



Investor Compensation Fund
Czech Republic

2019 Annual Report

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I. CHAIRMAN'S OPENING STATEMENT

In 2019, the positive economic trends set in previous years continued and thus reflected, in fact, the peak of the ten-year boom since the last financial crisis in 2008/2009. In the end, world markets calmly absorbed the culmination of Brexit and the tensions resulting from US-China relations – in part due to their de-escalation.

In Europe, economic growth continued and problems persisted in the southern regions.

On the domestic scene, on the other hand, the CNB indicated a further possible tightening of economic policy in connection with inflation, which gradually climbed above 3 %. The rise in yields on the main bond markets was the result of the expected further modest growth of world economies. Long-term growth trends in global stock markets have generally continued, with major indices reaching their all-time highs.

In the domestic context, there was a significant increase in the disposable income of the population in 2019 due to the positive economic development, the growth of company profits, and the current growth of wages. This was reflected in a further increase in bank deposits as the main target of household savings. In addition to deposits with banks, however, investments in collective investment funds and so-called assets under management with asset managers and investors (OCPs) also grew significantly. At the same time, direct investment in financial instruments also increased. As a result, the volume of transactions in the financial sphere and the amount of OCP income increased. These revenues then serve as the basis for the calculation of contributions to the Investor Compensation Fund (the Fund), which in 2019 reached a record level of almost CZK 250 million.

Due to the generally positive development of the economy, the OCP sphere and the absence of new cases, in 2019 the Fund has paid to the state budget an extraordinary installment in the amount of CZK 2 million in addition to the regular repayment of CZK 100 million.

At the beginning of 2020, the world and our country were unexpectedly hit by a deep crisis related to the spread of the viral pathogen Covid-19. This situation has caught the world completely unprepared, and is referred to by many as the famous black swan.

The less such risks can be foreseen, the greater the importance of permanent risk mitigation systems, such as the Fund, which is still prepared for investment customers and maintains a high level of provisions on an ongoing basis in the event of compensation payouts.

It can therefore be stated that the function of the Fund is fully justified due to its current activities and circumstances.

Ing. Jan Poulík

Chairman of the Board of Directors

Investor Compensation Fund (Czech Republic)

II. GENERAL INFORMATION ABOUT FUND

Name: Garanční fond obchodníků s cennými papíry
Investor Compensation Fund (Czech Republic)
Legal Form: established under Section 81 of Act No. 592/1992., on Securities
Registration Number: 26715287
Establishment of Fund: January 1, 2001

III. SCOPE OF BUSINESS

The Investor Compensation Fund is a legal entity that provides for a guarantee scheme, from which compensation is paid to clients of securities traders that become unable to honor their obligations.

Statutory Body: Board of Trustees, appointed by the Minister of Finance

Members of Board of Trustees of Fund in 2019:

Chairman: *Ing. Jan Poulík*
Vice Chairman: *Mgr. Petr Krutiš*

Members: *Ing. Petr Špaček, CSc.* *Ing. Dušan Hradil* *Ing. Richard Siuda*

General Manager:
JUDr. Jiří Korb, MBA

Other Information:

Bank Details: Česká spořitelna, a.s., Praha
Auditor: BDO Audit, s.r.o.
Registered Office: Praha 1, Politických Vězňů č. p. 912/10
Mailing Address: P. O. Box 787, 111 21, Praha 1
Telephone: 222 192 700
E-mail: fond@gfocp.cz
Website: www.gfo.cz

IV. LEGISLATION REGULATING ACTIVITIES OF FUND

The Fund was established pursuant to Securities Act No. 591/1992 Coll. At present, details concerning its activities and competences are regulated by Act No. 256/2004 Coll., on Business Activities on the Capital Market, as amended. The Fund's task is to pay compensation to clients of securities traders who are unable to meet their obligations vis-à-vis their clients. The Fund is not a state fund or an administrative authority.

The Fund's activities are defined by law and, in greater detail, by the Fund Statutes as follows:

- Based on a notification of the Czech National Bank (the "CNB") issued in accordance with the law or on the basis of a relevant court ruling, the Fund provides compensation under the terms stipulated by law to a client of a securities trader who, for reasons directly related to its financial situation, is unable to meet its obligations toward its clients in accordance with statutory and contractual terms;
- The Fund collects its sources of assets defined by law, repays recoverable financial accommodations and loans, and invests its cash funds;
- The Fund fulfills its notification duties stipulated by law; and
- The Fund assumes and exercises clients' rights to performance from securities traders in amounts equal to their rights to payment of compensation from the Fund.

The Fund is managed by a board of trustees, which has five members. The chairman, the vice chairman and other members of the board of trustees are appointed and recalled by the Minister of Finance. Members of the Fund's board of trustees are appointed for a term of 5 years and may be reappointed for a second term. At least one member is appointed from among the employees of the Czech National Bank based on a proposal of the Board of the Czech National Bank. At least two members are appointed from among members of the boards of directors or employees of securities traders. The Fund manages its finances in accordance with a budget approved by the Ministry of Finance of the Czech Republic. The Fund maintains its accounts in accordance with Act No. 563/1991 Coll., on Accounting, and with Decree No. 504/2002 Coll., which implements certain provisions of the Accounting Act.

V. FUND STATUTES

The statute of the Fund was adopted on October 29, 2001, amended on May 31, 2011 and December 18, 2015, and is stored in the Collection of Documents kept by the Municipal Court in Prague, file number A 47249.

