in Section 41l of the Act on Banks and with the exception set forth in Section 5a of the Act on Banks, which came into effect as of the date on which the agreement of the Czech Republic's accession to the European Union came into force, are obliged to participate in the deposit insurance system and contribute to the Fund to the scope set forth in the Act on Banks. Cooperative savings banks have been obligated to participate in the deposit insurance system and to contribute to this system in the scope determined by the Act on Banks, since 2006.

Pursuant to Section 41c of the Act on Banks, the insurance applies to all claims from deposits in Czech or foreign currency, including interest, when the requirements for identifying depositors are met in accordance with Section 41c (3) of the Act on Banks, if such deposits are registered as a credit balance on accounts or in deposit books, or which are endorsed through a deposit certificate, deposit note or other similar document. Individuals are identified by their name, surname, address and date of birth or birth certificate number of the depositor, or an identification number, legal entities by their business name or the name of the legal entity, its registered office and, in the case of domestic legal entities, by their identification number. The insurance does not apply to claims from deposits of banks, financial institutions, health insurance companies and state funds. Claims from deposits that a bank is entitled to include in its capital (subordinated debt) are not insured either. The deposit insurance system does not apply to bills of exchange and other securities. In addition, pursuant to Section 41g (3) of the Act on Banks, those persons who have a special relationship to a bank and the holders of deposits arising in conjunction with the legalisation of proceeds resulting from criminal activities, for which they were sentenced by a court in criminal proceedings, are not entitled to compensation from the Fund.

Compensation for an insured claim from a deposit is granted to an entitled person only after the Fund has received notification in writing from the Czech National Bank that a bank is not able to meet its commitments to entitled persons under legal and contractual terms and conditions. Compensation is granted both to individuals and legal entities, and is disbursed in Czech currency.

On 15 December 2008 Act No. 433/2008 Coll., which amends Act No. 21/1992, on Banks, as amended, came into force. This Act increases the scope of insurance from the original 90% to 100% of the volume of all the insured deposits of a depositor at one bank. Likewise, the maximum disbursed amount is increased from the original equivalent of EUR 25 000 to the new equivalent of EUR 50 ,000 per depositor.

The provision of the Act on Banks concerning the principle of a single licence came into force upon the Czech Republic's accession to the European Union. This means that the deposits of clients at branches of foreign banks are insured based on the relevant system of their home country, while the terms and conditions for insuring deposits of these countries are based on European Community law. The branch of the foreign bank is obliged to provide depositors with information about the deposit insurance system in which the bank and its branches participate, including the level and extent of cover provided by that deposit insurance system. Pursuant to the Act on Banks, branches of foreign banks operating in the Czech Republic may provide supplementary insurance for claims from deposits based on an agreement with the Fund, providing that the domestic system of insurance is less favourable than the deposit insurance under the Act on Banks. HSBC Bank, plc – pobočka Praha has already used this option and arranged supplementary insurance with the Fund for deposits of legal entities, and branches of BRE Bank, S.A. and Citibank Europe plc. have arranged supplementary insurance for deposits of individuals. In 2008 the branch of Straumur-Burdaras Investment Bank hf concluded supplementary insurance with the Fund for both legal entities and individuals. All these cases concerned supplementary insurance for deposits for the amount of EUR 25 000. In 2008, as a response to the global financial crisis, there was a substantial increase in the insured deposit limit in many European countries, most frequently to EUR 50 000 or EUR 100 000. For this reason, in view of the maximum amount of compensation adopted by Act No. 433/2008 Coll., the basis for some supplementary insurance contracts ceased to exist. Upon mutual agreement the contracts with the branches of BRE Bank, S.A. and Citibank Europe plc were terminated in 2009. Straumur-Burdaras Investment Bank hf also terminated its contract in 2009 as it wound up its operations in the Czech Republic.

During 2009, in accordance with European Union legislation, an obligation was imposed on the Czech Republic to amend its Act on Banks, respectively to transform decisions by EU bodies into it. It was thus clear that with effect from 31 December 2010, the Fund's time limit between the day on which the Fund receives an announcement from the Czech National Bank about the inability of a bank to comply with its liabilities, and the date of commencement of disbursement, will be significantly shortened – from 3 months to 20 working days (with the possibility of another possible reduction of this time limit to 10 working days). To ensure that the Fund is able to disburse compensation within such a time limit it is of course essential to stipulate a unified method for maintaining records and data consolidation at the insured institutions, and the method of submitting the records to the Fund and the disbursing bank. At the same time, the Fund must have available the appropriate software to enable it to collect data for the disbursement of compensation, carry out the relevant data controls, provide the data to the disbursing bank and subsequently collect them from the disbursing bank. It was clear that the Fund would be unable to comply with this shortened time limit with its current hardware and software. Therefore, in 2009 the Fund commenced tender proceedings to choose a company to manage a project entitled "Performance of an Analysis and Subsequent Implementation of Fund Software for the Disbursement of Compensation for Insured Deposits". By the end of 2009 the company selected to manage this project had prepared, in cooperation with the Fund, a detailed analysis

of the problem with the aim of selecting a contractor for the implementation of the required software in 2010.

#### DISBURSEMENT OF COMPENSATION

Pursuant to Section 41a (5) of the Act on Banks, financial funds may only be withdrawn from the Fund for the compensation of claims from deposits to entitled persons and for repayment of the Fund's debts. During its existence, the Fund has disbursed compensation for deposits in 16 cases, granted in the form of 12 regular and four additional payments as compensation to depositors of twelve banks totalling CZK 25.474 billion as at 31 December 2009. In 2009 the Fund did not disburse any compensation.

During 2009 another part of unjustifiably disbursed additional compensation to depositors of Moravia banka, a.s. of CZK 2.24 million was returned to the Fund's account. The reason why the Fund made this disbursement was because it had received incorrect data in 565 cases from the bankruptcy trustee (administrator). After discovering this fact, the Fund asked clients who had received this compensation without authorisation to return it. The current total amount of compensation returned voluntarily by such persons after being summoned to do so by the Fund under a court decision, judicial settlement or out-of-court agreement, is CZK 135.21 million<sup>3</sup>, which is about 75% of the total compensation disbursed without authorisation. Hence the total compensation disbursed by the Fund is reduced by the above amount.

