



## **The National Deposit Insurance Fund of Hungary – Serving Depositors for 15 Years**

### **- Strengthening Trust on a Solid Foundation -**

#### **1) Milestones (2003-2007)**

Officially, Hungary's deposit insurance system had its 15<sup>th</sup> anniversary on 31 March, 2008, commemorating the establishment and first session of the Board of the National Deposit Insurance Fund (hereinafter the NDIF or Fund) which took place on the same day fifteen years ago. Notable anniversaries provide a good opportunity for organizations to look back and review their progress. It is especially so with the NDIF. Our retrospective assessment could focus on how the original objectives set by legislators and founding board members have stood the test of time – objectives which were designed to serve deposit holders primarily and benefit the wider public indirectly. The review should also assess if those objectives need to be adjusted and if the related legislative authorisation of the Fund meets today's challenges.

Luckily, a benchmark already exists for this comparison, all summed up in the 10<sup>th</sup> anniversary publication of the Fund (*Ten Years in Retrospect, 1993-2003*). Thanks to that effort, here we only need to refer briefly to the foundation of the NDIF and the milestones of its operations up to 2003.

Yet what have been the cornerstones of the period since 2003, which draw a distinction between the past five years and the longer period that preceded it?

This question can be answered both in a narrow and in a broad scope. By broader scope, we mean the applied global theories and practices of deposit insurance, whereas the narrow scope includes domestic circumstances and factors that impact the local deposit insurance system.

Let us review the former first. Approximately around 2002, the long-time theoretical debate, propelled mainly by Anglo-Saxon economic schools, came to conclusion. The debate was about whether deposit insurance is necessary at all, about its key roles, the extent to which it contributes to sustainable stability and about the right pricing for it. By now, these debates have narrowed to pricing if anything and the necessity of deposit insurance is not a question anymore. The transition to explicit deposit insurance, one that relies on laws and an institutional framework, is a quickly spreading phenomenon in the developed world as well. According to a report published last year, deposit insurance was already operational in 95 countries. Furthermore, it was in the establishment phase in 11 countries and in the design phase in 12 countries. This is a very convincing number and it is not so without reason.

The ratio of irresponsible risk assumption, one of the hottest topics of former theoretical debates is decreasing, as practical techniques applied as an outcome of academic debates (e.g. on coinsurance) have not proved successful.

Today, even in terms of pricing, the picture is much clearer than what it was ten or even five years ago.

While countries that apply ex-post payment schemes have not converted to ex-ante fund provisioning, newly established systems typically chose to apply the latter scheme. More than 80 per cent of deposit insurance funds are operating on an ex-ante basis (this is the exclusively used scheme in Africa and Asia). According to expert opinion, this remarkable and rather convincing shift of emphasis is an example of the international convergence towards best practice implementation. Concerning the other element, while in 1995 only the USA had a risk-adjusted differential premium system, today six such schemes are known to the EU Commission in Europe alone. Third, the use of a statutory coverage ratio as an absolute or relative limit is being adapted by deposit insurers worldwide at norebleed speed.

The emergence of international cooperation and lobbying is a significant development; the deposit insurance working group established by the G7's *Financial Stability Forum* in late 2001 prepared an in-depth study and the NDIF actively participated in that effort. Soon after that, in the spring of 2002, the *International Association of Deposit Insurers* (IADI) was established and the formation of the *European Forum of Deposit Insurers* (EFDI) followed a year later. The NDIF was a founding member of both organisations and got recognition as an active contributor to their creation. In the past five years, the IADI has built up a broad knowledge base ([www.iadi.org](http://www.iadi.org)) and has successfully attracted the contribution of named global finance specialists and think-tanks from all over the developed world that have functioned as consultants to the effort. The IADI's Research and Guidance Committee elaborates thorough recommendations on effective practices in a number of topics. As a new element, they work out core principles for efficiency improvement in a number of important matters. These core principles are based on a broad consensus among deposit insurers and are expected to be a useful and beneficial aid for organisations that deal with international financial stability.

The EFDI ([www.efdi.eu](http://www.efdi.eu)) is an umbrella organisation of European deposit insurance and investor protection institutions. It is an indispensable link between deposit insurers in EU member states and the EU Commission. They provide direct assistance to the Commission and its background institutions, principally on professional matters that relate to the Deposit Insurance Directive and its regular revisions (e.g., they help with conducting surveys among member organisations). On the Commission's request, the EFDI working committees elaborate recommendations that promote the adaptation of best practices. In this latter effort, the NDIF received a significant role in 2007, with its representative chairing one of the committees that deals with the potential shortening of the payment delays. It is increasingly apparent that the EFDI has a decisive role and word in pushing through changes in EU legislation on deposit insurance and adds value to these efforts.

In summary, it is fair to say that the professional value and respect for a deposit insurance function depends on how experienced it is. We are proud of our progress and that Hungary's deposit insurance fund has continued to be a recognised and respected player both in Europe and worldwide during the five years since our last anniversary report. We keep receiving requests from abroad for transferring our experiences.

Our immediate environment in the sense mentioned above has been shaped principally by Hungary's accession to the EU on 1 May, 2004. The legislative framework changed significantly prior to and upon accession (see summary in Annex 1). For depositors, the key element of these changes was the doubling of the coverage limit that thus increased to HUF 6 million. Yet there were other changes as well. EU accession brought a new term and a new challenge for the national deposit insurer: cross-border, competing deposit insurance. It conveys new risks for deposit insurers both on the domestic and on the EU market.

The NDIF was preparing for these changes well ahead of time and with a wide range of means, as this change is an ongoing one. Just think of the branch offices that appeared in Hungary, or, in the opposite direction, the expansion of Hungarian credit institutions abroad. The latter causes a direct increase of the exposure and risks of the deposit insurance function and both scenarios call for bilateral agreements with host countries on the potential indemnification of depositors. Up to the completion of this report, the NDIF signed two such forward-looking agreements: the first in May 2007 and the second in January 2008 with our French and Czech counterparts respectively.

We would like to mention two areas of our preparation for EU accession in more detail.

Concerning **premium payments**, the premium policy that was in effect in 2002 already took into consideration the expected raise of the coverage limit upon accession to HUF 6 million, an amount that slightly exceeds the HUF equivalent of the limit set in the EU directive. The former structure of deposits and premium classes, in effect until 2001, had reflected a former government standpoint on the coverage limit (HUF 3 million). At the same time, it was in the interest of all market players to preserve the premium payment structure which had been in place since 1999 and enjoyed acceptance among member institutions (deposits were assigned into classes and regressive premiums were applied accordingly). Another consideration upon setting the premium rate for 2002 and the subsequent years was to keep the NDIF's coverage ratio (i.e. the ratio of its assets and indemnification liabilities) in the 1-1.5% range even after raise of the coverage limit to HUF 6 million.

