



SZANÁLÁSI  
ALAP

# RESOLUTION FUND ANNUAL REPORT

2018







Balance Sheet of the Resolution Fund as of 31 December 2018  
Statistical code: 18618389-6619-919-01

BALANCE SHEET version 'A' – ASSETS				
No.		Description	Baseline year	Year under review
			31.12.2017	31.12.2018
1	A	FIXED ASSETS	53,407,071	2,000,000
2	I.	INTANGIBLE ASSETS	0	0
3	I.1	Capitalised value of owners' contribution /restructuring	0	0
4	I.2	Rights representing pecuniary values	0	0
5	I.3	Intellectual property rights	0	0
6	I.4	Advances for intangible assets	0	0
7	I.5	Revaluation of intangible assets	0	0
8	II.	TANGIBLE ASSETS	0	0
9	II.1	Real estate and related rights representing pecuniary value	0	0
10	II.2	Machinery, equipment and vehicles	0	0
11	II.3	Assets under construction	0	0
12	II.4	Advances for assets under construction	0	0
13	II.5	Revaluation of tangible assets	0	0
14	III.	FINANCIAL INVESTMENTS	53,407,071	2,000,000
15	B	CURRENT ASSETS	33,447,137	35,638,388
16	I	STOCKS	0	0
17	I.1	Raw materials	0	0
18	I.2	Commercial goods	0	0
19	I.3	Mediated services	0	0
20	I.4	Advances for stocks	0	0
21	II.	RECEIVABLES	7,380,988	221
22	II.1	Receivables from member institutions	7,344,155	221
23	II.1.a	Receivables from fees	288	221
24	II.1.b	Receivables from lending	7,343,867	0
25	II.1.c	Other receivables from institutions	0	0
26	II.2	Other receivables	36,833	0
27	III.	SECURITIES	25,912,227	26,839,141
28	III.1	Government securities	25,912,227	26,839,141
29	III.2	Other securities	0	0
30	IV.	LIQUID ASSETS	153,922	8,799,026
31	IV.1	Cash and cheques	0	0
32	IV.2	Bank deposits	153,922	8,799,026
33	C	DEFERRED EXPENSES AND ACCRUED INCOME	672,907	319,794
34		TOTAL ASSETS	87,527,115	37,958,182

Figures are in thousand HUF (hereinafter T'HUF)



Balance Sheet of the Resolution Fund as of 31 December 2018

Statistical code: 18618389-6619-919-01

BALANCE SHEET version 'A' – LIABILITIES				
No.		Description	Baseline year	Year under review
			31.12.2017	31.12.2018
35	D.	OWN EQUITY	26,762,793	37,939,127
36	I.	REGISTERED CAPITAL	429,024	429,285
37	II.	CAPITAL RESERVES	16,860,039	26,333,769
38	III.	VALUATION RESERVES	0	0
39	IV.	PROFIT / LOSS FOR THE YEAR	9,473,730	11,176,073
40	E.	PROVISIONS	0	2,577
41	F.	LIABILITIES	60,527,538	14,663
42	I.	LONG-TERM LIABILITIES	52,948,521	0
43	I.1	Liabilities to the general government	0	0
44	I.2	Liabilities from bond issuance	0	0
45	I.3	Other long-term liabilities	52,948,521	0
46	II.	SHORT-TERM LIABILITIES	7,579,017	14,663
47	II.1	Liabilities from resolution activities	0	0
48	II.1.a)	Liabilities from redemption of assumed guarantee	0	0
49	II.1.b)	Liabilities from payable indemnification	0	0
50	II.1.c)	Other liabilities from resolution-related expenditures	0	0
51	II.2	Liabilities to institutions	0	629
52	II.3	Short-term borrowings	7,564,074	0
53	II.4	Other short-term liabilities	14,943	14,034
54	G.	ACCRUALS AND DEFERRED INCOME	236,784	1,815
55		TOTAL LIABILITIES	87,527,115	37,958,182

Figures in T'HUF

Profit and Loss Statement of the Resolution Fund for the business year starting on 1 January and ending on 31 December 2018

Statistical code: 18618389-6619-919-01

PROFIT AND LOSS STATEMENT (TOTAL-COST METHOD) version 'A'				
No.		Description	Baseline year	Year under review
			31.12.2017	31.12.2018
1	I.	Revenues	8,711,622	10,552,546
2	II.	Other revenues	297,228	246,444
3	III.	Revenues from financial transactions	3,288,832	2,411,381
4	IV	Expenditures on resolution	0	0
5	V.	Other expenditures	0	2,577
6	VI.	Expenditures on financial transactions	2,588,618	1,770,333
7	01	Expenditures on materials	194,269	217,793
8	02	Payroll and related expenditures	41,065	43,595
9	03	Depreciation	0	0
10	VII	Operating expenses (01+02+03)	235,334	261,388
11	A.	PROFIT/LOSS FOR THE YEAR (I+II+III-IV-V-VI-VII)	9,473,730	11,176,073

Figures in T'HUF

Cash Flow Statement of the Resolution Fund, 31 December 2018						
No.	Description		Baseline year	Year under review	Change	Composition in year under review
I. Cash flow from ordinary activities (lines 1-11)			31.12.2017	31.12.2018	HUF'000	%
1	Profit / loss for the year	±	9,473,730	11,176,073	1,702,343	17,97%
2	Depreciation charged	+	0	0	0	N/A
3	Impairment charged and reversed	±	0	0	0	N/A
4	Balance of provisions set up and used	±	0	2,577	2,577	N/A
5	Profit/loss of sale of fixed assets	±	0	0	0	N/A
6	Change of trade accounts payable	±	-9,815	-958	8,857	-90,24%
7	Change of other short-term liabilities	±	19,703	49	-19,654	-99,75%
8	Change of accruals and deferred income	±	36,247	-234,969	-271,216	-748,24%
9	Change of receivables from member institutions	±	-238	67	305	-128,15%
9/a	Change of payables to member institutions	±	0	629	629	N/A
10	Change of current assets (excluding trade accounts receivable and liquid assets)	±	-11,990,917	-890,081	11,100,836	-92,58%
11	Change of prepayments and accrued income	±	-284,656	353,113	637,769	-224,05%
I.	TOTAL OPERATING CASH FLOW		-2,755,946	10,406,500	13,162,446	-477,60%
II. Change of funds from investment activities (lines 12-16)						
12	Procurement of fixed assets	-	0	0	0	N/A
13	Sale of fixed assets	+	0	0	0	N/A
14	Long-term loans provided, bank deposits, repayments,	+	8,517,796	58,750,938	50,233,142	589,74%
15	Long-term loans provided, bank deposits	-	146,162	0	-146,162	N/A
16	Dividends received	+	0	0	0	N/A
II.	TOTAL INVESTMENT CASH FLOW		8,663,958	58,750,938	50,086,980	578,11%
III. Cash flow from financial transactions (lines 17-26)						
17	Accession fees received (other capital income)	+	0	261	261	N/A
18	Revenues from share issuance (other capital income)	+	0	0	0	N/A
19	Revenues from the issuance of bonds and credit securities	+	0	0	0	N/A
20	Borrowing	+	0	0	0	N/A
21	Liquid assets received for good	-	0	0	0	N/A
22	Share withdrawal (other decrease of capital)	-	0	0	0	N/A
23	Repayment of bonds and credit securities	-	0	0	0	N/A
24	Loan instalments and payoff	-	-7,696,260	-60,512,595	-52,816,335	686,26%
25	Liquid assets transferred for good	-	0	0	0	N/A
26	Change in liabilities to founders / other long-term liabilities	+	0	0	0	N/A
III.	TOTAL FINANCIAL CASH FLOW		-7,696,260	-60,512,334	-52,816,074	686,26%
27	Revaluation of foreign exchange cash and cash equivalents	+	0	0	0	N/A
IV. CHANGE OF CASH AND CASH EQUIVALENTS IN BALANCE SHEET (+/- I. +/- II. +/- III. + 27)			-1,788,248	8,645,104	10,433,352	-583,44%

Figures in T'HUF



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# 1. GENERAL INFORMATION

## 1.1. Introduction of the Resolution Fund

Name of the institution:	<b>Szanálási Alap</b> (Resolution Fund) (hereinafter: the " <b>Fund</b> ")
Seat:	<b>1027 Budapest Csalogány u. 9-11., Hungary</b>
Website:	www.szanalasialap.hu
Method of foundation:	by operation of law (Pursuant to Act XXXVII of 2014 on the Further Development of the System of Institutions Strengthening the Security of Certain Participants of the Financial Intermediary System; hereinafter the Resolution Act) Date of Foundation: 21 July 2014.
Form of organization:	919 Other fund
Statistical code:	18618389-6619-919-01
Tax ID:	18618389-2-41
Account holding banks of the Fund:	Central Bank of Hungary (hereinafter: " <b>MNB</b> "), <b>MKB Bank</b> and <b>CIB Bank</b> .
Custodian bank of the Fund (Since 3 February 2015):	KELER Központi Értéktár Zrt. (KELER Central Clearing House and Repository Ltd.; hereinafter " <b>KELER</b> "), providing custodian services to the Fund pursuant to Article 335/A of Act CXX of 2001 on Capital Markets.
Asset manager of the Fund:	Államadósság Kezelő Központ (Government Debt Management Agency, hereinafter " <b>ÁKK</b> ").
Chairwoman and chairmen of the Board of Directors:	<b>Ágnes Anna Hornung</b> , Secretary of State of the Ministry of Finance (until 31.08.2018) Residential address: 1119 Budapest, Ormai udvar 117., Hungary  <b>László Balogh</b> , deputy Secretary of State of the Ministry of Finance (01.09-15.11.2018)  <b>Gábor Gion</b> , Secretary of State of the Ministry of Finance (from 16.11.2018) Residential address: 2131 Gőd, Fenyves utca 31/A., Hungary
Other Members of the Board of Directors:	<b>Dr. László Windisch</b> , deputy governor of MNB, <b>Krisztina Láhm Mrs. Földényi</b> , director of the Resolution Directorate of MNB (until 31.01.2018) <b>dr. Krisztina Mohácsi Mrs. Róbert Márta</b> , head of the Resolution Law and Regulation Department of the MNB (from 01.02.2018), <b>Dr. András Kómár</b> , managing director of the National Deposit Insurance Fund of Hungary (hereinafter "NDIF").
Auditor of the Fund:	MAZARS Könyvszakértő és Tanácsadó Kft. (1123 Budapest, Nagyerőd utca 8-14.) 002220
Licence number:	
Name of the person performing the audit:	<b>Mrs. Istvánné Dóczi</b> , auditor, member of the Hungarian Chamber of Auditors
Licence number:	007016
Accountant:	<b>Balázs Egon Gottl</b> , Chief Accountant of NDIF
Registration number:	172262
This report was drafted at:	The seat of the Fund: 1027 Budapest, Csalogány u. 9-11, Hungary.

## 1.2. Establishment and Fiscal Obligations of the Fund

The Fund was established pursuant to the power of the law, upon the entry into force of the Resolution Act. Pursuant to Section 16 in Annex 5 to Act LXXXI of 1996 on Corporate Tax and Dividend Tax, the Fund is not a subject of corporate tax. Further, pursuant to Paragraph 5 in Section 3 of Act C of 1990 on Local Taxes, the scope of said act shall not extend to the Fund and pursuant to Point r) in Section 5 of Act XCIII of 1990 on Duties, the Fund shall enjoy full exemption from duties. The registered capital of the Fund is the combined amount of accession fees paid by member institutions.

## 1.3. Member institutions of the Fund

As of 31 December 2018, the Fund had 61 member institutions, including 26 banks, 10 specialized credit institutions, 13 cooperative credit institutions (savings cooperatives) and 12 investment firms. A The names of the Fund's member institutions and the membership fees paid in 2018 are set out in Annex 4, while the full list of member institutions is set out in Annex 5. The number of the Fund's member institutions did not change between the balance sheet cut-off date and preparation date (28 February 2019).

## 1.4. The Fund's activities and tasks

The key rules pertaining to the Fund's operation are set out in the Resolution Act, in Government Decree no. 214/2000 (XII.11) on the Peculiarities of the reporting and bookkeeping obligations of deposit insurance funds, institution protection funds and the investor protection fund (hereinafter: the "**Government Decree**") and in the Fund's regulations.

