



RESOLUTION
FUND
HUNGARY

ANNUAL REPORT
2015

THE RESOLUTION FUND
ANNUAL FINANCIAL
REPORT FOR
2015



RESOLUTION
FUND
HUNGARY

INDEPENDENT AUDITOR'S REPORT



Tel: +36 1 235 3010, 235 3090
Fax: +36 1 266 6438
www.bdo.hu

BDO Magyarország
Könyvvizsgáló Kft.
1103 Budapest, Kőér utca 2/a.
Laurus Irodaházak C épület
1476 Budapest, Pf. 138.

Independent Auditor's Report to the Board of Directors of Szanálási Alap

Audit Report on annual financial statements

We have audited the accompanying 2015 annual financial statements of Szanálási Alap, which comprises the balance sheet as at **31 December 2015** - showing a balance sheet total of **THUF 107 315 442** and a profit for the year of **THUF 6 860 406 -**, the related profit and loss account for the year then ended and the summary of significant accounting policies, and other explanatory notes.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and for maintaining internal controls which are considered necessary by the management to prepare the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the audit. We conducted our audit in accordance with Hungarian National Auditing Standards and with the applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the annual financial statements give a true and fair view of the equity and financial position of Szanálási Alap as at 31 December 2015 and of the result of its operation for the year then ended in accordance with the Hungarian Accounting Law.

A BDO Magyarország Könyvvizsgáló Kft. egy magyar korlátolt felelősségű társaság, az egyesült királyságbeli BDO International Limited garancia alapú társaság tagja és a független cégekből álló nemzetközi BDO hálózat része.

BDO Hungary Audit Ltd, a Hungarian limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent firms.

Fővárosi Bíróság Cégbírósága, Cégjegyzékszám: Cg. 01 09 867 785

Csoportazonosító (Group-ID-Nr.): 17780711-5-44
Group VAT Nr.: HU 17780711



Tel: +36 1 235 3010, 235 3090
Fax: +36 1 266 6438
www.bdo.hu

BDO Magyarország
Könyvvizsgáló Kft.
1103 Budapest, Kőér utca 2/a.
Laurus Irodaházak C épület
1476 Budapest, Pf.138.

Other reporting requirements: Reporting on the business report

We have examined the accompanying business report of Szanálási Alap for the financial year of 2015.

The management is responsible for the preparation and fair presentation of the business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with the financial statements. Our work in respect of the business report was limited to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non audited financial records. In our opinion the 2015 business report of Szanálási Alap is consistent with the disclosures in the financial statements as of 31 December 2015.

Budapest, 07.05.2016

BDO Hungary Audit Ltd.
1103 Budapest, Kőér utca 2/A
Registration number: 002387


Gábor Csirmaz
Director




Zsuzsanna Jasper
Certified Auditor
Chamber registration No.: 001288

This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.

A BDO Magyarország Könyvvizsgáló Kft. egy magyar korlátolt felelősségű társaság, az egyesült királyságbeli BDO International Limited garancia alapú társaság tagja és a független cégekből álló nemzetközi BDO hálózat része.

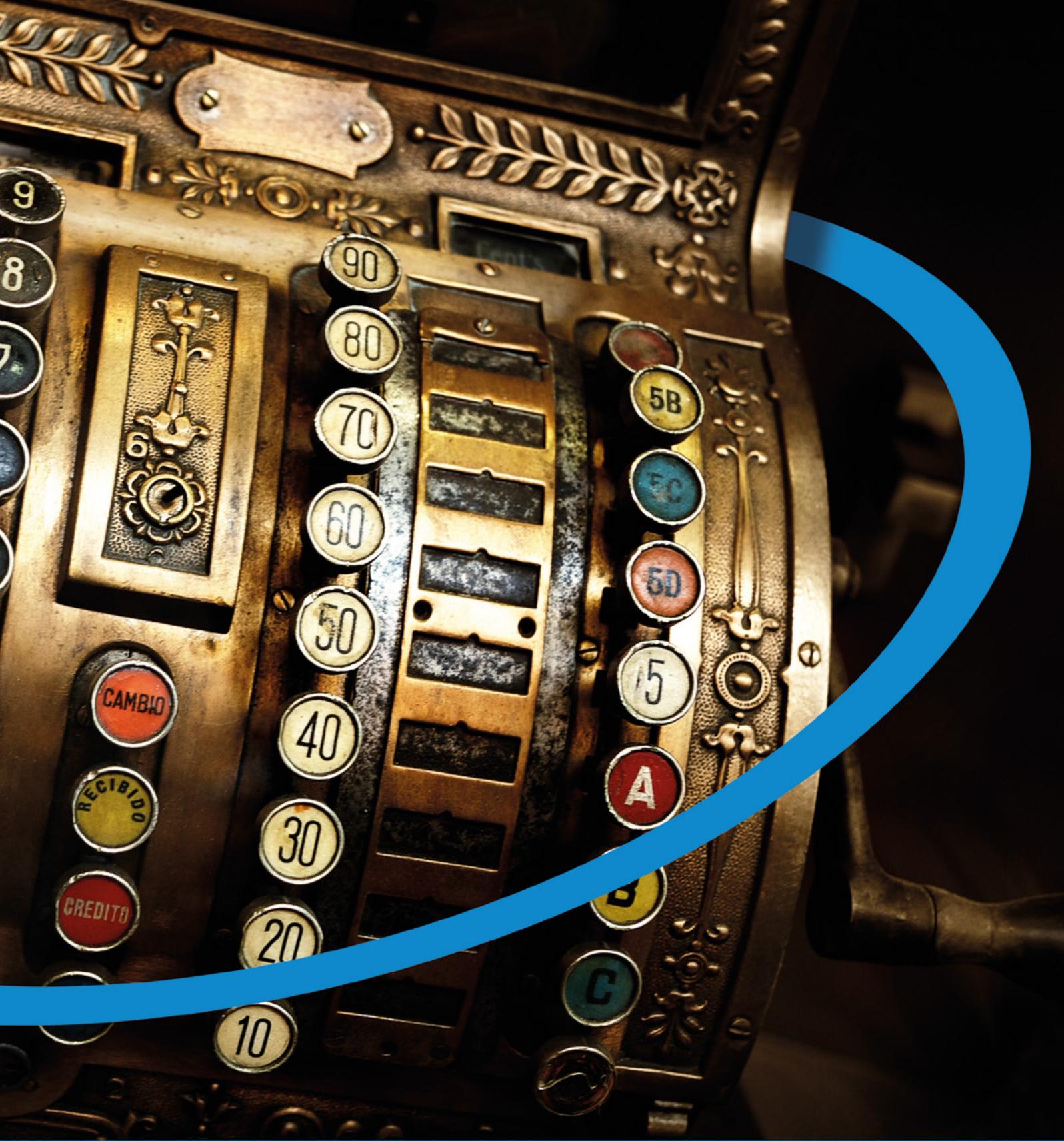
BDO Hungary Audit Ltd, a Hungarian limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent firms.

