



National Deposit
Insurance Fund
of Hungary

Annual Report 2013

Table of Contents

1 Vision and mission statement	4
2 Facts and figures from 2013	5
3 Foreword	6
4 Two decades in the service of financial stability	8
5 Consumer protection and customer education	10
6 The NDIF's management and operation	12
7 Savings and deposit figures, composition	15
8 The NDIF's premium revenues and coverage ratio	18
9 Balance sheet	22
10 The NDIF's assets, financial and earnings positions	30
11 Events related to liquidation in progress	38
12 International activities	40
13 Independent auditor's report	43
14 Balance sheet	44
15 Medium-term strategy for the period 2014 – 2016	51
16 Appendix	53



1 Vision and mission statement

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 to participate efficiently, along with our partner organisations, in keeping up security in the domestic financial system serving depositors.

In order to retain public confidence in the banking sector, it is crucial to make sure that depositors are informed about deposit insurance relevant to them, and they experience the protection it provides, as the case may be. Closure of a credit institution represents an unexpected event to most depositors in all cases. This is why depositor experience, as well as the speed and quality of the compensation service are attached high priority in the indemnification process. For private individuals, enterprises and organisations suddenly faced with a shortage of funds, it is vital to obtain their money promptly. The technological developments performed by the NDIF are aimed at reducing the indemnification period of deposit insurance even within the timeframe determined by law (20 working days).

2 Facts and figures from 2013

The average deposit size in Hungary in 2013 was HUF 1,2 million.

During the year, we had no indemnification events; however, we paid HUF 112 million to 138 depositors in connection with earlier indemnification events.

Member institutions of the NDIF: Total: 157, 34 banks, 4 home savings banks, 115 savings cooperatives, 4 credit cooperatives

The most significant international development of the year for us was to conclude a bilateral agreement with the Slovakian Deposit Insurance Fund (FOV). The detailed agreement specifies the actions to be taken by the two parties and a scenario of adequate compensation of depositors in line with the EU directive in the event of cross-border indemnification

In terms of the European Union, the most important development in the year was reached in respect of the deposit insurance Directive on 13 December.

The NDIF's assets available for compensation as at the end of 2013 were HUF 92 billion (liquid assets).

NDIF's revenues in 2013:
Membership fees paid by banks: HUF 7,3 billion
Yield: HUF 7,5 billion

During the year, three deposit insurance organisations – from Kosovo, Indonesia and Korea – paid working visits to the NDIF.

A new member delegated from the Integrative Organisation of Cooperative Credit Institutions joined the six existing members in the Board of Directors of the NDIF.

Preface by the Chairman

In respect of financial stability and regulation, Hungary closed an important year. As a result of the merger of the Central Bank of Hungary (CBH) and the former financial watchdog Hungarian Financial Supervisory Authority, an institutional structure was set up that more effectively promotes the development of the financial intermediary sector, along with the considerations of financial supervision and regulation, as well as consumer protection.

With its reinforced competences, the central bank is a key partner institution also in terms of domestic deposit insurance. This is reflected by the circumstance that two central bank deputy governors, one in charge of financial supervision and consumer protection, the other of financial stability and credit incentives are also on the NDIF's Board of Directors.

Increased security of savings, particularly that of retail deposits kept with domestic credit institutions, as well as overall confidence in the sector represent clear-cut and joint tasks faced by the NDIF and the CBH. Harmonised cooperation between the organisations reinforces depositor confidence in banks and savings cooperatives alike, and concurrently contributes to steady domestic deposit-raising, which is crucial for the lending capacity of banks for promoting the national economy.

Despite the fact that the EU-level changes regarding deposit insurance were not adopted by the European Parliament during the year, our understanding of the contents of the political compromise concluded by the member states suggests that an even closer cooperation of market supervision and deposit insurance will be required in the future in the interest of bank customers and international financial stability.

Joint action by the central bank, which supervises and regulates the market for financial stability, and by the deposit insurance organisations, which exhibit rapid response capabilities, is attributed particular importance in an era of economic crises that offer considerable lessons to be learnt. This circumstance was taken into account when the framework agreement cooperation between the central bank and the NDIF was reconsidered in 2013.

After three years, 2013 was a year when the NDIF did not have to indemnify customers of insolvent credit institutions. This circumstance, however, should not give rise to overconfidence. The security of depositors in Hungary and the expectations for a modern banking sector require the NDIF to keep up its capability proved in the previous years and to keep the interests of bank customers in mind on implementing any institutional development needed for compliance with the changing legislation and for consumer expectations.



Ádám Balog

Foreword by the Managing Director

In the current period, which comprises the years of financial crisis, as well as some signs of recovery, the year 2013 can be assessed as a lucky year for Hungarian depositors, because customers did not have to sustain closure of any credit institution.

The experience provided by such a period of crisis suggests that one lucky year is no reason for overconfidence. Irrespective of the market climate and the momentary condition of the banking sector participants, the organisations engaged in deposit insurance need to reinforce their response capability, and keep up their preparedness to maintain their respective indemnification capacities.

Concurrently with the movements of market service providers, uniform guarantee rules applicable to cross-border deposit-raising are being formulated, and the cooperation of national deposit insurance organisations are being fostered at an intensifying rate across the member states of the European Union. Due to the fact that the rules of national deposit insurance in member states are highly varied, this is a task far more complicated than assessed at first glance. The EU's promise to complete indemnification within twenty working days is required to be observed by deposit insurance organisations even if material differences exist in terms of legislation, technicalities and language in the various countries.

Most recently, the NDIF has concluded a mutual indemnification agreement with the Slovakian Deposit Insurance Fund. This enables us to act within 20 working days and provide deposit insurance services across the shared border by means of the harmonised mechanism, which is in line with the provisions of the EU directive, and in cooperation with the Slovakian partner organisation.

The year 2013 was considered as a milestone also for the European Union, as a political compromise regarding the bank resolution and deposit insurance mechanisms in support of the banking union was reached at the end of the year, which envisages the EU proceeding towards the implementation of a the single market set as an objective. Accordingly, the rules that affect depositors will change to be more favourable for depositors in the future, guaranteeing in much shorter indemnification period, for instance.

Parallel to the changes seen across the continent, the organisations responsible for global financial standards were also active last year. The revision of global deposit insurance standard is being formulated for the post-crisis period, in which the NDIF is actively involved within the framework of the International Association of Deposit Insurers (IADI). The international financial community relies specifically on the Hungarian experiences, as the numerous innovations along with fast payout (even within ten working days) recently adopted in the process of indemnification in Hungary are exemplary in Europe.



András Fekete-Győr

4 Deposit insurance reimbursements in Hungary since 1993

The NDIF commenced activity twenty years ago, on 1 July 1993. It has proved its capability to function effectively as a financial consumer protection organisation protecting depositors and to contribute to the financial stability of the country in countless cases since.

'Heves' Savings Cooperative Bank (1993)

Nr. of reimbursed depositors 1,300
Amount of the reimbursement (HUF Bln) 0.262

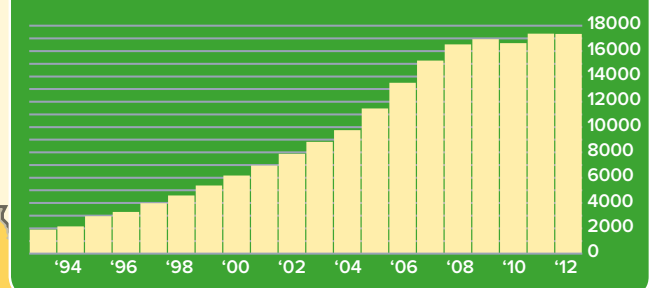
'Körmend' Savings Cooperative Bank (2014)

Nr. of reimbursed depositors 10,000
Amount of the reimbursement (HUF Bln) 22

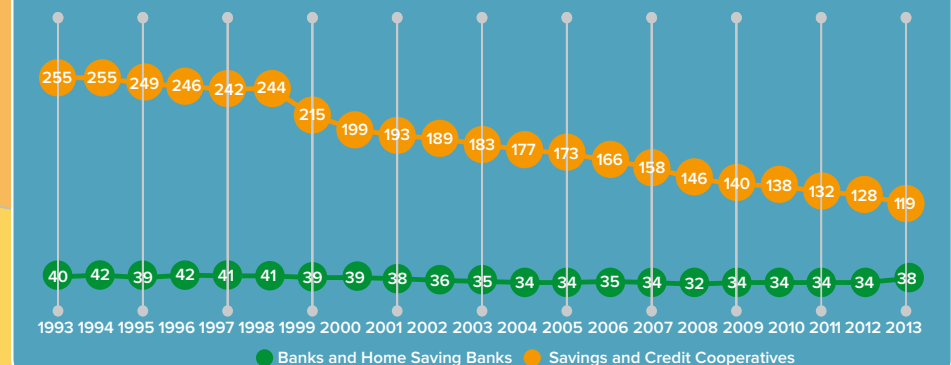
'Jógazda' Savings Cooperative Bank (2011)

Nr. of reimbursed depositors 5,500
Amount of the reimbursement (HUF Bln) 9.1

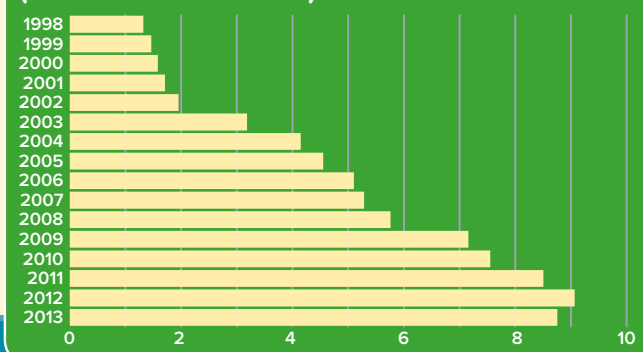
Dynamics of the savings (HUF Bln)



Number of members institutions: 1993 – 2013



Reimbursement obligation (HUF thousand billion)



Iparbankhaz (1995)

Nr. of reimbursed depositors 9
Amount of the reimbursement (HUF Bln) 2

ÁKH Credit Cooperative (2010)

Nr. of reimbursed depositors 1,190
Amount of the reimbursement (HUF Bln) 3.1

'Rakoczi' Credit Cooperative (2000)

Nr. of reimbursed depositors 1,400
Amount of the reimbursement (HUF Bln) 0,305

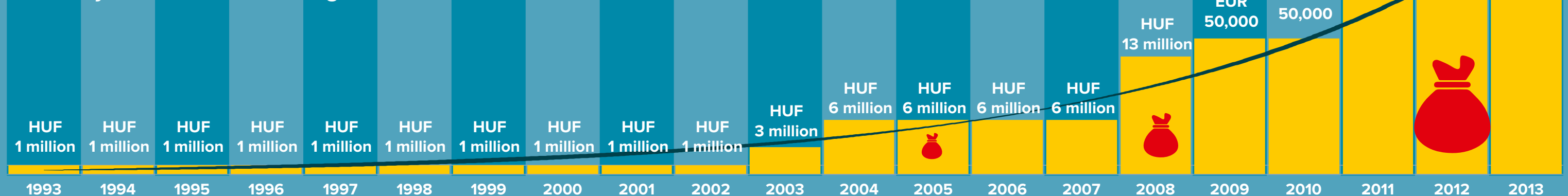
Realbank (1999)

Nr. of reimbursed depositors 14,000
Amount of the reimbursement (HUF Bln) 8

'Soltvadkert' Saving Cooperative Bank (2012)

Nr. of reimbursed depositors 17,000
Amount of the reimbursement (HUF Bln) 33.1

Dynamics of the coverage limit between 1993 and 2013



5

Consumer protection and customer education

From time to time, daily financial news generates hikes in bank customers' interest in deposit insurance. This is why it is important for them to have easy access to tools that provide information and answers. Access to communication tools that meet today's requirements and access to information are the key expectations in respect of depositor confidence; accordingly, we seek to comply with these at all times.