The biggest and last significant **communication** mission of the last five years peaked in the few months around accession. In January 2004, the renewal of the NDIF web site, started in the previous year, was completed. As a result, the new communication and service platform, launched for member institutions in 2003, was in full form by 2004. The site has been upgraded and developed into a portal, thus the *new* NDIF home page has a more transparent structure and offers an easier way for finding information. The site now features a pressroom for journalists, a so-called *crisis micro-site* and a *deposit insurance calculator*. With the latter, users can calculate within seconds the indemnity which they can expect from the NDIF (with a view to their own part) in case their bank goes bankrupt. Another key role of the home page is to provide information on cross border deposit insurance and the related rules in European countries. The NDIF's communication activities in 2004 focused on announcing the regulations that entered into force upon EU accession and the enabling of the front office staff of member institutions to communicate the changes. As a joint effort with the interest representation organisations of credit institutions (Hungarian Banking Association, National Interest-Representation Association of Savings Co-operatives, National Federation of Savings Co-operatives- NFSC) , the NDIF staff held training courses at field locations on 4 occasions.

At these deposit *insurance courses*, NDIF associates presented the legislative changes by explaining the related laws, providing application guidelines and citing real-life examples.

In June 2004, the NDIF launched its *e-learning* system for the front office staff of member organisations. We also made the study materials available on a CD for partners who do not have internet access. The NDIF's e-learning system gained recognition in professional circles, too: six months after its launch, the study material package titled "Deposit Insurance Compass" received the 3<sup>rd</sup> prize in the e-learning category of the Association of Hungarian Content Developers' eFestival Hungary contest. As a result, the e-learning system created with our IT partner, Mimóza Kft., has been authorised to use the title "*award-winning digital media application.*"

In cooperation with member institutions, we sent out a letter to bank account holders informing them on the deposit insurance rules as amended effective 1 May, 2004. We also updated *the Deposit Insurance Compass* publication accordingly.

With the help of the HBA we met with the communication and marketing managers of banks to present the actual changes of deposit insurance. We also asked the attendees of the meeting for their help in providing thorough information to customers on deposit insurance matters at branch office level as well.

As part of our efforts to provide the public with direct access to information, we have renewed our *news hotline service* which is now accessible countrywide at local call rates.

The NDIF also made efforts through **examination** to ensure a smooth transition at member institutions regarding changes in applicable laws. The registration and communication of the raised *coverage limit* and the addition of *bonds* issued by member institutions to the premium base resulted in intensified examinations and thus a new element was added to our examination from H2 2004 on. With a view to the new criteria, the NDIF elaborated a *targeted examination plan*, which principally involved the reviewing of documents submitted on demand by the member institutions. Site visits were made only in exceptional cases (when deemed necessary due to the nature of the examination or after the review of documents). The scope of these examinations was limited to a selected element of compliance with the amended rules of deposit insurance. During the examinations, the NDIF verified the calculations in the premium returns of member institutions, checked their deposit registry (thus representing the interests of depositors) along with how they comply with client information requirements set by the Act on Credit Institutions and Financial Enterprises of 1996 (hereinafter Act CXII).

## **2) The institution and its finances (2003-2007)**

### **a) Conditions of operation, reorganisation**

The then-12-years-old NDIF arrived at a turning point in early 2005. According to the NDIF Board<sup>1</sup>, the primary reason of that was the positive change in the credit institution environment of Hungary, which was considered sustainable in the long run, too. At the time, the credit institution sector performed above the average growth rate of the Hungarian economy year by year and it has been so

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<sup>1</sup> Please refer to Annex 2 for a list of NDIF Board members in the 1993-2007 period.

ever since. Ownership structure is solid and the background institutions, which foster stability in the sector, e.g. integrating organisations that cover most saving co-operatives, are now in place. The last time a credit institution failed was in 2000.

Those developments on their own supplied a good reason for revising the functions and institutions of the NDIF which had been established in 1993 and in the subsequent years. The purpose of the revision was to ensure that Hungary continues to have a deposit insurance system that suits domestic needs the best but also complies with EU regulations.

The revision took place in late 2004 and early 2005. The main directions of the restructuring and the resulting proposals and schedule were approved by the Board in February 2005. NDIF Board members agreed that restructuring should be based on the following three guiding principles:

- a) The transformation should help improve the operating efficiency of the deposit insurance system;
- b) The interests of depositors must not be harmed;
- c) Full compliance with EU laws is to be maintained.

Restructuring involved six areas: avoidance of deposit freezes and indemnification payments, provision of information on deposit insurance, own examination, asset management, premium structure and organisational structure.

Concerning regulations to avoid deposit freezes, the Board decided that the NDIF should submit a proposal to the Ministry of Finance to amend Article 104 of Act CXII of 1996 and, if necessary, the related provisions. In other words, the proposal aimed at annulling the cost minimizing function to enable the avoidance of deposit freezes and at limiting the NDIF's core activities to a narrower, pay-box mandate.

Concerning the informing functions, the Hungarian Financial Supervisory Authority (hereinafter HFSA) has extensive consumer protection responsibilities. Consequently, it was an economical step to add the communication of deposit insurance information (other than crisis communication) to their responsibilities.

The transfer of on-site examination responsibilities to the HFSA was based also on cost considerations. As a result, information responsibilities for consumer protection and the audit of execution at credit institutions were centralised to a single organisation.

In June 2005, the NDIF and the HFSA concluded a Cooperation Agreement that also addressed the transfer of examination and informing responsibilities. The paper-based and electronic documents required for the execution of these functions were handed over by NDIF representatives to the HFSA staff.

Regarding asset management, a resolution was passed that the NDIF Board should initiate the amendment of relevant laws in order to gain authorisation for keeping its assets or a part thereof in The National Bank of Hungary, (*hereinafter NBH*) deposits or NBH-issued securities (while continuing with the former scheme of asset management).

Concerning the reshaping of the premium scheme, the management of the NDIF decided to submit a detailed technical proposal to an expert committee coordinated by the Ministry of Finance. The proposal called for action or changes in applicable laws as necessary to enable member institutions to show a part of their premiums payable to the NDIF above a certain threshold as pending liabilities. When elaborating the proposal, we had to observe the freshly revised EU directives and the resulting working papers.

Regarding the specific organisational model to implement, the Board agreed that the NDIF organisation has to fulfil the following functions:

- Handle organisational matters (representation, etc.)
- Manage the scope of deposit insurance (premium policy, examination, informing, contact keeping, etc.)
- Manage payout capacities
- Perform financial functions (asset management, cash-management)

As each employee can perform more than one of the above functions, the Board maximised the NDIF's number of staff as of 31 December, 2005 at 7 instead of the former 16. (The Fund's organisational structure in effect since 1 July, 2005 is set out in Annex 11.)