Fővárosi Bíróság Cégbírósága, Cégjegyzékszám: Cg. 01 09 867 785

Csoportazonosító (Group-ID-Nr): 17780711-5-44
Group VAT Nr.: HU 17780711

CONTENTS

THE RESOLUTION FUNDS ANNUAL REPORT 2015 BALANCE SHEET AND INCOME STATEMENT	7
RESOLUTION FUND ANNUAL REPORT 2015 SUPPLEMENTARY ANNEX	13
1. GENERAL	14
1.1. Introduction of the Resolution Fund	14
1.2. Establishment and fiscal obligations of the Fund	15
1.3. Member institutions of the Fund	15
1.4. The Fund's activities and tasks	15
1.5. The governing body and supervision of the Fund	16
1.5.1. The Board of Directors	16
1.5.2. Supervision of the Fund	16
2. THE MAJOR CHARACTERISTIC FEATURES OF THE ACCOUNTING POLICY OF THE FUND	17
2.1. The legal basis of book-keeping	17
2.2. Decisions related to the reporting obligations	17
2.3. Aspects of the classification of assets and liabilities	18
2.3.1. Valuation of assets	19
2.3.2. Presentation of specific valuation methods used in the report	20
2.3.3. Valuation of Liabilities	20
2.4. Presentation of the accounting method for depreciation and impairment	21
3. SUPPLEMENTS AND EXPLANATIONS TO THE DIFFERENT BALANCE SHEET ITEMS	22
3.1. Assets	22
3.2. Fixed assets	22
3.2.1. Current assets	24
3.2.1.1. Receivables	24
3.2.1.2. Liquid assets	25
3.2.2. Prepayments and accrued income	25
3.3. Liabilities	25
3.3.1. Equity	26
3.3.2. Provisions	26
3.3.3. Liabilities	26
3.3.4. Accruals and deferred income	27
4. SUPPLEMENTS RELATED TO CERTAIN ITEMS OF THE PROFIT AND LOSS STATEMENT	29
4.1. Income shown in the Profit and Loss Statement	29
4.2. Costs and expenditures of the Fund	29
4.3. Costs related to operation in 2015	30
BUSINESS REPORT	31
I. Objectives for the future and significant events in 2015	32
II. Significant events that occurred after the accounting date	32
III. Indicators of the financial standing	32



THE RESOLUTION FUNDS
ANNUAL REPORT 2015
BALANCE SHEET
AND INCOME STATEMENT

THE RESOLUTION FUND ANNUAL FINANCIAL REPORT AS OF 31 DECEMBER 2015

STATISTICAL CODE: 18618389-6619-919-01

Figures are in thousand HUF

RESOLUTION FUND

BALANCE SHEET VERSION 'A' ASSETS

No.	Description / in thousand HUF	Base year 31.12.2014.	Effect of the audit	Subject year 31.12.2015.
1 A	FIXED ASSETS	0	0	91,519,046
2 I.	INTANGIBLE ASSETS	0	0	0
3 I.1	Capitalised value of owners' contribution/restructuring			0
4 I.2	Rights of property value			0
5 I.3	Intellectual property rights			0
6 I.4	Advances and prepayments for intangible assets			0
7 I.5	Revaluation of intangible assets			0
8 II.	TANGIBLE ASSETS	0	0	0
9 II.1	Real estate and related property rights			0
10 II.2	Machinery, equipment and vehicles			0
11 II.3	Assets under construction			0
12 II.4	Advances and prepayments for assets under construction			0
13 II.5	Revaluation of tangible assets			0
14 III.	FINANCIAL INVESTMENTS			91,519,046
15 B	CURRENT ASSETS	2,410,994	0	15,605,576
16 I.	STOCKS	0	0	0
17 I.1	Raw materials			0
18 I.2	Commercial goods			0
19 I.3	Mediated services			0
20 I.4	Advances and prepayments for stocks			0
21 II.	RECEIVABLES	0	0	7,404,901
22 II.1	Receivables from member institutions	0	0	7,404,901
23 II.1.a	Receivables from fees			146,600
24 II.1.b	Receivables from loans			7,258,301
25 II.1.c	Other receivables from member institutions			0
26 II.2	Other receivables			0
27 III.	SECURITIES	0	0	3,568,505
28 III.1	Government securities			3,568,505
29 III.2	Other securities			0
30 IV.	LIQUID ASSETS	2,410,994	0	4,632,170
31 IV.1	Cash and cheques			0
32 IV.2	Bank deposits	2,410,994	0	107,315,442
33 C	PREPAYMENTS AND ACCRUED INCOME	1,998		190,820
34	TOTAL ASSETS	2,412,992	0	107,315,442

THE RESOLUTION FUND ANNUAL FINANCIAL REPORT AS OF 31 DECEMBER 2015

STATISTICAL CODE: 18618389-6619-919-01

Figures are in thousand HUF

RESOLUTION FUND				
BALANCE SHEET VERSION 'A' ASSETS				
No.	Description / in thousand HUF	Base year 31.12.2014.	Effect of the audit	Subject year 31.12.2015.
35	D EQUITY	2,387,118		0 9,247,524
36	I. REGISTERED CAPITAL	425,972		425,972
37	II. CAPITAL SURPLUS			1,961,146
38	III. REVALUATION RESERVE			0
39	IV. BALANCE SHEET PROFIT/LOSS	1,961,146		6,860,406
40	E PROVISIONS			0
41	F LIABILITIES	25,467		0 97,809,348
42	I. LONG-TERM LIABILITIES			87,983,755
43	I.1 Liabilities towards the state			0
44	I.2 Liabilities from bond issuance			0
45	I.3 Other long-term liabilities			87,983,755
46	II. SHORT-TERM LIABILITIES	25,467		9,825,593
47	II.1 Liabilities from resolution-related activities			0
48	II.1.a) Liabilities from the redemption of assumed guarantee			0
49	II.1.b) Liabilities from compensation to be paid			0
50	II.1.c) Other liabilities from resolution-related expenditures			0
51	II.2 Liabilities towards member institutions			0
52	II.3 Short-term loans			9,775,973
53	II.4 Other short-term liabilities	25,467		49,620
54	G ACCRUALS AND DEFERRED INCOME	407		258,570
55	TOTAL LIABILITIES AND EQUITY	2,412,992		0 107,315,442

THE RESOLUTION FUND ANNUAL FINANCIAL REPORT FOR THE BUSINESS YEAR STARTING ON 1 JANUARY 2015 AND ENDING ON 31 DECEMBER 2015

