



ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP

# **ANNUAL REPORT**

**1 January 2009 – 31 December 2009**

5 March 2010

## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	8
<b>1 SUMMARY NOTES</b>	<b>9</b>
<b>1.1. General characteristics</b>	<b>9</b>
1.1.1. Company data	9
1.1.2. Characteristics of the Fund	9
1.1.3. Operations	10
1.1.4. Accounting system	10
1.1.5. The Fund's scope of activity	11
1.1.6. The Fund's governing body and auditing	11
1.1.6.1. <i>The Board of Directors</i>	11
1.1.6.2. <i>Auditing the Fund</i>	11
<b>1.2 Savings of member institutions and the obligation to compensate</b>	<b>12</b>
1.2.1. The number of member institutions	12
1.2.2. Trends and composition of savings and deposits	12
1.2.3. Distribution of savings by type of protection	13
1.2.4. Compensation obligations of the Fund	15
<b>1.3 The Fund's revenue from premiums</b>	<b>18</b>
<b>1.4 Fund ratio</b>	<b>19</b>
<b>1.5.1 Explanation to balance sheet items</b>	<b>20</b>
1.5.2. Intangible assets	20
1.5.3. Tangible assets	21
1.5.4. Financial investments	22
1.5.5. Inventories	23
1.5.6. Receivables	24
1.5.7. Securities	25
1.5.8. Liquid assets	26
1.5.9. Prepaid expenses	27
1.5.10. Provisions	27
1.5.11. Long-term liabilities	27
1.5.12. Short-term liabilities	27
1.5.13. Accrued expenses	28
1.5.14. Equity	28
<b>1.6 Explanation to the items of the profit and loss statement</b>	<b>29</b>
1.6.1. Revenues from deposit insurance and other revenues	29
1.6.2. Operating costs, expenses	30
1.6.3. Results of financial activities	31
1.6.4. Extraordinary profit/loss	31
<b>1.7 Supplementary data</b>	<b>31</b>
1.7.1. Headcount, payroll accounting	32
1.7.2. Rights and obligations with an expiry over 5 years	32
1.7.3. Business reporting obligations	32
<b>1.8 The Fund's assets, financial and earnings positions</b>	<b>32</b>
1.8.1. Description of the securities portfolio and evaluation of the assets managers' activity	32
1.8.2. Summary evaluation of the profit	34
1.8.3. Trends of the Fund's equity and profits from foundation up to date	35
<b>1.9 Explanations for the major differences between projected and actual data for 2009</b>	<b>35</b>

<b>2.</b>	<b>SUPPLEMENTARY INFORMATION AND REFERENCE DATA</b>	<b>36</b>
<b>2.1.</b>	<b>Institutional communications of the NDIF</b>	<b>36</b>
<b>2.2.</b>	<b>Events related to liquidation in progress</b>	<b>37</b>
2.2.1.	Heves és Vidéke Takarékszövetkezet 'under liquidation' ("UL")	37
2.2.2.	Rákóczi Hitelszövetkezet "UL"	37
<b>2.3.</b>	<b>Legal matters</b>	<b>37</b>
2.3.1.	Legal proceedings	37
2.3.2.	Other liabilities	37
<b>2.4.</b>	<b>IT developments in 2009</b>	<b>38</b>
<b>2.5.</b>	<b>International activity</b>	<b>38</b>
<b>2.6.</b>	<b>Tasks defined by the Board of Directors of the NDIF, and their implementation</b>	<b>40</b>
	<b>APPENDIX</b>	<b>41</b>

Tax number: 10830516-2-41  
 Statistical number: 10830516-6619-916-01

<b>National Deposit Insurance Fund</b>					
<b>BALANCE SHEET</b>					
<b>ASSETS</b>					
S. No.	A	Description / in HUF thousand	2008	Effect of revision	2009
1	<b>A</b>	<b>FIXED ASSETS</b>	57,807	0	52,276
2	I.	<i>INTANGIBLE ASSETS</i>	40,591	0	34,720
3	I.1	Capitalized value of formation and transformation			
4	I.2	Rights and concessions			
5	I.3	Intellectual property	40,591		34,720
6	I.4	Advance payments for intangible assets			
7	I.5	Revaluation of intangible assets			
8	II.	<i>TANGIBLE ASSETS</i>	16,838	0	17,556
9	II.1	Lands and buildings and related rights	130		104
10	II.2	Equipment, fittings, vehicles	16,708		17,452
11	II.3	Assets under construction			
12	II.4	Advance payments on capital projects			
13	II.5	Adjusted value of tangible assets			
14	III.	<i>FINANCIAL INVESTMENTS</i>	378		0
15	<b>B</b>	<b>CURRENT ASSETS</b>	69,052,684	0	82,855,257
16	I	<i>STOCKS</i>	100	0	100
17	I.1	Materials			
18	I.2	Commercial goods	100		100
19	I.3	Mediated services			
20	I.4	Advances on stocks			
21	II.	<i>RECEIVABLES</i>	24,360	0	24,003
22	II.1	Receivables from member institutions	23,306	0	23,306
23	II.1.a	Premium receivables			
24	II.1.b	Receivables transferred to the Fund	23,306		23,306
25	II.1.c	Premiums on onerous obligations			
26	II.1.d	Other receivables from member institutions			
27	II.2	Other receivables from credit institutions			
28	II.3	Receivables from depositors			
29	II.4	Receivables from the state			
30	II.5	Other receivables	1,054		697
31	III.	<i>SECURITIES</i>	68,999,270	0	82,829,242
32	III.1	Government securities	68,999,270		82,829,242
33	III.2	Other securities			
34	IV.	<i>LIQUID ASSETS</i>	28,954	0	1,912
35	IV.1	Cash, cheques	54		160
36	IV.2	Bank deposits	28,900		1,752
37	<b>C</b>	<b>PREPAID EXPENSES AND ACCRUED INCOME</b>	2,582,543		2,898,179
38		<b>TOTAL ASSETS:</b>	71,693,034	0	85,805,712

18 February 2010

  
 \_\_\_\_\_  
 AUTHORISED REPRESENTATIVE

Based on the audit report, I hereby certify the above:

18 February 2010

  
 \_\_\_\_\_  
 REGISTERED AUDITOR

Tax number: Tax number: 10830516-2-41  
 Statistical number: 10830516-6619-916-01

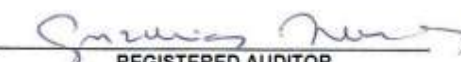
<b>National Deposit Insurance Fund</b>					
<b>BALANCE SHEET</b>					
<b>EQUITY AND LIABILITIES</b>					
<b>S. No.</b>		<b>Description / in HUF thousand</b>	<b>2007</b>	<b>Effect of revision</b>	<b>2008</b>
<b>39</b>	<b>D.</b>	<b>EQUITY</b>	<b>71,611,211</b>	<b>0</b>	<b>85,073,954</b>
40	I.	REGISTERED CAPITAL	886,082		896,082
41	II.	RESERVES	68,144,325		70,725,129
42	III.	REVALUATION RESERVE			
43	IV.	RETAINED PROFIT FOR THE YEAR	2,580,804	0	13,452,743
44	<b>E.</b>	<b>PROVISIONS</b>			
45	<b>F.</b>	<b>LIABILITIES</b>	<b>81,152</b>	<b>0</b>	<b>727,562</b>
46	I.	LONG-TERM LIABILITIES			
47	II.	SHORT-TERM LIABILITIES	81,152	0	727,562
48	II.1	Liabilities towards member institutions			
49	II.2	Short-term credits			
50	II.3	Liabilities towards depositors	78,053		78,053
51	II.4	Liabilities towards the State			
52	II.5	Other short-term liabilities	3,099		649,509
53	<b>G.</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>671</b>		<b>4,196</b>
54		<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>71,693,034</b>	<b>0</b>	<b>85,805,712</b>

18 February 2010

  
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18 February 2010

  
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Tax number: 10830516-2-41

Statistical number:10830516-6619-916-01

<b>National Deposit Insurance Fund</b>					
<b>PROFIT AND LOSS STATEMENT</b>					
<b>S. No.</b>		<b>Description / in HUF thousand</b>	<b>2008</b>	<b>Effect of revision</b>	<b>2009</b>
1	1	Premium revenue from member institutions	1,010,461		2,280,203
2	2	Premium revenue from claims collected on behalf of depositors			
3	3	Commission revenue from disbursement of deposits insured with state guarantee			
4	4	Other revenue from deposit insurance	28,981		36,400
5	I.	<b>Revenues derived from deposit insurance (01+02+03+04)</b>	<b>1,039,442</b>	<b>0</b>	<b>2,316,603</b>
6	II.	<b>Other revenues</b>	<b>11,802</b>		<b>8,320</b>
7	III.	<b>Revenues from other than deposit insurance</b>			
8	IV.	<b>Revenues from financial transactions</b>	<b>4,611,580</b>		<b>12,529,322</b>
9	V.	<b>Extraordinary revenues</b>			
10	5	Expenses related to the disbursement of frozen deposits	0		0
11	6	Expenses related to receivables collected on behalf of depositors			
12	7	Expenses incurred on disbursement of deposits guaranteed by the state			
13	8	Other expenses of deposit insurance	0		337
14	VI.	<b>Expenses of deposit insurance (05+06+07+08)</b>	<b>0</b>	<b>0</b>	<b>337</b>
15	VII.	<b>Other expenses</b>	<b>3,501</b>		<b>522</b>
16	VIII.	<b>Expenses of other than deposit insurance</b>			
17	IX.	<b>Expenses of financial transactions</b>	<b>2,846,830</b>		<b>1,166,382</b>
18	X.	<b>Extraordinary expenses</b>			
19	9	Material-type expenses	73,742		76,826
20	10	Personnel costs	143,155		142,386
21	11	Depreciation write-off	14,792		15,049
22	XI.	<b>Operating costs (09+10-11)</b>	<b>231,689</b>	<b>0</b>	<b>234,261</b>
23	A.	<b>RETAINED PROFIT FOR THE YEAR (I+II+III+IV+V-VI-VII-VIII-IX-X-XI)</b>	<b>2,580,804</b>	<b>0</b>	<b>13,452,743</b>

18 February 2010

  
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Based on the audit report, I hereby certify the above:

18 February 2010

  
 \_\_\_\_\_  
 REGISTERED AUDITOR

Tax number: 10830516-2-41

Statistical number: 10830516-6619-916-01

<b>National Deposit Insurance Fund</b>							
<b>CASH FLOW STATEMENT</b>							
		2008	Effect of revision	2009	Change		Composition for the year
	Description / in HUF thousand				In HUF thousand	%	%
1.	Retained profit of the year	2,580,804		13,452,743	10,871,939	521.26%	-49,747.59%
2.	Depreciation represented	14,792		15,049	257	101.74%	-55.65%
3.	Write-off of investments	0		0	0	0.00%	0.00%
4.	Net change in provisions	0		0	0	0.00%	0.00%
5.	Net gain on sale of fixed assets	0		0	0	0.00%	0.00%
6.	Changes in trade creditors	-36,711		-1,958	34,753	5.33%	7.24%
7.	Changes in other short-term liabilities	-7,789		648,368	656,157	-8,324.15%	-2,397.63%
8.	Changes in accrued expenses	205		3,525	3,320	1,719.51%	-13.04%
9.	Changes in trade debtors	-68		72	140	-105.88%	-0.27%
10.	Changes in current assets (excluding trade debtors and liquid assets)	-2,168,601		-13,829,687	-11,661,086	637.72%	51,141.51%
11.	Changes in prepaid expenses and accrued income	-389,044		-315,636	73,408	81.13%	1,167.21%
<b>I.</b>	<b>OPERATING CASH FLOW</b>	<b>-6,412</b>	<b>0</b>	<b>-27,524</b>	<b>-21,112</b>	<b>429.26%</b>	<b>101.78%</b>
12.	Acquisition of fixed assets	-2,923		-9,896	-6,973	338.56%	36.60%
13.	Proceeds from sale of fixed assets	0		378	378	0.00%	-1.40%
<b>II.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-2,923</b>	<b>0</b>	<b>-9,518</b>	<b>-6,595</b>	<b>325.62%</b>	<b>35.20%</b>
14.	Proceeds from issuance of share capital (capital increase)	0		10,000	10,000	0.00%	-36.98%
15.	Borrowings	0		0	0	0.00%	0.00%
16.	Repayment of loans to and deposits by Credit Institutions	0		0	0	0.00%	0.00%
17.	Capital contribution received	0		0	0	0.00%	0.00%
18.	Redemptions of shares (capital decrease)	0		0	0	0.00%	0.00%
19.	Repayment of loans	0		0	0	0.00%	0.00%
20.	Loans from and deposits in credit institutions	0		0	0	0.00%	0.00%
21.	Capital contribution given	0		0	0	0.00%	0.00%
22.	Changes in liabilities due to founders	0		0	0	0.00%	0.00%
<b>III.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>0.00%</b>	<b>-36.98%</b>
<b>IV.</b>	<b>CHANGES IN LIQUID ASSETS</b>	<b>-9,335</b>	<b>0</b>	<b>-27,042</b>	<b>-17,707</b>	<b>289.68%</b>	<b>100.00%</b>

## Independent Auditor's Report

To the Shareholders of ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP:

We have audited the accompanying balance sheet of ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP ("the Fund") as at 31 December 2009, which shows the sums of the corresponding total assets and liabilities of THUF 85.805.712 and a retained profit for the year of THUF 13.452.743 the related profit and loss account for the year then ended and the notes on the accounts (collectively "the financial statements") included in the Fund's report. The report, comprising the financial statements and the separately prepared business report, is the responsibility of the Fund's management. The examined report has been prepared for the consideration of members at the forthcoming annual general meeting and does not reflect the effects, if any, of resolutions that might be adopted at that meeting. Our responsibility is to express an opinion on the financial statements based on our audit. In addition, it is our responsibility to assess whether the accounting information included in the Business Report is consistent with that contained in the financial statements.

