

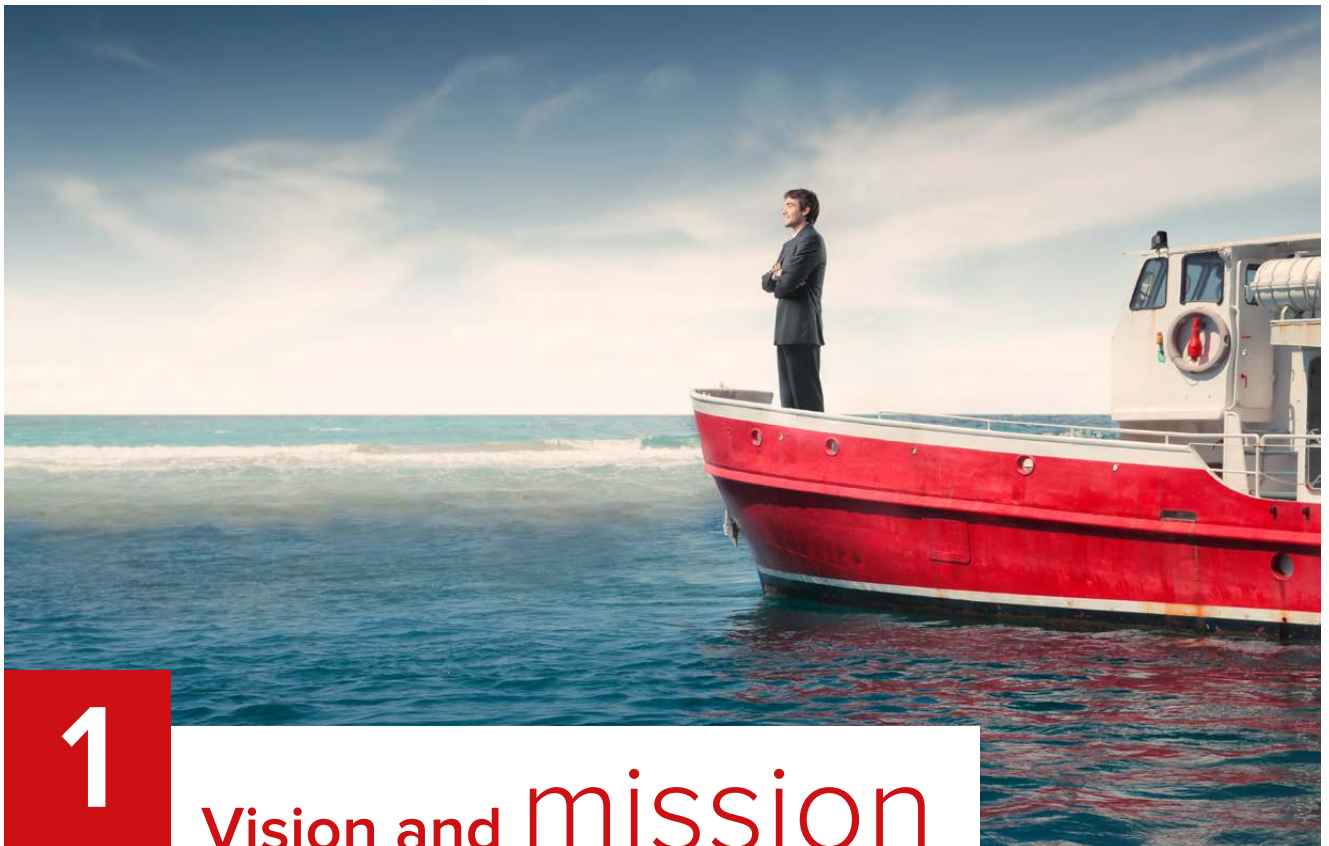


National Deposit
Insurance Fund
of Hungary

ANNUAL REPORT 2012

Contents

1 Vision and mission statement	4
2 Facts and data	5
3 Foreword by the Managing Director and by the Chairman	6
4 Consumer protection and financial literacy initiatives	8
5 Indemnification capacity	11
6 Media appearances in 2012	13
7 Indemnification in 2012	15
8 Depositor opinions on indemnification	17
9 NDIF's management and operation	19
10 Savings and deposit figures, composition	21
11 NDIF's premium revenues and coverage ratio	24
12 Balance sheet	28
13 The Fund's assets, financial and earnings positions	37
14 Events related to liquidation in progress	41
15 International activities	43
16 Priority objectives in 2013	45
17 Independent auditor's report	47
18 BALANCE SHEET	49
19 PROFIT AND LOSS STATEMENT	50
20 Cash flow Statement	51
Appendix No 1	53
Appendix No 2	58



1

Vision and mission

To operate a top-notch deposit insurance system that reinforces depositors' confidence in the banking system in order to meet the challenges posed by financial shocks, through harmonising international and domestic legal frameworks, and, along with the partner organisations, to participate efficiently in keeping up security in the domestic financial system at depositors' service.

Being an institution to compensate bank depositors, we believe that our primary task is to pay depositors in a given situation as safely, rapidly and conveniently as possible for customers. We are working to apply up-to-date tools for compensation keeping up with the development of banking services and the changing customer needs. Evaluating our own and our foreign partners' experiences, we are seeking new solutions on a continuous basis, frequently developing innovative procedures for speeding up compensations as much as possible. In order to keep up our responsiveness, we regularly test our pay-out mechanism, parallel to analysing and adapting the technical achievements suited for our use and integration.

2 Facts and figures from 2012

During the year: **15,413** depositors were compensated with HUF **33.2 billion**

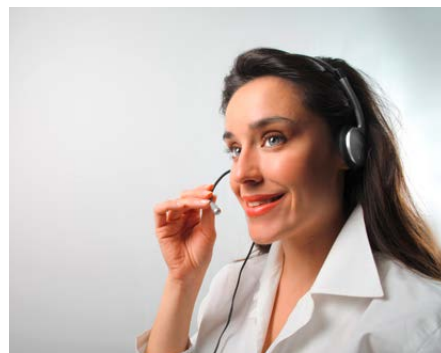
NDIF's revenues in 2012:
In membership fees paid by banks: HUF **7.7 billion**
In yield: HUF **15.3 billion**

NDIF's assets available for compensation:

HUF **76 billion**
(liquid assets)
securities

NDIF's member institutions (**162**)
31 banks
3 home savings banks,
124 Savings-co-operatives
4 credit cooperatives

Being a deposit insurer, we work on ensuring that the depositors perceive the safety of their money in the bank, for which reason we give high importance for feedbacks. While working on the compensation of the depositors of 'Soltvadkert' Savings-co-operative Bank, nearly 9% of those involved expressed their opinions on our work. 93% of the respondents were satisfied (including 75% fully satisfied) with the compensation received from the NDIF. 92% considered the 20-working day deadline for pay-out acceptable in the event a credit institution closes up, and 76% believed that the protection limit of EUR 100 000 was sufficient.



During the year, we responded to almost **4,000** customer inquiries received.



We were requested by international financial organisations and foreign partner institutions to present our experiences on several occasions in the past year.



The average deposit size in Hungary in 2012 was HUF **1,274 million**.

Shortening the 20-working day deadline for compensation is kept on the European Union's agenda. For this reason, it is one of the greatest challenges for us to be able to perform compensation in a considerably shorter time. Owing to our close cooperation with the Hungarian Financial Supervisory Authority, we compensated 98.4% of the depositors of 'Soltvadkert' Savings-co-operative Bank within a period of 10-working days in 2012. It was the fastest compensation ever seen in Hungary.

Foreword by the Managing Director

The current crisis period has brought about innumerable banking practices that undermine public confidence; concurrently, it has taught a lesson to the world of financial and regulatory authorities within it, in addition to posing new challenges to deposit insurers. What we can claim in summary is that the importance of protecting depositors has increased within and across the borders of individual countries, particularly in the European Union. Deposit insurance institutions' rapid response capability and the importance of international cooperation were brought to the focus, and the world has recognised the new potentials of converging financial regulation.

Since 2010, in the event their bank closed down, depositors have received their savings in an accelerated procedure within 20 working days in Hungary too. The protection limit of EUR 100,000 unified across the European Union was adopted two years ago to boost the security of domestic bank customers. These two boundary conditions allowed nearly 21,000 depositors involved in two cases to experience directly that they could rely on deposit insurance even in case of the most severe trouble.

Despite being an organisation with a low staff headcount, the NDIF carried out efficient compensation cases that meet the stringent legal requirement having recently been introduced. Such compensations reached HUF 41 billion in value but induced by the international regulatory environment, which sets ever growing challenges, development of the organisation and adaptation of utilisable foreign experience are permanently on the agenda.

In our role as financial fire-fighters, we continuously test our capabilities and preparedness while working on how to speed up compensation payments for failed bank depositors in the future, because the resulting enhanced sense of security and confidence will lead to stability of credit institutions and the financial system's as a whole.

The work of a deposit insurer can be conceived as a special financial service. This goal is served by our mobile application, developed for a growing group of smartphone users last year, but our presence in the social media is also a fundamental requirement today.

Our contact with university teachers, in addition to the importance attached to the succession of experts, resulted in fresh thoughts and a professional event that entailed a joint role with academia assumed in 2012. International financial regulators increasingly rely on the opinions of independent research workshops, thus allowing domestic experts to be involved in shaping new regulatory framework. The openness and initiative of our institution, as well as a continuous dialogue with the financial service providers, researchers and partner institutions increase the efficiency of the safety net that guards the security of depositors, which also facilitates our goal to raise awareness of the NDIF as a broadly recognised national institution.



András Fekete-Győr

Foreword by the Chairman of the Board

The subject of international financial stability was often brought to the focus of attention also in 2012: both in the developed economies of the world and within the EU, a number of banks were closed down, and news reported faltering of service providers that used to represent a systemic risk in terms of size.

From the aspect of depositor protection, the European Union's method of regulating its directive on deposit insurance, which is currently under revision, is attached key priority. The extended crisis evokes a firm tendency in connection with the EU's concept of banking union and its directive on bank recovery and resolution of banks to prevent spending of government funds to bail out banks, on the one hand, and, on the other hand, to grant a higher level of protection to depositors. The change related to these regulatory circumstances will presumably require the watchdogs of financial stability to cooperate as efficiently as ever.



It is a proof of capital adequacy of credit institutions in Hungary, as well as the efficiency of financial regulation and market supervision that no credit institution with a national scope (branch network) has got in trouble since the breakout of the economic crisis, and all the service providers ordered by the Hungarian Financial Supervisory Authority to be closed remained one-off cases affecting a single region only. Nonetheless, the NDIF paid out roughly one third of its total assets to the depositors of 'Soltvadkert' Savings-co-operative Bank.

Irrespective of the size of the troubled credit institution, rapid compensation payment is crucial, as it is the key evidence of the promise of deposit insurance laid down in law. With the quick reimbursement to customers holding insured deposits last year, the NDIF reinforced the general public confidence in the banking sector.

It is crucial to see that credit institutions also have their own duties in terms of deposit insurance. They are required to notify their customers of the fundamental information needed for their informed financial decision-making. This goal is served by the "Insured Deposit by NDIF" emblem used to indicate insurance of bank deposits. Last year was the first full year when this consumer protection sign was required to be displayed by NDIF's member institutions on their informing and advertising materials.

Despite the fact that significant compensation was carried out under deposit insurance in 2012, the Board of Directors of the NDIF did not deem it necessary to impose an extraordinary premium on members. Even after the payments were settled in connection with the 'Soltvadkert' Savings-co-operative Bank, the assets of the NDIF continue to provide sufficient protection for depositors.

Owing to the market of government securities that resulted in a strong year, the NDIF closed last year with a record high yield in the wake of a record pay-out, which enables it to carry on with its prominent function of boosting confidence.

Gyula Pleschinger



Consumer protection and financial literacy initiatives

Financial awareness and duly substantiated financial decisions have gained particular importance for bank customers in the past years. The increasing importance attached to security of savings induced us to make consumer protection initiatives never used before, in order to facilitate customers of credit institutions to obtain the information needed for decision-making.

Single Customer View (SCV)

2012 was the first full year when our member banks were required to disclose the SCV data at customers' request. It shows customers their current state of protection under deposit insurance on a given date in the given bank, regarding their total savings compared to the currently valid coverage limit (currently EUR 100,000).

The indicator, also required in the EU legislation, may play a significant role in providing customers with information, by facilitating depositors to optimise safe depositing of their funds with credit institutions. Concurrently, the information constitutes the basis of compensation under deposit insurance within 20-working days.



Consumer protection emblem

As of 1 March 2012, all credit institutions registered in Hungary are required to display this sign on their surfaces used for providing information or for raising attention in the event the presented or advertised banking product enjoys the NDIF's protection, and its description displays a promised yield on the product (interest percentage). The logo helps the depositor to recognise safe forms of savings before going into product details. We will examine the adequate use of the emblem shown on billboards and product information material in 2013, and will make proposals for future use, if necessary.

