



SZANÁLÁSI
ALAP



ANNUAL
REPORT
2023



BALANCE SHEET AND INCOME STATEMENT OF THE 2023 ANNUAL REPORT OF THE RESOLUTION FUND

Balance sheet of the Resolution Fund as of December 31, 2023
Statistical number: 18618389-6619-919-01

| BALANCE SHEET version „A“ – ASSETS | | | |
|------------------------------------|---|----------------|-------------------|
| No. | Description | Baseline year | Year under review |
| | | 31.12.2022 | 31.12.2023 |
| 1 A | FIXED ASSETS | 75 108 | 680 |
| 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 | 75 108 | 680 |
| 15 B | CURRENT ASSETS | 36 113 | 125 262 |
| 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 | 0 | 0 |
| 22 II.1 | Receivables from member institutions | 0 | 0 |
| 23 II.1.a | Receivables from fees | 0 | 0 |
| 24 II.1.b | Receivables from lending | 0 | 0 |
| 25 II.1.c | Other receivables from institutions | 0 | 0 |
| 26 II.2 | Other receivables | 0 | 0 |
| 27 III. | SECURITIES | 35 759 | 120 680 |
| 28 III.1 | Government securities | 35 759 | 120 680 |
| 29 III.2 | Other securities | 0 | 0 |
| 30 IV. | LIQUID ASSETS | 354 | 4 582 |
| 31 IV.1 | Cash and cheques | 0 | 0 |
| 32 IV.2 | Bank deposits | 354 | 4 582 |
| 33 C | PREPAYMENTS AND ACCRUED INCOME | 1 497 | 1 504 |
| 34 | TOTAL ASSETS | 112 718 | 127 446 |

data in HUF million

Balance sheet of the Resolution Fund as of December 31, 2023
Statistical number: 18618389-6619-919-01

| BALANCE SHEET version „A” – LIABILITIES | | | | |
|---|---------|--|----------------|-------------------|
| No. | | Description | Baseline year | Year under review |
| | | | 2022.12.31. | 2023.12.31. |
| 35 | D. | EQUITY | 112 700 | 127 383 |
| 36 | I. | REGISTERED CAPITAL | 431 | 431 |
| 37 | II. | CAPITAL RESERVES | 94 601 | 112 269 |
| 38 | III. | VALUATION RESERVES | 0 | 0 |
| 39 | IV. | PROFIT / LOSS FOR THE YEAR | 17 668 | 14 683 |
| 40 | E. | PROVISIONS | 3 | 3 |
| 41 | F. | LIABILITIES | 13 | 58 |
| 42 | I. | <i>LONG-TERM LIABILITIES</i> | <i>0</i> | <i>0</i> |
| 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 | 0 | 0 |
| 46 | II. | <i>SHORT-TERM LIABILITIES</i> | <i>13</i> | <i>58</i> |
| 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 | 0 |
| 52 | II.3 | Short-term borrowings | 0 | 0 |
| 53 | II.4 | Other short-term liabilities | 13 | 58 |
| 54 | G. | ACRUALS AND DEFERRED INCOME | 2 | 2 |
| 55 | | TOTAL LIABILITIES | 112 718 | 127 446 |

data in HUF million

Profit and loss statement of the Resolution Fund for the business year from
January 1, 2023 to December 31, 2023
Statistical number: 18618389-6619-919-01

| INCOME STATEMENT (TOTAL-COST METHOD) version „A” | | | | |
|--|------|--|---------------|-------------------|
| No. | | Description | Baseline year | Year under review |
| | | | 2022 | 2023 |
| 1 | I. | Revenues from resolution | 17 375 | 11 076 |
| 2 | II. | Other revenues | 2 | 1 |
| 3 | III. | Revenues from financial transactions | 3 230 | 6 299 |
| 4 | IV. | Expenditures on resolution | 0 | 0 |
| 5 | V. | Other expenditures | 0 | 0 |
| 6 | VI. | Expenditures on financial transactions | 2 805 | 2 464 |
| 7 | 01 | Expenditures on materials | 75 | 159 |
| 8 | 02 | Payroll and related expenditures | 59 | 70 |
| 9 | 03 | Depreciation | 0 | 0 |
| 10 | VII. | Operating expenses (01+02+03) | 134 | 229 |
| 11 | A. | PROFIT/LOSS FOR THE YEAR (I+II+III-IV-V-VI-VII) | 17 668 | 14 683 |

Budapest, May 22, 2024.

data in HUF million

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Máté Lóga
Chairman of the Board of Directors
of the Resolution Fund

Cash flow statement of the Resolution Fund December 31, 2023.
Statistical number: 18618389-6619-919-01

| CASH - FLOW STATEMENT | | | | | | |
|--|--|----------------|-------------------|----------------|------------------|---|
| No. | Description | Baseline year | Year under review | Change | | Compo- sition in year under review |
| | | | | HUF '000000 | % | % |
| I. Cash flow from ordinary activities (lines 1-11) | | | | | | |
| | | 2022 | 2023 | | | |
| 1 | Profit / loss for the year | 17 668 | 14 683 | -2 985 | -16,9% | 347,3% |
| 1a | Modification of profit/loss | 0 | 0 | 0 | N/A | 0,0% |
| 2 | Depreciation charged | 0 | 0 | 0 | N/A | 0,0% |
| 3 | Impairment charged and reversed | -3 445 | -882 | 2 563 | -74,4% | -20,9% |
| 4 | Balance of provisions set up and used | 0 | 0 | 0 | N/A | 0,0% |
| 5 | Profit/loss of sale of fixed assets | 0 | 0 | 0 | N/A | 0,0% |
| 6 | Change of trade accounts payable | -5 | -41 | -36 | 658,6% | -1,0% |
| 7 | Change of other short-term liabilities | -142 | 87 | 229 | -161,2% | 2,1% |
| 8 | Change of accruals and deferred income | 0 | 0 | 0 | N/A | 0,0% |
| 9 | Change of receivables from member institutions | 0 | 0 | 0 | N/A | 0,0% |
| 9/a | Change of payables to member institutions | 0 | 0 | 0 | N/A | 0,0% |
| 10 | Change of current assets (excluding trade accounts receivable and liquid assets) | 13 040 | -84 039 | -97 079 | -744,5% | -1987,6% |
| 11 | Change of prepayments and accrued income | -625 | -8 | 617 | -98,8% | -0,2% |
| I. TOTAL OPERATING CASH FLOW | | 26 491 | -70 200 | -96 691 | -365,0% | -1 660,3% |
| II. Change of funds from investment activities (lines 12-16) | | | | | | |
| 12 | Procurement of fixed assets | -26 546 | 0 | 26 546 | N/A | 0,0% |
| 13 | Sale of fixed assets | 0 | 74 428 | 74 428 | N/A | 1 760,3% |
| 14 | Long-term loans provided, bank deposits, repayments, | 0 | 0 | 0 | N/A | 0,0% |
| 15 | Long-term loans provided, bank deposits | 0 | 0 | 0 | N/A | 0,0% |
| 16 | Dividends received | 0 | 0 | 0 | N/A | 0,0% |
| II. TOTAL INVESTMENT CASH FLOW | | -26 546 | 74 428 | 100 974 | -380,4% | 1 760,3% |
| III. Cash flow from financial transactions (lines 17-26) | | | | | | |
| 17 | Accession fees received (other capital income) | 0 | 0 | 0 | N/A | 0,0% |
| 18 | Revenues from share issuance (other capital income) | 0 | 0 | 0 | N/A | 0,0% |
| 19 | Revenues from the issuance of bonds and credit securities | 0 | 0 | 0 | N/A | 0,0% |
| 20 | Borrowing | 0 | 0 | 0 | N/A | 0,0% |
| 21 | Liquid assets received for good | 0 | 0 | 0 | N/A | 0,0% |
| 22 | Share withdrawal (other decrease of capital) | 0 | 0 | 0 | N/A | 0,0% |
| 23 | Repayment of bonds and credit securities | 0 | 0 | 0 | N/A | 0,0% |
| 24 | Loan instalments and payoff | 0 | 0 | 0 | N/A | 0,0% |
| 25 | Liquid assets transferred for good | 0 | 0 | 0 | N/A | 0,0% |
| 26 | Change in liabilities to founders / other long-term liabilities | 0 | 0 | 0 | N/A | 0,0% |
| III. TOTAL FINANCIAL CASH FLOW | | 0 | 0 | 0 | N/A | 0,0% |
| 27 | Revaluation of foreign exchange cash and cash equivalents | 0 | 0 | 0 | N/A | 0,0% |
| IV. CHANGE OF CASH AND CASH EQUIVALENTS IN BALANCE SHEET (+/- I. +/- II. +/- III. + 27) | | | 4 228 | 4 283 | -7 755,5% | 100,0% |

Budapest, May 22, 2024.

data in HUF million

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Máté Lóga
Chairman of the Board of Directors
of the Resolution Fund



NOTES TO THE 2023 ANNUAL REPORT OF THE RESOLUTION FUND

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1. GENERAL PART

1.1. PRESENTATION OF THE RESOLUTION FUND

| | |
|--|---|
| Name of the institution: | Resolution Fund (hereinafter: the „Fund”) |
| Headquarters: | 1092 Budapest, Köztelek u. 6. |
| Website: | www.szanalasialap.hu |
| Form of incorporation: | based on legislation (Act XXXVII of 2014 on the Further Development of the Institutional System Strengthening the Security of Certain Actors of the Financial Intermediation System, hereinafter: the “Resolution Act”), date of establishment: July 21, 2014 |
| Business form: | 919 Other fund |
| Statistical number: | 18618389-6619-919-01 |
| Tax administration number: | 18618389-2-43 |
| The Fund’s account-managing banks are: | Hungarian National Bank (hereinafter: „MNB”), UniCredit Bank Zrt., OTP Bank Nyrt., Hungarian State Treasury. |
| Portfolio Manager of the Fund: | Until May 1, 2023, the Fund’s securities manager and custodian will be KELER Zrt., and from May 2, 2023, KELER Zrt (as the registrar of the securities embodying the stake in MSZVK Zrt), and Raiffeisen Bank Private Limited Company (hereinafter: „Raiffeisen Bank”), as custodian, which provide custodian activities for the Fund based on § 335 of Act CXX of 2001 on the capital market. |
| Portfolio managers of the Fund: (from May 2, 2023) | VIG Fund Management Limited Liability Company (hereinafter: „VIG Fund Management”), Gránit Fund Management Limited Liability Company (hereinafter: “Gránit Fund Management”), MBH Fund Management Limited Liability Company (hereinafter: „MBH Fund Management”). |
| The persons authorized to represent the Fund and to sign the annual report are members of the Board of Directors, based on the authorization of the Board of Directors of the Fund: | |
| a) independently: | Máté Lóga , State Secretary of the Ministry of Economic Development (1011 Budapest, Vám utca 5-7), Address: 1212 Budapest, Kassai u. 82. |
| b) together: | Dr. Csaba Kandrás , vice president of the MNB (1013 Budapest, Krisztina krt. 55.), Address: 1021 Budapest, Tároगतó út 106 b. Dr. András Kómár , managing director of the National Deposit Insurance Fund (hereinafter: „OBA”). Address: 1078 Budapest, Cserhát u. 17. II. /17. Dr. Krisztina Márta Róbertné Mohácsi , head of the MNB’s Resolution Legal and Regulatory Department. Address: 2330 Dunaharaszti, Hoitsy Pál u. 7. |
| The Auditor of the Fund: | MAZARS accounting expert and consultant Kft. (1139 Budapest, Fiastyúk u. 4-8., 2. em.) |
| Auditor’s licence number: | 002220 |
| The person conducting the audit: | Gabriella Gábor, chamber member auditor |
| Auditor’s licence number: | 007036 |
| The accounting service provider: | Balázs Egon Gottl, OBA’s chief accountant |
| Registration number: | 172262 |
| Place of preparation of the report: | The seat of the Fund: 1092 Budapest, Köztelek u. 6. |

1.2. ESTABLISHMENT AND TAX STATUS OF THE FUND

The Fund was created by virtue of the law when the Resolution Act came into force. According to point 16 of Annex 5 of Act LXXXI of 1996 on corporate tax and dividend tax, the Fund is not a corporate tax subject, and pursuant to §3 paragraph 5 of Act C of 1990 on local taxes (hereinafter: “Local tax act”), the scope of the Act does not cover the Fund, according to §5 paragraph r) of Act XCIII of 1990 on levies the Fund receives full personal tax exemption. The subscribed capital of the Fund consists of the membership fees of the member institutions.

1.3. MEMBER INSTITUTIONS OF THE FUND

On December 31, 2023, the Fund had **37 member institutions**, of which 18 were banks, 9 specialized credit institutions and 10 investment companies. There were no new accessions during the year 2023, the number of member institutions decreased compared to the previous year due to mergers and, in the case of one member institution, the return of its activities. The names of the Fund’s member institutions and the amount of the membership fees paid by the members for the year 2023 are contained in **Annex 1**, and the complete list of member institutions is contained in **Annex 2**. Annex 2 lists organizations created as a result of member institution transformations, mergers and integrations in the following year 2023:

- a) In May 2023, with the transformation of MKB Bank, MBH Bank Zrt. was established, into which Takarékbank Zrt. merged. Due to the termination of MKB through legal succession, its general legal successor, MBH Bank, paid the fee of MKB; Takarékbank Zrt, which ceased to exist through the merger, still paid the fee for the year 2023 as part of the Takarékbank group.
- b) MTB Zrt. (new name MBH Investment Bank Zrt.) and TakarékJelzálogbank Nyrt. (later named MBH Jelzálogbank Plc.) paid the fees as part of the Takarékbank group.
- c) DUNA TAKARÉK BANK Zrt. (new name: MBH Duna Bank Zrt.) changed ownership.