We conducted our audit in accordance with the Hungarian Standards on Auditing and applicable law and regulations in Hungary. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our work with respect to the business report was limited to the aforementioned scope, and did not include a review of any information other than that drawn from the audited accounting records of the Fund. We believe that our audit provides a reasonable basis for our opinion.

I, the undersigned, have reviewed and audited the report of ORSZÁGOS BETÉTBIZTOSÍTÁSI ALAP, including the various components and items and accounting and bookkeeping documents, in due observation of the national accounting standards, and, based on my findings I am satisfied that this report has been drawn up in accordance with the provisions of the Act on Accounting and the general principles of accounting. This report provides a true and fair view of the financial and earnings position of the Fund. The business report is in conformity with the data and information of the annual report.

In the light of our opinion, the Fund can forbear from the full publication of the Notes on the accounts, according to the Act C. of 2000 on Accounting, section 154, (1) subsection.

Budapest, 18 February 2010

  
**AUDIT SERVICE KFT**  
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ny.sz.: 001030  
Audit Service Kft  
registered audit company  
1022 Budapest, Bimbó út 3. I/5.  
reg.no.: 001030

**GUZMICS ZSUZSANNA**  
bejegyzett könyvvizsgáló  
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k.t.sz.: 005570  
  
Guzmics Zsuzsanna  
registered auditor  
1022 Budapest, Bimbó út 3.I/5.  
reg.no.: 005570



# 1 SUMMARY NOTES

1 January 2009 – 31 December 2009

## 1.1. General characteristics

### 1.1.1. Company data

Name of the Company: NATIONAL DEPOSIT INSURANCE FUND OF HUNGARY  
Company type: other organisation: sui generis organisation  
Tax number: 10830516-2-41  
Statistical number: 10830516-6619-916-01  
Date of foundation: 31. 03.1993  
Legal predecessor: -.  
Subscribed capital: = at the time of foundation: HUF 609 544 thousand  
= by the end of business year: HUF 896 082 thousand  
Activity of the Company: - Core activity: Deposit Insurance  
-Supplementary activities: -.  
Network: = Headquarters: 1027 Budapest, Csalogány u. 9-11.  
= Other premises: -.

Founder:

Founder's name	Seat, residential address	Ownership share	Vote share	Other effect
(76%-...) – direct control				
National Assembly of Hungary	1055 Budapest, Kossuth tér 1-3.	100.00%	100.00%	
<b>Total:</b>		<b>100.00%</b>	<b>100.00%</b>	

### 1.1.2. Characteristics of the Fund

Authorized to sign the Report: Dr. Péter Székács  
Board of Directors: Dr. Rezső Nyers, László Keller, Erika Marsi, Dr. Júlia Király, István Farkas, Dr. Ádám Farkas, Antal Varga, Dr. Péter Székács  
Supervisory Board: -.  
Auditor: Audit Service Kft. (Zsuzsanna Guzmics)  
Chief Accountant: Erzsébet Nemes  
1027 Budapest, Csalogány u. 9-11.  
Reg. No.: 153715  
Legal representation: Dr. Géza Gálfalvi  
Account management banks: HUF: MNB, OTP Bank Nyrt, MKB Nyrt, ING Bank Zrt., CIB Bank Zrt.  
Foreign currency: -.  
Activities subject to licence:

- The company is exposed to public interest: Yes

Scope of information required by legislation, related to specific activity: Government Decree 214/2000. (XII.11.)

### 1.1.3 Operations

The operation and ownership relations are governed by Act CXII of 1996, and the Fund is operated in compliance with the relevant provisions.

The daily turnover is monitored and recorded in a computer program (Microsoft Navision program) that guarantees closed data processing.

### 1.1.4 Accounting system

Accounting currency:	Hungarian forint
Accounting system:	Double entry book-keeping
Business year:	<b>1 January 2009 – 31 December 2009</b>
Type of profit and loss statement:	total cost method
Profit and loss statement version:	“A”
Balance sheet version:	“A”
Customary balance sheet date:	31 January 2010
Balance sheet date for the company per item:	fixed for each balance sheet item
Rule-off date:	15 February 2010
Authentication based on:	annual report
Statutory reporting form:	other report, type: as regulated by Government Decree No. 214/2000 (XII. 11.) for deposit insurance funds
Itemization of the balance sheet:	-new items added: none - items consolidated: none
Itemization of the profit and loss statement:	-new items added: none - items consolidated: none
Requirements for the accounting principles:	
– diversions from the accounting principles: -.	
– diversions from legal requirements, allowed by auditing: -.	
– changes in the principles of evaluation used: -.	
– assets or liabilities with a changed classification: -.	
– material errors with an effect that generate an audit requirement for the year it was incurred in: 2% of the total assets.	
– effect of material error is 20% of the equity in the annual report published last: HUF 17 014 791 thousand.	
– individual evaluation is selected as the method used for stating depreciation of investments and securities.	
– evaluation at real value not applied.	
– permanence: irrespective of the date of entry in the books, a continuously increasing/decreasing permanent tendency over one year.	
– a uniform exchange rate used on evaluating foreign currency assets and liabilities: the central bank (MNB) mid-rate. The exchange rate differences are stated by the enterprise if they have a significant and permanent effect on the group of assets or liabilities:	

- Modifying effect: for the asset group of receivables > 5%, or
  - Modifying effect: for the liabilities group of obligations > 5%, or
  - Modifying effect: for the asset group of securities > 5%, or
  - Modifying effect: for the asset group of financial assets > 5%.
  - And: the effect is significant in any case when the summary effect of revaluations on the profit/loss exceeds 2% of the profit for the relevant year.
  - And: the effect is not significant if its effect on the profit/loss is less than HUF 500 thousand.
- the qualifications of significant, material and crucial are fixed for each asset group. The balance sheet lines are indicated by Roman numeral, while lines of balance sheet items by Arabic numbers.
  - our annual closure and the relevant report complies with the requirements and is consistent,
  - in our work, the principle of precaution and the principle of authenticity are represented, and are used with the principle of on-going concern.

The completeness of processing is guaranteed by our statement of completeness. Between the dates of the annual closure and the balance sheet rule-off date, no material information has emerged to modify the company's situation, consequently, the company's closing data are evaluated on an on-going concern.

### **1.1.5 The Fund's scope of activity**

Pursuant to section 105 (1) of the Act on Credit Institutions and Financial Enterprises (hereinafter referred to as the Act), the main function of the Fund is to commence and complete payment of compensation to depositors within twenty working days, in case the deposits kept at the member institutions are frozen, or pursuant to the Supervision's resolution or in case a liquidation procedure is instituted, after a court order for liquidation is published - at the earliest of the three dates.

### **1.1.6. The Fund's governing body and auditing**

#### ***1.1.6.1. The Board of Directors***

In accordance with section 110 (1) of the Act on Credit Institutions, the governing body of the Fund is the Board of Directors consisting of the Vice President of the National Bank of Hungary (NBH), the Administrative Undersecretary to the Ministry of Finance, the Chairman of the Board to the Hungarian Financial Supervisory Authority (HFSA), and two representatives delegated by credit institutions, as well as the Managing Director of the Fund.

On an annual basis, the Board of Directors elects a chairman and a vice-chairman out of its members. In 2009, the chairman's duties were performed by the secretary general to the Hungarian Banking Association, Dr. Rezső Nyers, while the vice-chairman's duties by the former and the current chairmen of the Hungarian Financial Supervisory Authority, István Farkas and Dr. Ádám Farkas.

#### ***1.1.6.2. Auditing the Fund***

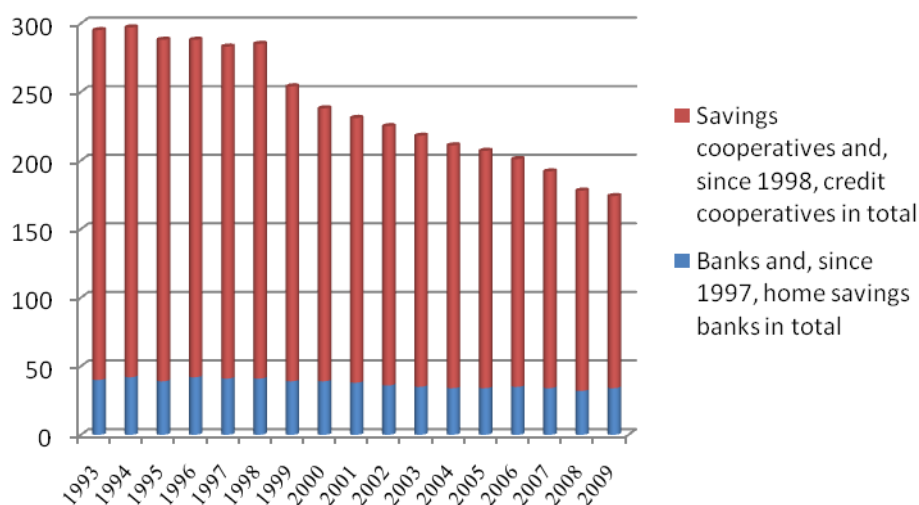
In accordance with section 109 of the Act, financial and accounting audits of the Fund are performed by the State Audit Office.

## 1.2 Savings of member institutions and the obligation to compensate

### 1.2.1 The number of member institutions

In early 2009, the Fund had 178 members, including 32 banks and specialized credit institutions (two of which were home savings banks), 141 savings co-operatives, and five credit co-operatives. In the course of the year 2009, the number of Fund members decreased by a total of 4. During the year, one commercial bank was admitted to the fund, one savings cooperative was transformed into a commercial bank, and five savings cooperatives merged into another savings co-operative.

As a result, on 31 December 2009, the Fund had 174 credit institutions as members, 34 of which were commercial banks and specialized credit institutions (including two home savings banks), 135 savings co-operatives and 5 credit co-operatives.



### 1.2.2 Trends and composition of savings and deposits

The total deposits – based on premium returns – managed by credit institutions in early 2009 amounted to HUF **16,528 billion**, which represents an increase of HUF 1,277 billion (8.4%) over the previous year's corresponding figure.

The growth of deposit products was substandard (7.5%) within the savings portfolio increase of HUF 1,277 billion, of which savings deposits decreased by 3%. A key point in growth continued to be a nearly 11% increase in bank securities (bonds); however, this only had a slight influence on the growth in total savings, due to the internal ratio of various forms of savings.

The proportion of other deposits kept decreasing compared to the previous year, but it is still crucial (above 80%), while the significance of savings deposits is diminishing year by year.

## Volume of savings and their distribution among the major credit institution sectors

Table 1

Description	Savings balance HUF billion		Change Yr 2008 =100%	2009 opening	
	2008 opening	2009 opening		distribution (%)	
				Banks and home savings banks	Savings co- operatives and credit co-operatives
<b>Deposits</b>	<b>13,021</b>	<b>13,999</b>	<b>107.5</b>	<b>92</b>	<b>8</b>
Of which: saving deposits	707	684	97	36	64
other deposits	12,314	13,315	108	95	5
<b>Securities</b>	<b>2,034</b>	<b>2,258</b>	<b>111</b>	<b>94</b>	<b>6</b>
<b>Interest payable</b>	<b>196</b>	<b>271</b>	<b>138</b>	<b>93</b>	<b>7</b>
<b>TOTAL</b>	<b>15,251</b>	<b>16,528</b>	<b>108</b>	<b>92</b>	<b>8</b>

It is less pleasing that the insured deposit portfolio (premium base) shows an increase of HUF 129 billion (1.1%), which represents a dramatic plummet compared to those of the previous years.

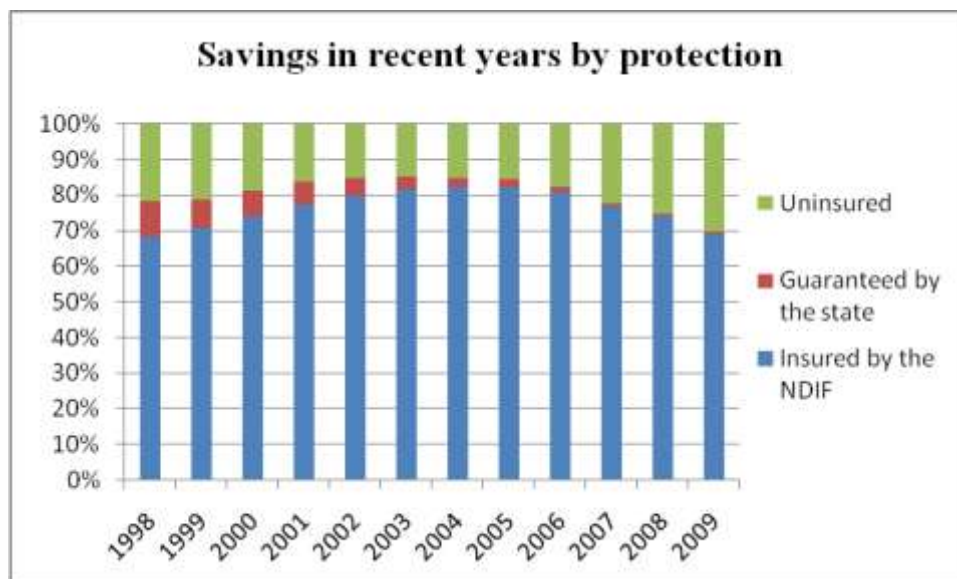
### 1.2.3 Distribution of savings by type of protection

With the continuous growth of insured savings seen since deposit insurance, the ratio of deposits insured by the NDIF diminished in the third consecutive year. By early 2008, the ratio of deposits insured by the NDIF decreased from 82%, representing a peak in 2005, to 69% by early 2009.