Mobile application

The use of smartphones is rapidly gaining ground among banking customers in Hungary too, which has brought about a facility to access mobile banking applications offered by banks. The free smartphone application of the NDIF, which is available for free downloading, allows a quick check to find out which financial service provider keeps customers' savings safe, along with the current protection limit and the products subject to protection by the NDIF. The application can be conceived as a kind of electronic brochure, which is always in customers' pockets. Its use pro-



vides answers at a click to facilitate informed decision-making in issues regarding the safety of financial savings.

Countryside media briefings

In 2011, we started (re)establishing contacts with local media outside Budapest, which is aimed at founding mutual awareness and updating the knowledge of local journalists on deposit insurance. In 2012, we held targeted media events in major cities, such as Pécs, Szeged, Békéscsaba and Debrecen. Concerning compensation of the depositors of 'Soltvadkert' Savings-co-operative Bank, we organised a media road show in Bács-Kiskun County, targeting the media outlets operating in the towns of Kecskemét, Kiskőrös, Soltvadkert, Kiskunhalas and Baja.

App
Store



Google
Play



Deposit insurance workshops

At the end of 2011, we requested staff of universities and research institutions to engage in a dialogue with us. Our discussions resulted in a committee called Scientific Consultative Forum on Deposit Insurance, which met on four occasions during the year. The exchange of ideas carried out by six university lecturers and researchers

set professional priorities to provide substantial help with organising an NDIF conference for late 2012. The members of the forum actively contributed their participation to the event.

Conference on deposit insurance

On 23 November 2012, prominent domestic and international heads of institutions and deposit insurance experts participated in our first conference staged under the title “Stricter financial regulation, broader role of deposit insurance – crisis management to serve financial stability”. Our conference was honoured with their presence and also addressed by Mr. Adam Farkas, Executive Director of European Banking Authority, Mr. Jerzy Pruski, President and Chairman of the International Association of Deposit Insurers. In connection with the international financial regulation changing in the context of the economic crisis, mostly banking analysts, lawyers, as well as medium and senior bank managers participated in the event exploring topics considered novelty in terms of deposit insurance and economic rehabilitation of banks.

Consultations with the Marketing/PR managers of partner and member institutions

Continuous consultations are going on with the communication staff of institutions concerning issues related partly to the reimbursement seen in 2012, partly to the operative consultation with our pay-out agent banks, as well as to the practical use of the sign “Deposit insured by the NDIF”, just like with the communication managers of safety net players comprising of the Board of Directors of the NDIF.





5

Reimbursement capacity

Rapid pay-out capacity following the close-down of a bank is one of the key properties and criteria for organising the work of deposit insurers. From the aspect of public confidence in the banking sector, it is of key priority for customers experiencing close-down of their banks to obtain their savings as quickly as possible.

The rapid response of deposit insurers always relies on the suitability of customer data stored in the credit institution closed down by the financial supervisory authority for the reimbursement. In the event the data stored in the banks are inaccurate, e.g. they fail to reveal the exact owner of the deposit, or the basic information used to identify the depositor are recorded inaccurately in the registration, it may hinder starting compensation of all depositors.

The quality of banking data, including the SCV data, i.e. reimbursement information associated with each depositor, are regularly checked by the HFSA with the NDIF's participation, and the ability to produce them is of key priority for all credit institutions. An equally crucial condition is for the depositors to do their shares, and inform their relevant account holder banks about any change in their personal data, such as change of address, without delay.

The “essence” of efficient compensation is the tailor-made pay-out system (PoS) developed by the NDIF to manage the IT tasks encountered on compensation. PoS is upgraded on a continuous basis in order to be capable of completing the reimbursements to depositors over a period shorter than the current statutory 20 working days.

Financial stability

Each of the institutions aimed at financial stability has a member in our Board of Directors. The bilateral agreements concluded with these organisations are all targeted to facilitate the NDIF's fast and efficient action in a crisis situation.

Our agreements entered into with the National Bank of Hungary (NBH) and the Hungarian Financial Supervisory Authority (HFSA) serve the purpose of providing information and ensuring close alignment of the complementary activities, and both represent a key to cases of rapid management of compensation payments affecting financial stability.

In the agreements concluded with the Hungarian Banking Association and the National Association of Savings-co-operatives, we put forward duties and possibilities in terms of legislation and application of law, as well as information supplied to depositors, in cooperation with the interest representation entities.

Proposals on legislation

Each case of pay-out offers a good opportunity to obtain experience and to draw consequences. In addition to the fine-tuning of our internal rules and rules of procedure, such cases represent a particularly good opportunity to show any need for changes to the legislation.

Underlying our proposals to change the legislation is our effort to eliminate the circumstances that hinder our customers in obtaining compensation quickly and conveniently. Accordingly, we have initiated changes to the legislation on a large number of occasions in the past twenty years. In 2012, we submitted a proposal that depositors should first be paid the principal of their deposits on receiving payment of compensation, and only then the interest, as opposed to the sequence previously applied to the contrary. This method helps depositors benefit from their protection to 100% in the event of deposits above the coverage limit. Our proposal was enacted as of 2012.

Kiskörös and Surroundings

The oldest depositor is 101, the youngest 5 months old
June 28, 2012

Portfolio.hu

Troubles at a huge savings-co-operative
June 1, 2012

Index

Reimbursement of the depositors has been started
June 26, 2012

24 óra

The NDIF protects wide range of the savings

bankkartya.hu

99.6% of the deposits are protected by NDIF
September 11, 2012

nol.hu

Soltvadkert: NDIF paid at record time
June 4, 2012

InfoRádió

Deposits volume raised at banks
September 7, 2012

mno.hu

Almost all of the deposits are protected by NDIF
September 7, 2012

Petőfi Népe

Majority of small depositors has been already reimbursed

piacesprofit.hu

Fast money for the depositors
July 5, 2012

privatbankar.hu

101 was the oldest depositor –
HUF 2.4 million was the average deposit size
June 26, 2012

Világgazdaság

Deposit volume is growing
September 10, 2012

Világgazdaság

NDIF compensated the depositors in record time
July 5, 2012

7

Reimbursement in 2012

As of 20 June 2012, the NDIF commenced compensating the depositors of 'Solvadkert' Savings-co-operative Bank. This case represented the highest pay-out in the history of the NDIF.

Citizens of countries that held deposits in the savings-co-operative



Austria



Germany



Romania



Great Britain



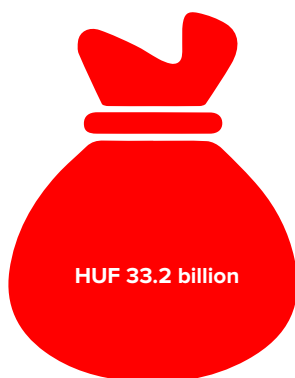
Switzerland



Sweden



Private individuals and legal entities compensated
13,724 of which businesses: **1,376**



Total compensation paid
(until 31 December 2012)

HUF 33.2 billion



HUF 2.4 million

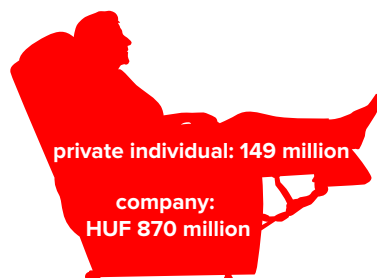
Average deposit size
held by private individuals



Number of depositors holding
deposits above EUR 100,000
101 (aggregated value: HUF 3.7 billion)



The deposit made the
longest time ago: **1982**



The highest deposit amount in
excess of the coverage limit:

private individual: **149 million**
company:
HUF 870 million



The oldest depositor
compensated



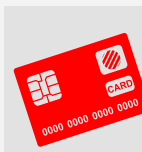
**16
persons**

Deposits of owners, executives
and the persons living in the same
household as the foregoing,
not entitled to receive compensation
(‘excluded’ depositors):

Methods of compensation



Via the Post Office
6,958 persons
HUF 1.8 billion



NDIF Card
3,939 persons
HUF 8.9 billion



OTP Bank
3,125 persons
HUF 19.4 billion



Further indemnification processes in the current year carried over from last year

In 2012, deposit insurance pay-outs were carried out in earlier cases where the affected bank deposits were blocked or used as collaterals (e.g. to secure borrowing loans) and were released from blocking during the year.

Table No. 2: Disbursements from frozen deposit portfolios in 2012

Description HUF thousand	Amount of frozen depo- sits	Reimbursements made in 2012			Amount paid out		
		total	principal	interest	total	principal	interest
AKH Credit Cooperative (year of the closing 2010)	3,288,532	94	94	0	3,184,843	3,141,708	43,135
"Jógazda" Savings-co-operative Bank (year of closing 2011)	9,861,220	27,999	22,843	5,156	9,048,761	8,816,679	232

In addition to the NDIF, the following partners participated in the rapid compensation of the depositors of 'Solvadkert' Savings-co-operative Bank:

Hungarian Post Office

OTP Bank

OTP Card Manufacturing

IQSYS Zrt. (T-Systems)

Postaktív and Max & Future .

We appreciate their work, also on behalf of the depositors – NDIF.



8

Depositor opinions on reimbursements

The case of 'Soltvadkert' Savings-co-operative Bank was the third compensation since the reimbursement deadline of 20 working days has been adopted in Hungary. This promoted the NDIF to be one of the most active institutions within the EU. The approximately 14,000 depositors surveyed were delivered a questionnaire on the regulation of deposit insurance and actual compensation with a return envelope, along with their respective financial settlements of compensation. 8.6 percent of depositors (1,347 customers) shared their observations with NDIF.

The answers reveal that 75 percent of the depositors were fully satisfied with the compensation services delivered by the NDIF. Only 8.3 percent of all respondents voiced criticism, a part of such objections discussed the legal regulations of compensation, or complained about the pay-out method or speed (the latter despite the fastest pay-out in the history of the NDIF).

The shortness of the time allotted to the pay-out, the large number of the depositors and the often shocking news of the unexpected close-down of a credit institution result in particular importance attached to the examination of every detail of individual customer complaints and criticisms, and to the rapid reply to each question. The returned questionnaires reveal that 97.7 percent of the customers were satisfied with the complaints handling procedure of the NDIF.

The customer satisfaction survey, which represented a ground-breaking method in Europe facilitates both the NDIF and the regulatory institutions to evaluate wheth-

er financial stability has been damaged in the eyes of the customers experiencing the close-down of their banks, or to find out about the social assessment of deposit insurance laid down in law. It is reassuring in this respect that regarding the boundary conditions of law, 76 percent of the customers of 'Soltvadkert' Savings-co-operative Bank believe that the deposit insurance limit of EUR 100,000 is sufficient, 92 percent consider the 20-working-day pay-out deadline to be acceptable for obtaining their funds in the event a credit institution is closed down.

A high number of depositors expressed their opinions on the compensation by way of the questionnaires. We evaluate all answers, and integrate the lessons learnt.

Some examples of appreciation and criticism expressed

"The administration of the case was highly organised. I can but congratulate to everyone participating in the work. Thanks to all of you for it!!! (signature)"

"I approve that the NDIF commenced compensation almost immediately. It was reassuring."

"It would be good for depositors to be more aware of the NDIF's activity, and obtain information not only when trouble has set in. It would reduce the initial panic. On placing deposits, financial institutions could inform customers of the NDIF on a flier."

"Customers should receive more deposit insurance related information on placing deposits."

"If the money is needed for the daily bread or a funeral, the time (20 working days) is too much."



9

NDIF's management and operation

NDIF's scope of activities

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 NDIF is to initiate and complete payment of compensation to depositors within 20-working days, in case deposits kept with its member institutions are frozen, or pursuant to a resolution issued by the Supervisory Authority, or pursuant to a court order for liquidation is published in case a liquidation procedure is instituted, at the earliest of the three dates.

The Board of Directors

In accordance with section 110 (1) of the Act on Credit Institutions, the governing body of the NDIF is the Board of Directors consisting of the Minister of State to the Ministry of National Economy, the Vice President of the National Bank of Hungary (NBH), the President to the HFSA, Secretary General of the Hungarian Banking Association (HBA), the Managing Director of the National Federation of Savings-co-operatives (NFSC), as well as the Managing Director of the NDIF.

On an annual basis, the Board of Directors elects a Chairman and a Vice-Chairman out of its members. In 2012, the Chairman's position was filled in by Minister of State to the Ministry of National Economy Mr. Gyula Pleschinger, while the position of the Vice-Chairman by Deputy Governor of the NBH Dr. Júlia Király.