Mobil applications – gathering experience from the market

In order to proceed and to utilise market experiences, we consulted the staff in Raiffeisen Bank and OTP Bank, as well as mobile developer companies in the market. Representing the cutting edge in the market, we concluded a technological cooperation agreement with OTP Bank, which agreed to share its ongoing developments in the areas of cards and mobile communication devices. (Further steps regarding customer support in mobile applications are specified in the plan for 2014 – 2016.)

Search engine marketing and presence in the social media

We carried out a campaign using Google Adwords and Facebook newsfeed block ads in December, which, provided us with useful experience. As a result of the campaign, an audience of nearly 1500 people interested in the NDIF gathered on Facebook, and the mobile application reached 900 downloads after the earlier 300.

Media road-show out of Budapest

Started in 2011, our tours in the countryside were continued last year in Veszprém, Zala and Vas counties. Our visits to the two latter places largely facilitated an efficient solution of the communication tasks related to local indemnification in 2014 ('Körmend' Savings Cooperative Bank).

Basic curriculum for education

We created a presentation teaching material for tertiary education institutions, which follows up the regulatory changes of the past years, and presents the international deposit insurance approach in addition to the domestic experience.

University lectures

We held a lecture demonstrating the completed teaching material to finance students at the University of Western Hungary and Szent István University.

Deposit insurance workshops and scientific publications

During 2013, we consulted the members of the previously established Scientific Consultative Forum on one occasion, responded to the events seen in Europe and in the world, which bear professional implications to us, and gave an account of the new developments in deposit insurance in the economic daily *Világgazdaság* (e.g. banking crisis in Cyprus, disclosed recovery and resolution plans of US and UK G-SIFI institutions).

Examining the use of the consumer protection logo

In December, we reported the experience gained concerning off-site examination of the consumer protection logo. In early 2014, the Central Bank of Hungary (CBH) sent a notice to the institutions that failed to respond to our request. As a result, all member institutions submitted their materials. First, we consulted the member institutions, and plan to provide a comprehensive assessment of the use of the logo around the middle of 2014.

The NDIF's management and operation

The 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) [section 217 (1) of the new Act], the main function of the NDIF is to initiate disbursement of compensation to depositors when deposits kept with its member institutions are frozen, or pursuant to a resolution issued by the Central Bank of Hungary (hereinafter CBH) as the Supervisory Authority, or pursuant to a court order for liquidation published in case a liquidation procedure - at the earliest of the three dates - and complete it within twenty working days.

The Board of Directors

In accordance with section 110 (1) of the Act [section 223 (1) of the new Act], the governing body of the NDIF is the Board of Directors, which consists of the Undersecretary to the Ministry of National Economy, two Deputy Governors of the CBH, the Secretary General of the Hungarian Banking Association (HBA), the Managing Director of the National Federation of Saving Co-operatives (NFSC), a person appointed by the Chairman of the board of the Integrative Association of Cooperative Credit Institutions (as of 30 November 2013), 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 Vice President of the CBH Dr. Ádám Balog, while the position of the Vice Chairman by Secretary General of the HBA dr. Levente Kovács.

Members of NDIF's Board

Undersecretary Gábor Orbán (Ministry of National Economy)
Deputy Governor Dr. László Windisch (the Central Bank of Hungary)
Deputy Governor Dr. Ádám Balog (the Central Bank of Hungary)
Secretary General Dr. Levente Kovács (Hungarian Banking Association)
Managing Director Antal Varga (National Federation of Saving Co-operatives)
Managing Director András Fekete-Győr, NDIF

Auditor to the NDIF

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

Number of member institutions¹: 157



115
saving
cooperatives



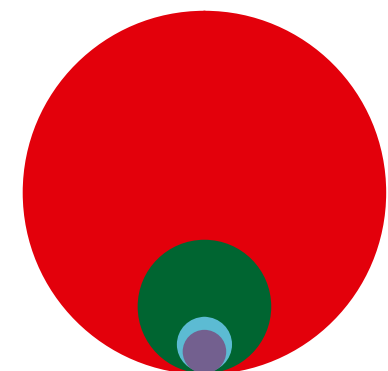
34
banks



4
home savings
banks



4
credit
cooperatives



¹For a current list of NDIF's member institutions, please visit our website at www.oba.hu

7

Savings and deposit figures, composition

The total savings deposited with credit institutions amounted to HUF **17 366 billion** as at the start of 2013 – on the basis of premium returns submitted in June this year –, which represents a **decrease** of approximately HUF 5 billion (0.03%) in comparison with the base in the wake of an increase seen one year previously.

Regarding the distribution of savings per type of credit institution, 91.4% of those were continued to be deposited in the commercial bank and home savings bank sector, and 8.6% in the cooperative sector, which represents no significant changes in comparison with the previous year.

The **average insured deposit amount** per person was **HUF 1 262 000**, which is 1% less in contrast with the previous year's figure.

Table No.1 shows that the weight of traditional savings deposits kept continuously shrinking within the HUF 5 billion drop seen in the savings portfolio, while the weight of other deposits remained dominant (over 83%). The portfolio of bank (insured) securities (bonds) slightly diminished. The decrease of accrued interests was largely determined by the significant cuts of central bank base rates.

Dynamics of savings deposited with credit institutions

Table No. 1 (data in HUF billion)

Description	At the start of 2012	At the start of 2013	2012=100%
Deposits	14,898	15,052	1.03
Of which			
savings deposits	571	537	0.9
other deposits	14,327	14,515	1.03
Securities	2,270	2,122	0.93
Interest payable	203	192	0.95
TOTAL	17,371	17,366	0.99

Distribution of savings by protection

Shrinking by 0.6 percentage points, the ratio of deposits insured by the NDIF were at 73.6% at the beginning of 2013, keeping up a shortcoming in comparison with the all-time high of 82.3% seen in 2005.

Distribution of savings by type of protection

Table No. 2

Description	2013 opening %		
	Insured by NDIF	State-guaranteed	Uninsured
Deposits	78.9	0.3	20.8
Of which			
savings deposits	93.5	4.7	1.8
other deposits	78.4	0.1	21.5
Securities	36.2	0.3	63.5
Interest payable	70.9	1	28.1
TOTAL	73.6	0.3	26.1

The NDIF's obligations regarding compensation

The NDIF's premium base, i.e. the insured portfolio of savings, shrank by HUF 119 billion in excess of the HUF 5 billion decrease seen in the savings portfolio, as presented above. Within that, the NDIF's indemnification obligation dropped HUF 314 billion by 2013 to reach HUF 8 753 billion.

Taking also state guarantee obligations into account, the actual indemnification or guarantee obligation covers 50.7% of savings kept with credit institutions, which falls approximately 2 percentage points short of the previous year's ratio. By the year 2013, a slight shift is observable in the proportion – except from interests – towards the uninsured portfolio. In addition to its decrease, protection provided by the NDIF decreased to an extent over 4 percentage points within the securities portfolio (in the previous year, it increased to the same extent) in comparison with the previous year's figure, which yields the highest change in the ratios in this product.

Starting from 2010, the member institutions state also the data consolidated per depositor (SCV data) in the premium returns, under premium base.

This gives rise to the distinction of two depositor classes, in order to ensure more accurate planning of the NDIF's indemnification obligation (namely, depositors holding deposits worth between EUR 0 and EUR 100 000, and depositors holding deposits above EUR 100 000, at values calculated at the year-end exchange rates).

Within the premium base, depositors below EUR 100 000 and depositor above EUR 100 000 represent 59.5% and 40.5%, respectively. Compared with the previous year – and in line with the previously presented increase seen in the uninsured portfolio –, this ratio shifted 1.5 percentage points towards the depositor class holding deposits worth over EUR 100 000.

Obligations of compensation and guarantee on savings kept with credit institutions. Table No. 3

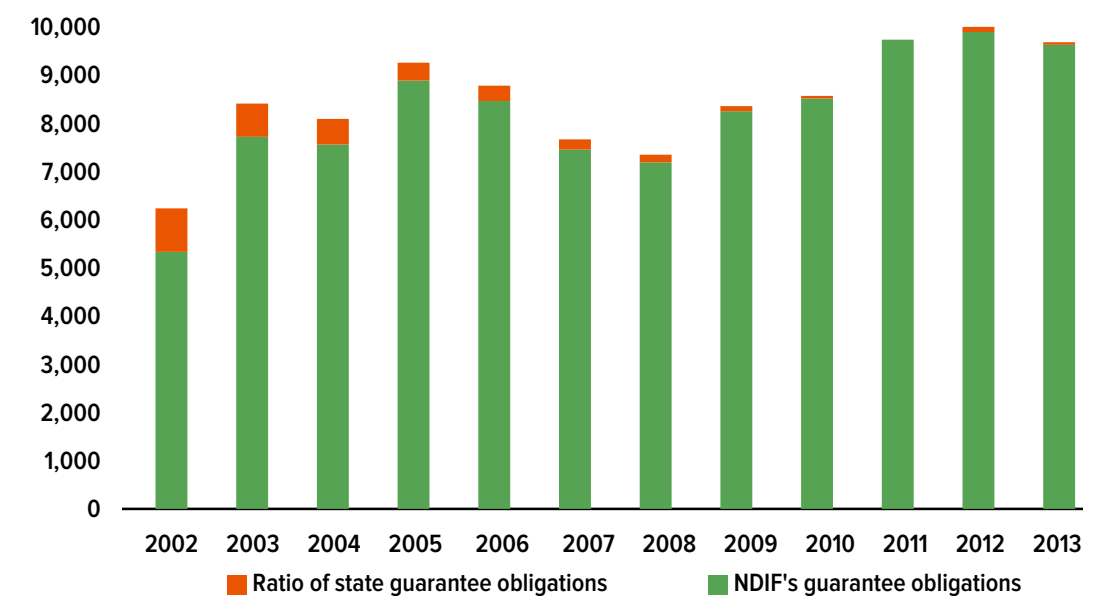
Description	At the start of the insurance year	Insured by NDIF	Guaranteed by the state	Uninsured or unguaranteed portfolio	Total (%)
In case of the NDIF, the ratio of the currently applicable compensation obligations and the state guarantee obligations within the insured * and guaranteed portfolio	2010	62.0	100.0	0	-
	2011	69.6	100.0	0	-
	2012	70.0	100.0	0	-
	2013	68.5	100.0	0	-
The ratio of the compensation obligation and the state guarantee obligation within the total savings portfolio of the 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
	2013	50.4	0.3	0	50.7

*The insured portfolio equals NDIF's premium base

Distribution of savings insured by the NDIF by deposit class at the start of 2013. Table No. 4

Deposit classes	Total			Banking sector			Cooperative sector		
	HUF billion	%	HUF thousand	HUF billion	%	HUF thousand	HUF billion	%	HUF thousand
HUF equivalent of EUR 0 to EUR 100 000	7,605	59.5	10,091	6,348	55.9	8,351	1,257	88.4	1,740
Of which: Natural persons	6,547	86.1	9,295	5,437	85.6	7,758	1,111	88.4	1,537
Other than natural persons	1,058	13.9	796	911	14.4	593	146	11.6	203
Above the HUF equivalent EUR 100 000	5,172	40.5	39	5,007	44.1	36	165	11.6	3
Of which: Natural persons	1,562	30.2	23	1,470	29.4	21	92	55.8	2
Other than natural persons	3,610	69.8	16	3,537	70.6	15	73	44.2	1
Total	12,777	100	10,130	11,355	100	8,387	1,422	100	1,743
Average deposit amount per client (Thousand HUF)	1,262			1,354			816		

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





The NDIF's own revenue stream (Section 119 of the Act, *Section 232 of the new Act*) consists of one-off admission fees, regular and extraordinary payments received from member institutions, the yields of the NDIF's investments are the portion recovered from receivables devolved to the NDIF, which may be complemented by loans borrowed by the NDIF.