Table 2 (data in percentage)

Description	2008 opening			2009 opening		
	Insured by NDIF	Guaranteed by the State	Insured by DIF	Guaranteed by the State	Insured by DIF	Guaranteed by the State
<b>Deposits</b>	<b>80.0</b>	<b>0.7</b>	<b>19.3</b>	<b>77.7</b>	<b>0.5</b>	<b>21.8</b>
Of which: savings deposits	91.2	7.5	1.3	92.5	6.2	1.3
other deposits	79.4	0.3	20.3	77.0	0.2	22.8
<b>Securities</b>	<b>35.8</b>	<b>0.8</b>	<b>63.4</b>	<b>17.2</b>	<b>0.5</b>	<b>82.3</b>
<b>Interest payable</b>	<b>61.0</b>	<b>1.5</b>	<b>37.5</b>	<b>48.2</b>	<b>1.0</b>	<b>50.8</b>
<b>TOTAL</b>	<b>73.9</b>	<b>0.7</b>	<b>25.4</b>	<b>69.0</b>	<b>0.5</b>	<b>30.5</b>

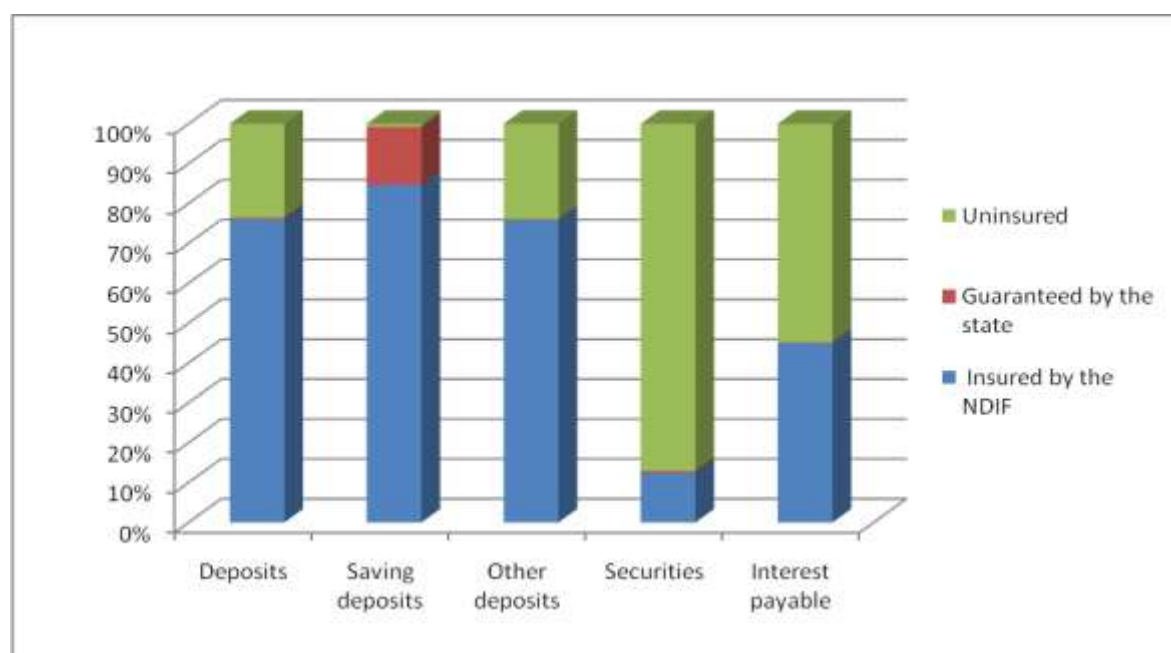
It is noticeable that by 2009 securities portfolio rose by almost 11% in comparison with the prior year, at the same time, the ratio of deposit protection provided by the NDIF decreased to a half within securities. The ratio of uninsured securities exceeds 82% of all portfolios. The proportion of deposits insured by the NDIF continued to decrease by 2.3 percentage point in favour of uninsured deposits.



### Distribution of savings by type of protection in early 2009 (Banks and home savings banks)

Table 3 (data in percentage)

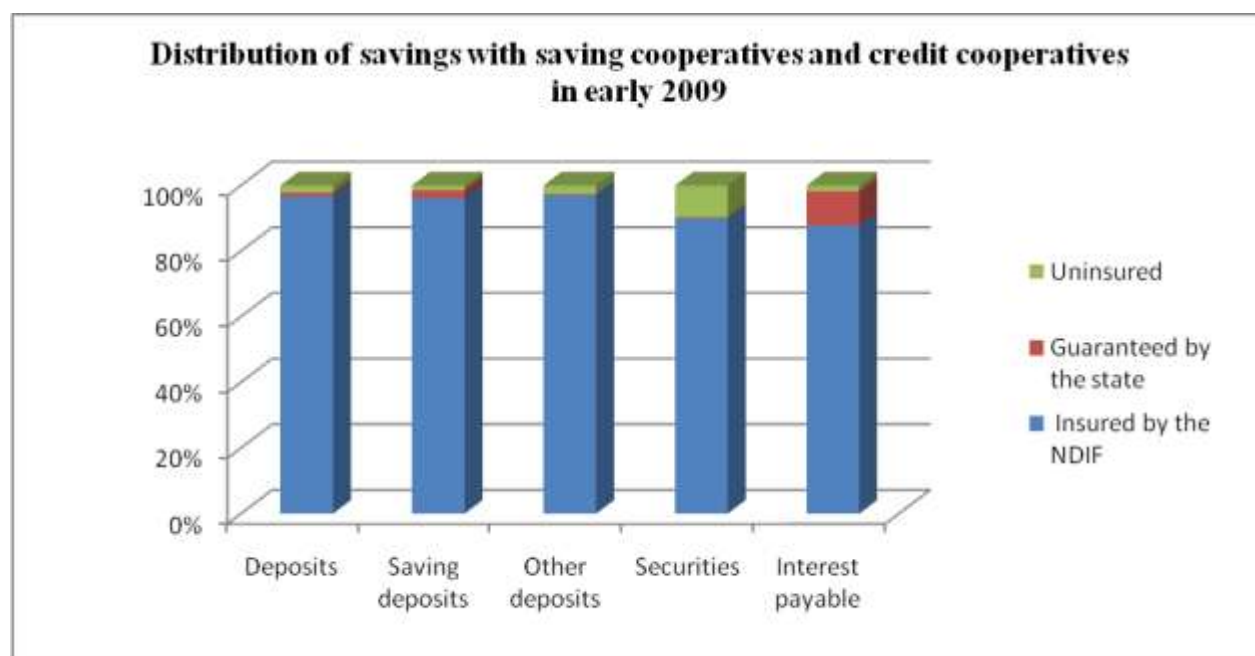
Description	Banks and home savings banks			Total
	Insured by NDIF	Guaranteed by the State	Not insured	
<b>Deposits</b>	<b>96.7</b>	<b>1.0</b>	<b>2.3</b>	<b>100</b>
Of which: saving deposits	95.9	2.5	1.6	100
other deposits	97.2	0.1	2.7	100
<b>Securities</b>	<b>89.9</b>	<b>0.4</b>	<b>9.7</b>	<b>100</b>
<b>Interest payable</b>	<b>87.6</b>	<b>10.6</b>	<b>1.8</b>	<b>100</b>
<b>2009 opening TOTAL</b>	<b>95.8</b>	<b>1.1</b>	<b>3.1</b>	<b>100</b>
<b>2008 opening TOTAL</b>	<b>95.8</b>	<b>1.3</b>	<b>2.9</b>	<b>100</b>



**Breakdown of savings by type of protection in early 2009  
(Savings co-operatives and credit co-operatives)**

**Table 4 (data in percentage)**

Description	Savings co-operatives and credit co-operatives			
	Insured by NDIF	Guaranteed by the State	Not insured	Total
<b>Deposits</b>	<b>96.7</b>	<b>1.0</b>	<b>2.3</b>	<b>100</b>
Of which: saving deposits	95.9	2.5	1.6	100
other deposits	97.2	0.1	2.7	100
<b>Securities</b>	<b>89.9</b>	<b>0.4</b>	<b>9.7</b>	<b>100</b>
<b>Interest payable</b>	<b>87.6</b>	<b>10.6</b>	<b>1.8</b>	<b>100</b>
<b>2008 opening total</b>	<b>95.8</b>	<b>1.1</b>	<b>3.1</b>	<b>100</b>
<b>2007 opening total</b>	<b>95.8</b>	<b>1.3</b>	<b>2.9</b>	<b>100</b>



#### **1.2.4 Compensation obligations of the Fund**

Growth of savings insured by the NDIF represented only HUF 129 billion of the previously presented HUF 1,277 billion increment in savings. The 1.1% increment in this theoretical indemnification obligation of the NDIF is reduced by a limit set for each person and credit institution, which has been a HUF equivalent of EUR 50 thousand as of 30 June 2009.

In the light of this, the actual indemnification obligations of the NDIF increased by HUF 1 401 billion by the year 2009, and represented HUF 7,162 billion due to the increased limit (the compensation limit was raised to more than double, to HUF 13 billion as of 14 October 2008).

Also considering the diminishing state guarantee, compensation and guarantee obligations of the NDIF and, to an infinitesimally small extent, the guarantee obligation of the state, respectively, cover 43.8% of all savings kept in credit institutions. This consists of 43.3% NDIF insurance and 0.5% state guarantee obligation.

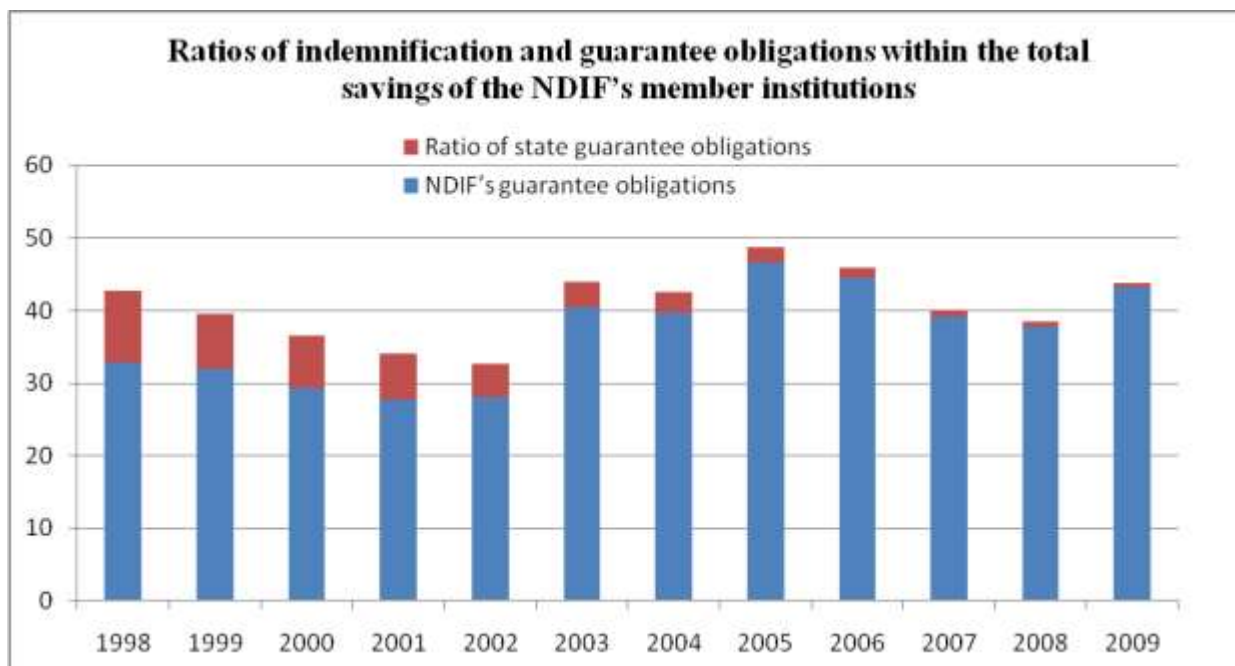
## Compensation and guarantee obligations for savings held in credit institutions

Table 5 (data in percentage)

Description	At the beginning of the insurance year	Insured by NDIF	Guaranteed by the State	Not insured or guaranteed	Total
Distribution of total savings by protection type	1993	44.2	32.5	23.3	100.0
	1998	68.3	10.0	21.7	100.0
	1999	70.9	7.7	21.4	100.0
	2000	73.9	7.2	18.9	100.0
	2001	77.3	6.3	16.4	100.0
	2002	79.9	4.7	15.4	100.0
	2003	81.4	3.6	15.0	100.0
	2004	82.1	2.8	15.1	100.0
	2005	82.3	2.1	15.6	100.0
	2006	80.7	1.5	17.8	100.0
	2007	76.8	0.9	22.3	100.0
	2008	73.9	0.7	25.4	100.0
	<b>2009</b>	<b>69.0</b>	<b>0.5</b>	<b>30.5</b>	<b>100.0</b>
Ratio of compensation or guarantee obligations for the NDIF within the insured* and the guaranteed balance	1993	n.a.*	100.0	0	-
	1998	48.0	100.0	0	-
	1999	45.0	100.0	0	-
	2000	39.8	100.0	0	-
	2001	35.8	100.0	0	-
	2002	35.1	100.0	0	-
	2003	49.6	100.0	0	-
	2004	48.5	100.0	0	-
	2005	56.6	100.0	0	-
	2006	55.1	100.0	0	-
	2007	51.1	100.0	0	-
	2008	51.1	100.0	0	-
	<b>2009</b>	<b>62.8</b>	100.0	0	-
<b>Ratio of compensation or guarantee obligations within total savings kept in NDIF member institutions</b>	1993	n.a.	32.5	0	n.a.
	1998	32.8	10.0	0	42.8
	1999	31.9	7.7	0	39.6
	2000	29.4	7.2	0	36.6
	2001	27.7	6.3	0	33.3
	2002	28.0	4.7	0	32.7
	2003	40.4	3.6	0	44.0
	2004	39.8	2.8	0	42.6
	2005	46.6	2.1	0	48.7
	2006	44.5	1.5	0	46.0
	2007	39.2	0.9	0	40.1
	2008	37.8	0.7	0	38.5
	<b>2009</b>	<b>43.3</b>	<b>0.5</b>	<b>0</b>	<b>43.8</b>

\*The insured balance equals to the NDIF premium base





The number of insured deposits grew by 24%. The average deposit size decreased from HUF 659 thousand to HUF 535 thousand (19%). However, this decrease is basically due to technical reasons, due to changes in the structure of premium returns. On submitting their premium returns for 2009, member institutions were required to indicate separately the actual number of deposits not consolidated for clients, in addition to indicating the sum of balance sheet lines. (In previous years, consolidation for clients was allowed for the member institutions by type of savings, which was favourable to them at the time of using a different premium rate for each class.)