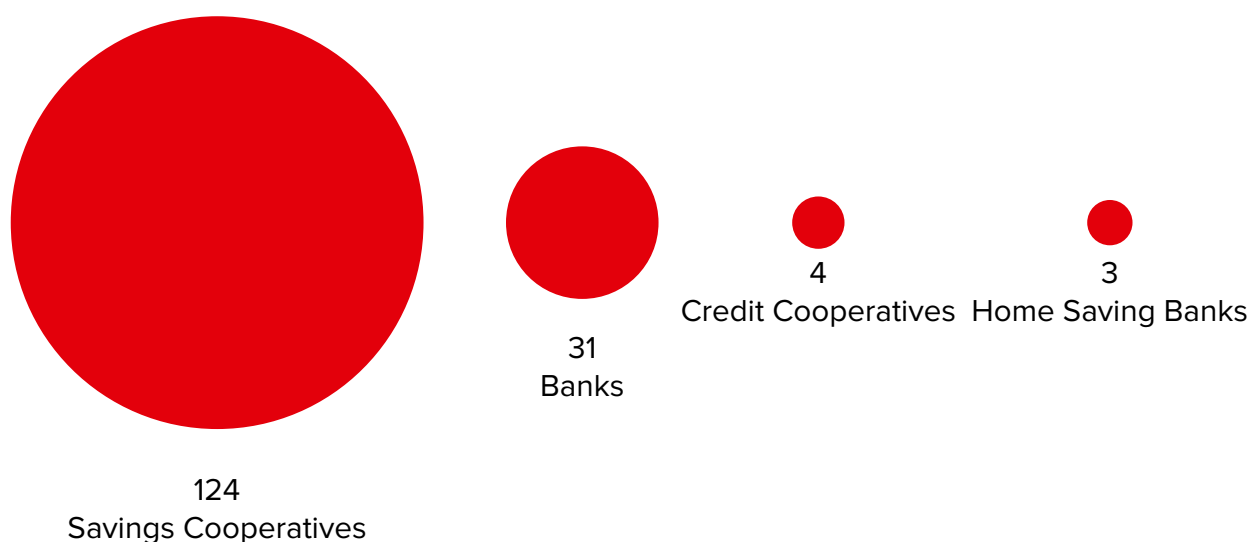
Members of NDIF's Board

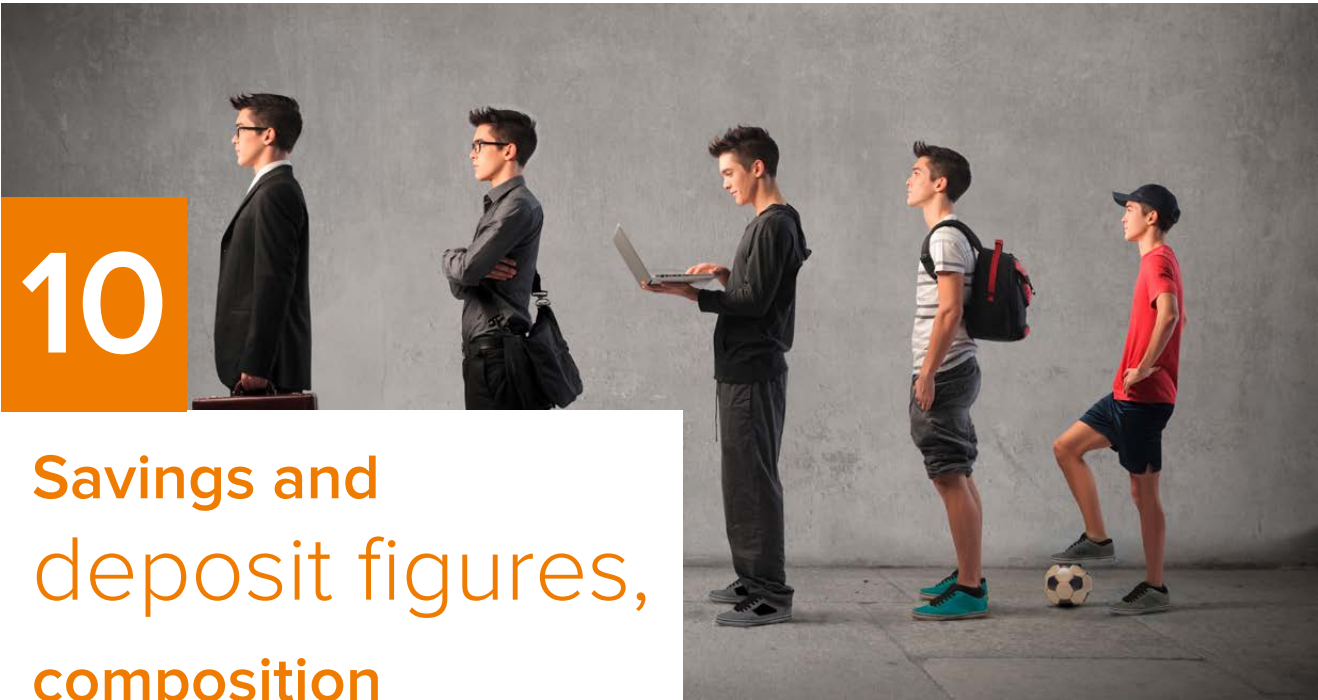
Gyula Pleschinger, Minister of State (Ministry of National Economy)
 Dr. Károly Szász, President (Hungarian Financial Supervisory Authority)
 Dr. Júlia Király, Deputy Governor (National Bank of Hungary)
 Dr. Levente Kovács, Secretary General (Hungarian Banking Association)
 Antal Varga, Managing Director (National Federation of Saving Cooperatives)
 András Fekete-Győr, Managing Director (NDIF)

Auditor to the NDIF

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

Number of member institutions: 162





Savings and deposit figures, composition

Table No. 3: Dynamics of savings deposited with credit institutions (HUF billion)

Description	At the start of 2011	At the start of 2012	2011=100%
Deposits	14,155	14,898	1.05
Of which:			
savings deposits	634	571	0.90
other deposits	13,521	14,327	1.06
Securities	2,316	2,270	0.98
Interest payable	169	203	1.20
Total	16,640	17,371	1.04

Regarding the distribution of savings by credit institution, 91.3% remain in the sector of banks and home savings banks, and 8.7% were deposited in the sector of cooperatives, which shows less increase in the proportion in comparison with the previous year to the benefit of the cooperative credit institutions.

The *deposit size per customer was HUF 1,274,000*, which represents a 3% rise over the previous year.

Distribution of savings by protection

Within the growth in the total savings portfolio, the ratio of deposits insured by the NDIF increased by 0.9 percentage points, and exceeded 74% by early 2012, but it still falls short of the peak of 82.3% seen in 2005.

Table No. 4: Distribution of savings by type of protection

Description	2012 opening %		
	Insured by NDIF	State guaranteed	Uninsured
Deposits	79.4	0.4	20.2
Of which: savings deposits	93.3	5.0	1.7
other deposits	78.9	0.1	21.0
Securities	40.9	0.3	58.8
Interest payable	67.1	1.1	31.8
Total	74.2	0.4	25.4

The NDIF's obligations of compensation

The NDIF's premium base, i.e. the insured portfolio of savings gained HUF 692 billion within the growth of total savings worth HUF 731 billion presented above. This comprises a HUF 539 billion rise in the compensation obligation of the NDIF to reach HU 9,034 billion for 2012.

Considering also state guarantee, the actual compensation or guarantee obligation covers 52.4% of savings in credit institutions.

Table No. 5: Obligations of compensation and guarantee on savings kept with credit institutions

Description	At the start of the in-surance year	Insured by NDIF	State guaranteed	Uninsured or un-guar-an-teed portfolio	Total (%)
Ratio of compensation or guarantee obligations for the NDIF within the insured * and guaranteed portfolio	2010	62.0	100.0	0	–
	2011	69.6	100.0	0	–
	2012	70.0	100.0	0	–
Ratio of compensation or state guarantee within the total sav-ings kept in NDIF's member institutions	2010	44.6	0.4	0	45.0
	2011	51.1	0.4	0	51.5
	2012	52.0	0.4	0	52.4

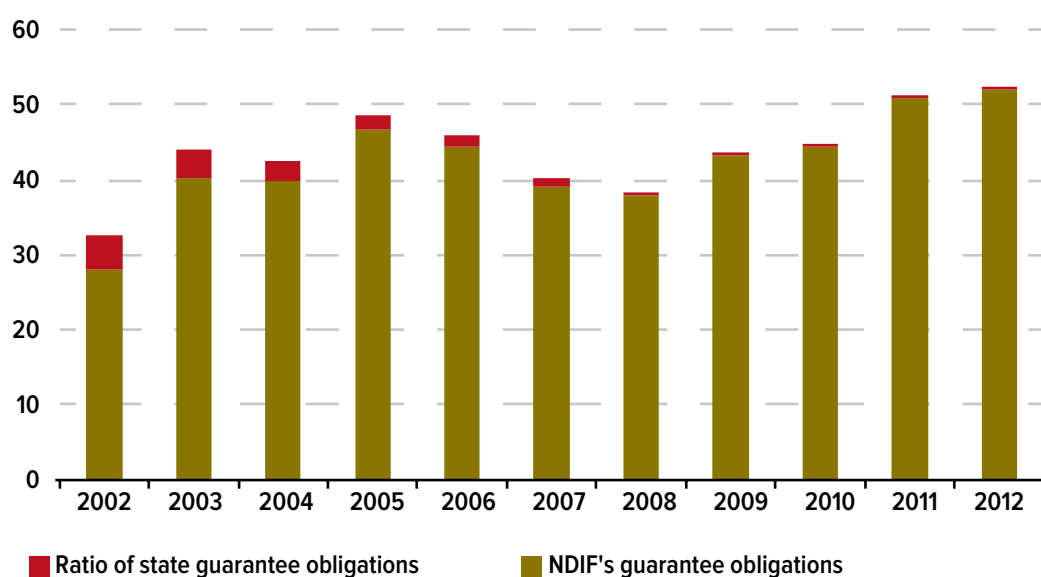
*The insured portfolio equals NDIF's premium base

Within the premium assessment base, 61% represents depositors in the class below EUR 100,000, and 39% those above EUR 100,000.

Table No. 6: Distribution of savings insured by NDIF by deposit class in 2012

Deposit classes	Total			Banking sector			Cooperative sector		
	HUF billion	%	x 1000	HUF billion	%	x 1000	HUF billion	%	x 1000
HUF equivalent of EUR 0 to EUR 100.000	7,881	61.1	10,083	6,583	57.5	8,282	1,299	89.7	1,802
Of which:									
Natural persons	6,827	86.6	9,308	5,675	86.2	7,713	1,152	88.7	1,596
legal persons	1,054	13.4	775	908	13.8	569	147	11.3	206
Above the HUF equivalent EUR 100.000	5,015	38.9	37	4,865	42.5	35	150	10.3	2
Of which:									
Natural persons	1,569	31.3	21	1,489	30.6	20	80	53.4	1
legal persons	3,446	68.7	16	3,376	69.4	15	70	46.6	1
Total	12,896	100	10,120	11,448	100	8,316	1,449	100	1,804
Average deposit amount per client (HUF 1000)	1,274			1,376			803		

Ratio of reimbursement and guarantee obligation within the total saving of the NDIF's member institutions





NDIF's premium revenues and coverage ratio

The NDIF'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 NDIF's investments, as well as a portion recovered from receivables transferred to the NDIF, which may be complemented by loans borrowed by the NDIF.

a) Admission fees

Credit institutions that have been licensed to raise deposits are required to pay a one-off admission fee to the NDIF upon becoming a member institution. The admission fee equals to 0.5 % of the member institution's registered capital. The NDIF earned no HUF revenue under this title in 2012.

b) Annual premium payment

The upper limit for the statutory annual regular premium to be paid by members is 0.2% (two per mill) of the deposit portfolio of the member institution insured by the NDIF as of 31 December of the year proceeding the relevant year [Sections 121 (1) and (2) of the on Credit Institutions]. The NDIF has not fully utilised this statutory limit.

As the average rate of deposit insurance premium, the Board set a rate of 0.6 per mill for 2011, and decided for the same rate for 2012.

c) Increased premiums and preferential premiums

Besides the regular yearly payment obligations, the NDIF 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 ac-

tivities. (Sections 121 (6) and (7) of the Act). For 2012, the Board of Directors set an increased premium for 16 member institutions, generating a total of HUF 199,471,000.

Preferential premiums are granted to member institutions that are members of voluntary deposit protection or institution protection funds licensed by the Supervisory Authority, referenced in subsection (1) of Section 121 of the Act on Credit Institutions. In the first half of 2012, member institutions of NFSC were charged preferential premiums.

