



VÝROČNÁ SPRÁVA
ANNUAL REPORT

2002

FOND OCHRANY VKLADOV
DEPOSIT PROTECTION FUND

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INTRODUCTION BY THE DEPOSIT PROTECTION FUND COUNCIL CHAIRMAN



LADIES AND GENTLEMEN,

it is my pleasure to submit to you the Annual Report of the Deposit Protection Fund for year 2002, being already the 7th annual report since its foundation in 1996. During this period the Fund became a well-known institution and a cornerstone of the deposit protection system in Slovakia.

Year 2002 was for the Fund significant year for a number of reasons.

During the year the deposit protection bill was signed into a law (National Council of the Slovak Republic Act No. 118/1996 Coll., with subsequent amendments), which was adopted in late 2001 as a part of an Act No. 492/2001 Coll. This Act has aligned the deposit protection legislation with deposit protection norms applicable in European Union, in particular with Guideline 94/19/ES of the European Parliament and Council, dated 30th May 1994 on the system of deposit insurance. However some provisions of this amended bill will, due to economic reasons, become effective only after Slovakia's joining the European Union. From the beginning of July 2002 however the maximum possible

compensation amount for bank deposits protected by law has increased to the 40x multiple of the average monthly salary in the Slovak Republic. As a part of the legislative update process the Fund had issued in 2002 new General Terms and Conditions for the compensation payouts of the bank deposits protected by law, regulating in particular the details of the compensation claim procedure for private individuals and other entitled entities and a method for substantiating this entitlement. Amended were also the rules applicable to the Fund, its bodies and other entities taking part in compensation payments for bank deposits protected by law, the Fund Statutes, Organisation Rules and other internal guidelines for the Deposit Protection Fund.

Throughout the year the Fund continued in compensation payments for inaccessible deposits in AG Banka, a.s., in Slovenská kreditná banka, a.s., Dopravná banka, a.s. and in Devín banka, a.s., i.e., in all four banks, which were over the period of previous years declared as unable to pay out deposits. Compensation payments were financed practically by all own funds of the Fund, accumulated since its establishment and also funds, which came from a loan from the National Bank of Slovakia. As a result of the high financial expenses for compensation payments the contribution level paid by the banks and foreign bank branches has increased at the beginning of 2002 to as much as 0.75 % of the average balance of the protected deposits held by the banks and foreign bank branches. Only the building societies paid to the Fund also in 2002 only 50 % of the contribution amounts.

During the year the Fund continued in pursuing its entitlements and creditor rights in court cases and bankruptcy proceedings against assets of all insolvent banks with inaccessible deposits, where the Fund paid out compensation. This process is however

extremely protracted, in particular by various, often dubious, objections asserting the partiality of bankruptcy judges and also appeals against court rulings ordering creditor meetings. In the interest of overcoming such complications the Fund is co-operating with many institutions, including the appropriate ministries and courts. The Fund has even submitted to the relevant institutions certain legislative changes in the Civil Judicial Rules and the Bankruptcy and Settlement Act. I want to highlight in particular the ruling passed by the Supreme Court of the Slovak Republic, pursuant to which the Deposit Protection Fund is the bankruptcy creditor in Dopravná banka, a.s.. I believe that such trend will continue also in the future and that the Fund's liquidity will be improved from proceeds generated by the bankruptcies in progress. I am convinced that legislative changes will be made, which will speed up the bankruptcy process and strengthen the legal position of the bankruptcy creditors.

Important change, which took place in 2002 was a problem-free transfer of the operation of the Fund's compensation

payment system from the Bank Clearing Centre of Slovakia, a.s., to the Deposit Protection Fund. This information system is a key technological element for compensation payments in particular.

During the year also significant personnel changes in the Fund's bodies have taken place. I would therefore like to thank to all members of the Council, Supervisory Board and the Fund Presidium, as well as all employees and other individuals who have contributed to the successful operation of the Deposit Protection Fund in 2002. Equally I want to thank to the National Bank of Slovakia, the Ministry of Finance of the Slovak Republic and other partner institutions of the Fund.

The Fund promotes and shall continue to promote also in the future its basics strategy to remain a strong institution representing the security for all deposit holders of all banks and foreign bank branches in Slovakia.



Ing. Štefan Králik
Deposit Protection
Fund Council Chairman

MANAGEMENT REPORT



Throughout the year 2002 the Deposit Protection Fund was carrying out one of the main priorities of the deposit protection system, which was continuation of the compensation payments for protected inaccessible deposits to the clients of insolvent banks. The highest volume of the compensation was recorded in case of Devín banka, a.s., where the Fund was paying out compensation already for the second year. At the same time we were preparing for the finalisation of the compensation payments to clients of the three previously insolvent banks, AG Banka, a.s., Slovenská kreditná banka, a.s. and Dopravná banka, a.s., where the statutory period of 3 years will expire during the year 2003.

Provision of the Deposit Protection Act came into effect on July 1, 2002, setting the level of compensation for inaccessible bank deposit in banks and foreign bank branches, including the building societies at 40x the average monthly salary in the Slovak Republic, in the event that any of the banks was declared as unable to pay out its deposits after that date.

Claim totalling more than 20 bln Sk, including compensation payments made on behalf of all four banks and expenses related to the compensation payments is the subject of bankruptcy petitions in individual bankruptcy cases. Deposit Protection Fund

was exercising its creditor rights by applying all available legal avenues and co-operation with relevant institutions and organisations. Biggest progress was made in the Dopravná banka, a.s., case where at the beginning of October the Appellate Senate of the Supreme Court of the Slovak Republic repealed the previous ruling passed by the lower instance Appellate Senate of the same court in the matter of denying the Fund's claim, whereby the Fund has improved its position as the biggest creditor with the entitlement of receiving the proceeds from liquidated bankruptcy assets.

Although exercising the creditor rights of the Fund in bankruptcy cases against AG Banka, a.s., Slovenská kreditná banka, a.s. and Devín banka, a.s. was exacerbated and protracted as a result of appeals against the partiality of individual bankruptcy judges, a situation was achieved, allowing to replace receivers and special receivers in AG Banka, a.s. a Devín banka, a.s. and to call creditor's meetings and investigation conferences in all three banks in 2003. The Fund had also initiated amendments to the relevant legal norms, strengthening creditor rights in bankruptcy proceedings and restricting the use of obstruction tools.

Fund income from the contributions paid in by the banks in 2002 was fully used to repay the NBS loan. Loan balance at the end of the year represented 13.07 bln Sk. In 2000 and 2001 the Fund covered compensation payments for inaccessible deposits from loans. The loan position of the Fund will be neutral by the end of 2005 from annual contributions and proceeds from the sale of the bankrupt banks' assets.