Since 2009, the member institutions have also stated data consolidated for depositors within the premium base in their premium returns. On this basis, three deposit classes are distinguished (depositors holding deposits between HUF 0 and 13 million, between HUF 13 and 25 million and above HUF 25 million) – in order to facilitate more accurate planning of the NDIF's compensation obligations. Within the premium base, 52% represent depositors below HUF 13 million, 39% depositors above HUF 25 million, while 9% belong to the medium class.

#### Distribution of savings insured by the NDIF by deposit class in 2009

**Table 6**

Deposit classes	Total			Banking sector			Cooperative sector		
	HUF bn	%	1000	HUF bn	%	1000	HUF bn	%	1000
<b>HUF 0-13 million</b>	5,882	51.6	10,516	4,840	47.7	8,439	1,042	83.2	2,078
<b>HUF 13-25 million</b>	1,061	9.3	59	968	9.5	54	93	7.4	5
<b>Above HUF 25 million</b>	4,456	39.1	39	4,339	42.8	37	117	9.4	2
<b>Total</b>	<b>11,399</b>	<b>100.0</b>	<b>10,615</b>	<b>10,147</b>	<b>100.0</b>	<b>8,530</b>	<b>1,252</b>	<b>100.0</b>	<b>2,085</b>
<b>Average deposit amount per client, HUF thousand</b>	<b>1,074</b>			<b>1,190</b>			<b>600</b>		

### 1.3 The Fund's revenue from premiums

The Fund's own source of revenue (Section 119 of the Act on Credit Institutions) consists of one-off admission fees, regular and extraordinary payments received from member institutions, yields from the Fund's investments, eighty percent of fines collected from credit institutions by the Supervision, as well as a portion of receivables transferred to the Fund, and, in addition, the Fund may borrow loans.

#### a) Admission fees

Credit institutions that have been licensed to raise deposits are required to pay a one-off admission fee to the Fund upon becoming a member institution. The admission fee equals 0.5 % of the member institution's registered capital. In 2009, the Fund earned a revenue of HUF 10 million from such fees.

#### b) Annual premium payment

As specified by Sections 121 (1) and (2) of the Act, the upper limit for the statutory annual regular premium to be paid by members is 2 per mill of the deposit portfolio of the member institution insured by the Fund as of 31 December of the year preceding the relevant year. This statutory limit has not been fully used by the Fund yet.

The average premium rate for deposit insurance significantly decreased between 2000 and 2004, and it stagnated low in the following two years. As of this year, we have introduced a uniform 0.20 per mill premium rate based on the resolution of the NDIF Board of Directors. As a result, the average premium rate now corresponds to the premium rate.

The table below demonstrates in a breakdown by sector how the premium payable relates to the theoretical indemnification obligation in a given credit institution sector (specific premium).

**Dynamics of the specific premiums in 2009**

**Table 7**

Credit institution	Premium* paid in 2008 (M HUF)	Premium* paid in 2009 (M HUF)	Theoretical indemnification obligation /HUF 1000 HUF	
			2008	2009
Bank	878	1,977	0.20	0.34
Savings co-operative	113	247	0.09	0.22
Home savings bank	19	53	0.11	0.20
Credit co-operative	1	3	0.12	0.22
<b>Grand total</b>	<b>1,012</b>	<b>2,280</b>	<b>0.18</b>	<b>0.32</b>

\* The data do not contain deviations originating from preferential or increased premiums and from adjustments due to the preceding years. The balance sheet data contains a balance of the listed items.

#### c) Increased premiums and preferential premiums

Besides the regular yearly payment obligations, the Fund may also set increased and preferential rates. An increased premium can be charged if a member institution did not comply with the prescribed solvency ratio, or carried out particularly risky activities. (Sections 121 (6) and (7) of the Act). In 2009, no increased premium was set by the Board of Directors.

Preferential premiums are granted to member institutions that are members of voluntary deposit protection or institution protection funds licensed by the Supervision, referenced in subsection (1) of Section 121 of the Act. In 2009, none of our member institutions applied for preferential premiums.

## 1.4 Fund ratio

The fund ratio is the internationally accepted indicator of the asset position or “sufficiency” of deposit insurance institutions, which fund ratio compares the liquid assets of the Fund to the theoretical compensation obligations of the Fund towards member institutions, as of the same date.

The assets available for indemnifying depositors in the case of bankruptcy of a credit institution derive basically from two sources of revenue: deposit insurance premiums paid by member institutions in the relevant year and yields of accumulated premiums invested in government securities.

The Fund’s assets available for indemnifying depositors were continuously growing, partly due to the investment yields in excess of inflation and partly to the fact that since 2000 there have been no bankruptcy proceedings against credit institutions in Hungary. The market value of the assets amounted to HUF 85 billion at the turn of 2009-2010.

The NDIF’s fund ratio hardly changed, the compensation obligation grew considerably, still, a considerable portion of all savings was not subjected to deposit insurance besides an increasing compensation obligation, and the assets of the NDIF also grew.

### Dynamics of the fund ratio between 2003 and 2009

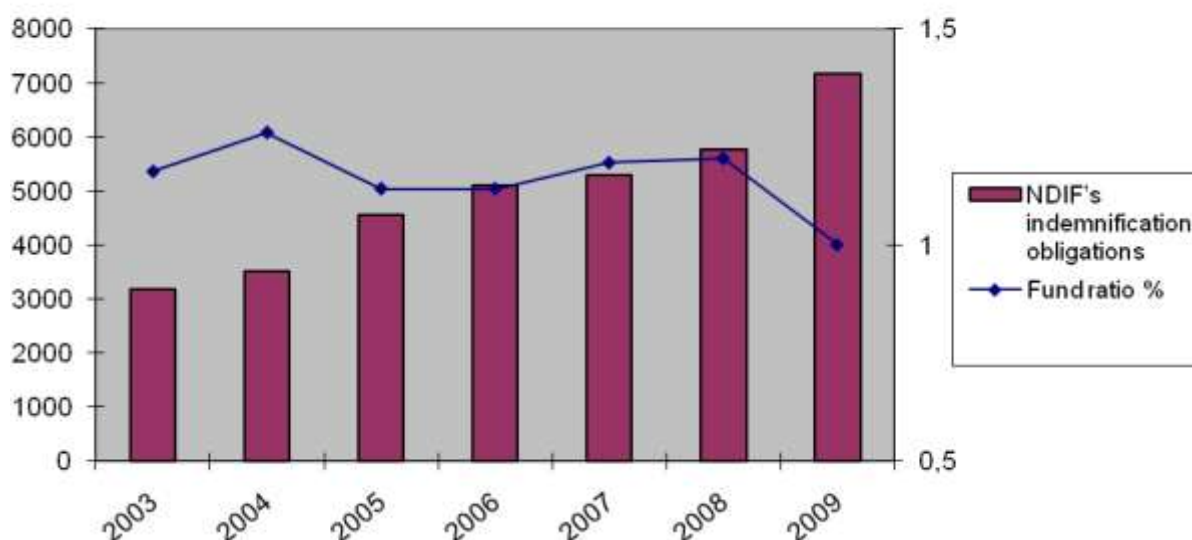
(as of the beginning of year, in HUF billion)

Table 8

Description	2003 actual	2004 actual	2005 actual	2006 actual	2007 actual	2008 actual	2009 actual
NDIF compensation obligation	3,186	3,521	4,551	5,104	5,288	5,761	7,162
NDIF’s assets*	37.4	44.3	51.5	57.8	63.1	69	85
<b>Fund ratio %</b>	<b>1.17</b>	<b>1.26</b>	<b>1.13</b>	<b>1.13</b>	<b>1.19</b>	<b>1.2</b>	<b>1.19</b>
<b>Average premium rate (per mill)**</b>	<b>0.21</b>	<b>0.20</b>	<b>0.20</b>	<b>0.19</b>	<b>0.18</b>	<b>0.09</b>	<b>0.20</b>

\*Market value including interest of the NDIF’s liquid assets represented by securities – as at the end of the year preceding the relevant year (opening value in the relevant year)

### Indemnification obligations and fund ratio of the NDIF



## 1.5.1 Explanation to balance sheet items

### 1.5.2 Intangible assets

- a) Content:
- software

- b) Structure

**Table 9**

Description In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year
				In HUF thousand	%	%
Capitalized value of formation and transformation	0	0	0	0	0.00	0.00
Rights	0	0	0	0	0.00	0.00
Intellectual property	40,591	0	34,720	-5,871	85.54%	100.00%
- software	40,591		34,720	-5,871	85.54%	100.00%
Advance payments on intangible assets	0	0	0	0	0.00	0.00
Revaluation of intangible assets	0	0	0	0	0.00	0.00
<b>Total:</b>	<b>40,591</b>	<b>0</b>	<b>34,720</b>	<b>-5,871</b>	<b>85.54%</b>	<b>100.00%</b>

- c) Priority changes in balances:

**Table 10**

Description / in HUF thousand	opening	additions	disposals	reclassifications +/-	closing
<b>GROSS VALUE</b>	<b>107,985</b>	<b>4,876</b>	<b>0</b>	<b>0</b>	<b>112,860</b>
Intellectual property	107,984	4,876	0	0	112,860
- software	107,984	4,876			112,860
<b>DEPRECIATION</b>	<b>67,394</b>	<b>10,747</b>	<b>0</b>	<b>0</b>	<b>78,140</b>
Intellectual property	67,393	10,747	0	0	78,140
- software	67,393	10,747			78,140
<b>NET VALUE</b>	<b>40,591</b>	<b>-5,871</b>	<b>0</b>	<b>0</b>	<b>34,720</b>
Intellectual property	40,591	-5,871	0	0	34,720
- software	40,591	-5,871	0	0	34,720

Intangible assets – balance movements by type

**Table 11**

Description / in HUF thousand	2008	2009
<b>Intangible assets</b>		
ADDITIONS	0	4,876
- purchase		4,876
DISPOSALS	10,513	10,747
- depreciation	10,513	10,747

Intangible assets – balance movements in depreciation as specified in the accounting act

**Table 12**

Description / in HUF thousand	opening	additions	disposals	reversal	closing
<b>DECREASE IN DEPRECIATION</b>	<b>67,393</b>	<b>10,747</b>	<b>0</b>	<b>0</b>	<b>78,140</b>
PROJECTED	67,393	10,747	0	0	78,140
- linear	67,393	10,747			78,140

### 1.5.3 Tangible assets

a) Content:

- rented buildings,
- equipment,
- IT,
- vehicles.

b) Structure:

**Table 13**

Description In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year
				In HUF thousand	%	%
Rights related to land and buildings	130	0	104	-26	80.00%	0.59%
- plot of land, land allotment	3		3	0	100.00%	0.02%
- buildings, parts of buildings	127		101	-26	79.53%	0.58%
Equipment, fittings, vehicles	16,708	0	17,452	744	104.45%	99.41%
- office technology equipment	2,452		1,928	-524	78.63%	10.98%
- vehicles	9,168		8,860	-308	96.64%	50.47%
- IT equipment	4,056		5,918	1,862	145.91%	33.71%
- furniture	522		439	-83	84.10%	2.50%
- other	510		307	-203	60.20%	1.75%
<b>Total:</b>	<b>16,838</b>	<b>0</b>	<b>17,556</b>	<b>718</b>	<b>104.26%</b>	<b>100.00%</b>

c) Priority changes in balances:

**Table 14**

Description / in HUF thousand	opening	additions	disposals	reclassifications +-	closing
<b>GROSS VALUE</b>	<b>65,382</b>	<b>10,040</b>	<b>5,138</b>	<b>0</b>	<b>70,284</b>
Rights related to land and buildings	4,700				4,700
Equipment, fittings, vehicles	60,682	5,020	118		65,584
Capital projects in progress		5,020	5,020		0
<b>DEPRECIATION</b>	<b>48,544</b>	<b>4,302</b>	<b>118</b>	<b>0</b>	<b>52,728</b>
Rights related to land and buildings	4,570	26			4,596
Equipment, fittings, vehicles	43,974	4,276	118		48,132
<b>NET VALUE</b>	<b>16,838</b>	<b>5,738</b>	<b>5,020</b>	<b>0</b>	<b>17,556</b>
Rights related to land and buildings	130	-26	0	0	104
Equipment, fittings, vehicles	16,708	744	0	0	17,452
Capital projects in progress	0	5,020	5,020	0	0

## Tangible assets – balance movements by type

**Table 15**

Description / in HUF thousand	2008	2009
<b>Tangible assets</b>		
ADDITIONS	2,923	5,020
- purchase	2,923	5,020
DISPOSALS	4,535	4,302
- depreciation	4,535	4,302

## Tangible assets – balance movements in depreciation as specified in the Accounting Act

**Table 16**

Description / in HUF thousand	opening	additions	disposals	reversal	closing
<b>DECREASE IN DEPRECIATION</b>	<b>48,544</b>	<b>4,302</b>	<b>118</b>	<b>0</b>	<b>52,728</b>
PROJECTED	48,544	4,302	118	0	52,728
- linear	47,362	3,922	82		51,202
- single-amount	1,182	380	36		1,526