Details of revenues from deposit insurance

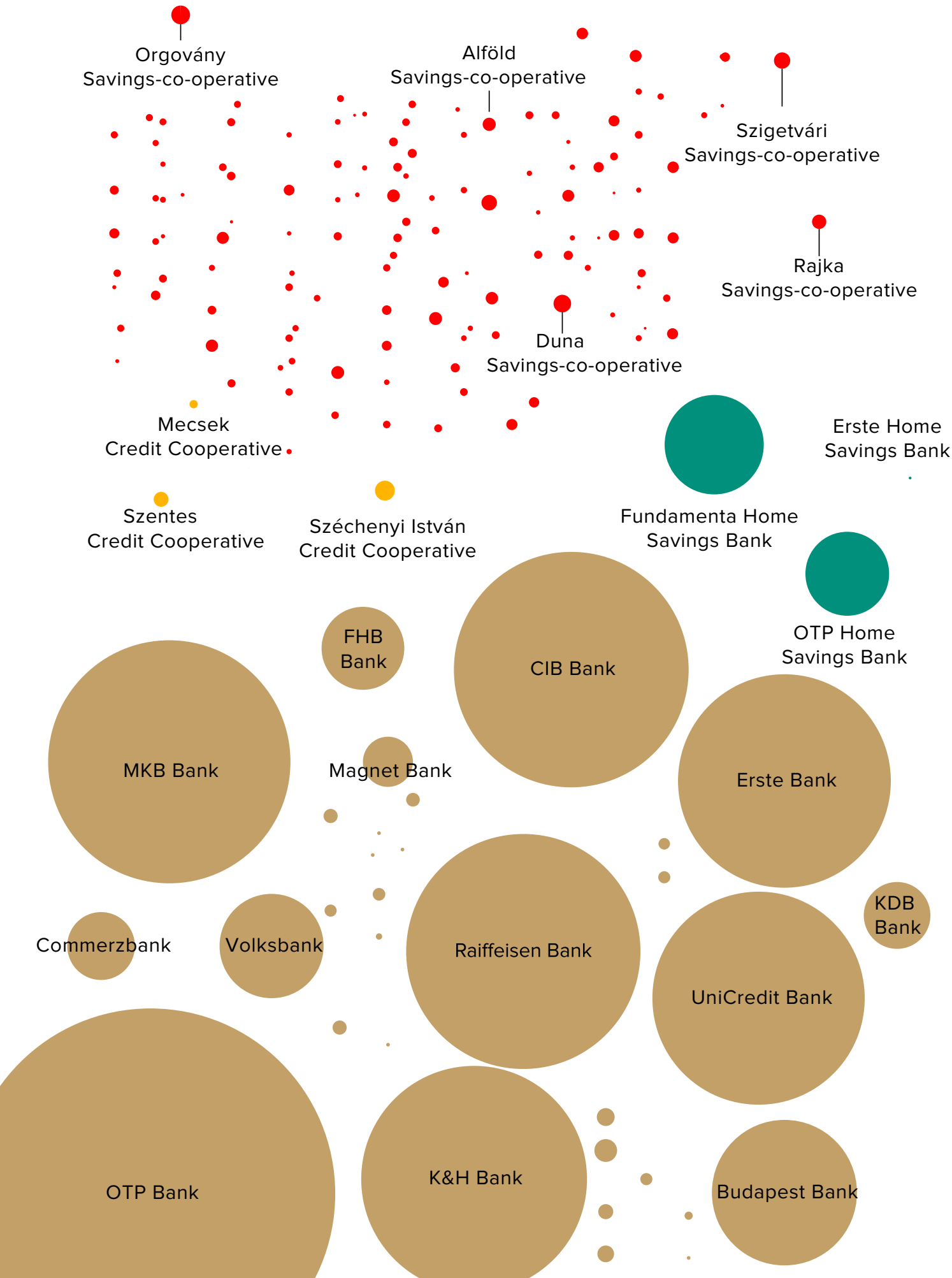
In the NDIF's profit and loss statement, premium revenue receivable from member institutions is shown among premium revenues receivable from member institutions. In the relevant year, the member institutions were required to pay 0.06% of their total deposit portfolios as premium to the NDIF. 100% of this revenue was received from Hungary in HUF.

Other deposit insurance revenue in the relevant year comes from writing back impairment on estimated return (HUF 401 361 000), from late payment interest imposed on member institutions for delayed payment of membership fees (HUF 225 000) and from the repayment of a loan assumed from Iparbankház (HUF 87 000).

The premiums paid by individual member institutions are shown in the Appendix.

Infographic to illustrate revenue payment

Banks Savings-co-operatives Home savings banks Credit cooperatives



Coverage ratio

A The coverage ratio is an internationally accepted indicator of the asset position or “capitalisation” of deposit insurance institutions, which compares the liquid assets of the NDIF to the theoretical compensation obligations of the NDIF 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.

A compensation procedure was carried out in June 2012 ('Soltvadkert' Savings-co-operative Bank), and cost us HUF 33 billion in compensation. For information, please see the relevant coverage ratio as it changed in the wake of the concluded compensations in table below.

The coverage indicator of the NDIF hardly changed, the compensation obligation grew significantly, but, concurrently, a considerable portion of savings was not subjected to deposit insurance, and the total assets of the NDIF expanded.

Table No. 7: Dynamics of the coverage indicator between 2007 and 2012

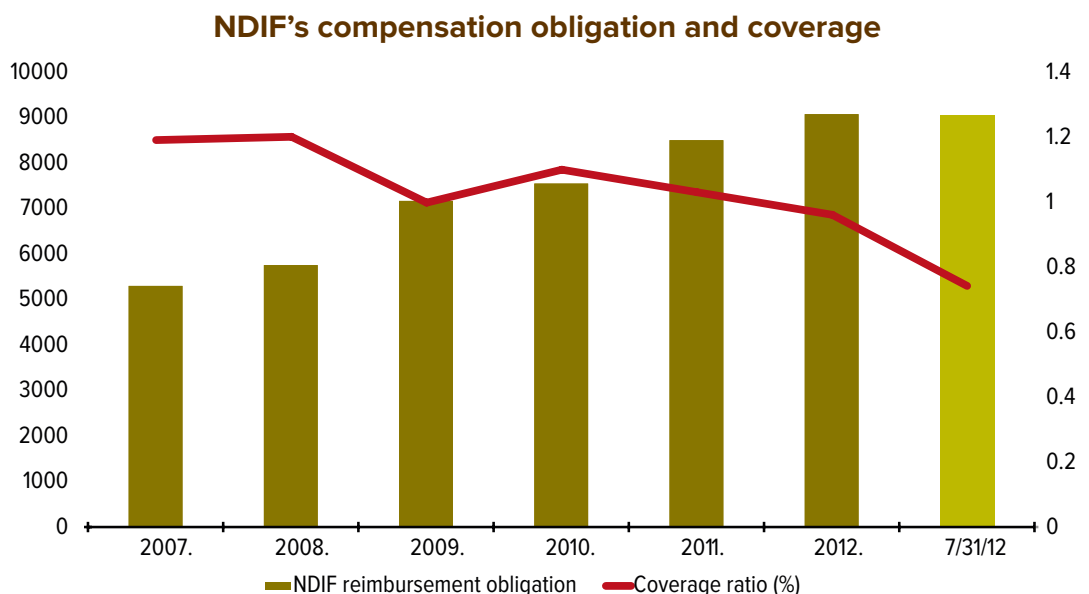
Description	2007	2008	2009	2010	2011	2012	2012.07.31.*
NDIF's compensation obligation (HUF billion)	5 288	5 761	7 159	7 590	8 506	9 067	9 034
NDIF's assets (HUF billion)**	63,1	69	71,6	83	88	86,9	66,8
Coverage indicator %***	1,19	1,2	1,0	1,1	1,03	0,96	0,73
Average premium rate (per mill)	0,18	0,09	0,2	0,2	0,6	0,6	0,6

*The data are for information only, because compensations carried out during the year significantly influence the coverage ratio. The data excludes the amount paid in compensation up to the date indicated, and includes the interim premium payments and yields seen during the year.

**The book value of NDIF's assets in securities- as of the year-end preceding the relevant year (opening balance in the relevant year).

***Compared to the current compensation obligation.

The diagram below illustrates a firm opening of scissors, i.e. while the NDIF's compensation obligation is steadily growing from year to year, the accumulation of assets – despite the increased premiums seen since 2011 – is unable to keep up with it, which justifies its consideration on shaping the shortterm premium policy.





12

Balance sheet

Intangible assets

A considerable part of intangible assets consists of software purchased or developed by the NDIF. The carrying amount of these assets is their original cost. For all assets, individual valuation is used.

In 2012, one significant project was carried out, namely, that in the wake of NDIF's change of image last year, all information related to deposit insurance are available to the depositors via mobile phones. "Betétőr" ("Deposit Guard") is an application that can be downloaded to smartphones to provide depositors with quick information on deposit insurance. The original cost of the development was HUF 1,524,000.

Table No. 8: Change in the portfolio of intangible assets in the relevant year

Description	Gross value (HUF 1000)	Depreciation (HUF 1000)
Opening as at 01.01.2012	129,058	101,918
Growth in the relevant year (activation)	3,199	-
Sales in the relevant year	-	-
Asset scrapping in the relevant year	-11	-11
Depreciation in the relevant year		12,805
Closing as at 31.12.2012	132,246	114,712

Tangible assets

The NDIF's tangible assets comprise the assets needed to ensure operations, such as renovation works on rented buildings, IT devices, office equipment.

The largest project in the relevant period was the design and development of the NDIF's Electronic Premium System (the majority of deployment was completed in 2012, and the form completion module will be implemented at the time when the premium returns are submitted in 2013).

Composition of tangible assets:

Table No. 9

Description In HUF thousand	2011	Effect of revision	2012	change	
				HUF thousand	%
Rights related to land and buildings	1,038	0	945	-93	-8.96
- plot of land, land allotment	3		3	0	0.00
- buildings, parts of buildings	1,035		942	-93	-8.99
Equipment, fittings, vehicles	12,088	0	7,828	-4260	-35.24
- office technology equipment	4,590		3,864	-726	-15.82
- vehicles	0		0	0	0
- IT equipment	7,391		3,864	-3,527	-47.72
- furniture	107		100	-7	-6.54
- other	0		0		0
Investments	0		2,534	2,534	0
Total:	13,126	0	11,307	-1,819	-13.86

Financial investments

The NDIF holds no financial investments.

Inventories

Inventories held by the NDIF include 5,000 NDIF Cards (HUF 495,000) and a single timeshare (HUF 100,000).

Receivables

The NDIF's receivables comprise receivables from member institutions (which amount to zero on the balance sheet date), receivables from credit institutions, as well as other receivables. The NDIF measures receivables on an individual basis, and impairment is recognised based on individual measurement. Impairment is deemed as significant if its value exceeds HUF 100,000, or modifies the balance sheet item by more than 5 %.

The amounts paid on deposits in the compensation process is stated in the line Receivables transferred to the NDIF, at HUF 15,844,870,000. The structure of the receivables composition is as follows:

Table No. 10

Description HUF thousand	2011	Effect of revision	2012	Change	
				HUF thousand	%
Receivables from member institutions	2,131,970	0	15,844,846	13,712,876	643.2
- receivables from credit institutions	225		7,162	6,937	3083.1
- depreciation reversal of receivables from credit institutions	-225		-7,16	-6,937	3083.1
- receivables transferred due to payment of deposits	12,416,567		45,609,973	33,237,493	267.7
- depreciation reversal of receivables transferred due to payment of deposits	-10,284,597		-29,781,818	-19,541,308	190.0
- incidental costs incurred due to payment of deposits	61,732		160,979	99,247	160.8
- depreciation reversal of incidental costs incurred due to payment of deposits	-61,732		-144,288	-82,556	133.7
Other receivables from credit institutions	0	0	0	0	0.0
- due to guarantee and redemption of onerous obligations			0	0	0.0
- depreciation reversal due to guarantee and redemption of onerous obligations			0	0	0.0
Other receivables:	247	0	24	-223	-90.3
- Accounts receivable	0			0	0.0
- Interest-free housing loans	0			0	0.0
- Advances paid	61		0	-61	-100.0
- Reclassified tax payment obligations	172		0	-172	-100.0
- Other receivables	14		24	10	71.4
Total:	2,132,217	0	15,844,870	13,712,653	643.1

Table No. 11: Amounts of claim from liquidators per member institution*

Description HUF thousand	claim amount	onerous obligations	impairment		book value
			opening	closing	closing
Deposits of 'Heves' Savings-co-operative Bank	262,127	0	238,820	11,096	251,031
Incidental costs of "Heves' Savings-co-operative Bank	16,690	0	16,690	0	16,690
Deposits of AKH Credit Co-operative	3,133,773	0	2 820,314	2,663,707	470,066
Incidental costs of AKH Credit Co-operative (AKH)	12,204	0	12,048	12,204	0
Deposits of „Jógazda” Savings Co-operative Bank	9,004,674	0	7,181,376	7 181,376	1,823,298
Incidental costs of „Jógazda” Savings-co-operative Bank	32,995	0	32,995	32,995	0
Deposits of 'Soltvadkert' Savings Co-operative Bank	33,209,403	0	0	19,925,642	13,283,761
Incidental costs of 'Solt-vadkert' Savings-co-operative Bank	99,090	0	0	99,090	0
Total:	45,770,956	0	10,302,243	29,926,110	15,844,846

* The table includes the state guaranteed payouts settled.

Table No. 12: Disbursements from frozen deposits per member institution*

Description HUF thousand	Frozen deposits	Disbursements in the relevant year			Amount of disbursements		
		total	principal	interest	total	principal	interest
Heves' Savings-co-operative Bank	1,389,090	0	0	0	262,127	262,127	0
AKH Credit Co-operative	3,288,532	94	94	0	3,184,843	3,141,708	43,135
„Jógazda” Savings-co-operative Bank	9 861,220	27 999	22,843	5,156	9,048,761	8,816,679	232,082
'Soltvadkert' Savings-co-operative Bank	37,709,668	33,224,625	32,792,532	432,093	33,224,625	32,792,532	432,093
Total:	52,248,510	33,252,624	32,815,469	437,249	45,720,356	45,013,046	707,310

* the table includes pay-out on state guaranteed deposits.