Financial position of the Fund will be further strengthened in the future also by legislative changes to the new Deposit Protection Act, expanding the Fund's income sources by repayable financial assistance and

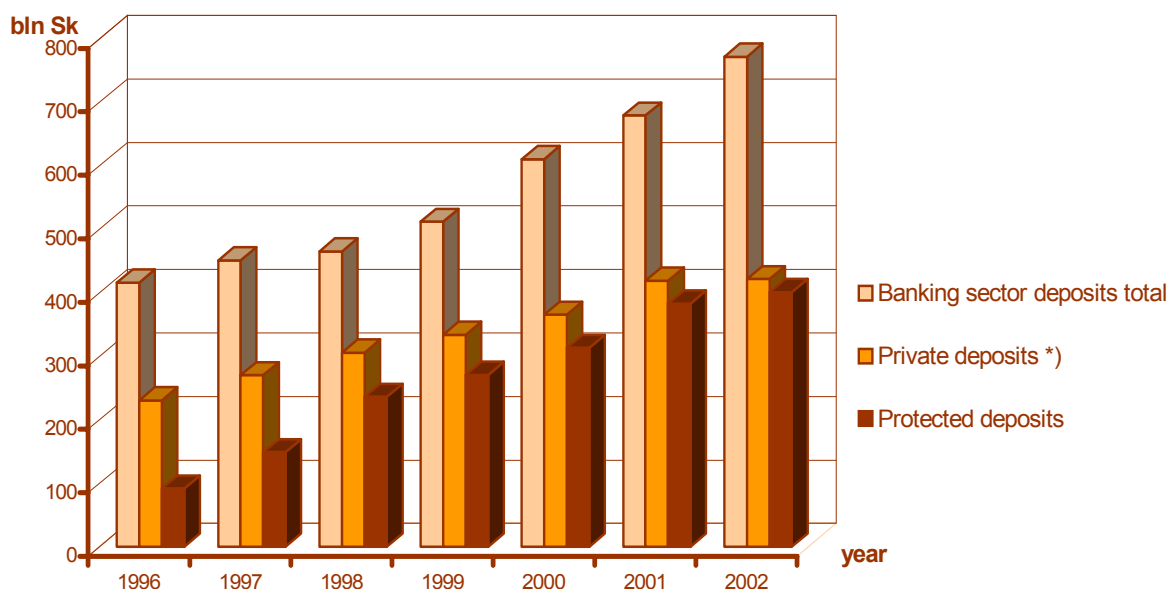
state budget subsidies in order to support the execution of deposit protection tasks.

Also in 2002 the Deposit Protection Fund actively co-operated with international institutions, focusing on the deposit protection system. As a part of the financial sector restructuring evaluation we met with representatives from the World Bank, resulting in submitted proposals to improve legal norms protecting deposits. In the interests of the information exchange in the area of deposit protection system in European countries a European Forum of Deposit Insurers was founded in October 2002 in Vienna, member of became also the Fund. The Fund has acquired extensive experience from the compensation payments for inaccessible made so far and from the bankruptcy proceedings, whereby the Fund can share this knowledge also with members of the international organisations, focused on improvements in the deposit protection system.

BANKING SECTOR DEPOSITS

Banking sector total deposits recorded an increase by almost 93 bln Sk, 35 % higher than in 2001. On the other hand however deposits held by private individuals, self-employed and non-profit legal entities, posting a total volume of 421.1 mln Sk at the end of 2002, grew at a slower pace. Slower movement on the banking market was recorded also by protected deposits. As of December 31, 2002 the total balance of protected deposits was 400.6 bln Sk, with increase of 18 bln Sk over the year. Growth index of 1.047 was lower in 2002, when compared with 2001 (1.223). This was the result of mainly reducing interest rates on deposits, including term and demand deposits, with the interest differential between the two groups diminishing. As of December 31, 2002 approximately 52 % of the total banking sector deposits were subject to protection.

BANKING SECTOR DEPOSITS COMPARISON 1996 – 2002



*) the Act No. 492/2001 Coll., effective from December 1, 2001 the private deposits were extended also to deposits of self-employed and non-profit legal entities

DEPOSIT PROTECTION FUND CONTRIBUTIONS

Fund income in 2002 consisted of annual contributions made by the banks, foreign bank branches and building societies, operating on the banking market.

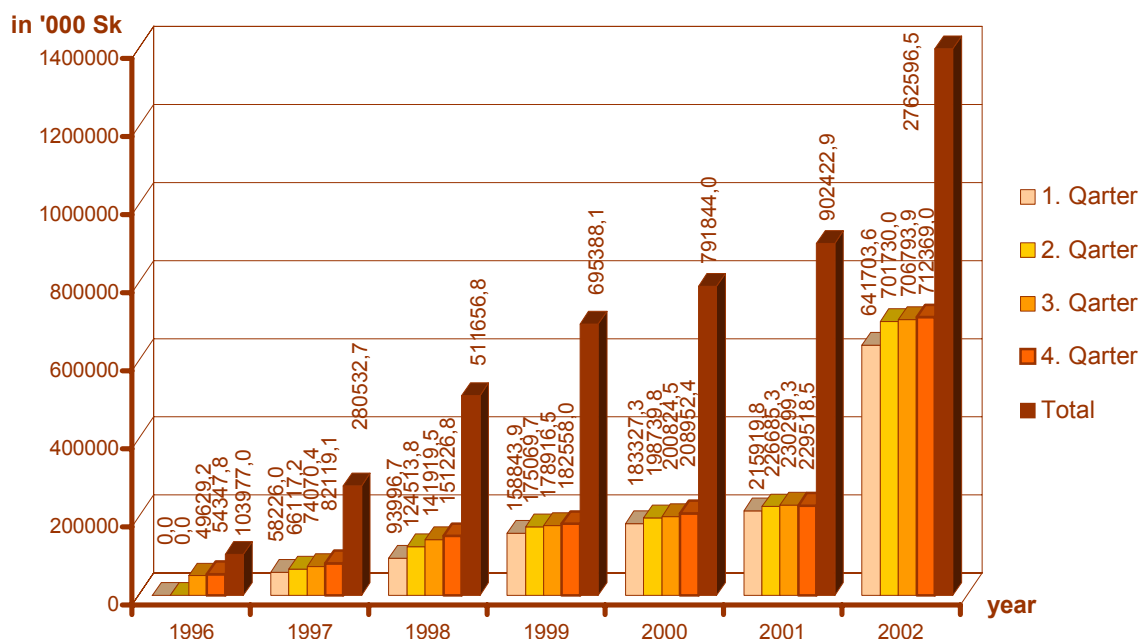
In 2002 the banks, foreign bank branches and building societies contributed to the Fund in quarterly instalments a total of 2.763 bln Sk. Annual contribution level was set by the Deposit Protection Fund Council at 0.75 % of the average protected deposits balance for the previous quarter. Higher end of the band set as an annual contribution relates to the Fund's liability towards the National Bank of Slovakia, which granted to the Fund a medium-term loans in 2000 and 2001 totalling 15.614 bln Sk to be used for compensation payments to the clients of

insolvent banks. In 2002 there was no initial fee paid to the Fund, since there was no new entity established on the market and at the same time there was no extraordinary contribution levied.

In 2002 we have recorded a significant growth of annual contribution level, driven by an increase in the volume of protected deposits, as well as increased contribution rate, which was set at 0.3 % in 2001 and 0.75 % of the protected deposits volume in each bank in 2002 (for building societies 50 % of that rate).

During years 1996 - 2002 banks paid to the Fund statutory contributions, including annual, extraordinary and initial contributions totalling 6.978 bln Sk. The following graph Quarterly contributions and total annual is showing the contribution levels.

QUARTERLY CONTRIBUTIONS DURING 1996 - 2002



Funds received in 2002 in the form of contribution from the banks and foreign bank branches were fully applied to the medium-term loan from NBS, reducing the principal amount by 2.54 bln Sk and 222.37 mln Sk was paid towards the interest.

Debt position of the Fund as of 31.12.2002 hence represented a total liability of 13.07 bln Sk, which will be settled in 2005 through repayments from annual contribution and above all proceeds from the asset sales of bankrupt banks.

FINANCIAL INVESTMENTS AND MANAGEMENT OF THE DEPOSIT PROTECTION FUND

During the year the Fund used part of its funds to purchase securities with maturity terms less than one year. Interest revenues from securities investments were 17.6 mln Sk. During the year three Government Treasury Bills issues, purchased in 2001 matured in at total value of 241 mln Sk. As of the end of the year the fund held in its portfolio 249 Government Treasury Bills at a purchase price of 232.1 mln Sk.