The Fund serves to cover financing needs directly linked to resolution as specified in the Resolution Act, using amounts paid up by member institutions. The Fund's assets can be used for the following purposes:

- to guarantee the assets and liabilities of the institution (or the subsidiaries of the institution) under resolution, that of the bridge institution or the asset management vehicle;
- to provide loans to the institution (or the subsidiaries of the institution) under resolution, the bridge institution or the asset management vehicle;
- to purchase the assets of the institution being under resolution;
- to provide capital contribution to the bridge institution or the asset management vehicle;
- to provide contribution to the institution under resolution for the purpose specified in applicable laws;
- to compensate NDIF pursuant to Section 143(5) of the Resolution Act;
- to pay compensation to owners or creditors pursuant to Section 98 of the Resolution Act;
- to ensure fiscal neutrality as per Section 128 of the Resolution Act;
- any combination of actions listed in points a) through h) above,
- expenses directly related to the Fund's operation.

When employing the sale of business tool, the Fund can be used for measures listed above in points a) through d) also in respect of the recipient.



## 1.5. The governing body and supervision of the Fund

### 1.5.1. The Board of Directors

Pursuant to Section 132(1) of the Resolution Act, the Fund is governed by a Board comprising four directors. The members of the Board are as follows:

- an individual designated by the Minister charged with the regulation of financial, capital and insurance markets;
- two individuals designated by the Governor of MNB, one of whom is the Vice Governor of MNB supervising the task specified in Section 4(8) of Act CXXXIX of 2013 on the Central Bank of Hungary (hereinafter the "**MNB Act**"), while the other is the Vice Governor of MNB supervising the task specified in Section 4(9) of the Act on MNB, or other senior officials performing these tasks, and
- the managing director of the NDIF.

### 1.5.2. Supervision of the Fund

The State Audit Office of Hungary is charged with the financial and accounting supervision of the Fund.

## 2. KEY ATTRIBUTES OF THE FUND'S ACCOUNTING POLICY

### 2.1. The legal basis of bookkeeping

The Fund shall keep its books in accordance with Act C of 2000 on Accounting (hereinafter: the "**Accounting Act**") and the Government Decree.

### 2.2. Decisions related to the reporting obligations

The Fund developed its accounting policy based on the principles and valuation requirements set out in the Accounting Act, tailoring it to best suit the Fund's characteristic features and circumstances of operation. The accounting policy specifies the means and methods of complying with the relevant law. Regarding reporting obligations, the accounting policy gives preference to reports showing actual assets, finances and income position. In compliance with its intended purpose as per the Accounting Act, it requires information provision to give a "true and fair view", and specifies the principles, rules and requirements that ensure such information provision.

Pursuant to the Accounting Act, the Fund belongs to the category of "other organizations". These organizations are subject to special bookkeeping and annual reporting obligations that are regulated in the Accounting Act and the Government Decree.

#### a) Form of reporting

The Fund is required to prepare an Annual Report structured as specified in the Accounting Act.

#### b) Dates related to reporting

The balance sheet date shall be December 31; the business year is identical to the calendar year.

#### c) Preparation of the report, authorized signatory

The report shall be drafted in Hungarian and signed by the Chairman of the Board of Directors.

#### d) Method of bookkeeping

The Fund employs double entry book-keeping of the assets it manages, uses or owns, and of the related liabilities and business transactions to ensure that changes in assets and liabilities are presented authentically, on an ongoing basis, transparently and in a closed system.

Pursuant to the Accounting Act, the Report must also include those business events that relate to the subject year but become known between the balance sheet date and the date of balance sheet preparation. Such events include those that relate to the subject year, change the value of assets and liabilities as of December 31, and the Fund becomes aware of them before the compilation of the annual report. The scope of the profit and loss statement complies with the provisions of the Government Decree (profit and loss statement using the total-cost method). The Fund records operating costs (account group 5), expenditures (account group 8) and revenues (account group 9) in its books in accordance with the structure set out in the chart of accounts.





e) Enforcing accounting principles

The Fund enforces the following accounting principles: going concern principle, principle of completeness, principle of "true and fair view", principle of clarity, principle of consistency, principle of continuity, principle of matching, principle of prudence, principle of gross accounting, principle of item-by-item valuation, principle of accruals, principle of substance over form, principle of materiality and the principle of cost-benefit comparison.

f) Approval of the report

The Fund's Board of Directors shall approve both the Report and the auditor's report by May 30 of the year following the subject year and shall submit these documents to the State Audit Office of Hungary.

g) Ensuring comparability

The Resolution Fund was established on 21 July 2014. The comparability of Annual Reports is ensured by the consistency of the structure, segmentation and contents of the respective balance sheets and profit and loss statements, and that of the valuation principles and valuation procedures pertaining to balance sheet items.

h) Items with exceptional size

The Fund defines items with exceptional size as those that have an extraordinary impact on profits equalling at least 5% of revenues in the business year.

## 2.3. Considerations for the classification of assets and liabilities

Considerations for the classification of assets

In accordance with the provisions of the Accounting Act, assets that serve the activities of the Fund for a period exceeding one year are presented as fixed assets, while assets that serve the Fund's activities for less than a year (including government securities held for trading) are accounted for as current assets. Assets are classified individually when they are put into use, and classification is reviewed upon the preparation of the balance sheet.

Considerations for the classification of liabilities

Pursuant to the provisions of the Accounting Act and the Government Decree, own liabilities of the Fund comprise amounts derived from the retained earnings of the current year, while external liabilities include the sum of funds, services or other liabilities with maturity dates over or within one year, received from external organisations (e.g. credit institutions).

### 2.3.1. Valuation of assets

Fixed assets and current assets are shown in the balance sheet at acquisition (production) cost. In the balance sheet, the gross value of intangible and tangible assets must be reduced by depreciation charged to the individual asset items while the value of financial investments must be reduced by impairment recognized on them. In the case of intangible assets, tangible assets and financial investments, the Fund does not use the fair valuation method, i.e. it does not apply any adjustments. Items comprised by the historic (acquisition) cost of assets must be reflected in the invoiced or charged amounts when they arise, i.e. upon the occurrence of the underlying business event (at the latest when the asset is put into use).

Stock (inventories) must be shown in the books at acquisition cost; in the balance sheet prepared at the end of the year this value can be reduced with the amount of recognised impairment provided certain conditions specified in the valuation regulations are met. Stocks also include assets

transferred to the Fund as collateral for the guarantees undertaken by the Fund if the Fund intends to sell them instead of using them for its own activities. Assets so transferred to the Fund must be included in the books at the value specified in the asset distribution proposal.

Receivables are shown in the balance sheet at approved and recognized value. Receivables cannot be depreciated. Doubtful receivables are subject to impairment charging as described in the accounting policy. Uncollectable debts must be accounted for as losses among other expenditures. Where justified, the Fund charges impairment on doubtful debts and expected losses (receivable fees, customer receivables, advances paid, other receivables) outstanding as of the balance sheet date. Impairment charging is mandatory when it is foreseeable and assumable that the receivable concerned will not be collected or not the full current net value will be collected. The amount of impairment is set based on the individual valuation of overdue receivables as of the balance sheet date, taking into consideration overdue and doubtful receivables and advances paid. If the full receivable amount is settled by the balance sheet preparation date, or it was settled with a promissory note, and the promissory note has not yet expired, no impairment can be charged. The Fund charges impairment on receivables from unpaid fees outstanding as of the balance sheet date based on a case-by-case valuation.

Securities are shown in the balance sheet at book value, less the amount of impairment chargeable as per the Accounting Act. Regardless of whether they are classified as current assets or as financial investments, debt securities with a maturity exceeding one year must be shown at acquisition cost or at current book value that already reflects charged and reversed impairment amounts.

The Fund's liquid assets are shown at net book value taken from account statements and cash inventories.

Foreign exchange futures are not considered hedge transactions by the Fund and therefore the rules pertaining to hedges accounting set out in the Accounting Act are not applied. If the foreign exchange future is not closed by the balance sheet date, the calculated loss on the future as of said date are shown under the expenses of financial transactions, offsetting accruals.

Deferred expenses and accrued income are asset items that adjust revenues and expenditures of the balance sheet year as per the accounting principle of matching.

In the financial statements, deferred expenses and accrued income include the amounts deriving from the following events:

- revenues that relate to the balance sheet year but fall due only after the balance sheet date;
- expenses and expenditures that shall be charged to the period after the balance sheet date,
- amounts deriving from additional obligations.

### 2.3.2. Valuation of liabilities

Own equity is shown at book value in the Fund's balance sheet.

Provisions must be shown at book value, too. Provisions must be set up for contingent liabilities in case they are known or likely to arise in the business year following the balance sheet date, if they derive from a past or ongoing transaction and if no other coverage is allocated to them in the balance sheet. Items that belong here include e.g. known or budgeted expenditures on sureties, options, guarantees, obligations related to ongoing lawsuits, etc. Provisions may be set up for anticipated expenses that will occur in the future.

Payables are shown in the balance sheet at the value taken from the invoice or contract and acknowledged by the Fund.

Accruals are liability items that adjust the revenues and expenditures of the balance sheet year, as per the accounting principle of matching. In the financial statements, accruals include the amounts deriving from the following events:

- revenues that are received before the balance sheet date relate to the following year,
- expenses and expenditures chargeable to the balance sheet year but occurring only after the balance sheet date,
- liabilities that become known between the last day of the balance sheet year and the balance sheet preparation date, chargeable to the year closed,
- the not-yet-used portion of subsidies received for offsetting expenses and expenditures,
- deferred income booked as revenues,
- exchange rate losses on foreign exchange futures as of the balance sheet date.

2.3.3. Specific valuation methods used for preparing the report

Valuation of specific asset groups:

- accumulated interest comprised in the acquisition cost of interest-bearing securities shown under current assets must be accounted for as a revenue-decreasing item upon acquisition,
- no impairment is charged on government securities in the Fund's portfolio, as their repayment is guaranteed by the government.

Valuation of specific groups of liabilities:

- the Fund's retained earnings from the previous year (or years) is transferred to capital reserves within own equity, shown at net book value,
- liabilities to member institutions are imported into the balance sheet based on account statements.

Assets and liabilities not specified above are valued in accordance with the general provisions of the Accounting Act.

2.4. Methods of charging depreciation, charging and reversing impairment

Methods of charging depreciation

The Fund applies the following methods for charging depreciation:

- scheduled depreciation is charged based on the capitalized value of intangible and tangible assets;
- for each item separately, from the date of capitalization, with straight-line scheduled depreciation;
- depreciation for items with an acquisition or production cost below HUF 100,000 is accounted for in a lump sum when the asset is put into use.

Charging and reversing impairment

The Fund charges impairment if:

- the current book value of an asset permanently and significantly (i.e. by an amount specified per asset in the valuation rules) exceeds the market value, and
- if the asset has become obsolete owing to change in business activities or has been damaged.

if a favourable turn occurs in the above, impairment can be reversed after revaluation but only up to the asset's current value and never in excess of its nominal value.

3. NOTES AND EXPLANATION TO UNIQUE BALANCE SHEET ITEMS

3.1. Assets

The Fund's balance sheet total equalled T'HUF 37,958,182 as at the end of 2018, a T'HUF 49,568,933 decrease from the 2017 baseline figure.

This change was caused by the following factors:

- Financial investments decreased by T'HUF 51,407,071 owing to the final repayment of a loan granted earlier to MSZVK Magyar Szanálási Vagyonkezelő Zrt. (Hungarian Resolution Asset Management Plc., hereinafter: MSZVK Zrt.),
- As a consequence of the final repayment, short term receivables also decreased by T'HUF 7,343,867. Furthermore, the Fund's value added tax receivables of T'HUF 36,833 were also settled in 2018 by way of transfer to other tax types (personal income tax and contribution payment obligations),
- Membership fees received through the year were invested in part, thus the value of securities held grew by T'HUF 926,914,
- Liquid assets increased significantly, by T'HUF 8,645,104 due to amounts not invested temporarily in order to reduce the risk of a negative yield (C-MAX index) of government securities. These amounts remained on the Fund's MNB account,
- Deferred costs and accrued income decreased by T'HUF 353,113 due to the conclusion of loan, credit and foreign exchange deal during the year.