Securities

Pursuant to legislation, the NDIF holds the premiums collected from member institutions in Hungarian government securities, more specifically, in treasury bills. Recognition is based on original cost, and the method of valuation is individual for each security. During the relevant year, the NDIF did not use the facility of measurement at fair value.

Table No. 13: Structure

Description HUF thousand	2011	Effect of revision	2012	change	
				HUF thousand	%
Government securities	86 880,898	0	76,617,203	-10,263,695	-11.81
- domestic government securities	86 880,898	0	76,617,203	-10,263,695	-11.81
- Hungarian government bonds	70,070,238	0	67,642,971	-2,427,268	-3.46
- discount treasury bills	16,810,660	0	8,974,232	-7,836,428	-46.62
- Other securities	0	0	0	0	0
- NBH bonds	0	0	0	0	0
Total:	86,880,898	0	76,617,203	-10,263,695	-11.81

Financial assets

The NDIF states liquid assets kept to cover operating costs and held in overnight deposits in the NBH (HUF 89,000), fixed-term deposits released to pay out compensations in progress (HUF 232,800,000), the funds held on bank accounts used for compensation and other reserved bank accounts (HUF 2,965,000), as well as cash at hand (HUF 219,000) among financial assets.

Prepaid expenses and accrued income

The NDIF recognises proportionate interests on securities worth HUF 2,243,167,000, a positive revaluation difference of HUF 14,466,000 and other income affecting year 2012 worth HUF 3,666,000 (premium revenue received on additional premium revenue invoiced subsequently to credit institutions) under prepaid expenses and accrued income.

The same line comprises items of prepaid expenses worth HUF 2,694,000, paid in 2012 and to be incurred in 2013. These include newspaper subscriptions, community transport season tickets, membership fee for IADI for 2013 and proportionate amounts of life insurances.

Short-term liabilities

The NDIF recognises the following items under short-term liabilities:

- liabilities to depositors	HUF 78,053,000
- liabilities to trade creditors	HUF 9,419,000
- tax liabilities	HUF 9,153,000
- credit card account	HUF 31,000

Table No. 14: Short-term liabilities – indicators

Description	2011 (%)	2012 (%)	change
ratio of liabilities:	0.13	0.10	0.10
liquidity ratio:	71,867	95,906	24,039

Accrued expenses and deferred income

The NDIF recognises expenses that are incurred in the relevant period but will be paid only subsequently under accrued expenses

Items of Accrued expenses and deferred income:

Table No. 15

Accounting and auditing expenses	1,476
Operating expenses of the pay-out system	2,803
Portfolio management fees for Q4 2012	3,859
Fee of KELER and custody fee for 12.2012	721
Public utility costs of buildings	456
Telephone expenses	119
Healthcare contribution payable in 2013	580
Payment obligation from OTP Deposit Insurance Card	441
Other expenses not highlighted	291
Accrued expenses	10,746
Accrued revaluation difference of securities:	81,114
Total accrued expenses and deferred income:	91,860

Equity

In the relevant year, changes in equity are caused by the following items:

- profit for the relevant year: HUF 3,003,299

A The result generated in the relevant year is transferred by the NDIF to the reserve in January 2013.

Table No. 16: Composition of equity

Description HUF thousand	2011	Effect of revision	2012	Change	
				HUF thousand	%
Registered capital	906,082	0	906,082	0	0
Reserves	89,875,353	0	90,893,678	1,018,325	1.13
Revaluation reserve	0	0	0	0	0.00
Retained profit	1,018,325	0	3,003,299	1,984,974	194.93
Total	91,799,760	0	94,803,059	3,003,299	3.27

Table No. 17: Equity indicators

Description	2011 (%)	2012 (%)	change (%)
Equity ratio:	99.86	99.80	-0.06
Coverage of invested assets:	227,983.31	328,709.33	100,726.02

Table No. 18 : Profit and loss account per operating activity (in HUF thousand)

Description	Deposit Insurance		Asset management		Operation		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
1 Premium revenue from member institutions	6,975,147	7,772,504	0		0		6,975,147	7,772,504
2 Premium revenue from claims collected on behalf of depositors	6,975	0	0		0		6,975	0
3 Commission revenue from disbursement of deposits insured with state guarantee	0	0	0		0		0	0
4 Revenue from other deposit insurance	150	401,673	0		0		150	401,673
I. Revenues from deposit insurance (01+02+03+04)	6,982,272	8,174,177	0		0		6,982,272	8,174,177
II. Other revenues	0		0		3,220	597	3,220	597
III Revenues from other than deposit insurance	0		0		0		0	0
IV Revenues from financial transactions	0		6,735,055	15,365,056	0		6,735,055	15,365,056
V Extraordinary revenues	0		0		0		0	0
5 Expenses related to the disbursement of frozen deposits	0		0		0		0	0
6 Expenses related to receivables collected on behalf of depositors	0		0		0		0	0
7 Expenses incurred on disbursement of deposits guaranteed by the state	0		0		0		0	0
8 Other expenses of deposit insurance	7,214,371	20,024,888	0		0		7,214,371	20,024,888
VI Expenses of deposit insurance (05+06+07+08)	7,214,371	20,024,888	0		0		7,214,371	20,024,888
VII Other expenses	0		0		8,907	7,661	8,907	7,661
VIII Expenses of other than deposit insurance	0		0		0		0	0
IX Expenses of financial transactions	0		5,213,649	240,722	0		5,213,649	240,722
X Extraordinary expenses	0		0		0		0	0
9 Material type expenses	0		0		120,849	95,397	120,849	95,397
10 Payroll expenses	0		0		127,801	150,401	127,801	150,401
11 Depreciation write-off	0		0		16,645	17,462	16,645	17,462
XI Operating costs (09+10-11)	0		0		265,295	263,260	265,295	263,260
RETAINED PROFIT FOR THE YEAR (I+II+III+IV+V-VI-VII-VIII-IX-X-XI)	-232,099	-11,850,711	1,521,406	15,124,334	-270,982	-270,324	1,018,325	3,003,299

Table No. 19: In the relevant year, operating costs and expenses were as follows:

Description HUF thousand	2011	Effect of revision	2012	Change	
				HUF thousand	%
Expenses from deposit insurance	7,214,371	0	20,024,888	12,810,517	177.57
- other expenses from deposit insurance	7,214,371	0	20,024,888	12,810,517	177.57
Expenses from other than deposit insurance	0	0	0	0	
Other expenses	8,907	0	7,661	-1,246	-13.99
Cost types				0	
- materials	120,849	0	95,397	-25,452	-21.06
- cost of materials	7,509	0	7,539	30	0.40
- material type of services used	111,304	0	86,552	-24,752	-22.24
- other services	2,036	0	1,306	-730	-35.85
- payroll expenses	127,801	0	150,401	22,600	17.68
- depreciation	16,645	0	17,462	817	4.91
Total	7,488,573	0	20,295,809	12,807,236	171.02

Table No. 20: Results of financial activities

Description	2011	Effect of revision	2012	Change	
				HUF thousand	%
Revenues from financial activity	HUF thousand		HUF thousand		
Interest received	11,429		60,547	49,118	429.8%
Revenues from financial transactions	6,723,626	0	15,304,509	8,580,883	127.6%
- exchange rate gains on investments in foreign currency	57		22	-35	- 61.4%
- profit on Hungarian government securities	6,723,569	0	15,304,487	8,580,918	127.6%
- exchange gains on Hungarian government bonds	993,314		9,505,902	8,512,588	857.0%
- profit from interest on Hungarian government bonds	4,593,994		5,155,898	561,904	12.2%
- exchange gains on discount treasury bills	799,159		642,687	-156,472	- 19.6%
- profit on NBH bonds	337,102		0	-337,102	- 100.0%
- exchange gains on other securities	0		0	0	0.0%
- profit on foreign exchange futures hedge transactions	0		0	0	0.0%

Description	2011	Effect of revision	2012	Change	
				HUF thousand	%
Total:	6,735,055	0	15,365,056	8,630,001	128.1%
Expenses of financial activity					
Interests paid and similar expenses	10		8	-2	- 20.0%
Expenses of financial transactions	5,180,590	0	213,591	-4,966,999	- 95.9%
- exchange rate loss on investments in foreign currency	132		27	-105	- 79.5%
- loss on Hungarian government securities	5,180,458	0	213,564	-4,966,894	- 95.9%
- exchange rate loss on Hungarian government bonds	5,178,786		213,533	-4,965,253	- 95.9%
- exchange rate loss on discount treasury bills	1,672		31	-1,641	- 98.1%
Other financial expenses	33,049		27,123	-5,926	- 17.9%
Total:	5,213,649	0	240,722	-4,972,927	- 95.4%

Notes to the financial accounts

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

Table No.21: Dynamics of the average statistical headcount:

headcount	2011	2012
Physical	0	0
White-collar	6	6
Total headcount:	6	6

Table No. 22: Dynamics of average wages, income and expenses:

HUF / person / month	2011	2012
average wage of non-physical	1,062,660	1,000,446
Total average wage	1 062,660	1,000,446

Rights and obligations with a maturity over 5 years

Unpaid amount on deposits involved in compensations of financial institutions liquidated in the past years equals HUF 78,053,000.



13 The NDIF's assets, financial and earnings positions

Presentation of the securities portfolio and assessment of the asset managers' work

The book value of the relevant year's opening securities portfolio was HUF 86,880,898,000, and at the end of the relevant year, securities were represented in the balance sheet at HUF 76,617,203,000 (closing balance). The latter included HUF 67,642,971,000 in Hungarian government bonds and HUF 8 974 232 000 in discount treasury bills. The securities portfolio decreased by 11.8%. (The decrease is attributable to the compensation paid on account of the final settlement and liquidation of 'Soltvadkert' Savings-co-operative Bank.)

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

Table No. 23 (data in HUF thousand)

Profit/loss component	Revenue	Expense	Profit/loss
Exchange gains/losses on Hungarian government bonds	9,505,901	213,533	9,292,368
Interest gains on Hungarian government bonds	5,155,898		5,155,898
Exchange gains/losses on discount government securities	642,687	31	642,656
Commission on portfolio management		16,787	-16,787
Custodian commission		1,485	-1,485
Fee to KELER		8,743	-8,743
Total	15,304,486	240,579	15,063,907

On the aggregate, the domestic securities market closed an extremely strong year. The government securities with a long-term maturity significantly outperformed the money market yields, and generated price rise at a steady pace. Taking into account the whole year, the MAX Composite Index (CMAX), which covers nearly the entire forint market, achieved a yield of 20.50% in 2012.

The economic situation of Hungary also changed a lot in the past year.

Concerning the central bank base rate, the Monetary Council's series of base rate cuts in steps of 25 basis points started in August from the 7% seen at the beginning of the year, and continued until the end of year to reach 5.75% by late December. The forint managed to keep gaining under easing interest conditions, and long-term bond yields kept shrinking at a steady pace.

In early 2012, the perceived risks induced many to underweight investments in Hungarian bonds; later, in the second half of the year, the forint exchange rate also gained significantly due to an intensive capital influx.

The interest of foreign investors kept gradually intensifying, and resulted in an increase in their portfolio, which was worth HUF 4,000 billion at the beginning of the year, to around HUF 5,000 billion.

The fluctuating sentiment is most visible in bond market yields and prices.

The portfolio generated an extremely high yield in the rapidly changing environment, while the yield achieved by the Government Debt Management Agency (ÁKK), which manages the portfolio of NDIF, was continuously and steadily aligned with the CMAX in 2012, too.

ÁKK reached a gross yield of 20.51% on the whole portfolio, as a result of which the asset management activity added a record amount, HUF 15,091 million to the retained earnings.

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

Summary evaluation of the profit

In the relevant year, the NDIF generated a profit of HUF 3,003,299,000, which is HUF 1,985 million less than the retained profit of 2012. The key components of the change are presented in the following table.