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 member institutions. The admission fee equals 0.5 % of the member institution's registered capital. In 2013, a revenue of HUF 10 000 500 was received from Aegon Lakástakarék Zrt. (Aegon Home Savings Bank) on these grounds.

Annual premium payment

The upper limit for the statutory annual regular premium to be paid by members is two per mill of their respective deposit portfolios insured by the NDIF as of 31 December of the year proceeding the relevant year [Section 121 (2) of the Act, *Section 234 (2) of the new Act*]. The NDIF did not fully utilise this statutory limit.

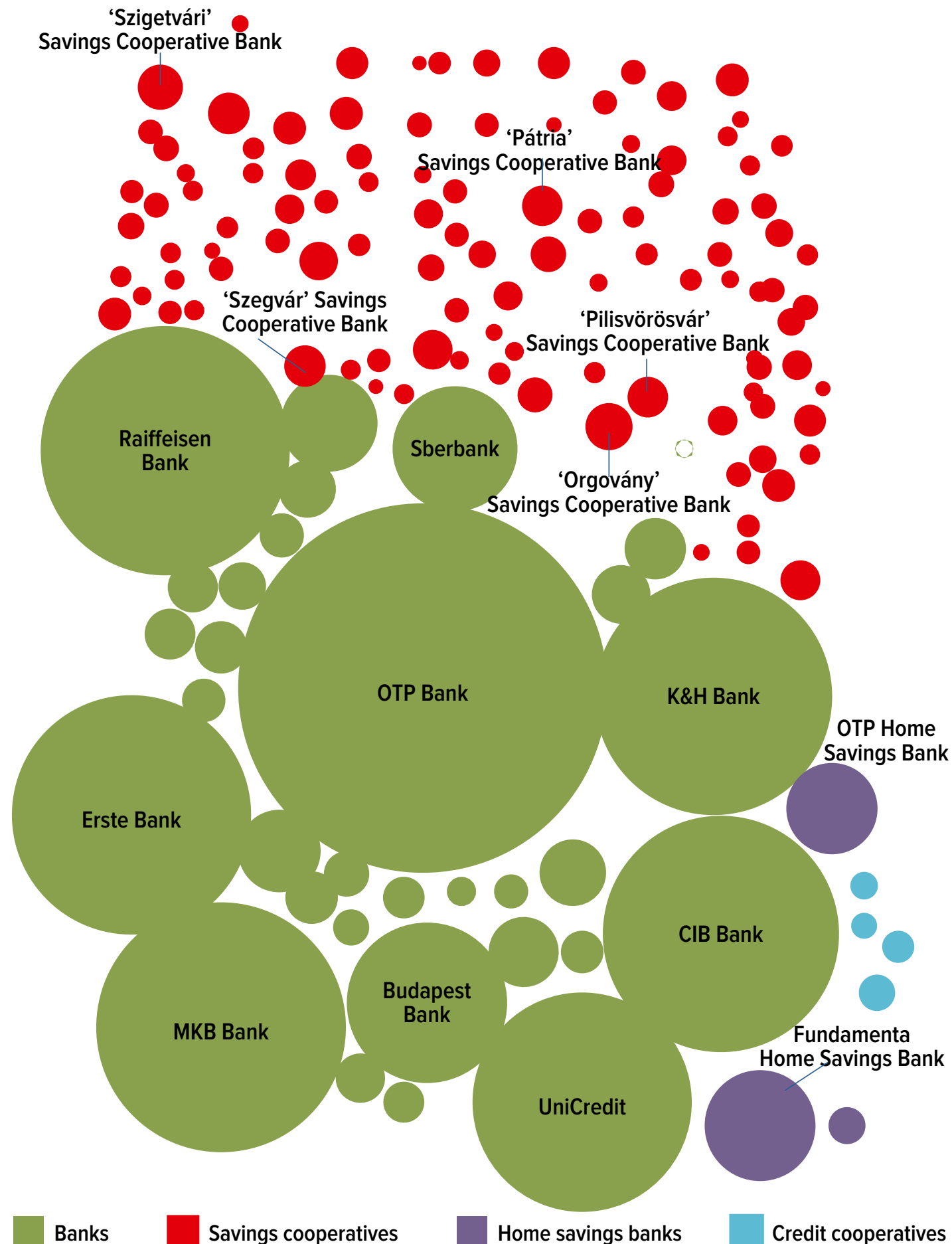
As of 2009, a uniform premium rate of 0.2 per mill was adopted in line with the resolution passed by the NDIF's Board of Directors, which remained in effect in 2010, while the European Union doubled the coverage limit across the board as of 2011, raising it to EUR 100 000. This, along with the Commission's proposal regarding the level of coverage, the Board of Directors set a premium rate of 0.6 per mill in 2010, and approved it also for 2013.

Increased premiums and preferential premiums

Besides the regular yearly payment obligations, the NDIF may also set increased and preferential rates. An increased premium may be charged if a member institution failed to comply with the prescribed solvency ratio, or carried out particularly risky activities. [Sections 121 (6) and (7) of the Act, *Sections 234 (6) and (7) of the new Act*] For 2013, the Board of Directors set an increased premium for one member institution, generating HUF 2 470 000 income.

Preferential premiums are granted to member institutions that are members of the voluntary deposit protection fund or institution protection fund licensed by the Supervisory Authority, referenced in Section 121 (1) of the Act [*234 (1) of the new Act*]. In 2013, the member institutions of OTIVA were charged preferential premiums.

Infographic to illustrate revenue payment



Coverage ratio

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

Dynamics of coverage ratio between 2007 and 2013

Table No. 5

Description	2007	2008	2009	2010	2011	2012	2013
The NDIF's compensation obligation (HUF billion)	5,288	5,761	7,159	7,590	8,506	9,067	8,753
The NDIF's assets (HUF billion)*	63.1	69	71.6	83	88	86.9	76.6
Coverage ratio %**	1.19	1.2	1.0	1.1	1.03	0.96	0.88

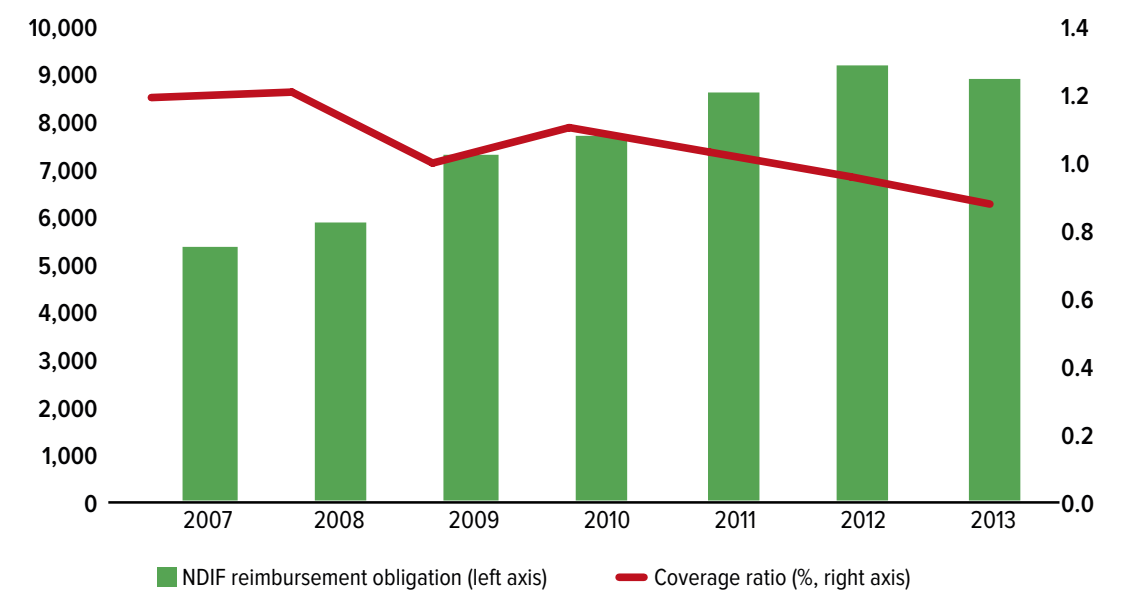
Average premium rate (per mill)

0.18 0.09 0.2 0.2 0.6 0.6 0.6

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

** Compared to the current compensation obligation.

NDIF's compensation obligation and coverage



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. For software, the company recognises no residual value; depreciation was recognised linearly, projecting its depreciation to the gross value, proportionately in respect of the number of days for the period starting from the activation date. The NDIF recognises low-value intangible assets as upfront depreciation in a single amount, while depreciation of intellectual products is written off using a 33% rate.

In 2013, two significant acquisitions were made:

- secured data connection (ERA) between the CBH and the NDIF at a value of HUF 2,740,000,
- E- díjbevallás (E-premium declaration) was launched in January 2013 at a value of HUF 2,534,000

Change in the portfolio of intangible assets in the relevant year. Table No. 6

Description	Gross value (Thousand HUF)	Depreciation (Thousand HUF)
Opening as at 01.01.2013	132,246	114,712
Growth in the relevant year (activation)	5,592	-
Sales in the relevant year	-	-
Asset scrapping in the relevant year	-1,078	-978
Depreciation in the relevant year		5,895
Closing as at 01.01.2013	136,760	119,629

Tangible assets

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

Similarly to intangible assets, individual valuation is used here for all assets, and residual values are determined on an individual basis, in line with its significance. Depreciation was recognised linearly, projecting their depreciation to their gross values, proportionately in respect of the number of days for the period starting from the activation date. Low-value tangible assets are recognised as upfront depreciation in a single amount.

Composition of tangible assets. Table No. 7

Description	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Rights related to land and buildings	945	0	1,083	138	114.60
- plot of land, land allotment	3		3	0	100.00
- buildings, parts of buildings	942		1,080	138	114.65
Equipment, fittings, vehicles	7,828	0	5,241	-2,587	66.95
- office technology equipment	3,864		3,087	-777	79.89
- vehicles	0		0	0	0.00
- IT equipment	3,864		2,054	-1,810	53.16
- furniture	100		100	0	100.00
- other	0		0	0	0
Investments	2,534		11,902	9,368	469.69
Total:	11,307	0	18,226	6,919	161.19

Financial investments

The NDIF holds no financial investments.

Inventories

Inventories held by the NDIF include 5,000 pieces of NDIF deposit insurance 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), as well as other receivables. The NDIF appreciates 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 it modifies the balance sheet item by more than 5 percent.

The amounts of deposit disbursements incurred in the course of indemnification are stated on the line "Receivables devolved to the NDIF" at HUF 44,880,957,000, of which HUF 39,946,887,000 was recognised as impairment, in line with the declarations of liquidators on expected recoveries.