The number of member institutions did not change between the balance sheet date (December 31, 2023) and the balance sheet preparation date (February 29, 2024).

1.4. THE FUND’S SCOPE OF ACTIVITIES AND TASKS

The most important rules for the operation of the Fund can be found in the Resolution Act, in Government Decree No. 214/2000 (XII. 11.) on the specifics of the obligation to prepare an annual report and keep records of an investor protection fund (hereinafter: the “Government Decree”), and in the regulations of the Fund.

The Fund is financed from the contributions of the member institutions and is directly related to the resolution and is intended to cover the financing needs specified in the Resolution Act. The Fund’s assets can be used for the following purposes:

- a) guaranteeing the assets and liabilities of the institution under resolution, its subsidiaries, bridging institution or resolution asset manager;
- b) granting loans to the institution under resolution, its subsidiaries, bridging institution or resolution asset manager;

- e) the purchase of the assets of the institution under resolution,
- d) capital contribution to a bridging institution or resolution asset manager,
- e) for the institution under resolution, consent for the purposes specified in § 59-60 of the Resolution Act,
- f) compensation to be paid to the OBA in accordance with § 143 paragraph of the Resolution Act,
- g) compensation to be paid to owners or creditors in accordance with § 98 of the Resolution Act,
- h) ensuring compliance with fiscal neutrality in accordance with § 128 of the Resolution Act,
- i) providing a loan to the resolution financing system of another EEA state on a voluntary basis;
- j) any combination of the measures mentioned in points a)-i)
- k) costs directly related to the operation of the Fund.

During the application of the asset sale tool, the Fund can also be used for the measures mentioned in points a)-d) with regard to the transferee.

1.5. THE GOVERNING BODY AND CONTROL OF THE FUND

1.5.1. THE BOARD OF DIRECTORS

Pursuant to § 132 paragraph 1 of the Resolution Act, the Fund is managed by a five-member board of directors.

Members of the board of directors:

- a person appointed by the minister responsible for the regulation of the money, capital, and insurance market,
- two persons appointed by the president of the MNB acting in his resolution responsibilities, one of whom is the person referred to in § 4 paragraph 8 of Act CXXXIX of 2013 on the Hungarian National Bank (hereinafter: „MNB Act”), the other is the vice president supervising the task specified in § 4 paragraph 9 of the MNB Act or the manager performing this task
- Managing Director of OBA and
- a person designated by the credit institutions’ interest representation organization (who only participates in the meeting of the board of directors when discussing the agenda item on the adoption of the Fund’s annual report and the auditor’s report).

1.5.2. CONTROL OF THE FUND

The financial and accounting audit of the Fund is carried out by the State Audit Office.



2. MAIN FEATURES OF THE FUND'S ACCOUNTING POLICY

2.1. THE LEGAL BASIS OF ACCOUNTING

The Fund keeps its books in accordance with Act C of 2000 on accounting (hereinafter: Accounting Act) and the Government Decree.

2.2. DECISIONS RELATED TO REPORTING OBLIGATIONS

Based on the basic principles and evaluation regulations laid down in the Accounting Act, the Fund developed the accounting policy that best suits its characteristics and circumstances, and that defines the methods and means of implementing the Act. Regarding the reporting obligation, the accounting policy prioritizes the report on the real property, financial and income situation, the purpose of the Accounting Act is to provide information that provides a reliable and true overview and formulates the basic principles, rules and requirements that ensure this.

According to the Accounting Act, the Fund belongs to other organizations whose special accounting and annual reporting obligations are regulated by the Accounting Act and the Government Decree.

a) The reporting form

The Fund prepares an annual report in accordance with the provisions of the Accounting Act, the breakdown of which corresponds to the provisions of the Government Decree.

b) Dates related to the preparation of the report

The closing date of the balance sheet is the 31st of December, the business year is the same as the calendar year.

c) Preparation of the report

The language of the report is Hungarian.

d) Method of accounting

In its management, use, assets and their sources, as well as economic transactions, the Fund ensures that the changes in assets and liabilities are presented in a transparent manner, continuously, in a closed system, in accordance with reality.

According to the Accounting Act, economic events affecting the current year that become known after the balance sheet date, but before the date of the balance sheet preparation, must also be accounted for in the report. These are the events that are related to the current year and that change the asset and liability items as of December 31, and are brought to the attention of the Fund before the annual report is drawn up. The Fund prepares a profit and loss statement with the content specified in the Government Decree (based on the total cost procedure). The Fund records its operating costs (account class 5), as well as its expenses (account class 8) and income (account class 9) according to the chart of accounts.

e) Implementation of accounting principles

The Fund enforces the following basic accounting principles: the principle of continuing the activity, the principle of completeness, the principle of authenticity, the principle of consistency, the principle of continuity, the principle of comparison, the principle of prudence, the principle of gross settlement, the principle of individual assessment, the principle of tempo-

ral demarcation, the principle of the primacy of content over form, the principle of materiality, the principle of cost-benefit comparison.

f) Acceptance of the report

The Board of Directors of the Fund accepts the annual report and the auditor's report by May 30 following the current year and submits them to the State Audit Office.

g) Ensuring comparability

The Resolution Fund was established on July 21, 2014. The comparability of the annual reports is ensured by the constancy of the structural structure, division and content of the balance sheet and the profit and loss statement, as well as the principles and procedures for evaluating the balance sheet items.

h) Articles of exceptional size

Articles of exceptional size can be:

- the Fund sells intellectual property used for its activities, developed in-house, but not shown in value (without terminating its own activities) at such a value that the result of the sale increases its equity by more than 20 percent;
- in the case of the owned company, the Fund acquires influence that ensures a majority or qualified majority through a capital increase or share purchase, or as a result of the capital increase or share purchase, its ownership share exceeds the amount of a significant ownership share, especially if the value spent on the acquisition exceeds the amount of the equity per acquired share by at least 20 percent;
- upon the termination of the owned company without a legal successor, if the amount of ownership in the terminated company exceeded the amount of a significant ownership share, and if the net asset value received from the terminated company is significantly less (by at least 20 percent) than the book value of the share;
- the amount of supplementary payment made to the owned company - within the business year;
- in the case of a capital reduction of at least 20 percent carried out at the owned company due to loss settlement, and in the case of a capital reduction by capital withdrawal, if the effect of modifying the result exceeds 20 percent of the value of the investment;
- upon transformation or merger, if the Fund has at least a significant ownership stake in the transforming or merging company, the amount of its investment and its effect on the result will change by at least 20 percent;
- when taking on debts with the person assuming the debt, if the combined amount of the debts assumed within the business year exceeds 20 percent of the equity capital in excess of the registered capital, and also if there is no capital in excess of the registered capital;
- upon assumption of debt to the person from whom it was taken over, if the total amount of the assumed debts within the business year exceeds 20 percent of all liabilities within the year, and if the combined amount of the assumed debts on the increase in profit exceeds 20 percent of the subscribed capital;
- when an obligation is forgiven, if the combined amount of the forgiven receivables within the business year exceeds 20 percent of the equity capital in excess of the registered capital, and also if there is no capital in excess of the registered capital;
- when waiving an obligation, if the combined amount of the waived obligations within the business year exceeds 20 percent of all obligations within the year, and if the combined amount of the waived obligations on the profit increases exceeds 20 percent of the subscribed capital;
- upon the final transfer of funds, if the total value of the funds transferred within the business year under any legal title exceeds 20 percent of the capital in excess of the registered capital, and also if there is no capital in excess of the registered capital;
- when receiving funds without repayment obligation (including subsidies), if the total value of the funds received in this way - under any legal title - within the business year exceeds 20 percent of the registered capital;

- when transferring other assets without compensation, if the book value of the other assets transferred within the business year at the time of transfer exceeds 20 percent of the capital in excess of the subscribed capital, and also if there is no capital in excess of the subscribed capital at the end of the year;
- when taking over other assets free of charge, if the combined market value of the other assets thus taken over within a year exceeds 20 percent of the subscribed capital;
- in the case of services provided free of charge, if the combined cost value of the services provided within the business year exceeds 20 percent of the year-end value of material expenses;
- in the case of services used free of charge, if the combined market value of the services used within a year exceeds 20 percent of the registered capital.

There were no transactions of exceptional size in 2023.

2.3. ASPECTS OF THE CLASSIFICATION AND EVALUATION OF ASSETS AND LIABILITIES

Aspects of asset classification

According to the provisions of the Accounting Act, the Fund classifies as fixed assets those assets that serve the activity permanently, for at least more than one year, as current assets those assets that serve the activity within one year, including government securities intended for circulation and embodying a debt relationship. An individual classification is carried out upon commissioning, and a review is carried out during the preparation of the balance sheet.

Aspects of the classification of sources

According to the requirements of the Accounting Act and the Government Decree, the Fund's own equity are the sums formed from the current year's profit, external liabilities are the sums of funds, services or other obligations received from external organizations (e.g. credit institutions) with a payment deadline of more than one year or within one year.

2.3.1. EVALUATION OF ASSETS

Fixed assets and current assets must be included in the balance sheet at their purchase (production) cost. When preparing the report, their gross value must be reduced in the case of intangible assets and tangible assets by the amount of depreciation calculated individually for the assets, and in the case of invested financial assets, by the amount of depreciation losses. In the case of intangible assets, tangible assets and invested financial assets, the Fund does not use the market valuation method, i.e. it does not account for value adjustments. The items that are part of the cost (purchase) value of the assets must be taken into account in the invoiced or levied amount when they arise, when the economic event occurs (at the latest when it is put into operation).

Inventories must be entered in the books as purchased goods, and this can be reduced by the amount of the allowable loss of value in the case of conditions specified and explained in detail in the valuation regulations when preparing the report. In the case of the liquidation of the member institution, we also show the assets that have come into the ownership of the Fund through the enforcement of the legal guarantee covering the Fund's guarantee, in the event that they are not used for the purpose of its own activities, but will be sold. Assets that have become the property of the Fund in this way must be entered in the books at the value specified in the asset distribution proposal.

Receivables are included in the balance sheet in an accepted, recognized amount. Receivables cannot be devalued; doubtful receivables must be recorded as impaired in the manner specified in the accounting policy. Uncollectible receivables must be accounted for as a loss under other expenses.

In justified cases, the Fund calculates a loss in value for doubtful receivables and expected losses on the balance sheet date (fee receivables, customer receivables, amounts given as advances, other receivables).

The obligation to account for the depreciation exists when it is foreseeable, it can be assumed, that the claim will not be received, or that it will not be received at the book value. The amount of the depreciation loss is determined based on the individual classification of customers in arrears on the balance sheet date, based on overdue and doubtful receivables, as well as amounts given as advances. If the full amount of the claim has been settled by the time of the balance sheet preparation, or if it has been settled by issuing a promissory note and the promissory note has not yet expired, no loss in value can be accounted for. The Fund calculates a loss in value based on an individual assessment of fee receivables on the balance sheet date.

During the end-of-year valuation of *securities*, the value on the balance sheet is the book value, reduced by the amount of losses that can be accounted for in accordance with the provisions of the Accounting Act and the Fund's Accounting Policy.

Securities embodying a debt relationship with a maturity of more than one year - regardless of whether they are included in current assets or invested financial assets - must be shown at cost value, or at book value reduced by the already accounted for depreciation and increased by the amount of the impaired depreciation.

The Fund shows the *funds* at their book value, which corresponds to bank account statements and cash register inventories.

Accrued income and deferred expenses are an asset-type item that corrects the income and expenses of the relevant period, in accordance with the accrual accounting principle.

The amounts resulting from the following events are shown in the report among the balance stated on the accrued income and deferred expenses balance sheet line:

- revenues that relate to the period closed with the balance sheet, but are due only after the balance sheet date,
- costs and expenses that can be accounted for in the period following the balance sheet date,
- amounts due to additional liabilities.

2.3.2. EVALUATION OF THE EQUITY AND LIABILITIES

The Fund shows its *own equity* in the balance sheet at book value.

The *provision* must be shown in the balance sheet at book value. Provisions must be made for expected liabilities, if their occurrence in the business year following the balance sheet date is already known or probable, from past or ongoing transactions, and there is no other cover for them in the balance sheet. For example, the known or planned costs of sureties, option deals, guarantees, liabilities related to open litigation, etc. Provisions can be made for future costs.

Liabilities are included in the balance sheet in the amount recognized by the Fund in the invoice or contract.

Accrued expenses and deferred income are liability-type items that correct the revenues and expenses of the relevant period, in accordance with the accounting principle of reconciliation. The amounts resulting from the following events are shown in the report under deferred income:

- incomes received before the balance sheet date, but constitute income for the following year,

- costs and expenses that are charged to the year ended with the balance sheet, but arise only after the balance sheet date,
- liabilities burdening the closed year that became known between the balance sheet date and the balance sheet preparation date,
- the amount of subsidies received to offset costs and expenses not yet offset by costs or expenses,
- deferred revenue recognized as revenue.