Table 1: Composition and value of assets

Description	Baseline year	Year under review	Distribu-tion	Distribu-tion	Change	
			%	%	HUF'000	%
	31.12.2017	31.12.2018	31.12.2017	31.12.2018		Baseline=100
A. FIXED ASSETS	53,407,071	2,000,000	61,02	5,27	-51,407,071	3,74
I. INTANGIBLE ASSETS	0	0	0,00	0,00	0	N/A
II. TANGIBLE ASSETS	0	0	0,00	0,00	0	N/A
III. FINANCIAL INVESTMENTS	53,407,071	2,000,000	61,02	5,27	-51,407,071	3,74
B. CURRENT ASSETS	33,447,137	35,638,388	38,21	93,89	2,191,251	106,55
I. STOCKS	0	0	0,00	0,00	0	N/A
II. RECEIVABLES	7,380,988	221	8,43	0,00	-7,380,767	0,00
III. SECURITIES	25,912,227	26,839,141	29,60	70,71	926,914	103,58
IV. LIQUID ASSETS	153,922	8,799,026	0,18	23,18	8,645,104	5716,55
C. PREPAYMENTS AND ACCRUED INCOME	672,907	319,794	0,77	0,84	-353,113	47,52
TOTAL ASSETS	87,527,115	37,958,182	100,00	100,00	-49,568,933	43,37

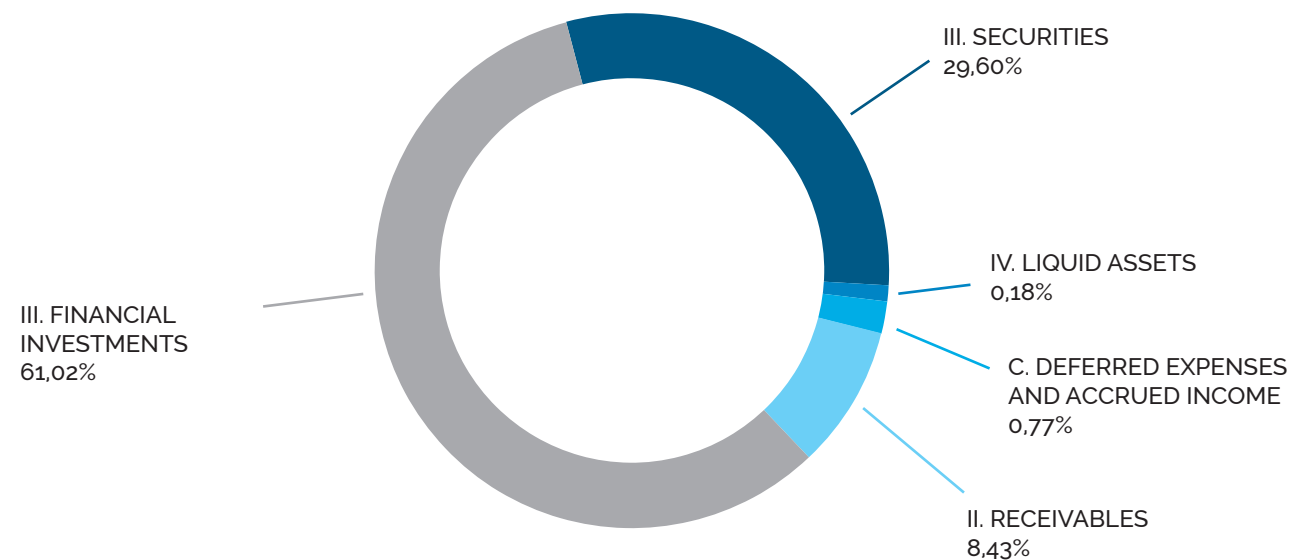
Source: Resolution Fund

Figures in T'HUF

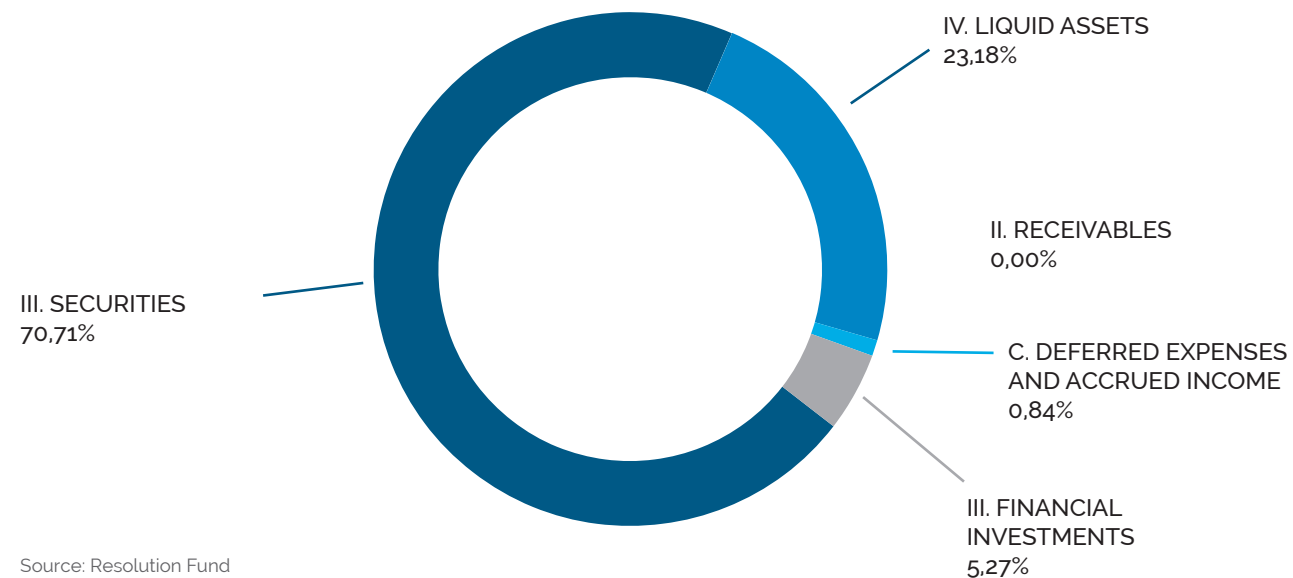


Chart 1: Breakdown of assets as of 31.12.2017 and 31.12.2018

Breakdown of assets as of 31.12.2017



Breakdown of assets as of 31.12.2018



Source: Resolution Fund

Securities and liquid assets were key components within the Fund's Assets as of the end of 2018.

### 3.1.1. Fixed assets

As at the end of the year, the book value of **Fixed assets** equalled T'HUF 2,000,000, actually the book value of MSZVK Zrt. shares. The Fund had neither intangible nor tangible assets in 2018. The loan provided to MSZVK Zrt. was repaid in full. (The part of it that expired over one year was reported by the Fund under Financial investments).

### Loans granted to MSZVK Zrt.

By resolution No. 28/2015. (IX. 22.), the Fund's Board of Directors approved the establishment of MSZVK Zrt. by the Fund. The founder (and sole shareholder) of MSZVK Zrt. is the Fund. Pursuant to Paragraph 5 in Section 53 of the Resolution Act, after the establishment of MSZVK Zrt., owners' rights to be exercised by the MNB, acting in its resolution authority capacity. MSZVK Zrt. was established with an own equity of T'HUF 200,000 and capital reserves of T'HUF 1,800,000. This amount provided funding for the initial period and sufficient cover to ensure that the own equity of MSZVK Zrt. does not decrease below its registered capital following the company's foundation in 2015.

The Fund fully paid up the nominal value of series "A" shares subscribed upon establishment (i.e. 10 ordinary shares with a nominal value of T'HUF 20,000 each, totalling to T'HUF 200,000 by way of transferring a total of T'HUF 2,000,000 to MSZVK Zrt.'s bank account.

On 17 December 2015, the Fund and MSZVK Zrt. entered into a loan agreement whereby the Fund granted loans of T'HUF 45,500,000 and T'EUR 166,900 to MSZVK Zrt. on a 10-year term, with repayment due as specified in the loan agreement (T'HUF 44,552,943 of the HUF loan was drawn.) MSZVK Zrt. took over the non-performing assets denominated in HUF, EUR and CHF from MKB Bank Zrt. Acting in its resolution authority capacity, the MNB separated and selected these assets as transferable to the resolution asset manager. MSZVK Zrt. repaid the loan to the Fund in HUF, EUR and CHF foreign currencies.

To cover the loan provided, the Fund took out loans denominated in HUF and EUR from a banking consortium led by K&H Bank Zrt., under the unconditional suretyship of the Hungarian State.

To provide coverage for the HUF and EUR syndicated loans and for the open foreign exchange positions stemming from the HUF, EUR and CHF loans granted to MSZVK Zrt., the Fund concluded spot and one-month maturity non-deliverable forward foreign exchange transactions under the frame agreement with MNB on spot, and forward foreign exchange transactions, for the HUF-EUR, HUF-CHF and EUR-CHF foreign exchange pairs.

Effective 17 December 2016, pursuant to an agreement between MKB Bank Zrt. and the Resolution Fund, maximum 3-month-term foreign exchange futures deals could be concluded for the above currency pairs, replacing similar transactions formerly concluded with the MNB.

As collateral security for the loans granted to MSZVK Zrt., the Fund received share packages of HUF 102 million and HUF 55 million of Szanálási Követeléskezelő Zrt. (Resolution Receivables Management Plc.) and Resideál Zrt., respectively.

In July 2018, by way of final payoff, MSZVK Zrt. fully repaid the loan it had received from the Fund and the latter repaid the syndicated loan taken out for financing lending to MSZVK Zrt. The costs incurred by lending were repaid by MSZVK Zrt. to the Fund and the Fund released the security deposits, i.e. the shares it held as collateral. Simultaneously to these financial transactions and settlements, the related loans and borrowings were derecognised in assets and liabilities, respectively.

**Table 2: Loans provided by the Fund**

Date of contract	Amount disbursed in original currency	Maturity date	Outstanding debt in original currency as of 31.12.2018 <sup>7</sup>	Outstanding debt in T'HUF 31.12.2017 and 31.12.2018.
12.12.2015	39,406,324 HUF	December 2025	20,951,341 HUF	20,951,341 T HUF (31.12.2017.)
12.12.2015	119,092,127.83 EUR	December 2025	82 273 702.23 EUR	25 516 366 T HUF (31.12.2017.)
12.12.2015	69,392,824.60 CHF	December 2025	46 309 873.25 CHF	12 283 231 T HUF (31.12.2017.)
<b>Total 31.12.2017.</b>				<b>58 750 938 T HUF (31.12.2017.)</b>
<b>Total 31.12.2018.</b>				<b>0 T HUF (31.12.2018.)</b>

Source: Resolution Fund

Recognised under financial investments, the loan granted to MSZVK Zrt. decreased by a total of T'HUF 58,750,938.

### 3.1.2. Current assets

As at the balance sheet date, the Fund's current assets comprised the following items: Cash at bank held on the Fund's account at MNB and on investment, business (operational) and securities accounts (totalling to T'HUF 8,799,026, of which the MNB account balance represents T'HUF 8,786,179), the current book value (net acquisition cost) of securities equalling T'HUF 26,839,141 plus short-term liabilities of T'HUF 221 (representing the sum of receivables from institutions that are terminated).

#### 3.1.2.1. Stocks

The Fund did not possess any stocks as of the balance sheet date.

#### 3.1.2.2. Receivables

As at the end of 2018, amongst short-term receivables, member institutions receivables equalled T'HUF 221, comprising overdue membership fees from GLOBALINVEST Zrt., Central Credit Befektetési Zrt., a Hungaria Értékpapír Zrt., QUAESTOR Értékpapírkereskedelmi és Befektetési Zrt., Strategon Értékpapír Zrt. and Quantis Alpha Zrt. A part of the respective amounts was already reduced due to impairment. MNB revoked the investment service licence of the institutions listed above and they were subjected to final settlement or liquidation. Quantis Alpha paid up overdue membership fee in February 2019. Unpaid membership fees of institutions under liquidation or final settlement were reported as receivables to creditors and impairment was charged on them in our books. Exceptions to such impairment charged included the T'HUF 100 receivable from Strategon and the T'HUF 37 receivable from Globalinvest. The Fund received Strategon's Interim Balance Sheet I. from the liquidator in March 2019, after the balance sheet was drafted. Based on the Interim Balance Sheet, the debtor has no distributable assets and no payoff can be expected for the Resolution Fund's receivables recognized in line f). Therefore, the Fund will reclassify this item as bad debts and write it off as a finance loss expense in 2019. In the case of other institutions, liquidation has not started yet or the related overdue receivables may still be paid up.