Total expenses of the Fund as of 31.12.2002 represented a total of 2,996.7 mln Sk, of which operating expenses were 2,779.7 mln Sk and financial activities expenses of 217 mln Sk. Within the operational expenses a reserve of 2,762.6 mln Sk was created, representing the Fund's income from the banks' contributions. Fund own operating expenses were 234 mln Sk, of which financial activities expenses represented 93 %. Biggest item of financial activities' expenses were interest expenses of 216.8 mln Sk, paid towards the medium-term loan from the National Bank of Slovakia.

Total revenues of 5,548.6 mln Sk consisted from interest revenues (23.3 mln Sk) and other operating revenues of 2,762.8 mln Sk, representing mainly income from the annual contributions from banks and release of other reserves totalling

2,762.5 mln Sk, which the Fund paid towards the medium-term loan from the National Bank of Slovakia.

In 2002 the Deposit Protection Fund reported a profit of 2,551.9 mln Sk.

COMPENSATION PAYMENTS FOR INACCESSIBLE DEPOSITS

In 2002 the Deposit Protection Fund continued in compensation payments for inaccessible deposits of depositors in AG Banka, a.s., Slovenská kreditná banka, a.s., Dopravná banka, a.s. and Devín banka, a.s., which were during the period 1999-2001 declared by the National Bank as unable to pay out deposits. In 2000-2001 these banks were declared bankrupt. Compensation payments were paid out via Slovenská sporiteľňa, a.s. and Všeobecná úverová banka, a.s.

During the year the Fund was making compensation payments for inaccessible deposits of clients in the three mentioned banks, which were not paid within 3 months from the announcement date of the bank's inability to pay out deposits, either as a result of open inheritance cases, client's long-term stay abroad, health or other serious reasons.

In 2002 the compensation payments for inaccessible deposits in AG Banka, a.s., Slovenská kreditná banka, a.s. and Dopravná banka, a.s. entered its final year. Amount of compensation payments made on behalf of these banks represented only 5 % from the total volume of compensation payments made in 2002.

As of 31.12.2002 the Fund paid out to AG Banka, a.s. clients' compensation totalling 1,742.4 mln Sk, clients of Slovenská kreditná banka, a.s. an amount of 4,317.7 mln Sk and clients of Dopravná banka, a.s. 2,222.7 mln Sk.

Biggest volume of compensation payments as of 31.12.2002 was paid to clients of Devín banka, a.s., i.e., 11,603.6 mln Sk. As of 31.12.2002 the Deposit Protection

Fund paid out 99.59 % of the total compensation payments of this bank.

Compensation payments made as of 31.12.2002 at the same time represent Fund's claim totalling 19,886.4 mln Sk, which is a subject of bankruptcy petitions against individual insolvent banks. Pursuant to the Deposit Protection Act and Bankruptcy and Settlement Act the Fund has exercised its

claim against the banks in an amount equal to that of actually made compensation payments and actual expenses related to the pay out procedure, incurred by the Fund as a majority creditor. Total claim amount of a receivable registered by the Fund in various bankruptcy proceedings represents an amount of 20.237 bln Sk.

COMPENSATION LIMITS FOR INACCESSIBLE DEPOSITS OVERVIEW 1996 – 2002

year	Inaccessible deposits compensation limits	
	30x multiple in Sk	60x multiple in Sk
1996	215,900	431,700
1997	244,700	489,300
1998	276,800	553,600
1999	300,100	600,200
relevant period for limit calculation	Inaccessible deposits compensation limits	
	30x multiple in Sk	60x multiple in Sk
3. Quarter 1998 – 2. Quarter 1999	310,500	621,000
4. Quarter 1998 – 3. Quarter 1999	315,900	631,800
1. Quarter 1999 – 4. Quarter 1999	322,000	644,000
2. Quarter 1999 – 1. Quarter 2000	328,200	656,300
3. Quarter 1999 – 2. Quarter 2000	333,000	665,900
4. Quarter 1999 – 3. Quarter 2000	336,800	673,500
1. Quarter 2000 – 4. Quarter 2000	342,600	685,200
2. Quarter 2000 – 1. Quarter 2001	348,700	697,400
3. Quarter 2000 – 2. Quarter 2001	355,000	710,000
4. Quarter 2000 – 3. Quarter 2001	362,000	-
1. Quarter 2001 – 4. Quarter 2001	370,900	-
40x multiple in Sk		
2. Quarter 2001 – 1. Quarter 2002	504,200	-
3. Quarter 2001 – 2. Quarter 2002	516,900	-
4. Quarter 2001 – 3. Quarter 2002	527,600	-
1. Quarter 2002 – 4. Quarter 2002	540,300	-

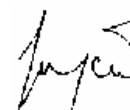
Since 1996, pursuant to Deposit Protection Act, depositor is entitled to a compensation for inaccessible deposit in the amount of difference between the sum of all inaccessible deposits of the same depositor

and his liabilities towards the bank, where deposits became inaccessible in the deposit amount, limited by upper level per depositor as determined by Deposit Protection Act.

Upper compensation limit for inaccessible deposit represents a 40-times multiple of average monthly salary for the last four quarters as determined by the Statistical Office of the Slovak Republic, prior to the day when deposits became inaccessible.

Until July 1, 1999, when the Deposit Protection Act was amended under No. 154/1999 Coll. the compensation was calculated as 30x multiple (for building societies 60x multiple) of average monthly

salary for the previous calendar year as determined by the Statistical Office of the Slovak Republic. From July 1, 1999 until December 1, 2001 the compensation was calculated as 30x multiple and 60x multiple respectively of average monthly salary for the last known four quarters as determined by the Statistical Office of the Slovak Republic (relevant period).



Ing. Rudolf Šujan
Presidium Chairman
Deposit Protection Fund

FINANCIAL STATEMENTS

ASSETS AND LIABILITIES AS OF DECEMBER 31, 2002 AND 2001

Assets	2002 in '000 Sk	2001 in '000 Sk
Cash, NBS current account deposit and checking accounts	94,462	154,710
Cash	11	15
Accounts with emitting banks and checking a/c	94,451	154,695
Treasury bills and other Government bills received from NBS for refinancing	232,102	231,323
Other receivables	0	0
Bonds and other securities	0	0
Loans to other banks	124	144
Loans from other banks	0	0
Deposits from other banks	124	144
Bonds and other securities with fixed interest	0	0
Public sector bonds	0	0
Intangible fixed assets	4,309	6,461
Tangible fixed assets	24,972	27,028
Land	56	56
Buildings	19,413	19,951
Other assets	6,133,170	6,065,088
Accruals active	6,395	5,760
Assets total	6,489,139	6,484,754

Liabilities	2002 in '000 Sk	2001 in '000 Sk
Due to other banks	13,074,161	15,614,325
Loans and deposits from NBS	13,074,161	15,614,325
Loans and deposits from other banks	0	0
Other liabilities	0	0
Securities	0	0
Subsidies and similar funds	0	0
Reserves	0	- 64
Statutory reserves	0	0
Other liabilities	35,440	41,043
Accruals passive	33,775	39,316
Total share capital	0	0
Agio and other capital funds	0	0
Reserve funds and funds from profit	74	58
Profit / loss for previous years	- 9 172 408	- 2,815,277
Profit / loss for current year	2,551,872	- 6,355,331
Liabilities total	6,489,139	6,484,754

PROFIT & LOSS STATEMENT AS OF DECEMBER 31, 2002 AND 2001

Expenses	2002 in '000 Sk	2001 in '000 Sk
Operating expenses	217,001	114,100
Teller and inter-bank operations	216,850	95,348
Financial rental	0	0
Securities operations	150	18,751
Foreign exchange operations	1	1
Other operations	0	0
General operating expenses	16,618	12,290
Personnel	4,044	4,082
Services	6,364	4,157
Tangible and intangible assets depreciation	5,138	3,027
Reserves and provisions	2,762,596	8,054,756
Reserves	0	7,152,333
Statutory reserves	0	0
Other reserves	2,762,596	902,423
Other operating expenses	506	1,847
Income tax	0	0
Extraordinary expenses	7	2
Profit / Loss	2,551,872	- 6,355,331
Expenses total	2,996,728	8,182,995

Revenues	2002 in '000 Sk	2001 in '000 Sk
Operating revenues	23,268	22,552
Teller and inter-bank operations	5,639	3,100
Financial rental	0	0
Securities operations	17,629	19,452
Foreign exchange operations	0	0
Other operations	0	0
Reserves and provisions	2,762,533	902,486
Provisions	0	0
Statutory reserves	0	0
Other reserves	2,762,533	902,486
Other operating revenues	2,762,799	902,440
Extraordinary revenues	0	186
Revenues total	5,548,600	1,827,664

Items reporting permanently zero values and which are below the minimum required disclosure guidelines are not contained in the report.

