

ANNUAL REPORT 2017



National Deposit
Insurance Fund
of Hungary

SAFE DEPOSIT ASSURED REFUND.



TABLE OF CONTENTS

1	CONSUMER PROTECTION AND EDUCATION	4
2	OBA MANAGEMENT AND OPERATION	6
3	SAVINGS AND DEPOSITS AND THEIR COMPOSITION	10
4	OBA FEE REVENUES AND FUNDING RATIO	12
5	BALANCE SHEET	16
6	ASSETS, FINANCIAL STANDING, PROFITABILITY	20
7	EVENTS OF THE LIQUIDATION PROCESSES IN PROGRESS	44
8	INTERNATIONAL ACTIVITY	58
9	BALANCE SHEET	72
10	INSTITUTIONAL OBJECTIVES AND MEDIUM-TERM STRATEGY	78
11	ANNEX NO. 1-2	80



OBA conducts biannual surveys on the knowledge of the population about deposit insurance, targeting the household segment aged between 18 and 70, the members of which have banking relations. The research did not only aimed at assessing the lexical knowledge of deposit insurance but looked at the trust of the population in a wider sense, providing a certain overview of the safety attitude towards the banking sector and bank deposits.

One of the most important findings of the research is that there are fewer and fewer people in Hungary who are afraid the banks becoming insolvent and hope to be protected by deposit insurance.

MAIN RESULTS OF RESEARCH:

Hungary: a safe country

46% of the respondents believe that their savings are in the best place in Hungary (and not abroad) compared to the 27% who thought the same in 2015.

More than 50% of the respondents think of the Hungarian credit institutions and deposits placed there are safe. The respective figure was more than 50% in 2015.

There has been a major decline in the „bankruptcy feeling” of the respondents who had banking relations. Only 21% of the respondents thought that a credit institution would go bankrupt within 1 year compared to 34% who thought the same in 2015.

Deposit insurance as a legal instrument increasing general awareness

The percentage of those who believe that bank deposits should be protected (spontaneous awareness), with compensation for depositors in case of the insolvency of their bank has gone up to 75% (63% in 2015), yet the supported awareness of deposit insurance remained 60%, the same as measured in 2015.

OBA: growing awareness

There has been a significant increase in OBA's spontaneous awareness (from 32% in 2015 to 55% in 2017) and in OBA's supported awareness (from 29% to 43%) presumably due to the recent media reports, in which OBA was presented as the deposit insurance institution.

What would you do if you heard that your bank went bankrupt?

A new aspect was added to the research to assess what respondents would do if they heard news about their bank going „bankrupt” soon. Most of them would try and find more information (47%) but many would rush to their bank to take out their money (21%) or would transfer their savings to a different bank (16.4%). Only 10.5% said that they would not do anything because they trusted the Hungarian banking system.

Deposit insurance limit dramatically low awareness

The 4% awareness of the EUR 100,000 deposit insurance limit is very low and has been decreasing over the last 2 years (2015: 9%).

COOPERATION IN EDUCATION, RESEARCH AND PUBLICATION

University lectures

In March 2017 an OBA member of staff gave an overall presentation on the deposit insurance and investor protection compensation cases of the recent past under the title of „Information collection and supply - What we learn from or not” at a conference organised at the University of Miskolc in relation to the Money Week International Financial Education initiative.

Then the OBA employees gave educational presentations to university students studying on masters courses at the University of Miskolc in April and at Corvinus University, Budapest, in May.

Scientific publications

As a result of cooperation with higher education and PhD students in research and publication one of OBA's employees and a PhD student published a shared scientific publication under the title of: “Compensation experience of the National Deposit Insurance Fund concerning the age composition of depositors and the distribution of deposit amounts ” in Hitelintézetek Szemle (Credit Institutions Review) during the year.

2

OBA MANAGEMENT AND OPERATION

ACTIVITIES OF OBA

The main responsibility of OBA is to compensate depositors if the Authority has delivered its decision adopted under Section 33(1) of the Credit Institutions Act or pursuant to Section 17/T(5) of Act CXXXV of 2013 on the Integration of Credit Institutions Set Up as Cooperative Societies and on the Amendment of Regulations Relating to the Economy, or if liquidation proceedings have been opened, on the first day following the publication of the court order on liquidation (hereinafter referred to as day of the opening of the compensation procedure) and shall effect all compensation payments to the depositor within twenty working days with the exception of blocked deposits, deposits involved in inheritance procedures, guardianship authority deposits requiring further measures and deposits in the case of which the beneficiary of the compensation cannot be notified or be established clearly.

Pursuant to Section 132 (7) of Act XXXVII of 2014 on the development of the institutional framework intended to enhance the security of members of the system of financial intermediation (hereinafter referred to as Resolution Act), the operational tasks of the Resolution Fund shall also be performed by the staff of OBA under the control of the OBA executive director.

Pursuant to the provisions of section 223. (11) of Act CXX. of 2001 on the capital market BEVA (Investor Protection Fund) does not have its own working organisation. All the tasks of operation are performed by the members of staff of OBA under the control of the OBA deputy executive director.

OBA BOARD OF DIRECTORS AND CONTROL

BOARD OF DIRECTORS

The Fund is controlled by the Board of Directors which consists of the following members

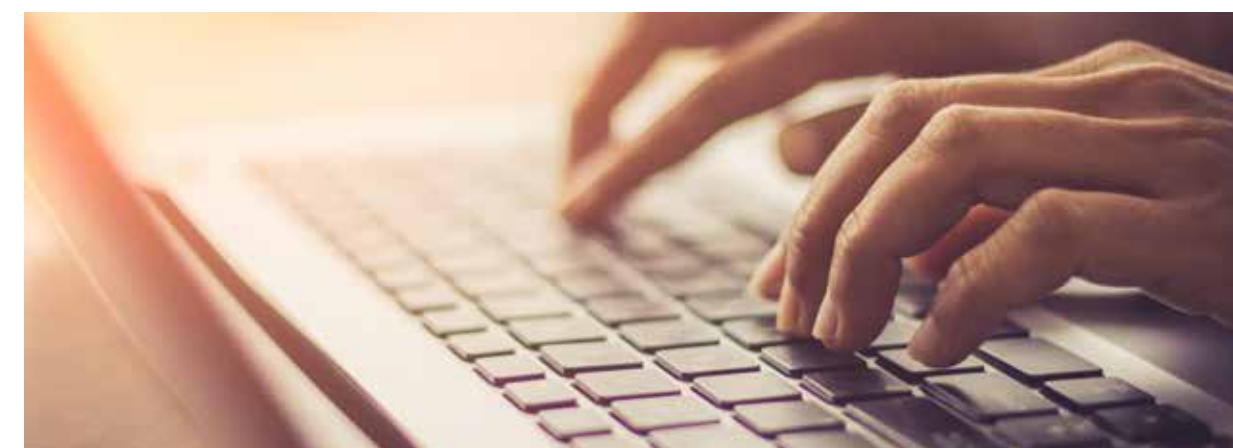
- Minister of State for Financial Affairs at the Ministry for National Economy (NGM)
- Deputy Governor of Magyar Nemzeti Bank (MNB) responsible for the oversight of financial organisations and for consumer protection,
- Director of the Resolution Directorate of MNB
- General Secretary of the Hungarian Banking Association (MBSZ)
- Senior Legal Counsel of the Hungarian Banking Association (MBSZ)
- officer designated by the Integration Organisation of Cooperative Credit Institutions (SZHISZ) as OBA ügyvezető igazgatója.
- executive director of OBA.

The Board of Directors elects a chair and a deputy chair annually from its members. In 2017, the presidential tasks were performed by Dr. László Windisch, Deputy Governor of MNB responsible for the oversight of financial organisations and consumer protection, while the tasks of the deputy president were performed by dr. Levente Kovács, Secretary General of the Banking Association (MBSZ).

OBA MEMBER INSTITUTIONS AT THE END OF 2017

At the beginning of 2017 OBA had 85 members, but during 2017 the number of the members decreased by 40 credit institutions (38 mergers and 2 terminations).

On 31 December 2017 OBA had 45 credit institution members of the following composition: 32 banks and specialised credit institutions (including 4 home savings institutions) and 13 savings cooperatives.





3

SAVINGS AND DEPOSITS AND THEIR COMPOSITION

SAVINGS AND DEPOSITS AND THEIR COMPOSITION

At the beginning of 2017, the total savings deposited in credit institutions amounted to **HUF 19,321,506,489** th, HUF 847,496,871 th **higher** (4.6 % increase) than the portfolio recorded one year ago. The **average insured deposit** by client was **HUF 1,505 th** reflecting almost 9.5% increase compared to the figure of the previous year.

TABLE 1: SAVINGS DEPOSITED IN CREDIT INSTITUTIONS*

DEFINITION	BEGINNING OF 2016	BEGINNING OF 2017	2016 = 100%
Deposits	16 612 337 114	17 938 154 972	108,0
Of which: savings de-posit	455 611 277	425 312 432	93,4
other deposits	16 156 725 837	17 512 842 540	108,4
Securities	1 767 883 774	1 299 961 284	73,5
Interest payable	93 788 730	83 390 233	88,3
TOTAL	18 474 009 618	19 321 506 489	104,6

(data in HUF th)

*OBA receives the annual reports of financial institutions in June of the subsequent year, and therefore the table contains the data of the reports of the previous year.

TABLE 1

BREAKDOWN OF SAVINGS BY PROTECTION

In 2017 the insured deposits grew by HUF 1,197,681,417 th in absolute terms reflecting 3.1 percentage point increase in total savings portfolio since the previous year. Within the total savings portfolio the ratio of deposits insured by OBA was 74.3% at the beginning of 2017. (In 2016 the respective figure was 71.2%.)

Within the total deposit portfolio the tendency of the uninsured portfolio turned down and dropped in total by 3.3 percentage points in 2017.

BREAKDOWN OF SAVINGS BY PROTECTION

Definition	2016 Opening			2017 Opening		
	Insured by OBA	Guaran-teed by the State	Not insured	Insured by OBA	Guaran-teed by the State	Not insured
Deposits	76,7	0,2	23,1	79,0	0,4	20,6
Of which: savings de-posit	88,1	4,2	7,7	85,1	14,1	0,7
other deposits	76,4	0,1	23,5	78,8	0,1	21,1
Securities**	21,2	23,6	55,2	13,0	34,3	52,7
Interest payable	35,7	0,8	63,5	25,0	0,5	74,5
TOTAL	71,2	2,5	26,3	74,3	2,7	23,0

(data in %)

* The data are affected by the changes in the bond portfolio Eximbank, guaranteed by the state, considering that in the previous years the same bonds were included in the non-insured portfolio.
Source: OBA

TABLE 2

4

OBA FEE REVENUES
AND FUNDING RATIO

OBA FEE REVENUES

The sources of OBA revenues (Section 232 of the Credit Institutions Act) include the single joining fee and the regular and extraordinary payments made by the member institutions.

a) Joining fee

All credit institutions that are licensed to collect deposits shall pay a single joining fee to the Fund when they become a member institution. The joining fee equals 0.5 per cent of the subscribed capital of the member institution. In 2017 there was no joining member.

b) Annual fee payment

Until 3 July 2015 the fee was paid on the basis of the insured savings portfolio and then, in compliance with the entry into force of the modified provisions of the Credit Institutions Act, the paid fee was based on the compensation obligation. The annual fee cannot be higher than 0.3 per cent of part of the deposit portfolio insured by the Fund and eligible for compensation, kept by the member institution (together with the pro-rata interest) on 31 December of the previous year [Section 234 (2) of the Credit Institutions Act].

Pursuant to article 13 (2) of the 2014/49 EU Directive of the European Parliament and of the Council on deposit insurance systems and the EBA/GL/2015/10 guide-lines of the European Banking Authority on the methods for calculating contributions to deposit guarantee schemes, the board of directors of OBA defined the basic fee payable by the member institutions (65%) the Adjustment coefficient (115.64%) and the contribution ratio (0.175%) for the year.

The table below illustrates, with a sectoral breakdown, the correlation of the payable fee and the specific theoretical compensation obligation within the banking sector (specific fee).

SPECIFIC FEE*

Type of credit institution	Payable fee (HUF thousand)				Fee for HUF 1,000 theoretical compensation (in HUF)	
	in 2016	in 2017				
		Total fee	Basic fee	Risk-based fee	2016	2017
Bank	12 010 684	12 748 424	8 205 189	4 543 235	1,75	1,76
Savings Cooperative	1 766 955	1 775 744	1 094 330	681 414	1,75	1,85
Home savings institution	958 626	1 089 044	671 844	417 200	1,75	1,84
Credit cooperative	3 591	-	0	0	1,75	-
Grand total	14 739 856	15 613 212	9 971 363	5 641 849	1,75	1,78

*The data do not contain any differences resulting from the increased fees, therefore the balance sheet figures may be different.
Source: OBA

TABLE 3

(data in HUF and HUF tn)

FUNDING RATIO

The internationally accepted indicator of the asset position, i.e., funding of the de-posit insurance institutions, is the funding ratio, which compares the liquid assets of OBA to its theoretical compensation obligation at the member institutions at a particular time. If credit institutions are liquidated, the funds available for the com-pensation of depositors originate primarily from two sources of revenue: the de-posit insurance fees paid by the member institutions in the current year or earlier and the proceeds from the return of the invest-ment of the accumulated assets into government securities.

FUNDING RATIO BETWEEN 2013 AND 2017.

Definition	Beginning of 2013	Beginning of 2014	Beginning of 2015	Beginning of 2016	Beginning of 2017
OBA compensation obligation (HUF th)	8 753 177 458	8 182 410 326	8 134 784 217	8 422 774 636	8 779 093 041
OBA assets (HUF th)*	76 617 203	91 982 145	9 132 076	17 496 020	26 904 527
Funding ratio %**	0,88	1,2	0,1	0,2	0,3
Average fee rate (%)	0,6	1,0	1,4	1,75	1,78

*Book value of the assets of OBA at the end of the previous year (opening figure of the current year) - kept in securities. **Compared to the currently effective compensation obligation.
Source: OBA

TABLE 4

1. FIGURE: OBA COMPENSATION OBLIGATION AND FUNDING RATIO





5

BALANCE SHEET

INTANGIBLE ASSETS

The purchase cost of intangible assets is accounted with allocations to the years of the expected useful life of the asset indicated below:

- the write off period of the purchase cost of rights and titles is 6 years
- while the write off period of intellectual property was defined as 3 years.

Contrary to the above, the Fund is likely to use the compensation payment system capitalised in 2014 for 10 years, i.e., the product will be written off in 10 years.

A considerable part of the intangible assets consists of software purchased by the Fund. The purchase cost of these assets entered into the books is the purchase value. Individual valuation was applied to each asset. For software products, the Fund does not apply any residual value and accounts depreciation with the straight-line method, based on the gross value, on a pro rata basis, from the date of the capitalisation of the asset.

The Fund recognised intangible assets of low value in one lump sum as an immediate expense, while for intellectual property 33% depreciation rate was applied. In 2017 the tangible assets expanded by HUF 33,449 th.

VARIATION IN THE PORTFOLIO OF INTANGIBLE ASSETS IN THE CURRENT YEAR

Definition	Gross value	Depreciation
01.01.2017 opening	182 891	141 936
Increases in the current year (capitalisation)	33 449	0
Sales in the current year	0	0
Scrapping in the current year	0	0
Depreciation in the current year	0	7 388
31.12.2017 closing	216 340	149 324

Source: OBA

(data in HUF th)

TABLE 5

TANGIBLE ASSETS

The tangible assets of the Fund include assets required for operation, refurbishment completed in least buildings, computer technology devices, administration technology devices and office equipment.

Just as in the case of intangible assets, the individual valuation is applied to each asset here too. Depreciation is accounted with the straight-line method, based on the gross value, on a pro rata basis, from the date of capitalisation of the asset. The low-value tangible assets were depreciated in one lump sum when they are put into use.

At the Fund the IT equipment represent a great portion of tangible assets. Their net value after depreciation was HUF 16,121 th on 31.12.2017, the net value after depreciation of administration equipment was HUF 1,260 th on 31.12.2017, and the net value after depreciation of technical equipment (server log-in system, dishwasher, refrigerator) was HUF 800 th on 31.12.2017.