**Table 3: Short-term receivables**

Description	31.12.2017	31.12.2018	Change
Fees receivable from member institutions	288	221	-67
Loans provided	7,343,867	0	-7,343,867
Other receivables (recoverable VAT)	36,833	0	-36,833
<b>Total</b>	<b>7,380,988</b>	<b>221</b>	<b>-7,380,767</b>

Source: Resolution Fund

Figures in T'HUF

### 3.1.2.3. Securities

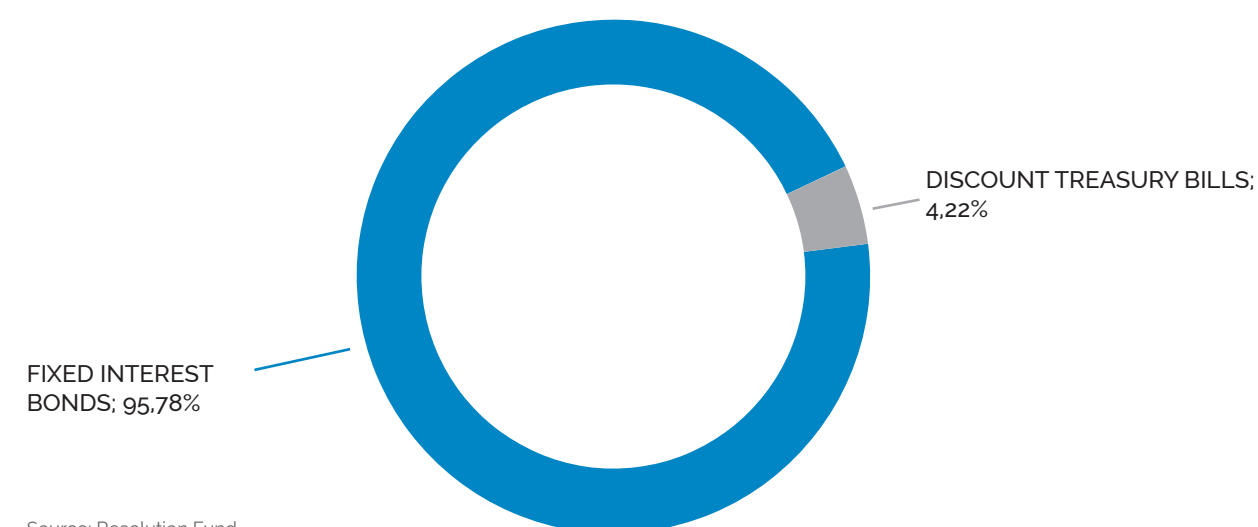
Securities held by the Fund comprise government securities, with a total value of T'HUF 26,839,141 as at 31 December 2018. In this portfolio, government bonds and discount treasury bills represented 95.78% and 4.22%, respectively.

**Table 4: Breakdown of securities**

Value date	Fixed interest bonds	Discount treasury bills	Liquid assets, receivables and obligations	Total value of portfolio
<b>Opening value (01.01.2018.)</b>	<b>25,165,459</b>	<b>746,768</b>		<b>25,912,227</b>
Distribution	97.12%	2.88%	0.00%	100.00%
<b>Closing value (31.12.2018.)</b>	<b>25,707,190</b>	<b>1,131,951</b>		<b>26,839,141</b>
Distribution	95.78%	4.22%	0.00%	100.00%

Source: Resolution Fund

Figures are at net acquisition cost (current book value) in T'HUF

**Chart 2: Breakdown of securities as at 31.12.2018**

Source: Resolution Fund

**Table 5: Market value, acquisition cost and face value of securities**

Description	31.12.2018		
	Acquisition cost	Face value	Market value
Hungarian Government Bonds	25,707,190	23,343,740	25,390,325
Discount Treasury Bill	1,131,951	1,135,550	1,134,400
<b>Total</b>	<b>26,839,141</b>	<b>24,479,290</b>	<b>26 524,725</b>

Source: Resolution Fund

Figures in T'HUF



### 3.1.2.4. Liquid assets

As at the balance sheet date of 31.12.2018, liquid assets included T'HUF 8,786,179, held on the MNB (HUF) current account, T'HUF 12,799 on the CIB current account, T'HUF 31 on the MKB technical account and T'HUF 17 on the KELER securities account.

### 3.1.3. Deferred expenses and accrued income

Deferred expenses and accrued income are shown in the balance sheet at book value and are itemized in Table 6 below. Like in previous years, accumulated interest on securities in the portfolio was a significant amount in 2018 as well. Amounts invoiced to and received from MSZVK Zrt. in January 2019 to offset the amount invoiced by K&H Bank in December 2018 in relation to the loan provided to MSZVK Zrt. were accrued. The loan transaction was closed in 2018, all further expenses incurred by the Fund in relation to the loan were invoiced and repaid in 2018 pursuant to the underlying agreement.

**Table 6: Changes in deferred expenses and accrued income**

Prepayments and accrued income	31.12.2017	31.12.2018
Accumulated interest on securities held	348,105	314,527
Time proportionate yield of discount treasury bills	124	1 297
Interest on loan provided	26,988	-
MSZVK Zrt. cost reimbursement	294,763	1,058
Liability insurance	2,783	2,783
Domain hosting	2	1
Netlock signature encryption	121	128
Adónet subscription	21	-
<b>Total</b>	<b>672,907</b>	<b>319,794</b>

Source: Resolution Fund

Figures in T'HUF

## 3.2. Liabilities

Within Liabilities, Own equity increased to T'HUF 37,939,127, owing to the T'HUF 11,176,073, of profits for 2018. As a result of the full payoff of the Fund's consortium loan, payables decreased significantly, by T'HUF 60,512,875. The Fund set up provisions of T'HUF 2,577, for future expenses.

**Table 7: Changes in the composition and value of liabilities**

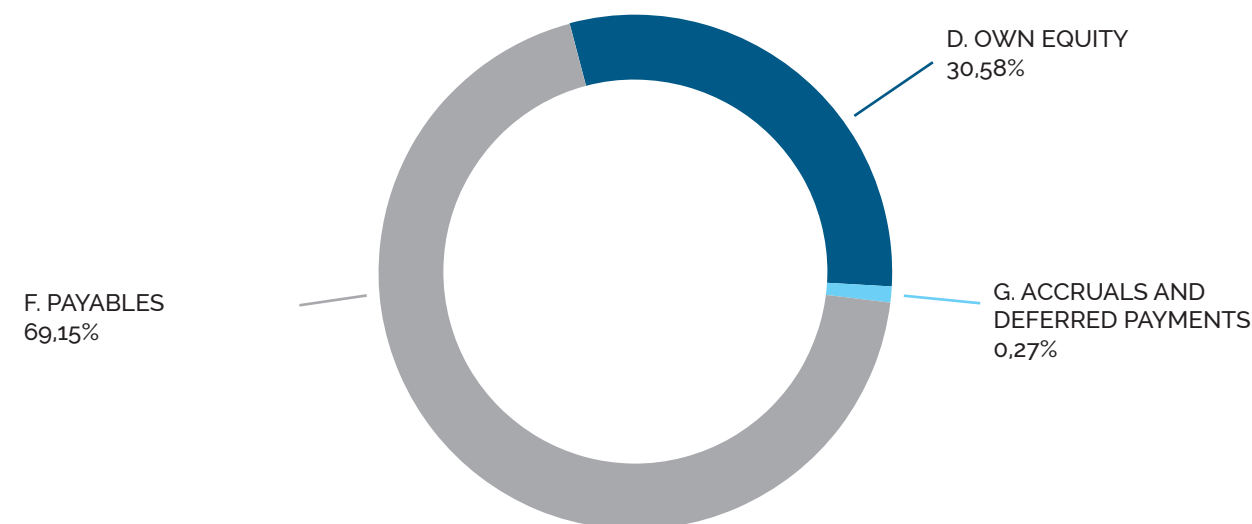
Description	Baseline year	Year under review	Distribu- tion	Distribu- tion	Change	
			%	%	HUF'000	%
	31.12.2017	31.12.2018	31.12.2017	31.12.2018		Baseline=100
D. Equity	26,762,793	37,939,127	30,58	99,95	11,176,334	141,76
E. Provisions	0	2,577	0,00	0,01	2,577	0,00
F. Payables	60,527,538	14,663	69,15	0,04	-60,512,875	0,02
G. Accruals and deferred payments	236,784	1,815	0,27	0,00	-234,969	0,77
<b>Total liabilities</b>	<b>87,527,115</b>	<b>37,958,182</b>	<b>100,00</b>	<b>100,00</b>	<b>-49,568,933</b>	<b>43,37</b>

Source: Resolution Fund

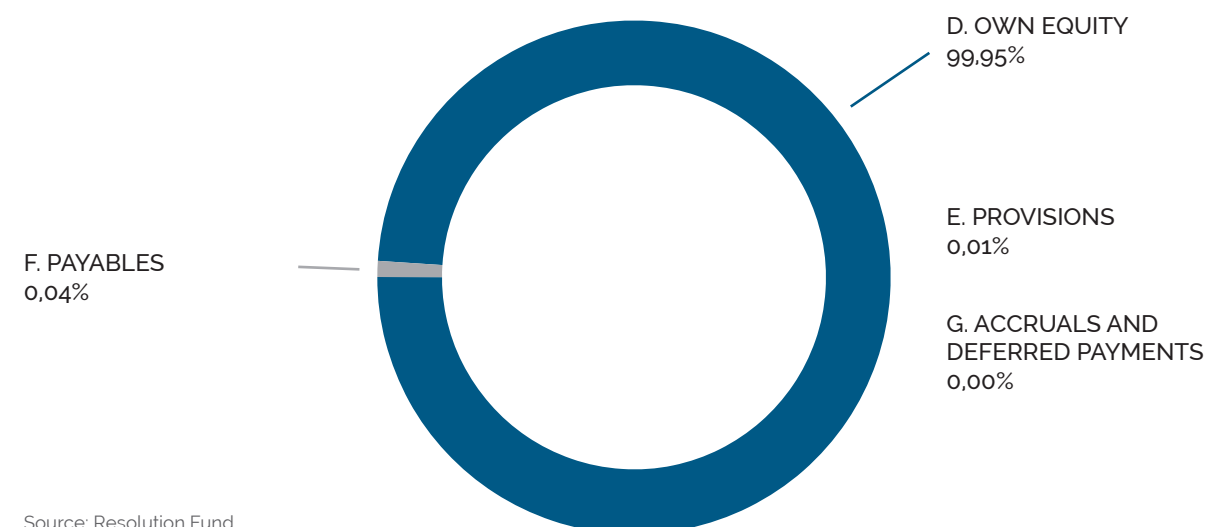
Figures in T'HUF

**Chart 3: Breakdown of liabilities as at 31.12.2017 and 31.12.2018**

31.12.2017



31.12.2018



Source: Resolution Fund

### 3.2.1. Own equity

The Fund's own equity increased by T'HUF 11,176,334, between 31.12.2017 and 31.12.2018.