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002

I. GENERAL INFORMATION

End-of-year accounts were prepared in accordance with § 19 of the Accounting Act no. 563/1991 Coll., with subsequent amendments as a regular end-of-year close for a period between January 1, 2002 and December 31, 2002 under the assumption of continuous functioning of the Fund.

1. DEPOSIT PROTECTION FUND OPERATIONS

Deposit Protection Fund (hereinafter the "Fund") was established by the National Council of the Slovak Republic Act on Protection of Bank Deposits No. 118/1996 Coll., with amendments dated March 20, 1996 (hereinafter the "Deposit Protection Act") and registered with the Companies Register of the District Court Bratislava I on October 10, 1996 under file no. 566/B. Pursuant to special legislation the Fund is not a government fund (Budgetary Rules Act No. 303/1995 Coll.).

Role of the Fund is to organise and execute activities prescribed by law, related to protection of deposits held by private individuals and legal entities defined by law deposited with banks and branches of foreign banks, which are, pursuant to this Act obliged to participate in the deposit protection system in the Slovak Republic. These concern mainly:

- a) accumulation of contributions from banks and branches of foreign banks made to the Fund and application of these funds as prescribed by § 13 of the Deposit Protection Act,
- b) compensation payments for inaccessible deposits in banks and branches of foreign banks in a scope and under conditions stipulated in the Deposit Protection Act and General Terms and Conditions for compensation payments for inaccessible deposits, issued by the Fund, pursuant to § 12 par. 3, of the Deposit Protection Act.

In line with the Deposit Protection Act the Fund can invest in government securities with maturity term maximum 1 year from the purchase date, loan repayments and expenses necessary to support the Fund operations.

2. FUND FINANCES

Revenues from bank contributions

Pursuant to § 5 of the Deposit Protection Act the Fund generates revenues from annual contributions from the banks and foreign bank branches in regular quarterly instalments in amounts between 0.1 % and 0.75 % of the average balance of the protected deposits held by the banks. The Fund determines the contribution level for all banks one year in advance. If the Fund is repaying a loan, which was used for compensation payments for inaccessible deposits the contribution level is set at the upper limit of the contribution range. During years when the Fund does not have own compensation funds of at least 1.5 % of the total balance of deposits protected by this legislation, the contribution level set by the Fund is in the upper half of the annual contribution range.

Revenue source is also an initial and extraordinary contribution. Initial contribution is one-off, due to be paid by the bank within 30 days from the date when the bank has to participate in the protection of deposits held, pursuant to § 4, par. 7, of the Deposit Protection Act, and the amount is 1,000,000 Sk. Extraordinary contribution is used to supplement the Fund's finances to support the compensation payments for inaccessible deposits.

Other financing sources of the Fund

These are revenues generated from the asset sales under bankruptcy proceedings based on the exercising of rights, which the Fund acquired pursuant to § 11 of the Deposit Protection Act, due in lieu of the compensation payments for inaccessible deposits.

Financing sources are also loans from the National Bank of Slovakia or other banks in situations, when the above-mentioned finances are not sufficient to support the Fund operations as prescribed by the Deposit Protection Act.

Additional funds can also be revenues according to special legislation (e.g., from the Investment Guarantee Fund, pursuant to Securities and Investment Services Act No. 566/2001 Coll. with subsequent amendments).

Fund finances generated from annual contribution from the banks are currently fully used to repay the medium-term loan from the National Bank of Slovakia. Debt position of the Fund towards the National Bank of Slovakia should be settled by December 31, 2005. Final maturity date is immediately determined by balance of individual components of financial reserves and their growth dynamics.

Current 60 % share of protected deposits of the overall banking sector deposits will be extended also by deposits of other legal entities after Slovakia's joining the EU. Until such time the deposit protection scheme covers deposits by private individuals (self-employed and non-commercial entities) and deposits held by non-profit legal entities (i.e., foundations, non-investment funds, non-profit organisations providing general community services, civic associations, body corporates established in line with relevant legislation). Compensation is limited to 90 % of the nominal value of all deposits total held by one depositor in one bank.

On July 1, 2002 the compensation level for inaccessible deposits was streamlined for banks, foreign bank branches and building societies at a maximum 40x multiple of average monthly salary for the last known four quarters as determined by the Statistical Office of the Slovak Republic prior to the date when the deposits became inaccessible. Compensation is limited to 90 % of the nominal value of all deposits total held by one depositor in one bank.

From the entry date of the Slovak Republic into the European Union the compensation level for inaccessible deposit will be set at a level 20,000 Euro converted into Slovak Crowns, whereby the deposit protection system in the Slovak Republic will guarantee deposits in line with the deposit protection rules valid for the European Union.

3. FUND BODIES

a) Fund Council

Fund Council (hereinafter the "Council") is the Fund's supreme body. It has seven members and a four-year term. Three members are representatives of the banks participating in the deposit protection system, two members are representing the National Bank of Slovakia, appointed and

dismissed by the Governor of the NBS. Two members are representatives of the Ministry of Finance, appointed and dismissed by the minister of finance. Each member has one vote. Pursuant to the Deposit Protection Act the Council appoints and dismisses members of the Fund Presidium and the fund's Supervisory Board. Role of the Council is mainly approval of the General Terms and Conditions of compensation payments for inaccessible deposits in the banks, determine the contribution level for the banks, formulating the yearly financial policy of the Fund and make decisions regarding compensation payments from the Fund. The Fund Council approves the Fund Statutes, budget, annual financial statements and annual report for the previous year.

b) Fund Presidium

Pursuant to the Deposit Protection Act the Fund Presidium (hereinafter the "Presidium") ensures the operation of the Fund, including the execution of the Council's decisions. Presidium acts on behalf of the Fund within a scope defined by the Deposit Protection Act and Fund Statutes. Presidium consists of the Chairman and other two members, appointed and dismissed by the Fund Council. Presidium and other two members are employees of the Fund.

Fund employees are members of the Fund Office performing specialist, organisational, administrative and technical support tasks ensuring the functioning of the Fund and its bodies and is managed by the Presidium Chairman. In 2002 the average number of employees was six, with one performing managerial function.

c) Fund Supervisory Board

Supervisory Board consists of five members, one member is representing banks, two are from the National Bank of Slovakia, appointed and dismissed by the Governor of the NBS and two members are representatives of the Ministry of Finance, appointed and dismissed by the minister of finance. Office term is four years. Members of the Supervisory Board cannot be members of the Council, Presidium or other Fund employees. Supervisory Board is also overseeing operation and management of the Fund, the Fund Council and Presidium. In particular compliance with the Deposit Protection Act, other generally binding legislation, General Terms and Conditions of compensation payments for inaccessible deposits in the banks and the Fund Statutes.