2.3.3. DESCRIPTION OF THE SPECIFIC EVALUATION PROCEDURES USED IN THE REPORT

Specific asset groups are evaluated at the Fund as follows:

- the accumulated interest included in the purchase value of interest-bearing securities must be booked as a factor reducing income at the time of purchase,
- if the Fund holds the Hungarian government securities in its portfolio until maturity, a loss in value will be accounted for at most up to the nominal value, since the state guarantees its repayment (nominal value at maturity),
- by using the Clavis securities management software, and by using the statements produced from it and provided by the asset managers and the custodian, it became possible to conduct a more detailed securities analysis by item than in previous years (shown according to the FIFO principle), therefore, in the case of securities removed from the individual portfolio and returned to circulation with the transfer to market asset management from May 2, 2023, the Fund will account for the depreciation beyond the nominal value, and during the depreciation calculation, it also takes into account the exchange rate differences of the stock sold up to the date of the balance sheet preparation.

Specific resource groups are evaluated at the fund as follows:

- the Fund's profit for the previous year(s) is transferred to the retained reserve within the equity, at book value,
- liabilities to member institutions are entered into the balance sheet based on bank account statements.

Assets and liabilities not highlighted above are evaluated according to the general provisions of the Accounting Act.

2.3.4. DEPRECIATION DESCRIPTION AND THE METHODS OF ACCOUNTING AND WRITING BACK THE LOSS

Depreciation description methods

The Fund uses the following methods to describe depreciation:

- the basis for accounting for the planned depreciation is the activation value of intangible assets and tangible assets;
- from the day of activation individually, using the planned description keys, in a linear manner;
- the Fund calculates the value of the *low-value* individual purchase or production asset *under HUF 200,000* in a lump sum when put into use.

Accounting and reversal of depreciation

The Fund recognizes a depreciation if the book value of the assets is permanently or definitively, and significantly (the book value in the amount determined for each asset in the valuation regulations) higher than the market value of the assessed asset, and if the financial instrument has become redundant or damaged due to a change in activity. The Fund set the materiality threshold at 10% of the book value. In case of a favorable turn, in addition to revaluation, it is also possible to write back the depreciation loss up to the book value.

3. SUPPLEMENTS AND EXPLANATIONS FOR INDIVIDUAL BALANCE SHEET ITEMS

3.1. INSTRUMENTS

The Fund's balance sheet total at the end of 2023 was **HUF 127,446,007 thousand**, **HUF 14,728,252 thousand** more than in the base year. The change was caused by the following factors.

- The Fund is the 100% owner of MSZVK Zrt. (hereinafter also referred to as the Company). A fair value provision of HUF 1,320,000 thousand was recognized in 2022 for the share in the Company with a book value of HUF 2,000,000 thousand registered among invested financial assets, since, based on the available information, the reduction of the Company's equity below the book value of the **share** could be predicted. Considering the principle of prudence, a provision was accounted for up to the expected value of the Company's equity calculated in the business plan adopted for the year 2023 (up to HUF 680 million). Based on the information for 2023 and forecasts for 2024, we did not change the amount of the fair value provision.
- The Fund's assets were increased by membership fee income reduced by operating expenses and the yield achieved on invested assets. The **securities** were reclassified from the stock of invested financial assets to current assets by placing them in market asset management. The stock increase of securities (resulting from purchase and sale) at the book value reduced by depreciation and increased by write-back was HUF 10,492,633 thousand. The Fund also invested its assets in Hungarian government securities in 2023. On November 3, 2022, the government securities assets previously held in the CMAX index-tracking portfolio were transferred to the securities account maintained at the Hungarian Treasury, the so-called Individual Portfolio, and from May 2, 2023, the securities embodied in Hungarian government bonds and discount treasury bills were transferred to market asset management (Market Portfolio). At the end of 2022, securities with a maturity beyond one year in the Individual Portfolio were shown among the invested financial assets, and securities maturing within the year among the current assets. With the market asset management carried out during the year 2023, the government securities (and their accumulated depreciation) were reclassified as current assets, and they will be shown uniformly there at the end of 2023.
- The increase in cash and bank **balance** was HUF 4,228,194 thousand. The amount of funds at the end of the year comes from the balances of cash and securities accounts. The Fund keeps its liquid funds (in smaller volumes) in cash flow accounts with a commercial bank, as well as in securities accounts with the MNB and the custodian, up to the amount specified in its internal regulations.
- The increase in **accrued income** was HUF 7,425 thousand, the reason for which was basically the increase in accrued interest on government securities due to the increase in invested assets.

1. Table: Changes in the composition and stock of assets

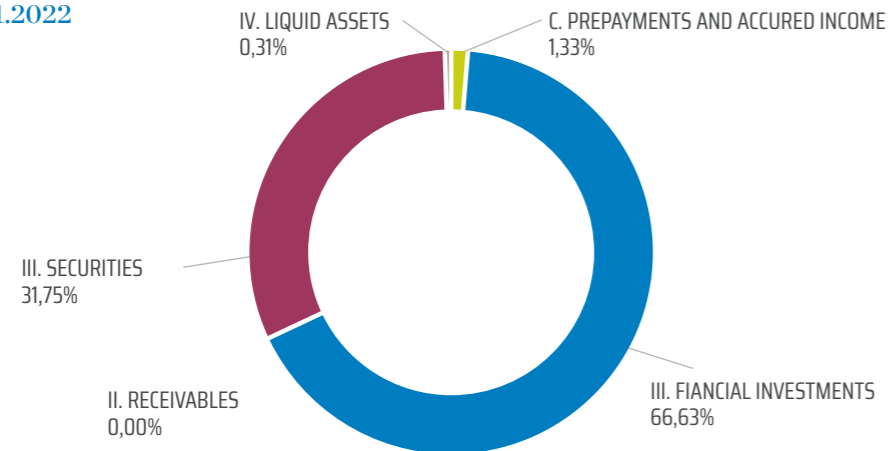
| Description | Baseline year | Year under review | Distribution | Distribution | Change | |
|---|--------------------|--------------------|--------------|--------------|--------------------|--------------|
| | 31.12.2022 | 31.12.2023 | % | % | HUF*000 | % |
| | | | 31.12.2022 | 31.12.2023 | | Baseline=100 |
| A. FIXED ASSETS | 75 107 840 | 680 000 | 66,6 | 0,5 | -74 427 840 | 0,9 |
| I. INTANGIBLE ASSETS | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| II. TANGIBLE ASSETS | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| III. FINANCIAL INVESTMENTS | 75 107 840 | 680 000 | 66,6 | 0,5 | -74 427 840 | 0,9 |
| SHARES | 680 000 | 680 000 | 0,6 | 0,5 | 0 | 100,0 |
| SECURITIES CLASSIFIED AS FIXED FINANCIAL ASSETS | 74 427 840 | 0 | 66,0 | 0,0 | -74 427 839 | 0,0 |
| B. CURRENT ASSETS | 36 113 401 | 125 262 068 | 32,0 | 98,3 | 89 148 667 | 346,9 |
| I. STOCKS | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| II. RECEIVABLES | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| III. SECURITIES | 35 759 609 | 120 680 082 | 31,7 | 94,7 | 84 920 473 | 337,5 |
| IV. LIQUID ASSETS | 353 792 | 4 581 986 | 0,3 | 3,6 | 4 228 194 | 1295,1 |
| C. PREPAYMENTS AND ACCRUED INCOME | 1 496 514 | 1 503 939 | 1,3 | 1,2 | 7 425 | 100,5 |
| TOTAL ASSETS | 112 717 755 | 127 446 007 | 100,0 | 100,0 | 14 728 252 | 113,1 |

Source: Resolution Fund

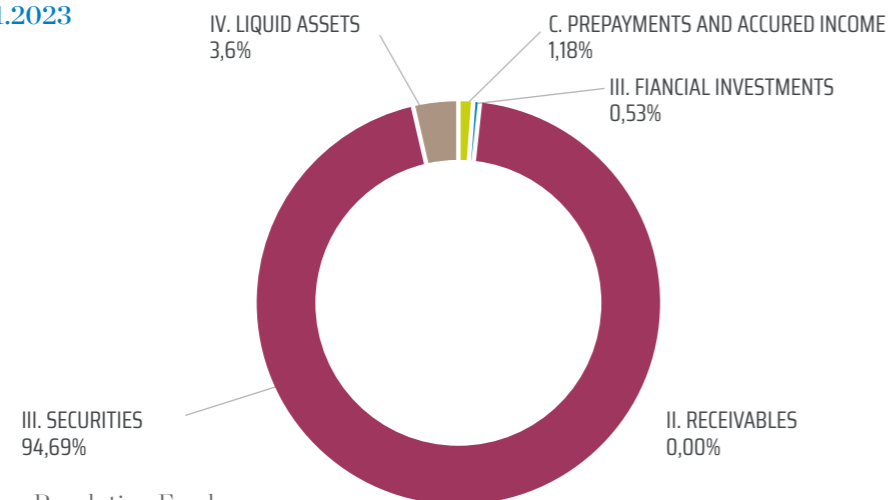
data: In HUF thousand

1. Figure: Composition of the Assets on 12.31.2022 and 12.31.2023

12.31.2022



12.31.2023



Source: Resolution Fund

On the Assets side of the balance sheet at the end of 2023, compared to the previous year, the determining component was the stock of securities registered under current assets, as the securities were placed in market asset management with three asset managers as of May 2, 2023 - in order to share the risk and optimize the return.

3.1.1. FIXED ASSETS

The value of the fixed assets at the end of the year is **HUF 680,000 thousand**, which is the book value of the share in MSZVK Zrt. adjusted for the depreciation detailed in point 3.1.3.

According to the Fund's accounting policy, depreciations of shares must be accounted for if their market value is significantly and permanently lower than their book value, the degree of depreciation is the difference between the qualified, determined market value and the book value. In the case of shares, a loss of value must be accounted for if one of the following conditions exists permanently:

- the market perception of the business company has continuously deteriorated for at least one year compared to the date of the balance sheet preparation
- the invested amount is not expected to be repaid when the company is terminated,
- the part of the company's equity capital proportional to the nominal value of the investment falls below the book value.

Some of the conditions written in the Fund's accounting procedures and laid down in the Accounting Act must be examined, among which, in our opinion, the following two existed on the day of the balance sheet preparation and after, in relation to the 2022 financial statements, and were permanent and significant:

- the market perception of MSZVK Zrt. has continuously deteriorated for at least one year compared to the date of the balance sheet preparation,
- the part of the Company's equity capital proportional to the nominal value of the investment falls below the book value.

On the basis of the above, we considered the accounting of fair value provision according to point 3.1.3. to be justified. The date of accounting in the books of the Resolution Fund: 12.31.2022. We did not change the fair value provision in 2023.

The Fund had neither intangible assets nor tangible assets in 2023, the securities were reclassified as current assets during the year.

2. Table: Table: The composition of the stock of securities shown among the fixed assets and the evolution of the asset value

data: net purchase price less depreciation (book value) in HUF thousand

| Value date | Fix interest bonds Unique | Government bonds total |
|------------------------------------|---------------------------|------------------------|
| OPENING VALUE (01.01.2023.) | 74 427 840 | 74 427 840 |
| Distribution | 100,00% | 100,00% |
| CLOSING VALUE (31.12.2023.) | 0 | 0 |
| Distribution | N/A | N/A |

Source: Resolution Fund

data: In HUF thousand

3.1.2. CURRENT ASSETS

Among the Fund's current assets (HUF 125,262,068 thousand), the net purchase value of the securities reduced by fair value provision is HUF 120,680,082 thousand, as well as the cash on hand in the cash and securities accounts on the balance sheet date in the amount of HUF 4,581,986 thousand.

3.1.2.1. STOCKS

The Fund did not have stocks on the closing date.

3.1.2.2. RECEIVABLES

At the end of 2023, the Fund has no receivables.

3.1.2.3. SECURITIES

The book value of securities registered under current assets (reclassified there during the year or acquired) at the end of the year is HUF 120,680,082 thousand at cost value, and in the case of government bonds at cost value adjusted for depreciation according to point 3.1.3.

According to the Fund's Accounting Policy, a loss of value must be accounted for those securities that have been in existence for at least one year, with maturities beyond one year, where the difference between the market value and the book value, calculated using the exchange rate information available on the balance sheet date, is of a loss nature, the difference exceeds 10% of the book value, and it can also be classified as permanent or permanent, even if the Fund classified them as current assets.

Based on the above, a loss of value was recognized for those Hungarian government bonds with a maturity beyond one year in which the above conditions were met. In the case of previously acquired securities, where the difference between the market value and the net cost (book value) reduced by depreciation was in the opposite direction, and the above other conditions (significant amount, durability) were met, the previously recognized depreciation was written back. The previously recognized loss of value of securities that no longer existed on the balance sheet date was recognized among exchange rate losses on the receivables side (point 3.1.3).

3. Table: The composition of the stock of securities shown among current assets and the evolution of the asset value

data: net purchase price less depreciation (book value) in HUF thousand

| Value date | Fix interest bonds Unique | Discount treasury bills Unique | Fix interest bonds Market | Discount treasury bills Market | Government bonds total |
|------------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|------------------------|
| OPENING VALUE (01.01.2023.) | 8 672 119 | 27 087 490 | - | - | 35 759 609 |
| Distribution | 24,25% | 75,75% | 0,00% | 0,00% | 100,00% |
| CLOSING VALUE (31.12.2023.) | - | - | 118 374 907 | 2 305 175 | 120 680 082 |
| Distribution | N/A | N/A | 98,09% | 1,91% | 100,00% |

Source: Resolution Fund

data: In HUF thousand

3.1.2.4. CASH AND BANK

Among the cash and bank balance (HUF 4,581,986 thousand) on the balance sheet date was the cash in the cash and securities settlement accounts.