#### DISBURSEMENT OF COMPENSATION FROM THE DEPOSIT INSURANCE FUND AS AT 31 DECEMBER 2009

BANK	Date of commencement of compensation disbursement	Disbursed compensation in millions of CZK as at 31 December 2009
Česká banka, a. s. <sup>1</sup>	11/ 12/ 1995	947.97
AB banka, a. s.	31/ 1/ 1996	0.03
První slezská banka, a. s.	15/ 5/ 1996	217.48
Podnikatelská banka, a. s.	17/ 6/ 1996	1 073.54
Realitbanka, a. s.	24/ 7/ 1996	23.97
Velkomoravská banka, a. s.	29/ 7/ 1996	1 006.09
Kreditní banka Plzeň, a. s.	23/ 9/ 1996	580.30
Pragobanka, a. s. <sup>2</sup>	1/ 12/ 1998	414.13
Universal banka, a. s. <sup>2</sup>	17/ 5/ 1999	2 299.75
Moravia banka, a. s. <sup>2</sup>	11/10/ 1999	6 407.44
Union banka, a. s.	17/ 5/ 2003	12 367.01
Plzeňská banka, a. s.	7/ 6/ 2003	135.70
<b>TOTAL</b>		<b>25 473.41</b>

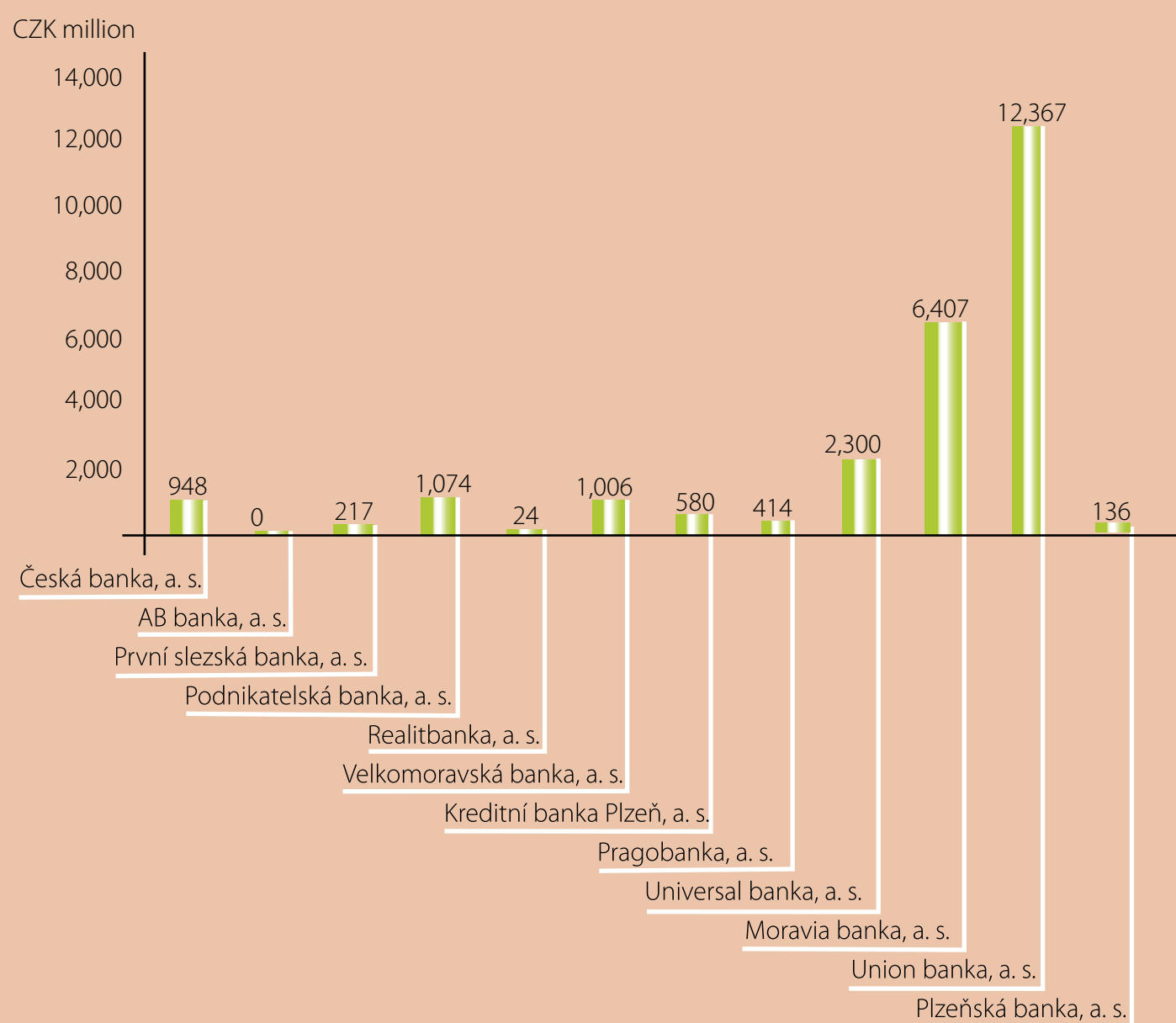
<sup>1</sup> disbursement of additional compensation commenced on 8/6/1998

<sup>2</sup> disbursement of additional compensation commenced on 4/1/2002

<sup>3</sup> in 2004 compensation of CZK 18.56 million was returned that had been debited to disbursed deposit compensation account; since 2005 this has formed part of the Fund's income (see table on page 18 – IV. The Fund's Main Cash Flow)



## DISBURSEMENT OF COMPENSATION FROM THE FUND TO 31. DECEMBER 2009



#### RECEIVABLES OF THE DEPOSIT INSURANCE FUND FROM BANKS

Pursuant to Section 41h (2) of the Act on Banks, starting with the disbursement commencement date, the Fund will become the creditor of a bank that has failed to meet its commitments under the legal and contractual terms and conditions within the scope of the rights of the entitled persons of the bank to be paid by the Fund. Of the 12 paid banks, bankruptcy proceedings have been completed in only three cases. Of the amount of disbursed compensation for deposits, which had reached CZK 25.5 billion as at 31 December 2009, CZK 23.4 billion of receivables were recognised in bankruptcy proceedings. The receivables from additionally disbursed deposit compensation at Pragobanka, a.s., Universal banka, a.s. and Moravia banka, a.s. were not recognised because the Fund, when reporting them, did not meet, nor could

it have met, the time limits for reporting the claims laid down by the Bankruptcy and Composition Act valid at the time.

In fact the amendment to the Act on Banks, under which the Fund disbursed this additional compensation, was adopted after the expiry of the relevant time limits. The recognition of these claims is the subject of legal proceedings.

The following table shows a summary of the Fund's receivables from individual banks registered as at 31 December 2009 for bankruptcy proceedings of disbursed banks. Of the total registered receivables of CZK 21,824.06 million a preliminary schedule has been drawn up for five banks with a total received advance payment for the Fund of CZK 2,822.27 million. The Fund currently has CZK 19,001.80 million of receivables registered against banks.