COMPOSITION OF TANGIBLE ASSETS

Definition	31.12.2016 HUF th	Control effect	31.12.2017 HUF th	Variation	
				HUF th	%
Real estate and related rights and titles	3 495	0	3 252	-243	93,05
-building, part of a building	3 495	0	3 252	-243	93,05
Equipment, fittings and vehicles	26 664	0	19 830	-6 834	74,37
- technical administration equipment	1 983	0	1 260	-723	63,52
- technical equipment	1 504	0	800	-704	53,16
- IT equipment	21 316	0	16 121	-5 195	75,63
- furniture	1 861	0	1 650	-211	88,66
- other	0	0	0	0	0,00
Capital investments	746	0	4 554	3 808	610,46
Total:	30 905	0	27 636	-3 269	89,42

Source: OBA

TABLE 6

(Data: net value, in HUF th and %)

In 2017 the Fund had HUF 4,554 th assets in construction. The assets included in the closing balance of as-sets in construction are capitalised simultaneously with their commissioning during the first months of 2018.

MAJOR CHANGES IN THE PORTFOLIO

Item / HUF th	opening	increase	decrease	restate-ments +-	closing
GROSS VALUE	84 198	45 688	38 180	0	91 706
Real estate and related rights and titles	8 754	1	0	0	8 755
Equipment, fittings and vehicles	74 698	4 215	516	0	78 397
Assets in construction	746	41 472	37 664	0	4 554
DEPRECIATION	53 293	11 293	516	0	64 070
Real estate and related rights and titles	5 259	244	0	0	5 503
Equipment, fittings and vehicles	48 034	11 049	516	0	58 567
NET VALUE	30 905	34 395	37 664	0	27 636
Real estate and related rights and titles	3 495	-243	0	0	3 252
Equipment, fittings and vehicles	26 664	-6 834	0	0	19 830
Assets in construction	746	41 472	37 664	0	4 554

Source: OBA

TABLE 7.

(data in HUF th)

Among the deprecation of assets, only the scheduled depreciation was account-ed.

TANGIBLE ASSETS - INDICATORS

Definition	31.12.2016 (%)	31.12.2017 (%)	Variation (%)
Ratio of tangible assets within financial investments:	43,01	29,20	-13,81
Ratio of tangible assets within total assets	0,03	0,03	0,00
Degree of wear and tear:	62,97	69,86	6,89

(data in %)

FINANCIAL INVESTMENTS

OBA does not have any financial investments.

INVENTORIES

The inventories of OBA include 5,000 OBA Deposit Insurance Cards (HUF 495 th).

RECEIVABLES

The Fund records fee receivables from member institutions (the value of which was zero on the cut-off date), receivables assigned to the Fund, receivables from credit institutions and other receivables among its receivables.

The Fund valued the receivables on individual basis and impairment is recognised according to the individ-ual valuation.

The deposit insurance expenses, shown as creditor claims, represented a signifi-cant amount within the OBA receivables.

The Fund considers justified to recognise a higher impairment on the amounts of receivables resulting from the costs of compensation payments assigned to mem-ber institutions subject to winding up and liquidation, the degree of which may reach 100%.

The costs of compensation payment were classified in category f) according to the law; according to our experience to date, these costs are generally not recovered.

The types of expenses of compensation are specified in OBA's compensation pol-icy. Pursuant to the provisions of Act CCXXVII. of 2013 on Credit Institutions and Fi-nancial Enterprises (Credit Institutions Act) and Act XLIX. of 1991 on bankruptcy and liquidation procedure (hereinafter referred to as Bankruptcy Act), OBA submits its creditor claim against the receiver/liquidator in the following breakdown:

- expert fees relating to compensation
- bank charges of the administration of payments made in the form of trans-fers
- Cost of administration of payments made with OBA deposit insurance cards
- costs of payments made with postal remittance orders
- expenses of mandatory and other disclosures required under the Credit In-stitutions Act
- costs of notification of parties eligible for compensation
- customer service and telephone expenses, which are accounted according to the call list of the customer service.

The Fund pays the certified expenses incurred in relation to compensation on the basis of invoices issued to it and then accounts them as a receivable from the credit institution being wound up/liquidated. These items are reported in OBA's profit and loss account as impairment recognised on receivables among the ex-penditures.

As a result of the inspection of the closing balances of 2015, in 2016 HUF 3,711,701 th was booked as an amendment of recognised impairment on the basis of the es-timates of the liquidator of Soltvadkert Region Savings Cooperative “u.l.”. This item is included in the „Inspection effect” middle column of the balance sheet of 2016 as an amendment in the opening balance of receivables. The item modified the 2015 profit, which is also shown in the „Control effect” column among the Liabili-ties of the report. The adjustment item was added to the middle column as the amendment of the opening balance of the other deposit insurance expenditures in the 2016 profit and loss account.

The adjustment amounts are included in the middle column of the asset and liabil-ity side of the balance sheet included in the 2017 annual financial statement, be-cause in the balance sheet of the 2016 annual

financial statements the data of 31.12.2016 were presented without the impacts of the adjustments of the previous years. Consequently, the middle column of the financial statements for the current year adjusts the opening receivables of 2016 on the assets side, and the adjust-ment is made to the reserves on the liabilities side, without any change in the profit.

The figures of 2017 are recorded among the assets and liabilities of the balance sheet in the amounts that match the amounts stated in the General Ledger.

DECLARATIONS MADE BY RECEIVERS AND LIQUIDATORS

The liquidators provide declarations on the expected recovery of the deposit in-surance expenses expressed as creditor claims. The impairment to be recognised is calculated on the basis of those declarations.

IMPAIRMENT RECOGNITION RATES APPLIED TO RECEIVABLES

Definition	Rate
Under liquidation	individual
Under bankruptcy	individual
In consultation for a bankruptcy agreement	individual

The amount of deposit payments made during compensation in 2017 is included in the row of receivables assigned to the Fund in the amount of HUF 223,290,698 th, of which HUF 158,576,033 th was recognised as impairment based on the declaration of the liquidators on the expected recovery.

The Fund accounts compensation amounts transferred to agent banks and the Post involved in the compensation in the same amount as indicated on the bank statement for the same day when the transfer was made, as receivables from member institutions, irrespective whether or not the injured party actually collect-ed the transferred amount. OBA does not record any receivable from credit institu-tions during the period between the transfer and receipt, considering that the compensated depositor can dispose over the transferred amount. Compensation amounts not collected by the depositors (due to death, change of address, wrong address, etc.) are returned into OBA's account.

Depositors may collect the amounts transferred under the title of compensation by the deadline specified in their agreement concluded with the agent banks. After the deadline specified in the agreements, OBA and the agent bank conduct a set-tlement process and the uncollected deposits are returned.

Pursuant to the agreement concluded with TakarékJBank Zrt.: “If the client does not collect the compensa-tion amount within a year calculated from the first month that follows the start date of the compensation procedure, the Agent shall return the respective funds into the Principal's bank account.”

In 2016 the receivables from TakarékJBank Zrt. was HUF 162,449 th compensation financed by TakarékJBank (paid out on behalf of behalf of TakarékJBank). TakarékJBank reimbursed that amount in 2017 pursuant to the settlement made ac-cording to the contract between OBA and TakarékJBank Zrt. As a result of the pay-ments made in 2017, on 31.12.2017 in total HUF 7,033 th receivables were recorded under that title.

The receivables from member institutions dropped by -HUF - 5,307,456 th since the base period, of which:

- the receivables transfered in relation to deposit payments declined by HUF 16,576,369 th due to the re-covery of the deposit amounts, paid out in com-pensation for wound up or liquidated member institutions
- the impairment increased by HUF 11,268,900 th,
- the expenses of compensation for deposits grew by HUF 2,101 th,
- while the impairment on expenditure rose by HUF 2,088 th.

COMPOSITION OF RECEIVABLES

Definition	2016 HUF th	Control effect	2017 HUF th	variation	
				HUF th	%
Receivables from member institutions	73 750 596	-3 711 701	64 731 439	-5 307 456	-7,6
- fee receivables from member institutions	25 462	0	25 462	0	0,0
- impairment on fee receivables from member institutions	-25 462	0	-25 462	0	0,0
- receivables assigned in relation to the payment of deposits	239 867 067	0	223 290 698	-16 576 369	-6,9
- impairment on receivables assigned in relation to the payment of deposits	-166 133 232	-3 711 701	-158 576 033	11 268 900	-6,6
- auxiliary expenses incurred in relation to the payment of deposit	949 345	0	951 446	2 101	0,2
- impairment on auxiliary expenses incurred in relation to the payment of deposits	-932 584	0	-934 672	-2 088	0,2
Other receivables from credit institutions	162 449	0	7 033	-155 416	-95,7
- receivables from credit institutions (Takarékbank)	162 449	0	7 033	-155 416	-95,7
= impairment on receivables from credit institutions	0	0	0	0	N/A
- from the redemption of guarantees and obligations with re-course	0	0	0	0	N/A
- impairment due to the redemption of guarantees and obliga-tions with recourse	0	0	0	0	N/A
Other receivables:	2 635 429	0	2 471 810	-163 619	-6,2
- Receivables from the supply of goods and services	0	0	0	0	N/A
- Interest-free home loans	0	0	0	0	N/A
- Advances paid	0	0	0	0	N/A
- restated tax liability	668	0	402	-266	-39,8
- other receivables	2 634 761	0	2 471 408	-163 353	-6,2
= receivable from the liquidator in relation to compensation not yet paid	2 633 621	0	2 470 681	-162 940	-6,2
= domestic trade receivables	0	0	0	0	N/A
= receivables from resident customers, employees	507	0	270	0	0,0
= replenishment of the stamping machine	422	0	293	-129	-30,6
= receivables from litigation	161	0	114	-47	-29,2
= security deposit for the leased garage	50	0	50	0	0,0
Total:	76 548 474	-3 711 701	67 210 282	-5 626 491	-7,7

Source: OBA

TABLE 8

(data in HUF th and %)

The receivables from credit institutions dropped by HUF 155,416 th as a result of the settlement with TakarékBank Zrt, the agent bank involved in the compensa-tion process.

The other receivables shrank by HUF 163,619 th, of which the dominant item was the HUF 162,940 th reduction in the claims that had not been paid yet. The amounts of compensation not yet paid but likely to be paid out and receivables reported to the liquidator were restated into the other receivables in the amount of HUF 2,470,681 th.

The outstanding receivables

- include membership fees not paid by liquidated member institutions, which was reported as a creditor claim (HUF 25,462 th),
- -receivables transferred in relation to deposit payout (HUF 223,290,698 th),
- -and the additional expenses incurred in relation to deposit payout (HUF 951,446 th).

In total HUF 159,536,167 th impairment was recognised.

VARIATION IN RECEIVABLES AND IMPAIRMENT PURSUANT TO THE ACCOUNTING ACT

Item / HUF th	Accounting Act opening	increase	decrease	reversal	Accounting Act closing
Fee receivables from member institutions	25 462	0	0	0	25 462
Receivables assigned in relation to the payment of deposits*	240 816 412	89 164	16 663 432	0	224 242 144
Total	240 841 874	89 164	16 663 432	0	224 267 606

(data in HUF th)

Item / HUF th	Accounting Act adjusted opening	increase	decrease	reversal	Accounting Act closing
Impairment on fee receivables from member institutions	25 462	0	0	0	25 462
Impairment on receivables assigned in relation to the payment of deposits*	170 777 517	1 252 165	0	12 518 977	159 510 705
Total	170 802 979	1 252 165	0	12 518 977	159 536 167

(data in HUF th)

*At Soltvadkert and Region Savings Cooperative"u.l." the opening recognised impairment does not include self audit item relating to 2015.

As a result of the audit of the opening figures conducted in 2016 HUF 3,711,701 th adjustments were present-ed as an amendment of the recognised impairment, i.e., an increase in impairment.

OBA paid out HUF 258,189,618 th in compensation for deposits not protected by a state guarantee, and its expenses relating to the compensation payments amounted to HUF 951,362 th. In view of the estimates of the liquidators of the member institutions concerning the estimated recovery, the impairment on com-pen-sation payments is HUF 159,510,705 th.

RECEIVABLES FROM LIQUIDATORS BY MEMBER INSTITUTION

Definition HUF th	Amount of com-pensation paid on deposits not protected by state guarantee	Amount of costs relating to the compensation paid on deposits not protected by state guarantee	Recourse obligation	Impairment opening	Impairment closing	Return on assets	Closing book value of compensation paid on deposits not protected by state guarantee	OBA outstanding closing book value of the receivables
Heves és Vidéke Tksz. «f.a.»	262 127		0	0	0		262 127	262 127
Heves és Vidéke Tksz. «f.a.» járulékos költség		16 690	0	0			0	16 690
Általános Közlekedési Hitelszövetkezet «f.a.»	3 184 701		0	2 607 168	2 471 091	476 586	237 024	2 708 115
Általános Közlekedési Hitelszövetkezet «f.a.» auxiliary expenses		12 119	0	12 117	12 119		0	12 119
„Jógazda” Szövetkezeti Takarékpénztár «f. a.»	9 009 885		0	6 261 411	6 191 113	2 341 244	477 528	6 668 641
„Jógazda” Szövetkezeti Takarékpénztár «f.a.» auxiliary expenses		33 015	0	33 006	33 015			33 015
Soltvadkert és Vidéke Takarékszövetkezet «f.a.»	33 531 748		0	28 124 698	27 329 303	4 903 035	1 299 410	28 628 713
Soltvadkert és Vidéke Takarékszövetkezet «f.a.» auxiliary expenses		99 983	0	99 983	99 983			99 983
Körmend és Vidéke Takarékszövetkezet „f.a.”	22 961 959		0	16 460 906	10 730 856	2 740 223	9 490 880	20 221 736
Körmend és Vidéke Takarékszövetkezet «f.a.» auxiliary expenses		87 617	0	87 606	87 617		0	87 617
Orgovány és Vidéke Takarékszövetkezet „f.a.”	46 679 263		0	24 987 658	24 538 194	9 648 569	12 492 500	37 030 694
Orgovány és Vidéke Takarékszövetkezet «f.a.» auxiliary expenses		178 315	0	177 981	178 315		0	178 315
Alba Takarékszövetkezet „f.a.”	7 089 589		0	2 843 452	1 349 765	1 744 224	3 995 600	5 345 365
Alba Takarékszövetkezet „f.a.” auxiliary expenses		71 612	0	71 571	71 612		0	71 612
Széchenyi Hitelszövetkezet „f.a.”	8 898 855		0	6 164 335	5 753 811	2 145 044	1 000 000	6 753 811
Széchenyi Hitelszövetkezet «f.a.» auxiliary expenses		28 744	0	28 725	28 744		0	28 744
Széchenyi Kereskedelmi Bank „f.a.”	13 547 566		0	8 354 761	7 303 806		6 243 760	13 547 566
Széchenyi Kereskedelmi Bank „f.a.”auxiliary expenses		21 390	0	21 354	21 390		0	21 390
Tisza Takarékszövetkezet „f.a.”	8 531 365		0	1 657 212	760 507		7 770 859	8 531 365
Tisza Takarékszövetkezet „f.a.” járulékos költség		39 898	0	39 728	39 897		0	39 898
BRB Buda Regionális Bank «f.a.»	19 213 808		0	15 056 402	15 097 932	1 437 870	2 678 006	17 775 938
BRB Buda Regionális Bank «f.a.» auxiliary expenses		77 039	0	76 533	77 039		0	77 039
DDB Dél-Dunántúli Takarékbank «f.a.»	23 250 493		0	18 884 837	18 960 493		4 290 000	23 250 493
DDB Dél-Dunántúli Takarékbank «f.a.» auxiliary expenses		90 914	0	90 647	90 914		0	90 914
DRB Dél-Dunántúli Regionális Bank «f.a.»	22 624 646		0	15 119 467	13 633 646	4 495 500	4 495 500	18 129 146
DRB Dél-Dunántúli Regionális Bank «f.a.» auxiliary expenses		77 503	0	77 174	77 503		0	77 503
ÉRB Észak-Mo.-i Regionális Bank «f.a.»	39 403 613		0	23 322 627	24 455 517	4 967 916	9 980 180	34 435 697
ÉRB Észak-Mo.-i Regionális Bank «f.a.» auxiliary expenses		116 523	0	116 158	116 523		0	116 523
Total:	258 189 618	951 362	0	170 777 517	159 510 705	34 900 211	64 713 374	224 240 770

(data in HUF th)

*The data also include the balance of compensation payments of deposits guaranteed by the state.
Source: OBA

Based on the estimates of the liquidators of the member institutions HUF 99,613,585 th (38.6%) recovery may be expected from the HUF 258,189,618 th compensation paid out during the total period of winding up or liquidation.