Table No. 24

Description HUF thousand	2011	Effect of revision	2012	Change	
				HUF thousand	%
Revenue from deposit insurance	6,982,272	0	8,174,177	1,191,905	17.1
Other revenues	3,220	0	597	-2,623	-81.5
Revenues from financial transactions	6,735,055	0	15,365,056	8,630,001	128.1
Total revenues	13,720,547	0	23,539,830	9,819,283	71.6
Expenses of deposit insurance	7,214,371	0	20,024,888	12,810,517	177.6
Other expenses	8,907	0	7,661	-1,246	-14.0
Expenses of financial transactions	5,213,649	0	240,722	-4,972,927	-95.4
Total expenses	12,436,927	0	20,273,271	7,836,344	63.0
Operating costs	265,295	0	263,260	-2,035	-0.8
Total expenses and operating costs	12,702,222	0	20,536,531	7,834,309	61.7
Retained profit	1,018,325	0	3,003,299	1,984,974	194.9

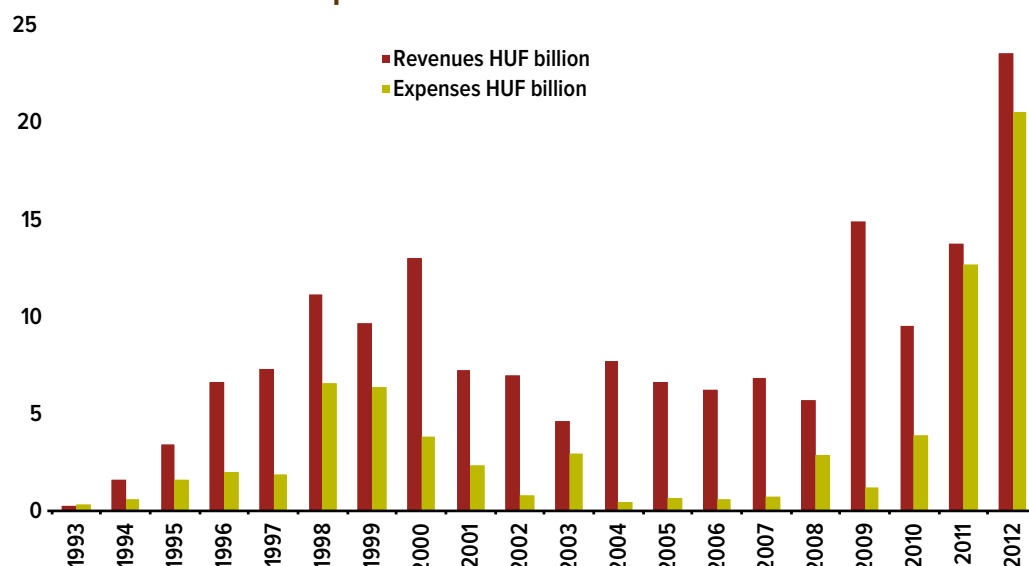
The retained profit rose by 195%, brought about by multiple components in the relevant year. On the one hand, the impairment accumulated on the pay-outs performed due to the withdrawal of the licence of 'Soltvadkert' Saving Cooperative Bank significantly deteriorated the NDIF's results; on the other hand, the yields on securities held by the NDIF were favourable in the year, which added to the revenues of financial operations, and, through that, also to the retained profit. Over HUF 15 billion was generated on the securities portfolio in the relevant year, which represents considerable growth compared to the HUF 1.5 billion seen in the previous year (see Table No. 35).

Expenses grew by 63 percent, resulting from a significant impairment.

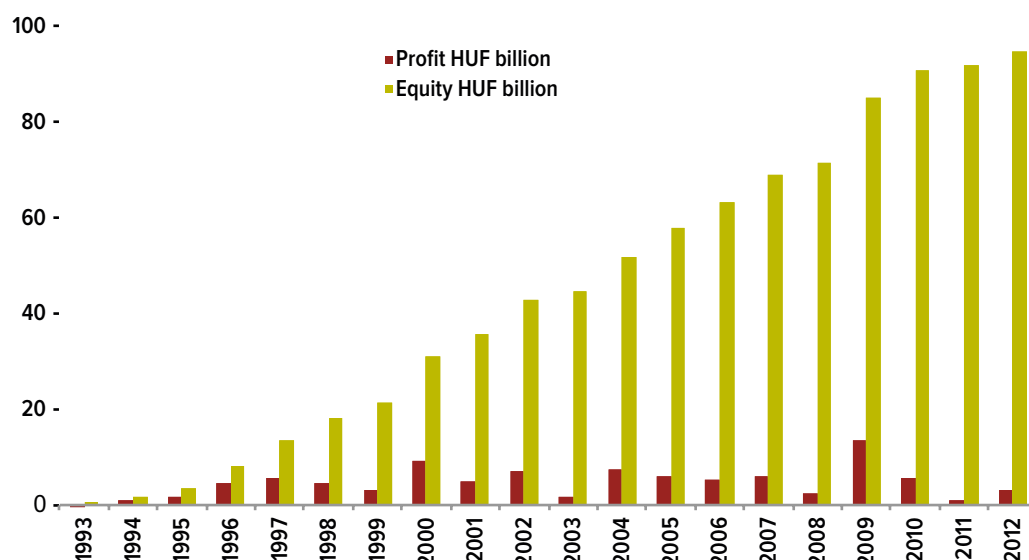
The following diagram presents the total revenues and expenses as recognised in the NDIF's profit and loss statement from its foundation in 1993 until 2012.

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 equity growth is influenced by the fluctuation of profit.

Revenues and expenses of the NDIF between 1993 and 2012



Equity and profit/loss from the NDIF's foundation to date



The fluctuation of profit seen between 1998 and 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. The drop in 2010 was attributed to payments made due to indemnification of AKH Credit Cooperative, the profit/loss of 2011 was influenced by the bankruptcy of "Jógazda" Savings-co-operative Bank, and that of 2012 was decreased by the indemnification performed on account of the final settlement and wind-up of Soltvadkert és Vidéke Takarékszövetkezet.



14

Events related to liquidation in progress

‘Heves’ Saving Cooperative Bank, under liquidation, “U.L.”

Based on information obtained from Concordat Liquidation Ltd. on 28 December 2012, the liquidation procedure of the Savings-co-operative was completed on the basis of a liquidation balance sheet and the annexes thereto, and the closing balance sheet and its annexes were submitted to the Tribunal of Eger for approval. Please note that the NDIF has not received the closing balance sheet until the balance sheet rule-off date.

In its letter, the liquidator also informed the NDIF that its total creditor claim of HUF 267,720,757 (which contains the indemnification payouts and the incidental costs) would be returned in full.

AKH Credit Cooperative “U.L.”

The NDIF stated a claim of HUF 3,162,638,560 in terms of deposits cleared (the sum of compensations actually paid by the NDIF was HUF 3 133,772,909), whereas in terms of incidental costs incurred for indemnification, a claim of HUF 12,203,845 was stated, which was confirmed by the liquidator.

Based on information received on 8 January 2013, the expected rate of return on creditor claims, which amount to approximately HUF 3.2 billion stated by the NDIF, is around 15%.

“Jógazda” Savings-co-operative Bank “U.L.”

Based on information issued by the liquidator on 11 January 2013, the interim balance sheet submitted during the liquidation process in March 2012 has not yet been approved by the Tribunal of Budapest.

The creditor's claim stated by the NDIF regarding deposits paid until 31 December 2012 and expected subsequently for payout amounted to HUF 9,153,279,140, while that regarding the incidental costs related to compensation reached HUF 32,995,135.

Based on information issued by the liquidator, the probable rate of return on the NDIF's creditor claims is around 20%.

Soltvadkert és Vidéke Takarékszövetkezet "U.L."

In its resolution No. H-JÉ-I-1277/2012. dated 1 June 2012, the HFSA withdrew the licence of 'Soltvadkert' Savings-co-operative Bank for providing financial services and supplementary financial services, and ruled for subjection of the Savings-co-operative to final settlement. Hitelintézeti Felszámoló Nonprofit Kft. (Liquidator for Credit Institutions Non-Profit Ltd.) was appointed as the liquidator.

Ruling No. 27. Fpk.01-12-011187/3. that ordered liquidation of the Savings-co-operative was published on 12 October 2012. The Tribunal of Budapest appointed Credit Institution Liquidation Nonprofit Ltd.. to act as the liquidator.

The NDIF commenced compensation of depositors as of 20 June 2012. In the course of final settlement and the liquidation proceeding, the NDIF paid compensation worth HUF 33,043,779,156 on the aggregate, which was confirmed by the liquidator in category d). Currently, additional compensation of approximately HUF 195 million is expected (inheritance procedures, blocked deposits, etc.).

We announced claims for HUF 99,089,990 as costs related to the compensation, which was confirmed by the liquidator in category f).

Based on information supplied by the liquidator, the probable rate of return on the NDIF's creditor claims is around 40%.



15

International activities

The international activities of the NDIF are fundamentally focused on two duties. Active participation as an expert in the global and EU financial regulatory processes creates a possibility for the domestic deposit insurance to receive timely notification of the changes in the regulatory environment, and our participation facilitates us to shape the rules, too. On the other hand, international regulatory organisations also offer an opportunity of international exchange of professional experience, which is attributed increasing weight as a result of the rapidly changing market environment and of the social expectations on deposit insurance.

With the deepening economic crisis, the international financial regulatory organisations equally seek to deepen and integrate the regulation, and to achieve harmonisation of the national rules across their group. The latter imposes more substantial work than ever on the authorities and experts of deposit insurance, in particular, in the increasingly unified European Union and the member states of the Eurozone, in order to achieve uniform goals, conditions and operation.

International Association of Deposit Insurers (IADI)

The regular meeting of the European Regional Committee (ERC) of the International Association of Deposit Insurers was held in Prague on 27 January 2012. The Committee is headed by the Managing Director of the NDIF.

The 9th IADI annual general meeting was held between 22 and 25 October 2012 in London, along with the session of its Executive Council. The days of the event also accommodated sessions of the regional and special committees.

It was voiced at the event that the assessment methodology of Deposit Insurance Principles adopted by the IADI had been incorporated by IMF in the FSAP assessment programme that allows experts delegated by IADI to participate as of the second half of 2013.

At the general meeting, Jerzy Pruski, the head of the Polish deposit insurance fund was elected to be the President and Chairman of the organisation, who is the

first European expert in this position and succeeds Martin Gruenberg (USA).

The annual conference to be traditionally organised on this occasion (“Deposit Insurers and the Financial Safety Net”) was aimed at reflecting the global appreciation of the role of deposit insurance, through a number of lecturers considered authorities in the field of financial regulation.

European Forum of Deposit Insurers (EFDI)

The annual general meeting and conference of EFDI was held on 13-14 September 2012 in Geneva. The communication director of the NDIF held a presentation on the significance and utilisation of social media, as well as the NDIF’s experience using it.

EFDI’s EU Committee held its regular annual meeting on 11 October 2012 in London. At the meeting, the vice president of EFDI accounted on its open session held in connection with the European Parliament’s directive on crisis management, as well as the trilateral negotiations held on the EU directive on deposit insurance. At the session, the head of the Greek deposit insurance organization presented their current experience concerning the Greek practice of economic rehabilitation of banks, whereas the heads of the Dutch and Belgian organisations held presentations on the models developed in their respective countries for risk-based premium payment.

On 20 December 2012, a research workgroup of EFDI was founded in Rome; a representative of the NDIF also participated in the session. The subjects discussed at the founding meeting included setting up EFDI’s research database, and workgroups were formed on topical issues arising in connection with the EU regulation (risk-based premium payment, stress tests, going concern).

Bilateral exchange of experience

In addition to the two international professional organisations, the NDIF also deepened its relations bilaterally, and participated in cooperation aimed at exchange of experience.

On 26 March 2012, the NDIF organised a Hungarian financial delegation’s trip to Warsaw to study the extended power of the Bank Guarantee Fund (BGF) in crisis management. The delegation was comprised of Deputy Secretary to the Ministry of National Economy Roland Nátrán, Managing Director of the HFSA Zoárd Gázmár, Leading Analyst of the NBH Anikó Szombati, and the Managing Director of the NDIF.

A representative of the NDIF participated in the World Bank’s conference on bank crisis management held on 25 October 2012 in Vienna (title: “3rd Generation Reforms in Bank Resolution”). The conference addressed the methodology of bank crisis management and the benchmark experience seen in each country, which represents high priority to the World Bank.

On 29 October, the leaders of the Vietnamese deposit insurance organisation (DIV) paid a visit to the NDIF to obtain experience. Our colleagues intended to study the cooperation among the institutions of the Hungarian financial safety net, the provisions of law in place to protect depositors, as well as the nearly two decades of experience of the NDIF in the field of compensation. This was the first official bilateral professional meeting between the deposit insurance organisations of the two countries.



16

Priority objectives in 2013

The majority of the comprehensive goals of the institution set in 2010 for the next three years has been achieved or is going in line with our plans, as shown in the summary presented. The annual accounts are an important thing to accompany planning; however, even more important is how the institution stands the tests of live challenges in practice. The modernisation of the institution started in the second half of 2010, reconsideration of the experiences gained on compensation in the previous years, as well as integration of the efficient technical and communication tools and devices in the system as innovation have produced palpable results in 2012.

Compensation of the depositors of “Jógazda” Savings-co-operative Bank within 20 working days in 2011 did not comply with the strict requirements we set for ourselves. We allotted less than half of this time to perform the compensation of three times as many customers of ‘Soltvadkert’ Savings-co-operative Bank, and – to the satisfaction of the majority of compensated customers – we managed to complete it. This performance promoted the NDIF to the vanguard of the institutions applying best practices; what is more, it is hardly paralleled in Europe in terms of efficiency (compliance with the standard EU boundary conditions with a staff of 7) (see “Soltvadkert” White Paper).

Moreover, the achieved results urge us to more work and close cooperation with our partner institutions. We consider our high priority goals specified in our accounts of 2011 – to boost public confidence in the banking system – to be topical. These are as follows:

1. *In the event of a crisis, utilise the funds available to the NDIF more efficiently, preventing compensation, which facilitates decreasing the contributions of the member institutions running the system in the long term;*
2. *Increase the extremely low awareness of the services of the deposit insurance system, which is found to be very low by an objective survey – even in a regional comparison, considerably and rapidly in the short term;*

3. *In the event of a crisis, test concerted cooperation of the institutions representing the safety net of the financial intermediary system.*

The EU legislation regarding the directive on deposit insurance is expected to be accelerated and passed in the current year – in connection with the Banking Union –, which may be followed by changes in the Hungarian legal environment in the narrow sense.