**SUMMARY OF RECEIVABLES REGISTERED FOR BANKRUPTCY PROCEEDINGS  
AS AT 31/12/2009 IN MILLIONS OF CZK**

BANK	Type of disbursement	Registration for bankruptcy	Returned to the Fund	Receivables in bankruptcy
Česká banka, a. s.	regular	518.56		
	additional	443.11		961.67
AB banka, a. s.	regular	0.23	0.01	0.22
První slezská banka, a. s.	regular	217.50	7.61	209.89
Realitbanka, a. s.	regular	24.20		24.20
Velkomoravská banka, a. s.	regular	1 006.63		1 006.63
Kreditní banka Plzeň, a. s.	regular	580.95	29.05	551.91
Universal banka, a. s.	regular	1 862.64	302.29	1 560.35
Moravia banka, a. s.	regular	4 753.70		4 753.70
Union banka, a. s.	regular	12 416.54	2 483.31	9 933.23
<b>TOTAL</b>		<b>21 824.06</b>	<b>2 822.27</b>	<b>19 001.80</b>

As for bankruptcy proceedings terminated by the end of 2009, 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. and Plzeňská banka, a. s.

This means that as at 31 December 2009 the Fund no longer has any receivables from these three banks. A summary of these satisfied receivables including received revenues and yield is given in the following table.

**SUMMARY OF THE PROCEEDS OF RECEIVABLES FROM BANKS AT COMPLETED BANKRUPTCY PROCEEDINGS  
AS AT 31/12/2009 IN CZK MILLIONS**

BANK	Type of disbursement	Total amount of receivables	Returned to the Fund	Yield (%)
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 <sup>4</sup>	52.41
<b>TOTAL</b>		<b>1 552.58</b>	<b>803.52</b>	<b>51.75</b>

<sup>4</sup> in addition to this performance in 2004 the Fund received from the Plzeňská banka, a. s. bankrupt's estate the amount of CZK 1.025 million as an additional payment to the contribution for insured deposits for 2003

### CONTRIBUTIONS TO THE DEPOSIT INSURANCE FUND

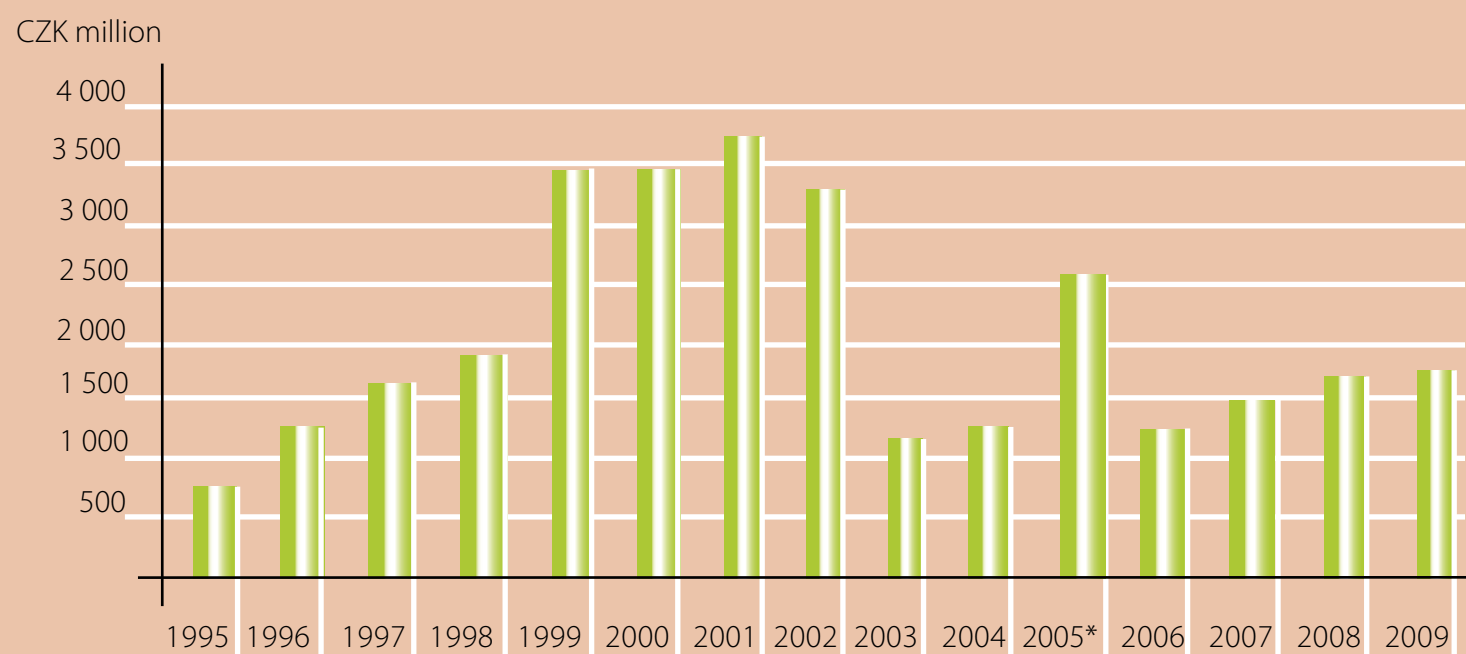
In January 2009 banks, building societies and cooperative savings banks paid contributions into the Fund for the

2008 calculation base totalling CZK 1 790.58 million. The following table provides an overview of the contributions received by the Fund since its establishment in 1994.

#### CONTRIBUTIONS TO THE FUND BY YEAR

Calculation Base Year	Contribution Payment Year	Amount in millions of CZK
1994	1995	807.04
1995	1996	1 275.93
1996	1997	1 651.06
1997	1998	1 939.37
1998	1999	3 439.68
1999	2000	3 472.68
2000	2001	3 790.52
2001	2002	341.04
2002	2003	1 188.38
2003	2004	1 296.74
2004	2005	2 642.05
2005	2006	1 329.59
2006	2007	1 528.63
2007	2008	1 719.18
2008	2009	1 790.58
<b>TOTAL</b>		<b>31 212.47</b>