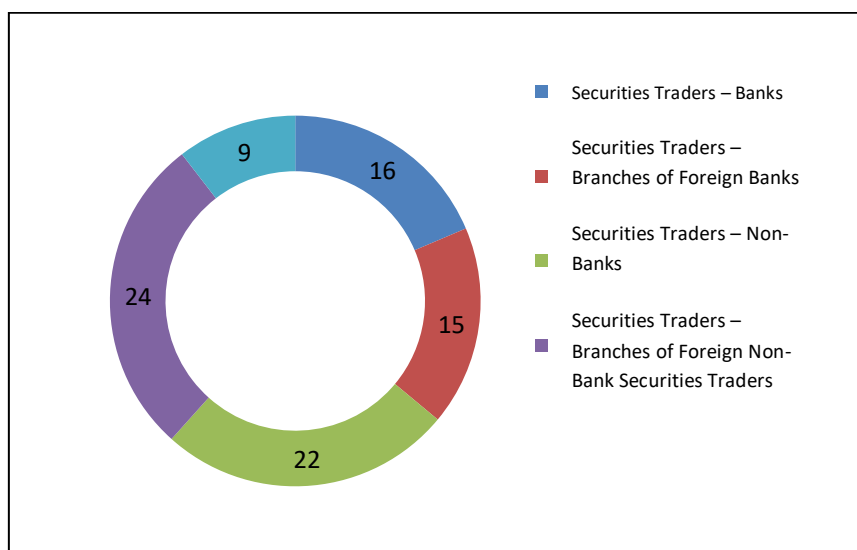
VI. SECURITIES TRADERS IN 2019

At the end of 2019, there were a total of 38 entities operating in the Czech Republic licensed by the CNB, of which 16 were banking and 22 non-banking. The permit to operate as a securities trader was also possessed by 9 domestic investment companies managing customers' assets pursuant to Section 15 (3) or (4) of Act No. 189/2004 Coll., On Collective Investment.

In the course of 2019, the CNB granted 2 licenses to operate as a securities dealer, namely for Moventum, a.s. and eFrank.cz a.s., while HighSky Brokers, a.s. ceased operations. The CNB also received 2 notifications from foreign securities dealers on the performance of investment services through a branch in the Czech Republic; four branches, on the other hand, ceased operations.

Graph No. 1 Structure of Securities Traders

(Source: CNB, Report on the Supervision of the Financial Market in 2019)



*) Entities licensed by the CNB

Table No. 1 Entities licensed by a securities trader

(Source: ČNB, General Overview of the Number of Subjects as of 31.12.2019)

Securities Traders – Banks

1. Air Bank a.s.
2. Banka CREDITAS a.s.
3. Česká exportní banka, a.s.
4. Česká spořitelna, a.s.
5. Českomoravská záruční a rozvojová banka, a.s.
6. Československá obchodní banka, a.s.
7. Equa bank, a.s.
8. Expobanka CZ, a.s.
9. FIO banka, a.s.
10. J&T BANKA, a.s.
11. Komerční banka, a.s.
12. MONETA Money Bank, a.s.
13. PPF banka, a.s.
14. Raiffeisenbank, a.s.
15. Sberbank CZ, a.s.
16. UniCredit Bank Czech Republic and Slovakia, a.s.

Securities Traders – Non-Banks

1. 42 Financial Services, a.s.
2. Accredio, a.s.
3. AKCENTA CZ, a.s.
4. Amundi Czech Republic Asset Management, a.s.
5. ATLANTA SAFE, a.s.
6. ATLANTIK finanční trhy, a.s.
7. BH Securities, a.s.
8. Citfin – Finanční trhy, a.s.
9. Colosseum, a.s.
10. Conseq Investment Management, a.s.
11. CYRRUS, a.s.
12. CYRRUS CORPORATE FINANCE, a.s.
13. EFEKTA obchodník s cennými papíry, a.s
14. eFrank.cz, a.s. *)
15. Moventum, a.s.
16. NN Investment Partners C.R., a.s.
17. Patria Finance, a.s.
18. Prague Wealth Management, s.r.o.
19. ROKLEN360, a.s.
20. RSJ Custody s.r.o.
21. RSJ Securities a.s.
22. Wood & Company Financial Services, a.s.

*) Decision on permission to operate a securities trader of eFrank.cz a.s. came into force on 6 November 2019. The company was registered in the Commercial Register on 6 January 2020 and has been established since that date and authorized to operate as a securities dealer.

Securities Traders – Branches of Foreign Banks

1. Bank Gutman Aktiengesellschaft, pobočka Česká republika
2. BNP Paribas S.A., pobočka Česká republika
3. Citibank Europe plc, organizační složka
4. COMMERZBANK Aktiengesellschaft, pobočka Praha
5. Deutsche Bank Aktiengesellschaft Filiale Prag, organizační složka
6. HSBC Bank plc – pobočka Praha
7. ING Bank N. V.
8. mBank S.A., organizační složka
9. MUFG Bank (Europe) N.V. Prague Branch
10. Oberbank AG, pobočka Česká republika
11. PARTNER BANK AKTIENGESELLSCHAFT, odštěpný závod
12. Privatbanka, a.s., pobočka Česká republika
13. Saxo Bank A/S, organizační složka
14. Všeobecná úverová banka, a.s., pobočka Praha
15. Western Union International Bank GmbH, organizační složka