RECOVERY OF PAID OUT COMPENSATION

Name of bank (year of insolvency)	Amount of compensation paid on depos- its not protect- ed by state guarantee	Actual return on assets (al-ready received amount)	Expected fur-ther recovery	Recovery during the full period of the procedure	Breakdown of the paid com- pensation (%)	Weighted re-cov-ery in the amount of the paid compen- sa-tion (%)
Heves és Vidéke Takarékszövetkezet (1993)	262 127		262 127	262 127	0,10	0,10
Általános Közlekedési Hitelszövetkezet (2010)	3 184 701	476 586	237 024	713 610	1,23	0,28
Jógazda Takarékpénztár (2011)	9 009 885	2 341 244	477 528	2 818 772	3,49	1,09
Soltvadkert és Vidéke Takarékszövetkezet (2012)	33 531 748	4 903 035	1 299 410	6 202 445	12,99	2,40
Körmend és Vidéke Takarékszövetkezet (2014)	22 961 959	2 740 223	9 490 880	12 231 103	8,89	4,74
Orgovány és Vidéke Takarékszövetkezet (2014)	46 679 263	9 648 569	12 492 500	22 141 069	18,08	8,58
Alba Takarékszövetkezet (2014)	7 089 589	1 744 224	3 995 600	5 739 824	2,75	2,22
Széchenyi Hitelszövetkezet (2014)	8 898 855	2 145 044	1 000 000	3 145 044	3,45	1,22
Széchenyi Kereskedelmi Bank (2014)	13 547 566	-	6 243 760	6 243 760	5,25	2,42
Tisza Takarékszövetkezet (2014)	8 531 365	-	7 770 859	7 770 859	3,30	3,01
BRB Buda Regionális Bank (2015)	19 213 808	1 437 870	2 678 006	4 115 876	7,44	1,59
DDB Dél-Dunántúli Takaréék Bank (2015)	23 250 493	-	4 290 000	4 290 000	9,01	1,66
DRB Dél-Dunántúli Regionális Bank (2015)	22 624 646	4 495 500	4 495 500	8 991 000	8,76	3,48
ÉRB Észak-mo-i Regionális Bank (2015)	39 403 613	4 967 916	9 980 180	14 948 096	15,26	5,79
Total / Average	258 189 618	34 900 211	64 713 374	99 613 585	100,00	38,58

(data in HUF th and %)

IMPAIRMENT ON RECEIVABLES

The Fund continued to recognise the impairment on the basis of the estimated and projected recovery figures obtained from the liquidators in 2017 too. The statements on estimated recoveries were received from the receivers of all credit institutions in the process of liquidation by the date of report preparation. The im-pairment figures are illustrated in *Annex 2*.

Even despite prudent estimates there may be significant discrepancies between the estimated recovery figures included in declarations of the liquidators submit-ted for the 2017 annual report and the actual future recovery figures.

In the financial year of the report HUF 12,518,977 th impairment was reversed, pri-marily as a result of the successful collection strategy applied by the liquidators.

DEPOSITS SECURED BY A STATE GUARANTEE AND PAID OUT BY OBA IN 1993-2017

The total compensation payment for deposits protected by a state guarantee, in-cluding the additional costs, amounted to HUF 491,998 th, of which the state transferred HUF 490,621 th to OBA based on the re-quest forms, and further HUF 1,377 th was requested in March 2018. HUF 38,104 th was recovered and paid by the liquidators of the member institutions for the state, and the respective amount was also transferred to the state.

DEPOSITS PROTECTED BY A STATE GUARANTEE

Definition HUF th	Compensation amounts of deposits secured by a state guarantee	Amount reimbursed by the staet	Recovery of the compensation amounts of deposits secured by a state guarantee
Heves és Vidéke Tksz. «f.a.»auxiliary expenses	0	0	
Általános Közlekedési Hitelszövetkezet «f.a.»	51 070	51 070	7 641
Általános Közlekedési Hitelszövetkezet «f.a.» auxiliary expenses	87	87	
„Jógazda” Szövetkezeti Takarékpénztár «f.a.»	44 042	44 042	11 277
„Jógazda” Szövetkezeti Takarékpénztár «f.a.» auxiliary expenses	88	88	
Soltvadkert és Vidéke Takarékszövetkezet «f.a.»	15 229	15 229	2 238
Soltvadkert és Vidéke Takarékszövetkezet «f.a.» auxiliary expenses	202	202	
Körmend és Vidéke Takarékszövetkezet „f.a.”	19 984	19 984	2 655
Körmend és Vidéke Takarékszövetkezet «f.a.» auxiliary expenses	56	56	
Orgovány és Vidéke Takarékszövetkezet „f.a.”	29 152	28 451	6 115
Orgovány és Vidéke Takarékszövetkezet «f.a.» auxiliary expenses	389	365	
Alba Takarékszövetkezet „f.a.”	7 241	7 241	1 884
Alba Takarékszövetkezet „f.a.” auxiliary expenses	513	512	
Széchenyi Hitelszövetkezet „f.a.”	0	0	
Széchenyi Hitelszövetkezet «f.a.» auxiliary expenses „f.a.”	0	0	
Széchenyi Kereskedelmi Bank „f.a.”	0	0	
Széchenyi Kereskedelmi Bank „f.a.”járulékos költség	0	0	
Tisza Takarékszövetkezet „f.a.”	28 015	28 015	0
Tisza Takarékszövetkezet „f.a.”auxiliary expenses	185	184	
BRB Buda Regionális Bank «f.a.»	157 996	157 406	11 455
BRB Buda Regionális Bank «f.a.» auxiliary expenses	705	663	
DDB Dél-Dunántúli Takaréék Bank «f.a.»	48 518	48 518	0
DDB Dél-Dunántúli Takaréék Bank «f.a.»auxiliary expenses	394	394	
DRB Dél-Dunántúli Regionális Bank «f.a.»	14 410	14 410	4 500
DRB Dél-Dunántúli Regionális Bank «f.a.» auxiliary expenses	117	117	
ÉRB Észak-Mo.-i Regionális Bank «f.a.»	73 249	73 249	9 866
ÉRB Észak-Mo.-i Regionális Bank «f.a.» auxiliary expenses	355	338	
Total:	491 998	490 621	57 631

(data in HUF th)

Source: OBA

DEPOSITS TO BE PAID OUT

The amounts shown in the table are included in the balance sheet among the other receivables (receiva-bles from credit institutions under liquidation and among the other liabilities (liabilities to depositors).

DEPOSITS NOT YET PAID OUT

Definition HUF th	Compensation not yet paid	Principal amount of compensation not yet paid	Interest of compensation not yet paid
Heves és Vidéke Tksz. «fa»	0	0	0
Rákóczi Hitelszövetkezet «fa»*	1 395	1 395	0
Reálbank «fa»*	76 659	76 659	0
Általános Közlekedési Hitelszövetkezet betét «fa»	548	548	0
„Jógazda” Szövetkezeti Takarékpénztár «fa»	113 805	113 805	0
Soltvadkert és Vidéke Takarékszövetkezet «fa»	12 909	12 909	0
Körmend és Vidéke Takarékszövetkezet „fa”	49 423	49 423	0
Orgovány és Vidéke Takarékszövetkezet „fa”	520 313	519 073	1 240
Alba Takarékszövetkezet „fa”	25 942	25 319	623
Széchenyi Hitelszövetkezet „fa”	25 393	25 368	25
Széchenyi Kereskedelmi Bank „f.a.”	406 186	405 386	800
Tisza Takarékszövetkezet „f.a.”	24 905	24 885	20
Buda Regionális Bank «fa»	156 015	155 973	42
DDB Dél-Dunántúli Takaréék Bank «fa»	227 788	227 755	33
DRB Dél-Dunántúli Regionális Bank «fa»	207 477	207 335	142
Észak-magyarországi Regionális Bank «fa»	699 976	699 831	145
Total:	2 548 734	2 545 664	3 070

* Closed and completed liquidation but under the currently effective laws and regulations there is no time limit for the deposits.
Source: OBA

(data in HUF th)

Modified, frozen deposits: HUF 309,772,685 thousand.

PAYMENTS MADE FROM THE FROZEN DEPOSIT PORTFOLIO BY MEMBER INSTITUTION

Definition	Total of frozen deposits	Payments made in the current year			Payments made		
		total	capital	interest	total	capital	interest
Heves és Vidéke Tksz.»f.a.»	1 389 091	0	0	0	262 127	262 127	0
Általános Közlekedési Hitelszövetkezet «f.a.»	3 329 643	0	0	0	3 184 701	3 149 846	34 855
„Jógazda” Szövetkezeti Takarékpénztár «f. a.»	9 849 564	0	0	0	9 009 885	8 794 131	215 754
Soltvadkert és Vidéke Takarékszövetkezet «f.a.»	35 845 276	54	54	0	33 531 748	33 077 355	454 393
Körmend és Vidéke Takarékszövetkezet „f.a.”	26 273 355	1 053	1 048	5	22 961 959	22 743 761	218 198
Orgovány és Vidéke Takarékszövetkezet „f.a.”	59 560 638	37 028	36 803	225	46 679 263	46 369 245	310 018
Alba Takarékszövetkezet „f.a.”	11 947 389	137	134	3	7 089 589	7 064 644	24 945
Széchenyi Hitelszövetkezet „f.a.”	8 951 717	542	542	0	8 898 855	8 795 521	103 334
Széchenyi Kereskedelmi Bank „f.a.”	21 000 653	3 806	3 789	17	13 547 566	13 221 350	326 216
Tisza Takarékszövetkezet „f.a.”	9 022 582	7 153	7 150	3	8 531 365	8 500 376	30 989
BRB Buda Regionális Bank «f.a.»	23 795 849	8 436	8 419	17	19 213 808	19 191 120	22 688
DDB Dél-Dunántúli Takaréék Bank «f.a.»	28 091 685	1 994	1 992	2	23 250 493	23 216 801	33 692
DRB Dél-Dunántúli Regionális Bank «f.a.»	25 004 700	5 179	5 179	0	22 624 646	22 561 783	62 863
ÉRB Észak-Mo.-i Regionális Bank «f.a.»	45 710 543	7 194	7 188	6	39 403 613	39 319 401	84 212
Total	309 772 685	72 576	72 298	278	258 189 618	256 267 461	1 922 158

Remark: Reason for changes in the frozen portfolios: deposit balancing against loan repayment upon the liquidator’s request in the case of a decrease in the portfolio and registration of deposits based on a court judgment in the case of an increase in the portfolio.
Source: OBA

(data in HUF th)

No compensation was paid between the cut-off date and date of preparation of the balance sheet.

The amount recovered and received from liquidated credit institutions decreased the ratio of receivables compared to both the current assets and the balance sheet total.

RECEIVABLES - INDICATORS

Definition	2016 %	2017 %
Receivables ratio (Receivables/Balance sheet total)	73,42	67,56
Receivables ratio (Receivables/Current assets)	73,80	67,95

(data in %)

Source: OBA

SECURITIES

According to the statutory requirements, the Fund invests the fees collected from member institutions into Hungarian government securities, more specifically, Hungarian government bonds and discount treasury bills. The records are kept on the basis of the purchase value. The Fund did not use the fair valuation principle during the current year.

On 31.12.2017 the book value of the liquid assets of OBA held in securities was HUF 31,458,751 th.

COMPOSITION OF THE SECURITIES PORTFOLIO

Definition	2016	Control effect	2017	variation	
				HUF th	%
Government securities	26 904 527	0	31 458 751	4 554 224	16,93
- Hungarian government securities	26 904 527	0	31 458 751	4 554 224	16,93
• Hungarian government bonds	25 976 185	0	30 550 517	4 574 332	17,61
• Discount Treasury bills	928 342	0	908 234	-20 108	-2,17
- Other securities	0	0	0	0	0,00
• MNB bonds	0	0	0	0	0,00
Total:	26 904 527	0	31 458 751	4 554 224	16,93

(data in HUF th, at book value and in %)

Source: OBA

The Fund keeps its investments in government securities, which are reported among the current assets and therefore no impairment is recognised on them.

SECURITIES - PORTFOLIO MOVEMENTS

Definition	opening	increase	decrease	closing
GROSS VALUE (book value)	26 904 527	40 790 079	36 235 855	31 458 751
Government securities	26 904 527	40 790 079	36 235 855	31 458 751
- Hungarian government securities	26 904 527	40 790 079	36 235 855	31 458 751
= Hungarian government bonds	25 976 185	38 170 359	33 596 027	30 550 517
= Discount Treasury bills	928 342	2 619 720	2 639 828	908 234
- other securities	0	0	0	0
= MNB bonds	0	0	0	0
IMPAIRMENT	0	0	0	0
NET VALUE	26 904 527	40 790 079	36 235 855	31 458 751
Government securities	26 904 527	40 790 079	36 235 855	31 458 751
- Hungarian government securities	26 904 527	40 790 079	36 235 855	31 458 751
= Hungarian government bonds	25 976 185	38 170 359	33 596 027	30 550 517
= Discount Treasury bills	928 342	2 619 720	2 639 828	908 234
- other securities	0	0	0	0
= MNB bonds	0	0	0	0

(data in HUF th)

Source: OBA

On 31.12.2017 the market value of the government securities portfolio was HUF 32,480,565 th.

MARKET, PURCHASE AND FACE VALUE OF THE SECURITIES PORTFOLIO

Definition	2017			
	Purchase value	Face value	Market value	Audited value
Hungarian government bonds	30 550 517	27 333 130	31 572 076	30 550 517
Discount Treasury bills	908 234	908 480	908 489	908 234
Total	31 458 751	28 241 610	32 480 565	31 458 751

(data in HUF th)

Source: OBA

SECURITIES - INDICATORS

Definition	31.12.2016 %	31.12.2017 %	Variation %
Share of securities in the current assets	25,94	31,80	5,86
Share of securities within the total assets	25,80	31,62	5,82

(data in %)

Source: OBA

CASH AND CASH EQUIVALENTS

The Fund recognises the liquid assets kept in the MNB current account to cover operating expenses and those released in the follow-up phase for compensation in progress (HUF 196,314 th), and the cash to be used for compensation and kept in other earmarked bank accounts (HUF 45,552 th), the amount kept in the securities settlement account (HUF 59 th) and in its petty cash stock (HUF 241 th) under the title of cash and equivalents.

The balance of the current account kept by MNB generates interest on a daily basis.

PREPAYMENTS AND DEFERRED EXPENDITURES

The Fund reports the pro rata interest earned on securities (HUF 423,527 th), the expenses to be passed on that are recognised by the Fund as revenues (HUF 40,143 th) and the listed operating expenses of the subsequent year (HUF 8,224 th) in the prepayments and deferred expenditures.

The deferred expenses include the expenses paid in 2017 but relating to the 2018 financial year, including, e.g., ceginfo online, law database subscriptions, the IADI 2017 annual membership fee, the pro-rata amounts of life and liability insurance and the software support fee and licence fees, which will be an expense for 2018.

VALUATION OF PREPAYMENTS AND DEFERRED EXPENDITURES

Definition	31.12.2016	31.12.2017
Deferred revenues	456 882	463 670
Pro rata deferred interest on government securities	396 408	423 527
Costs transferred to BEVA (2017 Q4)	20 117	22 195
Costs transferred to the Claim Settlement Fund (2017 Q4)	26 135	9 512
Amount to be re-invoiced to the Resolution Fund	14 211	8 436
Default interest	11	0
Deferred expenses		
Legal database, newspapers, ceginfo online	34	393
Membership fees	1 246	1 273
Liability insurance	1 374	3 078
Life insurance	203	234
Virtual software support	531	300
Rent	48	48
T-Systems -Microsoft licences	0	2 429
Subscription fees, 2018 calendars	164	180
WHS IT anti-virus licence	0	289
Motorway vignettes	86	0
Total	3 686	8 224
Grand total	460 568	471 894

(data in HUF th)

Source: OBA

PROVISIONS

No provisions were recognised in the reporting year.