#### CONTRIBUTION PAID TO THE FUND



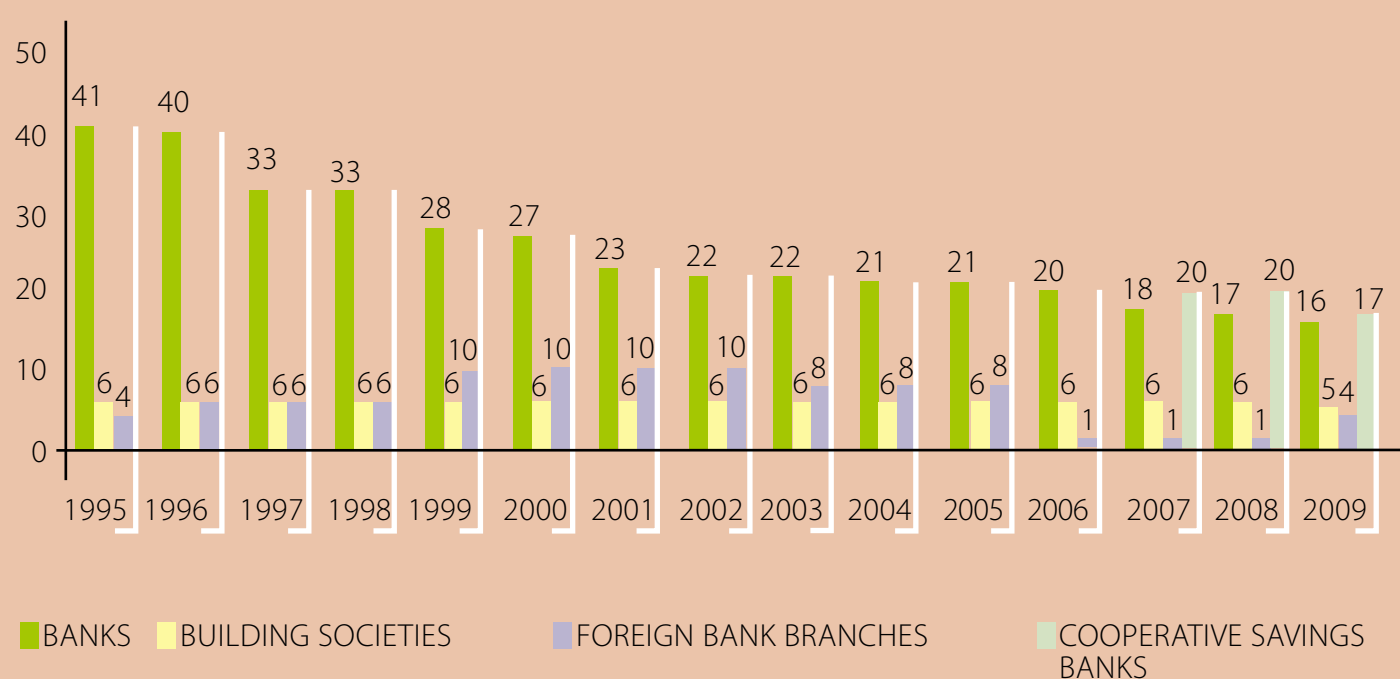
\* including advance payments made in December 2004

The contribution amount is subject to an amendment to the Act on Banks made through Act No. 126/2002 Coll., Section 41c (6) and (7). The annual contribution of a bank to the Fund was reduced by the above amendment to 0.1% of the average volume of insured deposit claims in the previous year, including interest. The average amount of insured deposit claims is calculated by the bank according to the status of insured deposit claims as at the last day of each calendar month in the previous year, including interest accrued to the depositor as at that day. Since 2006 cooperative building societies have been paying a contribution to the Fund of 0.1% of the average amount of insured deposit claims for the previous year, including interest. The annual contribution of a building society to the Fund was reduced by the aforesaid amendment to 0.05% of the average volume of insured deposit claims for

the previous year, including interest accrued to the participant in building society savings in the previous year. The average volume of insured deposit claims is calculated by the building society according to the quarterly status of insured deposit claims in the previous year without setting off prepaid state grant-in-aid. Banks, building societies and cooperative savings banks are obliged to pay their contributions to the Fund for the previous calendar year no later than by 31 January of the current year. The contribution is paid in Czech crowns.

Of the additionally insured foreign bank branches, HSBC Bank, plc – branch Praha, BRE Bank, S.A. and Citibank Europe plc paid their contribution to the Fund for 2008 by 31/1/2009. Straumur-Burdaras Investment Bank hf. had no insured deposits for 2009.

### NUMBER OF INSTITUTIONS CONTRIBUTING TO THE FUND



### INVESTMENT ACTIVITIES

The total volume of the Fund's financial reserves at the end of 2009 reached CZK 12 642.79 million. Approximately 81% of

the Fund's financial reserves were administered through three investment managers and 19% directly by the Fund.