Composition of receivables. Table No. 8

Description	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Receivables from member institutions	15,844,846	0,	4,950,963	-10,893,883	-68.8%
- receivables from credit institutions	7,162		7,162	0	0.0%
- impairment of receivables from credit institutions	-7,162		-7,162	,	0.0%
- receivables transferred through deposit payout	45,609,973		44,880,957	-729,016	-1.6%
- impairment on receivables transferred through deposit payout	-29,781,818		-39,946,887	-10,165,069	34.1%
- incidental costs incurred due to deposit payout	160,979		161,862	883	0.5%
- impairment on incidental costs incurred due to deposit payout	-144,288		-144,969	-681	0.5%
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:	24	0	274	250	1,041.7%
- Accounts receivable	0			0	0.0%
- Interest-free housing loans	0			0	0.0%
- Advances paid	0		0	0	0.0%
- Reclassified tax payment obligations	0		0	0	0.0%
- Other receivables	24		274	250	1041.7%
Total:	15,844,870	0	4,951,237	-10,893,633	-68.8%

Changes in the portfolio due to depreciation pursuant to the Accounting Act. Table No. 9

Description	Opening, Accounting Act	Increase	Decrease	Reversal	Closing, Accounting Act
Impairment loss of receivables from member institutions					
Impairment loss of receivables from credit institution liquidator	29,926,110	10,993,503		827,753	40,091,860
Total	29,933,272	10,993,503	0	827,753	40,099,022

Receivable amounts from liquidators per member institution (data in Thousand HUF)

Table No. 10

Description	Amount of NDIF's receivable	Onerous obligations	Opening impairment	Closing impairment	Recovery	Closing book value	Closing book value of receivables
'Heves' Savings Cooperative Bank deposit	262,127	0	11,096	11,096		251,031	262,127
'Heves' Savings Cooperative Bank Incidental costs	16,690	0	0	0		16,690	16,690
ÁKH Credit Cooperative deposit	3,133,773	0	2,663,707	2,663,710		470,063	3,133,773
ÁKH Credit Cooperative incidental costs	12,117	0	12,117	12,117		0	12,117
'Jógazda' Savings Cooperative Bank	9,004,719	0	7,181,376	7,449,511	827,753	727,689	8,177,200
'Jógazda' Savings Cooperative Bank incidental costs	32,995	0	32,995	32,995		0	32,995
'Soltvadkert' Savings Cooperative Bank	33,208,221	0	19,925,642	29,822,573		3,485,333	33,307,831
'Soltvadkert' Savings Cooperative Bank incidental costs	99,770	0	99,770	99,770		202	99,770

Reimbursements from frozen deposits per member institution (data in Thousand HUF)

Table No. 11

Description	Frozen deposit amount HUF	Reimbursements in the relevant year			Amounts of reimbursements		
		total	principal	interest	total	principal	interest
'Heves' Savings Cooperative Bank	1,389,090	0	0	0	262,127	262,127	0
ÁKH Credit Cooperative	3,288,532	0	0	0	3,133,773	3,090,638	43,135
'Jógazda' Savings Cooperative Bank	9 861,220	234	234	0	9,004,953	8,855,301	149,652
'Soltvadkert' Savings Cooperative Bank	37,709,668	113,795	108,242	5,553	33,307,831	32,887,737	420,094
Total:	52,248,510	114,029	108,476	5,553	45,708,684	45,095,803	612,881

Receivables – indicators. Table No. 12

Description	2012	2013
Ratio of receivables (Receivables/Total assets)	16.68%	4.99%
Ratio of receivables	17.09%	5.11%

Securities

In compliance with the legal provisions, the NDIF keeps the premiums collected from its member institutions in Hungarian government securities, more specifically, in Hungarian government bonds and discount treasury bills. The basis of recognition is the original cost, and the valuation method is individual for all securities. The NDIF did not use the possibility of valuation at fair value in the relevant year.

Structure of securities. Table No. 13

Description Thousand HUF	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Government securities	76,617,203	0	91,892,145	15,274,942	19.94%
- domestic government securities	76,617,203	0	91,892,145	15,274,942	19.94%
= Hungarian government bonds	67,642,971	0	83,024,889	15,381,918	22.74%
= discount treasury bills	8,974,232	0	8,867,256	-106,976	-1.19%
- Other securities	0	0	0	0	0.00%
= CBH bonds	0	0	0	0	0.00%
Total:	76,617,203	0	91,892,145	15,274,942	19.94%

Financial assets

The NDIF states liquid assets kept to cover operating costs and held in overnight deposits in the CBH (HUF 5 797 000), fixed-term deposits released to pay out compensations in progress (HUF 66 400 000), the funds kept on bank accounts used for compensation and on other reserved bank accounts (HUF 12 164 000), as well as cash at hand (HUF 367 000) among financial assets.

Prepaid expenses and accrued income

The NDIF recognises proportionate interests on securities at HUF 2 196 860 000 and a positive revaluation difference of HUF 118 031 000.

The same line comprises items of prepaid expenses worth HUF 1 714 000, paid in 2013 and to be incurred in 2014. These include newspaper subscriptions, community transport season tickets, membership fee for IADI for 2014 and proportionate amounts of life insurances.

Short-term liabilities

The NDIF assumed no guarantee or other onerous obligations in the relevant year.

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

– liabilities to depositors	HUF 78,054,000
– liabilities to trade creditors	HUF 14,587,000
– tax liabilities	HUF 7,835,000
– payment obligations to voluntary pension funds due in January 2014	HUF 281,000

Short-term liabilities – valuation (data in Thousand HUF). Table No. 14

Description	Gross	Revaluation at year-end	Net
Liabilities to depositors	78,053	0	78,054
Other short-term liabilities	22,703	0	22,702
Total	100,756	0	100,756

Short-term liabilities – indicators Table No. 15

Description	2012 %	2013 %	Change
ratio of liabilities. (Liabilities/Total assets):	0,10	0,10	0,00
liquidity ratio (Current assets/Liabilities):	95,906	96,201	295

Accrued expenses and deferred income

Under accrued expenses, the NDIF recognises expenses that were incurred in the relevant period but are paid only subsequently.

Equity

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

– admission fees	HUF 10,000,000
– profit for the relevant year	HUF 4,351,105,000

Items of Accrued expenses and deferred income (data in Thousand HUF).

Table No. 16

Description	Amount
Fee to Kommszerver, month 12.2013	12,700
Representation costs	9,950
Monthly flat maintenance fee, month 12.2013	119,380
Document storage fee to Rhenus Office Systems Kft., months 10.-12.2013	50,298
Invitel Távközlési Zrt. - DR Site, month 12.2013	139,236
Invitel Távközlési Zrt. - phone, month 12.2013	51,722
Portfolio management fee for Q4 2013	4,678,263
Work health and safety services for 2013	339,335
Mobile phones to Magyar Telekom - month 12.2013	133,606
Difference in healthcare contributions payable on fringe benefits, over HUF 500 000, 27%	615,424
Preparation for indemnification, T-Systems Zrt., months 11-12.2013	1,012,793
IT operations, T-Systems Zrt., Q4 2013	2,943,035
Maintenance for 2013, G4S Bizt. Szolg. Zrt.	279,400
Safe custody charges to KELER, month 12.2013	327,045
Bonuses for the second half of 2013	1,950,000
Bonuses for the second half of 2013 - SZOCHO (social contribution tax)	512,000
Flat maintenance fee, 12.2013	496,611
Photocopy expenses, Dokucentrum Kft., month 10.-12.2013	76,529
Audit fee for the year 2013 (70%)	1,511,300
Fee payable for closing of the books, 2013	487,680
Total	15,746,307

Composition of equity. Table No. 17

Description	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change Thousand HUF	%
Registered capital	906,082	0	916,082	10,000	1.10%
Reserves	90,893,678	0	93,896,977	3,003,299	3.30%
Revaluation reserve	0	0	0	0	0.00%
Retained profit	3,003,299	0	4,351,105	1,347,806	44.88%
Total	94,803,059	0	99,164,164	4,361,105	4.60%

Equity indicators. Table No.18

Description	2011 (%)	2012 (%)	Change (%)
Equity ratio: (Equity / Total assets)	99.80%	99.88%	0.08%
Coverage of invested assets: (Equity / Invested assets)	328709.33%	280473.37%	-48235.97%

Profit and loss per operating activity. Table No. 19

Description	Deposit insurance		Asset management		Operations		Total	
	2012	2013	2012	2013	2012	2013	2012	2013
1 Premium revenue from member institutions	7,772,504	7,299,193	0		0		7,772,504	7,299,193
2 Premium revenue from claims collected on behalf of depositors			0		0		0	0
3 Commission revenue from disbursement of state guarantees deposits	0		0		0		0	0
4 Revenue from other deposit insurance	401,673	828,208	0		0		401,673	828,208
I. Revenues from deposit insurance (01+02+03+04)	8,174,177	8,127,401	0		0		8,174,177	8,127,401
II. Other revenues	0		0		597	172	597	172
III Revenues from other than deposit insurance	0		0	8,917	0		0	8,917
IV Revenues from financial transactions	0		15,365,056	7,544,735	0		15,365,056	7,544,735
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 state guarantees deposits	0		0		0		0	0
8 Other expenses of deposit insurance	20,024,888	10,993,502	0		0		20,024,888	10,993,502
VI Expenses of deposit insurance (05+06+07+08)	20,024,888	10,993,502	0		0		20,024,888	10,993,502
VII Other expenses	0		0		7,661	1,091	7,661	1,091
VIII Expenses of other than deposit insurance	0		0		0	3,467	0	3,467
IX Expenses of financial transactions	0		240,722	87,883	0		240,722	87,883
X Extraordinary expenses	0		0		0		0	0
9 Material type expenses	0		0		95,397	111,187	95,397	111,186
10 Payroll expenses	0		0		150,401	124,149	150,401	124,149
11 Depreciation write-off	0		0		17,462	8,842	17,462	8,842
XI Operating costs (09+10-11)	0		0		263,260	244,177	263,260	244,177
RETAINED PROFIT FOR THE YEAR (I+II+III+IV+V-VI-VII-VIII-IX-X-XI)	-11,850,711	-2,866,101	15,124,334	7,465,769	-270,324	-248,563	3,003,299	4,351,105

In the relevant year, operating costs and expenses were as follows. Table No. 20

Description Thousand HUF	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Expenses from deposit insurance	20,024,888	0	10,993,502	-9,031,386	-45.10%
- other expenses from deposit insurance	20,024,888	0	10,993,502	-9,031,386	-45.10%
Expenses from other than deposit insurance	0	0	3,467	3,467	0.00%
Other expenses	7,661	0	1,091	-6,570	-85.76%
Costs per type	263,260	0	244,177	-19,083	-7.25%
- materials	95,397	0	111,186	15,789	16.55%
= cost of materials	7,539	0	5,007	-2,532	-33.59%
= material type of services used	86,552	0	104,044	17,492	20.21%
= other services	1,306	0	2,135	829	63.48%
- payroll expenses	150,401	0	124,149	-26,252	-17.45%
- depreciation	17,462	0	8,842	-8,620	-49.36%
Total	20,295,809	0	11,242,237	-9,053,572	-44.61%

Results of financial activities. Table No. 21

Description	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Revenues from financial activity					
Interest received	60,547		14,673	-45,874	-75.8%
Revenues from financial transactions	15,304,509	0	7,530,062	-7,774,447	-50.8%
- exchange rate gains on investments in foreign currency	22			-22	-100.0%
- profit on Hungarian government securities	15,304,487	0	7,530,062	-7,774,425	-50.8%
= exchange gains on Hungarian government bonds	9,505,902		2,194,807	-7,311,095	-76.9%
= profit from interest on Hungarian government bonds	5,155,898		4,833,959	-321,939	-6.2%
= exchange gains on discount treasury bills	642,687		501,296	-141,391	-22.0%
Profit on CBN bonds	0		0	0	0.0%
- exchange gains on other securities	0		0	0	0.0%
- profit on foreign exchange futures hedge transactions	0		0	0	0.0%
Total:	15,365,056	0	7,544,735	-7,820,321	-50.9%

Description	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Expenses of financial activity					
Interests paid and similar expenses	8		0	-8	-100.0%
Expenses of financial transactions	213,591	0	66,781	-146,810	-68.7%
- exchange rate loss on investments in foreign currency	27			-27	-100.0%
- loss on Hungarian government securities	213,564	0	66,781	-146,783	-68.7%
= exchange rate loss on Hungarian government bonds	213,533		66,781	-146,752	-68.7%
= exchange rate loss on discount treasury bills	31		0	-31	-100.0%
Other financial expenses	27,123		21,102	-6,021	-22.2%
Total:	240,722	0	87,883	-152,839	-63.5%

Other financial expenses include fees paid to portfolio managers and custodians, as well as to KELER (Central Depository of Hungary), and exchange rate losses recognised on foreign missions.