3.1.3. CHANGE IN THE FAIR-VALUE PROVISION OF ASSETS IN THE RELEVANT YEAR

The depreciation of assets by balance sheet category in 2023 was as follows.

4. Table: Change in the fair-value provision of assets

| Description | Value | | | |
|--------------------------------------|-----------------------|------------------|------------------|------------------|
| | Financial investments | Shares | Securities | Total assets |
| OPENING VALUE | 3 531 824 | 1 320 000 | 824 543 | 5 676 366 |
| Reclassification (+-) | -3 531 824 | - | 3 531 824 | - |
| Impairment loss write-off (-) | - | - | -1 098 652 | -1 098 652 |
| New impairment loss (+) | - | - | 217 021 | 217 021 |
| Reversed impairment loss (-) | - | - | -289 | -289 |
| IMPAIRMENT CHANGE IN THE YEAR | -3 531 824 | - | 2 649 903 | -881 920 |
| CLOSING VALUE | - | 1 320 000 | 3 474 446 | 4 794 446 |

Source: Resolution Fund

data: In HUF thousand

No fair-value provision has been recognized for receivables and other assets.

3.1.4. ACCRUED INCOME AND DEFERRED EXPENSES

Accrued income and deferred expenses are entered in the balance sheet at their book value, their details are shown in Table 5. In 2023, the accumulated interest and time-proportional yield of the government securities portfolio is a significant amount, totaling HUF 1,444,516 thousand.

At the end of the year, the accrued interest on securities cash flow accounts and the MNB account totaled HUF 54,232 thousand. The amount accrued as other accrued interest is the interest incurred due to the late payment of membership fees in December 2023 (HUF 846 thousand), the amount of accruals related to services is HUF 4,345 thousand.

5. Table: Change in the accruals on the asset side of the balance sheet

| Prepayments and accrued income | 31.12.2022 | 31.12.2023 |
|--|------------------|------------------|
| Accumulated interest on government bonds held | 878 939 | 1 425 943 |
| Time proportionate yield of discount treasury bills | 613 498 | 18 573 |
| Other interest | - | 54 232 |
| Interest incurred due to the late payment of membership fees | 398 | 846 |
| Accruals related to services | 3 679 | 4 345 |
| TOTAL | 1 496 514 | 1 503 939 |

Source: Resolution Fund

data: In HUF thousand

3.2. EQUITY AND LIABILITIES

On the equity and liabilities side of the balance sheet, the current year result for 2023 increased Equity by HUF 14,682,544 thousand to HUF 127,382,377 thousand. The HUF 2,577 thousand contingency provision made by the Fund in 2018 did not change in 2023 either. The Fund had no long-term liabilities at the end of the year. Accruals on the liability side of the balance sheet decreased by HUF 47 thousand.

6. Table: Changes in the composition and composition of the Sources

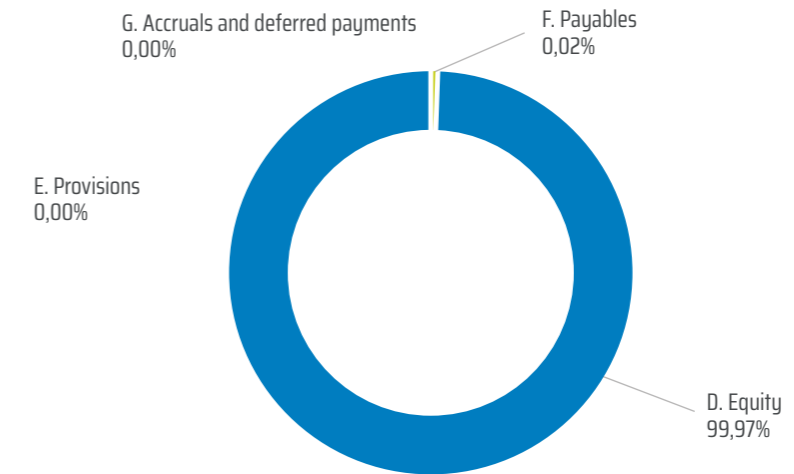
| Description | Baseline year | Year under review | Distribution | Distribution | Change | |
|-----------------------------------|--------------------|--------------------|---------------|---------------|-------------------|---------------|
| | | | % | % | HUF '000 | % |
| | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | | Base-line=100 |
| D. Equity | 112 699 834 | 127 382 377 | 99,98 | 99,95 | 14 682 543 | 113,03 |
| E. Provisions | 2 577 | 2 577 | 0,00 | 0,00 | 0 | 100,00 |
| F. Payables | 12 812 | 58 568 | 0,02 | 0,05 | 45 756 | 457,13 |
| G. Accruals and deferred payments | 2 532 | 2 485 | 0,00 | 0,00 | -47 | 98,14 |
| TOTAL LIABILITIES | 112 717 755 | 127 446 007 | 100,00 | 100,00 | 14 728 252 | 113,07 |

Source: Resolution Fund

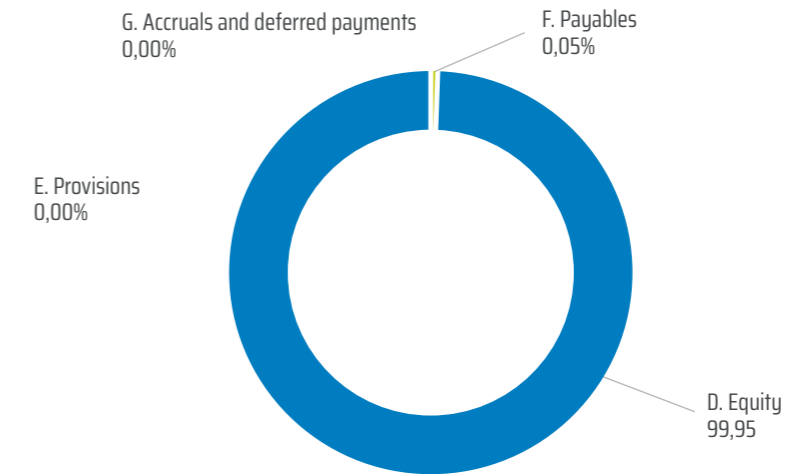
data: In HUF thousand

2. Figure: Composition of Sources on 12.31.2022 and 12.31.2023

12.31.2022



12.31.2023



Source: Resolution Fund



3.2.1. OWN EQUITY

The Fund's equity increased by HUF 14,682,543 thousand from December 31, 2022 to December 31, 2023.

Table 7: Changes in the composition and stock of equity

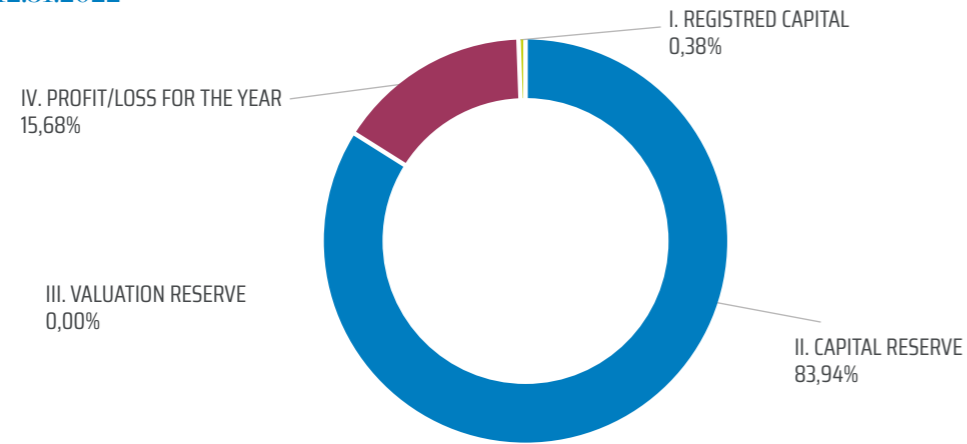
| Description | Baseline year | Year under review | Distribution | Distribution | Change | |
|------------------------------|--------------------|--------------------|---------------|---------------|-------------------|---------------|
| | | | % | % | HUF '000 | % |
| | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | | Base-line=100 |
| I. REGISTERED CAPITAL | 430 629 | 430 629 | 0,38 | 0,34 | 0 | 100,00 |
| II. CAPITAL RESERVE | 94 601 106 | 112 269 204 | 83,94 | 88,13 | 17 668 098 | 118,68 |
| III. VALUATION RESERVE | 0 | 0 | 0,00 | 0,00 | 0 | 0,00 |
| IV. PROFIT/LOSS FOR THE YEAR | 17 668 099 | 14 682 544 | 15,68 | 11,53 | -2 985 555 | 83,10 |
| D. EQUITY | 112 699 834 | 127 382 377 | 100,00 | 100,00 | 14 682 543 | 113,03 |

Source: Resolution Fund

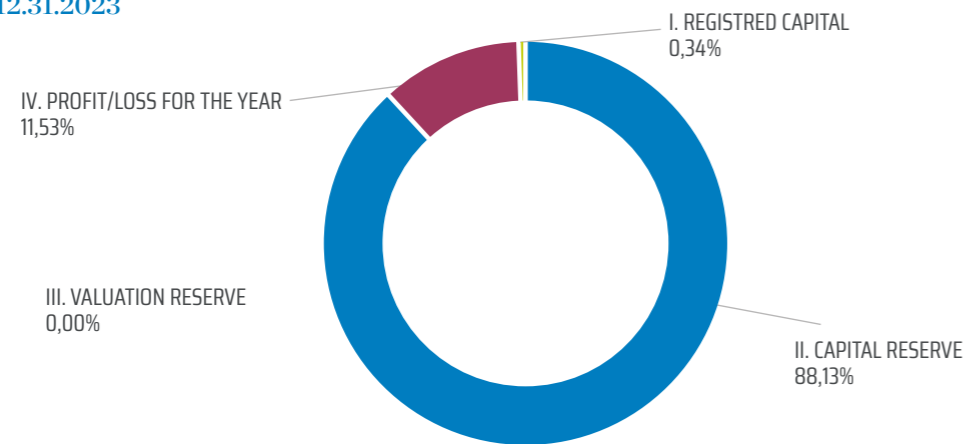
data: In HUF thousand

3. Figure: Composition of Equity on 12.31.2022 and 12.31.

12.31.2022



12.31.2023



Source: Resolution Fund

Registered capital

The registered capital consists of the membership fees paid by the member institutions. According to § 137 of the Resolution Act, the institution joining the Fund is obliged to pay a one-time joining fee. No new institutions joined the Fund in 2023. The registered capital of the Fund on December 31, 2023 is HUF 430,629 thousand, unchanged compared to the previous year.

Retained reserve

The current year result of the previous year(s) is transferred to the retained reserve, at book value.

Valuation reserve

The Fund does not apply the fair valuation, did not account for value adjustments, and did not create a valuation reserve.

Result for the current year

The result for the current year is HUF 14,682,544 thousand. According to the Government Decree, the entire amount of the Fund's profit must be accounted for as an increase in the retained reserve in the year following the business year.

3.2.2. PROVISIONS FOR CONTINGENT LIABILITIES

In 2018, the Fund created HUF 2,577 thousand in provisions for disputed operating costs related to the office lease. The conditions for deducting provisions did not exist at the time of the balance sheet preparation.

3.2.3. LIABILITIES

Long-term liabilities

The Fund has no long-term liabilities on 12.31.2023.

Development of short-term liabilities

Within the Fund's short-term liabilities (HUF 58,568 thousand) on 31.12.2023, HUF 51,934 thousand is the balance of invoiced obligations to suppliers, and HUF 2,731 thousand is the tax and contribution payment obligation paid in January 2024 after the December 2023 monthly honorariums, the net amount of December honorariums is HUF 3,903 thousand. Accounts payable, taxes, and budget liabilities are shown in accordance with the supplier invoices and declarations, at their book value. The trade payables on the balance sheet date consist of the supplier invoices for the year 2023 received up to the date of the balance sheet preparation. There were no liabilities towards institutions.

3.2.4. ACCRUED EXPENSES AND DEFERRED INCOME

Among the accrued expenses, the auditor's fee charged to the year 2023, invoiced after the relevant year, amounts to HUF 2,485 thousand.

4. SUPPLEMENTS RELATED TO INDIVIDUAL ITEMS OF THE INCOME STATEMENT

4.1. REVENUES

Fee income related to resolution activities was HUF 11,075,717 thousand, other income was HUF 858 thousand, and income from financial operations was HUF 6,298,959 thousand.