LONG-TERM LIABILITIES

The National Bank of Hungary withdrew the operational licence of the member in-stitutions of the DRB Bank Group on 3 March 2015, and therefor the OBA compen-sation obligation applied pursuant to Section 217 (1) of the Credit Institutions Act. The market value of OBA assets in securities was HUF 11,900,000 th. The assets of the Fund would not have covered the compensations of the deposits of the four credit institutions.

In its resolution 13/2015. (22 May), the Board of Directors of OBA approved the pri-vate issue of OBA 2022/A BONDS by NDIF as registered and de-materialised bonds with variable interest for the total face value of HUF 107,700,000,000, matur-ing on 3 June 2022 and secured by a statutory unconditional guaran-tee of the Hungarian State (hereinafter referred to as “Bonds”).

As a result of the HUF 13,607,144 th prepayment made in 2017 from repayments and amounts recovered from liquidated member institutions the debt portfolio at the end of the year shrank to 56,989,291 th.

LONG-TERM LIABILITIES

Definition	Amount		Variation (base: 03.06.2015)		
Long-term liabilities	2015.06.03	2016.12.31	2017.12.31	ezer Ft	%
Issued bond - OBA2022/A	107 700 000	84 621 432	56 989 291	-50 710 709	52,9

Source: OBA

SHORT-TERM LIABILITIES

During the current year, the Fund did not assume any guarantee or any other obli-gation with recourse. The Fund records the following items among its short-term liabilities.

Definition	31.12.2016	31.12.2017
Compensation obligation towards depositors, not yet paid	2 711 674	2 548 734
Domestic suppliers	11 056	34 750
Foreign suppliers	0	775
Taxes, contributions	31 031	25 628
Daily allowance settlement account	2 335	0
Voluntary funds	0	657
Other short term liabilities	0	4
Total	2 756 096	2 610 548

Source: OBA

In the previous years, only the amounts actually paid and settled in accordance with the creditor claims submitted to the liquidators and the bank account state-ments proving the transfer were included among the compensations not yet paid out (Reálbank „u.l.”, Rákóczi Hitelszövetkezet „u.l.”). From 2014, the debts out-standing on the cut-off date of the balance sheet are also reported as proposed in the SAO report, irrespective whether or not they were financially settled.

OTHER SHORT-TERM LIABILITIES

The majority of the other short term liabilities are recorded but not yet paid com-pensation liabilities.

DEPOSITS NOT YET PAID OUT BY INSTITUTION

Definition HUF th	Compensation not yet paid, 31.12.2016	Compensation not yet paid, 31.12.2017
Heves és Vidéke Tksz. «f.a.» betét		0
Rákóczi Hitelszövetkezet «f.a.»	1 395	1 395
Reálbank «f.a.»	76 659	76 659
Általános Közlekedési Hitelszövetkezet «f.a.»	548	548
„Jógazda” Szövetkezeti Takarékpénztár «f.a.»	113 805	113 805
Soltvadkert és Vidéke Takarékszövetkezet «f.a.»	12 964	12 909
Körmend és Vidéke Takarékszövetkezet „f.a.”	61 042	49 423
Orgovány és Vidéke Takarékszövetkezet „f.a.”	633 334	520 313
Alba Takarékszövetkezet „f.a.”	26 079	25 942
Széchenyi Hitelszövetkezet „f.a.”	25 935	25 393
Széchenyi Kereskedelmi Bank „f.a.”	409 977	406 186
Tisza Takarékszövetkezet „f.a.”	36 339	24 905
BRB Buda Regionális Bank «f.a.»	164 360	156 015
DDB Dél-Dunántúli Takaréék Bank «f.a.»	229 482	227 788
DRB Dél-Dunántúli Regionális Bank «f.a.»	212 633	207 477
ÉRB Észak-Mo.-i Regionális Bank «f.a.»	707 122	699 976
Total	2 711 674	2 548 734

* the liquidation process of Reálbank and Rákóczi Hitelszövetkezet has already been completed, while the liquidation and winding up proceedings of the other credit institutions have not yet been completed.
Source: OBA

TOTAL SHORT-TERM LIABILITIES - INDICATORS

Definition	31.12.2016	31.12.2017	Variation %
Liabilities ratio (Liabilities/Balance sheet total)	83,8	59,9	-23,9
Liquidity ratio (Current assets/Liabilities)	118,7	166,0	47,3

Source: OBA

ACCRUALS AND DEFERRED INCOME

The Fund reports the expenses that relate to the current year but will actually be paid only in the following period among the accruals.

Definition	31.12.2016	31.12.2017
Management entertainment costs	106	0
Airport parking	18	0
Magyar Telekom monthly internet and phone expenses	185	137
Invitech Zrt. Phone	0	20
Expenses for commuting to work	406	0
ALD Kft fuel	0	69
OTP account management fee	0	1
Accrued auditor's fee	1 499	2 223
Wage costs and contributions, transferred and charged to the Resolution Fund	7 755	0
Credit of the fee difference of Cetelem Bank	47	0
Total	10 016	2 450
Accrued interest payable on OBA2022/A bonds	122 020	58 762
Grand total	132 036	61 212

(data in HUF th)

Source: OBA

EQUITY

In the current year, the equity changed because of the following items:

- HUF 13,519,646 th profit for the previous year and the transfer of HUF 3,711,701 th into reserves as a result of the impact of the previous years' audit (which did not take place in the 2016 annual financial statement) as well as the profit for the current year, which amounted to HUF 26,755,801 th.

The Fund transferred the profit generated in the current year into its reserves in January 2018.

COMPOSITION OF EQUITY

Definition	31.12.2016	Control effect	31.12.2017	Variation
Subscribed capital	926 082	0	926 082	0
Reserve	2 307 361	-3 711 701	12 115 306	9 807 945
Valuation reserve	0	0	0	0
Profit/loss in the current year	13 519 646	0	26 775 801	13 256 155
Total	16 753 089	-3 711 701	39 817 189	23 064 100

(data in th HUF)

Source: OBA

EQUITY - RESERVES CALCULATION

Legal titles	2016	Control	2017
Reserve opening	60 905 083	0	2 307 361
Varying during the current year	-58 597 722	-3 711 701	9 807 945
Reserve closing	2 307 361	-3 711 701	12 115 306

(data in HUF th)

Source: OBA

CHANGES IN EQUITY

Capital item	Opening	Growth	Decrease	Transfers	Closing
Subscribed capital	926 082	-	-		926 082
Registered		-	-		
but unpaid capital	2 307 361	13 519 646	3 711 701		12 115 306
Reserve		-	-		
Profit reserve		-	-		
Allocated reserve		-	-		
Profit/loss in the cur-rent year	13 519 646	13 256 155	-		26 775 801
Equity	16 753 089	26 775 801	3 711 701	-	39 817 189

(data in HUF th)

Source: OBA

EQUITY INDICATORS

Definition	2016 %	2017 %	variation %
Capital ratio: (Equity / Balance sheet total)	16,1	40,0	23,9
Coverage of invested assets: (Equity / In-vested assets)	23 313,5	42 066,9	18 753,4

(data in %)

TABLE 36

DETAILS OF DEPOSIT INSURANCE REVENUES

In the Fund's profit and loss account the fee revenues from member institutions are recorded among the fee revenues paid by member institutions. In the current year the member institutions had to pay a fee to OBA equivalent to 0.175 per cent of their total deposit portfolio. 100% of the fees are collected from within the coun-try, in HUF (*Annex 1*).

In addition to the regular fees indicated above, there were no increased fee reve-nues. In the reporting year, the Fund did not receive any state subsidy.

In the current year the other insurance revenues amounted to HUF 12,518,988 th, of which HUF 12,518,977 th was reversed impairment, recognised in the previous years, and HUF 11 th included other deposit insurance revenues.

OPERATING COSTS AND EXPENSES

In 2017 the deposit insurance expenditures fell by HUF 3,513,842 th compared to the previous year because further 1,252,164 th impairment was recognised on the basis of the estimated recovery from the liquidated credit institutions.

In 2017 the operating expenses fell by HUF 11,105 th partly due to some reduction in the contribution charged to staff costs and partly due to economic operation.

OPERATING COSTS AND EXPENSES

Definition	31.12.2016	Control effect	31.12.2017	variation	
				HUF th	%
Expenditures related to deposit insurance	4 766 006	0	1 252 164	-3 513 842	-73,73%
- expenses related to other deposit insurance	4 766 006	0	1 252 164	-3 513 842	-73,73%
Expenditures not related to deposit insurance	0	0	0	0	0,00%
Other expenditure	3 917	0	3 827	-90	-2,30%
Expenses by expense type	566 995		555 890	-11 105	-1,96%
- material type	124 889	0	135 141	10 252	8,21%
= material expenses	5 642	0	5 169	-473	-8,38%
= used material type services	111 850	0	122 610	10 760	9,62%
= other services	7 397	0	7 362	-35	-0,47%
- personnel-type	428 017	0	402 068	-25 949	-6,06%
- depreciation	14 089	0	18 681	4 592	32,59%
Total	5 336 918	0	1 811 881	-3 525 037	-66,05%

(data in HUF th and %)

Source: OBA

OBA recognises and records the expenses relating to compensation payments (see Table 17) as receivables from member institutions and then claims them against the liquidated or wound up credit institution in a submitted creditor claim. However, the invoices issued to OBA are not included in the profit and loss ac-count of OBA as expenses of deposit insurance but are used to reduce the prof-it/ loss of the current year as an expense during the recognition of impairment, considering that they are not re-invoiced costs.

DETAILS OF SERVICES USED

Definition	2016	Control effect	2017	variation		2017 year breakdown
				HUF th	%	%
Services used						
- transportation, loading and warehousing	4 181	0	4 458	277	6,6%	3,6%
- lease fees, operational fees	19 307	0	22 316	3 009	15,6%	18,2%
- maintenance expenses	2 911	0	2 318	-593	-20,4%	1,9%
- postal, telecommunications services	4 498	0	4 073	-425	-9,4%	3,3%
- education and further training	188	0	475	287	152,7%	0,4%
- news monitoring, communication expenses	13 107	0	5 435	-7 672	-58,5%	4,4%
- expenses of business trips and delegation	10 461	0	5 744	-4 717	-45,1%	4,7%
- membership fee	5 259	0	8 935	3 676	69,9%	7,3%
- specialist services	49 100	0	58 737	9 637	19,6%	47,9%
= internal control	3 219	0	1 114	-2 105	-65,4%	1,9%
= translation	772	0	667	-105	-13,6%	1,1%
= program expert fee, program update fees	16 068	0	6 957	-9 111	-56,7%	11,8%
= information technology security control	4 788	0	16 294	11 506	240,3%	27,7%
= fee of operation of the payment system	11 972	0	11 972	0	0,0%	20,4%
= legal service fee	10 660	0	18 558	7 898	74,1%	31,6%
= audit fee	1 499	0	3 175	1 676	111,8%	5,4%
= bookkeeping fee	122	0	0	-122	-100,0%	0,0%
- other expert fees	699	0	7 598	6 899	0,0%	6,2%
= mediation of IT expert, controller	0	0	6 680	6 680	0,0%	0,0%
= tax advice, regulations	699	0	740	41	0,0%	1,2%
= proofreading of reports	0	0	178	178	0,0%	0,0%
- other services used	2 139	0	2 521	382	17,9%	2,1%
= photocopying	936	0	1 023	87	9,3%	40,6%
= plant care	250	0	332	82	32,8%	13,2%
= document storage	798	0	957	159	19,9%	38,0%
= other not listed services used	155	0	209	54	34,8%	8,3%
Total	111 850	0	122 610	3 861	3,5%	100,0%

Source: OBA

OTHER SERVICES

Definition	2016	Control effect	2017	variation		2017 breakdown %
				HUF th	%	
Other services						
- Costs of issue of OBA2022/A bonds	1 040	0	1 556	516	49,6	21,1
= Paying bank agent fee	1 000	0	1 000	0	0,0	13,6
= Kif.dispo edition	40	0	40	0	0,0	0,5
= KELER and other fees	0	0	75	75	0,0	1,0
= fees associated with bond repayment	0	0	441	441	0,0	6,0
- insurance premium	4 446	0	3 817	-629	-14,1	51,8
- bank expenses	1 896	0	1 989	93	4,9	27,0
- regulatory fees	16	0	0	-16	-100,0	0,0
Total	7 398	0	7 362	-552	7,5	100,0

Source: OBA

OTHER EXPENSES IN DETAILS

Definition	2016	Control effect	2017	variation		2017 breakdown
				HUF th	%	%
Other expenditure						
- extraordinary depreciation	0	0	0	0	0,0	0,0
- re-invoiced expenses	0	0	0	0	0,0	0,0
- Support to the PénzSztár contest	3 810	0	3 810	0	0,0	99,6
- self-audit, default interest	1	0	7	6	600,0	0,2
- derecognition of waived time share rights trans-ferred during liquidation	106	0	0	-106	-100,0	0,0
- other not specified	0	0	10	10	N/A	0,3
Total:	3 917	0	3 827	-90	-2,3	100,0

Source: OBA

FINANCIAL RESULTS

Contents:

- financial revenues,
- financial expenses.

Valuation - recognition principles, methods:

- basis of records: book value,
- the foreign exchange movements are valued according to the true and fair view principle,
- fair valuation principle not applied.

The portfolio is certified with analytical records.

FINANCIAL PROFIT/LOSS

Definition	31.12.2016	Control effect	31.12.2017	variation	
				HUF th	%
Financial revenues					
Interest received	6 179	0	5	-6 174	-99,9
Revenues from financial transactions	1 152 954	0	1 590 454	437 500	37,9
- exchange rate gain on FX stocks	20	0	34	14	69,7
- gain on Hungarian government securities	1 152 934	0	1 590 420	437 486	37,9
= gain on Hungarian government bonds	281 798	0	411 096	129 298	45,9
= interest gain on Hungarian government bonds	864 511	0	1 174 593	310 082	35,9
= gain on discount treasury bills	6 625	0	4 731	-1 894	-28,6
= gain on MNB bonds	0	0	0	0	0,0
- gain on other shares and participations	0	0	0	0	0,0
- gain on futures business hedge transactions	0	0	0	0	0,0
Total:	1 159 133	0	1 590 459	431 326	37,2

Definition	31.12.2016	Control effect	31.12.2017	variation	
				HUF th	%
Financial expenses					
Interest paid, interest-type expenses	0	0	83	83	N/A
Interest paid, interest-type expenses (OBA2022/A bond)	2 220 516	0	1 060 366	-1 160 150	-52,2
Expenditures of financial transactions	59 738	0	209 208	149 470	250,2
- exchange rate loss on FX stock	153	0	139	209	136,6
- loss on Hungarian government securities	59 585	0	209 069	149 484	250,9
= loss on Hungarian government bond	59 350	0	209 051	149 701	252,2
= loss on discount treasury bills	235	0	18	-217	-92,3
Other financial expenses (asset management fees)	7 413	0	9 933	2 520	34,0
Total:	2 287 667	0	1 279 590	-1 008 077	-44,1
Balance	-1 128 534	0	310 869	1 439 403	-127,5

Source: OBA

The other financial expenditures include the portfolio and custody management as well as KELER fees.

STAFF AND WAGE DATA

On 1 January 2016 the employment of BEVA employees was turned into employment at OBA pursuant to Sections 210 and 413 of the Capital Market Act. Thus the headcount figure of OBA increased from 9 to 16 with the 7 employees of BEVA. Then in 2017 the staff was extended by one full time internal auditor, 2 inspectors and one deputy chief accountant, recruited in the last month of the year.

AVERAGE STATISTICAL HEADCOUNT FIGURE

Persons	2016.	2017.
physical workers	0	0
non-physical workers	16	17
Total employees	16	17

(data in persons)

Source: OBA

AVERAGE WAGES, INCOME AND EXPENSES

Definition	2016	2017
average wages of non-physical workers	883 810	904 638
average bonus of non-physical workers	238 165	141 815
Total average income	1 121 975	1 046 453

(data in HUF th)

Source: OBA

OBA offers cafeteria benefits to its employees pursuant to its internal regulations.