Description	Baseline year	Year under review	Distribu- tion	Distribu- tion	Change	
			%	%	HUF'000	%
	31.12.2017	31.12.2018	31.12.2017	31.12.2018		Baseline=100
I. REGISTERED CAPITAL	429,024	429,285	1,60	1,13	261	100,06
II. CAPITAL RESERVE	16,860,039	26,333,769	63,00	69,41	9,473,730	156,19
III. VALUATION RESERVE	0	0	0,00	0,00	0	0,00
IV. PROFIT/LOSS FOR THE YEAR	9,473,730	11,176,073	35,40	29,46	1,702,343	117,97
<b>D. EQUITY</b>	<b>26,762,793</b>	<b>37,939,127</b>	<b>100,00</b>	<b>100,00</b>	<b>11,176,334</b>	<b>141,76</b>

Source: Resolution Fund

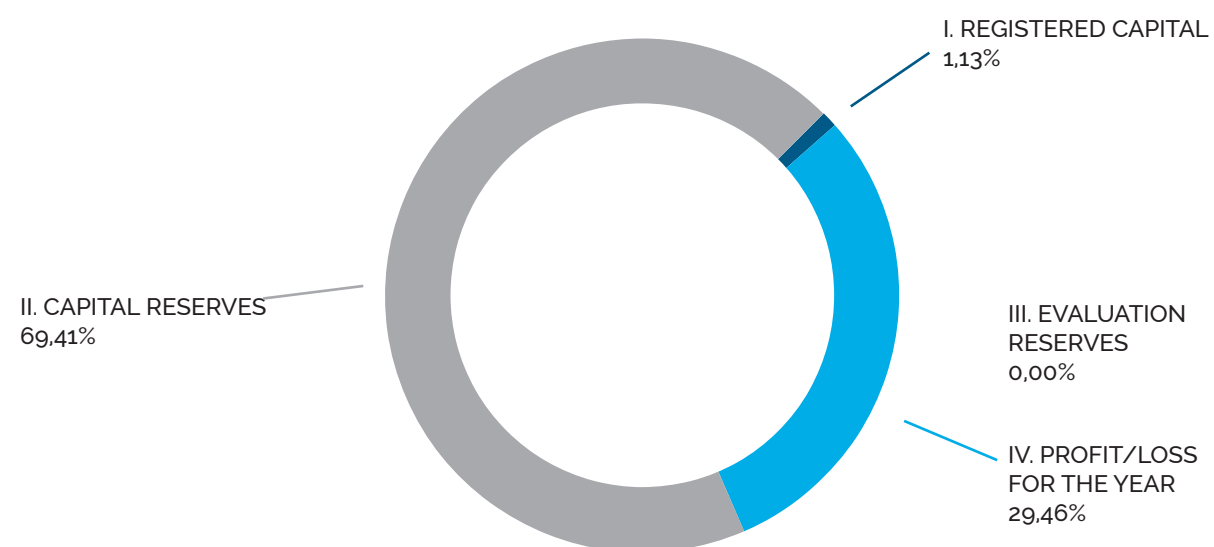
Figures in T'HUF

**Chart 4: Breakdown of Own equity as at 31.12.2017 and 31.12.2018**

**Distribution of equity, 2017**



**Distribution of equity, 2018**



Source: Resolution Fund

### Registered capital

Registered capital comprises accession fees paid up by member institutions. Pursuant to Section 137 of the Resolution Act, each institution joining the Fund is required to pay a one-off accession fee. In 2018, one institution joined the Fund: Vertis Környezetvédelmi Pénzügyi Zrt. The Fund's registered capital equalled T'HUF 429,285, as of 31.12.2018, T'HUF 261, up on the 31.12.2017 figure. The difference equals the accession fee paid up by Vertis Zrt.

### Profit/loss for the year

Profit/loss for the year amounted to T'HUF 11,176,073. Pursuant to the Government Decree, the full amount of the Fund's net profits must be accounted for as an increase of capital reserves in the year following the one under review.

## 3.2.2. Provisions

In 2018, the Fund set up provisions of T'HUF 2,577, for a potential future expenditure relating to a disputed payable item. Dated 31 August 2017, a rental agreement was signed by the Fund and the Directorate General for Public Procurement and Supply (hereinafter KEF) for the renting of offices used as the Fund's seat. The KEF invoices the office operation fee at a flat rate through the year. Then once the actual costs of office building operations are available and distributed among tenants, any differences between actually paid and payable fees are charged or credited to individual tenants in the following year. In the statements submitted by KEF for 2017 in 2018, KEF invoiced to the Fund the cost of window refurbishments carried out in 2017 at the Fund's offices. The Fund disputed these charges and refused to accept the invoice. Since no agreement has been reached between the Fund and the KEF to date regarding these disputed expenditures, it is reasonable on the part of the Fund to set up provisions for this item.

## 3.2.3. Payables

### Long-term liabilities

As of 31.12.2018, the Fund did not have any long-term liabilities. The T'HUF 52,948,521, consortium loans (comprising a T'HUF 16,714,865, HUF loan and a T'HUF 36,233,656, EUR loan) as at 31.12.2017 were paid off by the Fund in full in 2018. The originally borrowed amounts were T'HUF 45,500,000, and EUR 166,900.

The purpose of borrowing was to grant a loan to MSZVK Zrt. (by the Fund and pursuant to Point b) in Paragraph 3 of Section 126 of the Resolution Act) so that it can acquire certain assets of MKB Bank Zrt., an institution under resolution, in accordance with the decision made by the MNB, the entity acting in resolution capacity.

### Short-term liabilities

As at 31.12.2018, the Fund's short-term liabilities included T'HUF 629, payable to institutions (relating to overpaid membership fee by Equilor Befektetési Zrt. that was repaid in 2019), T'HUF 12,473, of payables to suppliers and T'HUF 1,561, of tax and contributions paid in January 2019 on remuneration paid in December 2018.

Payables to suppliers, taxes and liabilities to the central government are shown at book value, with amounts identical to those stated on supplier invoices and in tax and contribution reports. Within payables outstanding as at the balance sheet date, supplier payables equalled T'HUF 12,473, comprising the following items:

- Asset management fees of T'HUF 2,627, invoiced by AKK for Q4 2018;
- T'HUF 60 to Magyar Posta Zrt. as monthly fee for December 2018;
- T'HUF 114 hosting fee to Xtremedia Kft;
- T'HUF 8,432 invoiced by the NDIF for expenditures incurred in Q4 2018 and recharged to the Fund (including VAT);
- KELER's monthly deposit management fee of T'HUF 207, for December 2018;
- costs of early loan payoff recharged by K&H Bank Zrt. in foreign exchange, calculated at the MNB exchange rate and equalling T'HUF 1,033.

Tax and contribution liabilities to the central government amounted to T'HUF 1,561, as at the year end, comprising personal income tax, contributions and social contribution tax payable on remuneration to personnel. These payables were settled by the respective deadlines before the drafting of the balance sheet.

## 3.2.4. Accruals and deferred payments

As at 31 December 2018, the Fund's accruals comprised audit fees of T'HUF 1,815, chargeable to 2018 but not invoiced until the year-end.





## 4. NOTES TO UNIQUE ITEMS IN THE PROFIT AND LOSS STATEMENT

### 4.1. Revenues

Revenues from resolution activities included fee payments equalling T'HUF 10,552 546 while other revenues amounted to T'HUF 246,444, and revenues from financial transactions totalled to T'HUF 2,411,381.

Chart 9: Revenues

Description	Baseline year	Year under review	Distribu- tion	Distribu- tion	Change	
	31.12.2017	31.12.2018	%	%	HUF'000	%
			31.12.2017	31.12.2018		Baseline=100
Revenues from resolution	8,711,622	10,552,546	70.84	79.88	1,840,924	121.13
Other revenues	297,228	246,444	2.42	1.87	-50,784	82.91
Revenues from financial transactions	3,288,832	2,411,381	26.74	18.25	-877,451	73.32
<b>Total</b>	<b>12,297,682</b>	<b>13,210,371</b>	<b>100,00</b>	<b>100,00</b>	<b>912,689</b>	<b>107,42</b>

Source: Resolution Fund

Figures in T'HUF

#### 4.1.1. Fee revenues

Fee revenues from resolution activities amounted to T'HUF 10,552,546, T'HUF 1,840,924, up on the 2017 figure. These revenues were based on rates set by the MNB's Resolution Directorate for 2018 on 24 April 2018. Pursuant to Paragraph (2) in Section 138 of the Resolution Act, member institutions paid up the fees in two instalments by two deadlines, 15 June 2018 and 15 December 2018.

#### 4.1.2. Other revenues

Other revenues (T'HUF 246,444) in the Profit and Loss Statement included default interest, rounding difference payments received from 7,000 member institutions along with revenues of T'HUF 246,437, related to expenses originally paid and accounted for by the Fund as expenditures and then invoiced and recharged to MSZVK Zrt. as per the underlying contracts. Recharged expenses and expenditures were as follows:

- 2018 fee for the government guarantee equalling T'HUF 121,025;
- K&H Bank's agent fees, final payoff charges and legal expenses equalling T'HUF 38,044;
- T'HUF 399, transportation costs of securities released from security deposit;
- Attorney fees of T'HUF 454;
- Adjusted expenditures of T'HUF 86,515, calculated from exchange rate differences on hedging transactions, interest payments and the negative interest rate of foreign exchange accounts using formulas.



### 4.1.3. Revenues from financial transactions

Revenues from financial transactions totalled to T'HUF 2,411,381, and included the book value of returns on investments, interest received on loans and exchange rate gains.

Table 10: Breakdown of revenues from financial transactions

Description	Baseline year	Actuals	Change	Actual / Baseline %
	31.12.2017	31.12.2018	HUF'000	
Gains on government securities	830,327	1,021,111	190,784	122,98
Interest received on current account	4	653	649	14,620.32
Interest received - MVSZK loan HUF	295,105	152,257	-142,848	51.59
Interest received - MVSZK loan EUR	560,782	169,375	-391,407	30.20
Interest received - MVSZK loan CHF	254,569	92,549	-162,020	36.35
Exchange rate gains on loan repayment	52,769	934,476	881,707	1,770.87
Exchange rate gains on futures transactions	1,295,276	40,960	-1,254,316	3.16
Revenues from financial transactions	3,288,832	2,411,381	-877,451	73.32

Source: Resolution Fund

Figures in T'HUF

Items accounted for under financial transactions include accumulated interest rate gains on government securities (T'HUF 1,021,111), interest received in 2018 on the loan provided to MSZVK Zrt. (T'HUF 414,181), exchange rate gains on forward future foreign exchange transactions (T'HUF 40,960), exchange rate gains on loans (T'HUF 934,476) and T'HUF 653, of interest received on bank account balances.

In 2018, MSZVK Zrt. paid off the loan received from the Fund while the Fund repaid the underlying consortium loan it had taken out for financing said lending. Exchange rate gains (T'HUF 934 476) on the consortium loan taken out and the loan provided to MSZVK Zrt. comprised the following items:

- T'HUF 17,401, of exchange rate difference on converting the foreign exchange loan related to MSZVK Zrt. into HUF using foreign exchange accounts held with MNB as such conversion was necessary for investing the assets;
- T'HUF 917,075, of exchange rate gains originating in changes of the EUR loan's composition and the repayment of the EUR loan by MSZVK Zrt.

Under revenues from financial transactions, gains on government securities include accumulated interest on government bonds as of 12.31.2018 (T'HUF 314,527), accrued yield on discount treasury bills (T'HUF 1,297) and yield realized on government securities (T'HUF 705,287).

### 4.2. Costs and expenditures of the Fund

In 2018, total expenditures of the Resolution Fund equalled T'HUF 2,034,298, including expenditures on financial transactions of T'HUF 1,770,333, and operating expenses of T'HUF 261,388.

Table 11: Expenditures

Description	Baseline year	Actuals	Change	
	31.12.2017	31.12.2018	HUF'000	Actual / Baseline %
Expenditures related to resolution	0	0	0	N/A
Other expenditures	0	2,577	2,577	N/A
Expenditures of financial transactions	2,588,618	1,770,333	-818,285	68,4
a) Expenditures on materials	194,269	217,793	23,524	112,1
b) Payroll and related expenditures	41,065	43,595	2,530	106,2
c) Depreciation	0	0	0	N/A
Operating expenses (01+02+03)	235,334	261,388	26,054	111,1
Total expenditures	2,823,952	2,034,298	-789,654	72,0

Source: Resolution Fund

Figures in T'HUF

Within expenditures, the decrease of expenditures on financial transactions (T'HUF 818,285) was significant. In addition to changes in interest rates and foreign exchange rates, the main reason of the decrease was that in 2018 MSZVK Zrt. paid off the loan it had received from the Fund while the Fund repaid the consortium loan taken out for funding lending. Therefore, all revenues and expenditures related to closing the transactions on the assets and liabilities side were accounted for during the year and no valuation took place on the balance sheet date.

In an environment characterized by increasingly negative yields since late 2017, the negative yields on both investments and bank accounts went up as well, as reflected in higher negative interests (T'HUF 387) and increased exchange rate losses (T'HUF 226,579) in 2018.