Extraordinary profit and loss

No extraordinary profits were recognised.

Notes to the financial accounts

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

Headcount, payroll accounting

Average statistical headcount. Table No. 22

Headcount	2012	2013
Physical	0	0
White-collar	6	6
Total headcount	6	6

Average wages, income and expenses. Table No. 23

HUF / person / month	2012	2013
average wage of white collar staff	1,000,446	1,007,793
Total average wage	1,000,446	1,007,793

A presentation of the securities portfolio and an assessment of the asset managers' work

The opening book value of the relevant year's securities portfolio was HUF 76 612 203 000, and at the end of the relevant year, securities were stated in the balance sheet at HUF 91 892 145 000 (closing balance). The latter included HUF 83 024 8891 000 in Hungarian government bonds and HUF 8 867 256 000 in discount treasury bills. The securities portfolio decreased by 20%.

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

Table No. 24 (data in Thousand HUF)

Profit and loss component	Revenue	Expense	Profit/loss
Exchange gains/losses on Hungarian government bonds	2,194,807	66,887	2,127,920
Interest gains on Hungarian government bonds	4,833,959		4,833,959
Exchange gains/losses on discount government securities	501,296	0	501,296
Commission on portfolio management		17,456	-17,456
Custodian commission		1,604	-1,604
Fee to KELER		1,936	-1,936
Total	7,530,062	87,883	7,442,179

In 2013, the yields of government bonds on the secondary market were mostly driven by news on the restriction of quantitative easing by Fed, and – apart from the longest, 15-year maturity –, decreased in respect of the whole year. Demand at auctions fluctuated throughout the year, but was firm regarding the whole year. Considering net buying in 2013, households increased their positions in terms of bonds most, and domestic institutional investors also adopted a considerable net buyer's position, while the net buyer's position of foreigners was practically zero.

The Monetary Council of the Central Bank of Hungary cut the central bank base rate from the 5.75% as at the beginning of year to 3.00% during the year, in steps of 25 basis points in the first half of the year, followed by steps of 20 basis points. According to the Monetary Council's assessment, a lower base rate level is justified by a low-inflation environment, by outputs falling short of the potentials and by favourable macroeconomic balance indicators. Short-term yields on the government securities market in the first half of 2013 were below the central bank base rate, which is indicative of further expectations of firm base rate cuts. At the middle of the year, expectations of interest rate cuts were priced out of short-term government securities yields, and in the second half of the year, short-term government securities were fluctuating slightly below but close to the central bank base rate, which indicated moderate expectations of base rate cuts.

Bond yields stagnated in the first quarter of 2013, where a considerable role was played by the fact that the mandate of the central bank governance expired in March, as well as by the related uncertainty regarding the medium-term monetary policy. After the central bank's new governance has indicated their intention to carry on with a cautious monetary policy, investors' confidence increased in the

forint market, and long-term yields dropped considerably. This drop in yields was halted in May when the Fed announced restriction of quantitative easing. In the wake of that, long-term yields returned close to the levels seen early in the year. In September, in contrast with market expectations, Fed did not commence the restriction of quantitative easing, which gave an impetus again to emerging market instruments. The forint market also saw a considerable drop in yields, which was supported by a lax monetary policy, lingering favourable domestic macroeconomic indicators and news indicative of economic growth. In December, Fed finally launched its restriction of quantitative easing, however, with only a moderate effect on the market, and long-term HUF yields decreased in the last months of 2013.

At the end of 2013, the MAX index exceeded the figure seen at the end of 2012 by 10.0%. The MAX index is an index generated from HUF-denominated government securities with a term over one year. During the year, the MAX index was rising, with significant temporary slumps. The value of the RMAX index, generated from short-term government securities, kept steadily rising during the year, reaching a position 5.7% higher at the end of 2013 than one year previously. Generated from short-term and long-term government securities, the composite MAX index (CMAX) gained 9.0% during 2013.

On the whole, the domestic securities market closed a strong year. In the rapidly changing environment, the portfolio generated a relatively high yield, while the yield achieved by the Government Debt Management Agency (ÁKK), which manages the NDIF's portfolio, remained continuously and steadily adjusted to the CMAX also in 2013.

ÁKK achieved a gross yield of 9.02% on the whole portfolio, as a result of which the asset management activity added a record amount, HUF 7 449 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 4 351 105 000, which is HUF 1 348 million more than the retained profit of 2012. The key components of the change are presented in the table number 25.

The retained profit rose by almost 45%, which was brought about by multiple components in the relevant year. On the one hand, the impairment loss previously accumulated on the disbursements performed due to the withdrawal of the licence of 'Soltvadkert' Savings Cooperative Bank (Soltvadkert and its Locality Savings Cooperative) in 2012 further deteriorated the NDIF's results by another HUF 10,993 million; 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, ultimately, also to the retained profit. Over HUF 7.5 billion was generated on the securities portfolio in the relevant year (see Table No. 25).

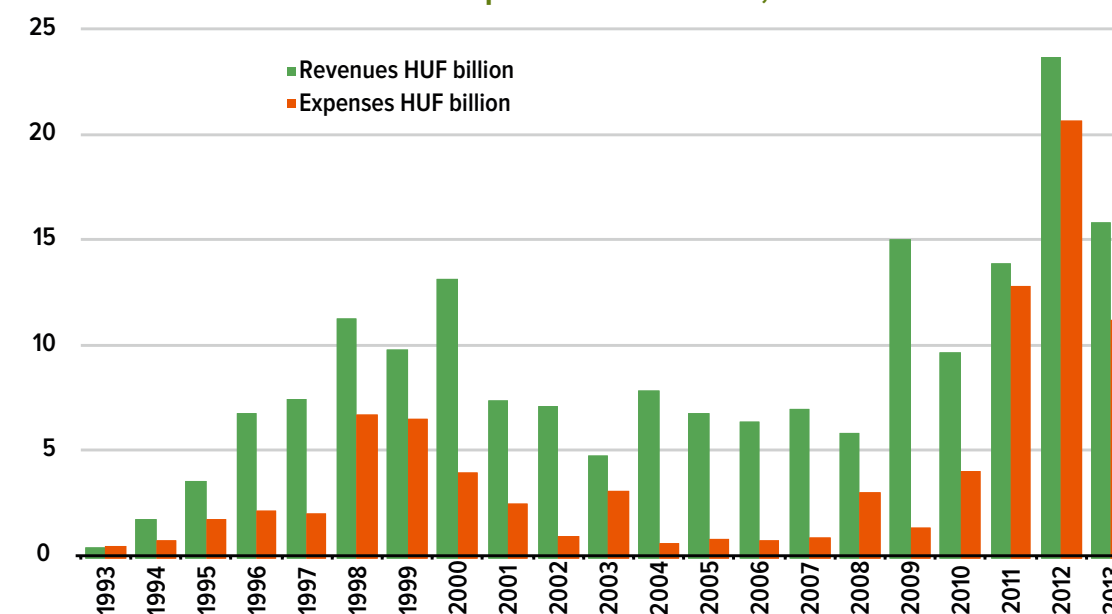
Expenses decreased by 45 percent in comparison with the previous year, resulting from a significant impairment seen in the previous year.

Table No. 25

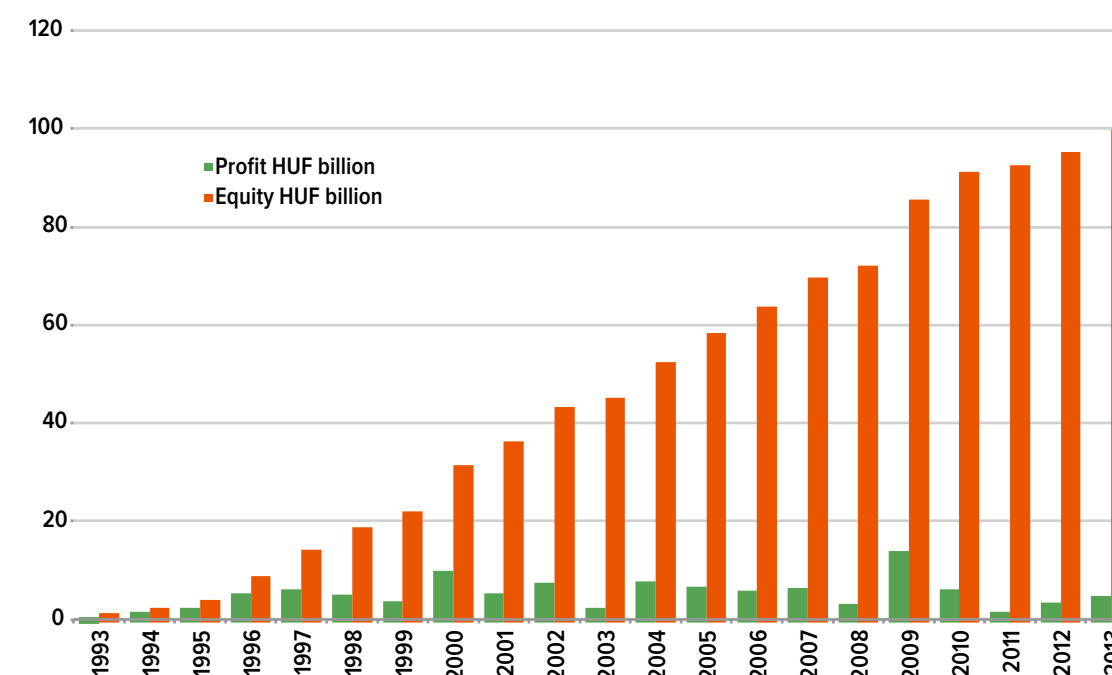
Description	2012 Thousand HUF	Effect of revision	2013 Thousand HUF	Change	
				Thousand HUF	%
Revenue from deposit insurance	8,174,177	0	8,127,401	-46,776	-0.6%
Revenue from other than deposit insurance	0		8,917	8,917	0.0%
Other revenues	597	0	172	-425	-71.2%
Revenues from financial transactions	15,365,056	0	7,544,735	-7,820,321	-50.9%
Total revenues	23,539,830	0	15,681,225	-7,858,605	-33.4%
Expenses of deposit insurance	20,024,888	0	10,993,502	-9,031,386	-45.1%
Expenses of other than deposit insurance	0		3,467	3,467	0.0%
Other expenses	7,661	0	1,091	-6,570	-85.8%
Expenses of financial transactions	240,722	0	87,883	-152,839	-63.5%
Total expenses	20,273,271	0	11,085,943	-9,187,328	-45.3%
Operating costs	263,260	0	244,177	-19,083	-7.2%
Total expenses and operating costs	20,536,531	0	11,330,120	-9,206,411	-44.8%
Retained profit	3,003,299	0	4,351,105	1,347,806	44.9%

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 2013.