HIGHLIGHTED PERSONNEL-TYPE EXPENSES

Definition	2016	2017	Variation
- incentive	20 714	21 635	921
- social	1 299	1 772	473
- refund of expenses	1 158	1 023	-135
- honorary fees	49 284	56 610	7 326
- sick leave	580	582	2
- severance pay	0	1 750	1 750
- entertainment costs	2 509	2 595	86
Total personnel-type payments	75 544	85 968	10 424
Social contribution tax	82 886	65 662	-17 224
Wage tax and contributions:			
- corporate, PIT, health contribution	9 383	8 359	-1 024
Total tax and contributions	92 269	74 021	-18 248
Grand total	167 813	159 989	-7 824

(data in HUF th)

Source: OBA

RIGHTS AND OBLIGATIONS MATURING OVER 5 YEARS

The opening securities portfolio of the current year was HUF 26,904,602 th also including the securities cash account, while the book value of the closing securities portfolio of the current year, including the securities cash account balance was HUF 31,458,810 th.

Of the securities portfolio constituting the assets of the Fund HUF 30,550,517 th were Hungarian Government Bonds and HUF 908,234 th were Discount Treasury Bills at the end of 2017. 97.1% of the securities portfolio was held in government securities. The value of the portfolio increased by 16.9% since the base period. The closing value of the portfolio was increased with the investment of the membership fee revenues and the return on the investment. The compensation payments were funded from the issued bond.

PORTFOLIO COMPOSITION

Value date	Bonds with fixed interest	Discount Treasury bill	Cash and cash equivalents, accounts receivable and liabilities	Total asset value of the portfolio
Opening (01.01.2017)	25 976 185	928 342	75	26 904 602
Distribution %	96,55	3,45	0,00	100,00
Closing (31.12.2017)	30 550 517	908 234	59	31 458 810
Distribution %	97,11	2,89	0,00	100,00

Source: OBA

TABLE 46

(Data: book value, in HUF th and %)

ASSET VALUE BREAKDOWN, 31.12.2017 (%)

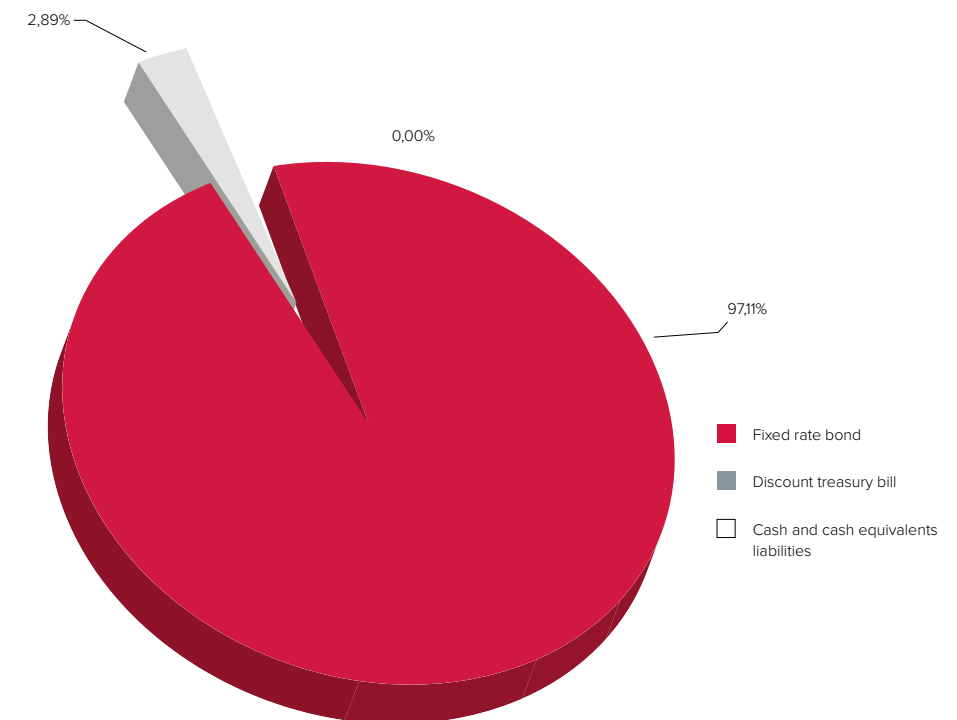


FIGURE 2

YIELD COMPONENTS IN THE BOOKS

Source of profit/loss	Revenue	Expenditure	Profit/loss
Exchange rate gain on Hungarian government bonds	411 096	0	411 096
Exchange rate loss on Hungarian government bonds	0	209 051	-209 051
Interest gain on Hungarian government bonds	1 174 594	0	1 174 594
Exchange rate gain on discount treasury bills	4 731	0	4 731
Exchange rate loss on discount treasury bills	0	18	-18
Reversed impairment	0	0	0
Total	1 590 421	209 069	1 381 352

(data in HUF th)

Source: OBA

The profit report within the books was HUF 1,381,352 th. On 31 December 2017 HUF 423,527 th interest was accumulated in Government Securities (of which HUF 146 th was the accrued return on Treasury Bills), booked in the general ledger as an accrual. The return recorded by ÁKK also contains valuation differences. OBA does not apply fair valuation and therefore the valuation difference is not recognised or accrued. In the books the government securities are recorded at purchase price. At the end of the year the contracts for the items of the portfolio are not revised. No investments were made into foreign government securities in the current year.

SUMMARY ASSESSMENT OF THE RESULT

PROFIT/LOSS COMPONENTS

The main components of these changes are illustrated in the following table.

Definition	31.12.2016	Control effect	31.12.2017	variation HUF th
Revenues from deposit insurance	19 833 185	0	28 132 200	8 299 015
Revenues not from deposit insurance	10	0	8	-2
Other revenues	151 903	0	144 605	-7 298
Revenues from financial transactions	1 159 133	0	1 590 459	431 326
Total revenues	21 144 231	0	29 867 272	8 723 041
Expenditures related to deposit insurance	4 766 006	0	1 252 164	-3 513 842
Expenditures not related to deposit insurance	0	0	0	0
Other expenses	3 917	0	3 827	-90
Expenditures of financial transactions	2 287 667	0	1 279 590	-1 008 077
Total expenditure	7 057 590	0	2 535 581	-4 522 009
Operating expenses	566 995	0	555 890	-11 105
Total expenses and operational costs	7 624 585	0	3 091 471	-4 533 114
Profit/loss of the current year	13 519 646	0	26 775 801	13 256 155

Source: OBA

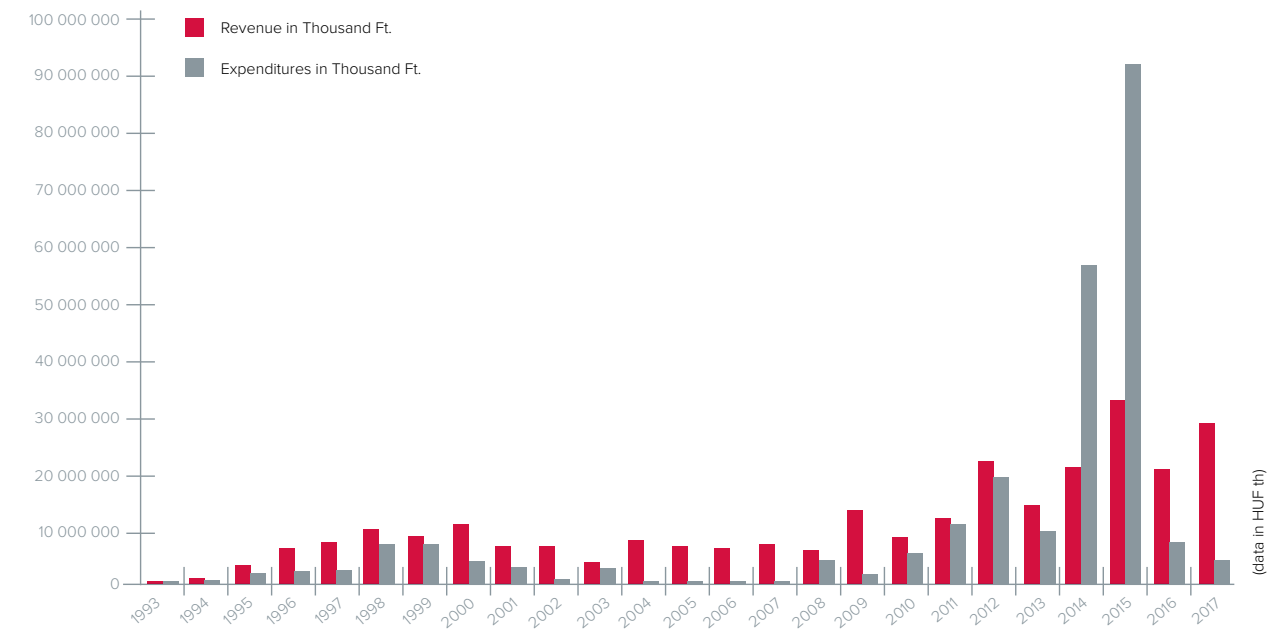
The profit/loss of the year was affected by the revenues and expenses. In 11 of the institutions presented in the report, HUF 72,576 th was paid out under the title of compensation in 2017. The HUF 26,775,801 th profit of the current year consisted of HUF 29,867,272 th deposit insurance revenues, the expenses unlikely to be fully recovered due to the paid compensation and better than expected portfolio management results.

Bonds issued in relation to the large compensation expenses of the previous year entailed HUF 1,060,366 th interest expense was related.

The fee revenues did not change during the year but the insured deposit portfolio shrank, and therefore the membership fee revenues remained the same. HUF 16,638,547 th was recovered from liquidated member institutions based on credit claims. This amount improved the profit through the reversed impairment.

The following graph presents all the revenues and expenditures of OBA according to its profit and loss account from its foundation in 1993 to 2017.

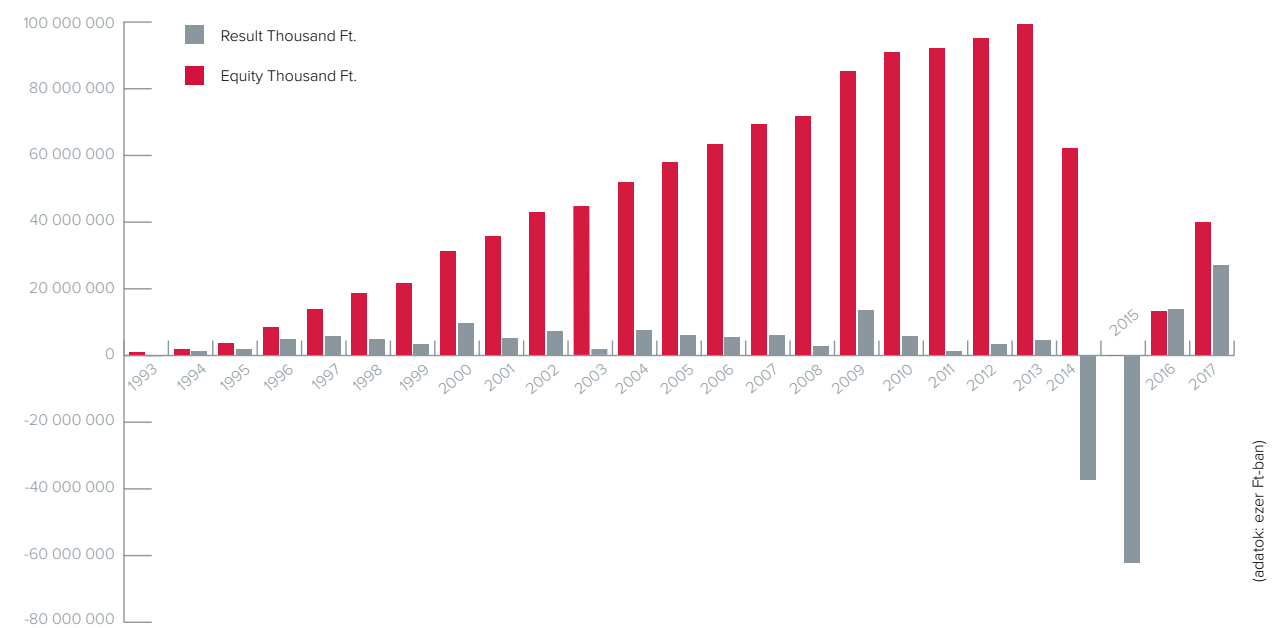
OBA REVENUES AND EXPENDITURES, 1993-2017.



Source: OBA

FIGURE 3

EQUITY AND PROFIT/LOSS, 1993-2017



Remark: 2015 annual profit adjusted with the self audit item and the adjustments are also reflected in the 2016 equity.
Source: OBA

FIGURE 4

Figure 4 should be interpreted by taking into account that the equity contains the profit/loss of the previous years and the of the current year on an accumulated ba-sis, and therefore the fluctuation of the results affects the degree of its increase.

The fluctuation of the results observed from 1998 was first due to the outlook of recovery from liquidation of the receivable from Realbank Rt. until 2004 and the variation of mainly the government securities yields in the subsequent years. In 2010, the decline occurred due to the compensation payments to the depositors of the General Transport Credit Cooperative, the 2011 results were affected by the compensation paid out for the withdrawal of the licence of “Jógazda” Cooperative Savings Institution, while in 2012 the results were reduced by the compensation triggered by the winding up and liquidation of Soltvadkert and Region Savings Co-operative. No licences were withdrawn in 2013 but the profit generated on gov-ernment securities was much smaller than in 2012.

In 2014, the compensation payments were greater than ever before following the withdrawal of the licences of 6 credit institutions by the Supervisory Authority ; the recognised impairment reduced the equity by more than HUF 57 billion and the revenues increased it by HUF 20 billion.

The event series of the preceding year continued in 2015, as depositors of 4 other institutions were compensated in the amount of almost HUF 106 billion, which the OBA funded from the proceeds of its bond issue. According to the liquidators’ es-timates, approximately HUF 88 billion and HUF 3.7 billion adjustments (impair-ment) were recognised as expenditure.

During the follow up management of the compensated credit institutions pay-ments were made in relation to 9 institutions in 2016 and 11 institutions in 2017.

In 2017 following the clarification of the liquidator’s estimates new impairment was recognised in the amount of HUF 1,252,164 th and HUF 12,518,977 th was reversed from the impairment, recognised in the previous years.

All in all, as a result of the revenues and expenses the equity grew to HUF 26,775,801 th in 2017 compared to the adjusted 2016 annual base figure.

EXPLANATIONS FOR THE MAIN DIFFERENCES BETWEEN THE 2017 ANNUAL BUDGET AND ACTUAL DATA

With regard to January-December 2017 the actual revenues and expenses were compared to the pro-ra-ta budget approved by the Board of Directors on 21 De-cember 2016 in resolution 59/2016. (21 Decem-ber) and then amended with resolu-tions 5/2017. (30 March), 12/2017. (30 March), 19/2017. (18 May) and 29/2017. (8 June).

The profit for the current year was 13% lower than budgeted mainly because in the course of budgeting OBA budgeted the recovery in 2017 on the basis of the liqui-dators’ estimate as revenues, i.e. reversed impairment.

Compared to the HUF 17,140,000 th recovery budgeted for 2017 HUF 12,518,977 th impairment was reversed with the impairment method used in 2016 from the re-covery, projected by the liquidators based on 2018 January data and HUF 1,252,164 th impairment had to be recognised.

Until 31 December 2017 HUF 16,638,547 th was paid to OBA from the HUF 17,140,000 th projected for 2017 as detailed below (these amounts reduce the re-ceivables from the liquidated member institutions).

RECOVERY FROM LIQUIDATION IN 2017

Liquidated member institution	Amount recovered for OBA
Általános Közlekedési Hitelszövetkezet „f.a.”	59 053
Jógazda Szövetkezeti Takarékpénztár „f.a.”	92 769
Soltvadkert és Vidéke Takarékszövetkezet „f.a.”	496 041
Körmend és Vidéke Takarékszövetkezet „f.a.”	2 740 223
Széchenyi István Hitelszövetkezet „f.a.”	611 066
ALBA Takarékszövetkezet „f.a.”	1 744 224
BRB Buda Regionális Bank „f.a.”	1 437 870
DRB Dél- Dunántúli Regionális Bank „f.a.”	4 495 500
ÉRB Észak – magyarországi Regionális Bank „f.a.”	4 967 916
Transfer from the recovered amount relating to Orgovány in December 2016 (share of the state based on the compensation payments under state guaran-tee)	-6 115
Total	16 638 547

(data in HUF th)

Source: OBA

TABLE 49

The wage expenses to be transferred to the Investor Protection Fund and the Compensation Fund and their contributions invoiced pursuant to the concluded agreement between the institutions were budgeted among the revenues. Thus the revenues also contain those amounts with the sum of HUF 116,677 th the in-invoice for Q4 2017 was issued on 25 January 2018, and therefore HUF 31,708 th of the transferred amounts is recorded in the accruals in 2017.