Table 12: Breakdown of expenditures on financial transactions

Description	Baseline year	Actuals	Change	
	31.12.2017	31.12.2018	HUF'000	Actual / Baseline %
Negative interest paid on HUF account	38	387	349	1,018.4
Interest expenses related to loan contracts HUF	343,611	158,264	-185,347	46,1
Interest expenses related to loan contracts EUR	789,985	273,009	-516,976	34,6
Interest paid on foreign currency account EUR	89	1,563	1,474	1,756.2
Interest paid on foreign currency account CHF	135	1,053	918	780.0
Exchange rate losses on foreign exchange account	16,126	81,278	65,152	504.0
Exchange rate losses on futures transactions	130,309	128,618	-1,691	98.7
Exchange rate losses on MSZVK loan	101,672	899,582	797,910	884.8
Exchange rate losses on Hungarian government bonds	132,440	226,579	94,139	171.1
Exchange rate losses on revaluating MSZVK loan and consortium loan	1,074,213	0	-1,074,213	0.0
Total	2,588,619	1,770,333	-818,286	68,4

Source: Resolution Fund

Figures in T'HUF

As the net balance of revenues and expenditures on financial transactions, a **profit of T'HUF 641,048 was realized in 2018.**



### 4.3. Operating expenses budgeted for 2018

Operating costs actually incurred and charged amounted to T'HUF **261,388**, in 2018. Out of this amount, Fund expenditures incurred in relation to the operation of MSZVK Zrt. equalled T'HUF **158,410**. These expenditures were repaid by MSZVK in 2018. We compared the Resolution Fund's actual 2018 costs to the 2018 plan. In total, regularly incurred costs of operation (T'HUF **102,978**) made up 91.3% of the figure budgeted for 2018.

Pursuant to the Memorandum of Understanding (hereinafter MoU) between the National Deposit Insurance Fund and the Resolution Fund, expenses already incurred and specified in the MoU were invoiced for 2018 as well.

#### 1. Personnel expenses

Personnel-related expenses (T'HUF 43,536) include compensations to personnel and the related contribution payments. The 2018 budget was fulfilled 100%.

#### 2. Labour costs relating to the operation of the Resolution Fund

Labour costs related to operation (T'HUF 33,176, including VAT) were accounted for as specified in the MoU between the NDIF and the Resolution Fund. Actuals equalled 90.8% of the expenses budgeted for the year. Expenses incurred in Q4 2018 were invoiced by the NDIF in 2019. The invoiced amount was recognized as an expense item reducing the profits for the year.

Considering the whole of the year, labour expenses remained below the budgeted figure because labour costs and related contributions incurred at the NDIF and cross-chargeable to the Fund were lower effective September 2018 owing to the NDIF's work organization measures.

#### 3. Remuneration of the auditor and internal controller

This item includes the auditing fee as the costs of internal controlling were charged under operating labour costs, considering that this duty was performed by the NDIF's internal auditor in 2018.

#### 4. Office equipment, infrastructure expenses, IT expenses

Total expenses charged in this category totalled to T'HUF 19,805, equalling 79.8% of the amount budgeted for the year. The related expenses are itemized in Table 13. Cost items exceeded the budgeted figure were mailing (110.4%), translation (125.1%), Netlock encryption (115.2%) and portfolio management (108.8%). (Under portfolio management expenses, T'HUF 262, represent cost that related to the previous year that could not be accrued for 2017.)

Translation expenses (T'HUF 263) relate to the English-language edition of the 2017 Annual Report while Communication expenses (T'HUF 285) relate to the graphic design and editing of the same report.

Within legal services and other expert fees (T'HUF 1,027):

- T'HUF 454, of total expenses related to the loan granted to MSZVK Zrt. were invoiced to MSZVK Zrt.;
- Industrial patenting services related to obtaining trademark registration for the Fund's logo cost T'HUF 419;
- Fees for audit statements and notary services in relation to annual auditing totalled to T'HUF 95;
- Service fee for reviewing the statement of year-through operating costs submitted by the Directorate General for Public Procurement and Supply (KEF) amounted to T'HUF 59, including contributions.

Other materials (T'HUF 33) include the costs of seals needed for the Fund's operations.

The Fund does not have an own work organisation. Operational tasks are performed by the NDIF organization under the supervision of the NDIF managing director. The related fees invoiced by NDIF were charged to the cost of material expenses, costs of stationery, forms, IT materials, telephone and photocopying on the 10% of such expenses incurred at the NDIF pursuant to related MoU between the parties.

### 5. Other operating expenses

In this cost group, only liability insurance premium (T'HUF 3,790) was accounted for based on the related invoice.

**Table 13: Regularly incurred costs of operation**

Description	2018 plan, thousand HUF	01-12 2018 actual, thousand HUF	01-12 2018 actual/2018 plan %
1) Personnel expenses: remuneration of Board members	43,536	43,536	100,0
2) Labour costs relating to the operation of the Resolution Fund	36,526	33,176	90,8
3) Remuneration of the auditor and internal controller	2,794	2,671	95,6
4) Office equipment, infrastructure expenses, IT expenses	24,806	19,805	79,8
5) Other costs of operation	5,090	3,790	74,5
<b>Total regularly incurred costs of operation</b>	<b>112,752</b>	<b>102,978</b>	<b>91,3</b>
Itemized breakdown of cost group defined in Section 4			
a) Office equipment	116	106	91,3
b) forms, printed publications, technical books, official gazette, subscription fees of industry periodicals	300	42	14,0
c) IT materials	75	26	34,8
d) office, warehouse, room and other rents and operating expenses	2,729	2,620	96,0
e) document storage	0	0	N/A
f) mailing costs, courier service fees	650	718	110,4
g) taxi expenses	20	0	0,0
h) telephone expenses	196	121	61,9
i) printing and photocopying expenses	110	60	54,8
j) website maintenance	480	612	127,5
k) other communication expenses	300	285	94,9
l) legal services, other expert fees	6,000	1,027	17,1
m) translation	210	263	125,1
n) program expert services (Netlock)	150	173	115,2
o) program upgrade fees	0	0	N/A
p) bank charges, portfolio management fees,	12,950	13,704	105,8
- of which bank charges relating to the currency account	300	140	46,7
- bank charges of HUF account	650	511	78,6
- portfolio management fees	12,000	13,054	108,8
q) duties, transaction levies, administrative fees	500	15	2,9
r) property insurance premium	0	0	N/A
s) computer insurance	0	0	N/A
t) entertainment costs	0	0	N/A
u) other materials and service expenses	20	33	165,2
<b>Total expenses of operation listed in Section 4)</b>	<b>24,806</b>	<b>19,805</b>	<b>79,8</b>
			N/A
Itemized breakdown of cost group defined in Section 5			
a) costs of conferences in Hungary/abroad	300	0	0,0
b) travel expenses	1,000	0	0,0
c) membership fees in professional organizations	0	0	N/A
d) liability insurance of Board members	3,790	3,790	100,0
e) cost of patenting the Resolution Fund logo	0	0	N/A
<b>Total expenses of operation listed in Section 5)</b>	<b>5,090</b>	<b>3,790</b>	<b>74,5</b>

Source: Resolution Fund

Figures in T'HUF

10 May 2019, Budapest

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Gábor Gion  
Chairman of the Board, Resolution Fund



# RESOLUTION FUND

## 2018 BUSINESS REPORT

### 1. Objectives for the future and significant events in 2018

One significant event in 2018 was that the Resolution Fund paid off the consortium loan in full in July. Further, the Fund moved from collecting fee advances on a quarterly basis to collecting them every six months. Collectable fees are calculated on the basis of annual fees set by the resolution authority.

A key objective for the future is to ensure, in accordance with the requirement set out in Paragraph (2) in Section 148 of the Resolution Act, that the value of the Fund's assets reaches at least 1% (target level) of the indemnification limit of total insured deposits of licenced credit institutions in Hungary latest by 31 December 2024.

### 2. Material events occurring after the balance sheet date

The number of the Fund's member institutions did not decrease until the balance sheet preparation date and no institution joined the fund in that period.

### 3. Financial position of the Fund

As of 31.12.2018, the Resolution Fund's balance sheet total equalled T'HUF 37,958,182, down from the 2017 figure by T'HUF 49,568,933. On the assets side, the change was caused by the following factors:

- Financial investments decreased by T'HUF 51,407,071 owing to the payoff of the loan provided to the Hungarian Resolution Asset Management Plc. (hereinafter: MSZVK Zrt.);
- as a consequence of final repayment, short-term receivables decreased by T'HUF 7,343,867, too. Further, T'HUF 36,833 of value added tax owed to the Fund were settled by way of offsetting with other tax types (against personal income tax and contribution liabilities) in 2018;
- membership fees received during the year were invested in part, thus the securities portfolio grew by T'HUF 926,914;
- liquid assets grew significantly, by T'HUF 8,645,104 owing to not invested amounts kept on the Fund's account held with MNB in order to mitigate the negative yield risk of government securities (C-MAX index);
- deferred expenses and accrued income decreased by T'HUF 353,113 resulting from the closing of lending, borrowing and foreign exchange transactions during the year.

On the liabilities side, profit/loss for 2018 increased the Fund's own equity by T'HUF 11,176,073 to T'HUF 37,939,127. Payables decreased significantly, by T'HUF 60,512,875, thanks to the full repayment of the consortium loan taken out by the Fund. The amount paid off equalled T'HUF 60,512,595. The Fund set up provisions of T'HUF 2,577, for future expenses.

# RESOLUTION FUND

## 2018 BUSINESS REPORT



**Table 1: The Fund's Assets and Liabilities**

Description	Amount 31.12.2017	Amount 31.12.2018	Change HUF'000	31.12.2018 / 31.12.2017 %	Distribution % 31.12.2018
Fixed assets	53,407,071	2,000,000	-51,407,071	3.7	5.3
including:					
= Equity participations	2,000,000	2,000,000	-	100,0	100,0
= Long-term loan	51,407,071	0,0	-51,407,071	0,0	0,0
Current assets	33,447,137	35,638,388	2,191,251	106,6	93,9
including:					
= Stocks	0	0,0	0,0	0,0	0,0
= Fees receivable from member institutions	288	221	- 67	76,7	0,0
= Short-term loan (falls due in 2018)	7,343,867	0,0	- 7,343,867	0,0	0,0
= Other receivables	36,833	0,0	0,0	0,0	0,0
= Securities	25,912,227	26,839,141	926,914	103,6	75,3
= Liquid assets	153,922	8,799,026	8,645,104	5 716,5	24,7
Prepayments and accrued income	672,907	319,794	-353,113	47,5	0,8
<b>TOTAL ASSETS</b>	<b>87,527,115</b>	<b>37,958,182</b>	<b>-49,568,933</b>	<b>43,4</b>	<b>100,0</b>
Equity	26,762,793	37,939,127	11,176,334	141,8	99,9
Provisions	0,0	2,577	2,577	N/A	0,0
Payables	60,527,538	14,663	-60,512,875	0,0	0,0
Including:					
= Loans taken out	60,512,595	0,0	-60,512,595	0	0,0
Accruals and deferred income	236,784	1,815	-234,969	0,8	0,0
<b>TOTAL LIABILITIES</b>	<b>87,527,115</b>	<b>37,958,182</b>	<b>-49,568,933</b>	<b>43,4</b>	<b>100,0</b>

Source: Resolution Fund

Figures in T'HUF

In January – December 2018, the gross yield of the portfolio managed by the Fund was a negative figure, T'HUF -281,785. Accumulated interest amounted to T'HUF 314,527, and was accounted for upon the balance sheet date. It is shown under accrued income in the Profit and Loss Statement thus it is comprised by the profit / loss figure for 2018.

The Fund presents securities in its books at net acquisition cost. Market valuation was not used, and the portfolio was not transferred upon the year end, thus valuation differences do not appear in the profit / loss figure for the current year. The yield reported by the asset manager also includes valuation differences (T'HUF -628,943).

Average tied-up capital equalled T'HUF 26,147,085, in 2018 while asset and deposit management costs amounted to T'HUF 12,791. (Within total portfolio management costs of T'HUF 13,054, recognised in 2018, a total of T'HUF 262, related to the previous year but not accrued for 2017.) In 2018, total portfolio management costs per average tied-up capital equalled made 0.05%.