II. SHARE CAPITAL

The Fund is not a commercial company; therefore it is exempt from provisions of the Trade Act stipulating the statutory creation of share capital and its registration with the Companies Register

Fund's Share capital in '000 Sk

	2002	2001
Other funds created from profit	74	58
Deferred loss from previous years	- 9,409,828	- 3,054,497
Deferred profit from previous years	237,420	239,220
Result from current period	2,551,872	- 6,355,331
Total	- 6,620,462	- 9,170,550

III. ASSETS AND LIABILITIES

During the year assets and liabilities in foreign currencies were converted into Sk, using NBS exchange rate, as of the transaction date and in financial accounts with the date when they were prepared.

IV. END-OR-YEAR ACCOUNTS

Fund maintains accounting and reports in line with Accounting Act No. 563/1991 Coll. as amended with subsequent guidelines and rules for the banks, issued by the Ministry of Finance of the Slovak Republic in the form of a Directives No. 65/355/1996 and 65/366/1996 dated November 11, 1996, regulating the Chart of Accounts, stipulating the content scope applicable to end-of-year statements for banks and minimum information disclosure requirements as defined by subsequent amendments.

In terms of assets and liabilities evaluation there were no changes against year 2001. Financial reports are presented in historical prices, maintaining the revenues and expenses accrual principles. In line with the balance sheet accuracy principle and prudence principle when evaluating assets and liabilities, the Fund is booking in expenses all expected losses and risks, including likely losses, immediately after they became known.

V. SECURITIES

Fund does not own any securities and does not have any deposits in commercial companies. The Fund does not issue own securities either.

Pursuant to § 13 of the Deposit Protection Act, the Deposit Protection Fund can only purchase government securities with maturity period less than 12 months from the purchase date. Securities are carried in the Fund's accounting at the purchase prices in line with accounting principles applicable to the banks.

Tradable securities in '000 Sk

	2002	2001
Government bonds	0	0
Government Treasury Bills	232,102	231,323
Securities total	232,102	231,323

VI. RECEIVABLES

1. PROVISIONS AS OF 1.1.2002

Provisions as of 1.1.2002 represented an amount of 13,767,332,861.48 Sk.

In line with its role to pay compensation for inaccessible deposits to clients of those banks, which were declared bankrupt, the Fund started in 2000 with compensation payments to clients of three banks: AG Banka, a.s., Slovenská kreditná banka, a.s. and Dopravná banka, a.s. In 2001 after the Devín banka, a.s., was declared as unable to pay out deposits the Fund commenced to make compensation payments also to the clients of this bank. As of 1.1.2002 clients of these

banks received a total of 19,821,822,316.76 Sk. The Fund carries a receivable at the same amount in lieu of the compensation payments made.

Pursuant to § 11, par. 1 of the Deposit Protection Act, as of the compensation payment date the Fund becomes a creditor of the bank in an amount totalling the sum of all compensation payments made. Since all mentioned banks were declared bankrupt pursuant to Bankruptcy and Settlement Act No. 328/1991 Coll., with subsequent amendments, the Fund has registered its claims in bankruptcy proceedings.

Against the receivables in lieu of the compensation payments the Fund is creating provisions at the anticipated level of the loss totalling 13.765 bln Sk, of which: 6.615 bln Sk in year 2000 and 7.150 bln Sk in 2001.

At the same time the Fund created provisions against receivables from banks in bankruptcy proceedings (receivables for outstanding contribution, penalties and purchased receivables) totalling 2,332,861.48 Sk.

2. ANTICIPATED RECOVERY OF FUNDS

In creating provisions the Fund based its strategy on information available from bankruptcy proceeding in individual banks. AG Banky, a.s., was declared bankrupt on 13.4.2000, Slovenská kreditná banka, a.s. on 4.7.2000 and Dopravná banka, a.s. on 22.8.2000. Bankruptcy in Devín banka, a.s. was announced on 28.9.2001. The Fund has anticipated the liquidation of the banks' assets as follows:

a) AG Banka, a.s.

In AG Banka, a.s., we anticipate revenues from the proceeds totalling 100,000,000 Sk. Receiver has so far sold-off a part of receivables for 88,500,000 Sk and tangible and intangible assets for 25,000,000 Sk, totalling 113,500,000 Sk. In this case no creditors' meeting called, nor information-gathering preliminary conference have taken place. The Fund does not have the bank's financial accounts as of the bankruptcy date. Based on information about other bank's assets the Fund estimates that it could recover between 100 – 210 million Sk. Receiver is under investigation and in custody, accused probably also from unauthorised sale of assets of the bankrupt party.

b) Dopravná banka, a.s.

Value of assets in Dopravná banka, a.s., as of the bankruptcy announcement date, i.e., 22.8.2000 represented 2.689 bln Sk. Total amount of cash represented 233,000,000 Sk, standard loans totalling 345,000,000 Sk, classified loans 1.019 bln Sk, other receivables 65,000,000 Sk, shareholder receivables 46,000,000 Sk, securities, including bonds and shares in nominal value represented 666,000,000 Sk, tangible and intangible assets valued at 224,000,000 Sk.

Revenues from the proceeds were anticipated in a 700 – 1,000 mln Sk range. In order to generate provision the Fund anticipates liquidation proceeds totalling 800 mln Sk.

Biggest progress of all cases was made in Dopravná banka, a.s. Appeal Senate of the Supreme Court of the Slovak Republic ruled on 9.10.2002 on repealing an earlier ruling of the Appeal Senate of the Supreme Court of the Slovak Republic on denying the Fund's claim. Creditors' meeting held on 14.10.2002 approved assets liquidation plan, subsequently interested bidders presented their offers and making the appropriate down-payments. On 19.11.2002 District

Court judge in Banská Bystrica published offers made for separate parcels of assets. Receiver currently holds approximately 1 bln Sk, which are the proceeds of collected receivables and asset sales in the 1st round. Proceeds from the bankruptcy proceedings, expected as revenue of the Fund in 2003 is estimated to be 800 – 850 mln Sk.

c) Slovenská kreditná banka, a.s.

In case of Slovenská kreditná banka, a.s., the Fund did not have information regarding the value of the bank's assets, which are the subject of bankruptcy due to the fact that no information-gathering, nor creditors' meeting were held, where assets liquidation plan could be approved. Receiver has not submitted yet the company financial statements.

In order to generate provision against the receivable from this bank, the Fund estimates liquidation proceeds in favour of the Deposit Protection Fund totalling 20 % of the total compensation paid, representing a total of approximately 800,000,000 Sk. Currently the receiver holds approximately 100,000,000 Sk in cash.

d) Devín banka, a.s.

Based on information submitted by the bank describing those bank assets, which will be used to compensate creditors, including the biggest, i.e., the Deposit Protection Fund the following assets will be liquidated: assets valued at 1,000,000,000 Sk in securities and deposits with other banks, amount of 3,000,000,000 Sk representing a receivable of Devín banka, a.s., against the Ministry of Finance SR and other assets totalling approximately 500,000,000 Sk. The Fund estimates compensation payments recovery of around 4,500,000,000 Sk. The sum of 4.5 bln Sk of assets includes also the bank's receivable from the Ministry of Finance SR in a full amount.

Since the bankruptcy was announced no information-gathering, nor creditors' meeting were held. In January 2003 however a receiver was appointed and subsequently new receiver was appointed and a special receiver was also appointed.