#### **b) Asset position (2003-2007)**

The internationally adapted indicator of the financial position of deposit insurers is the coverage ratio. In the case of the NDIF, it shows the ratio of protected deposits and deposit segments held at member institutions (i.e. the potential indemnification liability) to the liquid assets of the deposit insurer. In an international benchmark, a 1% coverage ratio is considered adequate or good already, albeit there is no single recommended target value. (Please refer to Annex 3 for a time series of our coverage ratios.)

Thanks to the flexibility of the asset management policy expressed in the target range of the coverage ratio and to the forward-looking approach, the doubling of the indemnification amount (to HUF 6 million) from 2003 to 2004 did not necessitate a change in the premium policy.

Following the trend of the previous ten years, the *balance sheet total* increased steadily between 2003 and 2007, reaching HUF 69 billion by the end of 2007. The balance sheet and P/L statement figures of the 2003-2007 period are set out in Annex 10.

In the past five years, current assets made up 97 per cent of total assets. Understandably, the largest item within current assets is securities. The net book value of securities was close to HUF 67 billion in 2007.

Within the Fund's assets, besides securities, *receivables* were also significant, mainly at the beginning of the period. Most receivables were due from member institutions under liquidation and derived from indemnification payments executed by the NDIF. As opposed to the HUF 5.2 billion as at the end of 2002, the Fund's receivables amounted to HUF 74 million only at the end of 2007. Naturally, securities held by the NDIF increased at an inverse ratio by the same value.

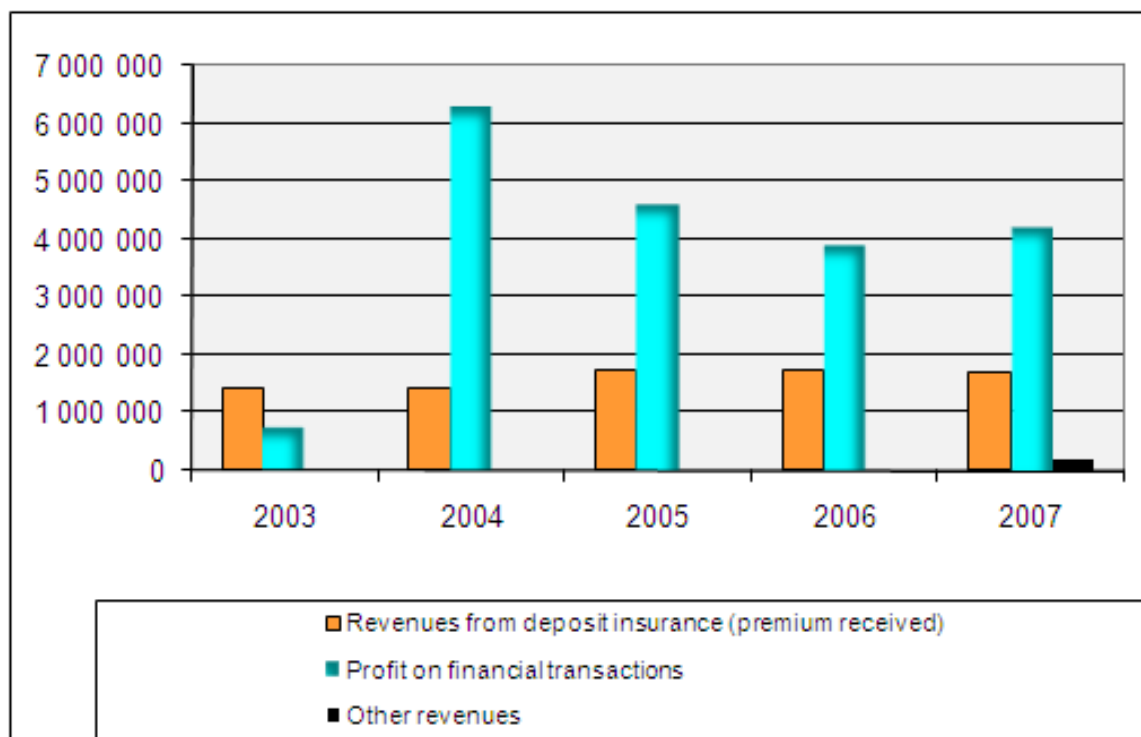
The NDIF's issued capital increased little since 2003. The increase derived from the premium payments of credit institutions that newly joined the Fund. Starting from the HUF 44.5 billion in the opening balance sheet, the Fund's equity increased to HUF 69 billion by the end of 2007.

*The Fund's balance sheet total, equity and liquid assets between 2003 and 2007 (figures in HUF'000)*



In 2003, the revenues of the NDIF equalled HUF 4.7 billion and reached HUF 7.7 billion in 2004, the best year of the period. Revenues amounted to HUF 6.8 billion in 2007 and were mainly made up of revenues from financial transactions and premiums received (changes in the Fund's revenues in the past five years are presented in Annex 4).

The revenues of the NDIF between 2003 and 2007 (figures in HUF'000)



Between 2003 and 2007, *premium revenues* fluctuated in the relatively narrow range of HUF 1.2 - 1.8 billion.

Within the NDIF's *expenditures*, expenditures on financial transactions (financial investments) stand out in terms of weight and significance, totalling to 35-40% of total expenditures in the P/L statement. Anticipations have a fundamental impact on the magnitude of this figure through the shaping of the composition of the portfolio. Expenditures derive from the losses on sovereign bonds sold. In most cases, these exchange rate losses are offset by the interest gains on the deal (which means that the transaction is profitable in the end). Losses are shown in the balance sheet only because the act on accounting calls for this breakdown.

In general, it is fair to say that the financial and asset position of the Fund has been stable throughout the past five years, which is also a reflection of the Hungarian banking system's overall health.

### c) Premium policy (2003-2007)

The key parameters, structure and methodology of the premium policy remained stable and calculable in the period concerned. Premium payments remained easy to plan on both for member institutions and the Fund throughout the period.

Launched in 1999 and currently applied in Hungary, the premium basis continues to be different from the aggregate sum of protected deposits (the potential indemnification liability). It is proportionately higher than that depending on the size of the deposit part above HUF 6 million.



In 2003, the premium rate decreased to approximately one-third compared to the previous year. At the same time, the differential scheme (per deposit ranges) remained in place and proved to play a vital role in our compliance with the target coverage ratio required by EU accession and the doubled coverage limit that resulted from it.

The adjusting effect of the typical deposit composition of specific credit institution types is shown well by the changes of the *average premium rate* as presented in Annex 5.

In line with our former policy, the NDIF provided eligible member institutions with a discount from the annual deposit insurance premium along preliminarily announced conditions and in compliance with applicable laws. On other member institutions, the Fund imposed additional premium levies based on the raised premium ratio. We have summarised the various premium adjustments in Annex 6.