Securities Traders – Branches of Foreign Non-Bank Securities Traders

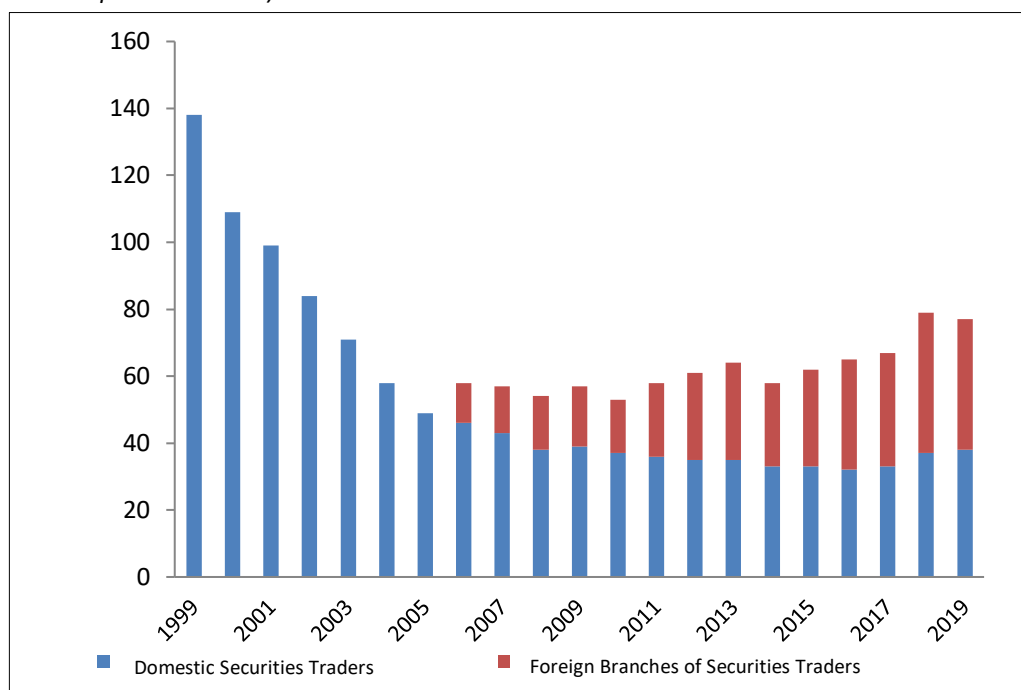
1. AISA FINANCIAL PLANNING LIMITED, pobočka
2. Bernstein Financial Services GmbH Branch Prague
3. CAPITAL MARKETS, o.c.p., a. s. – odštěpný závod
4. Catus AG Vermögensverwaltung
5. COVERDEAL HOLDINGS LIMITED, odštěpný závod
6. Depaho Ltd pobočka
7. Dom Maklerski Banku Ochrony Srodowiska Spolka Akcyjna, organizační složka Česká republika
8. eBrokerház Befektetési Szolgáltató Zártkörűen Működő Részvénytársaság
9. European Investment Centre, o.c.p., a.s., organizační složka
10. Goldenburg Group Limited
11. LaSalle Investment Management, organizační složka
12. L.F. INVESTMENT LIMITED pob.
13. Lynx B.V., organizační složka
14. Monecor (London) Ltd
15. Notesco Financial Services Limited pobočka
16. Nuntius Brokerage and Investment Services S.A., odštěpný závod
17. Phoenix Asset Risk Management AG odštěpný závod
18. PRIVATE CONSULTING INVESTMENTS, o.c.p., odštěpný závod
19. RELIANTCO INVESTMENT LTD organizační složka
20. SAB o.c.p. – odštěpný závod
21. TF Global Markets (UK) Limited pobočka
22. Trade Capital Markets (TCM) Ltd
23. VIE FINANCE A.E.P.E.Y.S.A., pobočka
24. X-TRADE BROKERS DOM MAKLEKSKI SPOLKA AKCYJNA, organizační složka

Investment Companies involved in Portfolio Management

1. Amundi Czech Republic, investiční společnost, a.s
2. AXA investiční společnost, a.s.
3. CARDUSS Asset Management, investiční společnost, a.s.
4. ČSOB Assset Management, a.s., investiční společnost
5. Erste Asset Management GmbH, pobočka Česká republika
6. Generali Investments CEE, investiční společnost, a.s.
7. Partners investiční společnost, a.s.
8. Wood & Company investiční společnost, a.s.
9. ZFP Investment, investiční společnost, a.s.

Graph No. 2 Development of Number of Securities Traders

(Source: Investor Compensation Fund)



VII. CONTRIBUTIONS PAID BY SECURITIES TRADERS AND INVESTMENT COMPANIES

All securities dealers are obligated to participate in the guarantee system provided by the Fund, with the exception of foreign persons providing investment services in the Czech Republic who are participants in the guarantee system in another EU Member State on the basis of a so-called single license. Investment companies that manage a client's assets are also obligated to pay a contribution to the Fund if they simultaneously perform the activity of custody and administration of securities issued by the collective investment fund or provide investment advice on investment instruments.

Payment of the contribution to the Fund was governed by the provisions of Section 129 of Act No. 256/2004 Coll., On Doing Business on the Capital Market, as amended. Until 31 March 2019, securities traders paid a contribution for 2018 in the amount of 2 % of the volume of received fees and commissions for provided investment services. The annual amount of the contribution is at least CZK 10,000. In accordance with the law, the Fund publishes on its website the amount of contributions paid by individual traders for the relevant calendar year. An overview of the contributions is also included in the following table.