**Table 2: Asset value and yields of the Fund's portfolio**

Description	Asset manager (ÁKK) figures			
Value date of closing asset value	31.03.2018	30.06.2018	30.09.2018	31.12.2018
Closing asset value	26,671,014	25,670,475	25,869 296	26,532,461
Value date of benchmark asset value	31.12.2017	31.12.2017	31.12.2017	31.12.2017
Benchmark asset value	26,713,922	26,713,922	26,713,922	26,713,922
Capital paid up and withdrawn	99,989	100,046	100,219	100,324
Average asset value per day	26,423,672	26,355,459	26,182,509	26,147,085
Gross yield	-142,897	-1,143,494	-944,845	-281,785
Nominal gross yield (%)	-2,08%	-4,25%	-3,51%	-1,04%
Benchmark (CMAX-index) yield (%)	-2,08%	-4,25%	-3,51%	-1,03%
Gross additional yield	-66	-170	-287	-574

Forrás: Szanálási Alap

Figures in T'HUF

**Table 3: Asset management expenses of the Resolution Fund's portfolio managed by ÁKK**

Asset management fees	HUF'000 / %
Average asset value	26,147,085
Deposit management fee	655
Portfolio management fee	10,450
KELER fee	1,686
Total	12,791
Fees / Average asset value (%)	0,05

Source: Resolution Fund

4. Ratios of financial and income position

Resolution Fund	Baseline year 31.12.2017	Current year 31.12.2018
<b>Share of fixed assets =</b> <u>Fixed assets x 100</u> Total assets	61.02%	5.27%
<b>Share of current assets =</b> <u>Current assets + Deferred expenses and accrued income x 100</u> Total assets	38.98%	94.73%
<b>Own equity ratio =</b> <u>Own equity</u> Balance sheet total	30.58%	99.95%
<b>Balance sheet profit/loss to own equity ratio=</b> <u>Profit/loss for the year x 100</u> Own equity	35.40%	29.46%
<b>Share of liabilities =</b> <u>Liabilities x 100</u> Balance sheet total	69.15%	0.04%
<b>Coverage of fixed assets =</b> <u>Own equity x 100</u> Fixed assets	50%	1897%
<b>Current assets to own equity ratio =</b> <u>Current assets x 100</u> Own equity	96.66%	93.90%
<b>Current ratio =</b> <u>Current assets x 100</u> Short-term liabilities	441.31%	243049.77%
<b>Efficiency ratio=</b> <u>Pre-tax profit/loss x 100</u> Total assets	10.82%	29.44%

5. Budgeted operating expenses of the Fund for 2018

Background

In resolution no. 4/2019 (II. 19.), the Resolution Fund's Board of Directors approved the eligibility guidelines for recognizing the Fund's operating expenses. The main assumptions taken into consideration upon preparing the 2019 budget were as follows:

- Resolution no. 9/2014 (VII. 28.), the Resolution Fund's Board of Directors on the eligibility guidelines regarding the recognition of the Fund's operating expenses and other resolutions of the Fund's board;
- effective status of laws, forecasts regarding changes in the financial and economic

environment;

- plans pertaining to expected revenues and expenditures, internal analyses and the risks relating to their realization (conservative estimate);
- tasks and rechargeable expenses set out in the draft MoU between the NDIF and the Resolution Fund;
- when budgeting financial revenues and expenditures, the estimated risk of exchange rate fluctuations and the Fund's investment strategy;
- the budget has been put together in profit-based approach using the total cost method applied upon the compilation of the annual report, taking into consideration the accounting principle of prepayments and accruals;
- the Fund's core responsibilities and one-off assignments, in relation to which we did not assume resolution orders and any involvement of external funds.

5.1 Operating expenses

The figures of the 2019 budget are set out in Annex 1.

5.1.1 Personnel expenses: remuneration of Board members

Remuneration is based on the official minimum wage. The budgeted figure is T'HUF 47,007, calculated with a view to the related Board resolution and to Government Decree 324/2018 (XII. 30.) on the mandatory minimum wage and the guaranteed minimum wage for 2019.

5.1.2 Labour costs related to the Resolution Fund's operation

As in previous years, the Resolution Fund's operational tasks are carried out by the NDIF in 2019 as well, with the NDIF providing the required personnel and assets for performing said tasks. The legal basis for recharging and paying expenses is set out in Paragraphs (1)-(2) in Section 226/A of Act CCXXXVII of 2013 on credit institutions and financial enterprises, Paragraph (7) in Section 132 of Act XXXVII of 2014 on the Further Development of the System of Institutions Strengthening the Security of Certain Participants of the Financial Intermediary System and the draft MoU between the Resolution Fund and the NDIF relating the execution of 2019 tasks. Pursuant to the final version of the MoU that is awaiting approval, the budgeted amount of rechargeable expenses (including VAT) is T'HUF 91,923. The MoU sets out the number of manhours required for the tasks concerned, the hourly rate and a budgeted limit for rechargeable expenses. Pursuant to the MoU, tasks carried out by the NDIF are to be recharged at a rate specified in the MoU. Therefore, the entire amount to be invoiced is budgeted within "Labour costs related to the Resolution Fund's operation", under material-type expenses (office equipment, IT materials, telephone costs, printing and photocopying) and is not recognised separately in the books in 2019.

5.1.3 Remuneration of the auditor

This item comprises the audit fee (T'HUF 2,794) as per the contract signed with the auditor, MAZARS Könyvvizsgáló Kft. The fee is identical to the amount charged in 2018.

5.1.4 Office equipment, infrastructure expenses, IT expenses

These costs (totalling to T'HUF 28,115) are itemized in Annex 1.

- For forms and print publications T'HUF 100, has been budgeted.
- Rents and operating fees (T'HUF 6,824) have been budgeted at rates set in the contract concluded with the Directorate General for Public Procurement and Supply. We have increased these amounts with T'HUF 4,000, the calculated additional rent and operation fee



we anticipate in relation to relocation to new offices. The use of this budget is subject to Board approval.

- Mailing and courier service costs have been budgeted at T'HUF 800, for 2019. This figure equals 2018 mailing costs plus the calculated year-on-year fee rise by the service provider.
- T'HUF 20, have been budgeted for taxi costs.
- Website maintenance has been budgeted at T'HUF 513, equalling 2018 costs plus inflation.
- We have budgeted T'HUF 350,000 under communication costs for expenses related to the financial statements and the business report.
- Under legal services and expert fees (T'HUF 4,320), we have budgeted fees for potential legal proceedings to obtain trademark registration for the Resolution Fund's logo and other potential legal fees at T'HUF 1,000; plus we have budgeted T'HUF 3,100, for accounting and payroll administration fees (assuming an external service provider and an outsourcing contract entering into effect in March) and T'HUF 220, for graphic design.
- Translation represents the fee for translating the annual report into English. The budgeted amount is T'HUF 300.
- Netlock encryption costs (T'HUF 200) have been budgeted on the basis of 2018 actuals but above that figure.
- The T'HUF 14,268, budgeted for bank charges and portfolio management fees also includes asset and deposit management fees along with KELER transaction charges. KELER transaction charges have been budgeted with a view to forecasted expenses, topped off with transaction fees deriving from asset portfolio growth.
- We have budgeted T'HUF 100, for authority proceedings fees, T'HUF 300, (including taxes) for entertainment expenses and T'HUF 20, for other materials.

#### 5.1.5 Other operating expenses

Within other operating expenses (T'HUF 3,990), international travel and hotel expenses, plus conference fees have been budgeted as reserves (at T'HUF 200), while premium payments for the Board members' liability insurance were budgeted with the respective amount stipulated in the signed contract (T'HUF 3,790).

### 5.2 Expenses related to the foundation of MSZVK Zrt.

Since the costs of taking out the loan are chargeable to 2018 and have been invoiced to MSZVK Zrt., and since settlements related to the loan granted to MSZVK Zrt. have been closed, we have not budgeted any expenditure or revenue in this respect for 2019.

### 5.3 Revenues, expenditures

Within the informative data presented in Annexes 2 and 3, revenues and expenditures have been budgeted as follows:

- Budgeted fee revenues (T'HUF 10,552 562,000) are based on a conservative estimate, considering that the fee is to be set by the resolution authority until 1 May 2019, and the Fund has received only a preliminary fee estimate for budgeting.
- Financial revenues (T'HUF 300,100,000) and expenditures (T'HUF 270,000,000), along with profit/loss realized on government securities have been budgeted with a conservative estimate. Exchange rate impacts are estimates, too.

<sup>1</sup> Resolution no. 57/2018. (XII. 13.): The Resolution Fund's Board of Directors approves the launch of tendering procedures for the procurement of accounting and payroll services and agrees to make available HUF 3 million for this purpose in the budget. The best offer received for outsourcing accounting and payroll services for the March-December 2019 period was HUF 3,100,000. The service fee for 12 months is HUF 3,650,000. Since this figure exceeds the amount set out in the draft resolution, the draft resolution must be amended.

- As other revenues, we have budgeted expected dividend payments to the Fund at T'HUF 6 billion, plus default interest revenues of T'HUF 100,000.
- We have not budgeted any forward future transactions for 2019.

## 6. Fulfilment of Board resolutions

In 2018, the Resolution Fund's board of directors passed 61 resolutions, all at sessions. Board resolutions related to mandatory requirements set out in the Resolution Act and to matters concerning the Fund's organization and operation. Some of the key topics were as follows:

- ordering the registration of the Fund as a contracting authority in public procurement and approval of the Fund's rules of procurement and 2018 public procurement plan;
- acknowledging the briefing on the Fund's classification as other government sector organization;
- approval of the accounting methodology for recognizing the expenses of hedge deals concluded by the Fund;
- approval of amendment to the Fund's accounting rules (Accounting Policy, Chart of Accounts, Valuation Guidelines and Cash Management Guidelines);
- amendment of the Fund's Organizational and Operational Guidelines;
- approval of the Fund's Annual Report and Business Report for 2017;
- ordering the early repayment in March and the payoff in July of the amounts owed by the Fund to the banking consortium creditor;
- acknowledgement of information materials pertaining to MSZVK Zrt.'s Q3 and Q4 2017 reports, Q1, Q2 and Q3 2018 reports, and the capital transfer to be executed towards the Fund;
- acknowledgement of information materials regarding MSZVK Zrt.'s separate annual report for 2017, consolidated annual statements for 2017 and Medium-Term Business Plan for 2018-2023;
- acknowledgement of information on expenses for which MSZVK Zrt. reimbursed the Fund;
- acknowledgment of quarterly reports on the Fund's financial position and portfolio management results;
- approval of the Fund's 2017 internal audit report, the internal controller's reports and the related action plans;
- approval of the internal controller's work plan for 2019;
- selection of the auditor (MAZARS Kft.) for auditing the Fund's 2018 and 2019 annual reports;
- approval of launching the tendering procedure for outsourcing accounting and payroll administration;
- acknowledgement of status reports regarding the trademark registration of the Fund's English-language logo;
- acknowledgement of information materials regarding the Fund's seat relocation and the partial assumption of the related consultancy fees;
- consents to the appointment of permanent deputies of Board members;
- acknowledgement of information materials on the fulfilment of board resolutions.

10 May 2019, Budapest

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Gábor Gion  
Chairman of the Board, Resolution Fund

Annex 1: Regularly incurred costs of operation

Description	Regularly incurred costs of operation, 2018 plan	Regularly incurred costs of operation, 2018 forecast	Regularly incurred costs of operation, 2019 plan	2018 forecast/2018 plan %	2019 plan/2018 plan %
1) Personnel expenses: remuneration of Board members	43,536,240	43 545 015	47 006 520	100,0	108,0
2) Labour costs relating to the operation of the Resolution Fund	36,526,116	33 225 517	91 922 600	91,0	251,7
3) Remuneration of the auditor and internal controller	2,794,000	2 671 167	2 794 000	95,6	100,0
4) Office equipment, infrastructure expenses, IT expenses	24,805,860	19 631 576	28 115 093	79,1	113,3
5) Other costs of operation	5,090,000	3 790 000	3 990 000	74,5	78,4
Total regularly incurred costs of operation	112,752,216	102 863 275	173 828 213	91,2	154,2
Itemized breakdown of cost group defined in Section 4					
a) office equipment	116,400	106,238	0	91,3	0,0
b) forms, printed publications, technical books, official gazette, subscription fees of industry periodicals	300,000	41,885	100,000	14,0	33,3
c) IT materials	75,000	26,083	0	34,8	0,0
d) office, warehouse, room and other rents and operating expenses	2,729,060	2,619,692	6,824,577	96,0	250,1
e) document storage	0	0	0	N/A	N/A
f) mailing costs, courier service fees	650,000	717,830	800,000	110,4	123,1
g) taxi expenses	20,000	0	20,000	0,0	100,0
h) telephone expenses	195,400	121,014	0	61,9	0,0
i) printing and photocopying expenses	110,000	60,274	0	54,8	0,0
j) website maintenance	480,000	497,588	512,516	103,7	106,8
k) other communication expenses	300,000	284,798	350,000	94,9	116,7
l) legal services, other expert fees (including public procurement consultant)	6,000,000	968,698	4,320,000	16,1	72,0
m) translation	210,000	262,687	300,000	125,1	142,9
n) software expert services (Netlock)	150,000	172,812	200,000	115,2	133,3
o) software upgrades	0	0	0	N/A	N/A
p) bank charges, portfolio management fees,	12,950,000	13,704,297	14,268,000	105,8	110,2
= of which bank charges relating to the currency account	300,000	140,000	168,000	46,7	56,0
= bank charges of HUF account	650,000	510,762	100,000	78,6	15,4
= portfolio management fees	12,000,000	13,053,535	14,000,000	108,8	116,7
q) duties, transaction levies, administrative fees	500,000	14,650	100,000	2,9	20,0
r) property insurance premium	0	0	0	N/A	N/A
s) computer insurance	0	0	0	N/A	N/A
t) entertainment costs	0	0	300,000	N/A	N/A
u) other materials and service expenses	20,000	33,030	20,000	165,2	100,0
Total expenses of operation listed in Section 4)	24,805,860	19,631,576	28,115,093	79,1	113,3
Itemized breakdown of cost group defined in Section 5					
a) costs of conferences in Hungary/abroad	300,000	0	100,000	0,0	33,3
b) travel expenses	1,000,000	0	100,000	0,0	10,0
c) membership fees in professional organizations	0	0	0	N/A	N/A
d) liability insurance of Board members	3,790,000	3,790,000	3,790,000	100,0	100,0
e) cost of trademark registration for the Resolution Fund logo	0	0	0	N/A	N/A
Total expenses of operation listed in Section 5)	5,090,000	3,790,000	3,990,000	74,5	78,4

Source: Resolution Fund

Figures in T'HUF

Annex 2: Informative data on expenses incurred at the Resolution Fund in relation to the operation of MSZVK Zrt.