STATISTICAL CODE: 18618389-6619-919-01

Figures are in thousand HUF

RESOLUTION FUND				
PROFIT AND LOSS STATEMENT (TOTAL-COST METHOD) VERSION 'A'				
No.	Description / in thousand HUF	Base year 31.12.2014.	Effect of the audit	Subject year 31.12.2015.
1	I. Income from activities related to resolution	1,986,747		7,290,255
2	II. Other income	755		285
3	III. Income from financial transactions			439,693
4	IV. Extraordinary income			0
5	V. Expenditures on resolution-related activities	0		0
6	VI. Other expenditures	50		211
7	VII. Expenditures on financial transactions			256,025
8	VIII. Extraordinary expenditures			0
9	01 Material expenditures			579,053
10	02 Payroll and related expenditures			34,538
11	03 Depreciation			0
12	IX. Operating costs (01+02+03)	28,894	0	613,591
13	A BALANCE SHEET PROFIT/LOSS (I+II+III+IV+V-VI-VII-VIII-IX)	1,961,146	0	6,860,406

Signed in Budapest on 7 May 2016

Ágnes Hornung

Chairman of the Board of Directors of the Resolution Fund

RESOLUTION FUND

Cashflow Statement

Description / HUF thousand	Base year 31.12.2014.	Effect of the audit	Subject year 31.12.2015.	Change		Composition in the subject year
				HUF thousand	%	
1 Balance sheet profit/loss	± 1,961,146		6,860,406	4,899,260	249.82%	308.86%
2 Accounted depreciation	+ 0		0	0	0.00%	0.00%
3 Accounted impairment and reverse impairment	+			0	0.00%	0.00%
4 Difference between the formed and used provisions	± 0		0	0	0.00%	0.00%
5 Profit from the sale of fixed assets	±			0	0.00%	0.00%
6 Change in trade accounts payable	± 14,117		24,882	10,765	76.25%	1.12%
7 Change in other short-term liabilities	± 11,350		-729	-12,079	-106.42%	-0.03%
8 Change in accruals and deferred income	± 407		258,163	257,756	63,330.71%	11.62%
9 Change in receivables from member institutions	± 0		-146,600	-146,600	0.00%	-6.605%
10 Change in current assets (not including trade accounts receivable and liquid assets)	±		-3,568,505	-3,568,505	0.00%	-160.66%
11 Change in prepayments and accrued income	± -1,998		-188,822	-186,824	9,350.55%	-8.50%
I. TOTAL OPERATING CASHFLOW	1,985,022	0	3,238,795	1,253,772	0.00%	145.81%
12 Purchase of fixed assets	-		-91,519,046	-91,519,046	0.00%	-4,120.30%
13 Sale of fixed assets	+		0	0	0.00%	0.00%
II. TOTAL INVESTMENT CASHFLOW	0	0	-91,519,046	-91,519,046	0.00%	-4,120.31%
14 Receivables from accession fees (other capital income)	425,972		0	-425,972	100.00%	0.00%
15 Income from share issuance (other capital income)	+ 0		0	0	0.00%	0.00%
16 Income from the issuance of bonds and credit securities	+			0	0.00%	
17 Taking out credits and loans	+		97,759,728	97,759,728	0.00%	4,401.26%
18 Termination/redemption of long-term loans, bank deposits	+			0	0.00%	0.00%
19 Liquid assets received for good	-			0	0.00%	0.00%
20 Share withdrawal (other capital decrease)	-			0	0.00%	0.00%
21 Repayment of bonds and credit securities	-			0	0.00%	
22 Continuous and final repayment of credits and loans	-			0	0.00%	0.00%
23 Long-term loans and bank deposits	-		-7,258,301	-7,258,301	0.00%	-326.78%
24 Liquid assets transferred for good	-			0	0.00%	0.00%
25 Change in liabilities towards founders/ in other long-term liabilities	+			0	0.00%	0.00%
III. TOTAL FINANCIAL CASHFLOW	425,972		90,501,427	90,501,427	21,245.86%	4,074.48%
IV. CHANGE IN LIQUID ASSETS	2,410,994		2,221,176	236,153	0.00%	100.00%





RESOLUTION FUND ANNUAL REPORT 2015

SUPPLEMENTARY ANNEX

1. GENERAL

1.1. INTRODUCTION OF THE RESOLUTION FUND

Name of the institution:	Szanálási Alap (Resolution Fund) (hereinafter: the Fund)
Seat:	1027 Budapest, Csalogány u. 9–11. www.szanalasialap.hu
Method of foundation:	By operation of law (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 organisation:	919 Other fund
Statistical code:	18618389-6619-919-01
Tax ID:	18618389-2-41
Fund account holding bank:	Central Bank of Hungary (hereinafter: "CBH")
Fund custodian bank:	KELER Központi Értéktár Zárkörűen Működő Részvénytársaság (KELER Central Clearing House and Depository Ltd. – since 3 February 2015)
Fund asset manager:	Államadósság Kezelő Központ (ÁKK Zrt. – Government Debt Management Agency)
Chairman of the Board of Directors:	Gábor Orbán , Secretary of State of the Ministry for National Economy, until 31 December 2015 Ágnes Hornung Secretary of State of the Ministry for National Economy, since 1 January 2016
Members of the Board of Directors:	Dr. Ádám Balog , deputy-governor of CBH, until 22 July 2015 Dr. László Windisch , deputy-governor of CBH Márton István Nagy , deputy-governor of CBH, since 1 September 2015 Dr. András Fekete-Győr , Managing Director of the National Deposit Insurance Fund of Hungary (NDIF)
Auditor of the Fund:	BDO Magyarország Könyvvizsgáló Kft. Licence No.: 002387 Name of the person performing the audit: Zsuzsanna Jasper , auditor, member of the Hungari an Chamber of Auditors Licence No.: 001288
Accountant:	Mrs. Mihályiné Erdős Ilona dr. , chief accountant of NDIF Licence number: 121985
Place of preparation of the report:	The seat of the Fund: 1027 Budapest Csalogány u. 9-11. 6th floor

1.2. ESTABLISHMENT AND FISCAL OBLIGATIONS OF THE FUN

The Fund was established on 21 July 2014 as a result of the entry into force of the Resolution Act.

Pursuant to Section 16 of Annex 5 to Act LXXXI of 1996 on Corporate Income Tax and Dividend Tax, Section 3(5) of Act C of 1990 on Local Taxes, and Section 5(r) of Act XCIII of 1990 on Duties, the Fund shall be exempt from the payment of corporate tax, local tax, and duties.

The registered capital of the Fund is the combined amount of the accession fees paid by its member institutions.

1.3. MEMBER INSTITUTIONS OF THE FUND

As of 31 December 2015, the Fund had 138 member institutions, including 28 banks, 8 specialised credit institutions, 82 saving cooperative bank and 20 investment firms.

The names of the Fund's member institutions and the membership fees paid by the members through 31 December 2015 are contained in Annex 1.

The number of member institutions in the Fund decreased between the cut-off date of the balance sheet and the date of balance sheet preparation (28 February 2016): the operating licences of 2 member institutions were revoked.

1.4. THE FUND'S ACTIVITIES AND TASKS

The tasks of the Fund are determined by the Act on Resolution, by Government Decree 214/2000. (XII. 11., hereinafter: the "**Government Decree**") and the regulations of the Fund.

The mission of the Fund is to cover financing needs directly linked to resolution, as specified in the Resolution Act, using the payments made by its member institutions.