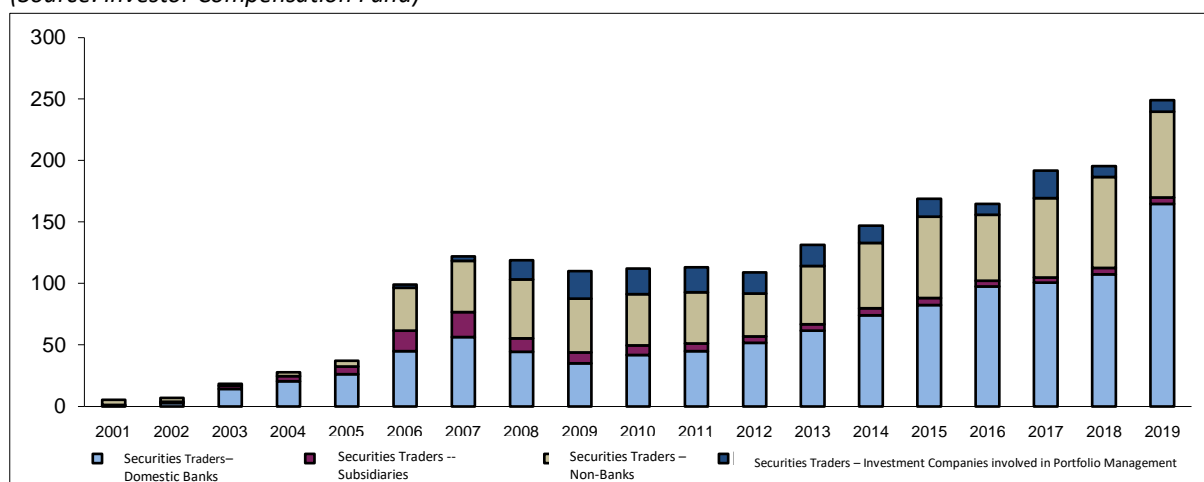
Table No. 2 Contributions to the Fund received for 2019 (CZK)*(Source: Investor Compensation Fund)*

	Securities Trader Company	Registration Number	Amount Paid in 2019
1	42 Financial Services, a.s.	28492722	1 503 819,35
2	Accredio, a.s.	27095843	142 739,00
3	Air Bank, a.s.	29045371	10 000,00
4	Akcenta CZ, a.s.	25163680	10 000,00
5	AMUNDI Czech Republic AM, a.s.	25684558	12 619 459,31
6	AMUNDI Czech Republic Investiční společnost, a.s.	60196769	117 927,67
7	ATLANTA SAFE, a.s.	45794952	239 384,50
8	ATLANTIK finanční trhy, a.s.	26218062	276 611,77
9	AXA Investiční společnost, a.s.	64579018	1 105 502,00
10	Banka CREDITAS, a.s.	63492555	569 997,00
11	BH Securities, a.s.	60192941	1 490 875,00
12	brokerjet České spořitelny, a.s.	27088677	10 000,00
13	Carduus AM, IS, a.s.	4113721	12 298,00
14	Citfin – Finanční trhy, a.s.	25079069	10 000,00
15	Colosseum, a.s.	25133454	797 973,48
16	Conseq Investment Management, a.s.	26442671	18 477 073,00
17	Cyrrus, a.s.	63907020	2 306 905,01
18	Cyrrus Corporate Finance, a.s.	27758419	56 395,00
19	Česká exportní banka, a.s.	63078333	10 000,00
20	Česká spořitelna, a.s.	45244782	77 639 195,79
21	Českomoravská záruční a rozvojová banka, a.s.	44848943	10 000,00
22	Československá obchodní banka, a.s.	00001350	23 732 290,00
23	ČSOB Asset Management, a.s.	25677888	2 210 820,11
24	EFEKTA obchodník s cennými papíry, a.s.	60717068	6 285 102,87
25	Equa bank, a.s.	47116102	78 657,93
26	EXPOBANK CZ, a.s.	14893649	162 390,23
27	Fio Banka, a.s.	61858374	2 208 438,70
28	Generali Investments CEE, a.s.	43873766	5 992 016,84
29	HighSky Brokers, a.s.	24710164	142 320,00
30	J&T BANKA, a.s.	47115378	22 785 895,14
31	Komerční banka, a.s.	45317054	14 027 464,54
32	MONETA Money Bank, a.s.	25672720	2 633 622,65
33	Moventum, a.s.	6413404	36 983,00
34	NN Investment Partners C.R., a.s.	25102869	4 108 313,13
35	Partners, investiční společnost, a.s.	24716006	10 000,00
36	Patria Finance, a.s.	26455064	5 325 253,00
37	PPF banka, a.s.	47116129	1 363 985,00
38	Prague Wealth Management, s.r.o.	27439682	190 972,00
39	Raiffeisenbank, a.s.	49240901	5 498 624,00
40	ROKLEN360, a.s.	60732075	115 526,31
41	RSJ Custody s.r.o.	2603900	10 000,00
42	RSJ Securities a.s.	884855	7 204 071,00
43	Sberbank CZ, a.s.	25083325	582 570,30
44	UniCredit Bank CR and Slovakia, a.s.	64948242	13 476 320,44
45	WOOD & Company Finanční společnost, a.s.	26503808	13 516 922,33
46	WOOD & Company Investiční společnost, a.s.	60192445	255 943,00
	TOTAL*)		249 370 658,40

*) The summary also includes contributions that the Fund received (or partially returned) only after the closing of the accounts for 2019. A more detailed summary is given in the Text Appendix to the Financial Statements.