## TREND IN THE VOLUME OF THE FUND'S FINANCIAL RESERVES 2001–2009

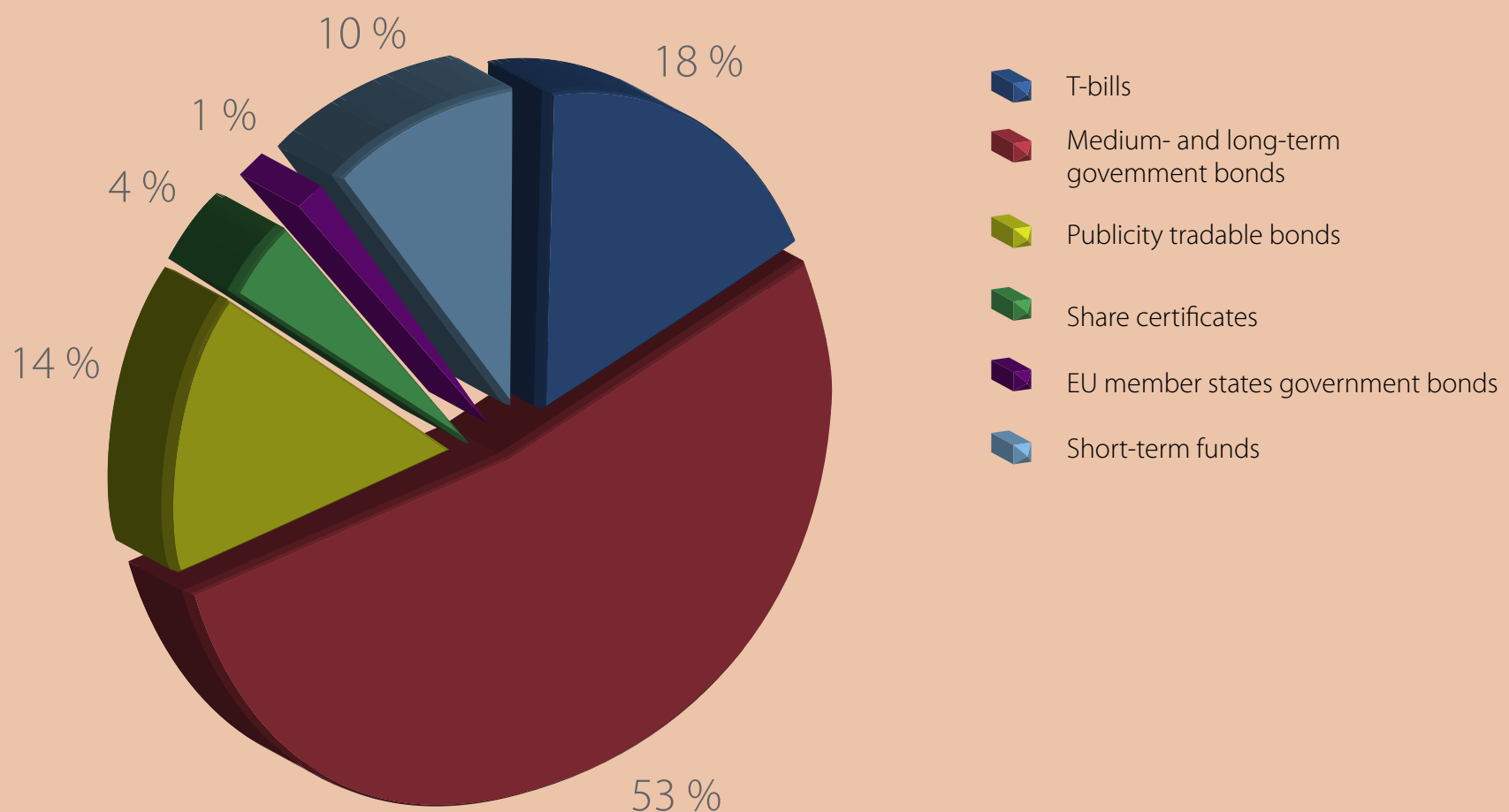


While managing its financial reserves in 2009 the Fund continued applying the investment policy it introduced in 2002. The financial reserves administered by the investment managers were invested in medium- and long-term government bonds, bonds issued by banks and corporations in Czech crowns, and partly also in bonds issued in selected foreign currencies, while maintaining a minimum limit of an S&P A rating for the bond issuers. The financial reserves administered directly by the Fund were invested only in short-term government bonds or bonds issued by the Czech National Bank for the purpose of maintaining the Fund's liquidity.

In 2009 the Fund continued building its hold to maturity portfolio – the decision to create this was made the year before. This portfolio consists only of domestic government bonds and its duration is targeted for between 7 and 10 years. In its second year, financial reserves of CZK 800 million were earmarked for its creation, i.e. the same amount as in 2008. The share of this part of the portfolio at the end of 2009 was 13% of the total volume of the portfolio.

The Fund's portfolio at the end of 2009 mostly consisted of medium- and long-term government bonds (53%), short-term government bonds (18%) and publicly traded bonds of banks and corporations (14%).

## STRUCTURE OF FUND'S PORTFOLIO AS AT 31/ 12/ 2009



## STRUCTURE OF THE PORTFOLIO BY INSTRUMENT AS AT 31/12/2009

Type of instrument		Market value in CZK millions
I.	Current accounts, term deposits, receivables*)	1 266.22
II.	Bonds:	10 901.22
	<i>of which: Treasury bills and Czech National Bank bonds</i>	2 287.32
	<i>Medium- and long-term government bonds</i>	6 729.10
	<i>Bank and corporate bonds</i>	1 802.96
	<i>IBRD, EIB and EU Member State government bonds</i>	81.85
III.	Share certificates	475.35
<b>IV.</b>	<b>TOTAL</b>	<b>12 642.79</b>

\*) receivables from buy & sell operations, receivables from issuers from unpaid coupons

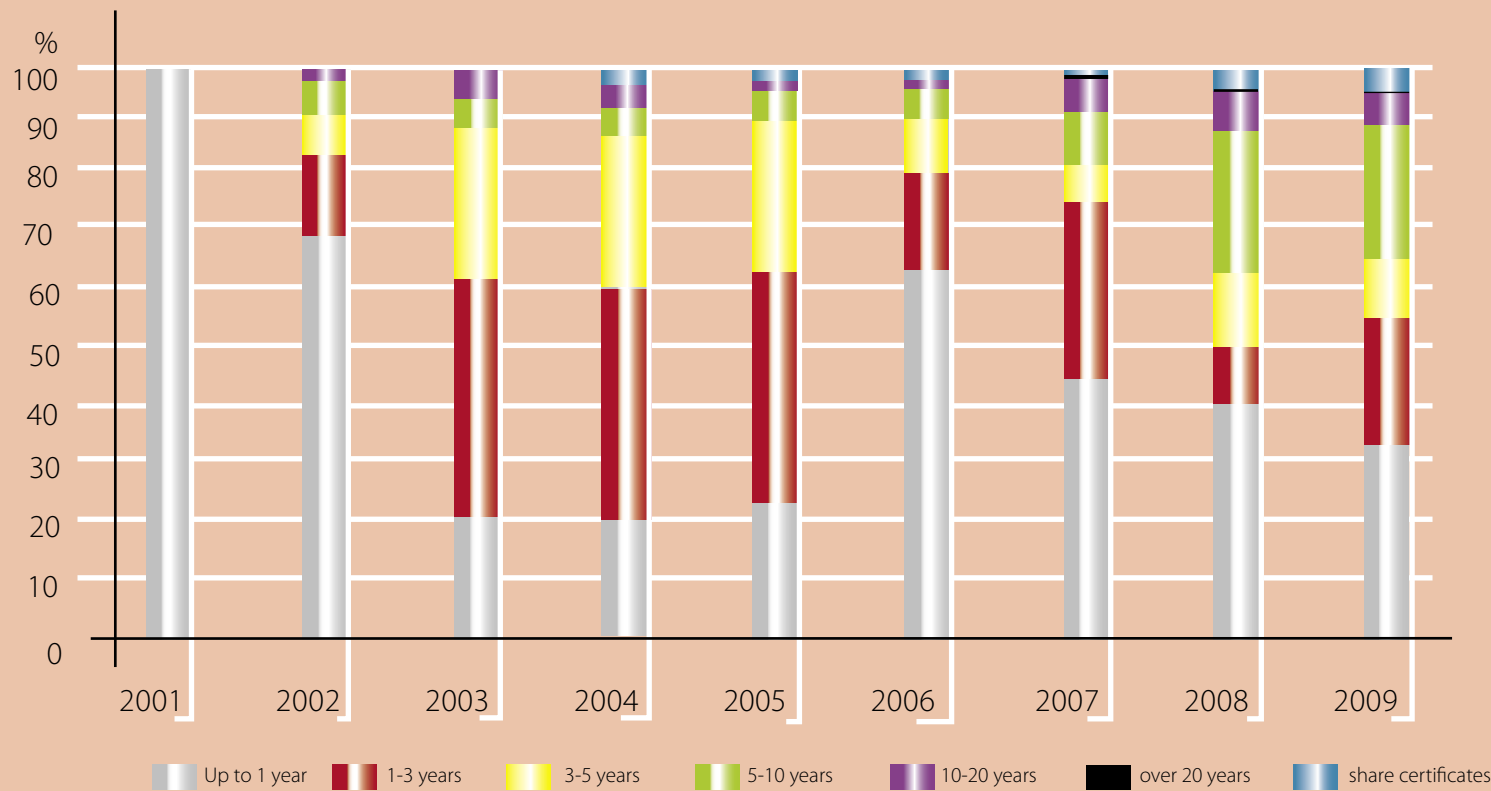
At the end of 2009 the Fund's portfolio consisted mainly of bonds and share certificates issued in CZK (95.1%). Of the bonds issued in foreign currencies the portfolio mostly contained bonds issued in EUR (3.2%), PLN (0.8%) and USD (0.8%).