Accordingly, the assets of the Fund can be used for the following purposes:

- a** to guarantee the assets and liabilities of the institution (or the subsidiaries of the institution) being resolved, the bridge institution, or the asset management vehicle;
- b** to provide loans to the institution (or the subsidiaries of the institution) being resolved, the bridge institution, or the asset management vehicle;
- c** to purchase the assets of the institution being under resolution;
- d** to provide capital contribution to the bridge institution or the asset management vehicle;
- e** to provide contribution to the institution being under resolution for the purpose specified by law;
- f** to compensate NDIF pursuant to Section 143(5) of the Resolution Act;
- g** to pay compensation to owners or creditors pursuant to Section 98 of the Resolution Act;
- h** to ensure fiscal neutrality as per Section 128 of the Resolution Act;
- i** to arrange for any combination of the measures listed in above in items a) to h); and
- j** to cover the costs directly related to the operation of the Fund.

When using the sale-of-business tool, the Fund can be used for measures listed in the above items a) to d) in connection with the recipient of the assets as well.

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 managed by a board of directors (hereinafter: the "Board"), comprising four members, who are as follows:

- One individual designated by the Minister in charge of the regulation of the money, capital and insurance market, who shall serve as the Chairman of the Board;
- Two individuals designated by the Governor of CBH, one of whom is the Vice Governor of CBH supervising the task specified in Section 4(8) of the Act on CBH, while the other is the Vice Governor of CBH supervising the task specified in Section 4(9) of the Act on CBH, or other senior officials performing these tasks; and
- the Managing Director of NDIF.

1.5.2. SUPERVISION OF THE FUND

The financial and accounting supervision of the Fund shall be performed by the State Audit Office of Hungary.

2. THE MAJOR CHARACTERISTIC FEATURES OF THE ACCOUNTING POLICY OF THE FUND

2.1. THE LEGAL BASIS OF BOOK-KEEPING

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 has developed its accounting policy, determining the methods and tools for compliance with the Accounting Act on the basis of the principles and valuation requirements specified in the Accounting Act, and in consideration of its specific features and conditions.

In connection with the reporting obligation, the accounting policy gives preference to reports showing actual assets, finances and income conditions. In compliance with the purpose of the Accounting Act, it requires information be supplied for the provision of a reliable and authentic picture, and specifies underlying principles, rules and requirements.

Pursuant to the Accounting Act, the Fund belongs to the group 'other organisations', the special book-keeping and annual reporting obligations of which are specified by the Accounting Act and the Government Decree.

a *Form of reporting:*

Report prepared by the Fund in accordance with the values specified in the Accounting Act: Annual report (hereinafter: "**the Report**"), the structure of which complies with the provisions of the Government Decree.

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, person authorised to sign the report:*

Language of the Report: Hungarian

Person authorised to sign the Report: Chairman of the Board

d *Method of book-keeping:*

The Fund uses double entry book-keeping for the assets managed, used or owned by the Fund and for related liabilities and business transactions to ensure that changes in assets and liabilities are presented authentically, continuously, transparently

and in a closed system.

Pursuant to the Accounting Act, the Report must also indicate those business events that pertain to the subject year, but become known after the balance sheet date, but before the date of preparation of the balance sheet. Such events include events that are related to the subject year, change in the value of assets and liabilities as of December 31 that the Fund becomes aware of before the compilation of the annual report. The profit and loss statement of the Fund shall be prepared with the content specified in the Government Decree (profit and loss statement using the total-cost method). Accounting is carried out according to the structure of the chart of accounts for operating costs (account group 5), expenditures (account group 8) and revenues (account group 9).

e *Compliance with the accounting principles:*

During the preparation of the Report, the following accounting principles shall be observed: principle of going concern, principle of full disclosure, principle of authenticity, principle of consistency, principle of continuity, principle of matching, principle of prudence, principle of gross accounting, principle of discrete valuation, principle of accrual/deferral, principle of substance over form, principle of materiality, and principle of cost-benefit.

f *Approval of the Report:*

The Board of the Fund shall approve the Report and the auditor's report no later than May 30 of the year following the subject year, and shall submit it to the State Audit Office of Hungary.

g *Comparability:*

The Fund was established in 2014, therefore the items in this Report cannot be compared with those of the previous year.

2.3. ASPECTS OF THE CLASSIFICATION OF ASSETS AND LIABILITIES

1 *Aspects of the classification of assets:*

In compliance with the provisions of the Accounting Act, in the balance sheet for the Fund, assets that serve the activities of the Fund for a period exceeding one year are presented as fixed assets, while assets that serve the activities of the Fund for a period of less than a year (including government securities held for trading) are accounted as current assets.

Assets are classified individually when they are put into use, and the classification is reviewed during the preparation of the balance sheet.

2 *Aspects of 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 balance sheet profit/loss, while external liabilities comprise the amounts of funds, services or other liabilities received from external organisations (credit institutions) with maturity dates over or within one year.

2.3.1. VALUATION OF ASSETS

Fixed assets and current assets must be presented in the balance sheet at their acquisition (production) costs. In the balance sheet, the gross value must be reduced by the depreciation accounted on intangible and tangible assets, as well as by the amount of impairment recognised on financial investments. 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 that represent the historical (acquisition) value of the assets must be taken into account at the time of the economic event (not later than when the asset is put into use), at the invoiced or imposed amount.

Stocks must be shown in the books at their acquisition costs; in the balance sheet prepared at the end of the year, this value can be reduced with the amount of recognised impairment if certain conditions – specified in detail 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 the purpose of its own activities. Assets transferred to the Fund in such a manner must be included in the books at the value specified in the asset distribution proposal.

Receivables are recorded in the balance sheet in the approved and acknowledged amounts. Receivables cannot be depreciated. Impairment specified in the accounting policy must be recognised on doubtful debts. Uncollectible debts must be accounted as losses among other expenditures.

When justified, the Fund accounts doubtful debts and expected losses (receivables from fees, trade accounts receivable, amounts owed by customers, advance payments and other receivables) outstanding on the balance sheet date as impairment. Impairment must be accounted if it is suspected or assumed that the receivable will not be collected, or will not be collected at book value. The amount of impairment must be determined on the basis of the assessment of customers in arrears on the balance sheet date, on a case by case basis, based on the overdue and doubtful debts, as well as the advance payments made. If the receivable was fully paid by the date of balance sheet preparation or it was settled with a promissory note and the promissory note has not yet expired, no impairment can be accounted.

In connection with receivables from unpaid fees, the Fund recognises impairment on the basis of individual valuation as of the balance sheet date.

During the valuation of *securities* at year end, the value shown in the balance sheet is the book value less the amount of impairment recognised pursuant to the Accounting Act. Debt securities with maturity dates over one year must be shown at the acquisition cost, or at the book value less the recognised impairment or reversed impairment, irrespective of whether they are shown under current assets or fixed assets.

The Fund accounts *liquid assets* at the book value shown in bank statements and cash inventories.