It should be noted that the stability of the banking sector in the 2003-2007 period is also reflected by the fact that the NDIF Board imposed an extra premium only on one single member institution, back in 2005.

### **3) Crisis management, indemnification (2003-2007)**

The most frequent scenario of the formation of crises is when due to excessive risk assumption or to wilful damages, the market value of a credit institution's assets no longer covers its liabilities in full. In other words, a loss of capital (insolvency) is generated in comparison to the minimum level required by law.

In these cases, the HFSA has to take action and the Fund needs to get prepared for alternative ways of crisis management. Due to its cost minimising function at the time, the choice between the more complex chore of bankruptcy (deposit freeze) prevention and indemnification was not an option but a mandatory task for the Fund until 2006. The main difference between the two could be summarised as follows: while the so-called *pay-box* function is more of an organisational and technical task for the NDIF, the single organisation in charge as per the law, the financial consequences of indemnification can hardly be influenced by the NDIF. This way, effective 2006, indemnity payments after deposit freezes remained the only main responsibility of the Fund.

As mentioned before, no depositor indemnification or crisis management with NDIF participation took place in the 2003-2007 period.

Although it is nothing extraordinary, we are pleased that the Budapest Metropolitan Court finally managed to end several liquidation proceedings in 2007.

The closing balance sheet of the liquidation of Iparbankház, which began 4 July, 1996, is ready, and legally binding.

Another case that sent large media waves, the liquidation of Realbank Rt., ended with the termination of the company and its deletion from the company registry in accordance with the Budapest Metropolitan Court ruling which became legally binding on 12 June, 2007. The case was

closed within a record-breaking time in the NDIF's 15-year history, since liquidation had started on 19 January, 1999.

For the registered and recognised creditors of Realbank Rt. "under liquidation", the liquidator could reimburse 100% of category a) through f) receivables as per Para (1) in Article 57 of the Bankruptcy Act and 10.04 % of default interest claims in category g).

Furthermore, the liquidation of Rákóczi Hitelszövetkezet "under liquidation" also reached a stage where the submission of the closing balance sheet is near. Completion of the liquidation process is expected in 2008. Registered and recognised creditors can expect 100% reimbursement for receivables in categories a) through f). What is more, even category g) default interest claims will be paid out after the submission of the closing balance sheet.

The individual cases, the type and success of actions taken by the NDIF as of the year-end 2007 are set out in Table (Annex) 7.

#### **4) Number of member institutions and NDIF-related examinations (2003-2007)**

The number of the Fund's member institutions decreased gradually, partly because of increasingly strict regulations (capital adequacy requirements) and partly because of global consolidation.

In 2003, the membership of the NDIF was comprised of 35 banks, 177 saving co-operatives, 2 building societies and 6 credit co-operatives – a total of 218 credit institutions. By 2007, membership included 32 banks, 153 saving co-operatives, 2 building societies and 5 credit co-operatives, i.e. 192 member institutions in total. Changes that occurred in the period concerned are set out in Annex 8 while the list of contributing member institutions in 2007 is presented in Annex 9.

The NDIF performed on-site examinations over 10 years, from 1996 to mid-2005. Then this role was transferred to the HFSA in accordance with the Cooperation Agreement between the parties.

Between 2003 and 2005, the NDIF held on-site examinations at 25 member institutions. Like in former years, examinations focused on the underlying calculations of premium returns, the registry of depositors and compliance with customer information obligations set by the applicable laws.

On the NDIF's request, the HFSA continues to perform on-site or off-premise examinations occasionally.

1 April, 2008

## **Annexes**

**Amendments Made between 2003 and 2007 to Act CXII of 1996 on Credit Institutions and Financial Enterprises which Regulates the NDIF's Operation**

*01.01.2003 (Act LXIV of 2002)*

- Bonds and Certificate of Deposit issued by credit institutions and sold after 1 January, 2003 become insured. The amendment takes place after the adaptation of EU regulations. In the European Union, securities issued by credit institutions are covered by insurance.
- The coverage limit is raised to HUF 3 million with the qualification that the depositor's coinsurance shall be 10% for the part of the deposit above HUF 1 million. The introduction of the coinsurance is in line with rules applied in the European Union. The purpose of its use is to encourage depositors to select with care the credit institution for their deposits and base their decision on more than just offered interest rates.
- The time window for the starting of indemnity payments is shortened to 15 days (from the former 30 days). The purpose of the change is to let indemnification begin sooner (for the benefit of depositors).
- If initiated by the Fund, the insolvent credit institution is required to enter into an agreement with the NDIF on accepting claim submissions and executing payment-related tasks. Experiences gained by the Fund to date show that the involvement of the insolvent credit institution into the proceedings can save significant costs and time.
- The law declares that the Fund is to perform on-site examinations based on an annual examination plan approved by the Board. The scope of these examinations is limited to deposit insurance matters.

*01.07.2003 (Act XXXIX of 2003)*

- In the case of collective deposits, co-operativesthe indemnity is multiplied by the number of persons who form the community. Indemnification is independent of indemnities payable on the other deposits of community members. This way, proper protection is enjoyed by communities that were formed with a purpose that is beneficial for the state as well.

*06.05.2004 (Act XXII of 2004)*

- After the reorganisation of the HFSA's management, the "chairman of the HFSA" as a member of the NDIF Board shall refer to the Chairman of the HFSA's Board.

*10.06.2004 (Act XLVIII of 2004)*

- Amendments necessitated by Hungary's accession to the EU (declaration of governing deposit insurance rules for branch offices, mandatory and optional conditions for joining the Fund, assessment rights of the HFSA and the assessment criteria, regulations on supplementary insurance).
- Currencies of EU countries outside the Eurozone become covered by insurance. In other words, not only EUR and OECD currency deposits are insured.
- With a view to deposits held at the foreign branch offices of credit institutions headquartered in Hungary, indemnification can now take place not only in HUF but also in the currency of the country where the deposit is held.
- The services and role of an auditor, which the NDIF relied on already, are now specified in Act CXII of 1996, along with the rules of selection and other related regulations.

*01.01.2006 (Act CLXXXVIII of 2005)*

- Deletion of the authorisations of the Fund concerning actions prior to indemnification, amendment of the related regulations in Act CXII.
- Transfer of the examination role of the NDIF (which it performed with own staff) to the HFSA, amendment of the related provisions.
- Enabling the Fund to keep its resources in NBH deposits.
- Clarification of terminology regarding deposits excluded from deposit insurance (various funds, insurance companies)

*01.01.2007 (Act CIX of 2006)*

- The amendments to laws in relation to the restructuring of the government also changed the official name of the position "state secretary of public administration". The holder of that position represents the Ministry of Finance in the NDIF Board.