## Tangible assets – indicators

**Table 17**

Description	2008 %	2009 %	Change %
Proportion of assets:	29.13%	33.58%	115.28%
Asset ratio:	0.02%	0.02%	100.00%
Attrition level:	25.75%	24.98%	96.99%
Coverage ratio of tangible assets:	425,295.23%	484,586.20%	113.94%
Efficiency ratio of tangible assets:	6,173.19%	13,195.51%	213.75%

### 1.5.4 Financial investments

a) Content:

- shares,
- housing loans represented.

b) Structure:

**Table 18**

Description in HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
Non-current lendings	378	0	0	-378	0.00%	0.00%
- interest free loans	378		0	-378	0.00%	0.00%
<b>Total:</b>	<b>378</b>	<b>0</b>	<b>0</b>	<b>-378</b>	<b>0.00%</b>	<b>0.00%</b>

c) Priority changes in balances. balance certificates:

Change in depreciation in accordance with the Accounting Act:

**Table 19**

Description / in HUF thousand	opening	additions	disposals	Re-classifications +-	closing
<b>GROSS VALUE</b>	<b>3,062,322</b>	<b>0</b>	<b>378</b>	<b>0</b>	<b>3,061,944</b>
Non-current investments	3,061,944	0			3,061,944
Non-current lendings	378	0	378		0
<b>DEPRECIATION</b>	<b>3,061,944</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,061,944</b>
Non-current investments	3,061,944	0			3,061,944
<b>NET VALUE</b>	<b>378</b>	<b>0</b>	<b>378</b>	<b>0</b>	<b>0</b>
Non-current lendings	378	0	378	0	0

Financial investments – balance movements by type

**Table 20**

Description / in HUF thousand	2008	2009
<b>Financial investments</b>		
ADDITIONS	0	0
DISPOSALS	725	378
- reclassification (-)	725	
- other, transfer to current receivables		378

### 1.5.5 Inventories

a) Content:

- goods

b) Structure:

**Table 21**

Description In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year
				In HUF thousand	%	%
Raw materials	0	0	0	0	0.00	0.00
Goods						
- commercial goods	100	0	100	0	100.00	100.00
<b>Total:</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100.00</b>	<b>100.00</b>

## 1.5.6 Receivables

a) Content:

- receivables from member institutions,
- receivables from credit institutions,
- other receivables

b) Structure:

**Table 22**

Description In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
<b>Receivables from member institutions</b>	<b>23,306</b>	<b>0</b>	<b>23,306</b>	<b>0</b>	<b>100.00%</b>	<b>97.10%</b>
= receivables transferred due to deposit withdrawals	262,126		262,126	0	100.00%	1,092.06%
= depreciation reversal of receivables transferred due to deposit withdrawals	-238,820		-238,820	0	100.00%	-994.96%
= accessory costs due to deposit withdrawals	16,690		16,690	0	100.00%	69.53%
= depreciation reversal of accessory costs due to deposit withdrawals	-16,690		-16,690	0	100.00%	-69.53%
<b>Other receivables from credit institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
- due to guarantee and redemption of onerous				0	0.00%	2.90%
- depreciation reversal due to guarantee and				0	0.00%	5.81%
<b>Other receivables:</b>	<b>1,054</b>	<b>0</b>	<b>697</b>	<b>-357</b>	<b>66.13%</b>	<b>2.90%</b>
- Accounts receivable	72		0	-72	0.00%	2.90%
- Interest-free housing loans	726		378	-348	52.07%	1.58%
- Advances paid	0		100	100	0.00%	0.42%
- Reclassified tax payment obligations	211		219	8	103.79%	0.91%
- Other receivables	45			-45	0.00%	0.00%
<b>Total:</b>	<b>24,360</b>	<b>0</b>	<b>24,003</b>	<b>-357</b>	<b>98.53%</b>	<b>100.00%</b>

c) Priority balance certificates:

Change in depreciation in accordance with the Accounting Act:

**Table 23**

Description / in HUF thousand	Accounting Act opening	additions	disposals	reversal	Accounting Act closing
<b>Receivables from member institutions</b>	238,820				238,820
<b>Other receivables from credit institutions</b>	16,690				16,690
<b>Total</b>	<b>255,510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>255,510</b>

Amount of receivables to be collected per member institution:

**Table 24**

Description In HUF thousand	receivable amount	onerous obligations	depreciation opening	depreciation closing	closing book value
Heves és Vidéke Tksz.	262,126	0	238,820	238,820	23,306
Heves és Vidéke Tksz.	16,690	0	16,690	16,690	0
<b>Total:</b>	<b>278,816</b>	<b>0</b>	<b>255,510</b>	<b>255,510</b>	<b>23,306</b>



Receivables transferred to the Fund per member institution:

**Table 25**

Description In HUF thousand	Frozen deposits amount	Disbursements in the relevant year			Amount of disbursements		
		total	principal	interest	total	principal	interest
Heves és Vidéke Takarékszövetkezet	1,389,090	0	0	0	262,126	262,126	0
<b>Total:</b>	<b>1,389,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>262,126,</b>	<b>262,126</b>	<b>0</b>

## 1.5.7 Securities

a) Content:

- government bonds.
- discount treasury bills (T-bills)
- MNB bonds.

b) Structure:

**Table 26**

Description In HUF thousand	2008	Effect of revision	2009	Change		Compositi on for the relevant year %
				In HUF thousand	%	
Government securities	68,999,270	0	82,829,242	13,829,972	120.04%	100.00%
- domestic government securities	68,999,270	0	82,829,242	13,829,972	120.04%	100.00%
= Hungarian government bonds	65,831,936		74,862,527	9,030,591	113.72%	90.38%
= discount treasury bills	3,167,334		7,966,715	4,799,381	251.53%	9.62%
<b>Total:</b>	<b>68,999,270</b>	<b>0</b>	<b>82,829,242</b>	<b>13,829,972</b>	<b>120.04%</b>	<b>100.00%</b>

Securities – balance movements

**Table 27**

Description / in HUF thousand	opening	additions	disposals	closing
<b>GROSS VALUE</b>	<b>68,999,270</b>	<b>244,318,549</b>	<b>230,488,577</b>	<b>82,829,242</b>
Government securities	68,999,270	237,607,467	223,777,495	82,829,242
- domestic government securities	68,999,270	237,607,467	223,777,495	82,829,242
= Hungarian government bonds	65,831,936	196,350,951	187,320,359	74,862,528
= discount T-bills	3,167,334	41,256,516	36,457,136	7,966,714
Other securities	0	6,711,082	6,711,082	0
- MNB bonds		6,711,082	6,711,082	0
<b>DEPRECIATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET VALUE</b>	<b>68,999,270</b>	<b>244,318,549</b>	<b>230,488,577</b>	<b>82,829,242</b>
Government securities	68,999,270	237,607,467	223,777,495	82,829,242
- domestic government securities	68,999,270	237,607,467	223,777,495	82,829,242
= Hungarian government bonds	35,831,936		187,320,359	74,862,528
= discount T-bills	3,167,334		36,457,136	7,966,714
Other securities	0	6,711,082	6,711,082	0
- MNB bonds	0	6,711,082	6,711,082	0

## Securities – balance movements by type

**Table 28**

Description / in HUF thousand	2008	2009
<b>Securities</b>		
ADDITIONS	149,955,040	244,318,549
- purchase	149,955,040	244,318,549
DISPOSALS	147,730,708	230,488,577
- sale	147,730,708	230,488,577

c) Priority balance certificates:

Change in depreciation in accordance with the Accounting Act: -.

Differences between purchase and face values:

**Table 29**

Description in HUF thousand	Purchase value on acquisition	Face value on acquisition	2009 market value	2009 audited value
Hungarian government bonds	74,862,527	74,862,527	74,862,527	74,862,527
Discount treasury bills	7,966,715	7,966,715	7,966,715	7,966,715
<b>Total:</b>	<b>82,829,242</b>	<b>82,829,242</b>	<b>82,829,242</b>	<b>82,829,242</b>

## Securities – indicators

**Table 30**

Description	2008 %	2009 %	Change %
Proportion of securities:	99.92%	99.97%	100.05%
Ratio of securities:	96.24%	96.53%	100.30%
Short-term liquidity III:	85,060.41%	11,384.76%	13.38%

## 1.5.8 Liquid assets

a) Content:

- cash,
- bank accounts.

b) Structure:

**Table 31**

Description in HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
Cash	54	0	160	106	296.30%	8.37%
Bank deposits	28,900	0	1,752	-27,148	6.06%	91.63%
<b>Total</b>	<b>28,954</b>	<b>0</b>	<b>1,912</b>	<b>-27,042</b>	<b>6.60%</b>	<b>100.00%</b>

## 1.5.9 Prepaid expenses

a) Content:

- due to revenues,
- due to expenses.

b) Structure:

**Table 32**

Description in HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
Total accrued income	2,556,369	0	2,896,092	339,723	113.29%	99.93%
- accrued income	1,703		20,817	19,114	1,222.37%	0.72%
- accrued interest	2,554,666		2,875,275	320,609	112.55%	99.21%
Prepayment of costs and expenses	26,174	0	2,087	-24,087	7.97%	0.07%
- prepaid costs	26,174		2,087	-24,087	7.97%	0.07%
<b>Total</b>	<b>2,582,543</b>	<b>0</b>	<b>2,898,179</b>	<b>315,636</b>	<b>112.22%</b>	<b>100.00%</b>

## 1.5.10 Provisions

No provisions were accumulated.

## 1.5.11 Long-term liabilities

The Fund does not have any long-term liabilities.

## 1.5.12 Short-term liabilities

a) Content:

- liabilities towards depositors,
- other liabilities.

b) Structure:

**Table 33**

Description in HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
<b>Liabilities towards depositors</b>	<b>78,053</b>	<b>0</b>	<b>78,053</b>	<b>0</b>	<b>100.00%</b>	<b>10.73%</b>
- other deposit insurance liabilities	78,053		78,053	0	100.00%	10.73%
<b>Other short-term liabilities</b>	<b>3,099</b>	<b>0</b>	<b>649,509</b>	<b>646,410</b>	<b>20,958.66%</b>	<b>89.27%</b>
- Trade creditors	3,080		1,122	-1,958	36.43%	0.15%
- Liabilities towards the central budget	0	0	117	117	0.00%	0.02%
= other taxes			117	117	0.00%	0.02%
- Other short-term liabilities	19		648,270	648,251	341,1947.37%	89.10%
<b>Total:</b>	<b>81,152</b>	<b>0</b>	<b>727,562</b>	<b>646,410</b>	<b>896.54%</b>	<b>100.00%</b>

Short-term liabilities – balance movements

**Table 34**

Description / in HUF thousand	2008	2009
Liabilities towards depositors		
- other deposit insurance liabilities	78,053	78,053
Other short-term liabilities		
- settled au to the report date	3,099	649,509

### 1.5.13 Accrued expenses

- a) Content:
- costs,
  - due to deferred revenues.

b) Structure:

**Table 35**

Description In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
Accrued income	0	0	0	0	0.00%	0.00%
Accrued costs and expenses	671	0	4,196	3,525	625.34%	100.00%
- accrued costs	671		4,196	3,525	625.34%	100.00%
<b>Total</b>	<b>671</b>	<b>0</b>	<b>4,196</b>	<b>3,525</b>	<b>625.34%</b>	<b>100.00%</b>

### 1.5.14 Equity

- a) Content:
- registered capital,
  - reserves,
  - profit/loss for the relevant year.

b) Structure:

**Table 36**

Description In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
Registered capital	886,082	0	896,082	10,000	101.13%	1.05%
Reserves	68,144,325	0	70,725,129	2,580,804	103.79%	83.13%
Revaluation reserve	0	0	0	0	0.00%	0.00%
Retained profit for the relevant year	2,580,804	0	13,452,743	10,871,939	521.26%	15.81%
<b>Total</b>	<b>71,611,211</b>	<b>0</b>	<b>85,073,954</b>	<b>13,462,743</b>	<b>118.80%</b>	<b>100.00%</b>

Equity – calculation of the fixed reserve

**Table 37**

Legal titles / in HUF thousand	2008	Change	2009
<b>Reserves</b>	<b>62,265,376</b>		68,144,325
<b>Other changes during the relevant year</b>	5,878,949	2,580,804	2,580,804
<b>Disposable reserve</b>	68,144,325	2,580,804	70,725,129

c) Balance movements:

Calculation of the fixed reserve: -.