*Accruals and deferrals***a** *Prepayments and accrued income*

- Income that must be accounted for the period closed with the balance sheet, yet will be realised only after the balance sheet date.
- Costs and expenditures that can be accounted for the period following the balance sheet date.
- Amounts arising from additional liabilities.

b *Accruals and deferred income*

- Income that the Fund realised before the balance sheet date, but shall be considered as income in the following year only.
- Costs and expenditures that pertain to the year closed with the balance sheet, but will be incurred only after the balance sheet date.
- Liabilities that pertain to the closed year, but become known between the balance sheet date and the date of balance sheet preparation.
- The amount of subsidies received to offset certain costs and expenditures, but such costs or expenditures were not incurred.
- Deferred income is accounted as extraordinary income.

2.3.2. PRESENTATION OF SPECIFIC VALUATION METHODS USED IN THE REPORT**1** *Valuation of specific groups of assets*

- a** The interest accumulated in the acquisition value of interest-bearing securities shown under current assets must be accounted at the time of acquisition as an item decreasing revenues.
- b** No impairment is recognised in relation to government securities in the Fund's portfolio because the state assumes guarantee for their repayment.

2 *Valuation procedures for specific groups of liabilities*

- a** The balance sheet profit/loss of the Fund for the previous year(s) is transferred to the capital reserve at book value.
- b** The liabilities towards member institutions will be included in the balance sheet on the basis of the bank account statements.

The valuation of assets and liabilities not mentioned above is conducted in accordance with the general provisions of the Accounting Act.

2.3.3. VALUATION OF LIABILITIES

A The Fund presents its equity in the balance sheet at book value.

Provisions must be shown in the balance sheet at book value.

Provisions **must** be generated for contingent liabilities, in case they are known or it can be assumed that such liabilities will be incurred after the balance sheet date; or they arise from past or current transactions and no coverage is provided in the balance sheet yet. Such liabilities include e.g. known or envisaged liabilities from sureties, guarantees, options or pending court cases.

Provisions **can** be recognised on costs expected to arise in the future.

Liabilities are presented in the balance sheet in the amount shown in the invoice or contract and acknowledged by the Fund.

Costs that become known before the date of balance sheet preparation and pertain to the year preceding the subject year, e.g. the cost of the audit, are accounted as Accruals and deferred income.

2.4. PRESENTATION OF THE ACCOUNTING METHOD OF DEPRECIATION AND IMPAIRMENT

Methods of depreciation:

- the basis of the accounting of planned depreciation is the capitalised value of intangible and tangible assets;
- for each item separately, from the date of capitalisation, with straight-line scheduled depreciation; and
- the Fund accounts the depreciation of assets with small acquisition or production value (under HUF 100,000) in a lump sum, at the time they are put to use.

Impairment and reversed impairment:

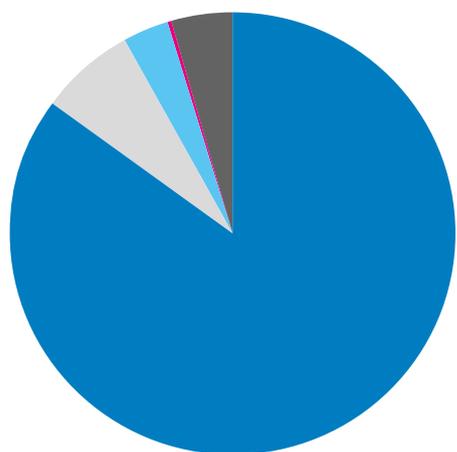
The Fund will recognise impairment if:

- the book value of the assets is permanently and significantly higher than the market value of the assets in question (significantly shall mean a rate specified in the valuation regulations for each asset – unclear sentence);
- the asset becomes damaged or unnecessary due to changes in the Fund's activities; or
- in case of a favourable turn of events, impairment can be reversed with revaluation, but only at book value or up to the nominal value.

3. SUPPLEMENTS AND EXPLANATIONS TO THE DIFFERENT BALANCE SHEET ITEMS

3.1. ASSETS

COMPOSITION AND CHANGES IN ASSETS						
Description	Base year 31.12.2014.	Subject year 31.12.2015.	Distribution (%) 31.12.2014.	Distribution (%) 31.12.2015.	Change HUF thousand	Change % Base=100
I. INTANGIBLE ASSETS	0	0	0.00%	0.00%	0	0.00%
II. TANGIBLE ASSETS	0	0	0.00%	0.00%	0	0.00%
III. FINANCIAL INVESTMENTS	0	91,519,046	0.00%	85.28%	91,519,046	0.00%
I. STOCKS	0	0	0.00%	0.00%	0	0.00%
II. RECEIVABLES	0	7,404,901	0.00%	6.90%	7,404,901	0.00%
III. SECURITIES	0	3,568,505	0.00%	3.33%	3,568,505	0.00%
IV. LIQUID ASSETS	2,410,994	4,632,170	99.92%	4.32%	2,221,176	192.13%
C. PREPAYMENTS AND ACCRUED INCOME	1,998	190,820	0.08%	0.18%	188,822	9,550.55%
TOTAL ASSETS	2,412,992	107,315,442	100.00%	100.00%	104,902,450	4,447.40%



DISTRIBUTION OF ASSETS IN 2015

I. INTANGIBLE ASSETS	0.00%
II. TANGIBLE ASSETS	0.00%
■ III. FINANCIAL INVESTMENTS	85.28%
I. STOCKS	0.00%
■ II. RECEIVABLES	6.90%
■ III. SECURITIES	3.33%
■ IV. LIQUID ASSETS	4.32%
■ C. PREPAYMENTS AND ACCRUED INCOME	0.18%

3.2. FIXED ASSETS

In 2015, the Fund had neither intangible nor tangible assets.

FIXED ASSETS (Figures are in thousand HUF)	31.12.2014.	31.12.2015.
MSZV common shares	0	2,000,000
LONG-TERM LOANS (Figures are in thousand HUF)	31.12.2014.	31.12.2015.
Loan to MSZVK Zrt:		89,519,046
HUF	0	36,450,850
EUR	0	34,493,368
CHF	0	18,574,828
TOTAL	0	91,519,046

Book value of **fixed assets**: HUF 91,519,046,000, including the HUF 2,000,000,000 value of the shares of MSZVK Magyar Szanálási Vagyonkezelő Zártkörűen Működő Részvénytársaság (Hungarian Resolution Asset Management Plc., hereinafter: **MSZVK Zrt.**) and the long-term loan of HUF 89,516,046,000 to MSZVK Zrt.

Pursuant to the Act on Resolution, the Board of Directors of the Fund set up an ad hoc committee by resolution No. 4/2015. (V.18.) to coordinate the operational preparations related to the establishment of MSZVK Zrt. The ad hoc committee existed until MSZVK Zrt. was registered by the Court of Registration on 26 November 2015.

By resolution No. 28/2015. (IX. 22.), the Board of Directors of the Fund approved the founders' resolution on the establishment of MSZVK Zrt. by the Fund.