*01.07.2007 (Act LI of 2007)*

- Non-disclosure requirements are declared for foreign deposit insurance institutions in conjunction with the fact that some NDIF responsibilities are public tasks by nature. Non-disclosure requirements relate to the cooperation agreements between NDIF and these organisations as stipulated in Act CXII of 1996.

**The chairmen, deputy chairmen and members of the NDIF\*****2003-2007**

<b>Year</b>	<b>Chairman-Members</b>	<b>Position that provides eligibility for membership</b>	<b>Permanent substitute</b>
<b>2003</b>	<b>Dr. Tamás Kálmán Chairman</b>	Managing Director, NBH	<i>(as a permanent substitute for Henrik Auth)</i>
	<b>Dr. Rezső Nyers Deputy Chairman</b>	Secretary General, HBA	Dr. Mária Móra
	Dr. Károly Szász	Chairman, HFSA	Dr. Éva Sáray
	Dr. Endre Kiss	Board member, National Federation of Saving Co-operatives (NFSC)	(not appointed)
	Ákos Cserés	Deputy State Secretary, Ministry of Finance (MoF)	<i>(as a permanent substitute for József Thuma)</i>
<b>2004</b>	<b>Dr. Rezső Nyers, Chairman</b>	Secretary General, HBA	Dr. Mária Móra
	<b>Dr. Károly Szász / István Farkas Deputy Chairmen</b>	Chairman, HFSA	Dr. Éva Sáray / Dr. Erika Marsi
	Ákos Cserés / Dr. István Salgó	Deputy State Secretary, MF	<i>(as a permanent substitute for József Thuma)</i>
	Dr. Tamás Kálmán	Managing Director, NBH	<i>(as a permanent substitute for Henrik Auth)</i>
	András Szőke / Dr. Mrs. Kálmán Tóth	Chairman – Managing Director / Managing Director, NFSC	(not appointed)

\* The managing director of the NDIF was always a member of the Board.  
Until October 2005: Dániel Jánossy, since then Dr. Péter Székács.  
Deputy of the managing directors: Dr. András Fekete-Győr  
Secretary of the Board: Dr. Géza Gálfalvi

<b>Year</b>	<b>Chairman-Members</b>	<b>Position that provides eligibility for membership</b>	<b>Permanent substitute</b>
<b>2005</b>	<b>István Farkas, Chairman</b>	Chairman, HFSA	Dr. Erika Marsi
	<b>Dr. Mrs. Kálmán Tóth / László Tóth M. Deputy Chairmen</b>	Managing Director, NFSC	(not appointed)
	Dr. István Salgó	Deputy State Secretary, MoF	<i>(as a permanent substitute for Dr. Tamás Katona)</i>
	Dr. Rezső Nyers	Secretary General, HBA	Dr. Mária Móra
	Dr. Tamás Kálmán	Managing director, NBH	<i>(as a permanent substitute for Henrik Auth)</i>
<b>2006</b>	<b>László Tóth M. Chairman</b>	Managing Director, NFSC	(not appointed)
	<b>Dr. István Salgó / Álmos Kovács Deputy Chairmen</b>	Deputy State Secretary, MoF	<i>(as a permanent substitute for Dr. Tamás Katona)</i>
	István Farkas	Chairman, HFSA	Dr. Marsi Erika
	Dr. Rezső Nyers	Secretary General, HBA	Dr. Mária Móra
	Dr. Tamás Kálmán	Managing Director, MNB	<i>(as a permanent substitute for Henrik Auth)</i>
<b>2007</b>	<b>Álmos Kovács Chairman</b>	State Secretary, MoF	<i>(as a permanent substitute for Miklós Tátrai)</i>
	<b>Dr. Tamás Kálmán / Dr. Júlia Király Deputy Chairs</b>	Managing Director, NBH / Deputy Governor, NBH	(not appointed)
	István Farkas	Chairman, HFSA	(not appointed)
	László Tóth M. / Antal Varga	Managing Director, NFSC	(not appointed)
	Dr. Rezső Nyers	Secretary General, HBA	Dr. Mária Móra

Description	2003 actual	2004 actual	2005 actual	2006 actual	2007 actual
NDIF indemnification liability	3186	3521	4551	5104	5288
NDIF assets*	37.4	44.3	51.5	57.8	63.1
<b>Coverage ratio %</b>	<b>1.17</b>	<b>1.26</b>	<b>1.13</b>	<b>1.13</b>	<b>1.19</b>
<b>Average premium rate (‰)**</b>	<b>0.21</b>	<b>0.20</b>	<b>0.20</b>	<b>0.19</b>	<b>0.18</b>

\*The market value of the NDIF's liquid assets plus interests held in securities as at the end of the prior year (or at the beginning of the year stated).

\*\* As opposed to the related balance sheet figures, the premium rate does not reflect the impact of premium adjustments (raised and discounted rates).

**Own Revenues of the Fund in the past Five Years**

(HUF million)

<b>Description</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Premium received from member institutions	1,239	1,342	1,578	1,737	1,691
Return on invested assets	3,257	6,328	4,924	4,480	4,922
Other	154	62	139	6	199
<b>Total</b>	<b>4,650</b>	<b>7,732</b>	<b>6,641</b>	<b>6,223</b>	<b>6,812</b>



*Average Premium Rate in %*

Type	2003	2004	2005	2006	2007
<i>Banks</i>	0.19	0.18	0.18	0.17	0.16
<i>Saving co-operatives</i>	0.37	0.35	0.33	0.32	0.30
<i>Building societies</i>	0.49	0.49	0.49	0.48	0.48
<i>Credit co-operatives</i>	0.29	0.29	0.22	0.20	0.20
<b>NDIF total</b>	<b>0.21</b>	<b>0.20</b>	<b>0.20</b>	<b>0.19</b>	<b>0.18</b>

**Premium Received from Member Institutions**

(HUF million)

<b>Description</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Entry fee	24	-	-	10	15
Annual premium	1,351	1,475	1,582	1,754	1,846
Balance of increased premium / premium refunds	-114	-132	-3	-20	-170
<b>Total</b>	<b>1,261</b>	<b>1,343</b>	<b>1,579</b>	<b>1,744</b>	<b>1,691</b>