Instruments with maturities of up to 1 year (32.3%), between 1 and 3 years (22.8%) and between 5 and 10 years (23.6%) made up the largest share of the portfolio. The duration of the portfolio as at 31 December 2009 reached 2.94 years.

## STRUCTURE OF THE PORTFOLIO BY MATURITY AS AT 31/12/2009

Instrument maturity		Market value in millions of CZK
I.	Up to 1 year	4 086.57
II.	1–3 years	2 883.96
III.	3 – 5 years	1 310.72
IV.	5 – 10 years	2 989.05
V.	10 – 20 years	827.73
VI.	More than 20 years	69.41
VII.	Share certificates	475.35
<b>VIII.</b>	<b>TOTAL</b>	<b>12 642.79</b>

## STRUCTURE OF THE FUND'S PORTFOLIO



The total value of Fund's financial reserves for 2009 increased by 6.21% p. a., which expressed in Czech crowns was around CZK 725 million. This was the best result in terms of increasing the value of the Fund's financial reserves since the change in its method of administration, i.e. since 2002.

#### INTERNATIONAL COOPERATION

In 2009 the Fund continued to develop its cooperation with similar institutions both within the framework of the EU and also worldwide, and participated in international conferences and meetings relating to the preparation of new legislation to address issues connected to deposit insurance in European Union countries.

Through its membership in the **European Forum of Deposit Insurers** representatives of the Fund participated in the Annual Meeting and conference held in Paris in June 2009. The subject of this conference was Deposit Insurance During and After

a Systemic Crisis in the EU. At the conference representatives of the US FDIC also presented their experience in resolving bank failures.

During 2009 there were several working meetings of the EFDI addressing the issue of proposals for changes to EU legislation, mutual cooperation between the individual deposit insurance systems and the experience of EU countries with disbursement of compensation of deposits during the crisis period.

**The International Association of Deposit Insurers** held its 8th Annual General Meeting together with a conference in Basle in September 2009. The conference focused on the Core Principles for Effective Deposit Insurance Systems and their application in practice. At the same time, another Deposit Insurance Organization of the Year Award was announced, the winner of which was the Turkish deposit insurance system (TMFS).

## IV. The Fund's Main Cash Flow in 2009

### OVERVIEW OF TOTAL INCOME AND EXPENDITURE OF THE FUND IN 2009 (IN CZK MILLIONS)

<b>I.</b>	<b>INCOME</b>	<b>2 518.5</b>
	Contributions from banks accepted in 2009	1 790.6
	Income from judicial composition and bankruptcy	0.0
	Returns of disbursed compensation	2.2
	Returned non-disbursed compensation advances	0.0
	Interest received and other revenue	725.7
	– <i>interest from investment</i>	725.0
	– <i>other financial revenue</i>	0.7
	New loans received	0.0
<b>II.</b>	<b>EXPENDITURE</b>	<b>13.0</b>
	Disbursement of deposit compensation in 2009	0.0
	Operating expenses	13.0
	Interest paid	0.0
	Loan repayments	0.0
<b>III.</b>	<b>Difference between income and expenditure</b>	<b>2 505.5</b>



## V. Auditor's report to the Board of Directors of Deposit Insurance Fund

This document is an English translation of the Czech auditor's report. Only the Czech version of the report is legally binding.

### ■ FINANCIAL STATEMENTS

On the basis of our audit, on 27 July 2010 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

„We have audited the accompanying financial statements of Fond pojištění vkladů, which comprise the balance sheet as of 31 December 2009, and the income statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

### ■ MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements of Fond pojištění vkladů in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ■ AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ■ OPINION

In our opinion, the financial statements present fairly in all material respects the assets, liabilities and the financial position of Fond pojištění vkladů as of 31 December 2009, and its expenses, revenues and financial performance for the year then ended in accordance with Czech accounting legislation.“

### ■ ANNUAL REPORT

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of Company's management. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that all also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that our audit provides a reasonable basis for the auditor's opinion. In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague, 5 October 2010

*KPMG Česká republika Audit*

KPMG Česká republika Audit, s.r.o.

Licence number 71

Vladimír Dvořáček  
Partner

Pavel Závitkovský  
Partner

Licence number 69

## NOTES TO THE 2009 FINANCIAL STATEMENTS

**BALANCE SHEET AS AT 31 DECEMBER 2009**

ASSETS	as at 1 January 2009 CZK 000	as at 31 December 2009 CZK 000
<b>A. Total fixed assets</b>	<b>801 010</b>	<b>1 553 924</b>
<b>I. Intangible fixed assets – software</b>	<b>65</b>	<b>65</b>
<b>II. Tangible fixed assets</b>	<b>1 541</b>	<b>1 497</b>
3. Buildings	297	297
4. Machinery and equipment	1 244	1 200
<b>III. Long-term investments – bonds, debentures and similar securities held to maturity</b>	<b>800 431</b>	<b>1 553 466</b>
<b>IV. Total accumulated depreciation of fixed assets</b>	<b>-1 027</b>	<b>-1 104</b>
2. Accumulated depreciation of software	-47	-65
6. Accumulated depreciation of buildings	-5	-11
7. Accumulated depreciation of machinery and equipment	-975	-1 028
<b>B. Total current assets</b>	<b>28 333 604</b>	<b>30 101 989</b>
<b>II. Total receivables</b>	<b>19 319 846</b>	<b>19 806 179</b>
4. Advances paid	148	149
6. Receivables from employees	1	0
17. Other receivables	19 319 697	19 806 030
<b>III. Total short-term financial assets</b>	<b>9 007 776</b>	<b>10 295 624</b>
1. Cash	30	8
2. Stamps and vouchers	24	17
3. Bank accounts	397 846	507 609
4. Shares and similar securities held for trading	378 904	475 353
5. Bonds, debentures and similar securities held for trading	8 230 972	9 312 637
<b>IV. Total other assets</b>	<b>5 982</b>	<b>186</b>
1. Prepaid expenses	37	59
2. Accrued revenues	5 945	127
<b>Total assets</b>	<b>29 134 614</b>	<b>31 655 913</b>

## BALANCE SHEET AS AT 31 DECEMBER 2009 (continued)

LIABILITIES	as at 1 January 2009 CZK 000	as at 31 December 2009 CZK 000
<b>A. Total equity</b>	<b>29 128 851</b>	<b>31 630 443</b>
<b>I. Equity</b>	<b>28 163 574</b>	<b>30 648 887</b>
<b>II. Total profit/loss</b>	<b>965 277</b>	<b>981 556</b>
1. Profit/loss for the period	268 984	712 572
3. Retained earnings	696 293	268 984
<b>B. Total liabilities</b>	<b>5 763</b>	<b>25 470</b>
<b>III. Total short-term liabilities</b>	<b>5 763</b>	<b>25 470</b>
1. Payables to suppliers	48	432
5. Payables to employees	135	404
7. Payables to social security and health insurance	90	261
9. Other direct tax liabilities	26	105
15. Payables from fixed term operations	3 526	10 478
17. Other payables	0	4
22. Estimated payables	1 938	13 786
<b>Total liabilities</b>	<b>29 134 614</b>	<b>31 655 913</b>

## PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2009

	ACTIVITIES		
	MAIN	PROFIT/LOSS	TOTAL
	CZK 000	CZK 000	CZK 000
<b>A. Expenses</b>			
<b>I. Total consumed purchases</b>	<b>221</b>		<b>221</b>
1. Material consumption	221		221
<b>II. Total services</b>	<b>6 169</b>		<b>6 169</b>
5. Repairs and maintenance	99		99
6. Travel expenses	330		330
7. Representation expenses	118		118
8. Other services	5 622		5 622
<b>III. Total personnel expenses</b>	<b>4 158</b>		<b>4 158</b>
9. Wages and salaries	2 992		2 992
10. Obligatory social security	1 037		1 037
12. Obligatory social expenses	64		64
13. Other social expenses	65		65
<b>IV. Total taxes and fees</b>	<b>175</b>		<b>175</b>
14. Road tax	1		1
16. Other taxes and fees	174		174
<b>V. Total other expenses</b>	<b>172 698</b>		<b>172 698</b>
21. Foreign exchange losses	3		3
24. Other expenses	172 695		172 695
<b>VI. Depreciation and assets sold</b>	<b>5 647 974</b>		<b>5 647 974</b>
25. Depreciation of intangible and tangible fixed assets	193		193
27. Securities and investments sold	5 647 781		5 647 781
<b>Total expenses</b>	<b>5 831 395</b>		<b>5 831 395</b>
<b>B. Revenues</b>			
<b>IV. Total other revenues</b>	<b>454 611</b>		<b>454 611</b>
15. Interest revenues	24 533		24 533
16. Foreign exchange gains	0		0
18. Other revenues	430 078		430 078
<b>V. Revenues from sale of assets</b>	<b>6 089 356</b>		<b>6 089 356</b>
20. Revenues from sale of securities and investments	5 569 481		5 569 481
22. Revenues from short-term financial assets	458 736		459 736
24. Revenues from long-term financial assets	60 139		60 139
<b>Total revenues</b>	<b>6 543 967</b>		<b>6 543 967</b>
<b>C. Profit/loss before tax</b>	<b>712 572</b>		<b>712 572</b>
<b>D. Profit/loss after tax</b>	<b>712 572</b>		<b>712 572</b>

## 1 GENERAL INFORMATION

The Deposit Insurance Fund (hereinafter referred to as “the Fund”) was incorporated in the Commercial Register on 29 December 1994 under Act No. 156/94 Coll., which amends Act No. 21/1992 Coll. on Banks and its registered office is in Prague, Růžová 15. The Fund’s main activity is providing compensation to owners of deposits that are legal entities or individuals under the terms and conditions specified by the law. Pursuant to the provisions of Act No. 586/1992 Coll. on Income Tax, as amended, the Fund’s income is exempt from income tax.

The members of the Board of Directors as at 31 December 2009 were as follows:

	Position
Josef Tauber	president
Petr Vojtíšek	vice-president
Libor Löfler	member
Daniel Heler	member
Michal Franěk	member

## 2 ACCOUNTING POLICIES

### (a) Basic principles of preparing financial statements

The financial statements are compiled in accordance with the accounting regulations valid in the Czech Republic and the Czech accounting standards for non-profit organisations. The financial statements are compiled at historical prices except for derivatives and securities that are reported at fair value. The amounts in the financial statements are rounded to thousands of Czech crowns, unless otherwise stated.

### (b) Fixed tangible assets

Purchased fixed tangible assets are stated at acquisition cost for which the assets were acquired including expenses incurred in connection with the acquisition.

Fixed tangible assets are depreciated by straight line method based on their estimated useful life and tax rates. Repair and maintenance expenses of fixed tangible assets are booked directly to expenses.

Tangible assets with a useful life of more than year and an acquisition price not exceeding CZK 40,000 per item are charged directly to expenses as they are put in use.

### (c) Securities and investments

The Fund classifies securities and investments as held for trading and held to maturity.

**Securities held for trading:**

Securities held for trading are securities which the Fund holds for the purpose of generating profit from short-term price fluctuations, of no more than a year.

Securities and investments are stated during their purchase at the acquisition cost including the transaction expenses. Securities held for trading are carried at fair value. The Fund applies the market value of securities as at the balance sheet date to calculate their fair value. The valuation of securities not traded on public markets is carried out based on an expert opinion or a qualified estimate made by the Fund management.

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

**Securities held to maturity:**

Securities held to maturity are non-derivate financial assets with fixed or pre-determined revenues and fixed maturity which the Fund has the intent and ability to hold to maturity. If the Fund sold other than an insignificant amount of these assets, this entire category would be moved to the Securities held for trading category.

**Repo and buy-sell operations:**

Collateralised receivables as part of repo and buy-sell transactions are reported under the Other receivables including accrued interest. Interest from these transactions is accrued for the duration of such a transaction and booked to interest revenues.

**(d) Financial derivatives**

The financial derivatives, including currency transactions, currency and interest swaps, are firstly entered in the balance sheet at the acquisition cost and subsequently re-valued to the fair value. The fair values are derived from the market prices and from discounted cash flow models.

All derivatives are reported as receivables from fixed term operations if they have a positive fair value or as payables from fixed term operations if their fair value is negative.

Changes in the fair value of trading financial derivatives are recognised in the profit and loss account.

**(e) Foreign currency conversions**

Transactions made in foreign currencies are converted and posted using the exchange rate valid as at the transaction date. All monetary assets and liabilities in foreign currencies were converted by the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses from the receivables and payables translations are recognised in the profit and loss account.

The foreign exchange gains and losses of securities valued at the fair value and managed in foreign currencies are considered as a part of the fair value.

**(f) Contributions received from banks**

Contributions received from banks are posted directly to the funds account included in the Fund's equity financing. These contributions are posted based on their actual acceptance at the start of the current year; they are not accrued because they concern a contribution for the current year. The previous calendar year is the base for calculating the amount of the contribution.

**(g) Establishment of adjustments**

The Fund does not create adjustments to receivables nor does it account for them in accordance with Section 37 (1) of Decree No. 504/2002 Coll. of the Ministry of Finance of the Czech Republic by which some provisions are implemented of Act No. 563/1991 Coll. on Accounting.