Change in equity:

**Table 38**

Description / in HUF thousand	Registered capital	Reserves	Profit/loss for the relevant year
Opening figure	886,082	68,144,325	
Additions	10,000	2,580,804	
- capital increase on incorporation	10,000		
- retained profit of the previous year carried forward		2,580,804	
Closing figure	896,082	70,725,129	13,452,743

## 1.6 Explanation to the items of the profit and loss statement

Profit and loss account per operating activity:

**Table 39 (data in HUF thousand)**

Description		Deposit Insurance		Asset management		Operation		Total	
		2008	2009	2008	2009	2008	2009	2008	2009
1	Premium revenue from member institutions	1,010,461	2,280,203	0	0	0	0	1,010,461	2,280,203
2	Premium revenue from claims collected on behalf of depositors	0	0	0	0	0	0	0	0
3	Commission revenue from disbursement of deposits insured with state guarantee	0	0	0	0	0	0	0	0
4	Revenue from other deposit insurance	28,981	36,400	0	0	0	0	28,981	36,400
I	<b>Revenues from deposit insurance (01+02+03+04)</b>	<b>1,039,442</b>	<b>2,316,603</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,039,442</b>	<b>2,316,603</b>
II	<b>Other revenues</b>	<b>11,802</b>	<b>8,065</b>	<b>0</b>	<b>0</b>		<b>255</b>	<b>11,802</b>	<b>8,320</b>
III	<b>Revenues from other than deposit insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
IV	<b>Revenues from financial transactions</b>	<b>0</b>	<b>0</b>	<b>4,611,580</b>	<b>12,529,322</b>	<b>0</b>	<b>0</b>	<b>4,611,580</b>	<b>12,529,322</b>
V	<b>Extraordinary revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5	Expenses related to the disbursement of frozen deposits	0	0	0	0	0	0	0	0
6	Expenses related to receivables collected on behalf of depositors	0	0	0	0	0	0	0	0
7	Expenses incurred on disbursement of deposits guaranteed by the state	0	0	0	0	0	0	0	0
8	Other expenses of deposit insurance	0	337	0	0	0	0	0	337
VI	<b>Expenses of deposit insurance (05+06+07+08)</b>	<b>0</b>	<b>337</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>337</b>
VII	<b>Other expenses</b>	<b>3,332</b>		<b>0</b>	<b>0</b>	<b>169</b>	<b>522</b>	<b>3,501</b>	<b>522</b>
VIII	<b>Expenses of other than deposit insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
IX	<b>Expenses of financial transactions</b>	<b>0</b>	<b>0</b>	<b>2,846,812</b>	<b>1,166,382</b>	<b>18</b>	<b>0</b>	<b>2,846,830</b>	<b>1,166,382</b>
X	<b>Extraordinary expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
9	Material type expenses	0	0	0	0	73,742	76,826	73,742	76,826
10	Personnel expenses	0	0	0	0	143,155	142,386	143,155	142,386
11	Depreciation write-off	0	0	0	0	14,792	15,049	14,792	15,049
XI	<b>Operating costs (09+10-11)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>231,689</b>	<b>234,261</b>	<b>231,689</b>	<b>234,261</b>
A	<b>RETAINED PROFIT FOR THE YEAR ((I+II+III+IV+V-VI-VII-VIII-IX-X-XI))</b>	<b>1,047,912</b>	<b>2,324,331</b>	<b>1,764,768</b>	<b>11,362,940</b>	<b>-231,876</b>	<b>-234,528</b>	<b>2,580,804</b>	<b>13,452,743</b>

### 1.6.1 Revenues from deposit insurance and other revenues

a) Content:

- premium revenue from member institutions,
- other income derived from deposit insurance,
- other income.

b) Structure:

**Table 40**

Description / In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
<b>Premium revenue from member institutions</b>	<b>1,010,461</b>	<b>0</b>	<b>2,280,203</b>	<b>1,269,742</b>	<b>225.66%</b>	<b>98.08%</b>
- standard premium revenue	1,010,461		2,280,203	1,269,742	225.66%	98.08%
- increased premium revenue				0	0.00%	0.00%
- premium reimbursement				0	0.00%	0.00%
<b>Premium revenue from claims collected on behalf of depositors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Commission revenue from disbursement of deposits insured with state guarantee</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Other revenue from deposit insurance</b>	<b>28,981</b>	<b>0</b>	<b>36,400</b>	<b>7,419</b>	<b>125.60%</b>	<b>1.57%</b>
- revenue from sale of assets received in return for claims				0	0.00%	0.00%
- reversal of depreciation related to deposit insurance				0	0.00%	0.00%
- HFSA (PSZÁF) fines	5,675		36,400	30,725	641.41%	1.57%
- other revenue from deposit insurance	23,306			-23,306	0.00%	0.00%
<b>Other revenues</b>	<b>11,802</b>	<b>0</b>	<b>8,320</b>	<b>-3,482</b>	<b>70.50%</b>	<b>0.36%</b>
<b>Total</b>	<b>1,051,244</b>	<b>0</b>	<b>2,324,923</b>	<b>1,273,679</b>	<b>221.16%</b>	<b>100.00%</b>

Amounts paid by departing member institutions: -.

c) Comments:

Settlement of state subsidies: -.

## 1.6.2 Operating costs, expenses

a) Content:

- cost types,
- other expenses.

b) Structure:

**Table 41**

Description / In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
<b>Cost types</b>						
- materials	73,742	0	76,826	3,084	104.18%	32.72%
= cost of materials	4,375		4,080	-295	93.26%	1.74%
= material type of services used	65,979		68,810	2,831	104.29%	29.31%
= other services	3,388		3,936	548	116.17%	1.68%
- payroll expenses	143,155	0	142,386	-769	99.46%	60.65%
- depreciation	14,792	0	15,049	257	101.74%	6.41%
Other expenses	3,501	0	522	-2,979	14.91%	0.22%
<b>Total</b>	<b>235,190</b>	<b>0</b>	<b>234,783</b>	<b>-407</b>	<b>99.83%</b>	<b>100.00%</b>

### 1.6.3 Results of financial activities

a) Content:

- revenue from financial transactions,
- expenses of financial transactions.

b) Structure:

**Table 42**

Description / In HUF thousand	2008	Effect of revision	2009	Change		Composition for the relevant year %
				In HUF thousand	%	
<b>Revenues from financial activity</b>						
Interest received	8,058		6,400	-1,658	79.42%	0.05%
Revenues from financial transactions	4,603,522	0	12,522,922	7,919,400	272.03%	99.95%
- exchange rate gains on investments in foreign currency	0		28	28	0.00%	0.00%
- profit on Hungarian government bonds	4,603,522	0	10,866,764	6,263,242	236.05%	86.73%
= exchange gains on Hungarian government bonds	875,329		5,318,707	4,443,378	607.62%	42.45%
= profit from interest on Hungarian government bonds	3,366,663		4,858,163	1,491,500	144.30%	38.77%
= exchange gains on discount treasury bills	361,530		689,894	328,364	190.83%	5.51%
- exchange gains on other securities			19,767	19,767	0.00%	0.16%
- profit on foreign exchange futures hedge transactions			1,636,363	1,636,363	0.00%	13.06%
<b>Total:</b>	<b>4,611,580</b>	<b>0</b>	<b>12,529,322</b>	<b>7,917,742</b>	<b>271.69%</b>	<b>100.00%</b>
<b>Financial expenses</b>						
Interests paid and similar expenses	11		0	-11	0.00%	0.00%
Expenses of financial transactions	2,836,343	0	1,155,695	-1,680,648	40.75%	99.08%
- exchange rate loss on investments in foreign currency	78		56	-22	71.79%	0.01%
- loss on Hungarian government securities	2,836,265	0	1,155,639	-1,680,626	40.75%	99.08%
= exchange rate loss on Hungarian government bonds	2,832,943		1,155,639	-1,677,304	40.79%	99.08%
= exchange rate loss on discount treasury bills	3,322			-3,322	0.00%	0.00%
Other financial expenses	10,476		10,687	211	102.01%	0.92%
<b>Total:</b>	<b>2,846,830</b>	<b>0</b>	<b>1,166,382</b>	<b>-1,680,448</b>	<b>40.97%</b>	<b>100.00%</b>
<b>Balance</b>	<b>1,764,750</b>	<b>0</b>	<b>11,362,940</b>	<b>9,598,190</b>	<b>643.88%</b>	

### 1.6.4 Extraordinary profit/loss

No extraordinary profit/loss was represented.

### 1.7 Supplementary data

The following supplement is provided to a more complete evaluation of the Annual Report:

### 1.7.1 Headcount, payroll accounting

Average statistical headcount:

**Table 43**

headcount	2008	2009
Physical	0	0
White-collar	7	7
<b>Total headcount:</b>	<b>7</b>	<b>7</b>

Priority payroll-related expenses:

**Table 44**

HUF thousand / year	2008	2009
- incentives	6,510	6,510
- social	3,567	3,599
- cost refund	1,464	1,486
- other	4,169	3,621
Total payroll-related expenses	15,710	15,216
Social security expenses	29,846	29,571
Taxes on wages:		
- paid by the employer	2,881	2,903

### 1.7.2 Rights and obligations with an expiry over 5 years

none

### 1.7.3 Business reporting obligations

Applicable

## 1.8 The Fund's assets, financial and earnings positions

### 1.8.1 Description of the securities portfolio and evaluation of the assets managers' activity

Book value of the opening securities portfolio of the relevant year amounted to HUF 68,999,270 thousand, while at the end of year, the (closing) security portfolio represented in the balance sheet was HUF 82,829,242 thousand. Of the above sum, HUF 74,862,527 thousand represented Hungarian government bonds and HUF 7,966,715 thousand for discount treasury bills. The volume of the securities portfolio grew by 20%.



The following table shows the effect of asset management on the retained profit for the relevant year:

**Table 45 (data in HUF thousand)**

<b>Profit/loss component</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Profit/loss</b>
<b>Exchange gains/losses on Hungarian government bonds</b>	<b>5,318,707</b>	<b>1,155,639</b>	<b>4,163,068</b>
<b>Interest gains on Hungarian government bonds</b>	<b>4,858,163</b>	<b>0</b>	<b>4,858,163</b>
<b>Exchange gains/losses on discount government securities</b>	<b>689,894</b>	<b>0</b>	<b>689,894</b>
<b>Yield of MNB bonds</b>	<b>19,767</b>	<b>0</b>	<b>19,767</b>
<b>Gains/losses from foreign exchange futures hedge transactions</b>	<b>1,636,363</b>	<b>0</b>	<b>1,636,363</b>
<b>Commission on portfolio management</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Custodian commission</b>	<b>0</b>	<b>2,372</b>	<b>-2,372</b>
<b>Fee to KELER</b>	<b>0</b>	<b>8,315</b>	<b>-8,315</b>
<b>Total</b>	<b>12,522,894</b>	<b>1,166,326</b>	<b>11,356,568</b>

In the domestic government securities market, which still represents an exclusive field of investment for the Fund, the year 2009 brought the best result in the past 10 years. The government securities market crashed in the first quarter, but from mid-March until mid-October it was soaring and rising continuously, and finally, the last weeks closed with a minor adjustment.

The MAX index showing the price dynamics of government securities with a term over a year significantly outperformed the RMAX index describing the movements of government securities with a term below a year, by over 3 percentage points.

In total, the year 2009 may have been the most favourable year ever in the Hungarian government securities market, although the movements were considerably influenced by international processes. The forint also followed a hectic curve: in early February, it exceeded an exchange rate of 300, and it weakened to reach 317 by early March. Fortunately, the global climate also improved with the domestic stabilisation measures, resulting in continuous strengthening of the forint following a low-point in March, regaining strength and stability after the weakening seen at the beginning of the year. All in all, 2008 represented to date the most difficult year in the domestic government securities market. The situation consolidated by the end of the year with the securities showing a positive value.

Three of our portfolio managers reached a gross yield of 13.7% on the entire portfolio. In 2009, asset management activities increased the retained earnings by HUF 11,357 million.

Earnings derived from portfolio management were reduced by the remuneration paid to the custodian, as well as the fees paid to KELER.

In the relevant year, Pioneer achieved a yield of 12.52 %, while MKB did 12.97% OTP 13.56%, with a figure of MAX-C at 14.13% in the corresponding period.

No investments were made in foreign government securities in the relevant year.

## 1.8.2 Summary evaluation of the profit

In the relevant year, the NDIF earned a profit of HUF 13 452 743 thousand, which is HUF 10 871 939 million higher than the retained earnings for the year 2008. The key components of the change are presented in the following table.

**Table 46**

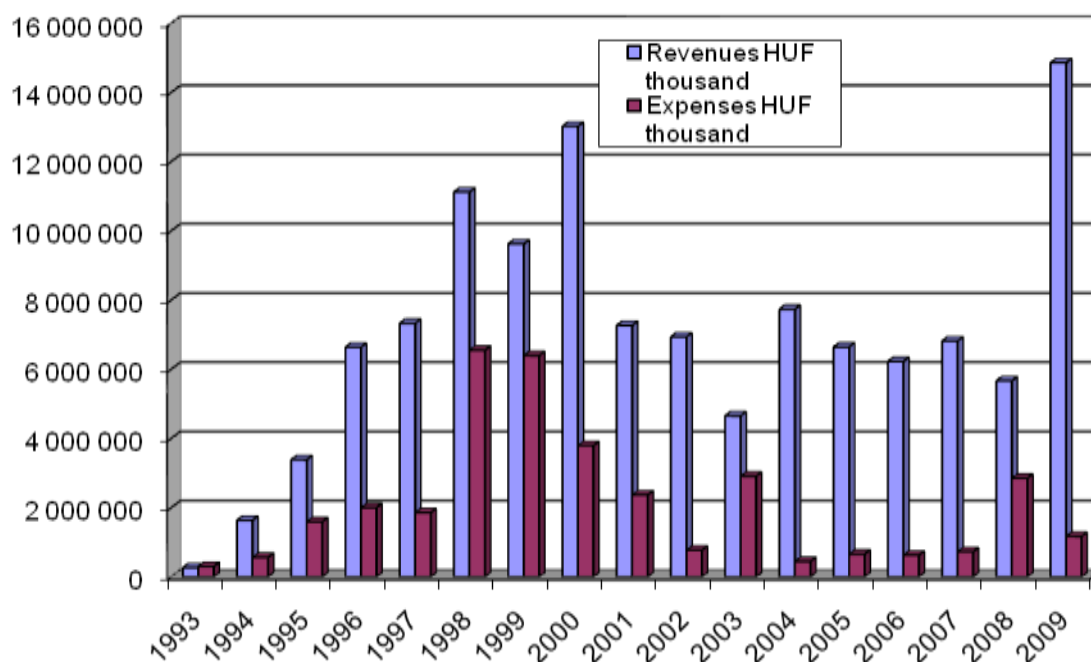
Description	2008	Effect of	2009	Change	Change
In HUF thousand		revision		In HUF thousand	%
Revenue from deposit insurance	1,039,442	0	2,316,603	1,277,161	222.87%
Other revenues	11,802	0	8,320	-3,482	70.50%
Revenues from financial transactions	4,611,580	0	12,529,322	7,917,742	271.69%
<b>Total revenues</b>	<b>5,662,824</b>	<b>0</b>	<b>14,854,245</b>	<b>9,191,421</b>	<b>262.31%</b>
Expenses of deposit insurance	0	0	337	337	0.00%
Other expenses	3,501	0	522	-2,979	14.91%
Expenses of financial transactions	2,846,830	0	1,166,382	-1,680,448	40.97%
<b>Total expenses</b>	<b>2,850,331</b>	<b>0</b>	<b>1,167,241</b>	<b>-1,683,090</b>	<b>40.95%</b>
Operating costs	231,689	0	234,261	2,572	101.11%
<b>Total expenses and operating costs</b>	<b>3,082,020</b>	<b>0</b>	<b>1,401,502</b>	<b>-1,680,518</b>	<b>45.47%</b>
<b>Retained profit</b>	<b>2,580,804</b>	<b>0</b>	<b>13,452,743</b>	<b>10,871,939</b>	<b>521.26%</b>

The retained profit grew by 521.3% compared to that of the previous year, due to the rising revenues from financial operations, which improved by 171.7%.