Table 8: Presentation of Revenues

| Description | Baseline year | Year under review | Distribution | Distribution | Change | |
|--------------------------------------|-------------------|-------------------|---------------|---------------|-------------------|---------------|
| | | | % | % | HUF '000 | % |
| | 31.12.2022 | 31.12.2023 | 31.12.2022 | 31.12.2023 | | Base-line=100 |
| Revenues from resolution | 17 375 515 | 11 075 717 | 84,32 | 63,75 | -6 299 798 | 63,74 |
| Other revenues | 2 273 | 858 | 0,01 | 0,00 | -1 415 | 37,75 |
| Revenues from financial transactions | 3 229 906 | 6 298 959 | 15,67 | 36,25 | 3 069 053 | 195,02 |
| TOTAL | 20 607 694 | 17 375 534 | 100,00 | 100,00 | -3 232 160 | 84,32 |

Source: Resolution Fund

data in HUF thousand

4.1.1. FEE REVENUES

The fee revenue related to the resolution activity (11,075,717 thousand HUF) comes from the fees paid by the member institutions. The fee revenue is HUF 6,299,798 thousand less than in 2022. The payment of fees was based on the determination of fees for the year 2023 by the MNB acting in its scope of resolution. The member institutions paid the fees with the payment deadline according to § 138 paragraph 2 of the Resolution Act, in two installments, until June 15 and December 15, 2023, every six months, there were no new members in 2023.

4.1.2. OTHER REVENUE

Interest on late payment, penalties and rounding were calculated here. The late interest income was accrued interest calculated after the late payment of fees due in the second half of 2023, which was HUF 858 thousand.

4.1.3. REVENUES FROM FINANCIAL OPERATIONS

The income from financial operations is a total of HUF 6,298,959 thousand, which includes interest paid and received on government securities, exchange rate gains, accrued interest and income, and other current account interest.

Table 9: Breakdown of the revenue from financial operations

| Description | Baseline year | Actuals | Change | |
|---|------------------|------------------|------------------|---------------------|
| | 2022 | 2023 | HUF'000 | Actual / Baseline % |
| Gains on government securities | 48 870 | 620 453 | 571 583 | 1 269,6 |
| Exchange rate gains on futures transactions | 3 181 036 | 5 678 506 | 2 497 470 | 178,5 |
| REVENUES FROM FINANCIAL TRANSACTIONS | 3 229 906 | 6 298 959 | 3 069 053 | 195,0 |

Source: Resolution Fund

data in HUF thousand

Within the income of financial operations, we show the realized profit and interest on government securities as the exchange rate gain realized on the sale of Hungarian Government Bonds, the yield on Discount Treasury Bills (DKJ), the time-proportionate accrued interest accounted for during the purchase and sale of Government Bonds and shown at the end of the period. The interest includes the accumulated (accrual) interest in the portfolio holdings, which can be taken into account through accruals, the interest paid (decreasing) and received for the sale and purchase of securities in the subject period, as well as the interest (decreasing) accrued for the previous year and rebooked on January 1, 2023. We do not show as revenue, but rather on the credit side of exchange rate losses, the loss in value of securities that were withdrawn from the stock during the year, accounted for in previous years and carried out in the current year, on the credit side of exchange rate losses. The interest received is HUF 620,453 thousand, which is the amount of interest credited to cash and securities accounts.

4.2. DEVELOPMENT OF THE FUND'S COSTS AND EXPENSES

The total expenditure of the Resolution Fund in 2023 was HUF 2,692,990 thousand, within which the expenditure of financial operations amounted to HUF 2,464,169 thousand, other expenditure amounted to HUF 1 thousand, and operating costs amounted to HUF 228,820 thousand. There was no expenditure related to resolution activities.

Table 10: Presentation of the development of expenses

| Description | Baseline year | Actuals | Change | |
|--|------------------|------------------|-----------------|---------------------|
| | 31.12.2022 | 31.12.2023 | HUF'000 | Actual / Baseline % |
| Expenditures related to resolution | 0 | 0 | 0 | N/A |
| Other expenditures | 2 | 1 | -1 | 50,0 |
| Expenditures of financial transactions | 2 805 386 | 2 464 169 | -341 217 | 87,8 |
| 01) Expenditures on materials | 74 899 | 158 482 | 83 583 | 211,6 |
| 02) Payroll and related expenditures | 59 308 | 70 338 | 11 030 | 118,6 |
| 03) Depreciation | 0 | 0 | 0 | N/A |
| Operating expenses (01+02+03) | 134 207 | 228 820 | 94 613 | 170,5 |
| TOTAL EXPENDITURES | 2 939 595 | 2 692 990 | -246 605 | 91,6 |

Source: Resolution Fund

data: In HUF thousand

Within the expenses, the decrease in the expenses of financial operations, as detailed in the table, is HUF 341,217 thousand. Within the decrease, exchange rate losses increased proportionally with the increase in the volume of government securities and the resumption of securities sales through market asset management, which were, however, reduced by HUF 1 billion by the deduction of the previously recognized fair-value provision on the securities sold during the year. The previously recognized loss of value of securities that no longer existed on the balance sheet date was written off on the credit side of the FX-losses account, in the amount of HUF 1,098,652 thousand among exchange rate losses. During the calculation of the fair-value provision on the existing securities at the end of the year, as the balance of the newly formed provision (HUF 217,021 thousand) and the write-back (HUF 289 thousand), the provision increased the financial expenses by HUF 216,732 thousand. At the end of the year, a significant amount of depreciation (HUF 3.2 billion) was recorded on the stock of securities that existed at the end of the year, due to upward market-rate trends on the day of the balance sheet preparation, no new depreciation was recorded on this stock.

The HUF 217,021 thousand new loss in value is the final exchange rate loss of securities sold between the balance sheet date and the balance sheet date. The Fund did not account for any new write-down on the share in the subsidiary.

Within the operating costs, honorariums and their public charges increased slightly, while the significant increase in material expenses was induced by higher portfolio management costs due to market asset management.

Table 11: Breakdown of financial expenses

| Description | Baseline year | Actuals | Change | |
|--|------------------|------------------|-----------------|---------------------|
| | 2022 | 2023 | HUF'000 | Actual / Baseline % |
| Exchange rate losses on Hungarian government bonds | 1 098 071 | 3 346 089 | 2 248 018 | 304,7 |
| Impairment loss write-off | -66 154 | -1 098 652 | -1 032 499 | 1 660,8 |
| New impairment loss of Hungarian government bonds | 453 469 | 216 732 | -236 737 | 47,8 |
| New impairment loss of Shares | 1 320 000 | 0 | -1 320 000 | 0,0 |
| Other exchange rate losses | 0 | 0 | 0 | N/A |
| FINANCIAL EXPENDITURES | 2 805 386 | 2 464 169 | -341 217 | 87,8 |

Source: Resolution Fund

data in HUF thousand

The income from financial operations is the difference between financial expenses calculated without asset management costs, and the **financial result for the year 2023 is a profit of HUF 3,834,790 thousand**, which is significantly higher than the previous year (HUF 424,520 thousand).

4.2.1. DEVELOPMENT OF OPERATING COSTS PLANNED FOR 2023

The amount of operating costs was **HUF 228,820 thousand** in 2023. The evolution of the actual costs of the Resolution Fund in 2023 was compared to the 2023 plan. Overall, the continuously incurred costs related to the operation and other expenses (including financial expenses) are 86,9% of the planned for 2023.

1. 1. Personnel costs

Personnel costs (HUF 70,338 thousand) include honorariums (HUF 62,246 thousand) and their contributions (HUF 8,092 thousand), 101,2% of the planned costs were met. The amounts incurred on the budget lines are shown in the income statement under personal expenses.

2. 2. Labor costs can be linked to the operative operation of the Resolution Fund

Based on § 132 paragraph 7 of Act XXXVII of 2014 on the Further Development of the Institutional System Strengthening the Security of Certain Actors of the Financial Intermediation System, the Fund does not have an independent work organization, the operative tasks are carried out separately by the OBA's work organization under the guidance of the OBA's Executive Director.

According to the cooperation agreement between the Resolution Fund and the OBA, effective in 2023, the costs incurred based on the performance of the tasks, which can be charged to the year 2023 based on the agreement, were invoiced by the OBA and reimbursed to the OBA.

Labor costs (HUF 54,876 thousand) that can be linked to the operational operation of the Resolution Fund based on the cooperation agreement between the OBA and the Resolution Fund, the amount of costs transferred to the Fund by the OBA after the tasks completed and work performance accounted for in 2023, increased by VAT. Fulfillment of expenses (57,3%). The main reason for the deviation from the plan is that the OBA rescheduled several target tasks to the year 2024 due to the additional tasks that arose in connection with the completed compensation.

3. 3. Auditor, internal audit fee

The line only includes the fee for the audit. The internal audit of the Fund was performed by the OBA's internal auditor in 2023 as well, and the incurred costs were passed on to the Fund as part of the OBA service.

4. Stationery, infrastructure costs, IT costs

The expense accounted for in the cost group is HUF 94,381 thousand, which is 75,9% of the annual planned amount, the main reason for which is that the portfolio management fees fell short of the plan due to the market asset management service starting later than planned. The expenses are detailed in the annex of the Business Report.

5. Other operating expenses

The cost of liability insurance (HUF 5,052 thousand) was accounted for in this cost group.

4.2.2. DEVELOPMENT OF OTHER EXPENDITURES

A rounding difference of HUF 1 thousand was accounted for as other expenditures.

Table 12: Constantly arising costs and financial expenses related to operation

| Description | 2023 Planned | "2023 Actuals" | Actuals / Planned % |
|--|------------------|------------------|---------------------|
| 1) Personnel expenses: remuneration of Board members | 69 472 | 70 338 | 101,2 |
| 2) Labour costs relating to the operation of the Resolution Fund | 95 754 | 54 876 | 57,3 |
| 3) Remuneration of the auditor and internal controller | 3 645 | 4 173 | 114,5 |
| 4) Office equipment, infrastructure expenses, IT expenses | 124 347 | 94 381 | 75,9 |
| 5) Other costs of operation | 5 000 | 5 052 | 101,0 |
| Total regularly incurred costs of operation | 298 218 | 228 820 | 76,7 |
| TOTAL FINANCIAL EXPENDITURE | 2 800 121 | 2 464 169 | 88,0 |

Source: Resolution Fund

data in HUF thousand



5. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In the developed bond markets, the Fed's January 2024 communication was even stricter and emphasized that, contrary to market expectations, an interest rate cut in March was ruled out. In March, the board already sent much more dovish messages, although even at the beginning of May it did not commit itself to a specific interest rate reduction path. As a result of the postponement of the expected interest rate cuts, the yield on the benchmark 10-year US government bond rose above 4.5 percent again. At the same time, the inflation data in the Eurozone is much more supportive to start cutting interest rates than in the US. At the same time, even in Europe, policy-makers haven't committed to a specific date for interest rate cuts, preferring the data-driven nature of decisions. In the changing international circumstances, the easing of Hungarian monetary policy continued in the first months of the year, but at an uneven pace. In January and March, the base interest rate was reduced by 75 basis points, while in February the central bank eased it at a faster rate, by 100 basis

points, and then by April the rate decreased to 50 basis points. As a result, the Hungarian base rate stood at 7.75 percent at the end of April. Despite the easing of monetary conditions on the Hungarian bond market, the yield curve shifted upwards until the beginning of May, partly because of the change in risk perception and partly because of the high volume of government bond issuance. The yields on the short side increased to a lesser extent, while the long segment of the yield curve rose more significantly.

In the first four months of 2024, the forint weakened slightly compared to the end of last year compared to the main currencies because of the international market environment and events in the Hungarian economy, however, the weakening was not significant, and the volatility of the forint was also lower compared to previous periods. At the beginning of May, the forint was hovering at levels around 390 against the euro compared to the level of 382.78 at the end of the year.

Based on our current information and plans, the emerging macroeconomic events do not have a significant or material negative direct impact on the Fund and therefore do not make the Fund's ability to continue as a going concern uncertain.

Budapest, May 22, 2024.

.....
Máté Lóga
Chairman of the Board of
Directors of the Resolution Fund





2023 ANNUAL BUSINESS REPORT OF THE RESOLUTION FUND

BUSINESS REPORT OF THE RESOLUTION FUND

1. IMPORTANT EVENTS OF THE YEAR 2023 AND FUTURE OBJECTIVES

A priority goal for the future is that the Fund's assets - in accordance with legal requirements - reach at least 1% of the portfolio of insured deposits with authorized credit institutions in Hungary that do not exceed the compensation amount (target level) by 31 December, 2028 at the latest, on 12.31.2023 the target level was HUF 145.2 billion. The Fund's assets without its share in MSZVK Zrt., calculated on the basis of the market value of securities (government securities) between invested financial assets and current assets, were HUF 127.4 billion, the filling level was 0.88%.

In December 2020, the Board of Directors of the Resolution Fund adopted and then updated the Fund's 3-year work plan in December 2021, in which, in addition to the operation of the Resolution Fund, individual basic tasks were defined for the OBA work organization for the period 2021-2022-2023. The focus of the work plan was on the resolution-financing capacity and crisis resistance. Many of the tasks have been rescheduled for 2024.

2. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In the developed bond markets, the Fed's January 2024 communication was even stricter and emphasized that, contrary to market expectations, an interest rate cut in March was ruled out. In March, the board already sent much more dovish messages, although even at the beginning of May it did not commit itself to a specific interest rate reduction path. As a result of the postponement of the expected interest rate cuts, the yield on the benchmark 10-year US government bond rose above 4.5 percent again. At the same time, the inflation data in the Eurozone is much more supportive to start cutting interest rates than in the US. At the same time, even in Europe, policy-makers haven't committed to a specific date for interest rate cuts, preferring the data-driven nature of decisions.