**(h) Payables to bank clients and receivables from banks that could not meet their commitments to clients**

In accordance with the provision of the Ministry of Finance of the Czech Republic and internal accounting regulation of accepted contributions, disbursement of compensation and related cases are booked by the Fund, based on the decision of the Ministry of Finance of the Czech Republic to commence the disbursement, as a payable to the bank clients for which compensation is disbursed against the reduction of the amount of managed funds account included in equity financing. The claim at the same amount is posted for the banks which cannot meet their commitments to their clients against the funds in equity financing.

**(i) Subsequent events**

The impact of events that occurred between the balance sheet date and the date of the drawing up of the financial statements is entered in the accounting statements if these events provide additional information about the facts which existed as at the balance sheet date.

In the event that between the balance sheet date and the date of drawing up the financial statements important events occurred, the consequences of these events are described in the notes to financial statements, but are not posted to the financial statements.

**(j) Changes to accounting procedures**

In 2009 there were no changes in the Fund's accounting policies.

**3 ADDITIONAL INFORMATION TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

(a) Receivables due from banks which did not meet their commitments to their clients as at 31 December 2009 amounted to CZK 19 001 780 thousand (2008: CZK 19 001 791 thousand).

No adjustments were created to these receivables based on the provision of Ministry of Finance of the Czech Republic (see note 2(g)).

(b) Fair value of securities held for trading:

	31 December 2008	31 December 2009
	CZK 000	CZK 000
Bonds, debentures and similar securities held for trading	9 312 637	8 230 972
Shares and similar securities held for trading	475 353	378 904
<b>Total</b>	<b>9 787 990</b>	<b>8 609 876</b>

(c) The Fund has no registered capital. The fund balance forms the equity financing. A summary of changes in the fund balance is shown below:

	Receivables from insolvent banks	Receivables from insolvent banks	Receivables and payables written off	Compensation disbursement	Surplus from settlement of compensation disbursement for insured deposits	Transfer of profit/loss	Total
	CZK 000	CZK 000	CZK 000	CZK 000	CZK 000	CZK 000	CZK 000
<b>Balance at 1 January 2008</b>	<b>9 645 691</b>	<b>15 120 751</b>	<b>-2 681 626</b>	<b>269 382</b>	<b>88 607</b>	<b>3 947 142</b>	<b>26 389 947</b>
Contributions and advances from banks received (see note 2(f))	0	1 719 183	0	0	0	0	1 719 183
Receivables written off	0	0	54 444	0	0	0	54 444
<b>Balance at 31 December 2008</b>	<b>9 645 691</b>	<b>16 839 934</b>	<b>-2 627 182</b>	<b>269 382</b>	<b>88 607</b>	<b>3 947 142</b>	<b>28 163 574</b>
<b>Balance at 1 January 2009</b>	<b>9 645 691</b>	<b>16 839 934</b>	<b>-2 627 182</b>	<b>269 382</b>	<b>88 607</b>	<b>3 947 142</b>	<b>28 163 574</b>
Contributions and advances from banks received (see note 2(f))	0	1 790 581	0	0	0	0	1 790 581
Transfer of profit/loss from previous years	0	0	0	0	0	696 293	696 293
Receivables written off	0	0	-1 561	0	0	0	-1 561
<b>Balance at 31 December 2009</b>	<b>9 645 691</b>	<b>18 630 515</b>	<b>-2 628 743</b>	<b>269 382</b>	<b>88 607</b>	<b>4 643 435</b>	<b>30 648 887</b>

The contributions received from banks are contributions received since 2001 when there was a change to the accounting methodology.



(d) The Fund had no payables from compensation disbursement as at 31 December 2009 (2008: CZK 0).

Payables from social security and health insurance as at 31 December 2009 amounted to CZK 261 000 (2008: CZK 90 000) of which CZK 183 000 (2008: CZK 64 000) were payables from social security and CZK 78 000 (2008: CZK 26 000) were payables from health insurance. None of these payables were overdue. Tax payables were CZK 105 000 (2008: CZK 26 000). None of these payables were overdue.

(e) Contributions are booked on the basis of their real acceptance and are not accrued (see note 2(f)).

	2009	2008
	CZK 000	CZK 000
Contributions received from banks for the previous year	1 790 581	1 719 183

(f) Summary of income and expenditure, revenues and expenses of the current and previous accounting period:

	2009	2008
	CZK 000	CZK 000
<b>Revenues:</b>		
Revenues	5 569 481	30 384 694
Revenues from the sale of securities	459 736	460 992
Revenues from short-term financial assets	60 139	17 747
Revenues from long-term financial assets	454 611	360 441
<b>Total revenues</b>	<b>6 543 967</b>	<b>31 223 874</b>
<b>Expenses:</b>		
<b>Expenses</b>	<b>-5 647 781</b>	<b>-30 518 411</b>
Securities sold	-193	-213
Depreciation of fixed intangible and tangible assets	-221	-280
Material consumption	-6 169	-4 758
Services	-4 158	-4 117
Personnel expenses	-175	-3
Taxes and fees	-172 698	-427 108
<b>Total expenses:</b>	<b>-5 831 395</b>	<b>-30 954 890</b>

(g) Other revenues and other expenses are structured as follows:

	2009	2008
	CZK 000	CZK 000
<b>Revenues:</b>		
Interest	24 533	44 918
Foreign exchange gains	0	3
Other revenues – foreign exchange revenues from securities operations and change in fair value of trading derivatives	154 103	155 495
Other revenues – change in fair value of securities held for trading	275 975	159 883
Other	0	142
<b>Total other expenses</b>	<b>454 611</b>	<b>360 441</b>
<b>Expenses:</b>		
Foreign exchange losses	- 3	- 5
Other expenses – foreign exchange losses from securities operations and change in fair value of trading derivatives	-151 053	-170 983
Other expenses – change in fair value of securities held for trading	-19 460	-251 049
Other	-2 182	-5 071
<b>Total other expenses</b>	<b>-172 698</b>	<b>-427 108</b>

Revenues from buy-sell operations account for CZK 10 473 thousand (2008: CZK 27 670 thousand) of the total of CZK 24 553 thousand (2008: CZK 44 918 thousand) of interest revenues.

(h) Profit for 2008 of CZK 268 984 thousand was transferred to Retained Earnings from Previous Years. Profit for 2009 of CZK 712 572 thousand is proposed for transfer to the Retained Earnings from Previous Years.

(i) The average number of Fund employees is five, out of which one is a managing employee. Total salaries expenses in 2009 amounted to CZK 4 158 thousand (2008: CZK 4 117 thousand).

(j) Neither in 2009 nor in 2008 were the members of the Board of Directors provided with any remuneration, advances or loans. In 2008 and 2008 the Fund did not contribute to the life insurance of the executive director and did not provide him with any non-monetary payment.

(k) No events took place after the balance sheet date which could have had a significant impact on the financial statements as at December 2009.

The financial statements were approved and authorised by the Fund's Board of Directors.

27 July 2010



FOND POJIŠTĚNÍ VKLADŮ

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