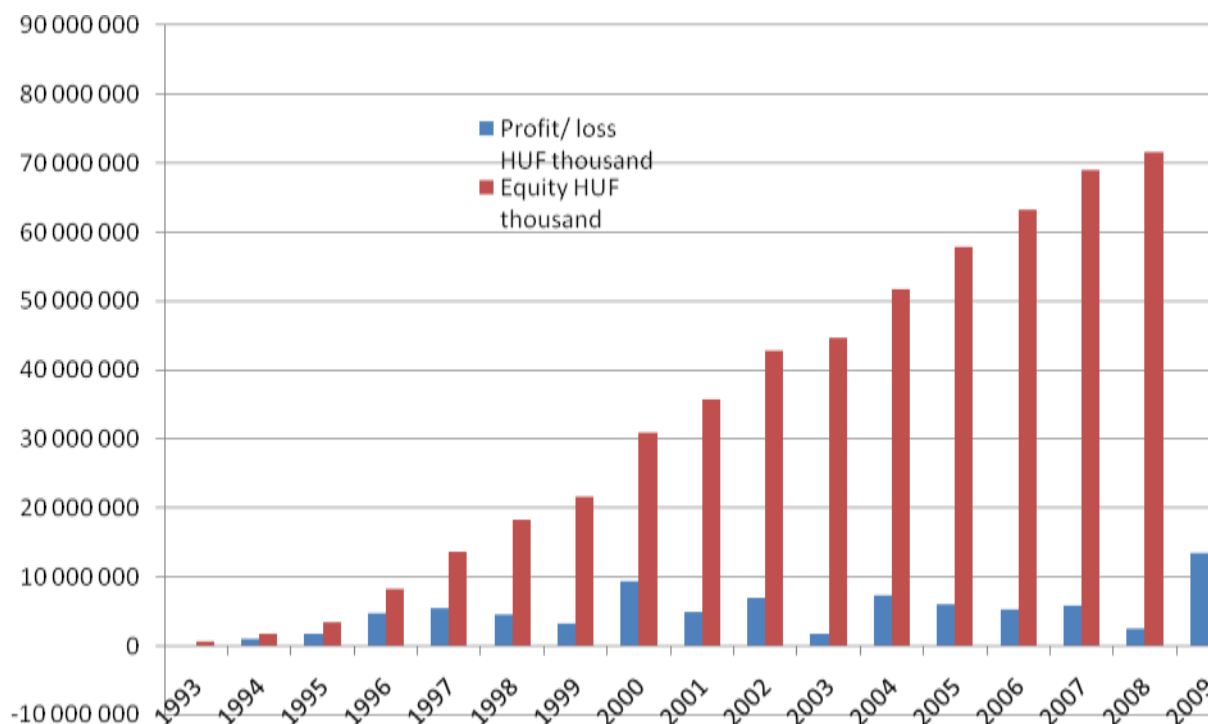
Expenses of financial operations decreased by 40.9%, which also represents a positive impact on the profit.

The following graph illustrates total income and total expenses of the NDIF, as shown in the balance sheets representing the years between the foundation of the Fund in 1993 up to 2009.

**Revenues and Expenses of the NDIF between 1993-2009**



### 1.8.3 Trends of the Fund's equity and profits from foundation up to date



When examining this graph, it must be taken into consideration that the equity contains accumulated profits of the preceding years, as well as those of the relevant year, therefore the equity growth is influenced by the fluctuation of profit.

The fluctuation of profit seen from 1998 until 2004 is explained by the dynamics of recovery prospects related to the liquidation of Realbank Rt, while for the succeeding years, mainly by the changes in the yields of the government securities market.

### 1.9 Explanations for the major differences between projected and actual data for 2009

*Premium revenues from member institutions* remained 9.2% below the projections, due to a premium base below the projected figure.

*Other deposit insurance revenues* outperformed the projected figures 3.6-fold. It represents the portion of supervisory fines due to the NDIF, which are difficult to project, (HUF 36,400 thousand in contrast to HUF 10,000 thousand).

*Other revenues* included amounts invoiced to employees for mobile phones (HUF 249 thousand), fees of other taxable activities (HUF 6 thousand), and late payment interest received on insurance premiums (HUF 151 thousand) and revenues from payment of litigation costs represented on the line various other revenues (HUF 7,914 thousand).

Based on a letter from the receiver of Rákóczi Hitelszövetkezet, interest revenue in category “g” was projected to be HUF 45,000 thousand. Liquidation has not been completed due to pending legal matters, that is why it is expected to realize in 2010.

It is expedient to examine *revenues and expenses from financial transactions* together, because we planned expected portfolio results on estimating both revenues and expenses. The following assumptions were made on planning financial operations:

- the market value of the annual average portfolio amounted to HUF 70.5 billion, including reinvested portfolio yields in addition to the premium payment received;
- payments due to bankruptcy of credit institutions and the consequent disinvestments were not taken into consideration.
- deposits to be fixed with MNB O/N were planned with a deposit interest of 9.5%.

In addition to the above-mentioned assumptions, we planned a yield of 1.05%, based on a forecast by portfolio managers. The actual portfolio yield finally reached 13.7%. The fact that the market value of the annual average portfolio balance was ultimately more favourable than projected, as well as the amount of premiums paid and yield reinvested altogether contributed to a 705% total realisation of financial operations, including portfolio management.

Within *expenses of financial transactions*, the first item represented is an exchange loss on Hungarian government bonds, which generated HUF 1,155,639 thousand as opposed to the projected HUF 2,832,943 thousand. The second projected item is a commission for portfolio management and custodian activity; performance of these below the planned figures is due to underperformance compared to the benchmark – consequently, no portfolio management fees were paid.

*Other expenses derived from deposit insurance* had not been planned, but an expense of HUF 337 thousand was incurred due to saving the deposit portfolio in connection with testing the KIR system.

*Other expenses* were planned to include the costs of assumed private use of company phones, expenses of potential claims, as well as the vehicle tax and company car tax, and were realised at 71.3%.

*Operating costs* were basically realised at a percentage equal to the previous year's, and remained 11.9% below the projected figure.

Material type expenses came 18.6% below the estimated figure. In addition to economical management, this results from the fact that a few expense items were cancelled, or did not reach the projected level for objective reasons.

## **2. Supplementary information and reference data**

### **2.1. Institutional communications of the NDIF**

Except for the beginning of the year, no incident in the member institutions' and the Fund's activity gave rise to increased media appearance for the domestic deposit insurance last year. The government measures at the end of 2008, and, similarly, uncertainty of a risk of national bankruptcy, generated more intensive interest in the public opinion. Direct questions received from clients and tellers via both telephone and e-mail concerning the security of deposits and state guarantee considerably grew in number in January and February.

In the wake of changes in the legislation applicable to the limit of compensation, action plans were produced concerning the institutional communications duties related to the changes coming into effect at the beginning and in the middle of the year – twice during the year.

During the year, six press releases were issued on our home page. The announcements published reported on amendments to the legislation, the visits of experts from the Ukrainian and the British deposit insurance institutions at the Fund to collect experience, as well as a visit by the President of the Taiwanese deposit insurance to Budapest in June.

An Act passed by the National Assembly on 18 May 2009 is also worth mentioning, which specified the limit of compensation to be a HUF equivalent of EUR 50,000 as of 30 June 2009, and the lead time available for the compensation to be 20 working days – with an effective date of 1 January 2010. Consequently, the NDIF staff modified all printed and electronic client information publications accordingly, and helped the Supervision and bank tellers to communicate and prepare for the changes

## **2.2. Events related to liquidation in progress**

### **2.2.1. Heves és Vidéke Takarékszövetkezet ‘under liquidation’ (“UL”)**

According to the most recent information received from Concordat Felszámoló Kft., an unexpected development occurred in the liquidation process in 2009. The criminal procedure initiated against the former managing director and his accomplices in the year of liquidation (in 1993!) was completed at the Court of Hevesi Megye. An ongoing action for compensation was linked to this procedure against Mrs. Pálné Godó and 17 defendants. The receiver indicated a new deadline to submit the closing balance, whereby in the second half of 2010, they wish to complete liquidation “at any rate”, because there are no obstacles to it now.

Since the commencement of the liquidation up until the balance sheet rule-off date, the NDIF has paid an indemnification of HUF 262,126,706, which is registered by the liquidator in category d). In addition, statement of declared accessory costs of HUF 16,690,000 was confirmed by the liquidator.

We make mention of the fact that in its letter dated 8 January 2010, the liquidator confirmed its earlier information stating that the NDIF can expect a 10% recovery of its creditor claims classified in category d).

### **2.2.2. Rákóczi Hitelszövetkezet “UL”**

The Metropolitan Court of Budapest passed its final order on closing the liquidation procedure of the credit cooperative on 28 January 2010. The debtor’s assets available for distribution were worth HUF 58,766 thousand, from which the receiver ensures 31.67% satisfaction to the creditors in category d) within 30 days after the order becomes final.

## **2.3. Legal matters**

### **2.3.1. Legal proceedings**

No final judgement was passed in legal proceedings underway against the NDIF. A final judgement to be passed later is not expected to generate a payment obligation for the NDIF.

### **2.3.2. Other liabilities**

Except for the customary liabilities (trade creditors and similar), we are not aware of any other claims against the Fund.

In 2009, the Fund did not issue any guarantee declarations that could give rise to payment obligations.

## 2.4. IT developments in 2009

Our IT capital projects are planned to prepare for 20-day payment deadlines required by the relevant EU directive. As a part of that, a new high-capacity server was put into operation, and purchased Microsoft Data Clinic (Adatklinika) software in order to accelerate data processing and produce data sets free of quality faults.

## 2.5. International activity

The global financial crisis, by virtue of the discipline concerning deposit insurance, represents also possibility, not only challenges for deposit insurers to upgrade their systems. The management of the NDIF assumed an active role in order to meet the increased international demand for transferring their experience. As feedback suggests, all these kept on deepening the reputation and recognition of Hungarian experts of deposit insurance.

**IADI (International Association of Deposit Insurers)** held its eighth annual general meeting in Basel at the end of September 2009, which was attended by the NDIF's Chief Economist. The body approved its annual report and balance sheet for the year 2008/2009, as well as the business plan for the following year.

The professional conference held subsequent to the general assembly addressed the role of deposit insurance principles and how to put them onto practice. The NDIF's representative was one of the acting chairpersons of a panel dealing with important practical issues.

This was also an opportunity to announce that in 2009, the title "Deposit Insurer of the Year" and the accompanying prize was awarded to our Turkish partner institution as a result of a secret voting. It is worth mentioning that the NDIF was one of the four institutions nominated for the prize.

The *Executive Council of IADI* held meetings in February and July, and the general meeting in September, which the Chief Economist of the NDIF attended as a member, similarly to our participation in the *IADI Economics (research) and Finance and Guidance Committee*.

At its meeting in July, the organisation paid special attention to setting up a work group to finalise and coordinate a methodological material to assist surveying/evaluating compliance with the principles of deposit insurance.

The meeting in September mainly discussed the preparations for the General Meeting, the draft resolutions on the agenda, including preparations made for the election of officers.

What was voiced here was that a methodology was commenced to be developed to assist evaluation of adopting the principles of deposit insurance with the involvement of the IMF. In addition to the IMF, the OECD, the Basel Committee and the experts of IADI, including the chief economist of the NDIF also participate. The final draft will be accepted at the meeting of the Financial Stability Board in early 2010.

A prominent event at the **European Forum of Deposit Insurers (EFDI)**, comprising European deposit insurance institutions, was the general assembly convened for 29-30 June 2009 in Paris. In line with the traditions, it was followed by a professional conference built on two pillars: the position and expected role of deposit insurance in the European Union, on the one hand, and the developments of the American practice and possibilities of cooperation between the USA and the EU, on the other hand.

The general assembly addressed issues related to the organisational life of the EFDI and to co-operation with the IADI and the FDIC. The event was attended by the managing director, chief legal advisor and chief economist of the NDIF.

A key function of the EFDI is close professional cooperation with the European Commission. Within the EFDI, a dedicated working group is involved in coordinating professional issues resulting from EU membership. This working group met in March, May and October to review the changes in the legislation following the revision of Directive 94/19/EC of the European Commission. The meetings in May and October were attended by the chief economist who also held a presentation at each on a professional issue.

The EFDI Board of Directors, in which the NDIF's Chief Economist participates as a member met altogether five times.

Concerning the **exchange of professional experience**, it is to be noted that the Deposit Insurance Corporation of Japan invited the chief economist of our institution to hold a presentation at a professional event held at the end of February 2009 in Tokyo. The presentation focused on the situation of the Hungarian macro-economy and the measures taken to manage the financial crisis.