3. PROVISIONS AS OF 31.12.2002 in '000 SK

	2002	2001
Balance as of January 1,	13,767,333	6,615,000
Provisions	0	7,152,333
Released provisions	0	0
Balance as of December 31,	13,767,333	13,767,333

4. FUND RECEIVABLES - OVERVIEW

As of December 31, 2002 the Fund carries in its accounts gross receivables totalling 19,893,998,863.12 Sk. Of this amount receivables due from advances for services and compensation payments for inaccessible deposits are 51,032 Sk and receivable from advance payments made to the banks paying out the compensation for inaccessible deposits representing 5,185,309.30 Sk. These receivables are within their due date.

Receivables totalling 19,886,429,660,34 Sk represent the sum of compensation payments made to clients of AG Banka, a.s., Slovenská kreditná banka, a.s., Dopravná banka, a.s. and

Devín banka, a.s. Fund as a creditor of these banks has registered its claims in the bankruptcy proceedings.

Fund receivables overview in '000 Sk

	AG Banka, a.s.	Slovenská kreditná banka, a.s.	Dopravná banka, a.s.	Devín banka, a.s.	TOTAL
Compensation paid as of 1.1.2002	1,741,226	4,316,749	2,221,766	11,542,081	19,821,822
Compensation paid in 2002	1,162	921	988	61,536	64,607
Compensation paid as of 31.12.2002	1,742,388	4,317,670	2,222,754	11,603,617	19,886,429
Other receivables	1,788	178	14	353	2,333
Receivables total as of 31.12.2002	1,744,176	4,317,848	2,222,768	11,603,970	19,888,762
Provisions as of 31.12.2002	1,655,788,	3,523,178	1,438,014	7,150,353	13,767,333
Net receivables as of 31.12.2002	88,388	794,670	784,754	4,453,617	6,121,429

VII. ACCRUALS AND DEFERRALS ACTIVE

Deferred income and expenses in '000 Sk

	2002	2001
Deferred expenses	147	123
Deferred income	6,248	5,637
Total	6,395	5,760

Deferred revenues represent revenue accruals from purchased government Treasury Bills maturing in 2003.

VIII. LOANS TO OTHER BANKS AND NON-BANKING ENTITIES

In 2002 there were no loans granted to banks, nor any non-banking entities.

IX. RECEIVED LOANS

1. LOANS RECEIVED PRIOR TO 1. 1. 2002

In 2000 the Fund was making compensation payments for inaccessible deposits to clients of three banks. On December 3, 1999 the National Bank of Slovakia declared AG Banka, a.s. as

unable to pay out deposits and on January 10, 2000 the Fund commenced with compensation payments for inaccessible deposits. These were funded from own funds. During the course of the year 2000 two other banks were declared as unable to pay out deposits - Slovenská kreditná banka, a.s. and Dopravná banka, a.s. The Fund did not have sufficient own funds, therefore it requested the National Bank of Slovakia, in line with §13 of the Deposit Protection Act, for a loan to re-finance the compensation for inaccessible deposits in the total sum of 5,270,000,000 Sk. As of October 31, 2001 the principal balance was 3,963,324,626.78 Sk.

On September 21, 2001 the National Bank of Slovakia declared Devín banka, a.s. as unable to pay out deposits to its clients. For the compensation payments it was necessary to received further funding totalling 11.651 bln. Sk. The Fund requested NBS for a medium-term loan for an amount of 15,614,324,626.78 Sk. The loan purpose was compensation payments for inaccessible deposits of Devín banka, a.s. clients and for discharging a balance of medium-term loan, which NBS granted in relation to compensation payments for inaccessible deposits of clients in Slovenská kreditná banka, a.s., and Dopravná banka, a.s. The loan was granted on October 31, 2001 for a period of 4 years and 2 months until December 30, 2005 included, with interest rate 1.5 % p.a.

Loan balance as of 31.12.2002 represented an amount of 13,074,161,061.62 Sk. According the loan repayment schedule the loan principal should be covered from bank contributions totalling 11,127,544,061,62 Sk and revenues from asset sales in the sum of 1,946,617,000 Sk. Taking into consideration the expected development of contributions from the banks and anticipated revenues from asset sales of the bankrupt banks, planned income of the Fund as of the loan maturity date indicates that the loan repayment is secured sufficiently.

2. LOANS RECEIVED IN 2002

In 2002 the Fund did not receive any loan.

X. RECEIVABLE WRITE-OFFS

In writing-off receivables the Fund is proceeding according to General provisions of bank accounting. The receivable can be written-off on the basis of effective court ruling or a decision made by a statutory body of the Fund. In 2002 we did not make any write-offs.

XI. ANALYTICAL EVIDENCE OF CLASSIFIED RECEIVABLES AND REVENUES FROM CLIENT OPERATIONS

Fund does not act as a bank, does not accept any deposits and does not have any client accounts and in 2002 did not have any content for synthetic accounts 241, 242, 243, 247 and 712.

XII. FUND LIABILITIES

All Fund's liabilities as of 31.12.2002 are with 3-month maturity. Fund liabilities totalling 418,867.90 Sk originate from normal operations for invoiced deliveries from suppliers.

In relation to salaries for December 2002 the Fund has liability towards employees for salaries, towards Taxation Office for payroll tax advance payment and liabilities from compulsory employee insurance pursuant to the Labour Code and applicable rules governing health and social insurance, retirement and employment act.

Pursuant to provisions of § 18, and § 19, par. 1, letter d) of the Income Tax Act No. 366/1999 Coll., with amendments, the Fund income is exempt from the corporate income tax, with the exception of income, in the form of withholding tax. In 2002 the Fund did not generate any taxable income and did not book any deferred tax liability or receivable.

The Fund carries a liability of 13,074,161,061.62 Sk towards the National Bank of Slovakia, consisting of a balance of the medium-term loan, which was granted in relation to the compensation payments for inaccessible deposits and there is no amount outstanding.

XIII. OTHER LIABILITIES

Fund is booking expenses, which relate to the current accounting period, however the relevant expenses were not incurred during the same period. As of 31.12.2002 the Fund is reporting outstanding interest expenses for a loan from the National Bank of Slovakia for a period 31.10.2002 - 31.12. 2002. On "doubtful liabilities accounts" item, the Fund is reporting as of the account closing date an item, which cannot be booked as normal liabilities. These are deliveries not invoiced and compensation for unused holiday until the end of the year.

Other liabilities in '000 Sk

	2002	2001
Expense interest accruals	33,775	39,316
Future revenues	0	0
Doubtful liabilities	361	371
Other	1,304	1,356
Other liabilities total	35,440	41,043

XIV. RESERVES

1. STATUTORY RESERVES

Pursuant to § 5 of Act no. 368/1999 Coll. on reserves and provisions for the purpose of income tax base the Fund did not create reserves and provisions against receivables from active deals of the banks, provided guarantees and to granted loans

2. OTHER RESERVES

Fund is creating other reserves for covering compensation payment for inaccessible deposits to clients of banks, which it has the duty to pay, pursuant to Deposit Protection Act, when the National Bank of Slovakia declares a bank as unable to meet its liabilities towards the clients, i.e. pay out deposits. These are created at a level of 100 % of contribution made by the banks pursuant to Deposit Protection Act, reserves are applied to compensation payments for inaccessible deposits.

Reserves as of 1.1.2002 were showing a balance of 63,544 Sk, which was the result of Istrobanka, a.s., made a higher contribution for the 4th quarter 2001 and after the deadline when reserves were used for a loan repayment it requested a refund. Fund refunded the fee and as a result booked lower reserve for year 2001. In 2002 the difference will be settled with the posting of contributions for 1st quarter 2002.

Movements on the reserve account in Sk

	2002	2001
Balance as of January 1,	- 63,544	0
New reserves	2,762,596,411	902,422,857
Release	- 2,762,532,867	- 902,486,401
Balance as of December 31,	0	- 63,544

In 2002 the Fund created new reserves equalling the amount of annual contributions from the banks i.e., 2,762,596,411 Sk. Balance of 2,762,532,867 Sk was used for repayment of a loan from the National Bank of Slovakia applied to the compensation payments.