Graph No. 3 Structure of Contributions from Securities Dealers (CZK million)

(Source: Investor Compensation Fund)



VIII. FUND REVENUES

The development of the Fund's income depends primarily on income from fees and commissions collected by entities licensed by a securities dealer. In 2019, the Fund received CZK 249.4 million in contributions, which in contrast to the previous year means an increase of 50.5 million, mainly due to extraordinary income from Česká spořitelna, a.s. In the second half of 2019, the Fund also received additional payments of contributions for 2018 in the amount of CZK 3.0 million. The amount of contributions for 2018 thus reached the amount of CZK 198.9 million.

According to Act No. 256/2004 Coll., On the Capital Market Business, the Fund's secondary income are fines imposed on investment companies for breaches of provisions relating to the management of customers' assets. Additional income is the income from investing the Fund's funds.

The amount of fines imposed by the CNB, which the Fund received in 2019, amounted to CZK 10.9 million (compared to CZK 1.2 million in 2018). Interest income amounted to CZK 2.5 million and receivables from litigation amounted to CZK 4 thousand.

IX. FUND ACTIVITIES IN 2019

a) Administrative Activities

The organizational structure of the Fund and the staff are stable, and administrative activities are performed by four employees. Accounting, legal, programming and some auxiliary work are provided by external staff.

b) Bankruptcy Proceedings

The bankruptcy proceedings were not terminated at the end of 2019 in the cases of Private Investors, a.s., KTP Quantum, a.s. and Key Investments, a.s. The Fund's representative is the Chairman of the Credit Committee of Private Investors, a.s. and KTP Quantum, a.s. and is an alternate of the creditors' representative of Key Investments, a.s.

In the case of Private Investors, a.s., the fund received a share in customer assets in the amount of CZK 11.7 million. The Fund expects further income from bankruptcy proceedings up to CZK 2.5 million.

Receivables from bankruptcies in the amount of CZK 1,429.0 million are recorded in the Fund's accounting records. Receivables from compensation paid by the Fund and unpaid contributions are recorded in accordance with the accounting methods pursuant to the Accounting Act and Decree No. 504/2002 Coll.

Table No. 3 Overview of the Fund's Receivables in Bankruptcy Proceedings

(Source: Securities Dealers Guarantee Fund)

Bankruptcy Party	Declaration of Bankruptcy	Origin of Receivables as of December 31, 2018	Receivable amount (tis. Kč)
KTP Quantum, a.s.	22. 3. 2002	15. 10. 2002	1 429 005*)
Total			1 429 005

**) These are receivables due to compensation paid by the Fund.*

In the insolvency proceedings of Key Investments, a.s., the Fund is registered with a contingent receivable CZK 12.4 million, which is tied to the payment of compensation. No compensation has been paid yet, as the Fund only received customer applications without the right to compensation. The Fund records an unconditional receivable in the amount of CZK 65,017.69 (unpaid contributions for 2011) in the off-balance sheet.

The return on receivables from Key Investments, a.s. is functionally zero. In the case of KTP Quantum, a.s. the Fund can expect a share from the issue of customer assets and from the distribution of the bankruptcy estate up to CZK 150 million.

c) Legislation

Since 1 May 2004, the activities of the Fund have been regulated by the provisions of Act No. 256/2004 Coll., On Business on the capital market, as amended. In the past period, amendments to the law were adopted which newly regulate the obligations of securities traders outside the European Union who provide investment services in the Czech Republic. These foreign persons participate in a guarantee system provided by the Fund under the same conditions as a securities trader. A contribution is paid to the Fund and compensation is paid for the property of customers entrusted to a foreign person in the provision of investment services in the Czech Republic.

An amendment to the Act has been in force since May 2020, according to which a foreign person authorized by the supervisory authority of another European Union member state to provide investment services may provide investment services in the Czech Republic without the location of a branch of an investment service authorized by the supervisory authority of the home Member State, only temporarily or occasionally, unless the investment services are provided to professional clients.

The obligation of a securities trader to submit information on the amount of customer assets to the Fund at the end of the last working day of the relevant year, for which the Fund would provide compensation calculated in accordance with § 130 paragraph 9 of the Act. The obligation pursuant to paragraph 1 also applies to an investment company and a foreign person pursuant to Section 132a paragraph 1 of the Act and a foreign person with a registered office or actual registered office in a state that is not a member state of the European Union. The amendment to the law should specify the circle of liable persons.

Proposals for EU regulation for investment firms (securities dealers) were also adopted in 2019, aiming to create a regulatory framework that better reflects the risks to which investment firms are exposed. In terms of scope and importance, investment firms will be divided into three classes. The regulation will enter into force on 26 June 2021.

d) Judicial Proceedings

Litigation in 2019 in which the Fund is the plaintiff:

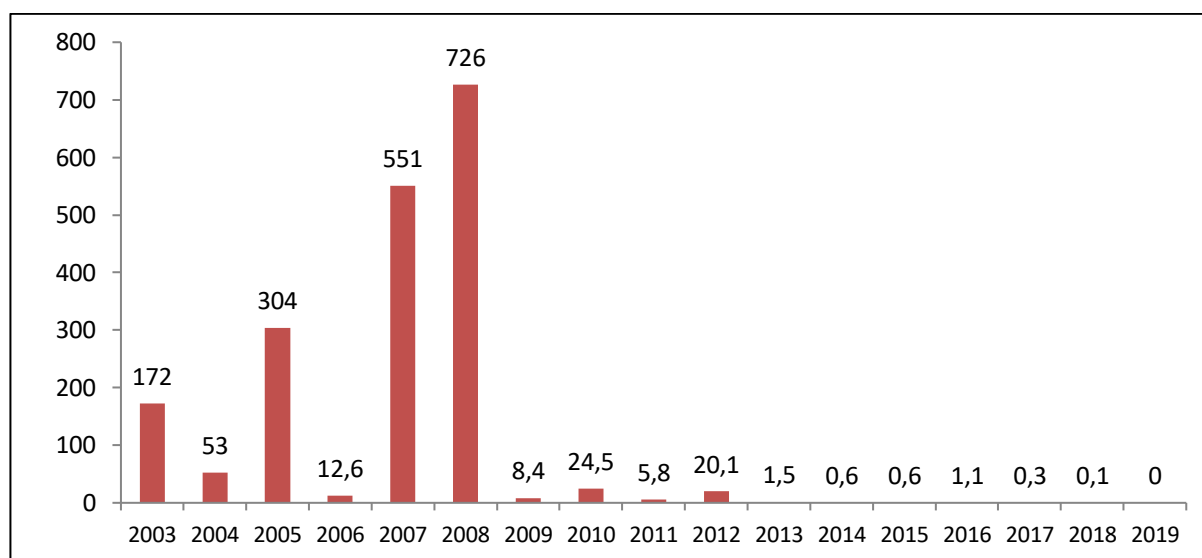
- Dispute over the exclusion and issue of customer property of KTP Quantum, a.s. from the bankruptcy estate, where the defendant is the administrator of the bankruptcy estate.
- Dispute with the administrator of the bankruptcy estate KTP Quantum, a.s. for compensation for damage incurred by the Fund as a result of failure to provide documents for the payment of compensation. There is the possibility of an agreement on the amicable settlement of disputes.
- Incidental action in the bankruptcy proceedings of KTP Quantum, a.s. due to the denial of an unconditional claim of the Fund.
- Incidental action in the bankruptcy proceedings of KTP Quantum, a.s. due to the denial of a contingent claim.
- KTP Quantum, a.s. - the proceedings on the seizure of the remaining property in the criminal proceedings were terminated, the motion for the seizure was legally rejected in its entirety and the entire property thus remained available for the purposes of the bankruptcy proceedings.

f) Payment of Compensation to Customers

In 2019, the Fund did not pay any compensation to customers of former securities dealers.

Graph No. 4 Compensation Payments in Individual Years (CZK million)

(Source: Investor Compensation Fund)



g) Negotiations with State Authorities, Press, Clients

The Fund's Articles of Association, financial statements and other documents required by law are stored in the Collection of Documents in the Commercial Register.

The Fund publishes essential information in the Business Gazette and on its website www.gfo.cz. The fund cooperates with state institutions, especially with the Czech National Bank and the Ministry of Finance of the Czech Republic. The Fund communicates with clients and representatives of the public media in the usual way and also tries to deal with inquiries that relate to the capital market in general.

h) Activities in Sectoral Associations

The Fund has been an associate member of AKAT since 2014, which enables it to obtain information on the situation on the financial and capital markets and related legislative initiatives. The fund is an associate member of the European Forum of Deposit Insurers (EFDI) and actively participates in its activities. Representatives of the Fund participated in the meetings of the Working Group of Investor Compensation Funds (ICS).

i) Cash Resources of Fund

The total volume of funds at the end of 2019 amounted to CZK 1,199.2 million (which represents an annual increase of CZK 144.3 million), of which the balance on investment accounts amounted to CZK 1,114.7 million (an annual increase of CZK 77,6 million). In connection with the extraordinary repayment of repayable financial assistance in the amount of CZK 100 million, the Ministry of Finance issued two decisions:

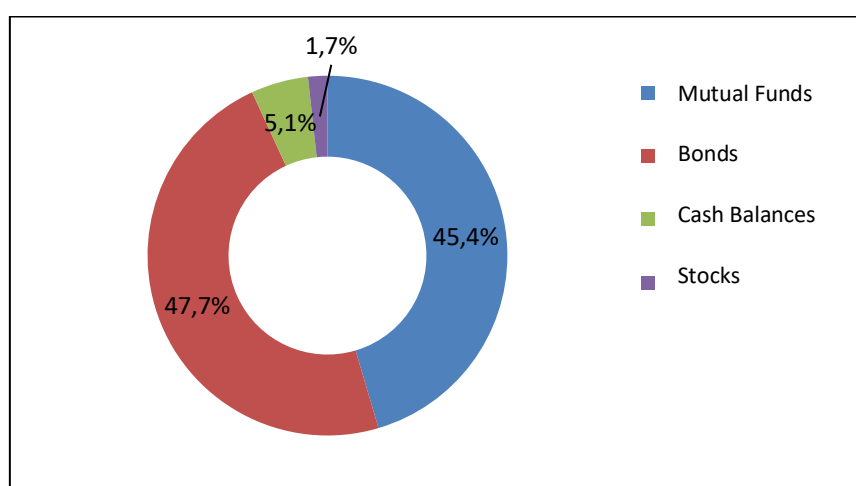
- Decision amending Decision No.: 35/56770 / 2004-351 of 29 April 2004 on the provision of repayable financial assistance from the Fund, as amended by Decision No.: MF-28570/2018 / 2701-9 of December 18, 2018;
- Decision amending Decision No.: 351/82635/2003 of 13 October 2003 on the provision of repayable financial assistance from the Fund.

In accordance with the repayment plan of repayable financial assistance, the Fund paid a regular installment of CZK 2 million.