*Ways of crisis management, success rate*

<b>Beginning of action</b>	<b>Credit institution</b>	<b>Type and scope of action</b>	<b>Expenditure (HUF m)</b>	<b>Payoff (HUF m)</b>	<b>Payoff %</b>
22.09.1993	<i>Heves és Vidéke Takarékszövetkezet</i>	Payment of indemnity for insured deposits;	262 +30 incidental expenses	0	0
28.06.1994	<i>Innofinance Merchant Bank Rt.</i>	Checking and creating a backup of the deposit registry prior to liquidation. Verification that no deposit claims exist;	0	0	0
25.05.1995	<i>Agrobank Rt.</i>	Advance indemnity payments to depositors, then capital allocation through stock subscription;	500 + 26 incidental expenses	25 (10+15)	4,7 %
25.08.1995	<i>Iparbankház Rt.</i>	Support of the HFSA's action plan by granting a loan, participation in the monitoring of implementation, selling of collaterals;	990 + 2 indemnity	918	92,5 %
31.08.1995	<i>MHB-Silver Bank Rt.</i>	Checking and creating a backup of the deposit registry prior to liquidation. Verification that no deposit claims exist;	0	0	0
07.11.1996	<i>Első Polgári Takarékpénztár Rt.</i>	Agreement concluded with the credit institution that they would pay the deposits; verification that no deposit claims exist;	0	0	0
18.03.1997	<i>Duna Befektetési és Forgalmi Bank Rt.</i>	Checking and creating a backup of the deposit registry prior to liquidation. Verification that no deposit claims exist;	0	0	0
04.09.1998 18.01.1999	<i>Realbank Rt.</i>	I. Capital allocation to prevent shutdown, acquisition of a majority equity stake to enable the sale of the bank; II. Payment of indemnity for insured deposits;	(I) 3,062 capital allocation (II.) 5,154 indemnity + 59 incidental expenses	5.214*	63 %
11.10.2000	<i>Rákóczi Hitelszövetkezet</i>	Payment of indemnity for insured deposits;	305	305**	100 %

\* excluding default interest; \*\*estimate excluding default interest

Remarks: No indemnity payments were necessary in the case of Innofinance Merchant Bank Rt., MHB-Silver Bank Rt. and Duna Befektetési és Forgalmi Bank Rt. The NDIF's role was limited to the assessment of deposits and the information of depositors. Concerning Első Polgári Takarékpénztár, the NDIF assessed insured deposits after the withdrawal of their operation licence. Indemnification was not necessary since the credit institution had sufficient financial assets to reimburse depositors in full.

**Number of member institutions, 2003-2007**

Description		Opening number	Newly joined	Mergers, acquisitions	Terminated, transformed, liquidated entities	Closing number
<b>2003</b>	Banks	35	2		1	35
	Svg.coop.	183		6		177
	Build.scty.	3		1		2
	Cd.coop.	6				6
	Total	224				218
<b>2004</b>	Banks	35		2	1	32
	Svg.coop.	177			5	172
	Build.scty.	2				2
	Cd.coop.	6			1	5
	Total	218				211
<b>2005</b>	Banks	32				32
	Svg.coop.	172		4		168
	Build.scty.	2				2
	Cd.coop.	5				5
	Total	211				207
<b>2006</b>	Banks	32	1			33
	Svg.coop.	168		7		161
	Build.scty.	2				2
	Cd.coop.	5				5
	Total	207				201
<b>2007</b>	Banks	33	2		3	32
	Svg.coop.	161		7	1	153
	Build.scty.	2				2
	Cd.coop.	5				5
	Total	201				192

**List of contributing Member Institutions in 2007****Banks**

Allianz Bank Zrt.	Inter-Európa Bank Nyrt.
Általános Értékforgalmi Bank Zrt.	Kinizsi Bank Zrt.
Bank of China (Hungária) Zrt.	K&H Bank Nyrt.
Banco Popolare Hungary Bank Zrt.	KDB Bank Magyarország Zrt.
Bank Plus Bank Zrt.	Magyar Cetelem Bank Zrt.
Budapest Hitel és Fejlesztési Bank Nyrt.	Magyar Export-Import Bank Zrt.
Calyon Bank Magyarország Zrt.	Magyar Fejlesztési Bank Zrt.
CIB Közép-európai Nemzetközi Bank Zrt.	Magyar Külkereskedelmi Bank Nyrt.
Citibank Zrt.	Magyar Takarékszövetkezeti Bank Zrt.
Commerzbank Zrt.	Magyarországi Volksbank Zrt.
Credigen Bank Zrt.	Merkantil Bank Zrt.
Deutsche Bank Zrt.	OTP Bank Nyrt.
Ella Első Lakáshitel Kereskedelmi Bank Zrt.	Porsche Bank Hungária Zrt.
Erste Bank Hungary Nyrt.	Raiffeisen Bank Zrt.
FHB Kereskedelmi Bank Zrt.	Sopron Bank Zrt.
Hanwha Bank Magyarország Zrt.	UniCredit Bank Hungary Zrt.
ING Bank Zrt.	WestLB Hungaria Bank Zrt.

**Saving co-operatives**

Abasár és Vidéke Takarékszövetkezet	Dél-Balaton Takarékszövetkezet
Agria Bélapátfalva Takarékszövetkezet	Dél-Pest Megyei Takarékszövetkezet
Alba Takarékszövetkezet	Dél-Zalai Egyesült Takarékszövetkezet
Alsónémedi és Vidéke Takarékszövetkezet	Domoszló és Vidéke Takarékszövetkezet
Apátfalvi Takarékszövetkezet	Drávamenti Takarékszövetkezet
Ásványrárói Takarékszövetkezet	Drégelypalánk és Vidéke Takarékszövetkezet
Bácska Takarékszövetkezet	Dunaföldvár és Vidéke Takarékszövetkezet
Bak és Vidéke Takarékszövetkezet	Dunakanyar Takarékszövetkezet
Bakonyvidéke Takarékszövetkezet	Dunapataj és Vidéke Takarékszövetkezet
Balaton-felvidéki Takarékszövetkezet	Ecseg és Vidéke Takarékszövetkezet
Balatonföldvár és Vidéke Takarékszövetkezet	Eger és Környéke Takarékszövetkezet
Balmazújváros és Vidéke Takarékszövetkezet	Endrőd és Vidéke Takarékszövetkezet
Bátaszék és Vidéke Takarékszövetkezet	Ercsi és Vidéke Körzeti Takarékszövetkezet
Biatorbágy és Vidéke Takarékszövetkezet	Érd és Vidéke Takarékszövetkezet
Biharkeresztes és Vidéke Körzeti Takarékszövetkezet	Érsekudvarc és Vidéke Takarékszövetkezet
Biharnagybajom és Vidéke Takarékszövetkezet	Észak-Tolna Megyei Takarékszövetkezet
Bokod és Vidéke Takarékszövetkezet	Esztergomi Takarékszövetkezet
Boldva és Vidéke Takarékszövetkezet	Fáy András Takarékszövetkezet
Bóly és Vidéke Takarékszövetkezet	Fegyvernek és Vidéke Körzeti Takarékszövetkezet
Borotai Takarékszövetkezet	Felsőzsolca és Vidéke Takarékszövetkezet
Bükkalja Takarékszövetkezet	Fókusz Takarékszövetkezet
Cserhátvidéke Körzeti Takarékszövetkezet	Forrás Takarékszövetkezet
	Forró és Vidéke Takarékszövetkezet