In the changing international circumstances, the easing of Hungarian monetary policy continued in the first months of the year, but at an uneven pace. In January and March, the base interest rate was reduced by 75 basis points, while in February the central bank eased it at a faster rate, by 100 basis points, and then by April the rate decreased to 50 basis points. As a result, the Hungarian base rate stood at 7.75 percent at the end of April. Despite the easing of monetary conditions on the Hunga-

rian bond market, the yield curve shifted upwards until the beginning of May, partly because of the change in risk perception and partly because of the high volume of government bond issuance. The yields on the short side increased to a lesser extent, while the long segment of the yield curve rose more significantly.

In the first four months of 2024, the forint weakened slightly compared to the end of last year compared to the main currencies because of the international market environment and events in the Hungarian economy, however, the weakening was not significant, and the volatility of the forint was also lower compared to previous periods. At the beginning of May, the forint was hovering at levels around 390 against the euro compared to the level of 382.78 at the end of the year.

Based on our current information and plans, the emerging macroeconomic events do not have a significant or material negative, direct impact on the Fund and therefore do not make the Fund's ability to continue as a going concern uncertain.

3. DEVELOPMENT OF THE FUND'S FINANCIAL AND REVENUE SITUATION

1. Table: Change in Assets, Equity and Liabilities

| Description | Baseline year | Year under review | Distribution | Distribution | Change | |
|---|--------------------|--------------------|--------------|--------------|--------------------|---------------|
| | 31.12.2022 | 31.12.2023 | % | % | HUF '000 | % |
| | | | 31.12.2022 | 31.12.2023 | | Base-line=100 |
| A. FIXED ASSETS | 75 107 840 | 680 000 | 66,6 | 0,5 | -74 427 840 | 0,9 |
| I. INTANGIBLE ASSETS | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| II. TANGIBLE ASSETS | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| III. FINANCIAL INVESTMENTS | 75 107 840 | 680 000 | 66,6 | 0,5 | -74 427 840 | 0,9 |
| SHARES | 680 000 | 680 000 | 0,6 | 0,5 | 0 | 100,0 |
| SECURITIES CLASSIFIED AS FIXED FINANCIAL ASSETS | 74 427 840 | 0 | 66,0 | 0,0 | -74 427 840 | 0,0 |
| B. CURRENT ASSETS | 36 113 401 | 125 262 068 | 32,0 | 98,3 | 89 148 667 | 346,9 |
| I. STOCKS | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| II. RECEIVABLES | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| III. SECURITIES | 35 759 609 | 120 680 082 | 31,7 | 94,7 | 84 920 473 | 337,5 |
| IV. LIQUID ASSETS | 353 792 | 4 581 986 | 0,3 | 3,6 | 4 228 194 | 1295,1 |
| C. PREPAYMENTS AND ACCRUED INCOME | 1 496 514 | 1 503 939 | 1,3 | 1,2 | 7 425 | 100,5 |
| TOTAL ASSETS | 112 717 755 | 127 446 007 | 100,0 | 100,0 | 14 728 252 | 113,1 |
| D. EQUITY | 112 699 834 | 127 382 377 | 100,0 | 100,0 | 14 682 543 | 113,0 |
| I. REGISTERED CAPITAL | 430 629 | 430 629 | 0,4 | 0,3 | 0 | 100,0 |
| II. CAPITAL RESERVES | 94 601 106 | 112 269 204 | 83,9 | 88,1 | 17 668 098 | 118,7 |
| III. VALUATION RESERVES | 0 | 0 | 0,0 | 0,0 | 0 | N/A |
| IV. PROFIT / LOSS FOR THE YEAR | 17 668 099 | 14 682 544 | 15,7 | 11,6 | -2 985 555 | 83,1 |
| E. PROVISIONS | 2 577 | 2 577 | 0,0 | 0,0 | 0 | 100,0 |
| F. LIABILITIES | 12 812 | 58 568 | 0,0 | 0,0 | 45 756 | 457,1 |
| G. ACRUALS AND DEFERRED INCOME | 2 532 | 2 485 | 0,0 | 0,0 | -47 | 98,1 |
| TOTAL LIABILITIES | 112 717 755 | 127 446 007 | 100,0 | 100,0 | 14 728 252 | 113,1 |

Source: Resolution Fund

(data: In HUF thousand, in%)

The Fund's total balance sheet at the end of 2023 was HUF 127,446,007, HUF 14,728,252 more than in the base year. On the Liability side of the balance sheet, the 2023 current year result increased the Equity by HUF 14,682,544 thousand to HUF 127,382,377 thousand. The HUF 2,577 million provision made by the Fund in 2018 did not change in 2023. Liabilities decreased by HUF 45,756 thousand, accrued liabilities decreased by HUF 47 thousand. The primary reason for the increase in liabilities is the higher value of the supplier stock at the end of the year.

In 2022, the Fund launched a tender for portfolio management, in which three asset managers - Aegon fund management Zrt. (currently VIG Fund Management, Diófa fund management Zrt. (currently Gránit Fund Management) and MKB fund management Zrt. (currently MBH Fund Management) - won mandates in the tender, in equal shares. The Fund also announced a tender for custodian duties, on the basis of which Raiffeisen Bank Zrt. was selected. Until the date of the transfer of assets to the portfolio managers, the Fund invested its assets in Hungarian government bonds and discount treasury bills, which were registered in a securities account maintained at the Hungarian Treasury (Individual Portfolio). The conclusion of the asset management contracts and the actual transfer of assets took place at the beginning of May 2023. At the start of asset management, a total of HUF 99,534,200 thousand of market value were transferred to the portfolio managers in the form of securities transfer and bank transfer.

In the books, the Fund recorded the government securities at the purchase price adjusted for depreciation, reduced by the interest in the purchase price, and the portfolio was not transferred at the end of the year. There were no investments in foreign government securities in the current year. The Resolution Fund does not apply the real valuation, it records government securities in the books at the purchase price or the purchase price reduced by depreciation.

2. Table: Distribution of securities portfolio in 2023 at book value

| Date | Portfolio | Securities | Amount | Share of total |
|-------------------------|-------------------------|-------------------------|--------------------|----------------|
| Opening value (01.01..) | "Unique portfolio" | Fixed interest bonds | 83 099 959 | 75,4% |
| | | Discount treasury bills | 27 087 490 | 24,6% |
| | | Total | 110 187 449 | 100,0% |
| | Total Portfolio | Fixed interest bonds | 83 099 959 | 75,4% |
| | | Discount treasury bills | 27 087 490 | 24,6% |
| | | Total | 110 187 449 | 100,0% |
| Closing value (31.12..) | "Unique portfolio" | Fixed interest bonds | 0 | N/A |
| | | Discount treasury bills | 0 | N/A |
| | | Total | 0 | N/A |
| | "Market portfolio" | Fixed interest bonds | 118 374 907 | 98,1% |
| | | Discount treasury bills | 2 305 175 | 1,9% |
| | | Total | 120 680 082 | 100,0% |
| Total Portfolio | Fixed interest bonds | 118 374 907 | 98,1% | |
| | Discount treasury bills | 2 305 175 | 1,9% | |
| | Total | 120 680 082 | 100,0% | |

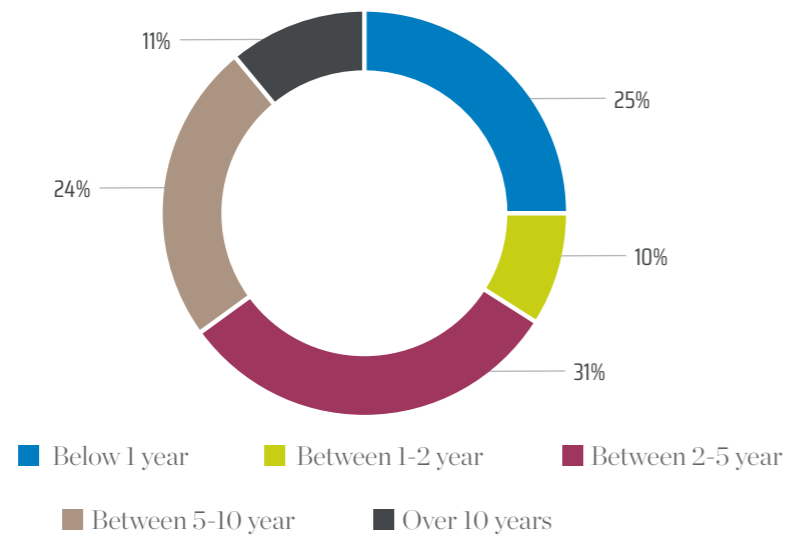
Source: Resolution Fund

data: In HUF thousand,%

The gross market value of the assets of the Resolution Fund was HUF 126,664,553 thousand on December 31, 2023, the entirety of which was held in the Market Portfolio, including 95% in securities and 5% in the securities cash account. The distribution of the securities portfolio by maturity is shown in the following figure (gross market value). The largest share in the portfolio was made up of securities with a remaining maturity of between 2-5 years, the share of government securities with a remaining maturity of over 10 years was 11%. Among the securities within the year, Hungarian government bonds also predominated.

1. Figure: Distribution of securities in the Market Portfolio by maturity at gross market value on December 31, 2023

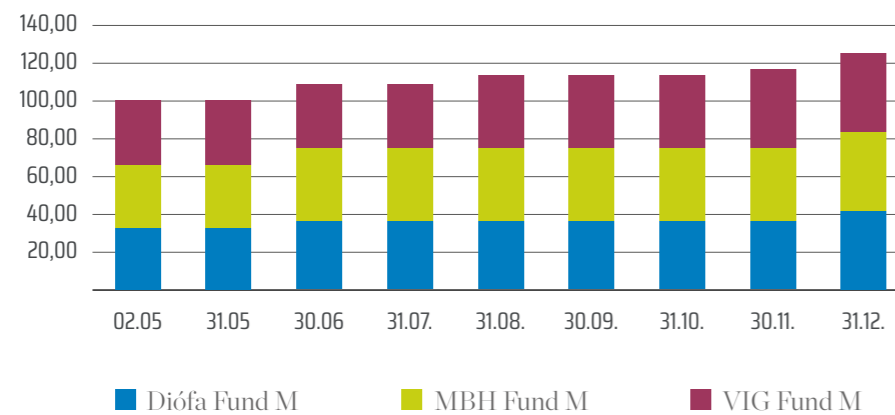
Distribution of securities in the Market Portfolio by maturity 31.12.2023



Source: Resolution Fund

2. Figure: Changes in the stock of the Market Portfolio from May 2, 2023

Changes in the stock of the Market Portfolio from May 2, 2023



Note: gross asset value based on BAMOSZ assessment
Sources: Raiffeisen Bank, ÁKK, Resolution Fund

3. Table: Average return on assets and relative performance achieved by the Market Portfolio

| Periods | Return | Benchmark | Average Return |
|-------------------|---------------|---------------|----------------|
| Q2 | 5,32% | 5,38% | -0,06% |
| Q3 | 2,04% | 2,08% | -0,04% |
| Q4 | 8,07% | 7,64% | 0,43% |
| 2023 Total | 16,14% | 15,79% | 0,35% |

Source: Resolution Fund

data in %

The performance of the Market portfolio entrusted to asset management has been outstanding in terms of returns since the launch of the mandates. The good performance was helped by the favorable market environment. The Hungarian government bond yield curve shifted significantly lower at both the short and long ends last year. Due to the higher duration level, this effect was prominent in the case of the MAX index containing long bonds, and the performance of RMAX was also supported by the high benchmark interest rate. Overall, the benchmark of the Market portfolio rose by 15.79 percent in 8 months.

The combined performance of the three asset managers exceeded the composite return of the reference index - 30% RMAX Index + 70% MAX Index. In the first periods, the performance slightly fell short of the benchmark due to the transferred portfolio with a shorter duration, but at the same time, all three asset managers built the appropriate portfolio composition and in the last quarter of the year they already created significant added value - so-called Alpha. Last year, from the start of the Market portfolio, the average return on assets was 0.35 percent higher than the return of the designated reference index.

In the course of 2023, fees related to portfolio management of HUF 85,847 thousand arose, which were almost entirely related to market asset management.