The Board of Directors of the Fund decides on the method of investing free funds within the Investment Directive. Pursuant to Act No. 256/2004 Coll., On Doing Business on the Capital Market, as amended, funds may only be invested in a safe manner. The Fund's funds must be invested with professional care in such a way as to guarantee the safety, quality, liquidity and profitability of the financial investment mix as a whole. The liquidity must be such as to ensure the payment of compensation in due time by law. The Fund's investment guidelines allow funds to be placed under detailed conditions in deposits authorized by banks, in bonds and money market instruments, units of open-end mutual funds denominated in Czech crowns and a maximum of 10 % of the portfolio may contain domestic or foreign shares and non-investment grade bonds.

Graph No. 5 Portfolio Structure

(Source: Investor Compensation Fund)



Updated: December 31 2019

j) Cases Handled by the Fund

During 2019, the Fund did not issue any notification that a securities trader, due to its financial situation, is not fulfilling its obligations to release assets to customers.

Table No. 4 Overview of Selected Data on Cases Handled by the Fund

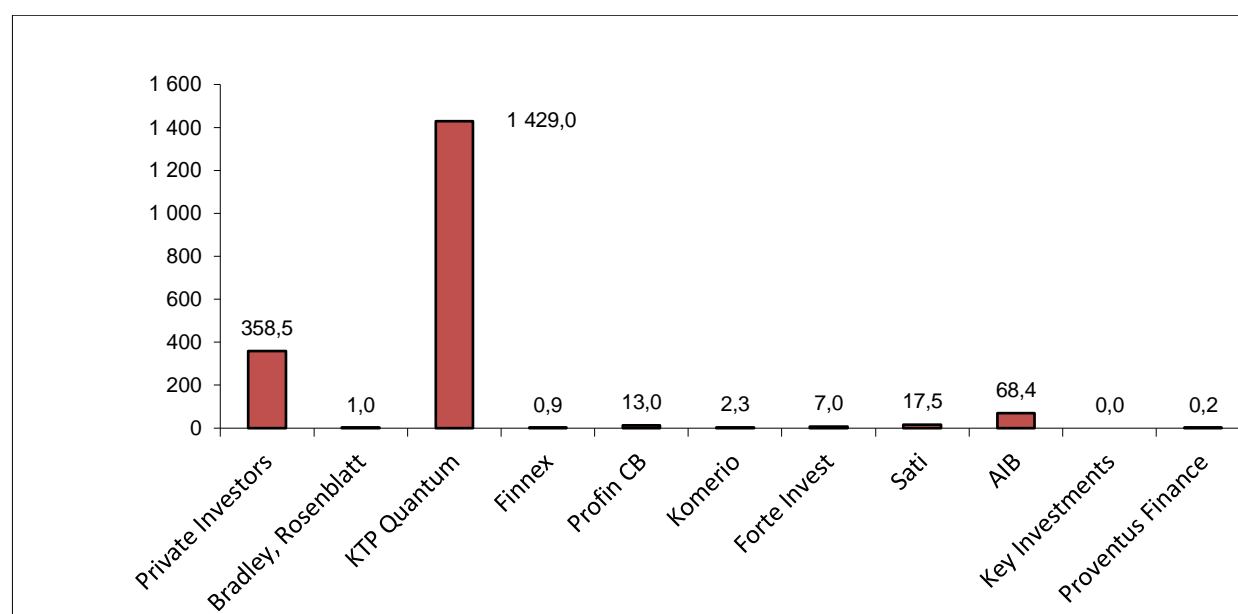
(Source: Investor Compensation Fund)

	Private Investors	Bradley, Rosenblatt	KTP Quantum	Finnex Praha	Profin CB	Komerio, brokerský dům Konečný	Forte Invest	Sati	Americas International Brokers	Key Investments	PROVENTUS Finance
Trader Declared Bankruptcy	1. 6. 2001	13. 8. 2001	22. 3. 2002	7. 11. 2001	15. 7. 2002	7. 5. 2003	2. 1. 2001	16. 2. 2005	1. 12. 2005	23. 10. 2012	24. 5. 2016
CNB Notification (Prev. – Czech Securities Commission)	4. 7. 2001	5. 9. 2001	21. 5. 2002	26. 8. 2002	26. 8. 2002	-	-	-	1. 11. 2005	21. 8. 2012	27. 5. 2016
Fund Notification	4. 7. 2001	5. 9. 2001	21. 5. 2002	27. 8. 2002	27. 8. 2002	8. 10. 2003	23. 12. 2004	14. 2. 2005	8. 11. 2005	23. 8. 2012	31. 5. 2016
Time Limit for Submission of Claims to Fund	4. 12. 2001	5. 2. 2002	21. 10. 2002	27. 1. 2003	27. 1. 2003	8. 3. 2004	23. 5. 2005	14. 7. 2005	8. 4. 2006	21. 1. 2013	-
First Compensation Paid	4. 8. 2002	5. 10. 2002	21. 6. 2003	27. 6. 2003	27. 6. 2003	8. 8. 2004	23. 3. 2006	15. 5. 2006	23. 8. 2007	-	14. 8. 2017
Number of Claims Registered with Fund	2 056	11	19 770	1 629	42	7	462	213	341	1	2
Registered Entitlement to Compensation (MCZK)	358,5	1,0	1 429,0	0,9	13,0	2,3	7,0	17,5	68,4	0	0,2
PAID (MCZK)	354,6	1,0	1 418,1	0,9	12,3	2,3	6,9	17,2	68,2	0	0,2

Updated: December 31, 2019

Graph No. 6 Registered Claims to Compensation

(Source: Investor Compensation Fund)



Updated: December 31, 2019

X. FUND BUDGET IN 2019

The Fund's budget for 2019 was approved by the Ministry of Finance of the Czech Republic on 12 December 2018. The Fund complied with the approved budget, while the costs of the Fund's office were CZK 1.3 million lower than the budget, with savings in all items. Contrary to expectations, significant revenues were fines imposed by the Czech National Bank of Securities Dealers, which the Fund received through the Customs Administration in the amount of CZK 10.9 million. A significant amount was also credit interest in the amount of CZK 2.5 million.