Description	Budgeted expenses, 2018	Regularly incurred costs of operation, 2018 forecast	Regularly incurred costs of operation, 2019 plan	2018 forecast/2018 plan %	2019 plan/2018 plan %
Expenses incurred in relation to the foundation and operation of MSZVK Zrt.					
= Szabó, Kelemen and Associates Law Office, attorney fees	0	0	0	N/A	N/A
= Gárdos Fűredi Mosonyi Tomori Law Office attorney fees as per contract 1	0	0	0	N/A	N/A
= Gárdos Fűredi Mosonyi Tomori Law Office attorney fees as per contract 2	0	454.278	0	N/A	N/A
= Barakuda Informatikai Zrt. Drafting of rules	0	0	0	N/A	N/A
= MNB licensing, notary public, Tax Authority statement	0	0	0	N/A	N/A
= K&H organization fee as per agent contract	0	0	0	N/A	N/A
= K&H agent fee as per agent contract	9,937,750	1,053,118	0	10,6	0,0
= K&H loan commitment charge	0	0	0	N/A	N/A
= Contracting fee of borrowing		0	0	N/A	N/A
= One-off charge of loan payoff	0	35,952,730	0	N/A	N/A
= Interest on HUF 45,5 BN and EUR 166.9 M loan	997,297,333	434,276,998	0	43,5	0,0
= Andr��k�� Kinstellar Law Office		0	0	N/A	N/A
= Government guarantee fee	105,962,467	121,025,191	0	114,2	0,0
= KELER fee	0	398,780	0	N/A	N/A
= Reserves	0	0	0	N/A	N/A
Total expenses related to MSZVK's operation	1,113,197,550	593,161,095	0	53,3	0,0

Source: Resolution Fund

Figures in T'HUF

Annex 3: Informative data on the Resolution Fund's financial transaction revenues and expenditures

Breakdown of revenues	Revenues, 2018 plan	Revenues, 2018 forecast	Revenues, 2019 plan	2018 forecast/2018 plan %	2019 plan/2018 plan %
Fee revenues	8,500,000,000	10,552,562,179	10,552,562,000	124,1	124,1
Other revenues	116,400,217	2,410,084,216	6,000,100,000	2070,5	5154,7
Revenues from financial transactions	2,769,796,086	653,382	300,100,000	0,0	10,8
Interest received on current account balanace	1,000,000	152,256,904	100,000	15225,7	10,0
Interest received - MVSZK loan HUF	238,376,436	169,375,456	0	71,1	0,0
Interest received - MVSZK loan EUR	483,254,970	92,548,549	0	19,2	0,0
Interest received - MVSZK loan CHF	212,164,680	934,475,916	0	440,4	0,0
Exchange rate difference of loan instalments paid	35,000,000	40,959,911	0	117,0	0,0
Exchange rate gains on future transactions	1,000,000,000	1,019,814,098	0	102,0	0,0
Exchange rate gains on government securities	800,000,000	246,838,371	300,000,000	30,9	37,5
Total revenues	11,386,196,303	13,209,484,766	16,852,762,000	116,0	148,0

Source: Resolution Fund

Figures in T'HUF



Breakdown of expenditures	Expenditures, 2018 plan	Expenditures, 2018 forecast	Expenditures, 2019 plan	2018 forecast/ 2018 plan %	2019 plan/2018 plan %
<b>Total regularly incurred expenses of operation</b>	<b>112,752,216</b>	<b>102,863,275</b>	<b>173,828,213</b>	<b>91,2</b>	<b>154,2</b>
<b>Other expenses (government guarantee + MSZVK costs)</b>	<b>115,900,217</b>	<b>158,429,871</b>	<b>0</b>	<b>136,7</b>	<b>0,0</b>
Expenditures on financial transactions					
Interest paid – Consortium, HUF	297,789,910	158,264,896	0	53,1	0,0
Interest paid – Consortium, EUR	699,507,423	273,009,051	0	39,0	0,0
Negative interest paid owing to foreign exchange accounts	100,000	3,003,051	0	3003,1	0,0
Exchange rate losses upon loan repayment	100,000,000	980,859,666	0	980,9	0,0
Exchange rate losses on future transactions	80,000,000	128,617,876	0	160,8	0,0
Losses on government securities	180,000,000	226,578,777	270,000,000	125,9	150,0
Portfolio management fees	12,000,000	0	14,000,000	0,0	116,7
<b>Total expenditures on financial transactions</b>	<b>1,357,397,333</b>	<b>1,770,333,317</b>	<b>270,000,000</b>	<b>130,4</b>	<b>19,9</b>
<b>Total expenditures and operating expenses</b>	<b>1,586,049,766</b>	<b>2,031,626,463</b>	<b>443,828,213</b>	<b>128,1</b>	<b>28,0</b>
<b>Profit/loss in year under review</b>	<b>9,800,146,537</b>	<b>11,177,858,303</b>	<b>16,408,933,787</b>	<b>114,1</b>	<b>167,4</b>

Source: Resolution Fund

Figures in THUF

#### Annex 4: Annual fees paid to the Resolution Fund in 2018

No.	Institution	Annual fees paid in 2018
1	AEGON Lakástakarék Zrt.	314
2	Bank of China (Hungária) Zrt.	9,769
3	Budapest Bank Zrt.	383,897
4	CEE Active Asset Management Zrt.	200
5	CIB Bank Zrt.	664,580
6	Codex Értéktár Zrt.	200
7	Commerzbank Zrt.	93,665
8	Concorde Értékpapír Zrt.	2,200
9	Duna Takarékszövetkezet Zrt.	629
10	eBrókerház Zrt.	200
11	EQUILOR Zrt.	629
12	ERSTE Bank Hungary Zrt.	777,990
13	Erste Befektetési Zrt.	40,284
14	ERSTE Jelzálogbank Zrt.	4,714
15	ERSTE Lakástakarék Zrt.	314
16	Fundamenta-Lakáskassza Zrt.	71,819
17	Gránit Bank Zrt.	146,443
18	HOLD Alapforgalmazó Zrt.	200
19	K&H Bank Zrt.	1,284,857
20	K&H Jelzálogbank Zrt.	314
21	KDB Bank Európa Zrt.	151,763
22	KELER Zrt.	15,714
23	MagNet Bank Zrt.	4,714
24	Magyar Cetelem Zrt.	8,171
25	Merkantil Bank Zrt.	189,989
26	MKB Bank Zrt.	1,365,824
27	NHB Növekedési Hitel Bank Zrt.	2,200
28	OTP Bank Nyrt.	2,344,170
29	OTP Jelzálogbank Zrt.	210,755
30	OTP Lakástakarék Zrt.	8,171
31	Polgári Bank Zrt.	314
32	Porsche Bank Zrt.	629
33	QUANTIS Alpha Zrt.*	184
34	Raiffeisen Bank Zrt.	930,629
35	Random Capital Broker Zrt.	314
36	Sberbank Magyarország Zrt.	146,887
37	SINUS-FAIR Corporate Zrt.**	267
38	Sopron Bank Zrt.	629
39	SPB Befektetési Zrt.	314
40	SZHSZ (consolidated, 20 member institutions)	466,413
41	UniCredit Bank Zrt.	1,197,593
42	UniCredit Jelzálogbank Zrt.	23,682
43	Vertis Zrt.***	0
	<b>Total</b>	<b>10,552,546</b>

Figures in THUF

\* licence revoked in 2018, overdue fees of THUF 84,000 for H2 2018 were paid by the institution in 2019

\*\* new institution licensed in 2017 (fee increased proportionately to number of months under supervision in 2017)

\*\*\* new institution licensed in 2018 (shall pay fee in 2019, increased proportionately to number of months under supervision in 2018)

Annex 5: Member institutions of the Resolution Fund as at 31 December 2018

I. Banks:

- 1. Bank of China (Hungária) Zrt.
- 2. Budapest Bank Zrt.
- 3. CIB Bank Zrt.
- 4. Commerzbank Zrt.
- 5. DUNA TAKARÉK BANK Zrt.
- 6. ERSTE BANK HUNGARY Zrt.
- 7. GRÁNIT Bank Zrt.
- 8. KDB Bank Európa Zrt.
- 9. K&H Bank Zrt.
- 10. Kinizsi Bank Zrt.
- 11. MagNet Bank Zrt.
- 12. Magyar Cetelem Zrt.
- 13. Merkantil Bank Zrt.
- 14. MKB Bank Zrt.
- 15. Mohácsi Takarékszövetkezet
- 16. NHB Növekedési Hitel Bank Zrt.
- 17. OTP Bank Nyrt.
- 18. Pannon Takarékszövetkezet
- 19. Polgári Bank Zrt.
- 20. Porsche Bank Zrt.
- 21. Raiffeisen Bank Zrt.
- 22. Sberbank Magyarország Zrt.
- 23. SOPRON BANK Zrt.
- 24. Takarékbank Zrt.
- 25. Takarékszövetkezeti Bank Zrt.
- 26. UniCredit Bank Zrt.

II. Specialized credit institutions

- 1. AEGON Lakástakarék Zrt.
- 2. ERSTE Jelzálogbank Zrt.
- 3. ERSTE Lakástakarék Zrt.
- 4. Fundamenta-Lakáskassza Zrt.
- 5. KELER Zrt.
- 6. K&H Jelzálogbank Zrt.
- 7. OTP Jelzálogbank Zrt.
- 8. OTP Lakástakarék Zrt.
- 9. Takarékszövetkezeti Bank Nyrt.
- 10. UniCredit Jelzálogbank Zrt.

III. Credit cooperatives

- 1. 3A Takarékszövetkezet
- 2. B3 TAKARÉK Takarékszövetkezet
- 3. Békés Takarékszövetkezet
- 4. Bóly és Vidéke Takarékszövetkezet
- 5. CENTRÁL TAKARÉK Takarékszövetkezet
- 6. Dél TAKARÉK Szövetkezet
- 7. Fókusz Takarékszövetkezet
- 8. Hungária Takarékszövetkezet
- 9. KORONA TAKARÉK Takarékszövetkezet
- 10. M7 TAKARÉK Szövetkezet
- 11. Nyugat Takarékszövetkezet
- 12. Pátia Takarékszövetkezet
- 13. TISZÁNTÚLI TAKARÉK Takarékszövetkezet

IV. Investment enterprises

- 1. CEE Active Asset Management Zrt.
- 2. CODEX Értéktár Zrt.
- 3. CONCORDE Értékpapír Zrt.
- 4. eBrókerház Zrt.
- 5. EQUILOR Zrt.
- 6. Erste Befektetési Zrt.
- 7. HOLD Alapforgalmazó Zrt.
- 8. Magyar Posta Befektetési Zrt.
- 9. Random Capital Zrt.
- 10. SINUS-FAIR Corporate Zrt.
- 11. SPB Zrt.
- 12. Vertis Zrt.





# SZANÁLÁSI ALAP