In accordance with the recommendation of consultants involved in the establishment of MSZVK Zrt., MSZVK Zrt. was to be established with HUF 200 million equity and HUF 1,800 million capital reserve. This amount provided funding for the initial period and sufficient cover to ensure that in 2015 the equity of MSZVK Zrt. would not drop below the value of the issued capital, and a capital increase would be realised no sooner than in 2016.

The founder (sole shareholder) of MSZVK Zrt. is the Fund. Pursuant to Section 53 (5) of the Act on Resolution, after the establishment, ownership rights over MSZVK Zrt. shall be exercised by CBH, acting in its resolution capacity.

The Fund transferred 100% of the issue value of the 'A' series shares subscribed at the time of establishment (i.e. the full value of 10 common shares with a nominal value of HUF 20,000,000 each) into the Fund's bank account, a total of HUF 200,000,000.

On 17 December 2015, the Fund and MSZVK Zrt. signed a loan agreement, under which the Fund extended a loan of HUF 45,500,000,000 and EUR 166,900,000 to MSZVK Zrt. for a term of 10 years; the loan will be repaid in accordance with the terms and conditions of the loan agreement.

The Fund took out HUF- and EUR-denominated loans from the banking consortium led by K&H Bank Zrt. – under joint and several guarantee by the state – in order to provide a loan to MSZVK Zrt., previously established to finance its activities. MSZVK Zrt. took over the non-performing assets denominated in HUF, EUR and CHF from MKB Bank Zrt. The Fund extended a loan to MSZVK Zrt. in HUF, EUR and CHF.

In order to provide coverage for the HUF- and EUR-denominated consortium loans, and for the open foreign exchange positions stemming from the HUF, EUR and CHF

loans extended to MSZVK Zrt., the Fund is allowed to enter into spot foreign exchange transactions and non-deliverable forward foreign exchange transactions with a maturity of one month for the FX pairs HUF-EUR, HUF-CHF and EUR-CHF.

The amount of the deposit placed by the Fund at CBH for a given transaction on a given day is considerably higher than the deposits arising from the profit or loss that would accumulate from open forward transactions by the given day.

As collateral for loans extended to MSZVK Zrt., the Fund received all the shares of MKB Pénzügyi Zrt. (Szanálási Követeléskezelő Zrt./Resolution Receivable Management Plc. due to a change of name) fully owned by it, and all the shares of Resideál Zrt.

3.2.1. CURRENT ASSETS

The Fund's current assets totalled HUF 4,632,170,000 on the account held by CBH on the balance sheet date. This amount comprised the membership fees collected. The Fund's custodian is KELER Central Clearing House and Depository Ltd., which acted in the role of the custodian, pursuant to the amendment of Section 335/A of Act CXX of 2001 by Section 9 of Act CIV of 2014, which took effect on 1 January 2015.

The Fund had no stocks on the balance sheet date.

3.2.1.1. RECEIVABLES

SHORT-TERM RECEIVABLES (Figures are in thousand HUF)		
DESCRIPTION	31.12.2014.	31.12.2015.
Fee receivables from member institutions	50	146,600
Extended loans	0	7,258,301
TOTAL	50	7,404,901

At the end of 2014, receivables from members in the form of regular fees totalled HUF 50,000, which comprised the accession fee and 2014 membership fee arrears for Central Credit Befektetési Tanácsadó Zrt. (Central Credit Investment Consultant Plc. – Central Credit Zrt.).

With its resolution No. H-EN-III-106/2014, the National Bank of Hungary revoked the licence of Central Credit Zrt. for the provision of investment services on 12 November 2014. The fees unpaid by the institution were accounted as impairment under the heading Receivables from fees.

At the end of 2015, receivables from member institutions in the form of regular fees totalled HUF 146,600,000. This amount comprises the fee advances for Q4 of 2015, which were actually paid in January 2016, within the payment deadline. Within the short-term receivables, HUF 207,000 was accounted as impairment. This amount is composed of unpaid fees that have been reported to the liquidators.

The amount of HUF 7,258,301,000 that appears under the short-term receivables heading includes the instalments of the long-term loans due in 2016.

3.2.1.2. LIQUID ASSETS

Under the heading Liquid assets bank deposits based on the bank statement of CBH totalled HUF 4,632,170,000 on the balance sheet date (31.12.2015.).

The size of the bank deposits is justified by the fact that, due to the extended EUR- and CHF-denominated loans, the Fund and CBH entered into forward foreign exchange deals, and the deposits kept by the Fund at CBH in connection with such transactions on a given day must be considerably higher than the deposits arising from the profit or loss accumulated from open forward transactions by the given day.

The Fund has no cash in hand.

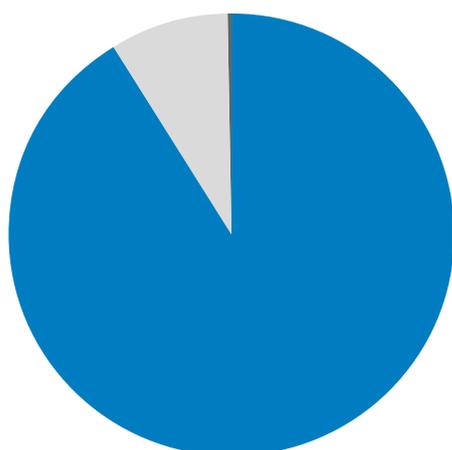
3.2.2. PREPAYMENTS AND ACCRUED INCOME

PREPAYMENTS AND ACCRUED INCOME (Figures are in thousand HUF)		
	31.12.2014.	31.12.2015.
Accumulated interest on securities	0	63,023
Interest on loans given	0	52,684
Profit on forward foreign exchange transactions	0	73,258
Liability insurance	1,856	1,855
Default penalty	142	0
TOTAL	1,998	190,820

Prepayments and accrued income are entered into the balance sheet at book value.

3.3. LIABILITIES

CHANGES IN THE COMPOSITION OF LIABILITIES (Figures are in thousand HUF)						
Description	Base year 31.12.2014.	Subject year 31.12.2015.	Distribution (%) 31.12.2014.	Distribution (%) 31.12.2015.	Change HUF thousand	Change % Base=100
D. Equity	2,387,118	9,247,524	98.93%	8.62%	6,860,406	387.39%
E. Provisions	0	0	0.00%	0.00%	0	0.00%
F. Liabilities	25,462	97,809,348	1.06%	91.14%	97,783,881	384,063.09%
G. Accruals and deferred payments	407	258,570	0.02%	0.24%	258,163	63,530.71%
Total liabilities	2,412,992	107,315,442	100.00%	100.00%	104,902,450	4,447.40%



YEAR 2015

■ D. Equity	8.62%
■ E. Provisions	0.00%
■ F. Liabilities	91.14%
■ G. Accruals and deferred income	0.24%

3.3.1. EQUITY

COMPOSITION OF EQUITY, CHANGES (Figures are in thousand HUF)						
Description	Base year 31.12.2014.	Subject year 31.12.2015.	Distribution (%) 31.12.2014.	Distribution (%) 31.12.2015.	Change HUF thousand	Change % Base=100
I. ISSUED CAPITAL	425,972	425,972	17.84%	4.61%	0	0.00%
II. CAPITAL RESERVE	0	1,961,146	0.00%	21.21%	1,961,146	0.00%
III. REVALUATION RESERVE	0	0	0.00%	0.00%	0	0.00%
IV. BALANCE SHEET PROFIT OR LOSS FIGURE	1,961,146	6,860,406	82.16%	74.19%	4,899,260	349.82%
D. EQUITY	2,387,118	9,247,524	100.00%	100.00%	6,850,406	387.39%

The Fund's equity quadrupled, i.e. increased by HUF 6,860,406,000, from 31 December 2014 to 31 December 2015.