Close cooperation with the HFSA, the NBH and the interest representation entities of the member institutions is inevitable in respect of all the three elements.

Moreover, our active involvement in the work of international deposit insurance institutions remains an important goal, as it reacts with the implementation of our fore-said goals in various forms. It may represent adoption of foreign experience that may be utilised, as well as transfer of Hungarian experience. The year 2013 may bring about a turning point in the latter, as considerable interest is generated by our operational practices and innovative initiatives, which is materialised in the form of requests for presentations. IADI, which is gaining increasing weight globally, as well as EFDI expect professional contribution by the NDIF and active personal participations.

Ensuring efficient and cost-effective operation remains a primary goal.



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

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

Independent Auditor's Report to the Shareholder of Országos Betétbiztosítási Alap

Audit Report on annual financial statements

We have audited the accompanying 2012 annual financial statements of **Országos Betétbiztosítási Alap**, which comprises the balance sheet as at **31 December 2012** - showing a balance sheet total of **HUF 94 991 575 thousands** and a profit for the year of **HUF 3 003 299 thousands** -, the related profit and loss account for the year then ended and the summary of significant accounting policies, and other explanatory notes.

Management's Responsibility for the financial statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the annual financial statements give a true and fair view of the equity and financial position of **Országos Betétbiztosítási Alap** as at **31 December 2012** and of the result of its operation for the year then ended in accordance with the Hungarian Accounting Law.

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

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

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

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

Other reporting requirements: Reporting on the business report

We have examined the accompanying business report of Országos Betétbiztosítási Alap for the financial year of 2012.

The management is responsible for the preparation and fair presentation of the business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with the financial statements. Our work in respect of the business report was limited to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non audited financial records. In our opinion the 2012 business report of Országos Betétbiztosítási Alap is consistent with the disclosures in the financial statements as of 31 December 2012.

Budapest, 20.02.2013

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


Ferenc Baumgartner
Managing Director




Zsuzsanna Zagya Nagyné
Certified Auditor
Chamber registration No.: 001288

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

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

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

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

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

BALANCE SHEET

Tax number: 10830516-2-41

KSH Statistical number: 10830516-6619-916-01

National Deposit Insurance Fund
BALANCE SHEET version ,A' ASSETS

Seq. No.	Description / HUF thousand	2011.12.31	Effect of revision	2012.12.31
1	A FIXED ASSETS	40,266		28,841
2	I. INTANGIBLE ASSETS	27,140		17,534
3	I.1 Capitalized value of formation and transformation			
4	I.2 Rights and concessions			150
5	I.3 Intellectual property	27,140		17,384
6	I.4 Advance payments for intangible assets			
7	I.5 Revaluation of intangible assets			
8	II. TANGIBLE ASSETS	13,126		11,307
9	II.1 Lands and buildings and related rights	1,038		945
10	II.2 Equipment, fittings, vehicles	12,088		7,828
11	II.3 Capital projects			2,534
12	II.4 Advance payments on capital projects			
13	II.5 Adjusted value of tangible assets			
14	III. FINANCIAL INVESTMENTS			
15	B CURRENT ASSETS	89,047,639		92,698,741
16	I STOCKS	100		595
17	I.1 Materials			
18	I.2 Commercial goods	100		595
19	I.3 Mediated services			
20	I.4 Advances on stocks			
21	II. RECEIVABLES	2,132,217		15,844,870
22	II.1 Receivables from member institutions	2,131,970		15,844,846
23	II.1.a Premium receivables			
24	II.1.b Receivables transferred to the NDIF	2,131,970		15,844,846
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	247		24
31	III. SECURITIES	86,880,898		76,617,203
32	III.1 Government securities	86,880,898		76,617,203
33	III.2 Other securities			
34	IV. LIQUID ASSETS	34,424		236,073
35	IV.1 Cash, cheques	129		219
36	IV.2 Bank deposits	34,295		235,854
37	C PREPAID EXPENSES AND ACCRUED INCOME	2,843,620		2,263,993
38	TOTAL ASSETS:	91,931,525		94,991,575

Tax number: 10830516-2-41

KSH statistical number: 10830516-6619-916-01

Seq. No.	Description / HUF thousand	2011.12.31	Effect of revision	2012.12.31
39	D. EQUITY	91,799,760		94,803,059
40	I. REGISTERED CAPITAL	906,082		906,082
41	II. RESERVES	89,875,353		90,893,678
42	III. REVALUATION RESERVE			
43	IV. RETAINED PROFIT FOR THE YEAR	1,018,325		3,003,299
44	E. PROVISIONS			
45	F. LIABILITIES	123,906		96,656
46	I. LONG-TERM LIABILITIES			
47	II. SHORT-TERM LIABILITIES	123,906		96,656
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	45,853		18,603
53	G. ACCRUED EXPENSES AND DEFERRED INCOME	7,859		91,860
54	TOTAL EQUITY AND LIABILITIES	91,931,525		94,991,575

PROFIT AND LOSS STATEMENT

Tax number: 10830516-2-41

KSH statistical number: 10830516-6619-916-01

Seq. No.	Description / HUF thousand	2011.12.31	Effect of revision	2012.12.31
1	1 Premium revenue from member institutions	6,975,147		7,772,504
2	2 Premium revenue from claims collected on behalf of depositors	6,975		
3	3 Commission revenue from disbursement of deposits insured with state guarantee			
4	4 Other revenue from deposit insurance	150		401,673
5	I. Revenues derived from deposit insurance (01+02+03+04)	6,982,272		8,174,177
6	II. Other revenues	3,220		597
7	III. Revenues from other than deposit insurance			
8	IV. Revenues from financial transactions	6,735,055		15,365,056
9	V. Extraordinary revenues			
10	5 Expenses related to the disbursement of frozen deposits			
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	7,214,371		20,024,888
14	VI. Expenses of deposit insurance (05+06+07+08)	7,214,371		20,024,888
15	VII. Other expenses	8,907		7,661
16	VIII. Expenses of other than deposit insurance			
17	IX. Expenses of financial transactions	5,213,649		240,722
18	X. Extraordinary expenses			
19	9 Material-type expenses	120,849		95,397
20	10 Payroll expenses	127,801		150,401
21	11 Depreciation write-off	16,645		17,462
22	XI. Operating costs (09+10-11)	265,295		263,260
23	A. RETAINED PROFIT FOR THE YEAR (I+II+III+IV+V-VI-VII-VIII-IX-X-XI)	1,018,325		3,003,299

Cash flow Statement

Tax number: 10830516-2-41

KSH Statistical number: 10830516-6619-916-01

Description / HUF thousand	2011	Effect of revision	2012	Change		Composition in the relevant year
				E Ft	%	
1 Retained profit for the year	1,018,325		3,003,299	1,984,974	194.93	1489.37
2 Depreciation recognised	16,645		17,462	817	4.91	8.66
3 Write-off and write-back of investments	7,221,570		19,630,941	12,409,371	171.84	9735.23
4 Net change in provisions	0		0	0	0.00	0.00
5 Net gain on sale of fixed assets	5,222		34	-5,188	-99.35	0.02
6 Changes in trade creditors	0		0	0	0.00	0.00
7 Changes in other short-term liabilities	28,218		-27,250	-55,468	-196.57	-13.51
8 Changes in accrued expenses	-63,448		84,001	147,449	-232.39	41.66
9 Changes in trade debtors	337,449		-13,712,876	-14,050,325	-4163.69	-6800.38
10 Changes in current assets (excluding trade debtors and liquid assets)	-8,166,393		-9,367,518	-1,201,125	14.71	-4645.47
11 Changes in prepaid expenses and accrued income	-392,127		579,627	971,754	-247.82	287.44
I. OPERATING CASH FLOW	5,461	0	207,719	202,258	3703.68	106.07
14 Acquisition of fixed assets	-12,667		-6,274	6,393	-50.47	-3.11
15 Proceeds from sale of fixed assets	3,028		204	-2,824	-93.26	0.10
II. CASH FLOW FROM INVESTING ACTIVITIES	-9,639	0	-6,070	3,569	-37.02	-3.10
17 Proceeds from issuance of share capital (other capital revenue)	10,000		0	-10,000	-100.00	0.00
19 Borrowings				0	0.00	0.00
20 Repayment and redemption of long-term loans and bank deposits				0	0.00	0.00
21 Capital contribution received				0	0.00	0.00
22 Redemption of shared (other capital decrease)				0	0.00	0.00

Description / HUF thousand	2011	Effect of revision	2012	Change		Composition in the relevant year
				E Ft	%	
24 Repayment and clearance of loans and credits				0	0.00	0.00
25 Long-term loans extended, bank deposits with credit institutions				0	0.00	0.00
26 Capital contribution given				0	0.00	0.00
27 Changes in liabilities due to founders/other long-term liabilities				0	0.00	0.00
III. CASH FLOW FROM FINANCING ACTIVITIES	10,000		0	-10,000	-100.00	0.00
IV. CHANGES IN LIQUID ASSETS	5,822		201,649	195,827	3363.56	100.00

Membership premiums per member institution: Data in HUF thousand**Banks**

Banco Popolare Hungary Bank Zrt.	10,440,376
Banif Plus Bank Zrt.	0
Bank of China (Hungária) Zrt.	24,980,005
Budapest Hitel- és Fejlesztési Bank Zrt.	276,317,992
CIB Közép-Európai Nemzetközi Bank Zrt.	723,657,509
Commerzbank Zrt.	60,113,026
Credigen Bank Zrt.	,341
DRB Dél-dunántúli Regionális Bank Zrt.	15,896,120
Erste Bank Hungary Zrt.	594,670,436
FHB Bank Zrt.	89,853,686
GRÁNIT Bank Zrt.	11,067,819
Hanwha Bank Magyarország Zrt.	1,563,827
KDB Bank (Magyarország) Zrt.	39,380,490
K&H Bank Zrt.	669,459,050
Kinizsi Bank Zrt.	11,417,034
MagNet Bank Zrt.	32,814,212
Magyar Cetelem Bank Zrt.	0
Magyar Export-Import Bank Zrt.	,0
Magyar Takarékszövetkezeti Bank Zrt.	12,630,107
Magyarországi Volksbank Zrt.	142,039,089
Merkantil Bank Zrt.	17,207,929
MFB Zrt.	5,809,868
MKB Bank Zrt.	771,022,741
Mohácsi Takarékbank Zrt.	11,333,505
OTP Bank Nyrt.	,1794,900,788
Pannon Takarékbank Zrt.	14,605,647
Porsche Bank Zrt.	3,817,895
Raiffeisen Bank Zrt.	720,728,902
Sopron Bank Burgenland Zrt.	21,386,154
Széchenyi Kereskedelmi Bank Zrt.	1,560,536
UniCredit Bank Hungary Zrt.	592,166,772

Savings-co-operatives

Abaúj Takarékszövetkezet	2,050,060
Agria Bélapátfalva Takarékszövetkezet	2,291,134
Alba Takarékszövetkezet	5,557,101
Alföld Takarékszövetkezeti Hitelintézet	13,214,432
Alsónémedi és Vidéke Takarékszövetkezet	10,946,545
Apátfalvi Takarékszövetkezet	1,793,316
Bácska Takarékszövetkezet	4,416,191
Bak és Vidéke Takarékszövetkezet	4,987,992
Bakonyvidéke Takarékszövetkezet	2,170,173
Balaton-felvidéki Takarékszövetkezet	3,026,507
Balatonföldvár és Vidéke Takarékszövetkezet	2,961,498
Balmazújváros és Vidéke Takarékszövetkezet	3,884,495
Bátaszék és Vidéke Takarékszövetkezet	2,223,162
Boldva és Vidéke Takarékszövetkezet	2,759,958
Bóly és Vidéke Takarékszövetkezet	4,668,519
Borotai Takarékszövetkezet	3,194,871
BORSOD TAKARÉK Takarékszövetkezet	6,201,869
BUDA Takarékszövetkezeti Hitelintézet	8,881,108
Bükkalja Takarékszövetkezet	3,062,610
Cserhátvidéke Körzeti Takarékszövetkezet	2,053,715
Dél-Zalai Egyesült Takarékszövetkezet	3,444,655
Drávamenti Takarékszövetkezet	7,693,802
Drégelypalánk és Vidéke Takarékszövetkezet	1,465,937
Duna Takarékszövetkezet	23,712,418
Dunaföldvár és Vidéke Takarékszövetkezet	7,948,578
Dunakanyar Takarékszövetkezet	6,889,916
Dunapataj és Vidéke Takarékszövetkezet	1,228,216
Eger és Környéke Takarékszövetkezet	4,450,066
Endrőd és Vidéke Takarékszövetkezet	9,364,481
Ercsi és Vidéke Körzeti Takarékszövetkezet	1,164,184
Érd és Vidéke Takarékszövetkezet	5,929,060
Érsekvadkert és Vidéke Takarékszövetkezet	1,206,490
Észak Tolna Megyei Takarékszövetkezet	4,244,154
Fegyvernek Takarékszövetkezet	2,426,579
Felsőzsolca és Vidéke Takarékszövetkezet	2,809,395