XV. INVESTMENT ASSETS

As of the accounts closing date the tangible and intangible assets are reported at book value, which is expressed as the difference between the purchase price, including the VAT and wear and tear of investment assets, expressed in the form of provisions at the depreciation level. The Fund depreciates tangible and intangible assets at the same increments, based on expected period of use, pursuant to § 28 to 33 of the Taxation Act no. 366/1999 Coll., with subsequent up-dates. Land and investments in progress are not depreciated.

As depreciated tangible assets are considered assets with purchase value higher than 20,000 Sk and period of use longer than 1 year. Small tangible investment assets are depreciated in full in the first year when they were activated, covering assets with purchase value 4,000 – 20,000 Sk inclusive and period of use longer than 1 year.

Intangible assets with purchase value higher than 40,000 and period of use longer than 1 year are included in intangible investment assets with depreciation period 4 years.

Movements in tangible investment assets during year 2002 in '000 Sk

	purchase price as of 1.1.2002	+ / -	purchase price as of 31.12.2002	provisions	residual value as of 31.12.2002
Land	56	0	56	0	56
Buildings and construction in progress	21,476	0	21,476	2,063	19,413
Equipment and machinery	10,231	+ 173	10,404	5,636	4,768
Motor vehicles	751	+ 812/- 751	812	77	735
Tangible investment assets purchases	0	+ 985/- 985	0	0	0
Tangible investment assets	32,514	234	32,748	7,776	24,972

Movements in intangible investment assets during year 2002 in '000 Sk

	purchase price as of 1.1.2002	+ / -	purchase price as of 31.12.2002	provisions	residual value as of 31.12.2002
Software	7,650	0	7,650	3,341	4,309
Intangible investment assets purchases	0	0	0	0	0
Intangible investment assets	7,650	0	7,650	3,341	4,309

XVI. FINANCIAL RENTAL

In 2002 the Fund did not purchase any assets based on rental agreement with purchase option, and did not sell any such assets.

XVII. REMUNERATION OF STATUTORY BODY MEMBERS

In 2002 members of the Fund's Council, Supervisory Board and member of Presidium received remuneration for their services during year 2001 in cash payment totalling 1,620,000 Sk. Members did not receive any other rewards in kind or other benefits.

During the previous year the Fund paid out 1,585,000 Sk for services on the Fund's statutory bodies.

XVIII. FRIENDLY ENTITIES

Fund does not have any receivables or liabilities towards friendly entities. These are defined as members of the statutory bodies and Supervisory Board and persons/entities close to them. Fund did not provide such entities/persons any loans and the Fund does not have any guarantee liabilities in relation to such entities/persons.

XIX. GENERAL OPERATING EXPENSES

In general operating expenses of the Fund are included all expenses incurred in supporting the Fund's operation, booked in group 63.

General operating expenses in '000 Sk

	2002	2001
1) personnel expenses	5,084	5,028
a) Wages and bonuses	4,044	4,082
b) Social expenses	1,040	946
2) Other general operating expenses	11,534	7,262
a) services	6,017	3,806
b) material	347	351
c) tangible and intangible assets depreciation	5,138	3,027
d) other	32	78
Total	16,618	12,290

XX. POTENTIAL FUND LIABILITIES AND RECEIVABLES

Currently the Deposit Protection Fund is not privy to any information about facts, which would represent potential liabilities or receivables, which could have a material impact on the financial position of the Fund. Currently the Fund is a party in several litigation cases related to compensation payments for inaccessible deposits in AG Banka, a.s., and Dopravná banka, a.s. We are of the opinion that these are claims, which cannot be accepted, as they are claims outside the legal framework of the Deposit Protection Act and the Fund does not expect liabilities arising from these cases. During year 2002 two litigation cases, related to compensation payments were duly concluded, with ruling going in favour of the Fund.

XXI. EVENTS POST-CLOSING DATE

After 31.12.2002 and as of the accounts preparation date, no events took place which have a material impact on accurate accounts of the status, which is subject of the accounting of the Deposit Protection Fund.

XXII. SOCIAL FUND

Fund was making contributions and disbursements from the social fund in accordance with Social Fund Act No. 152/1994 Coll., with subsequent amendments and in accordance with General Guidelines for social fund contributions and disbursements for the benefit of employees of the Deposit Protection Fund and financial indicators for year 2002, approved by the Fund Council.

Social fund movements in '000 Sk

	2002	2001
Balance as of January 1,	83	90
Contributions	200	200
Utilisation	176	207
Balance as of December 31,	107	83

Social fund was created from expenses totalling 20,390 Sk and 180,000 Sk as an allocation from deferred profit from past years. Funds were used for contributions for the employees, mainly for meals (11,907 Sk of the compulsory allocation), supplementary retirement insurance, health care, recreation and cultural aspects of employee needs. Unused portion of the fund is transferred to the next period and it will be used in accordance with financial indicators for the creation and disbursement from the social fund, which are annually approved by the Fund Council.

XXIII. PROFIT DISTRIBUTION FROM PREVIOUS PERIOD, PROPOSAL FOR CURRENT PROFIT DISTRIBUTION

During years 1996 - 1999 the Deposit Protection Fund created a total profit of 247,687,772 Sk. This profit was partially used to top-up funds for compensation payments for inaccessible deposits and part of the profit was transferred to undistributed profit from last years account.

In 2000 the Fund posted a loss of 3,054,496,832.36 Sk, as a result of compensation payments to clients of AG Banka, a.s., Slovenská kreditná banka, a.s. and Dopravná banka, a.s. and

provisions against receivables for compensation payments made. Pursuant to the decision by the Fund Council the loss was transferred to “Deferred loss from previous periods” account.

1. RESULT FOR YEAR 2001

In 2001 the Deposit Protection Fund has reported a pre-tax loss of 6,355,331,219.40 Sk, resulting from compensation payments to clients of Devín banka, a.s. in a total amount of 11,542,080,634.20 Sk, and created a provision of 7,150,000,000 Sk against this receivable. Fund’s annual accounts as of December 31, 2001 was approved on the 2nd meeting of the Fund Council in 2002 held on March 27, 2002 and is archived at the Fund’s address. Pursuant to the resolution of the Fund Council the settlement of a loss for 2001 was decided upon as follows: 2001 loss was transferred in full amount to the “Deferred loss from previous periods” account.

2. RESULT FOR YEAR 2002

In 2002 the Deposit Protection Fund has reported a profit of 2,551,872,252.84 Sk. Positive result was due mainly to maintaining other operational revenues from bank contributions, using other reserves for compensation payments for inaccessible deposits and achieving interest revenues from deposits made by the Fund on bank accounts or investing part of the Fund finances in government securities with maturities less than 1 year.

	2002 in ‘000 Sk	2001 in ‘000 Sk
Net interest revenues		
Interest revenues from accounts and deposits in other banks	5,639	3,100
Interest expenses and fees to other banks	- 22	- 9
Net interest revenues	5,617	3,091

	2002 in ‘000 Sk	2001 in ‘000 Sk
Financial operations expenses		
Loan interest expenses	- 216,828	- 95,339
Loan interest revenues	0	0
Expenses	- 216,828	- 95,339

	2002 in ‘000 Sk	2001 in ‘000 Sk
Net revenues from securities		
Securities revenues	17,629	19,452
Securities expenses	- 150	- 18,751
Net revenue from securities	17,479	701

	2002	2001
Reserves and other operational revenues	in '000 Sk	in '000 Sk
Reserves releases	2,762,533	902,486
Reserves creation	- 2,762,596	- 902,423
Other operational revenues	2,762,799	902,440
Other operational expenses	- 506	- 1,847
Total	2,762,230	900,656

Profit distribution for year 2002 will be decided upon by the Fund Council at its meeting in 2003. Deferred profit from previous years balance is 237,419,516.80 Sk and “Deferred loss from previous periods” account has a balance of 9,409,828,051.76 Sk.