The revenues also include HUF 27,919 th expenses invoiced for the Resolution Fund in 2017 but incurred by OBA according to the agreement. The amount also includes HUF 8,435 th accrued revenue for 2017.

FEE REVENUES FROM THE MEMBER INSTITUTIONS

By 31 December 2017 the fee revenues recognised in relation to member institu-tions and actually received exceeded the budget by 3%. The additional revenues occurred partly because in 2017 a non OBA member institution (Citibank Europe plc Hunarian Branch Office) transfered a large insured deposit portfolio to an OBA member institution (Erste Bank Hungary Zrt.) which entailed HUF 227,279 th addi-tional fee income for 2017. On the other hand, the data used for budgeting the fee revenues and the date of the final audited figures are different, which explains the discrepancy between the budgeted and actual amount, because when the fee revenues were budgeted, the in-dividual risk category of the member institutions was defined on the basis of data of different dates, while during the actual fee payment the risk weights were applied constantly on the basis of the year-end da-ta.

In 2017 the Fund earned HUF 15,613,212 th fee revenues. There were no revenues from increased fee. On 31 December 2017 the Fund had 45 member institutions.

REVENUES AND EXPENSES OF FINANCIAL TRANSACTIONS

The revenues of financial transactions amounted to HUF 1,590,459 th, which also includes the ac-crued interest on the portfolio (HUF 423,381 th). The revenues of financial transactions were much higher than budgeted for 2017 because we applied a prudent estimate when budgeting the return (the budget included 1.5% p.a., but ÁKK achieved 5.9% return.

The accrued interest amount refers to the interest accrued on the securities held in the portfolio since the previous interest payment, while the return presented in our report on the portfolio management results contains the interest accrued in the asset values between 31 December 2016 and 31 December 2017.

The total financial expenses were realised at HUF 1,279,590 th, which represents 94% of the budgeted amount:

- due to the bond prepayment (HUF 13,607,144 th) the interest expense was 14% lower than budgeted (the bond prepayment was made on 03 June 2017, reducing the asset value in securities in the balance sheet and also the liabilities on the liabilities side with the amount of the prepayment),
- the investment of the recoveries made in the mean time increased the average asset value constituting the basis of the asset management fee and therefore the portfolio management fee is also significantly higher than the budgeted amount: the depositary fee, accounted among the financial expenses and calculated on the basis of month-end asset value was higher than budgeted, while the KELER transaction fee was only 84% of the budgeted amount,
- the financial expenses include the interest on the OBA bond in the amount of HUF 1,060,365 th, including the pro-rata interest, recognised as an accrued item in the amount of HUF 58,763 th. Due to the favorable three-month indicative interest rate and the prepayment, the actual expenditure was 14% lower than budgeted.

Due to the impact indicated above the financial result was more favorable than budgeted.

EXPENDITURES RELATED TO DEPOSIT INSURANCE

The Fund recorded HUF 1,252,164 th expenditure relating to deposit insurance, which stems from the recognition of impairment on compensation payments during the liquidation of member institutions based on the recovery estimated by the liquidators.

OTHER EXPENDITURES

The HUF 3,810 th transferred for the Money Star national secondary school contest under the title of other subsidy is included in the other expenditures.

The funds transferred for OTP development in relation to the OBA deposit insurance cards in the amount of HUF 8,255 th was budgeted among the other expenditures too. The development was not completed in 2017 and therefore the amount was not paid either.

MATERIAL TYPE EXPENSES

The material type expenses turned out to be significantly lower than budgeted (82%) within the total expense row:

- reduction was applied in the purchase of otherwise regularly used office stationary and computer technology materials and therefore during the reporting period the material type expenses represented 71% of the pro-rata budgeted amount.
- within the budgeted total material expenses 64% related to office stationary products, 33% to the subscription fee of newspapers and 43% to computer technology materials, but the subscription fee of the low data base was HUF 154 th (38%) higher than budgeted,
- among the material expenses the figure in the forms printed publications (corporate correspondence, paper files, corporate envelopes) represented 84% of the budgeted amount.

The expenses of used services were 18% lower than budgeted; the major expenses of this row include the following:

- a new contract was signed for the rent of the offices and therefore the rent charged to the resolution fund and paid in the first half of the year was credited. Thus the recognised office rent was 21% lower than budgeted,
- the operational fee was 22% above the budgeted expenditure because the difference between the expenses paid and actually incurred in 2016 was invoiced in 2017 in the amount of HUF 2,699 th,

- the various repairs contain the expenses of the maintenance of computer technology equipment and the total of this row equals 93% of the budgeted figure,
- the communication expenses of the institution stood at 31% of the budgeted figure because HUF 5,613 th expenditure was recognised and recorded among the purchases (information videos),
- within the education and further training expenses the planned IT training courses and various professional follow-up training courses such as portfolio management follow-up training were all cancelled and therefore the total in this expense row was only 32% of the budgeted figure [budgeting was made pursuant to the resolution of the Board of Directors 44/2017 (27 September)],
- the expenses related to foreign trips were also 49% of the budgeted figure,
- due to the determination of telephone lines and the reduction of internet charges, the expenses of telephones and the internet were also significantly lower and represented only 71% of the budgeted figure.
- the actual expenditure of the legal services was 17% below the budgeted amount.
- the testing fee of the development is also included in the budgeted figure of the operational fee of the payment system (KIR). However, the tests were not done yet and therefore the costs did not occur in 2017, so the pro-rata expenditure was only 78% of the budgeted figure,
- the programme expert service and upgrade fees were also significantly lower than the pro-rata budgeted amount due to the following reasons:
 - o the budgeted expense of Air Watch (mobile device supervision) was not used or invoiced in 2017.
 - o Among the budgeted expenses of programme expert services the selection of the partners to provide support for the Microsoft and VM ware products are being selected and the contracts are being concluded in 2018 due to the request for new proposals and in view of the fact that OBA intends to use the same partner to support its computer devices (hardware and software) and therefore these expenses occur in 2018.
- the auditor was also selected in a tender and, considering the increase in the accounting tasks relating to the 14 member institutions liquidated during the last few years, the audit fee rose significantly compared to the recent years (this higher fee was also reflected in the proposals received in the tender),
- the HUF 6,680 th HR advisory fee paid out in relation to the recruitment of new employees incurred as an on budgeted expense.

The other service fees amounted to HUF 7,361 th, while the actual expenses (bank charges, bond issue fees, liability insurance premium) are the same as budgeted.

PERSONNEL TYPE EXPENSES

99% of the total budgeted payroll expenses were realised and the payroll expenses of OBA exceeded the budgeted figure by 4% because 3 employees were recruited in November and December 2017 pursuant to the resolution of the Board of Directors 24/2017 (18 May). The other staff costs include the cafeteria components, which were also paid out for the whole year.

DEPRECIATION

Compared to the budget, there is a significant shortfall in the depreciation for the following reasons:

- the budgeted major investment into equipment HP DL 380 G9 server DR site (own background server) was commissioned only in Q4 and the procurement of Balabit SCB (remote work supervision) is likely to take place in 2018.
- the material expenses of the refurbishment performed on leased properties (according to section 3.2 of the lease agreement) will be postponed to 2018 because since OBA has been designated as a crucial system component, there may be need for further investment enhancing physical security in our currently used office space,
- the KIR3 development (putting in place the technical conditions for handling cross-border compensation) is in progress but has not been invoiced yet and therefore is not included in the actual 2017 expenditure either.

REVENUES AND EXPENSES OF THE NATIONAL DEPOSIT INSURANCE FUND IN 2017
(01.01.2017 – 31.12.2017)

Definition	2017 budget	2017 actual	variation	2017 actual /2017 budget %
Fee revenues from member institutions	15 182 460	15 613 212	430 752	103
Fee revenues related to receivables collected on behalf of depositors	0	0	0	0
Commission revenues on the payout of deposit secured by state guarantee	0	0	0	0
Extraordinary fee revenues from member institutions	0	0	0	0
Other revenues from deposit insurance	0	0	0	0
Reversal (recovery) of impairment on receivables transferred as a result of deposit payout	17 140 000	12 518 977	-4 621 023	73
Other revenues related to deposit insurance	0	11	11	N/A
Other revenues from deposit insurance	17 140 000	12 518 988	-4 621 012	73
Grand total of revenues from deposit insurance	32 322 460	28 132 200	-4 190 260	87
Costs transferred to the Resolution Fund	27 888	27 920	32	100
Costs transferred to the BEVA, Claim Settlement Fund	117 425	116 677	-748	99
Revenues from other taxable activities	145 314	144 597	-717	100
Default interest revenues from deposit insurance fees	0	8	8	N/A
Default interest revenues	0	8	8	N/A
Total other revenues	145 314	144 605	-709	100
Revenues from sources other than deposit insurance	0	8	8	N/A
Revenues from financial transactions	281 451	1 590 459	1 309 008	565
TOTAL REVENUES	32 749 225	29 867 272	-2 881 953	91
Other expenses of deposit insurance	0	1 252 164	1 252 164	N/A
Self-audit surcharge, fines, penalty, compensation	0	7	7	N/A
Other expenditures - OTP development relating to OTP development (non-refundable financial assets given)	8 255	11	-8 244	0
Other support - non-refundable transferred funds (for the purpose of a national secondary school competition)	4 000	3 810	-190	95
Total other expenditures	12 255	3 828	-8 427	31
Expenditures not stemming from deposit insurance	0	0	0	0
Interest payable	0	83	83	N/A
Realised exchange rate loss of FX liabilities	0	139	139	N/A
Exchange rate loss on Hungarian government bonds	112 000	209 051	97 051	187
Exchange rate loss on discount government securities	500	18	-482	4
Interest from the issue of bonds	1 239 954	1 060 365	-179 589	86
Portfolio manager's commission	5 332	7 508	2 176	141
Deposit manager's commission	459	576	117	126
KELER FEE	2 200	1 850	-350	84
Expenses of financial transactions	1 360 445	1 279 590	-80 855	94
TOTAL EXPENDITURE	1 372 700	2 535 582	1 162 882	185
Total material type expenses	164 135	135 141	-28 994	82
Personnel type expenses	413 097	402 067	-11 030	97
Depreciation write-off	24 339	18 681	-5 658	77
Total costs of operation	601 572	555 889	-45 683	92
OPERATING COSTS AND EXPENSES	1 974 271	3 091 471	1 117 200	157
PROFIT/LOSS OF THE CURRENT YEAR	30 774 954	26 775 801	-3 999 153	87

(data in HUF th and %)





7

EVENTS OF THE LIQUIDATION PROCESSES IN PROGRESS

HEVES ÉS VIDÉKE TAKARÉKSZÖVETKEZET „F.A.”

In relation to the closing balance of liquidation the court of Eger held a final hearing on 15 December 2016, during which it approved the closing balance and concluded the liquidation procedure. According to our information one creditor appealed against the court order, based on which a procedure is still in progress and the liquidation has not yet been concluded.

On the basis of the closing balance sheet, the approval of which has not yet taken effect the OBA creditor claim will be recovered at 100% face value.

ÁLTALÁNOS KÖZLEKEDÉSI HITELSZÖVETKEZET „F.A.”

The liquidator submitted to the Budapest Court the closing balance sheet of the credit cooperative prepared on 3 November 2017 during the liquidation procedure. Following the approval HUF 237 mln recovery is expected.

Thus OBA's estimated recovery for the entire period of the liquidation is expected at HUF 713,610 th (22.4%).

„JÓGAZDA” SZÖVETKEZETI TAKARÉKPÉNZTÁR „F.A.”

The Budapest Court approved the interim balance sheet V on 14 June 2017.

Following the approval HUF 92,323 th was recovered on 10 August 2017 in OBA's current account kept by MNB with which in total HUF 2,341,244 th was recovered from OBA's claim.

According to the information received from the liquidator OBA can still expect further HUF 477,529 th recovery during the procedure, with which its total recovery will be higher than 31%.

SOLTVADEKERT ÉS VIDÉKE TAKARÉKSZÖVETKEZET „F.A.”

The Budapest Court approved the interim balance sheet III in its order of 5 September 2017.

Following the approval HUF 492,074 th was recovered on 27 September 2017 in OBA's current account kept by MNB with which in total HUF 4,903,035 th was recovered from OBA's claim.

According to the information received from the liquidator the interim balance sheet IV, prepared for the cut-off date of October, is likely to be submitted in April 2018. During the rest of the liquidation procedure HUF 1,299,410 th recovery is expected and therefore the overall recovery during the whole procedure could be close to the 18.5%.

KÖRMEND ÉS VIDÉKE TAKARÉKSZÖVETKEZET „F.A.”

In its order of 15 May 2017 the Budapest Court approved interim balance sheet I, based on which HUF 2,740,224 th was recovered and received in OBA's current account kept by MNB on 12 June 2017.

The liquidator had estimated HUF 9,490,880 th further recovery, so in total 53.3% total recovery can be expected during the procedure.

ORGOVÁNY ÉS VIDÉKE TAKARÉKSZÖVETKEZET „F.A.”

In the liquidation process the Budapest Court approved the interim balance sheet I in its first instance order which is not effective yet, based on which on 28 November 2016 liquidator distributed the assets and paid 2.4%, HUF 9,648,569 th to OBA.

According to the information received from the liquidator the interim balance sheet and report II will soon be submitted to the Budapest Court, in which the liquidator is likely to make a proposal for the distribution of assets with the amount of HUF 7,695,380 th (16.3%).

Based on the information of the Court, the interim balance sheet II is expected to be approved following the entry into effect of the order approving the interim balance sheet I.

According to the liquidators estimate further HUF 4,797,120 th can still be paid to OBA in the rest of the procedure, with which 47.4% recovery may be expected in the whole procedure.

ALBA TAKARÉKSZÖVETKEZET „F.A.”

The Budapest Court approved the interim balance sheet II. in its order of 4 December 2017.

Following the approval 15.48%, i.e., HUF 1,101,349 th was recovered on 26 January 2018 in OBA's current account kept by MNB with which in total HUF 2,845,563 th was recovered from OBA's claim.

According to the liquidator's estimate, HUF 5,739,824 th i.e., 81% recovery can be projected for the whole liquidation process.

SZÉCHENYI ISTVÁN HITELSZÖVETKEZET „F.A.”

The Budapest Court approved the interim balance sheet II. on 1 September 2017.

Following the approval 6.85% i.e., HUF 611,066 th was recovered on 11 October 2017 in OBA's current account kept by MNB with which in total HUF 2,145,044 th was recovered from OBA's claim.

During the rest of the liquidation procedure HUF 1,000,000 th recovery is expected and therefore the overall recovery during the whole procedure could be 35.3%.

SZÉCHENYI KERESKEDELMI BANK ZRT. „F.A.”

On the basis of the interim balance sheet I. prepared for 13 August 2016 HUF 2,689,459 th recovery may be projected from the claims reported and recorded as recognised claims according to the proposal for the distribution of assets.

According to a letter of information of the liquidator further HUF 3,554,301 th mIn may be recovered from the OBA claims during the total period of liquidation, which corresponds to 46% recovery.

TISZA TAKARÉKSZÖVETKEZET „F.A.”

According to a letter of information of 12 January 2017 received from the liquidator, the liquidator prepared the interim balance sheet I. for 31 August 2016 in the liquidation process. The balance sheet was submitted to the Metropolitan Court on 16 November 2016. On the basis of the proposal of the distribution of assets HUF 6,006,179 th is likely to be paid to OBA once the proposal has been approved.

One private individual creditor submitted on objection to the interim balance sheet, and the Budapest Court shared the creditors' position and rejected the request for the approval of the interim balance sheet. The Savings Cooperative appealed against that order, based on which the procedure is still in progress. The further expected recovery is HUF 1,764,680 th.

According to the liquidator's estimate 91% recovery is projected during the whole procedure.

DRB Bankcsoport

BRB BUDA REGIONÁLIS BANK ZRT. „F.A.”

The Budapest Court approved the interim balance sheet I. in its order of 13 April 2017.

The 7.48%, i.e., HUF 1,437,870 th payment included in the proposal for the distribution of assets was received on 26 May 2017 in OBA's current account kept by MNB.

In the letter of 1 September 2017 the liquidator submitted interim balance sheet II, in which he proposes to pay HUF 777,479 th to OBA.