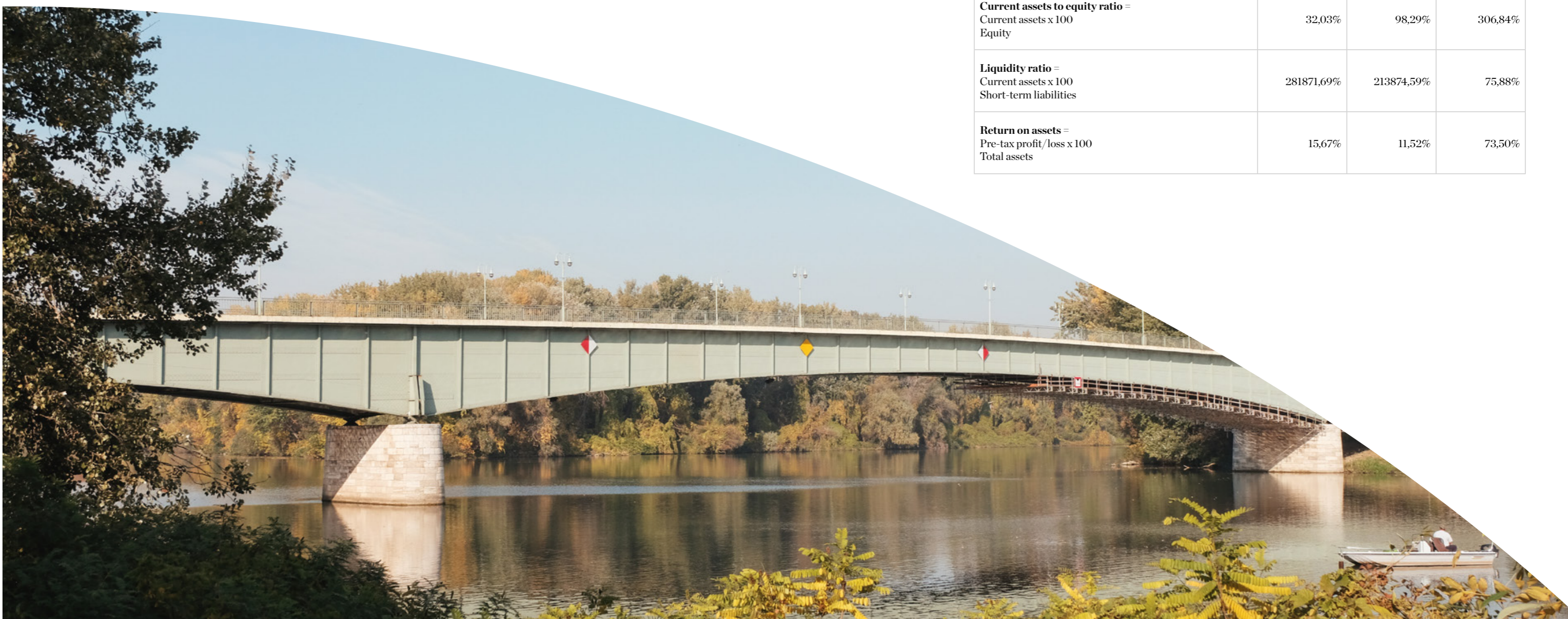
The financial result of the Fund in 2023 is positive (HUF 3,834,790 thousand).

4. INDICATORS CHARACTERIZING THE FINANCIAL AND PROPERTY SITUATION

Current assets in the Fund's assets and in the proportion of equity increased, while the proportion of fixed assets decreased. While the ratio of equity to total assets (capital strength) essentially did not change, the liability ratio worsened. The proportion of the current year's profit within equity decreased further. The Fund's liquidity indicator remains high, the profitability of the capital and asset ratio is practically the same, although both have decreased compared to the previous year. The ratio of operating costs in 2023 is membership fee income 2.07 (previous year: 0.77), total income 1.32 (previous year: 0.65), profit 1.56 (previous year: 0.76) %. The ratio of total expenses to revenues is 15.5%, and the result is 18.34% (previous year: 14.26 and 16.64%).

4. Table: Indicators characterizing the financial and property situation

| Indicator | Baseline year 31.12.2022. | Current year 31.12.2023. | Change Previous year =100% |
|---|------------------------------|-----------------------------|----------------------------------|
| Share of fixed assets = Fixed assets x 100 Total assets | 66,63% | 0,53% | 0,80% |
| Share of current assets = Current assets + prepayments x 100 Total assets | 33,37% | 99,47% | 298,10% |
| Equity ratio = Equity Balance sheet total | 99,98% | 99,95% | 99,97% |
| Balance sheet profit/loss to equity ratio= Profit/loss for the year x 100 Equity | 15,68% | 11,53% | 73,52% |
| Share of liabilities = Liabilities x 100 Balance sheet total | 0,01% | 0,05% | 404,31% |
| Coverage of fixed assets = Equity x 100 Fixed assets | 150,05% | 18732,70% | 12484,25% |
| Current assets to equity ratio = Current assets x 100 Equity | 32,03% | 98,29% | 306,84% |
| Liquidity ratio = Current assets x 100 Short-term liabilities | 281871,69% | 213874,59% | 75,88% |
| Return on assets = Pre-tax profit/loss x 100 Total assets | 15,67% | 11,52% | 73,50% |



5. THE PLANNED COSTS RELATED TO THE 2024 OPERATION, THE 2024 BUDGET OF THE FUND

Executive Summary

The 2024 budget of the Resolution Fund (hereinafter: RF) was prepared based on the 2024 budget theses adopted by the board of directors of the RF on November 22, 2023.

The main assumptions and procedures used when compiling the 2024 budget were as follows:

- a) Resolution No. 9/2014 (VII. 28) of the Board of Directors of the Resolution Fund on the guidelines on the accountability of the Fund's operating costs, other decisions of the Board of Directors of the Fund,
- b) the (known) state of the legislation in force by 2024,
- c) forecasts for changes in the financial and economic environment, in particular the Inflation Report of the MNB of September 28, 2023, the minutes of the meeting of the Monetary Council of October 24, 2023, as well as the third quarter reports of 2023 prepared for the RF by market asset managers,
- d) plans for expected revenues and expenses, internal or external analyzes and the risks associated with their realization (careful estimation),
- e) for fee income, the use of the asset and fee income trajectory contained in the MNB Resolution Fund's Board of Directors information of April 17, 2023 (2023 MNB calculation),

- f) tasks and transferable costs stipulated in the cooperation agreement between the RF and the OBA: we calculate the working hourly rate stipulated in the agreement for the year 2024 signed by both parties, the amount of basic tasks (working hours) is slightly modified by the new risk management position and the possible change in the OBA / RF task ratio of the internal auditor,
- g) the estimated risk of exchange rate effects for the plan numbers of financial income and expenses, where the income and expenses of financial operations were calculated as a result of investments carried out based on the effective Asset Management Regulations of the RF,
- h) when planning the value of goods and services, we calculate based on planned and existing contracts, contract drafts, available offers or analyses, taking inflation risk into account as well,
- i) the budget expenditure data and the result have been compiled in an accounting result approach, with the total cost method also used in the report, taking into account the accounting principle of accruals over time, only the depreciation is included from the cash expenditures of the investments, at the same time, the investment expenditures (cash) are also presented in the budget,
- j) in connection with the operation of the MSZVK, based on its effective business plan, we do not expect a capital requirement until 2026,
- k) with regard to the tasks of the Fund in 2024, we assume that
 - there will be no resolution ordered and no task requiring the involvement of external funds,
 - based on the rules governing the operation of the Resolution Fund, the OBA's work organization must perform a number of basic tasks even in „peacetime” (e.g. asset management, preparation of annual reports, review of regulations, data reporting obligations, preparation and documentation of board meetings, website management, document management, management of official inspections, buildinginternational relations), while the board of directors or its president can give a target task to the OBA work organization, for which it is worth creating a reserve when determining the annual budget, also bearing in mind that the 3-year (2024-2025-2026) work plan of the Resolution Fund has not yet been adopted.

The detailed proposal for the figures of the budget is contained in the annex to this submission (Annexes 3 and 4).

I. Costs related to operation

I.1 Personal expenses: remuneration of the members of the board of directors

The remuneration of the members of the board of directors was planned on the basis of the relevant decision of the board of directors and the effective appointment documents, based on the mandatory minimum wage (minimum wage) and the expected amount of public charges for the year 2024 (HUF 266,800/month or 13% social contribution tax) as HUF 79,893 thousand, calculated with an annual increase of 8% for the years of the outlook.

I.2 Labor costs related to the operative operation of the Resolution Fund

The operational tasks of the Resolution Fund will continue to be performed by the OBA in 2024, and the OBA will ensure the personnel and material and technical conditions for the performance of the tasks. The legal basis for the transfer and payment of costs is § 226/A paragraphs 1-2 of Act CCXXXVII of 2013 on credit institutions and financial enterprises, § 132 paragraph 7 of Act XXXVII of 2014 on the further development of the institutional system strengthening the security of certain actors of the financial intermediary system, and the agreed draft of the cooperation agreement between the Resolution Fund and the OBA regarding the performance of tasks in 2024. Based on the draft of the cooperation agreement, the cost based on working time and hourly rate, which includes general sales tax and is planned to be transferred in 2024, is HUF 146,696 thousand (a service subject to VAT at the OBA). The total amount to be transferred was planned on the



line „Labor costs related to the operative operation of the Resolution Fund”, the cost transferred among material expenses (stationery, computer equipment, telephone costs, printing, and photocopying) will not appear in the budget or in the accounting settlement in 2024. For the years of the outlook (for 2025-2026), we estimate that the number of working hours used will decrease again after the implementation of the additional tasks, which will partly extend from 2023 and partly occur in 2024. When calculating the fees for 2024, we took into account the MNB's September Inflation Report, and we also calculate the inflation effect for the years of the outlook.

1.3 Auditor's fee

It includes the expected amount based on the amount according to the current contract, increased by inflation (HUF 4,507). The amount of the expected increase is not yet known, it will be finalized with the draft contract in 2024.

(We concluded the tender in 2022, however, we conclude a contract every year, for a maximum of 3 years, which expires in 2024, and a new tender must be conducted by 2025.) We calculate an inflationary effect for the years of the outlook. Due to the ERP/accounting software transition (from MS Navision Dynamics 2017 to MS Business Central) that took place at the end of the year for 2023, the auditor is expected to perform additional audit tasks, whose fee (in 2023, once) will increase the costs of the audit by about 13%.

1.4 Infrastructure, IT and other service costs

Details of the costs (a total of HUF 181,570 thousand) can be found in Annex 3.

- We have planned HUF 20 thousand as a frame amount for *prints and printed publications*.
- We have not planned a *rental or operating fee*.
- We have planned HUF 420 thousand for *document storage costs*. Paper-based documentation created since 2014 is currently being temporarily and permanently stored in the OBA office space. There is a written agreement with the Rhenus document management company, which is currently only a framework agreement, without the use of services, free of charge. The planned amount could be used for digitization tasks related to reserve and document storage.
- In the line of *post and courier services*, we planned HUF 807 thousand, which is the amount planned with the lower amount of the amended agreement in the 2023 Q4 period and the usual annual inflation increase of the post office. We have calculated an annual growth of 8% for the years of the outlook.
- We have planned HUF 35 thousand as a budget for *taxi costs*.
- The *maintenance fee for the website* is HUF 1,500 thousand, which includes the tasks carried over from 2023 (support fee for two-factor authentication), the usual maintenance fee for the website, and the fee for the so-called cookie management service (based on EUR).
- Among the *communication costs*, we planned HUF 600 thousand for the costs of the annual report and business report.
- In the line of *legal services and expert fees* (HUF 37,729 thousand), we planned HUF 6,729 thousand for the outsourced accounting and payroll administration fee, which is based on the expected actual expenditure in 2023 and an inflation increase. A reserve of HUF 1 million has been set up for legal service fees (if this kind of service is needed). We are planning a budget of HUF 5 million for the public procurement consultant's fee. The Fund falls under the scope of the Public Procurement Act, and periodic audits of its operation by an external consultant will be

necessary. We have planned HUF 5 million for administrative tasks (document management, other) that we can perform with the labor provided by student cooperatives. From 2024, the Fund will enter into direct contracts with the student cooperatives, so the costs of case-by-case document management work will not be passed on by the OBA. According to our plans, the digitization development of the processes will be assisted by an external consultant in 2024, therefore we have planned a budget of HUF 20 million for this.

For the years of the outlook, we have planned the budget for legal services, the inflationary increase in bookkeeping and payroll, and the decrease in the amount of consulting fees.

- The planned cost line of the *professional translation* is HUF 160 thousand for the translation of the annual report into English and other necessary translations, increased by inflation for the years of the outlook.
- The costs related to *Netlock encryption* (HUF 350 thousand) were planned for the costs of the existing authentication system. For 2023, we planned HUF 750 thousand for the expected higher costs of the new „hybrid signature system”. In the meantime, the introduction of the system at the OBA has begun. Based on the experience of this, its costs far exceed the previously estimated magnitude, and taking into account the assessed needs of the digital signature, we do not plan to introduce it at the Resolution Fund for the time being. We have planned for the years of the outlook increased by inflation.
- On the *bank costs and portfolio management fees* expense line, due to the **transition to market portfolio management** (calculated with the parallel operation of 3 market asset managers), the **portfolio management fees** (asset managers and custodian, HUF 138,999 thousand) were planned based on the concluded contracts and asset growth for the years of the outlook as well. The contract fees are valid for 5 years, so we did not take into account the impact of inflation here. We calculated the bank charges at HUF 450 thousand.
- We have planned HUF 100 thousand for *official fees* (typically used when requesting a copy of a signature title), HUF 300 thousand for *representation expenses* (increased with taxes) for 2024, HUF 100 thousand for the following years, and HUF 100 thousand for *other materials*.



The representation expenses are mainly scones and cakes provided for the board of directors' meetings, as well as the budget for refreshments increased by public charges². Among the other services, we planned the administration costs related to the auditing activity, as well as the expenses of other, typically smaller, unplanned services.

1.5 Other operating costs (D&O insurance)

In the line of other operating costs, foreign travel and accommodation costs and conference fees were not planned, **only the liability insurance costs of the board members** were planned. The premium for this was based on the insurance premium for 2024, but we planned it in a higher amount (**HUF 6,000 thousand**), calculating a further possible increase, since, unlike previous years, premiums were increased for the first time in 2022 and then again in 2023, given the increase in wealth.

2. Costs and expenses related to the establishment of Hungarian Resolution Asset Management Zrt. (MSZVK)

We have not planned any costs or revenues for 2024. For the Fund's share in MSZVK, we accounted for HUF 1.3 billion in value loss in 2022, which already took into account the expectations of the business plans.