In closing we can conclude that pursuant to the Deposit Protection Act the Fund has a secure income in the form of regular annual contributions covering approximately 60 % of the total volume of deposits in the banking sector or in the form of extraordinary contribution in the range between 0.1 % - 1.0 % of the protected deposits volume, which can be set if necessary to top-up funds to cover expenses for compensation payments for inaccessible deposits or for repayment of a loan used for compensation payments for inaccessible deposits.

In the event of a higher volume of deposits potentially threatened in the banking sector the Deposit Protection Fund can acquire additional funds from the National Bank of Slovakia loan, or after the approval of new Deposit Protection Act, also from a subsidy from the government.

**DEPOSIT PROTECTION FUND BODIES
IN 2002, INCLUDING CHANGES
AS OF THE DATE OF ANNUAL REPORT**

DEPOSIT PROTECTION FUND COUNCIL

1. Ing. Štefan Králik	National Bank of Slovakia	Member from 1.4.2002 Chairman from 25.4.2002
2. Mag. Regina Ovesny-Straka	Slovenská sporiteľňa, a.s.	Member from 1.2.2002 Vice-Chairman from 27.3.2002
3. JUDr. Štefan Hrčka	National Bank of Slovakia	Member
4. Ing. Jozef Kohút	Ministry of Finance SR	Member
5. Ing. Miloš Nosál, CSc.	Ministry of Finance SR	Member
6. Dkfm. Rainer Franz	Tatra banka, a.s.	Member from 15.3.2003
7. Tomas Spurny, MBA	Všeobecná úverová banka, a.s.	Member from 1.6.2003
Ing. Ján Tencer	National Bank of Slovakia	Chairman until 1.4.2002
Ing. František Szikhart	Všeobecná úverová banka, a.s.	Vice-Chairman until 28.2.2002
Ing. Jaroslav Mach	Slovenská sporiteľňa, a.s.	Member until 1.2.2002
JUDr. Irena Wimmerová	Prvá stavebná sporiteľňa, a.s.	Member until 1.6.2002

DEPOSIT PROTECTION FUND SUPERVISORY BOARD

1. Ing. Peter Baláž	National Bank of Slovakia	Member from 1.6.2002 Chairman from 18.6.2002
2. Ing. Alena Crhová	UniBanka, a.s.	Vice-Chairman
3. JUDr. Renáta Bašková	National Bank of Slovakia	Member
4. Ing. Dagmar Andrášiková	Ministry of Finance SR	Member
5. Ing. Radovan Majerský	Ministry of Finance SR	Member
Ing. Tibor Kašiak	National Bank of Slovakia	Chairman until 1.6.2002

DEPOSIT PROTECTION FUND PRESIDUM

1. Ing. Rudolf Šujan	Chairman
2. JUDr. Ildikó Kamenická	Member
3. Ing. Martin Bizoň	Member from 1.2.2002
Ing. Milan Horváth	Chairman until 1.2.2002

AUDITORS' REPORT



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**Independent auditors' report to the Board of
Deposit Protection Fund**

We have audited the financial statements of Deposit Protection Fund ('Fund') for the year ended 31 December 2002, from which the summary balance sheet, summary profit and loss account and supporting tables (the 'summary financial statements') set out in this annual report were derived, in accordance with Slovak and International Standards on Auditing. The full financial statements were prepared in accordance with the Slovak Act on Accounting and other relevant regulations.

In our report on the full financial statements dated 25 February 2003, we outlined the responsibility of the management of the Fund for the financial statements, our responsibility as auditors and we described the scope of our audit. Our report expressed an opinion that the full financial statements presented fairly, in all material respects, the financial position of Deposit Protection Fund as at 31 December 2002 and the results of its operations for the year then ended in accordance with the Slovak Act on Accounting.

Our report also highlighted that the Fund's assets as at 31 December 2002 included receivables with a net book value of Sk 6,121 million (gross value of Sk19,889 million less provisions of Sk13,768 million) due from four banks which are currently in bankruptcy. Their recovery is dependent on the results of the bankruptcy proceedings which, at this time, cannot be reliably assessed. Our opinion was not qualified in respect of this matter.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements from which they were derived.

For a better understanding of the Fund's financial position as at 31 December 2002 and the results of its operations for the year then ended, the summary financial statements should be read in conjunction with the full financial statements.

25 February 2003
Bratislava, Slovak Republic

KPMG Slovensko, spol. s r.o.
Licence No. 96



Dagmar Lukovičová
Responsible Auditor:
Ing. Dagmar Lukovičová
Licence No. 754



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a member of KPMG International, a Swiss Association.

Evidenčné číslo licencie audítora: 96
Licence number of statutory auditor: 96

IČO/Registration number: 31 246 239
Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4984/B
Commercial register of District court Bratislava I, section Sro, file no. 4984/B

SUPERVISORY BOARD STATEMENT



In 2002 the Supervisory Board of the Fund discharged its duties and carried out tasks, defined in the Deposit Protection Act, mainly to supervise operations and management of the Deposit Protection Fund, including its bodies, focusing in particular compliance with the legal aspect of the process. The Board monitored and evaluated the overall performance of the Fund and execution of the strategic concept of the Deposit Protection Fund.

Presidium, as well as the Fund Council regularly informed the Supervisory Board about its operations, financial position and supplied all requested information and documentation. Fund Supervisory Board discussed materials presented by the Fund Council and Presidium.

Special attention was paid also to the issue of bank contribution payments and compliance with the Deposit Protection Act rules and in relation to this sanctions levied against banks and foreign bank branches in the event of late payments of the relevant annual contribution installment.

The Board also monitored closely the process of compensation payments for inaccessible deposits in AG Banka, a.s., Slovenská kreditná banka, a.s., Dopravná

banka, a.s., and in Devín banka, a.s., compliance with Fund rules regulating these payments, in particular General Terms and Conditions of the compensation pay-outs for bank deposits protected by law. It also received information regarding the Fund exercising its rights as the biggest creditor of the banks in bankruptcy, on behalf of which it paid out compensation.

Board audits were based on supplied information, as well as own findings and subsequently informed the Fund bodies with its opinions and recommendations addressing key issues and roles of the Deposit Protection Fund. Pursuant to § 21 of the Deposit Protection Act the Supervisory Board submitted to the National Bank of Slovakia regular Deposit Protection Fund up-date report.

Following the inspection of end-of-year financial statements for period January 1, - December 31, 2002 the Supervisory Board concluded that accounting evidence and records were maintained transparently and in compliance with the Chart of Accounts and accounting principles stipulated by law and in line with the Fund Statutes. End-of-year financial statements for 2002 give a true financial position of the Fund covering all relevant aspects, including creation of provisions against Fund's receivables from AG Banka, a.s., Slovenská kreditná banka, a.s., Dopravná banka, a.s. and Devín Banka, a.s., which resulted from compensation payments for inaccessible deposits.

Supervisory Board of the Fund did not establish any deficiencies in the overall management of the Fund.

Annual statements for year ending December 31, 2002 were audited by KPMG Slovensko spol. s r.o., results of which confirmed the accuracy of those statements.

Based on the results of an independent audit, as well as its own investigations and examination of the annual financial statements the Supervisory Board of the Deposit

Protection Fund gave its approval and recommended to the Fund Council to approve the Deposit Protection Fund Annual financial statements for 2002.



Ing. Peter Baláž
Supervisory Board Chairman
Deposit Protection Fund