Registered capital

The registered capital stems from the accession fees paid by the member institutions. Pursuant to Section 137 of the Act on Resolution, an institution that wants to join the Fund shall pay a one-off accession fee.

As of 31 December 2015, the Fund's issued capital totalled HUF 425,972,000.

Net profit/loss

As of 31 December 2015, the Fund's net profit totalled HUF 6,860,406,000. Pursuant to the Government Decree, the total amount of the Fund's profit must be accounted as an increase in the reserves in the subsequent year.

3.3.2. PROVISIONS

In 2015, the Fund did not generate provisions because it was not aware of any liabilities or future costs that would justify them. The loan taken from the banking consortium will be repaid from the return on the loan.

3.3.3. LIABILITIES

Long-term liabilities

The book value of the Fund's long-term liabilities totals HUF 87,983,755,000, which equals the loan taken from the banking consortium for a term of 10 years. Repayment and interest payment are implemented according to the schedule specified in the Annex to the contract.

Amount of the loan taken: HUF 45,500,000,000 and EUR 166,900,000.

Purpose of the loan: to enable the Fund to extend a loan to MSZVK Zrt. [in line with Section 126(3) b) of the Act on Resolution] to enable MSZVK Zrt. to purchase certain non-performing assets of MKB Bank Zrt. under resolution through MKB Pénzügyi Zrt. (Szanálási Követeléskezelő Zrt /Resolution Receivable Management Plc., due to a change of name) and fully owned by it.

Short-term liabilities

As of 31 December 2015, the Fund's short-term liabilities totalled HUF 9,825,593,000.

SHORT-TERM LOANS (Figures are in thousand HUF)		
Description	31.12.2014.	31.12.2015.
Installment payable on the long-term loan in 2016	0	4,550,000
Installment payable on the long-term EUR loan in 2016	0	5,225,973
TOTAL	0	9,775,973

Other short-term liabilities totalled HUF 49,620,000, and comprised the following items:

OTHER SHORT-TERM LOANS (Figures are in thousand HUF)		
Description	31.12.2014.	31.12.2015.
Domestic trade accounts payable	14,118	39,000
Unpaid taxes	1,429	369
Income clearing account	5,985	1,548
Contributions	3,930	1,016
Over-payment of membership fees	0	7,682
Other short-term liabilities	5	5
ÖSSZESEN	25,467	49,620

Trade accounts payable, taxes and budgetary obligations are presented in accordance with the trade invoices and returns, at book value. Out of the book value of liabilities effective on the balance sheet date, trade accounts payable totalled HUF 39,000,000 and included the following major items: HUF 8,326,000 invoiced by NDIF for mediated services (including VAT), HUF 30,030,000 in legal fees incurred in connection with taking out the consortium loan, and HUF 1,123,000 in portfolio management fee.

The trade accounts payable were paid by the date of balance sheet preparation.

Tax and contribution debts to the budget totalled HUF 1,385,000 at the end of the year. They comprised the personal income tax payable on the remunerations and social contribution (SZOCHO). These items were paid by the deadline before the date of balance sheet preparation.

Overpaid membership fees were refunded in the first months of 2016.

3.3.4. ACCRUALS AND DEFERRED INCOME

As of 31 December 2015, the Fund's accruals and deferred income totalled HUF 258,570,000, and comprised the following items:

ACCRUALS AND DEFERRED INCOME (Figures are in thousand HUF)**Deferral of costs and expenditures**

deferral of the account keeping fee for the CHF account	10
deferral of the account keeping fee for the EUR account	10
deferral of the auditing fee for 2015	985
deferral of the exchange rate margin of K&H Bank	16
Fee for joint and several guarantee by the state	195,520

TOTAL	196,541
--------------	----------------

Deferral for the payment of interests due

Deferral for the payment of the interest on the HUF consortium loan	31,850
Deferral for the payment of the interest on the EUR consortium loan	22,863
Other default interest	11

TOTAL	54,724
--------------	---------------

Exchange rate loss on forward forex transactions

Deferral of the loss on forward transactions (NDF) EUR/HUF	7,305
--	-------

TOTAL	7,305
--------------	--------------

Total accruals and deferred income:	258,570
--	----------------

4. SUPPLEMENTS RELATED TO CERTAIN ITEMS OF THE PROFIT AND LOSS STATEMENT

4.1. INCOME SHOWN IN THE PROFIT AND LOSS STATEMENT

Figures are in thousand HUF				
Description	31.12.2014.	31.12.2015.	Change	%
Income from resolution-related activities	1,986,747	7,290,255		366.9%
Other income	755	285		37.8%
Income from financial transactions	2,588	439,693		16,989.7%
Extraordinary income	0	0		0.0%
TOTAL	1,990,090	7,730,233		388.5%

The Fund's income stemmed from the regular annual fees paid by the member institutions. Most of the fees were received by the payment deadline.

In 2014, other income totalled HUF 755,000 from the default interest paid by 12 institutions.

In 2015, other income reached HUF 285,000. Similarly to the previous year, this amount came from default interests.

In 2015, the Fund earned HUF 439,693,000 from financial transactions. This amount originated partly from the return on fixed assets and partly from the interest on depositing the balance of the bank account at the end of the day.

4.2. COSTS AND EXPENDITURES OF THE FUND

CHANGES IN EXPENDITURES (Figures are in thousand HUF)				
Description	31.12.2014.	31.12.2015.	Change	%
Expenditures related to resolution	0	0		0.0%
Other expenditures	50	211		422.0%
Expenditures on financial transactions	0	256,025		0.0%
Extraordinary expenditures	0	0		0.0%
Material expenditures	17,550	579,053		3,299.5%
Payroll and related expenditures	11,344	34,538		304.5%
Depreciation	0	0		0.0%
Operating costs (01+02+03)	28,894	613,591		2,123.6%
Total expenditures	28,944	869,827		3,005.2%

Other expenditures were negligible in 2014 HUF 50,000. They came from the accounting of fee arrears for Central Credit Befektetési Tanácsadó Zrt. as impairment. In 2015, other expenditures totalled HUF 211,000. This amount equalled the accounting of the overpaid fees by Quaestor Értékpapírkereskedelmi és Befektetési Zrt. (HUF 149,000) and of Hungária Értékpapír Zrt. as impairment – concurrently, the amount was

reported to the liquidator as a creditor's claim – and from crediting HUF 27,000 as a proportionate membership fee.