Fókusz Takarékszövetkezet	12,133,303
Fontana Credit Takarékszövetkezet	10,807,943
Forrás Takarékszövetkezet	4,173,538
Főnix Takarékszövetkezet	4,533,669
Füzes Takarékszövetkezeti Hitelintézet	8,163,087
Gádosos és Vidéke Takarékszövetkezet	3,967,817
Gyöngyös-Mátra Takarékszövetkezet	6,544,554
Gyulai Takarékszövetkezet	2,074,352
Hajdú Takarékszövetkezet	9,450,544
Hajdúdorog és Vidéke Takarékszövetkezet	2,169,020
Hajós és Vidéke Takarékszövetkezet	1,631,438
Hartai Takarékszövetkezet	1,072,910
Hatvan és Vidéke Takarékszövetkezet	6,200,152
Hévíz és Vidéke Takarékszövetkezet	3,109,577
Hodász-Porcsalma Takarékszövetkezet	1,038,873
Hungária Takarékszövetkezet	10,170,786
Jászárokszállás és Vidéke Körzeti Takarékszövetkezet	3,892,233
Jász-Takarékszövetkezet	4,278,167
Kápolnásnyék és Vidéke Takarékszövetkezet	3,705,299
Kaposmenti Takarékszövetkezet	1,563,493
Kéthely és Vidéke Takarékszövetkezet	3,637,837
Kevermes és Vidéke Takarékszövetkezet	2,435,964
Kisdunamenti Takarékszövetkezet	2,802,548
Kiskun Takarékszövetkezet	2,795,040
Kis-Rába menti Takarékszövetkezet	4,088,302
Kiszombor és Vidéke Takarékszövetkezet	2,101,191
Kondorosi Takarékszövetkezet	4,711,883
Körmend és Vidéke Takarékszövetkezet	9,224,406
Környe-Bokod Takarékszövetkezet	5,782,779
Kunszentmárton és Vidéke Takarékszövetkezet	6,977,926
Lakiteleki Takarékszövetkezet	2,691,240
Lébény-Kunsziget Takarékszövetkezet	2,181,895
Lövő és Vidéke Takarékszövetkezet	4,717,895
Mecsekvidéke Takarékszövetkezet	11,495,794
Nagybajom és Vidéke Takarékszövetkezet	7,418,936
Nagyecsed és Vidéke Takarékszövetkezet	1,352,952

Nagykáta és Vidéke Takarékszövetkezet	5,230,563
Nagyréde és Vidéke Körzeti Takarékszövetkezet	588,348
Nemesnádudvar és Vidéke Takarékszövetkezet	1,487,902
Nyírbélteki Körzeti Takarékszövetkezet	2,315,901
Nyúl és Vidéke Takarékszövetkezet	4,872,514
Orgovány és Vidéke Takarékszövetkezet	26,977,895
Örkényi Takarékszövetkezet	8,655,812
Pannonhalma és Vidéke Takarékszövetkezet	5,171,023
Partiscum XI Takarékszövetkezet	4,345,874
Pátria Takarékszövetkezet	18,380,963
Pilisvörösvár és Vidéke Takarékszövetkezet	12,630,468
Pillér Takarékszövetkezet	3,332,574
Polgári Takarékszövetkezet	11,850,515
Rábaközi Takarékszövetkezet	4,133,390
Rajka és Vidéke Takarékszövetkezet	15,567,548
Rakamaz és Vidéke Körzeti Takarékszövetkezet	3,956,727
Répcelak és Vidéke Takarékszövetkezet	3,080,875
Rétköz Takarékszövetkezet	2,160,546
Ricse és Vidéke takarékszövetkezet	537,483
Rónasági Takarékszövetkezet	8,131,461
Rum és Vidéke Takarékszövetkezet	4,472,515
Sajóvölgye Takarékszövetkezet	5,780,775
Sárbogárd és Vidéke takarékszövetkezet	2,266,773
Savaria Takarékszövetkezet	10,003,597
Solt és Vidéke Takarékszövetkezet	723,804
Soltvadkert és Vidéke Takarékszövetkezet „f.a.”	11,106,059
Somogy Takarékszövetkezet	5,587,208
Szabadszállás és Vidéke Takarékszövetkezet	2,058,771
Szabolcs Takarékszövetkezet	9,389,932
Szarvas és Vidéke Körzeti Takarékszövetkezet	4,379,911
Szatmár-Beregi Takarékszövetkezet	4,344,796
Szatymaz és Vidéke Takarékszövetkezet	2,250,235
Szécsény és Környéke Takarékszövetkezet	1,081,477
Szeghalom és Vidéke Takarékszövetkezet	5,049,163
Szegvár és Vidéke Takarékszövetkezet	12,825,066
Szendről és Vidéke Takarékszövetkezet	1,165,531

Szentgál és Vidéke Takarékszövetkezet	3,384,483
Szentlőrinc-Ormánság Takarékszövetkezet	4,696,387
Szerencs és Környéke Takarékszövetkezet	1,846,054
Szigetvári Takarékszövetkezet	20,296,678
TAKARÉK Szövetkezeti Hitelintézet	8,676,504
Téti Takarékszövetkezet	4,280,867
Tisza Takarékszövetkezet	4,768,467
Tiszafüred és Vidéke Takarékszövetkezet	6,696,466
Tiszavasvári Takarékszövetkezet	4,699,802
Tokaj és Vidéke Takarékszövetkezet	3,685,296
Tompa és Vidéke Takarékszövetkezet	620,518
Turai Takarékszövetkezet	4,842,281
Újszász és Vidéke Körzeti Takarékszövetkezet	2,824,987
Vámosgyörk és Vidéke Takarékszövetkezet	777,097
Veresegyház és Vidéke Takarékszövetkezet	5,276,541
Zalavölgye Takarékszövetkezet	2,421,602
Zemplén Takarékszövetkezet	2,423,370
Zirc Takarékszövetkezet	6,366,021
Zomba és Vidéke Takarékszövetkezet	5,052,848

Home savings banks

Erste Lakástakarék Zrt.	99,488
Fundamenta-Lakáskassza Zrt.	129,624,930
OTP Lakástakarékpénztár Zrt.	92,796,647

Credit cooperatives

Mecsekkörnyék Hitelszövetkezet	906,634,
Széchenyi István Hitelszövetkezet	5,149,639,
Szentesi Hitelszövetkezet	2,888,676,
Tiszántúli Első Hitelszövetkezet	1,208,855,

Total: 7,572,467,516

T

The projected goal has been fulfilled

K

To be launched later (future date)

E

Goals and tasks set		Measures projected
I. Prevent crises in member institutions and retain the ability of efficient indemnification	Develop market-friendly risk analysis	Set up an operating environment for risk analysis
		Renew the risk analysis of the IT operating environment (DNVcertificate)
	Set up the operating conditions of efficient depositor compensation irrespective of the number of clients	Based on indemnification experience, expand the scope of HFSA audits and the exchange of information. Make proposals to modify the cooperation agreement between the HFSA and the NDIF
		Participate in HFSA audits on ad-hoc basis
		Upgrade the KIR system to match the changed legal environment (accelerated compensation)
		Test KIR on live data files
		Test pay-out channels
	Efficient communication, increased awareness of the scope of deposit insurance services, achieve a minimum of 60% awareness in the short term	Organise a national confidence-boosting campaign coordinated with the professional management of the partner institutions
		Develop annual and medium-term communication strategies, with special regard to a more emphatic representation of consumer protection
		Participate in and join the work of initiatives and organisations aimed at developing financial culture
		Use innovative communication channels (social media)

Proceeding as scheduled, or remained
within the budget limits

I

Action delayed due to
regrouping / change in priorities

Actions to be taken in 2012	Achievement
To be implemented subject to the EU Directive	K
Implementation	T
Proposal and implementation	T
Proposal and implementation	T
Proposal and implementation	K
Implementation	T
Implementation	T
Proposal and implementation	I
Proposal and implementation	T
Implementation	T
Proposal and implementation	T

T	The projected goal has been fulfilled	K	To be launched later (future date)	E
Goals and tasks set		Measures projected		
I. . Prevent crises in member institutions and retain the ability of efficient indemnification	Efficient communication, increased aware-ness of the scope of deposit insurance services, achieve a minimum of 60% awareness in the short term	Discuss the following with the communication management of partner institutions on a consultation forum: - joint tasks arising from the confidence-boosting campaign, - work through the results of the mystery shopping, - draft proposals on providing information to customers and implement them in practice in bank branches.		
		Develop an application for smartphone users		
		Regular meetings with the members of the Deposit Insurance Scientific Consultative Forum, providing project-like background support in individual professional topics		
		Upgrade, update the content of and familiarise member institutions' HR departments with the E-learning application developed to train bank tellers		
		Organised media conferences out of Budapest		
		Conclude bilateral agreements with the deposit insurance institutions of the neighbouring countries to support compensation		
		Initiate cooperation, exchange of experience and a standing forum with the communication managers of EU institutions of deposit insurance		

Proceeding as scheduled, or remained within the budget limits

I

Action delayed due to regrouping / change in priorities

Actions to be taken in 2012	Achievement
Proposal and implementation	E
Proposal and implementation	T
Implementation	E
Proposal and implementation	K Q1 of 2013
Implementation	T
Proposal and implementation	E
Proposal and implementation	T

T

The projected goal has been fulfilled

K

To be launched later (future date)

Goals and tasks set	Measures projected
II. Ensure safe, still profitable management of the NDIF's assets	<i>Implement safe asset management that eliminates risks as much as possible</i>
	<i>Participate in fast crisis management</i>
III. Maximise recovery of the expenses of deposit insurance	<i>Manage the liquidation assets efficiently, ensure a return on the NDIF's expenses as high as possible</i>
	<i>Minimise the costs related to indemnification</i>

E

Proceeding as scheduled, or
remained within the budget
limits

I

Action delayed due to regro-
uping / change in priorities

Actions to be taken in 2012		Achieve- ment
Centralise asset management and its control mechanisms in a volatile market environment, which is expected to linger	Implementation	T
Follow a strict benchmark in portfolio management in order to soften the fluctuations of the portfolio performance	Implementation	E
Prepare for adopting premium payment differentiated by risk	To be implemented subject to the EU Directive	K
Develop a financial crisis plan for a case when a large bank becomes insolvent	Proposal and implementation	T
Develop a proposal to increase the efficiency of crisis prevention	Implementation	E
Using our representation in the SB of Hitelintézet Felszámoló Közhasznú Kft, gain direct insight into the process of liquidation	Implementation	E
Based on indemnification-related experience, modify regulations, review the circle of external service provider partners, and modify as needed	Proposal and implementation	T
Conclude broad standby agreements with agent banks	Proposal and implementation	E



The projected goal has been fulfilled



To be launched later (future date)

Goals and tasks set		Measures projected
iv. Improve operating efficiency and safety	Reinforce institutional preparedness and ability to respond	Based on the self-assessment carried out in 2011 in line with the international deposit insurance standards (IADI-BCBS Core Principles for Deposit Insurance), comply with the standards, and, if necessary, initiate amendment to the law
		Develop and adopt E-premium return (June 2012)
		Develop internal incentives to improve efficiency
		Rationalise the availability of software for operation, acquire new security backup software
		Enhance and add control of internal risk analysis the process
		Establish an IT backup site with HFSA
	Set up an operating environment that generates customer satisfaction, increase corporate social responsibility	EU and international exchange of experience, adopt novelties
		Adopt measurements for subsequent customer satisfaction in the event of indemnification
		Organise retail deposit insurance forum
		Off-site presence at the Sziget festival
		Organise a scientific conference on insurance deposit (Q2 2012)
		Prepare tellers of the member institutions (E-learning)
	Facilitate concerted efforts of institutions constituting a safety net in the event of a crisis	Through an application developed by the World Bank, perform a crisis simulation exercise in order to test the harmonised cooperation and response capacity of NDIF, HFSA and NBH

E

Proceeding as scheduled, or
remained within the budget
limits

I

Action delayed due to regro-
uping / change in priorities

21

APPENDIX

Actions to be taken in 2012	Achievement
Proposal and implementation	E
Proposal and implementation	T
Proposal and implementation	E
Proposal and implementation	E
To be implemented subject to the EU Directive	K
Implementation	K (Q2 of 2013)
Proposal and implementation	E
Proposal and implementation	T
Implementation	E
Implementation	I
Implementation	T
Proposal and implementation	K (Q2 of 2013)
Implementation	I

National Deposit Insurance Fund**Annual Report 2012**

Publisher: National Deposit Insurance Fund

Office address: H-1027 Budapest, Csalogany u. 9-11.

Postal address: H-1535 Budapest PO Box 793 Hungary

Telephone: +36 (1) 214 0661

Fax: +36 (1) 214 0665

E-mail: info@oba.hu

[Facebook.com/betetvedelem](https://www.facebook.com/betetvedelem)

[Twitter.com/Betetbiztositas](https://twitter.com/Betetbiztositas)

Corrector: Judit Maruszkai

Design: Bátor Márkó Benes

Manuscript completed: 31 May 2013

Copyright NDIF 2013