According to the liquidator's estimate further HUF 1,900,000 th creditor claims can be recovered during the whole period of liquidation, with which 21.4% recovery may be expected in the whole procedure.

DDB DÉL-DUNÁNTÚLI TAKARÉK BANK ZRT. „F.A.”

The interim balance sheet I., prepared for 2 March 2016, and approved by the Budapest Court on 4 April 2017, contains the HUF 5.5 bln principal debt reported by the MNB, which the liquidator defined as a disputed claim. The liquidator submitted the disputed claim to the Metropolitan Court for assessment. Considering that the MNB creditor claim is classified in a higher category for satisfaction than the OBA creditor claims, and its amount is higher than the cash and equivalent in the interim balance sheet I., the liquidator did not make any proposal for the distribution of assets in the interim balance sheet. In the letter of 20 March 2018 the liquidator estimated HUF 4,290,000 th recovery for OBA during the whole procedure and therefore 18.5% recovery can be expected during the procedure.

DRB DÉL-DUNÁNTÚLI REGIONÁLIS BANK ZRT. „F.A.”

In the liquidation procedure the Budapest Court approved the interim balance sheet I with its first instance order which is not effective yet, based on which 14 July 2017 the liquidator distributed the assets and paid HUF 4,495,500 th to OBA, which equals 19.7% of its claim.

According to the information received from the liquidator the interim balance sheet and report II was submitted to the Budapest Court, on 20 December 2017, in which the liquidator made a proposal for the distribution of assets of HUF 2,497,500 th (10.9%). Based on the information of the Court, the interim balance sheet II is expected to be approved following the entry into effect of the order approving the interim balance sheet I.

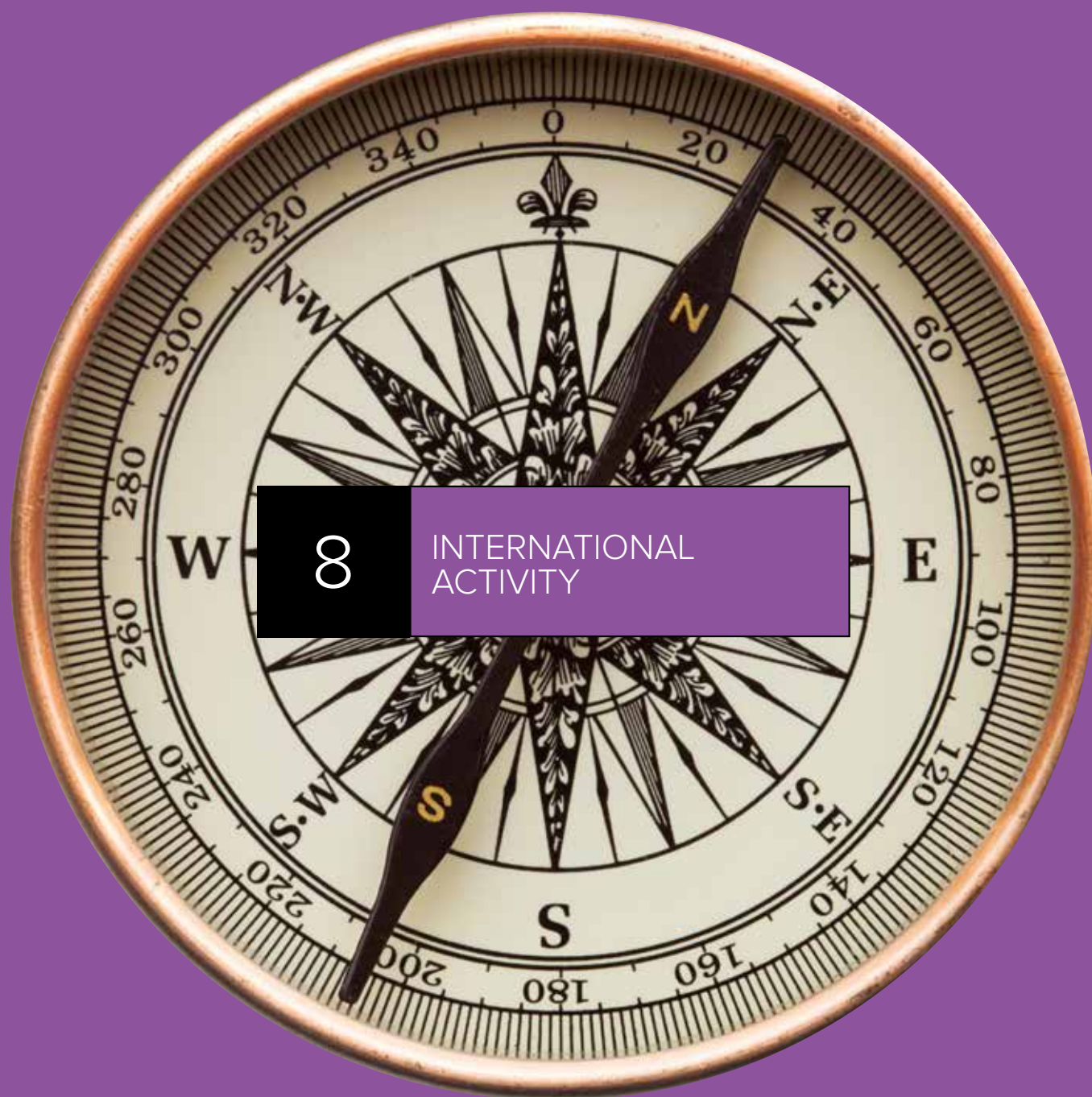
According to the liquidator's estimate in total 39.7%, i.e., HUF 8,991,000 th recovery can be projected during the whole procedure.

ÉRB ÉSZAK-MAGYARORSZÁGI REGIONÁLIS BANK ZRT. „F.A.”

The Budapest Court approved the interim balance sheet I. in its order of 19 July 2017.

According to the proposal for the distribution of assets included in the interim balance sheet HUF 4,967,916 th was paid to OBA into OBA's current account kept by the MNB on 7 August 2017.

The further recovery expected in the liquidation procedure amounts to HUF 9,980,180 th with which 37.9% of OBA's claim can be recovered.



8

INTERNATIONAL ACTIVITY

The projects and cooperation activities in global and European deposit insurance organisations continued to determined OBA's international activities in 2017 too.

Among those the bilateral cross-border stress tests developing compensation abilities and competencies stood out.

During the year OBA held personal consultations with the Austrian (Einlagenzi-cherung der Banken Bankiers GmbH) and the Czech (Garanční systém finančního trhu) deposits insurance organisations to test the preparations for cross-border compensation. Following the consultations OBA successfully sent anonymised da-ta files through the European Data Exchange platform (Eddies) established for cross-border compensation.

In 2017 the OBA members of staff attended numerous international projects.

On 21 February OBA was represented by the Executive Director and the officer in charge of risk management at the Deposit Insurance and Stress Test Workshop in London, where the former gave a presentation on the Hungarian stress test plans.

On 13 March the senior legal council attended a seminar in Zurich, organised jointly by the Swiss deposit insurance organisation (esisuisse) and the University of Zurich presenting the relationship between deposit insurance and the fintech world.

The EFDI PR/Communication working group, led by the OBA communication manager held meetings in Prague on 28 February in Sarajevo on 18 May and in Moscow on 5 September. The communication working group meetings covered the information procedure on cross-border compensation, the potential ways of serving mass customer demands effectively during a compensation period and the comparison of the multimedia contents of deposit insurance organisations in terms of concepts, messages, technical implementation, production prices.

A project meeting was held in London on the risk-based fee payment models of deposit insurance organisations organised by the EBA on 3 March, where OBA was represented by officer of charge of risk management focusing on the subject.

On 5-8 April the International Association of Deposit Insurance (IADI), European Regional Committee held its annual meeting in Bari, Italy. The technical workshops relating to the event were dedicated to the deposit insurance contribution relating to successful resolution and the risk exposure of deposit insurers.

The European Forum of Deposit Insurance (EFDI) discussed the European comparison of payment channels and procedures used during compensation and the technology innovations affecting them in Berlin on 14 June, where the Hungarian Deposit Insurance Organisation was represented by the Executive Director and the Communication Manager. At the meeting the OBA Executive Director presented the payment method of compensation in Hungary in 2014 and 2015.

At the EFDI workshop dedicated to stress tests on 6 June the OBA Communications Manager gave a presentation on the social media activities observed in relation to compensation in 2014 and 2015.

The EFDI held its general meeting and annual conference in Oslo on 11-13 September. At the conference the OBA Communications Manager, and also leader of the EFDI PR/Communications Working Group presented the results of the organisation and the future tasks.

On 29 September the EFDI banking union working group had a meeting in the head office of the Dutch Central Bank (DNB). The main topic of this event was the concept of operation of the European deposit insurance system (EDIS), described as the third pillar of the banking union and disclosed so far and its potential impact on the trust of depositors. At the event the EDISA concept was also discussed from practical aspects with criticism, pointing out those components that also made fast compensation of depositors difficult at national level.

The EFDI implementation project meeting was held in Paris on 30 November and 1 December, during which (technical) seminars were also held focusing on the investment policy of deposit insurers and alternative financing options. At those seminars it was declared that the deposit insurers also needed an effective risk management system and a clearly defined investment strategy as well as an investment policy defined by their governing bodies in relation to their investments.

TAX NUMBER: 10830516-2-41

STATISTICAL NUMBER: 10830516-6619-916-01

Országos Betétbiztosítási Alap (National Deposit Insurance Fund)					
Balance sheet version "A" ASSETS					
SN.	Definition		Base year 31.12.2016	Control effect	Current year 31.12.2017
1	A	FIXED ASSETS	71 860	0	94 652
2	I.	INTANGIBLE ASSETS	40 955	0	67 016
3	I.1	Capitalised value of foundation-restructuring	0	0	0
4	I.2	Rights and titles	5 461	0	5 249
5	I.3	Intellectual property	35 494	0	61 767
6	I.4	Advances on intangible assets	0	0	0
7	I.5	Value adjustment of intangible assets	0	0	0
8	II.	TANGIBLE FIXED ASSETS	30 905	0	27 636
9	II.1	Real estate and related rights and titles	3 495	0	3 252
10	II.2	Equipment, fittings and vehicles	26 664	0	19 830
11	II.3	Capital investments	746	0	4 554
12	II.4	Advances for assets in construction	0	0	0
13	II.5	Adjustment in tangible fixed assets	0	0	0
14	III.	FINANCIAL INVESTMENTS	0	0	0
15	B	CURRENT ASSETS	103 730 225	-3 711 701	98 911 694
16	I	INVENTORIES	495	0	495
17	I.1	Materials	0	0	0
18	I.2	Commercial goods	495	0	495
19	I.3	Mediated services	0	0	0
20	I.4	Advances on inventories	0	0	0
21	II.	RECEIVABLES	76 548 474	-3 711 701	67 210 282
22	II.1	Receivables from member institutions	73 750 596	-3 711 701	64 731 439
23	II.1.a	Fee receivables	0	0	0
24	II.1.b	Receivables assigned to the Fund	73 750 596	-3 711 701	64 731 439
25	II.1.c	Fees on recourse commitments	0	0	0
26	II.1.d	Other receivables from member institutions	0	0	0
27	II.2	Other receivables from credit institutions	162 449	0	7 033
28	II.3	Receivables from depositors	0	0	0
29	II.4	Receivables from the state	0	0	0
30	II.5	Other receivables	2 635 429	0	2 471 810
31	III.	SECURITIES	26 904 527	0	31 458 751
32	III.1	Government securities	26 904 527	0	31 458 751
33	III.2	Other securities	0	0	0
34	IV.	CASH AND EQUIVALENTS	276 729	0	242 166
35	IV.1	Cash and cheques	260	0	241
36	IV.2	Bank deposits	276 469	0	241 925
37	C	PREPAYMENTS AND DEFERRED EXPENDITURES	460 568	0	471 894
38	TOTAL ASSETS		104 262 653	-3 711 701	99 478 240

data: in HUFth

dr. András Kómár
OBA Executive Director

TAX NUMBER: 10830516-2-41
STATISTICAL NUMBER: 10830516-6619-916-01

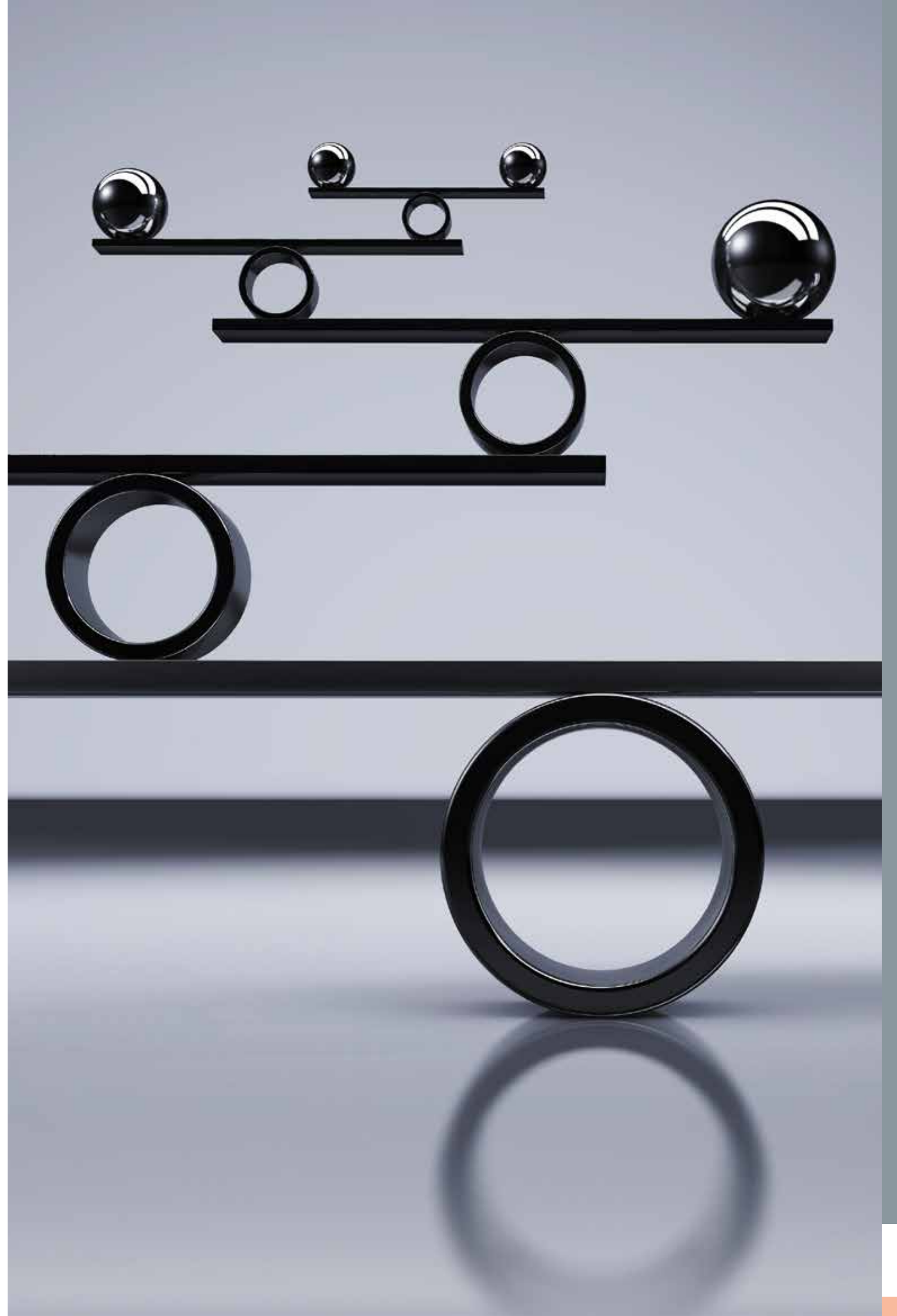
Országos Betétbiztosítási Alap (National Deposit Insurance Fund)				
Balance sheet version "A" LIABILITIES				
SN.	Definition	Base year 31.12.2016	Control effect	Current year 31.12.2017
39	D. EQUITY	16 753 089	-3 711 701	39 817 189
40	I. SUBSCRIBED CAPITAL	926 082	0	926 082
41	II. RESERVES	2 307 361	-3 711 701	12 115 306
42	III. VALUATION RESERVE	0	0	0
43	IV. PROFIT/LOSS OF THE CURRENT YEAR	13 519 646	0	26 775 801
44	E. PROVISIONS	0	0	0
45	F. LIABILITIES	87 377 528	0	59 599 839
46	I. LONG-TERM LIABILITIES	84 621 432	0	56 989 291
47	II. SHORT-TERM LIABILITIES	2 756 096	0	2 610 548
48	II.1 Liabilities to member institutions	0	0	0
49	II.2 Short-term credits	0	0	0
50	II.3 Liabilities to member institutions	0	0	0
51	II.4 Liabilities to the state	0	0	0
52	II.5 Other short-term liabilities	2 756 096	0	2 610 548
53	G. ACCRUALS AND DEFERRED INCOME	132 036	0	61 212
54	TOTAL LIABILITIES	104 262 653	-3 711 701	99 478 240