In 2019, the Fund did not request or receive financial assistance or a subsidy from the state. In accordance with the repayment plan, the Fund paid an ordinary installment of repayable financial assistance in the amount of CZK 2 million and also paid an extraordinary installment of CZK 100 million.

XI. FUND BUDGET FOR 2020

The Fund's budget assumes income from contributions from securities dealers at the level of CZK 179.0 million and other income in the amount of CZK 1.0 million. Total revenues, including the transfer of provisions in the amount of CZK 1,179.2 million, should reach CZK 1,380.7 million. Operating expenses were increased by CZK 0.6 million to CZK 12.6 million and the provision for future cases should reach CZK 1,359.0 million. The budget is balanced, a reserve fund has been created from the surplus of income. The budget did not provide for an extraordinary repayment of repayable financial assistance in the amount of CZK 100 million, which was implemented in agreement with the Ministry of Finance by the approval of the budget. The actual amount of the provision for future cases will thus be lower by the value of the extraordinary installment.

The Fund's budget for 2020 and the outlook for 2021 and 2022 were approved by the Ministry of Finance of the Czech Republic on 17 December 2019.

XII. 2019 FINANCIAL STATEMENTS

The accounting methods used, general accounting principles and valuation methods are in accordance with the law No. 563/1991 Coll., on accounting and with the Decree of the Ministry of Finance of the Czech Republic No. 504/2002 Coll., which stipulates the contents of financial statements for accounting entities whose core activities do not include business activities.

XIII. INDEPENDENT AUDITOR'S REPORT

Report of the Independent Auditor

to the Board of Directors of the Investor's Compensation Fund

Auditor's Report

We have audited the accompanying financial statements of the Investor's Compensation Fund, registered at Politických vězňů No. 912, file no. 10, Prague 1, identification number 267 15 287, (hereinafter also the accounting unit) prepared on the basis of Czech accounting regulations, which consists of the balance sheet as of 31 December 2019, the profit and loss statement for the period from 1 January 2019 to 31 December 2019 and the notes to these financial statements, which contain a description of the significant accounting policies used and other explanatory information.

In our opinion, the financial statements give a true and fair view of the assets and liabilities of the Investor's Compensation Fund as of 31 December 2019 and of the costs and revenues and results of operations for the period from 1 January 2019 to 31 December 2019, in accordance with Czech accounting regulations.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and the Standards of the Chamber of Auditors of the Czech Republic for Auditing, which are International Standards on Auditing (ISA), supplemented and modified by related application clauses. Our responsibilities under these regulations are described in more detail in the Auditor's Responsibility for the Audit of Financial Statements section. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the entities and have also fulfilled other ethical obligations arising from the above regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statutory body's responsibility for the financial statements

The statutory body of the entity is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting regulations, as well as for an internal audit system as is considered necessary for the preparation of financial statements to be free from material misstatement due to fraud or error.

In preparing the financial statements, the entity's statutory body is required to assess, as a going concern, whether the entity is able to continue and, if relevant, to report matters relating to its continuity and the application of the going concerns in the notes to the financial statements when the statutory body plans to liquidate the entity or terminate its activities, and respectively when he has no real option but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's report containing our opinion. A reasonable level of assurance is a high level of assurance, however, it is not a guarantee that an audit performed in accordance with the above regulations will in all cases reveal any material misstatement in the financial statements.

Irregularities may arise as a result of fraud or error and are considered material if they can reasonably be expected to affect, individually or in aggregate, the economic decisions that users make based on the financial statements. Our responsibility is also to:

- Identify and evaluate the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures that respond to those risks, and obtain sufficient appropriate audit evidence to ensure that the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to an error, as fraud may include collusion, falsification, intentional omissions, false statements or circumvention.
- Familiarize ourselves with the entity's internal financial audit system relevant to the audit to the extent that we can design audit procedures appropriate to the circumstances and not express an opinion on the effectiveness of its internal audit system.
- Assess the appropriateness of the accounting policies used, the reasonableness of the accounting estimates made and the information provided by the statutory body of the entity in the notes to the financial statements.
- Assess the appropriateness of using the going concern in preparing the financial statements of the statutory body and whether, in light of the evidence gathered, there is significant uncertainty arising from events or conditions that may materially impair the entity's ability to continue as a going concern. If we conclude that such a significant uncertainty exists in the notes to the financial statements, and if this information is not sufficient, we may express a modified opinion. Our conclusions regarding the entity's ability to continue as a going concern are based on the audit evidence we have obtained up to the date of our report. However, future events or conditions may result in the entity losing its ability to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the notes, and whether the financial statements present the underlying transactions and events in a manner that results in a fair presentation.

Our responsibility is to inform the statutory body, inter alia, of the planned scope and timing of the audit and of significant findings made during the audit, including any significant deficiencies identified in the internal audit system.

In Prague on 13.11.2020