Füzesabony és Vidéke Takarékszövetkezet  
Gádosos és Vidéke Takarékszövetkezet  
Gyöngyös-Mátra Takarékszövetkezet  
Gyulai Takarékszövetkezet  
Hajdúdorog és Vidéke Takarékszövetkezet  
Hajós és Vidéke Takarékszövetkezet  
Halászi Takarékszövetkezet  
Háromkő Takarékszövetkezet  
Hartai Takarékszövetkezet  
Hatvan és Vidéke Takarékszövetkezet  
HBW Express Takarékszövetkezet  
Hévíz és Vidéke Takarékszövetkezet  
Hodász-Porcsalma Takarékszövetkezet  
Hajdú Takarékszövetkezet  
Jászárokszállás és Vidéke Körzeti  
Takarékszövetkezet  
Jász Takarékszövetkezet  
Jógazda Szövetkezeti Takarékpénztár  
Kaba és Vidéke Takarékszövetkezet  
Kápolnásnyék és Vidéke Takarékszövetkezet  
Kaposmenti Takarékszövetkezet  
Kéthely és Vidéke Takarékszövetkezet  
Kevermes és Vidéke Takarékszövetkezet  
Kisdunamenti Takarékszövetkezet  
Kiskundorozsmai Takarékszövetkezet  
Kiskunfélegyházi Takarékszövetkezet  
Kis-Rába menti Takarékszövetkezet  
Kiszombor és Vidéke Takarékszövetkezet  
Komádi és Vidéke Körzeti Takarékszövetkezet  
Kondorosi Takarékszövetkezet  
Körmend és Vidéke Takarékszövetkezet  
Környe és Vidéke Takarékszövetkezet  
Kunszentmárton és Vidéke Takarékszövetkezet  
Lakiteleki Takarékszövetkezet  
Lébény-Kunsziget Takarékszövetkezet  
Létavértes és Vidéke Takarékszövetkezet  
Lövő és Vidéke Takarékszövetkezet  
Mecsekvidéke Takarékszövetkezet  
Mezőkeresztes és Vidéke Takarékszövetkezet  
Mohács és Vidéke Takarékszövetkezet  
Monor és Vidéke Takarékszövetkezet  
Mórahalom és Vidéke Takarékszövetkezet  
Nagyatád és Vidéke Takarékszövetkezet  
Nagybajom és Vidéke Takarékszövetkezet  
Nagyecsed és Vidéke Takarékszövetkezet  
Nagykátá és Vidéke Takarékszövetkezet  
Nagymányok és Vidéke Takarékszövetkezet  
Nagyréde és Vidéke Körzeti Takarékszövetkezet

Nemesnádudvar és Vidéke Takarékszövetkezet  
Nyírbélteki Körzeti Takarékszövetkezet  
Nyúl és Vidéke Takarékszövetkezet  
Orgovány és Vidéke Takarékszövetkezet  
Örkényi Takarékszövetkezet  
Pannon Takarékszövetkezet  
Pannonhalma és Vidéke Takarékszövetkezet  
Partiscum XI. Takarékszövetkezet  
Pécel és Vidéke Takarékszövetkezet  
Pereszteg és Vidéke Takarékszövetkezet  
Pilisvörösvár és Vidéke Takarékszövetkezet  
Pocsaj és Vidéke Takarékszövetkezet  
Polgári Takarékszövetkezet  
Rábaközi Takarékszövetkezet  
Rajka és Vidéke Takarékszövetkezet  
Rakamaz és Vidéke Körzeti Takarékszövetkezet  
Répcelak és Vidéke Takarékszövetkezet  
Rétköz Takarékszövetkezet  
Ricse és Vidéke Takarékszövetkezet  
Rónasági Takarékszövetkezet  
Rum és Vidéke Takarékszövetkezet  
Sajóvölgye Takarékszövetkezet  
Sárbogárd és Vidéke Takarékszövetkezet  
Savaria Takarékszövetkezet  
Siklós és Vidéke Takarékszövetkezet  
Solt és Vidéke Takarékszövetkezet  
Soltvadkert és Vidéke Takarékszövetkezet  
Szabadszállás és Vidéke Takarékszövetkezet  
Szabolcs Takarékszövetkezet  
Szarvas és Vidéke Körzeti Takarékszövetkezet  
Szatmár-Beregi Takarékszövetkezet  
Szatymaz és Vidéke Takarékszövetkezet  
Szécsény és Környéke Takarékszövetkezet  
Szeghalom és Vidéke Takarékszövetkezet  
Szegevár és Vidéke Takarékszövetkezet  
Székkutas és Vidéke Takarékszövetkezet  
Szendrő és Vidéke Takarékszövetkezet  
Szentgál és Vidéke Takarékszövetkezet  
Szentlőrinc-Ormánság Takarékszövetkezet  
Szerencs és Környéke Takarékszövetkezet  
Szigetvári Takarékszövetkezet  
Szőreg és Vidéke Takarékszövetkezet  
Takarék Szövetkezeti Hitelintézet  
Tamási és Vidéke Takarékszövetkezet  
Tarnamérai Takarékszövetkezet  
Tata és Vidéke Takarékszövetkezet  
Téti Takarékszövetkezet  
Tiszaöldvár és Vidéke Takarékszövetkezet

Tiszafüred és Vidéke Takarékszövetkezet  
Tiszakécskei Takarékszövetkezet  
Tiszavasvári Takarékszövetkezet  
Tokaj és Vidéke Takarékszövetkezet  
Tomba és Vidéke Takarékszövetkezet  
Turai Takarékszövetkezet  
Újszász és Vidéke Körzeti Takarékszövetkezet  
Vámosgyörk és Vidéke Takarékszövetkezet  
Vámospércs és Vidéke Takarékszövetkezet

Veresegyház és Vidéke Takarékszövetkezet  
Vértés Takarékszövetkezet  
Veszprémvarsány és Vidéke Takarékszövetkezet  
Völgység-Hegyhát Takarékszövetkezet  
Zalavölgye Takarékszövetkezet  
Zemplén Takarékszövetkezet  
Zirci Takarékszövetkezet  
Zomba és Vidéke Takarékszövetkezet

### **Building societies**

Fundamenta-Lakáskassza Zrt.

OTP Lakástakarékpénztár Zrt.