On 5 June 2009, a delegation of the Central Deposit Insurance Corporation of Taiwan led by President Fred Chen paid a visit to our institution. The brief visit was the third meeting of the signatories to the Memorandum of Understanding dated 24 June 2005.

The managing director and chief economist of the NDIF visited the deposit insurance companies of Japan and Taiwan between 7 and 12 September for an exchange of professional experience. On Japan's initiative, the two parties engaged in an exchange of letters to lay down the importance of providing professional information mutually by holding regular bilateral meetings and sending each other professional materials, as well as by cooperation in an international field.

A joint delegation of the Ukrainian deposit insurer and the National Bank of Ukraine were received between 28 and 30 September 2009 in order to present the NDIF's payment system and to transfer experience on deposit insurance in general.

On 19 November 2009, the National Deposit Insurance Fund received a delegation of Financial Services Compensation Scheme (FSCS) from London for consultation organised to study the NDIF's payment system and the card-based payment method within that. The British experts intended to receive information about the solutions used for compensations by the NDIF. At the one-day consultation, the IT solutions of the NDIF's payment system were presented, including the card-based compensation process.

## **2.6. Tasks defined by the Board of Directors of the NDIF, and their implementation**

In 2009, the Board of Directors adopted 39 resolutions on items required by the Act and on major issues affecting the Fund's organisation and operation at five meetings, including the following:

- ❑ approve and submit a report and a budget for the relevant year to the competent organizations;
- ❑ set up work-plans for the internal auditor and the IT security controller, adopt reports;
- ❑ elect an auditor,
- ❑ modify and announce the Rules on Premium Payment,
- ❑ pass decisions on portfolio management;
- ❑ pass decisions related to the further development and testing of the payment system, primarily concerning preparation for the 20-working day compensation, adoption of a compensation scenario;
- ❑ conclude a cooperation agreement with the National Bank of Hungary;
- ❑ renew a quality assurance certificate;
- ❑ modify the accounting regulations,
- ❑ decisions passed on maintaining relations with the European Union and participation in international organisations;
- ❑ IT developments.

Decisions made by the Board of Directors have been implemented in line with their respective provisions.

Budapest, 5 March 2010

Dr. Péter Székács  
Managing Director



## Appendix

### Membership premium paid by the member institution

(in HUF)

Name of credit institution	Premiums for 2009
Allianz Bank Zrt.	3,670,812
Banco Popolare Hungary Bank Zrt.	4,417,874
Bank of China (Hungária) Zrt.	2,335,606
Bank Plus Zrt.	4,089
Budapest Hitel és Fejlesztési Bank Nyrt.	100,984,499
CIB Bank Zrt.	242,597,587
Commerzbank Zrt.	15,942,014
Credigen Bank Zrt.	321
Deutsche Bank Zrt.	9,442,925
Erste Bank Hungary Nyrt.	155,378,754
FHB Kereskedelmi Bank Zrt	6,116,436
Hanwha Bank Magyarország Zrt.	973,681
HBW EXPRESS Bank Zrt.	5,589,135
KDB Bank (Magyarország) Zrt.	12,650,062
Kereskedelmi és Hitelbank Zrt.	211,955,976
Kinizsi Bank Zrt.	4,743,585
Magyar Cetelem Bank Zrt.	0
Magyar Export-Import Bank Zrt.	0
Magyar Takarékszövetkezeti Bank Zrt.	7,399,929
Magyarországi Volksbank Zrt	44,840,289
Merkantil Bank Zrt.	7,647,948
MFB Zrt.	4,960,850
MKB Bank Zrt.	194,241,120
Mohácsi Takarékbank Zrt.	4,197,084
OTP Bank Nyrt.	520,415,437
Porsche Bank Hungária Zrt.	1,171,480
Raiffeisen Bank Zrt.	241,732,739
Sopron Bank Zrt.	3,596,102
SPE Bank Zrt	0
Unicreditbank Hungary Zrt.	162,793,815
Milton Bank Zrt.	2,366,737
DRB Bank Zrt.	5,171,237
<b>Total banks</b>	<b>1,977,338,121</b>

<b>Name of credit institution</b>	<b>Premiums for 2009</b>
Agria BÉlapátfalva Takarékszövetkezet	816,281
Alba Takarékszövetkezet	2,285,263
Alsónémedi és Vidéke Takarékszövetkezet	3,636,988
Apátfalvi Takarékszövetkezet	549,659
Bácska Takarékszövetkezet	1,669,830
Bak és Vidéke Takarékszövetkezet	1,941,418
Bakonyvidéke Takarékszövetkezet	890,496
Balaton-felvidéki Takarékszövetkezet	1,010,893
Balatonföldvár és Vidéke Takarékszövetkezet	1,084,208
Balmazújváros és Vidéke Takarékszövetkezet	1,578,937
Bátaszék és Vidéke Takarékszövetkezet	948,266
Biatorbágy és Vidéke Takarékszövetkezet	1,271,800
Biharkeresztesi Takarékszövetkezet	440,470
Biharnagybajom és Vidéke Takarékszövetkezet	244,595
Boldva és Vidéke Takarékszövetkezet	947,956
Bóly és Vidéke Takarékszövetkezet	1,993,715
Borotai Takarékszövetkezet	1,255,831
Borsod Takarékszövetkezet	1,974,373
Bükkalja Takarékszövetkezet	1,137,956
Cserhátvidéke Körzeti Takarékszövetkezet	834,418
Dél-Pest Megyei Takarékszövetkezet	1,523,829
Dél-Zalai Egyesült Takarékszövetkezet	1,317,523
Drávamenti Takarékszövetkezet	2,436,738
Drégelypalánk és Vidéke Takarékszövetkezet	557,349
Duna Takarékszövetkezet	8,519,409
Dunaföldvár és Vidéke Takarékszövetkezet	2,946,451
Dunakanyar Takarékszövetkezet	2,196,938
Dunapataj és Vidéke Takarékszövetkezet	472,741
Eger és Környéke Takarékszövetkezet	1,823,420
Endrőd és Vidéke Takarékszövetkezet	3,683,026
Ercsi és Vidéke Körzeti Takarékszövetkezet	430,502
Érd és Vidéke Takarékszövetkezet	2,334,917
Érsekivádkert és Vidéke Takarékszövetkezet	469,217
Észak Tolna Megyei Takarékszövetkezet	1,012,433
Fegyvernek és Vidéke Körzeti Takarékszövetkezet	921,103
Felsősolca és Vidéke Takarékszövetkezet	1,175,761
Fókusz Takarékszövetkezet	4,458,487
FONTANA Credit Takarékszövetkezet	3,673,885
Forrás Takarékszövetkezet	1,494,679
Forró és Vidéke Takarékszövetkezet	540,949
Füzesabony és Vidéke Takarékszövetkezet	2,387,874

<b>Name of credit institution</b>	<b>Premiums for 2009</b>
Gádosos és Vidéke Takarékszövetkezet	1,780,490
Gyöngyös-Mátra Takarékszövetkezet	2,481,374
Gyulai Takarékszövetkezet	922,335
Hajdú Takarékszövetkezet	2,878,611
Hajdúdorog és Vidéke Takarékszövetkezet	687,015
Hajós és Vidéke Takarékszövetkezet	576,996
Hartai Takarékszövetkezet	433,774
Hatvan és Vidéke Takarékszövetkezet	2,644,160
Hévíz és Vidéke Takarékszövetkezet	1,212,074
Hodász-Porcsalma Takarékszövetkezet	463,995
Jászárokszállás és Vidéke Körzeti Takarékszövetkezet	1,479,022
Jász-Takarékszövetkezet	1,735,429
Jógazda Szövetkezeti Takarékpénztár	1,666,582
Kaba és Vidéke Takarékszövetkezet	718,175
Kápolnásnyék és Vidéke Takarékszövetkezet	1,664,972
Kaposmenti Takarékszövetkezet	724,824
Kéthely és Vidéke Takarékszövetkezet	1,421,954
Kevermes és Vidéke Takarékszövetkezet	1,019,811
Kisdunamenti Takarékszövetkezet	977,793
Kiskunfélegyházi Takarékszövetkezet	1,261,138
Kis-Rába menti Takarékszövetkezet	1,450,961
Kiszombor és Vidéke Takarékszövetkezet	787,606
Kondorosi Takarékszövetkezet	1,447,480
Körmend és Vidéke Takarékszövetkezet	563,019
Környe-Bokod Takarékszövetkezet	2,283,210
Kunszentmárton és Vidéke Takarékszövetkezet	2,547,839
Lakiteleki Takarékszövetkezet	1,198,932
Lébény-Kunsziget Takarékszövetkezet	831,147
Létavértes és Vidéke Takarékszövetkezet	1,205,511
Lövő és Vidéke Takarékszövetkezet	1,855,327
Mecsekvidéke Takarékszövetkezet	2,248,176
Monor és Vidéke Takarékszövetkezet	4,243,246
Pillér Takarékszövetkezet	1,391,358
Nagybajom és Vidéke Takarékszövetkezet	2,253,013
Nagyecsed és Vidéke Takarékszövetkezet	507,802
Nagykátai és Vidéke Takarékszövetkezet	1,633,944
Nagyréde és Vidéke Körzeti Takarékszövetkezet	242,048
Nemesnádudvar és Vidéke Takarékszövetkezet	572,592
Nyírbélteki Körzeti Takarékszövetkezet	877,534
Nyúl és Vidéke Takarékszövetkezet	1,854,984
Orgovány és Vidéke Takarékszövetkezet	8,911,119
Örkényi Takarékszövetkezet	2,304,876
Pannon Takarékszövetkezet	5,415,069

<b>Name of credit institution</b>	<b>Premiums for 2009</b>
Pannonhalma és Vidéke Takarékszövetkezet	1,775,724
PARTISCUM XI Takarékszövetkezet	1,637,648
Pécel és Vidéke Takarékszövetkezet	1,503,911
Pilisvörösvár és Vidéke Takarékszövetkezet	4,259,495
Pocsaj és Vidéke Takarékszövetkezet	2,073,046
Polgári Takarékszövetkezet	4,882,472
Rábaközi Takarékszövetkezet	1,450,046
Rajka és Vidéke Takarékszövetkezet	5,607,795
Rakamaz és Vidéke Körzeti Takarékszövetkezet	1,574,966
Répcelak és Vidéke Takarékszövetkezet	1,108,055
Rétköz Takarékszövetkezet	1,028,825
Ricse és Vidéke Takarékszövetkezet	190,550
Rónasági Takarékszövetkezet	2,926,060
Rum és Vidéke Takarékszövetkezet	1,764,716
Sajóvölgye Takarékszövetkezet	2,414,286
Sárbogárd és Vidéke Takarékszövetkezet	843,849
Savaria Takarékszövetkezet	4,163,665
Solt és Vidéke Takarékszövetkezet	302,311
Soltvadkert és Vidéke Takarékszövetkezet	5,841,881
Somogy Takarékszövetkezet	2,486,947
Szabadszállás és Vidéke Takarékszövetkezet	723,508
Szabolcs Takarékszövetkezet	3,626,407
Szarvas és Vidéke Körzeti Takarékszövetkezet	1,257,906
Szatmár-Beregi Takarékszövetkezet	1,715,817
Szatymaz és Vidéke Takarékszövetkezet	734,863
Szécsény és Környéke Takarékszövetkezet	400,345
Szeghalom és Vidéke Takarékszövetkezet	1,617,434
Szegvár és Vidéke Takarékszövetkezet	3,390,007
Szendró és Vidéke Takarékszövetkezet	447,104
Szentgál és Vidéke Takarékszövetkezet	1,025,385
Szentlőrinc-Ormánság Takarékszövetkezet	2,195,201
Szerencs és Környéke Takarékszövetkezet	793,893
Szigetvári Takarékszövetkezet	7,481,235
Takarék Szövetkezeti Hitelintézet	2,587,754
Téti Takarékszövetkezet	1,537,535
Tiszaöldvár és Vidéke Takarékszövetkezet	1,100,807
Tiszafüred és Vidéke Takarékszövetkezet	2,490,072
Tiszavasvári Takarékszövetkezet	1,776,546
Tokaj és Vidéke Takarékszövetkezet	1,236,554
Tompa és Vidéke Takarékszövetkezet	248,383
Turai Takarékszövetkezet	1,488,963
Újszász és Vidéke Körzeti Takarékszövetkezet	1,067,294
Vámosgyörk és Vidéke Takarékszövetkezet	297,131

<b>Name of credit institution</b>	<b>Premiums for 2009</b>
Vámospércs és Vidéke Takarékszövetkezet	976,022
Veresegyház és Vidéke Takarékszövetkezet	2,614,291
Vértés Takarékszövetkezet	1,634,647
Völgység-Hegyhát Takarékszövetkezet	4,326,014
Zalavölgye Takarékszövetkezet	1,043,537
Zemplén Takarékszövetkezet	1,005,536
Zirci Takarékszövetkezet	2,450,322
Zomba és vidéke Takarékszövetkezet	1,832,780
<b>Total credit cooperatives</b>	<b>247,227,443</b>

<b>Name of credit institution</b>	<b>Premiums for 2009</b>
Fundamenta-Lakáskassza Zrt.	27,070,733
OTP Lakástakarékpénztár Zrt.	25,407,709
<b>Total house savings banks</b>	<b>52,478,441</b>
Általános Közlekedési Hitelszövetkezet	542,296
Mecsekkörnyéki Hitelszövetkezet	291,767
Széchenyi István Hitelszövetkezet	1,237,126
Szentesi Hitelszövetkezet	754,081
Tiszántúli Első Hitelszövetkezet	334,098
<b>Total credit cooperatives</b>	<b>3,159,368</b>
<b>Grand total</b>	<b>2,280,203,373</b>