Revenues and expenses of the NDIF, 1993-2013



Equity and profit/loss from the foundation of the NDIF to date



11 Events related to liquidation in progress



'Heves' Savings Cooperative Bank under liquidation, "U.L."

The liquidator of the savings cooperative submitted the liquidation closing balance sheet and their proposed property redistribution to the Tribunal of Eger for approval.

The total creditor claim HUF 267,720,757 – stated in the NDIF's liquidation closing balance sheet (which includes indemnification disbursements and incidental costs) will be recovered in full, according to the property redistribution proposal.

The NDIF noted to the liquidator that its total claims stated previously and confirmed previously by the liquidator were HUF 278,816,706, and it requested adjustment of the closing balance sheet and the property redistribution proposal accordingly.

The creditor claim may be settled following approval by the Tribunal of Eger.

AKH Credit Cooperative "U.L."

The NDIF stated claims for HUF 3 142 687 755 (actually disbursed indemnification amount: HUF 3 133 772 909) in respect of reimbursed deposits, and HUF 12 117 909 in respect of incidental costs related to indemnification, which were confirmed by the liquidator.

The liquidator prepared interim balance sheet No. III of the credit cooperative. Assets and receivables are being sold in open tendering.

According to information received on 21 January 2014, a recovery around 15% of the creditor claim of HUF 3.2 billion stated by the NDIF can be expected, due to payment difficulties of the debtors, to the uncertain outcome of transactions currently involved in legal proceeding, and to operating expenses.

„Jógazda" Savings Cooperative Bank under liquidation, "U.L"

Interim balance sheet No. II was approved by the Tribunal of Budapest on 14 February 2014. In its ruling, it instructed the liquidator to pay 8.899% of the claims in category d) from the available funds. Accordingly, the liquidator transferred HUF 818,478,780 to the NDIF on 6 March 2014.

The legal action regarding the employment of the former head of the savings cooperative has not been concluded yet. The liquidation proceeding cannot yet be closed as of February 2014, which is why the liquidator is to prepare an interim balance sheet No. III as of 13 February.

The savings cooperative in liquidation holds funds worth HUF 1.4 billion, which includes the redistribution of properties on the basis of interim balance sheet No. II.

The NDIF stated creditor claims amounting to HUF 9,153,279,140 in respect of the deposits reimbursed until 31 December 2013, as well as the deposits expected and disburseable, while the claims related to incidental costs represented HUF 32,995,135.

Soltvadkert Savings Cooperative Bank under liquidation, "U.L"

Interim balance sheet No. I of the savings cooperative in liquidation was prepared as of 11 October 2013. Its various assets will be sold in open tendering. Liquidation can be closed – no sooner than at the end of 2014 – when assets and receivables have been fully sold and collected, and all passive legal actions have been concluded with final ruling.

In the course of the liquidation procedure, the NDIF claims in total indemnification of HUF 33,338,024,414, which was confirmed by the liquidator as category d). We stated a claim of HUF 99,770,279 as costs related to the reimbursements, which was confirmed by the liquidator as category claims in f).

According to information received from the liquidator on 23 January 2014, 10.5% recovery (HUF 3,485,258,664) of the NDIF's creditor claims is expected after interim balance sheet No. I has been approved.



12 International activities

Since the onset of the global economic crisis, the activity observable in international financial regulation and in the events aimed at an exchange of experience among countries and partner institutions continued in 2013.

One of the key events of the year for the NDIF is associated with international relations. Months of preparation and personal meetings preceded the signing of a cooperation agreement between the NDIF and the Slovakian Deposit Insurance Fund (FOV) on 20 November 2013. The two organisations laid down their joint rules regarding cross-border indemnification events for the future in a bilateral agreement. In compliance with the EU's deposit insurance Directive (94/19/EC) aimed at financial stability and rapid indemnification (within 20 working days) applicable to coverage limit of EUR 100 000, the NDIF and FOV laid down a procedure with joint technical and legal details for fast and efficient payout of depositors in potential cases of cross-border bank closures.

International Association of Deposit Insurers (IADI)

Between 21 and 23 January 2013, Cesky Krumlov (Czech Republic) hosted the regular meeting of the European Regional Committee (ERC) of IADI. At the event, the Managing Director of the NDIF said farewell upon the expiry of his mandate as the chair, and the president of the Romanian Bank Deposit Guarantee Fund Eugen Di-jmarescu was elected as his successor, along with Karen Gibbons from the Financial Services Compensation Scheme (UK) as the vice chair. At the scheduled meeting of the committee, the NDIF's head of communication presented the customer satisfaction survey used by the NDIF after indemnification cases to the representatives of the European partner organisations.

Between 6 and 9 May 2013, regional workshops were held within IADI. One goal of the event held in Istanbul was to bring the Turkish deposit insurance fund (TMSF) in line with IADI's Efficient Deposit Insurance principles, and to deliver methodological guidelines needed to assess further deposit insurance organisations to 31 deposit insurance experts (instructors) selected for this purpose.

A conference was organised by the Russian Deposit Insurance Agency (DIA) on 28 and 29 May 2013 in Moscow on the parties at fault for bank frauds and bank failures. The event that addressed practical issues, such as effective action against irresponsible risk-taking, for instance, was opened by the Finance Minister of the Russian Federation Anton Siluanov; Hungary was represented by Managing Director of the NDIF, András Fekete-Győr.

European Forum of Deposit Insurers (EFDI)

The annual general meeting and conference of EFDI was held on 18 to 20 September 2013 in Rome. The NDIF's Managing Director held a presentation entitled "Pillar III – Pan-European Deposit Insurance" in the panel discussing the issues of "EU Banking Union and the Single Market", enumerating the benefits and drawbacks of a single EU-wide deposit insurance organisation.

The crisis management working group of EFDI held a full-day consultation in Budapest on 4 October. The professional committee consisted of experts and heads of the deposit insurance organisations from Croatia, Bulgaria, Italy, Germany, France

and Luxembourg, in addition to Hungary. This working group focused on the participation of European deposit insurance organisations in the bank recovery and resolution activities, concepts of legislation regarding lending among the organisations, as well as the aspects of financial contribution of deposit insurance funds to the goals of bank recovery and resolution. The working discussion was chaired by Thierry Dissaux, President of the French Deposit Insurance and Resolution Fund.

Bilateral exchange of information

Between 18 and 20 March, the NDIF received visitors from the youngest state of Europe. Three delegates from the deposit insurance organisation of Kosovo (DIFK) visited the NDIF, led by Managing Director Violeta Arifi-Krasniqi. The institution that has a history shorter than one year studied the technical and legal details of the NDIF's indemnification experience. An interview with Violeta Arifi-Krasniqi on the meeting is available on the NDIF's Facebook page ([link](#)).

Delegates headed by Chairman of the French deposit insurance organisation (FGD) Thierry Dissaux were received by the NDIF in Budapest on 29 and 30 April. In addition to the technical details of the Hungarian indemnification capacities, the delegation visited to obtain the latest Hungarian experience. An interview with Thierry Dissaux on the meeting is available on the NDIF's Facebook page ([link](#)).

A delegation of four arrived in Budapest between 1 and 3 October from the Indonesian Deposit Insurance Company (IDIC) for a working visit. For the IDIC staff, it was the first official visit to the NDIF. The meeting agenda included Hungarian indemnification cases and risk analysis procedures, with special regard to IT risks and on-going concern.

On 4 November, a team of four delegates from the Deposit Insurance Corporation of Korea (KDIC) paid a visit to the NDIF. The delegation primarily studied the legal regulation of Hungarian deposit insurance, as well as the concepts of crisis prevention measures. The team was headed by Seok Jae KIM, Managing Director of KDIC.





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 Quotaholder of Országos Betétbiztosítási Alap

Audit Report on annual financial statements

We have audited the accompanying 2013 annual financial statements of Országos Betétbiztosítási Alap, which comprises the balance sheet as at 31 December 2013 - showing a balance sheet total of THUF 99 280 666 and a profit for the year of THUF 4 351 105 -, 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 2013 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



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

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

Other reporting requirements: Reporting on the business report

We have examined the accompanying business report of Országos Betétbiztosítási Alap for the financial year of 2013.

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 2013 business report of Országos Betétbiztosítási Alap is consistent with the disclosures in the financial statements as of 31 December 2013.

Budapest, 28.02.2014

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

S. No.	Description	2012.12.31	Effect of revision	2013.12.31
	Thousand HUF			
1	A. FIXED ASSETS	28,841	0	35,356
2	I. INTANGIBLE ASSETS	17,534	0	17,130
3	I.1 Capitalized value of formation and transformation			
4	I.2 Rights and concessions	150		5,424
5	I.3 Intellectual property	17,384		11,706
6	I.4 Advance payments for intangible assets			
7	I.5 Revaluation of intangible assets			
8	II. TANGIBLE ASSETS	11,307	0	18,226
9	II.1 Lands and buildings and related rights	945		1,083
10	II.2 Equipment, fittings, vehicles	7,828		5,240
11	II.3 Capital projects	2,534		11,903
12	II.4 Advance payments on capital projects			
13	II.5 Adjusted value of tangible assets			
14	III. FINANCIAL INVESTMENTS	0		0
15	B. CURRENT ASSETS	92,698,741	0	96,928,705
16	I. STOCKS	595		595
17	I.1 Materials			
18	I.2 Commercial goods	595		595
19	I.3 Mediated services			
20	I.4 Advances on stocks			
21	II. RECEIVABLES	15,844,870	0	4,951,237
22	II.1 Receivables from member institutions	15,844,846		4,950,963
23	II.1.a Premium receivables			
24	II.1.b Receivables devolved to the Fund	15,844,846		4,950,963
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	24		274
31	III. SECURITIES	76,617,203	0	91,892,145
32	III.1 Government securities	76,617,203		91,892,145
33	III.2 Other securities			
34	IV. LIQUID ASSETS	236,073	0	84,728
35	IV.1 Cash, cheques	219		367
36	IV.2 Bank deposits	235,854		84,361
37	C. PREPAID EXPENSES AND ACCRUED INCOME	2,263,993		2,316,605
38	TOTAL ASSETS:	94,991,575	0	99,280,666

National Deposit Insurance Fund
BALANCE SHEET version 'A' EQUITY

Tax number: 10830516-2-41

KSH Statistical number: 10830516-6619-916-01

S. No.	Description	2012.12.31	Effect of revision	2013.12.31
	Thousand HUF			
39	D. EQUITY	94,803,059	0	99,164,164
40	I. REGISTERED CAPITAL	906,082		916,082
41	II. RESERVES	90,893,678		93,896,977
42	III. REVALUATION RESERVE			
43	IV. RETAINED PROFIT FOR THE YEAR	3,003,299		4,351,105
44	E. PROVISIONS			
45	F. LIABILITIES	96,656	0	100,756
46	I. LONG-TERM LIABILITIES			
47	II. SHORT-TERM LIABILITIES	96,656		100,756
48	II.1 Liabilities towards member institutions			
49	II.2 Short-term credits			
50	II.3 Liabilities towards depositors	78,053		78,054
51	II.4 Liabilities towards the State			
52	II.5 Other short-term liabilities	18,603		22,702
53	G. ACCRUED EXPENSES AND DEFERRED INCOME	91,860		15,746
54	TOTAL EQUITY AND LIABILITIES:	94,991,575	0	99,280,666

