

Information on Deposit Protection

The Act of the National Council of the Slovak Republic no. 118/1996 Coll. on Deposit Protection, amending certain other acts (hereinafter the “Act”), came into effect on 1 July 1996. The Act introduced protection of non-anonymous deposits of natural persons into the legislation of the Slovak Republic. Since then, the Act has been amended several times, the latest change was made by act no. 505/2010 Coll., modifying the amount of compensation for an inaccessible deposit for depositors (authorized persons) defined under the Act.

A deposit is a liability of a bank towards a natural person or a legal entity defined by the Act (hereinafter the “depositor”) to pay funds deposited with the bank by the depositor in a banking transaction carried out in his own name and to his own account or which the bank accepted as the amounts of payment transactions or other payments in favour of the depositor, including interest and other benefits related to the custody of these financial funds, including a deposit held in the name of more depositors (joint deposit) or a notarial custody provided that the beneficiary of the financial funds from this custody is or should be a person whose deposits are protected by the Act.

Deposit protection shall be understood as accumulation of contributions of banks from the value of the deposits deposited in the banks in order to provide compensation for deposits if they become inaccessible.

Deposits are protected in the scope and under the conditions stipulated by the Act **if the depositor is:**

- a) a natural person;
- b) a foundation, non-investment fund, non-profit organization providing community services, civic association or an association of residential and non-residential property owners;
- c) any other legal entity not listed in letter b), with the exception of, in particular,
 1. a bank, securities dealer who is not a bank, executing institution, mediating institution, issuer of electronic means of payment, payment system operator and another payment system participant, central securities depository and another participant in a financial instrument trading payment and settlement system, stock exchange, commodities exchange, trustee company including assets in a mutual fund, an insurance company, reinsurance company, supplementary retirement insurance company, post company, legal entity operating lotteries or other similar games and with the exception of the Export-Import Bank of the Slovak Republic;
 2. a Slovak legal entity not listed in item 1 or a foreign legal entity involved in business identical or partly identical with that of legal entities listed in item 1;
 3. a commercial company or cooperative not listed in item 1 or item 2, which is according to special legislation (e.g. Article 19 of Act no. 431/2002 Coll. on Accounting, Article 39, Paragraph 1 of the Commercial Code) obliged to have its financial statements approved by an auditor, or which failed to inform the bank duly and timely whether it is or is not obliged to have its financial statements approved by an auditor;
 4. the state, a state fund, municipality, higher territorial unit, a body financed fully or partially by them, including public authorities;
 5. a legal entity established by law and not listed in items 1 to 4;
 6. a legal entity which controls the bank or foreign bank or which is controlled by the bank or foreign bank, in which or in the branch of which the deposit is held.

According to the Act, the following **deposits are not protected:**

- a) a deposit which, according to records made by the bank in its information system or in the depositor’s proof of deposit before the date when the deposits became inaccessible, is not held in the name of the depositor at least in the scope of data about the depositor, which are:
 1. name, surname, birth registration number or date of birth and permanent residence address if the depositor is a natural person;

2. name, identification number, if assigned, and address of the depositor's registered office if the depositor is a legal entity, whose deposits are protected by the Act, as well as the name of the official registry or another official record in which this legal entity is registered, and the number of the entry in this registry or record.

b) a bearer deposit and the balance of a cancelled bearer deposit, in particular a deposit confirmed with a bearer passbook, bearer deposit certificate or bearer treasury bill,

c) an investment trust certificate, deposit confirmed with securities accepted for trading on the stock exchange, investment instrument, another security or derivative accepted by a securities dealer or a foreign securities dealer in order to carry out an investment service and client's assets protected by the Investment Guarantee Fund according to a special law,

d) a deposit in the form of bond, bill of exchange or cheque,

e) a joint deposit if the conditions stipulated in letter a) are not met,

f) a deposit which is a notarial custody if the conditions stipulated in letter a) are not met,

g) a deposit which is own founding source of the bank.

A deposit is deemed **inaccessible** if it is:

a) deposited in a bank which has been declared unable to refund deposits (a bank is unable to refund deposits if a permanent lack of liquidity is confirmed or if no possibilities to redress a temporary lack of liquidity can be found),

b) deposited in a bank in which handling of deposits has been suspended on the basis of an order issued by a bankruptcy court in a bankruptcy proceeding according to the act on bankruptcy and settlement if this declaration came into effect before the bank has been declared unable to refund deposits.

The Deposit Protection Fund shall compensate one depositor or another person authorized according to the Act for an **inaccessible deposit** protected under the Act with the amount of the inaccessible deposit; however, not more than EUR 100, 000 in total.

To determine **the compensation amount**, all inaccessible deposits of one depositor in a bank, which are protected under the Act, are totalled, including shares in joint accounts and notarial custodies protected under the Act, according to their balance on the day when the deposits in the bank became inaccessible. As for joint deposits, each depositor shall have an equal share unless different shares of individual depositors are proved by trustworthy documentation. To determine the compensation amount, interest and other benefits related to the inaccessible deposit are calculated according to their balance on the day when the deposit in the bank became inaccessible and are added to the inaccessible deposit of the depositor. The resulting amount of the inaccessible deposit is then, for the purpose of compensation calculation, reduced by all forfeited deposits as well as by all liabilities of the depositor towards the bank according to the balance on the day when the deposits became inaccessible; any later changes of this balance are not taken into account.

Information obligation of certain depositors – certain legal entities:

Commercial companies, except for a joint stock company, i.e. a public commercial company, limited partnership, limited liability company and cooperative are obliged to deliver to the bank a clear written notification stating whether they have to or do not have to have their financial statements approved by an auditor, always at the latest 15 days after the end of the accounting period for which the financial statements are made.

If the depositor fails to fulfil this information obligation duly and on time, his deposit is not protected until the first day of the quarter following after the day when this notification is delivered to the bank.

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UniCredit Bank Slovakia a. s.