The total planned operating costs and expenditures are HUF 418,667 thousand, which is 140.4 percent of the 2023 plan. The increase was HUF 10.4 million for personal expenses, HUF 50.1 million for OBA services, and HUF 57.2 million for portfolio management fees for market asset management.

3. Revenues, expenses

The revenue and expenses were planned as follows (Annexes 3 and 4).

- The **fee revenue (11,075,690 thousand HUF)** was planned for 2024 and for the years to come, in consultation with the MNB, taking into account the already updated fee track for 2023.
- **Financial revenue (HUF 7,688,490 thousand)** and *financial expenses (HUF 4,792,885 thousand)* and the *financial result* calculated as their difference (**HUF 2,895,605 thousand**) were calculated on the basis of the realized profit, loss, depreciation of government securities and returns calculated with a conservative estimate, where the exchange rate effects are estimated data, with the premise that the Fund's pledged assets will not be unbundled, the government securities in the Market Portfolio will be traded continuously, so that their expected returns (benchmark fixed in the asset management procedure) will be realized. For financial income and expenses, we account for the depreciation of securities by taking into account the accounting policy of the Fund in effect at the time of preparing the balance sheet. The amount of the depreciation formation, write-off or write-back must be calculated based on the actual exchange rate data at the time of the balance sheet preparation, the expected data calculated in the plans are made by estimation. Already in 2023, we expected a higher positive return from market asset management than in previous years (including the higher portfolio management fees), which our expectations seem to have been confirmed, so we expect this in 2024 as well. The financial revenue and expenses planned for 2024 and the outlook years, as well as the financial result, may be modified by the final amount of the membership fees to be invested and the actual loss of value.
- *Current account interest revenue* is the planned interest rate on the average funds in the MNB account and asset management accounts. In order to ensure the most appropriate timing of investment purchases, the asset managers can operate with free funds limits set in the asset management procedure, and the Fund keeps its ready (liquid) funds in an account with the MNB

² Of course, this does not arise in the case of online meetings, so the budget is used in proportion to the physical meetings.

(also in a regulated amount). The amount of interest received on account money was already significant in 2023, due to interest conditions competitive with bond yields, so this practice has not resulted in a loss for the Fund so far. Pursuant to § 1 paragraph 1 of Government Decree 471/2022 (XI. 21.) on certain economic measures effective from December 1, 2023 - apart from the listed exceptions - at the credit institution until April 1, 2024, on the basis of a demand deposit agreement in forints, at sight, with a term of up to one year, the interest paid on the deposit amount may not exceed the average auction yield of discount treasury bills with a remaining maturity of 3 months last published on the official website of the Government Debt Management Center Private Limited Company.

Since the Fund is not included in the exceptions listed in the Regulation (the OBA is), we took measures to review the investment practice so far.

- We have not planned *dividend revenue* for the Fund in the period 2024 – 2026, since, based on the financial plans of MSZVK Zrt. and the information provided by the MNB, no dividend payments are expected in the period.
- As *other income*, we determined the income from late interest at **HUF 50 thousand**, a lower amount than in previous years. Although, for example, in 2022 several member institutions met their fee payment obligations late, this is not an expected income at the planning level, so we only planned with a smaller amount. Provisions accounted for by the Fund in previous years can be written back in 2025 at the earliest (HUF 2,577 million in other income. In 2018, the Fund formed HUF 2,577 thousand provisions for disputed operating costs related to the office lease.)

4. Summary

The 2024 budget plan of the Resolution Fund calculates **HUF 18,764,230 thousand** in revenue, **HUF 5,211,552 thousand** in expenses, including **HUF 418,667 thousand** in expenses related to operations and **HUF 13,552,678 thousand** in planned results for the current year.

6. ACTIVITIES OF THE MANAGEMENT BOARD

In 2023, the Board of Directors of the Resolution Fund discussed and made decisions on more than 25 materials. The decisions of the board of directors were made in the more important matters required by the Resolution Act and affecting the organization and operation of the Fund, including the following topics:

- acceptance of the review and (if necessary) amendment of some regulations of the Fund;
- acceptance of the Fund's annual report for the year 2022 and the election of the auditor for the Fund's 2023 business year;
- acceptance of the Fund's internal audit reports and related action plans;
- acceptance the Fund's risk management report,
- acceptance of the Fund's 2024 public procurement plan; and
- acceptance of the 2024 Board of Directors and internal audit work plan of the Fund.

Budapest, May 22, 2024.

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Máté Lóga
 Chairman of the Board of Directors
 of the Resolution Fund

Annex 1: Evolution of annual fee payments to the Resolution Fund for the year 2023

| Number | Name of member institution | 2023 yearly fee |
|--------|--|-----------------------|
| 1 | Bank of China (Közép-Kelet-Európa) Zrt. | 87 042 711 |
| 2 | Bank of China Limited Magyarországi Fióktelepe | 474 875 000 |
| 3 | CEE Active Asset Management Zrt. | 379 900 |
| 4 | CIB Bank Zrt. | 779 497 182 |
| 5 | CODEX Értéktár Zrt. | 379 900 |
| 6 | CONCORDE Értékpapír Zrt. | 5 698 500 |
| 7 | DUNA TAKARÉK BANK Zrt. | 5 698 500 |
| 8 | eBrókerház Zrt. | 28 102 |
| 9 | EQUILOR Befektetési Zrt. | 2 659 300 |
| 10 | ERSTE BANK HUNGARY Zrt. | 894 568 874 |
| 11 | ERSTE Jelzálogbank Zrt. | 11 274 248 |
| 12 | ERSTE Lakás-takarékpénztár Zrt. | 759 800 |
| 13 | Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt. | 42 065 394 |
| 14 | GRÁNIT Bank Zrt. | 239 231 605 |
| 15 | HOLD Alapforgalmazó Zrt. | 379 900 |
| 16 | Interactive Brokers Central Europe Zrt. | 118 428 362 |
| 17 | K&H Jelzálogbank Zrt. | 24 541 676 |
| 18 | KDB Bank Európa Zrt. | 108 574 646 |
| 19 | KELER Központi Értéktár Zrt. | 18995000 |
| 20 | Kereskedelmi és Hitelbank Zrt. | 1 099 683 021 |
| 21 | MagNet Magyar Közösségi Bank Zrt. | 66 203 179 |
| 22 | Magyar Cetelem Bank Zrt. | 2 659 300 |
| 23 | MBH Bank Nyrt. (korábbi MKB Bank) | 839 040 165 |
| 24 | Merkantil Váltó és Vagyonbefektető Bank Zrt. | 165 692 625 |
| 25 | OTP Bank Nyrt. | 2654873666 |
| 26 | OTP Jelzálogbank Zrt. | 322 846 225 |
| 27 | OTP Lakástakarékpénztár Zrt. | 7 023 675 |
| 28 | Polgári Bank Zrt. | 379900 |
| 29 | Raiffeisen Bank Zrt. | 939 412 348 |
| 30 | SINUS-FAIR Corporate Zrt. | 379 900 |
| 31 | SPB Befektetési Zrt. | 379900 |
| 32 | Takarékbank-csoport* | 1 044 541 989 |
| 33 | Trive Bank Hungary Zrt.** | 5 698 500 |
| 34 | UniCredit Bank Hungary Zrt. | 1 094 208 029 |
| 35 | UniCredit Jelzálogbank Zrt. | 17 236 679 |
| 36 | Vertis Zrt. | 379 900 |
| | TOTAL | 11 075 717 601 |

Source: Resolution Fund data in HUF thousand

* The following institutions of the Takarékbank group are members of the Resolution Fund, which paid fees on a combined basis: MTB Zrt., Takarékbank Zrt., TakarékJelzálogbank Nyrt.

**The name Trive Bank Zrt. was taken over by Sopron Bank Zrt. effective December 16, 2022.

Annex 2: Member institutions of the Resolution Fund on December 31, 2023

I. BANKS (18):

1. Bank of China (CEE) Zrt.
2. Bank of China Limited Hungarian Branch
3. CIB Bank Zrt.
4. MBH DUNA BANK Zrt.
5. ERSTE BANK HUNGARY Zrt.
6. GRÁNIT Bank Zrt.
7. KDB Bank Európa Zrt.
8. K&H Bank Zrt.
9. MagNet Bank Zrt.
10. MBH Bank Nyrt.
11. MBH Investment Bank Zrt.
12. Hungarian Cetelem Zrt.
13. Merkantil Bank Zrt.
14. OTP Bank Nyrt.
15. Polgári Bank Zrt.
16. Raiffeisen Bank Zrt.
17. Trive Bank Hungary Zrt.
18. UniCredit Bank Hungary Zrt.

II. SPECIALISED CREDIT INSTITUTIONS (9)

1. ERSTE Mortgage Bank Zrt.
2. ERSTE Housing Savings Zrt.
3. Fundamenta Apartment Bank Zrt.
4. KELER Zrt.
5. K&H Mortgage Bank Zrt.
6. OTP Mortgage Bank Zrt.
7. OTP Housing Savings Zrt.
8. MBH Mortgage Bank Nyrt.
9. UniCredit Mortgage Bank Zrt.

III. INVESTMENT FIRM (10):

1. CEE Active Asset Management Zrt.
2. CODEX Value Store Zrt.
3. Concorde Securities Zrt.
4. EQUILOR Zrt.
5. Erste Investment Zrt.
6. HOLD Fund Distributor Zrt.
7. Interactive Brokers Central Europe Zrt.
8. SINUS-FAIR Corporate Zrt.
9. SPB Zrt.
10. Vertis Zrt.

Annex 3: Operating expenses of the Resolution Fund in 2024

| Description | 2024 Plan, thousand HUF | 2024 Plan/ 2023 Plan % |
|---|----------------------------|---------------------------|
| 1) Personnel expenses: remuneration of Board members | 79 893 260 | 115,0 |
| 2) Labour costs relating to the operation of the Resolution Fund | 146 696 000 | 153,2 |
| 3) Remuneration of the auditor and internal controller | 4 507 078 | 123,7 |
| 4) Office equipment, infrastructure expenses, IT expenses | 181 569 525 | 146,0 |
| 5) Other costs of operation | 6 000 000 | 120,0 |
| Total regularly incurred costs of operation | 418 665 863 | 140,4 |
| Itemized breakdown of cost group defined in Section 4 | | |
| a) Office equipment | 0 | N/A |
| b) forms, printed publications, technical books, official gazette, subscription fees of industry periodicals | 20 000 | 100,0 |
| c) IT materials | 0 | N/A |
| d) office, warehouse, room and other rents and operating expenses | 0 | N/A |
| e) document storage | 420 000 | 100,0 |
| f) mailing costs, courier service fees | 806 500 | 96,0 |
| g) taxi expenses | 35 000 | 100,0 |
| h) telephone expenses | 0 | N/A |
| i) printing and photocopying expenses | 0 | N/A |
| j) website maintenance | 1 500 000 | 60,0 |
| k) other communication expenses | 600 000 | 100,0 |
| l) legal services, other expert fees | 37 728 995 | 582,0 |
| m) translation | 160 000 | 100,0 |
| n) program expert services | 350 000 | 46,7 |
| o) program upgrade fees | 0 | N/A |
| p) bank charges, portfolio management fees, = of which bank charges relating to the foreign currency account | 139 449 030 | 124,3 |
| = bank charges of HUF account | 450 000 | 173,1 |
| = portfolio management fees | 138 999 030 | 124,2 |
| q) duties, transaction levies, administrative fees | 100 000 | 58,8 |
| r) property insurance premium | 0 | N/A |
| s) computer insurance | 0 | N/A |
| t) entertainment costs | 300 000 | 300,0 |
| u) other materials and service expenses | 100 000 | 166,7 |
| Total expenses of operation listed in Section 4) | 181 569 525 | 146,0 |
| Itemized breakdown of cost group defined in Section 5 | | |
| a) costs of conferences in Hungary/abroad | 0 | N/A |
| b) travel expenses | 0 | N/A |
| c) membership fees in professional organizations | 0 | N/A |
| d) liability insurance of Board members | 6 000 000 | 120,0 |
| e) cost of patenting the Resolution Fund logo | 0 | N/A |
| Total expenses of operation listed in Section 5) | 6 000 000 | 120,0 |

Source: Resolution Fund

data in HUF

Annex 4: Revenues and expenses of the Resolution Fund in 2024, expected result

| Definition | 2024 Plan | 2024 Plan/ 2023 Plan % |
|---|-----------------------|---------------------------|
| Fee income | 11 075 689 500 | 55,4 |
| Other income | 7 688 490 430 | 193,9 |
| Financial income | 50 000 | 50,0 |
| Total income | 18 764 229 930 | 78,4 |
| Total continuously arising costs related to operation | 418 665 863 | 140,4 |
| Other costs and expenditures (state guarantee, MSZVK costs, losses on loans, rounding) | 1 000 | 100,0 |
| Operating costs and other expenditures total | 418 666 863 | 140,4 |
| Total financial expenditure | 4 792 885 470 | 171,2 |
| Total expenditures and operating costs | 5 211 552 333 | 168,2 |
| Actual year earnings | 13 552 677 597 | 65,0 |

Source: Resolution Fund

data in HUF





SZANÁLÁSI
ALAP

1092 Budapest, Köztelek u. 6
1476 Pf 271.