PROFIT AND LOSS STATEMENT TOTAL COST 'A'

Tax number: 10830516-2-41

KSH Statistical number: 10830516-6619-916-01

ssz	Description / Thousand HUF	2012.12.31	Effect of revision	2013.12.31
1 1	Premium revenue from member institutions	7,772,504		7,299,193
2 2	Premium revenue from claims collected on behalf of depositors			
3 3	Commission revenue from disbursement of state guaranteed deposits			
4 4	Other revenue from deposit insurance	401,673		828,208
5 I.	Revenues derived from deposit insurance (01+02+03+04)	8,174,177	0	8,127,401
6 II.	Other revenues	597		172
7 III.	Revenues from other than deposit insurance			8,917
8 IV.	Revenues from financial transactions	15,365,056		7,544,735
9 V.	Extraordinary revenues	0		0
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 state guaranteed deposits			
13 8	Other expenses of deposit insurance	20,024,888		10,993,502
14 VI.	Expenses of deposit insurance (05+06+07+08)	20,024,888	0	10,993,502
15 VII.	Other expenses	7,661		1,091
16 VIII.	Expenses of other than deposit insurance			3,467
17 IX.	Expenses of financial transactions	240,722		87,883
18 X.	Extraordinary expenses	0		0
19 9	Material-type expenses	95,397		111,186
20 10	Payroll expenses	150,401		124,149
21 11	Depreciation write-off	17,462		8,842
22 XI.	Operating costs (09+10-11)	263,260	0	244,177
23 A.	RETAINED PROFIT FOR THE YEAR	3,003,299	0	4,351,105

Cash flow statement

Tax number: 10830516-2-41

KSH Statistical number: 10830516-6619-916-01

Description / Thousand HUF	2012	Effect of revision	2013	Change		Composition in the relevant year
				Thousand HUF	%	
1 Retained profit for the year	3,003,299		4,351,105	1,347,806	44,88%	-2874.96%
2 Depreciation recognised	17,462		8,842	-8,620	-49,37%	-5.84%
3 Write-off and write-back of investments	19,630,941		10,165,750	-9,465,191	-48,22%	-6716.94%
4 Net change in provisions	0		0	0	0,00%	0.00%
5 Net gain on sale of fixed assets	34		100	66	194,12%	-0.07%
6 Changes in trade creditors	0		5,167	5,167	0,00%	-3.41%
7 Changes in other short-term liabilities	-27,250		-1,068	26,182	-96,08%	0.71%
8 Changes in accrued expenses	84,001		-76,114	-160,115	-190,61%	50.29%
9 Changes in trade debtors	-13,712,876		728,133	14,441,009	-105,31%	-481.11%
10 Changes in current assets (excluding trade debtors and liquid assets)	-9,367,518		-15,275,192	-5,907,674	63,07%	10092.96%
11 Changes in prepaid expenses and accrued income	579,627		-52,612	-632,239	-109,08%	34.76%
I. OPERATING CASH FLOW	207,719	0	-145,890	-353,611	-170,24%	96.40%
						0.00%
14 Acquisition of fixed assets	-6,274		-15,455	-9,181	146,33%	10.21%
15 Proceeds from sale of fixed assets	204			-204	-100,00%	0.00%
II. CASH FLOW FROM INVESTING ACTIVITIES	-6,070	0	-15,455	-9,385	154,61%	10.21%
						0.00%
17 Proceeds from issuance of share capital (other capital revenue)	0		10,000	10,000		-6.61%
19 Borrowings				0		0.00%
20 Repayment and redemption of long-term loans and bank deposits				0		0.00%
21 Capital contribution received				0		0.00%
22 Redemption of shared (other capital decrease)				0		0.00%

Description / Thousand HUF	2012	Effect of revision	2013	Change Tárgyévi összetétel	
				Thousand HUF	%
24 Repayment and clearance of loans and credits				0	0.00%
25 Long-term loans extended, bank deposits with credit institutions				0	0.00%
26 Capital contribution given				0	0.00%
27 Changes in liabilities due to founders/other long-term liabilities				0	0.00%
III. CASH FLOW FROM FINANCING ACTIVITIES	0		10,000	10,000	-6.61%
					0.00%
IV. CHANGES IN LIQUID ASSETS	201,649		-151,345	-352,996	-175,05% 100.00%

Revenues from deposit insurance, detailed

The recognised premium revenues from member institutions are stated among premium revenues from member institutions in the NDIF's profit and loss statement. In the relevant year, member institutions were required to pay 0.06% of their total deposit portfolio to the NDIF. 100% of the premium revenue is received from Hungary in HUF. In the relevant year, the amount received from partial payment of the creditor claims of 'Jógazda' Savings Cooperative Bank (HUF 827 753 000) and the late payment interest charged on member institutions for late payment of membership premiums (HUF 455 000) constituted other deposit insurance revenues, and were stated.



15 Medium-term strategy
for the period 2014-2016

In 2010, the NDIF set a 3-year strategic objective, along with the related tasks; by 2013, most of these were implemented or they reached the implementation phase. We set a goal to implement the following objectives in the next three years.

Maintain efficient indemnification capacity	Set up a risk-minimising deposit insurance system	Prepare for the tasks resulting from the Banking Union	Improve operating efficiency and safety
Close cooperation in setting up an early warning mechanism with the CBH	Identify, regularly assess, evaluate and eliminate the operating risks affecting the institution	Establish close cooperation with the new institutions of financial stability (bank recovery and resolution authority of the CBH)	Set up and continuously test a modern and cost-effective information system (contingency planning)
Incorporate the amended provisions of the EU Directive on Deposit Insurance Systems in the practice of Hungarian deposit protection, create the technical conditions	Establish premium payment relying on broad consensus and individual risk analysis (deposit insurance risk map)	Achieve effective advocacy through the European Forum of Deposit Insurers (EFDI) and formulate cooperation with the European Banking Authority (EBA)	Facilitate coordinated cooperation of the institutions that comprise the safety net of the credit institution system in case of crisis
Strengthen efficient capacity to indemnify depositors	Participation in an effective crisis prevention (bank recovery and resolution)	Establish a cutting-edge mechanism for cross-border depositor indemnification	International cooperation: review and renew existing bilateral agreements, (cross-border contingency planning)
Assess and involve innovative methods and new channels in order to strengthen customer-friendly indemnification		Set up cross-border supplementary financing capacity	

Appendix No. 1
**Membership premiums per member institution
(Data in Thousand HUF):**

Banks	
Banco Popolare Hungary Bank Zrt.	10 586 985
Banif Plus Bank Zrt.	-
Bank of China Hungária Hitelintézet Zrt.	13 837 876
BUDA Regionális Bank Zrt.	12 211 848
BUDAPEST Hitel- és Fejlesztési Bank Zrt.	279 974 760
CIB Bank Zrt.	663 053 955
Commerzbank Zrt.	57 857 852
Credigen Bank Zrt.	234
Dél-Dunántúli Takarékok Bank Zrt.	15 154 724
DRB Dél-Dunántúli Regionális Bank Zrt.	16 743 284
DUNA Takarékok Bank Zrt.	16 514 155
ÉRB Észak-magyarországi Regionális Bank Zrt.	26 359 328
ERSTE BANK HUNGARY Zrt.	675 316 276
FHB Kereskedelmi Bank Zrt.	86 014 477
GRÁNIT Bank Zrt.	14 594 036
evoBank Zrt.	1 712 884
KDB Bank Európa Zrt.	32 881 420
Kereskedelmi és Hitelbank Zrt.	656 896 459
Kinizsi Bank Zrt.	7 477 890
MagNet Magyar Községi Bank Zrt.	37 782 656
Magyar Cetelem Bank Zrt.	297
Magyar Export-Import Bank Zrt.	-
Magyar Takarékszövetkezeti Bank Zrt.	9 125 130
Sberbank Magyarország Zrt.	158 205 072
Merkantil Váltó és Vagyonbefektető Bank Zrt.	23 045 944
MFB Magyar Fejlesztési Bank Zrt.	1 806 900
MKB Bank Zrt.	736 794 072
Mohácsi Takarékok Bank Zrt.	7 900 039
OTP Bank Nyrt.	1 709 474 760
Pannon Takarékok Bank Zrt.	9 686 455

Polgári Bank Zrt.	8 543 084
Porsche Bank Hungaria Zrt.	3 718 503
RAIFFEISEN BANK Zrt.	740 647 952
SOPRON BANK BURGENLAND Zrt.	21 481 304
Széchenyi Kereskedelmi Bank Zrt.	4 700 104
UniCredit Bank Hungary Zrt.	558 863 645
Savings cooperatives	
ABAÚJ Takarékszövetkezet	1 550 823
AGRIA Bélapátfalva Takarékszövetkezet	1 543 999
ALBA Takarékszövetkezet	3 739 173
Alsónémedi és Vidéke Takarékszövetkezet	11 585 960
Apátfalvi Takarékszövetkezet	1 160 438
BÁCSKA Takarékszövetkezet	3 024 280
Bak és Vidéke Takarékszövetkezet	3 205 563
Bakonyvidéke Takarékszövetkezet	1 621 548
Balaton-felvidéki Takarékszövetkezet	2 001 840
Balmazújváros és Vidéke Takarékszövetkezet	2 712 386
Bátaszék és Vidéke Takarékszövetkezet	1 521 848
Boldva és Vidéke Takarékszövetkezet	1 867 959
Bóly és Vidéke Takarékszövetkezet	3 048 648
Borotai Takarékszövetkezet	2 562 558
BORSOD TAKARÉK Takarékszövetkezet	4 299 631
Bükkalja Takarékszövetkezet	2 030 775
Cserhátvidéke Körzeti Takarékszövetkezet	1 480 191
Dél-Zalai Egyesült Takarékszövetkezet	2 413 180
Drégelypalánk és Vidéke Takarékszövetkezet	1 038 532
Dunaföldvár és Vidéke Takarékszövetkezet	5 270 737
Dunakanyar Takarékszövetkezet	6 989 103
Dunapataj És Vidéke Takarékszövetkezet	888 550
Eger és Környéke Takarékszövetkezet	2 912 860
Endrőd és Vidéke Takarékszövetkezet	6 518 126
Ercsi és Vidéke Körzeti Takarékszövetkezet	792 206
Érd és Vidéke Takarékszövetkezet	3 846 183
Érsekvadkert és Vidéke Takarékszövetkezet	812 923
Észak Tolna Megyei Takarékszövetkezet	3 946 391
Fegyvernek és Vidéke Takarékszövetkezet	1 687 167