4.3. COSTS RELATED TO OPERATION IN 2015

The actual operating costs were many times higher than in the base year, since 2015 was a full year, while the base year contained costs only for five months due to the fact that the Fund was established on 21 July 2014. Parts of the costs (office rental, costs of forms/professional books /journals, postal and telephone costs and operation-related labour costs) were accounted in accordance with the agreement between NDIF and the Fund.

The attached table shows the discrepancy between the actual and the budgeted costs for each cost row. The significant costs that the Fund incurred in the last months of the reporting year in connection with the establishment and operation of MSZVK Zrt. are also shown in the attached table by cost rows, with all other cost categories.

For the lack of a benchmark, the operating costs of the Fund were budgeted on the basis of assumed costs.

Major cost items in addition to the costs of MSZVK Zrt.:

- auditor's and internal control fees: HUF 3,868,000 (budgeted: HUF 3,907,000);
- rent and operating fees: HUF 1,732,000 (budgeted: HUF 1,205,000);
- postal fees, courier's fees: HUF 636,000 (budgeted: HUF 300,000);
- image building and other communication costs: 1 452 E Ft (budgeted: HUF 1,240,000)
- portfolio management fee, deposit management fee, banking costs: HUF 6,215,000 (budgeted: HUF 4,238,000);
- staff costs related to the operation of the Resolution Fund: HUF 26,391,000 (budgeted: HUF 20,344,000) Pursuant to the agreement between NDIF and the Resolution Fund, the proportionate wage and contribution costs + VAT of NDIF employees involved in the completion of the tasks of the Resolution Fund were invoiced further to the Fund;

The Fund has no separate work organisation. Operational tasks are performed by the NDIF work organisation separately from its own tasks, under the supervision of the Managing Director of NDIF. The fees invoiced by NDIF under this legal title were accounted under the heading Material expenditures.

NDIF hired one more staff member to perform risk-management tasks related to the activities of MSZVK Zrt., and to handle forward foreign exchange transactions stemming from the open foreign exchange position (due to the given loans). Consequently, the wage costs (which were invoiced further) were increased proportionately.

The budget did not project the awarded pay rise for NDIF employees; and

- remunerations equalled HUF 34,538,000 (budgeted: HUF 34,506,000).

The itemised costs, shown in a separate row under actual costs and expected to be recovered in 2016, total HUF 534,824,000 and are related to MSZVK Zrt. The permanent operating costs are 11.6% higher than envisaged, partly due to staff costs related to operation, and partly due to infrastructural costs that were not known during the budgeting process (costs of forms, rental and operating fees, portfolio management fee).



BUSINESS REPORT

I. OBJECTIVES FOR THE FUTURE AND SIGNIFICANT EVENTS IN 2015

The short-term objective of the Fund is to harmonise the fee policy with the guidelines of the European Banking Authority (EBA).

In 2015, preparation for the collection of the quarterly fees was a major event. It involved sending out notifications about the 2015 fees specified by the Resolution Authority, accounting for the fee differences. The overpaid fees were refunded in December 2015.

An objective for the future is compliance with the requirement of the Act on Resolution, i.e. the accumulation of assets worth 1% of the protected deposits within 10 years.

In February 2015, the deposit and portfolio management contract was concluded. Consequently, the Fund keeps its disposable funds in government bonds.

A resolution procedure has been in progress against a member institution since the middle of December 2014. During this procedure, the assets of the Fund have been used in line with the resolution tool(s) applied by the Resolution Authority.

In 2015 the Fund established MSZVK Zrt.

II. SIGNIFICANT EVENTS THAT OCCURRED AFTER THE ACCOUNTING DATE

The repayment of the loan and the interest thereon was a major event after the accounting date.

III. PÉNZÜGYI, VAGYONI HELYZETET JELLEMZŐ MUTATÓK

National Deposit Insurance Fund	Base year 31.12.2014.	Subject year 31.12.2015.
Share of fixed assets = $\frac{\text{Fixed assets} \times 100}{\text{Total assets}}$	0.00%	85.28%
Share of current assets = $\frac{\text{Current assets} + \text{prepayments and accrued income} \times 100}{\text{Total assets}}$	100.00%	14.72%
Equity ratio = $\frac{\text{Equity}}{\text{Balance sheet total}}$	98.93%	8.62%
Balance sheet profit/loss to equity ratio = $\frac{\text{Balance sheet profit/loss} \times 100}{\text{Equity}}$	82.16%	74.19%

Share of liabilities =	1.06%	91.14%
$\frac{\text{Liabilities} \times 100}{\text{Balance sheet total}}$		
Cover of fixed assets =	-	10%
$\frac{\text{Equity} \times 100}{\text{Fixed assets}}$		
Current assets, equity ratio =	99.93%	62.50%
$\frac{\text{Current assets} \times 100}{\text{Fixed assets}}$		
Liquidity ratio =	9,467.13%	158.83%
$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$		
Pre-tax return on sales =	98.55%	88.75%
$\frac{\text{Pre-tax profit/loss} \times 100}{\text{Total sales revenues} + \text{total revenues}}$		
Return on assets (ROA) =	81.27%	6.39%
$\frac{\text{Pre-tax profit/loss} \times 100}{\text{Total assets}}$		

In 2015, the Resolution Fund Board of Directors passed 46 resolutions, 39 of which were adopted at 39 board meetings, and 7 resolutions that were passed outside meetings.

The resolutions of the Board of Directors were adopted on issues designated by the Act on Resolution and on the most important issues affecting the organisation and operation of the Fund, especially including the following subjects:

- consent to the appointment of the permanent deputies of the members of the Board of Directors;
- approval of the Fund's accounting regulations (accounting policy, system of accounts and valuation regulation);
- approval of the Fund's annual report for the fractional year of 2014;
- decision on and passing concrete resolutions on the establishment of the Resolution Asset Management Company;
- approval of the 2014 report of the Fund's internal controller for 2014;
- appointment of the auditor to audit the Fund's annual report for 2015;
- decisions related to the funding of MSZVK Zrt., including the decisions related to the loan to be taken out from the banking consortium led by K&H Bank Zrt., and decisions related to loans to be extended to MSZVK Zrt.;
- approval of the budget of the Resolution Fund for 2016; and
- approval of the work plans of the Board of Directors and internal controller of the Resolution Fund for 2016

Signed in Budapest on 7 May 2016.

Ágnes Hornung
Chairperson of the Board of Directors of the Resolution Fund



RESOLUTION
FUND
HUNGARY

Annual Report 2015

Published by: Resolution Fund Hungary

Office: 1027 Budapest, Csalogány u. 9-11.

Postal address: 1535 Budapest, Pf. 711

Phone: +36 (1) 214 0661

Fax: +36 (1) 214-0665

E-mail address: info@szanalasialap.hu

© Resolution Fund, 2016



RESOLUTION
FUND
HUNGARY