### **Credit co-operatives**

Általános Közlekedési Hitelszövetkezet  
Mecsekkörnyék Hitelszövetkezet  
Széchenyi István Hitelszövetkezet

Szentesi Hitelszövetkezet  
Tiszántúli Első Hitelszövetkezet

## Balance sheet figures 2003-2007

## Assets (HUF'000)

Description	YE 2003	YE 2004	YE 2005	YE 2006	YE 2007
<b>A. Fixed assets</b>	<b>128,829</b>	<b>120,642</b>	<b>97,,997</b>	<b>77,569</b>	<b>70,657</b>
<i>I. Intangible assets</i>	86,221	78,818	67,291	56,514	51,104
1. Rights representing value	0	0	0	0	0
2. Patents	86,221	78,818	67,291	56,514	51,104
3. Capitalised value of foundation and reorganisation	0	0	0	0	0
<i>II. Tangible assets</i>	37,921	38,461	28,559	19,021	18,450
1. Real estate	979	4,286	2,027	182	156
2. Machinery, equipment, vehicles	36,942	34,175	26,532	18,839	18,294
3. Capital investments	0	0	0	0	0
4. Advances to capital investments	0	0	0	0	0
5. Value adjustment of tangible assets	0	0	0	0	0
<i>III. Invested financial assets</i>	4,687	3,363	2,147	2,034	1,103
<b>B. Current assets</b>	<b>43,238,840</b>	<b>50,271,265</b>	<b>56,025,601</b>	<b>61,376,358</b>	<b>66,892,370</b>
<i>I. Inventories</i>	100	100	100	100	100
1. Materials	0	0	0	0	0
2. Goods	100	100	100	100	100
3. Subcontractors' performance	0	0	0	0	0
4. Advances to inventories	0	0	0	0	0
<i>II. Receivables</i>	198,951	201,606	80,648	101,385	79,043
1. Receivables from member institutions	174,778	188,993	74,513	75,670	74,637
a) premium receivable	323	0	0	0	2,283
b) receivables vested in the Fund	174,455	188,993	74,513	75,670	72,354
c) charges on onerous obligations	0	0	0	0	0
2. Other receivables from credit institutions	5,339	0	0	0	0
3. Receivables from depositors	0	0	0	0	0
4. Receivables from the government	0	0	0	0	0
5. Other receivables	18,834	12,613	6,135	25,715	4,406
<i>III. Securities</i>	43,027,923	50,068,270	55,941,597	61,249,978	66,774,938
1. Government bonds	43,027,923	50,068,270	55,941,597	61,249,978	66,774,938
2. Other securities	0	0	0	0	0
<i>IV. Cash and cash equivalents</i>	11,866	1,289	3,256	24,895	38,289
1. Petty cash, cheques	123	445	435	248	155
2. Cash at bank	11,743	844	2,821	24,647	38,134
<b>C. Prepayments</b>	<b>1,275,421</b>	<b>1,517,938</b>	<b>1,753,903</b>	<b>1,869,453</b>	<b>2,193,499</b>
<b>TOTAL ASSETS</b>	<b>44,643,090</b>	<b>51,909,845</b>	<b>57,877,501</b>	<b>63,323,380</b>	<b>69,156,526</b>



### Liabilities (HUF'000)

Description	YE 2003	YE 2004	YE 2005	YE 2006	YE 2007
<b>D. Equity</b>	<b>44,491,919</b>	<b>51,782,976</b>	<b>57,768,689</b>	<b>63,136,459</b>	<b>69,030,408</b>
I. Issued capital	861,082	861,082	861,082	871,082	886,082
II. Capital reserve	41,888,805	43,630,837	50,921,894	56,907,607	62,265,377
III. Revaluation reserve	0	0	0	0	0,
IV. Net profit for the year	1,742,032	7,291,057	5,985,713	5,357,770	5,878,949
<b>E. Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>F. Liabilities</b>	<b>142,496</b>	<b>90,098</b>	<b>100,372</b>	<b>182,346</b>	<b>125,652</b>
<i>I. Long-term liabilities</i>	0	0	0	0	0
<i>II. Short-term liabilities</i>	142,496	90,098	100,372	182,346	125,652
1. Liabilities to member institutions	0	0	0	0	0
2. Short-term loans	0	0	0	0	0
3. Liabilities to depositors	76,681	76,659	78,053	78,053	78,053
4. Liabilities to the general government	0	0	0	0	0
5. Other short term liabilities	65,815	13,439	22,319	104,293	47,599
<b>G. Accruals</b>	<b>8,675</b>	<b>36,771</b>	<b>8,440</b>	<b>4,575</b>	<b>466</b>
<b>TOTAL LIABILITIES</b>	<b>44,643,090</b>	<b>51,909,845</b>	<b>57,877,501</b>	<b>63,323,380</b>	<b>69,156,526</b>

## Profit and Loss Statement (HUF'000)

	DESCRIPTION	2003	2004	2005	2006	2007
01.	Premium revenues from member institutions	1,239,437	1,342,262	1,578,475	1,734,413	1,676,099
02.	Premium revenues after receivables collected on assignment from depositors	0	0	0	0	0
03.	Premiums received after payment of deposits insured by government guarantee	0	0	0	0	0
04.	Other revenues from deposit insurance	153,450	61,387	137,888	2,895	14,557
I.	Revenues from deposit insurance (01+02+03+04)	1,392,887	1,403,649	1,716,363	1,737,308	1,690,656
II.	Other revenues	964	966	1,357	6,192	199,317
III.	Revenues not deriving from deposit insurance	0	0	0	0	0
IV.	Revenues from financial transactions	3,256,885	6,328,385	4,924,202	4,479,950	4,922,319
V.	Extraordinary revenues	0	0	0	0	0
	Total revenues	4,650,736	7,733,000	6,641,922	6,223,450	6,812,292
05.	Expenditures on the payment of frozen deposits	73	0	0	0	0
06.	Expenditures on receivables collected on behalf of depositors	0	0	0	0	0
07.	Expenditures incurred on the payment of deposits insured with state guarantee	0	0	0	0	0
08.	Other deposit insurance expenditures	17,360	151	16,898	0	0
VI.	Expenditures deriving from deposit insurance (05.+06.+07.+08.)	17,433	151	16,898	0	0
VII.	Other expenditures	49,754	42,594	3,427	7,489	2,006
VIII.	Expenditures not deriving from deposit insurance	0	0	0	0	0
IX.	Expenditures on financial transactions	2,522,038	59,492	335,706	615,344	721,566
X.	Extraordinary expenditures	0	0	0	0	0
09.	Material-type expenditures	90,704	106,211	69,797	66,709	59,677
10.	Personnel-related expenditures	206,388	210,914	208,392	157,212	135,051
11.	Depreciation write-off	22,387	22,581	21,989	18,926	15,043
XI.	Operating expenses (09.+10.+11.)	319,479	339,706	300,178	242,847	209,771
	Total expenditures	2,908,704	441,943	656,209	865,680	933,343
A.	Retained earnings (total revenues less total expenditures)	1,742,032	7,291,057	5,985,713	5,357,770	5,878,949



**THE NDIF ORGANISATION**