Felsőzsolca és Vidéke Takarékszövetkezet	1 938 231
Fókusz Takarékszövetkezet	7 050 482
Fontana Credit Takarékszövetkezet	7 202 310
Forrás Takarékszövetkezet	2 892 176
Főnix Takarékszövetkezet	3 012 963
Füzes Takarékszövetkezeti Hitelintézet	8 323 412
Gádoros és Vidéke Takarékszövetkezet	2 606 014
Gyöngyös-Mátra Takarékszövetkezet	4 407 032
Gyulai Takarékszövetkezet	1 359 370
HAJDÚ TAKARÉK Takarékszövetkezet	6 585 819
Hajdúdorog és Vidéke Takarékszövetkezet	1 956 856
Hajós és Vidéke Takarékszövetkezet	1 165 395
Hartai Takarékszövetkezet	747 408
Hatvan és Vidéke Takarékszövetkezet	4 048 310
Hévíz és Vidéke Takarékszövetkezet	2 189 684
Hodász-Porcsalma Takarékszövetkezet	642 298
Hungária Takarékszövetkezet	7 032 204
Jászárokszállás és Vidéke Körzeti Takarékszövetkezet	2 672 920
Jász-Takarékszövetkezet	2 930 220
Kápolnásnyék és Vidéke Takarékszövetkezet	2 529 459
Kaposmenti Takarékszövetkezet	957 361
Kéthely és Vidéke Takarékszövetkezet	2 402 830
Kevermes és Vidéke Takarékszövetkezet	1 649 451
KISKUN Takarékszövetkezet	1 884 036
Kis-Rába menti Takarékszövetkezet	2 895 574
Kiszombor és Vidéke Takarékszövetkezet	1 482 252
Kondorosi Takarékszövetkezet	3 391 379
Körmend és Vidéke Takarékszövetkezet	13 173 037
Környe-Bokod Takarékszövetkezet	3 802 531
Kunszentmárton és Vidéke Takarékszövetkezet	5 126 106
Lakiteleki Takarékszövetkezet	1 817 679
Lébény-Kunsziget Takarékszövetkezet	1 499 552
Lövő és Vidéke Takarékszövetkezet	3 164 064
MECSEK TAKARÉK Szövetkezet	11 753 700
Nagyecsed és Vidéke Takarékszövetkezet	1 032 056
Nagykáta és Vidéke Takarékszövetkezet	5 327 340

Nagyréde és Vidéke Körzeti Takarékszövetkezet	378 811
Nemesnádudvar és Vidéke Takarékszövetkezet	1 004 454
Nyírbélteki Körzeti Takarékszövetkezet	1 701 872
Nyúl és Vidéke Takarékszövetkezet	3 310 402
Orgovány és Vidéke Takarékszövetkezet	17 863 656
Örkényi Takarékszövetkezet	8 677 819
Pannonhalma és Vidéke Takarékszövetkezet	3 460 103
Partiscum XI Takarékszövetkezet	2 963 859
Pátria Takarékszövetkezet	12 192 920
Pilisvörösvár és Vidéke Takarékszövetkezet	12 297 467
PILLÉR Takarékszövetkezet	2 141 402
Rábaközi Takarékszövetkezet	2 978 330
Rajka és Vidéke Takarékszövetkezet	10 761 032
Rakamaz és Vidéke Körzeti Takarékszövetkezet	2 803 966
Répcelak és Vidéke Takarékszövetkezet	2 071 359
Rétköz Takarékszövetkezet	1 577 590
Ricse és Vidéke Takarékszövetkezet	375 218
Rónasági Takarékszövetkezet	5 885 463
Rum és Vidéke Takarékszövetkezet	3 077 543
Sajóvölgye Takarékszövetkezet	3 804 179
Sárbogárd és Vidéke Takarékszövetkezet	1 566 531
SAVARIA Takarékszövetkezet	6 986 692
Solt és Vidéke Takarékszövetkezet	474 468
Somogy Takarékszövetkezet	3 525 756
Szabadszállás és Vidéke Takarékszövetkezet	1 547 524
Szabolcs Takarékszövetkezet	6 596 252
Szarvas és Vidéke Takarékszövetkezet	4 211 353
Szatmár-Beregi Takarékszövetkezet	3 171 951
Szatymaz és Vidéke Takarékszövetkezet	2 265 033
Szécsény és Környéke Takarékszövetkezet	744 499
Szeghalom és Vidéke Takarékszövetkezet	5 301 648
Szegvár és Vidéke Takarékszövetkezet	13 003 657
Szendrő és Vidéke Takarékszövetkezet	778 024
Szentgál és Vidéke Takarékszövetkezet	2 316 703
Szentlőrinc-Ormánság Takarékszövetkezet	2 996 612
Szerencs és Környéke Takarékszövetkezet	1 222 874

Szigetvári Takarékszövetkezet	16 119 594
Téti Takarékszövetkezet	2 889 843
Tisza Takarékszövetkezet	5 266 320
Tiszafüred és Vidéke Takarékszövetkezet	4 958 842
Tiszavasvári Takarékszövetkezet	3 107 230
Tompa és Vidéke Takarékszövetkezet	427 120
Turai Takarékszövetkezet	4 980 016
Újszász és Vidéke Körzeti Takarékszövetkezet	1 898 591
Vámosgyörk és Vidéke Takarékszövetkezet	512 159
Veresegyház és Vidéke Takarékszövetkezet	3 369 132
Zalavölgye Takarékszövetkezet	1 643 624
Zemplén Takarékszövetkezet	1 663 732
Zirci Takarékszövetkezet	4 299 106
Zomba és Vidéke Takarékszövetkezet	3 364 310

Home savings banks

Aegon Lakás-takarékpénztár Zrt.	-
ERSTE Lakás-takarékpénztár Zrt.	1 879 891
Fundamenta-Lakáskassza Zrt.	143 138 461
OTP Lakástakarékpénztár Zrt.	93 443 617

Credit cooperatives

Magyar Vidék Hitelszövetkezet	945 368
Széchenyi István Hitelszövetkezet	4 821 276
Szentesi Hitelszövetkezet	2 896 817
Tiszántúli Első Hitelszövetkezet	1 372 415
Total:	7 296 723 935

In addition to the foresaid regular premiums, the Board of Directors set increased premiums worth HUF 2 470 000. Two member institutions were dissolved in the relevant year.
The NDIF received no subsidy in the relevant year.

Fulfilment of goals set for 2013

T	The projected goal has been fulfilled	K	To be launched later (future date)	E	Proceeding as scheduled, or remained within the budget limits	I	Action postponed due to regrouping / change in priorities
---	---------------------------------------	---	------------------------------------	---	---	---	---

Goals and tasks set		Measures projected	Actions to be taken in 2013	Achievement
I. Prevent crises in member institutions and retain the ability of efficient indemnification	Achievement	Set up an operating environment for risk analysis	To be implemented subject to the EU Directive	K
	Set up the operating conditions of efficient depositor compensation irrespective of the number of clients	Analyse how to extend the group of partners for low-amount indemnification	Proposal and implementation	K
		Add to the methods of cashless indemnification	Proposal and implementation	K
		Upgrade the IT system to match the changed legal environment (accelerated compensation)	Proposal and implementation	K
		Test IT on live data files	Implementation	T
	Efficient communication, increased awareness of the scope of deposit insurance services	Exemption of transaction tax in the event of indemnification	Proposal and implementation	E
		Test payout channels	Implementation	T
		Develop medium-term communication strategies, with special regard to a more emphatic representation of consumer protection	Proposal	E
		Examination use of the consumer protection logo	Implementation	T
		Participate in and join the work of initiatives and organisations aimed at developing financial culture	Implementation	T
		Use innovative communication channels (social media)	Proposal and implementation	T

		T	The projected goal has been fulfilled	K	To be launched later (future date)	E	Proceeding as scheduled, or remained within the budget limits	I	Action postponed due to regrouping / change in priorities
Goals and tasks set		Measures projected		Actions to be taken in 2013		Achievement			
I. Prevent crises in member institutions and retain the ability of efficient indemnification	Effective communi-cation, raise awareness of the services of deposit insurance	Discuss the following at a consulting forum with the heads of communication in partner and member institutions: - joint tasks resulting from the campaign aimed at increased trust, - work through the results of mystery shopping at banks, - define the proposals of customer information and implement them in practice in bank branches.		Proposal and implementation		T			
		Retail awareness study		Proposal and implementation		T			
		Search engine optimisation		Implementation		T			
		Upgrade, update the contents of and raise awareness of the E-learning application developed for bank employees across HR departments of member institutions		Proposal and implementation		T			
		Organise media meetings outside Budapest		Implementation		T			
		Conclude bilateral agreements with the deposit insurance institutions of the neighbouring countries to support indemnification		Proposal and implementation		E			
		Regular meetings with the members of the Deposit Insurance Scientific Consultative Forum, underlying scientific support in each professional subject		Implementation		E			
		Prepare a fundamental curriculum for education		Proposal and implementation		K			
		University lectures, scientific publications		Implementation		E			

T	The projected goal has been fulfilled	K	To be launched later (future date)	E	Proceeding as scheduled, or remained within the budget limits	I	Action postponed due to regrouping / change in priorities
---	---------------------------------------	---	------------------------------------	---	---	---	---

Goals and tasks set		Measures projected	Actions to be taken in 2013	Achievement
II. Ensure safe, still profitable management of the NDIF's assets	Implement safe asset management that eliminates risks as much as possible	In portfolio management, strict benchmarking that smoothes out the fluctuations of portfolio performance	Implementation	T
		Prepare for adoption of premium payment differentiated by risk	To be implemented subject to the EU Directive	K
	Participate in fast crisis management	Complement the financial crisis plan with the effective date of the bond issuance initiated by the NDIF	Proposal and implementation	E
		Prepare a new premium policy proposal (analysis)	Implementation	T
		Develop a proposal that increases the efficiency of crisis prevention	Implementation	T
III. Maximise recovery of the expenses of deposit insurance	Effective management of liquidation assets, maximum return on the NDIF's deposit insurance expenditures	Utilising our representation in the SB of Hitelintézet Felszámoló Közhasznú NKft. (Credit Institution Liquidator Public Benefit Non-Profit Ltd.), gain direct insight in the liquidation process	Implementation	E
		Closely monitor the activity of liquidators	Implementation	E
		Conclude broad standby agreements with agent banks	Proposal and implementation	E

		T	The projected goal has been fulfilled	K	To be launched later (future date)	E	Proceeding as scheduled, or remained within the budget limits	I	Action postponed due to regrouping / change in priorities
Goals and tasks set		Measures projected		Actions to be taken in 2013		Achievement			
IV. Improve operating efficiency and safety	Strengthen institutional preparedness and response capability	Comply with the international deposit insurance standards reviewed in 2013 (IADI-BCBS Deposit Insurance Principles), initiate amendment of legislation if necessary		Proposal and implementation		E			
		Create internal incentives to increase efficiency		Proposal and implementation		E			
		Rationalise availability of operating software, acquire new security back-up software		Proposal and implementation		T			
		Extend internal risk analysis and incorporate its control in the process		To be implemented subject to the EU Directive		K			
		Establish a back-up IT site		Implementation		T			
		Exchange European and international experience, adopt innovations		Proposal and implementation		E			
	Develop an operating environment that generates customer satisfaction, intensify corporate social responsibility	Train member institution staff (E-learning)		Implementation		E			
	Facilitate coordinated cooperation of the institutions that comprise the safety net of the credit institution system in case of crisis	Participate in the work of the Financial Stability Council (compliance with international recommendations, more specifically, the deposit insurance standard)		Implementation		I			
		Participate in a coordinated crisis simulation exercise with the HFSA, the CBH and the NDIF				I			

Publisher:

National Deposit Insurance Fund of Hungary

Phone: + 36 (1) 214-0661

Web: www.oba.hu

E-mail: info@oba.hu



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



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



<http://youtu.be/CnVxmM9o7Yo>

Write us: 1027 Budapest, Pf. 793.

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

Completed on 28 May, 2014

© *National Deposit Insurance Fund, 2014*