data: in HUF th

TAX NUMBER: 10830516-2-41
STATISTICAL NUMBER: 10830516-6616-916-01

Országos Betétbiztosítási Alap (National Deposit Insurance Fund)				
PROFIT AND LOSS ACCOUNT TOTAL COST METHOD „A”				
SN.	Definition	Base year 31.12.2016	Control effect	Current year 31.12.2017
1	1 Fee revenues from member institutions	14 749 810	0	15 613 212
2	2 Fee revenues based on receivables collected on behalf of depositors	0	0	0
3	3 Commission revenues based on the payment of deposits secured by a state guarantee	0	0	0
4	4 Other deposit insurance revenues	5 083 375	0	12 518 988
5	I. Revenues from deposit insurance (01+02+03+04)	19 833 185	0	28 132 200
6	II. Other revenues	151 903	0	144 605
7	III. Revenues from sources other than deposit insurance	10	0	8
8	IV. Revenues from financial transactions	1 159 133	0	1 590 459
9	5 Expenses relating to the payment of frozen deposits	0	0	0
10	6 Expenses relating to receivables collected on behalf of depositors	0	0	0
11	7 Expenses incurred relating to the payment of deposits secured by a state guarantee	0	0	0
12	8 Other deposit insurance expenditure	4 766 006	0	1 252 164
13	V Expenditures relating to deposit insurance (05+06+07+08)	4 766 006	0	1 252 164
14	VI. Other expenditure	3 917	0	3 827
15	VII. Expenditures not stemming from deposit insurance	0	0	0
16	VIII. Expenses of financial transactions	2 287 667	0	1 279 590
17	9 Material type expenses	124 889	0	135 141
18	10 Personnel expenses	428 017	0	402 068
19	11 Depreciation write-off	14 089	0	18 681
20	IX. Operating expenses (09+10+11)	566 995	0	555 890
22	A. PROFIT/LOSS OF THE CURRENT YEAR (I+II+III+IV+V+VI-VII-VIII-IX)	13 519 646	0	26 775 801

data: in HUF th





PUBLIC POLICY OBJECTIVES OF OBA

- To increase the trust of the depositors in credit institutions,
- To protect deposits of insured depositors in credit institutions up to the limit specified by law,
- To reduce unfavourable effects caused by potential insolvency of certain credit institutions.

FUTURE VISION

To make OBA an institution enjoying the trust of the public and operating one of the world's leading effective deposit insurance systems.

MISSION

To support the stability of the Hungarian financial system by strengthening the trust of depositors in the banking system and the further development of the institution where by OBA can respond to the challenges caused by the financial shocks in compliance with the legislative framework and become able to maintain operation securing the depositors of the Hungarian financial system.

KEY VALUES

Trust, customer centred approach, conformity with the law, openness to changes and outstanding norms of conduct.

We intend to achieve the above objectives with a management approach that is based on the highest norms of conduct, conformity to the law, focus on customers and openness to change are strategic objectives supporting.

The expressed objectives are reviewed every three years.

3.2. Medium-term institutional objectives

At its meeting held on 17 May 2016 the Board of Directors approved and then, at the meeting of 30 March 2017 it reviewed and extended the strategic goals of OBA for three years and the related tasks as presented in detail in the table below. és kiegészített az OBA 3 évre szóló stratégiai céljait és a kapcsolódó feladatokat, melyek a következő táblázatban láthatók.

REVIEWED STRATEGIC GOALS OF OBA AND THE RELATED TASKS

I. Gradual digital shift and operational security	II. Maintenance and development of compensation capacity	III. Compliance with the EU legislation	IV. Visibility
High level IT security (crucial system component)	Search for new compensation channels (fast, cheap, easily manageable)	Conclusion of co-operation agreements on cross-border compensation	Increasing client awareness in relation to financial deposits
Identification, evaluation, report and elimination of operational risks	In depth control	Conditions of data migration required for cross-border compensation	Elaboration and development of co-operation in education and research
Adjustment of internal processes to the recipe of digital technologies	Further development of the customer information abilities	Putting in place the requirements for the international financial reporting standards (IFRS)	Digital communication devices providing customer experience
Organisation of knowledge transfer	Development of a relationships with financial stability institutions	Implementation of a medium-term stress testing programme, participation in the EBA group test	Maintaining the "cross-border contingency planning" in relation to the EU
Creation of an internal knowledge base	Search for working (international) solutions	Pro rata compliance with the EU target	
		Further development of risk-based fee payment (individualised fee payments)	

ACHIEVEMENT OF THE TARGETS SET FOR 2017

T	The target has been reached	E	Progressed according to plan, or remained within budget	K	Starts later (future date)	I	Measure postponed due to restructuring/change in priority
Set targets and tasks	Projected measures	Tasks			Achieved		
I. Gradual digital shift and operational security	High level IT security (crucial system component)	1) Introduction and operation of a log analysis software	Proposal and implementation	E			
		2) Preparation for compliance with the security category	Implementation	E			
		3) Implementation of a camera system in the corridors and the computer room	Proposal and implementation	K			
		4) Increasing the physical safety of the DR site office (establishment of an entry control system)	Implementation	T			
		5) Functional distribution of the internal library structure	Implementation	E			
		6) Segmentation of the OBA internal network	Implementation	E			
	Identification, evaluation, report and elimination of operational risks	1) Design and analysis of an identification questionnaire	Implementation	T			
		2) Proposal for a managing operational risks identified during internal audit activities	Proposal	T			
		3) Preparation of a consistent risk management regulation	Proposal and implementation	T			
		4) Measuring ethics and interest rate risks	Proposal and implementation	E			
		5) Identification of risks arising from the application options of Fintech	Implementation	K			
	Adjustment of internal processes to the recte of digital technologies	1) Contact with the MNB supervisory and financial infrastructures directorates, the Banking Associations (OTP, MKB, Gránit, Raiffeisen) and the Fintech association	Implementation	E			
		2) Definition of the requirements for applying the Fintech innovations	Proposal	K			
		3) Review of Fintech technology solutions	Proposal and implementation	E			
		4) Clarification of the legal conditions required for the application of Fintech technologies	Proposal and implementation	K			

Set targets and tasks	Projected measures	Tasks			Achieved		
	Adjustment of internal processes to the recte of digital technologies (cont.)	5) Adaptation, conceptional development for the integration of technologies	Proposal	K			
		6) Review of cloud services	Implementation	T			
	Organisation of knowledge transfer	1) uploading and maintenance of the MTA data warehouse	Implementation	I			
		2) Building awareness among secondary school students	Implementation	E			
		3) Support to financial educational events and programmes (based on requests of education institutions)	Implementation	T			
		4) OBA annual training plan (training, education)	Implementation	E			
		5) Peer analysis of partner institutions	Implementation	E			
	Creation of an internal knowledge base	1) Education and training (internal SQL training)	Implementation	T			
		2) Development of an internal data warehouse	Implementation	E			
		3) Establishment of an internal contact list	Implementation	T			
		4) Review of the application of electronic settlement abilities (e-invoices)	Implementation	K			
		5) Obtaining accounting skills according to IFRS	Implementation	T			
	II. Kártalanítási képesség fenntartása és továbbfejlesztése	1) Increase and testing of card acceptance places	Implementation	E			
		2) Review of other digital compensation channels	Implementation	K			
		3) Introduction of a standardised KBB ID - as secondary ID - for the prompt payment system	Implementation	K			
		4) Agreement with membership institutions on the application of the EUR 100,000 limit within the framework of prompt payments	Implementation	K			
		1) Regular development of KBB control methodology	Implementation	T			
		2) Putting in place the legislative conditions and resources of OBA control	Implementation	T			
		3) Proposal for a review on site control programme (OBA) and new sanction opportunities (MNB)	Implementation	E			
		1) Review of the digital communication platforms and technology upgrade (mobile application website)	Implementation	E			
		2) Review of the use of call centre services in terms of technology and finance	Implementation	E			
		3) Design of an automatic response message to letters received on the central OBA e-mail address	Implementation	K			
		4) Proposal for updating the OBA documents of the website of the member institutions / hyper link	Implementation	K			

T	The target has been reached	E	Progressed according to plan, or remained within budget	K	Starts later (future date)	I	Measure postponed due to restructuring/change in priority
Set targets and tasks	Projected measures	Tasks			Achieved		
III. Compliance with the EU legislation	Development of a relationships with financial stability institutions	1) Review of foreign control experience	Implementation	T			
		2) Review of the compensation experience of the system risk bank (Latvia)	Implementation	T			
		3) Participation in the EBA review of the risk-based pricing of deposit insurance	Implementation	T			
		4) Study of technologies applied abroad (customer identification, compensation)	Implementation	T			
	Conclusion of co-operation agreements on cross-border compensation	1) Bilateral agreements for cross-border payment tests resulting from OBA's home positions by taking into account individual specificities	Implementation	E			
		2) Subject to section 1 proposal for contract amendments with the payment parties in order to be able to provide compensation in foreign currency	Implementation	E			
		3) Bilateral agreements for cross-border payment tests resulting from OBA's home positions by taking into account individual specificities	Implementation	E			
	Conditions of data migration required for cross-border compensation	1) Live transfer of payment data batches through the EDDIES system within the framework of stress tests.	Implementation	T			
	Putting in place the requirements for the international financial reporting standards (IFRS)	1) Training of at least one OBA employee	Implementation	T			
	Implementation of a medium-term stress testing programme, participation in the EBA group test	1) Testing of cross-border forwarding and receiving payment files with the Czech, Austrian and Slovak deposit insurer funds	Implementation	E			
		2) Formal and logical KBB verification in 1/3 of the member institutions	Implementation	E			
	Pro rata compliance with the EU target	1) Review of the ideal economic target level (assets)	Implementation	T			

Set targets and tasks	Projected measures	Tasks			Achieved		
IV. Visibility	Increasing client awareness in relation to financial deposits	1) Active social media presence	Implementation	E			
		2) Design of materials to be used in bank branches (video/poster/video spot)	Implementation	T			
	Elaboration and development of co-operation in education and research	1) Updating university text books (based on requests)	Implementation	E			
		2) PHD and MA consultation (based on requests)	Implementation	T			
		3) Delivery of guest presentations in higher education institutions	Implementation	T			
	Digital communication devices providing customer experience	1) Study of new digital communication technologies and their potential application (Chatbot)	Implementation	E			
		2) Research for digital customer satisfaction measurement	Implementation	E			
		3) Internet-based telephone link to be displayed on the websites of member institutions	Implementation	I			
		4) Preparations for the OBA digital switch	Implementation	E			
		5) Selection of test subject for stress scenarios based on a model	Implementation	E			



No. 1 Annex

FEES PAID BY THE OBA MEMBER INSTITUTIONS IN 2017

Serial number	Name of institution	Annual fee payment
1	3A Takarékszövetkezet	187 637
2	AEGON Magyarország Lakástakarékpénztár Zrt.	10 760
3	B3 TAKARÉK Szövetkezet	180 628
4	Bank of China (Hungária) Hitelintézet Zrt.	10 689
5	Bank of China Limited Magyarországi Fióktelepe	2 190
6	Békés TakaréK Szövetkezet	110 765
7	Bóly és Vidéke Takarékszövetkezet	19 896
8	BUDAPEST Hitel- és Fejlesztési Bank Zrt.	718 238
9	Centrál TakaréK Szövetkezet	161 367
10	CIB Bank Zrt.	817 766
11	Commerzbank Zrt.	20 155
12	Dél TakaréK Szövetkezet	135 968
13	DUNA TAKARÉK BANK Zrt.	95 561
14	ERSTE BANK HUNGARY Zrt.	1 301 618
15	ERSTE Lakás-takarékpénztár Zrt.	74 918
16	FHB Kereskedelmi Bank Zrt.	259 865
17	Fókusz Takarékszövetkezet	175 902
18	Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt.	606 584
19	GRÁNIT Bank Zrt.	80 887
20	Hungária TakaréK Takarékszövetkezet	117 877
21	KDB Bank Európa Zrt.	48 689
22	Kereskedelmi és Hitelbank Zrt.	1 666 709
23	Kinizsi Bank Zrt.	35 158
24	Korona TAKARÉK Takarékszövetkezet	119 309
25	M7 Takarékszövetkezet	77 039
26	MagNet Magyar Közösségi Bank Zrt.	119 110
27	Magyar Cetelem Bank Zrt.	21 823
28	Magyar Export-Import Bank Zrt.	0
29	Magyar Takarékszövetkezeti Bank Zrt.	19 403
30	Merkantil Váltó és Vagyonbefektető Bank Zrt.	53 140
31	MKB Bank Zrt.	696 854
32	Mohácsi TakaréK Bank Zrt.	44 563
33	NHB Növekedési Hitel Bank Zrt.	5 048
34	Nyugat TakaréK Szövetkezet	182 260
35	OTP Bank Nyrt.	4 440 155
36	OTP Lakástakarékpénztár Zrt.	396 782
37	Pannon TakaréK Bank Zrt.	102 785
38	Pátria Takarékszövetkezet	98 284
39	Polgári Bank Zrt.	49 353
40	Porsche Bank Hungaria Zártkörűen Működő Rt.	9 215
41	QUAESTOR Bank Zrt.*	0
42	Raiffeisen Bank Zrt.	1 049 513
43	Sberbank Magyarország Zrt.	197 907
44	SOPRON BANK BURGENLAND Zrt.	57 761
45	TISZÁNTÚLI TAKARÉK Takarékszövetkezet	208 812
46	UniCredit Bank Hungary Zrt.	824 269
Total member institutions		15 613 212

(data in HUF 'th)

No. 2 Annex

IMPAIRMENT LOSSES (31.12.2017.)

Institution	Total compensation paid (OBA)	Costs relating to the compensation paid (OBA)	Compensation paid from the total payments in 2017	Costs of the compensation paid from the total payments in 2017	Estimated return on assets for the full time of liquidation	Return transferred by the liquidator (OBA)	Payment of previously recognised impairment for compensation	Impairment recognised in former years used for expenses	Recognised impairment to be reversed for 2017	Impairment to be recognised for paid compensation in 2017	Impairment to be recognised for expenses in 2017
Heves és Vidéke Takarékszövetkezet „f.a.”	262 127		0		262 127	0	0		0	0	
Heves és Vidéke Takarékszövetkezet „f.a.”		16 690		0	16 690	0		0			0
Általános Közlekedési Hitelszövetkezet «f.a.»	3 184 701		0		237 024	476 586	2 607 168		136 077	0	
Általános Közlekedési Hitelszövetkezet «f.a.»cost		12 119		3		0		12 117			3
Jógazda Szövetkezeti Takarékpénztár «f.a.»OBA	9 009 885		0		477 528	2 341 244	6 261 411		70 298	0	
Jógazda Szövetkezeti Takarékpénztár «f.a.»cost OBA		33 015		8		0		33 007			8
Soltvadkert és Vidéke Takarékszövetkezet „f.a.”OBA	33 531 748		55		1 299 410	4 903 035	28 124 698		795 395	0	
Soltvadkert és Vidéke Takarékszövetkezet cost „f.a.”OBA		99 983		0		0		99 983			0
Körmend és Vidéke Takarékszövetkezet „f.a.”OBA	22 961 959		1 053		9 490 880	2 740 223	16 460 906		5 730 050	0	
Körmend és Vidéke Takarékszövetkezet cost „va”OBA		87 617		11		0		87 606			11
Orgovány és Vidéke Takarékszövetkezet „f.a.” OBA	46 679 263		36 921		12 492 500	9 648 569	24 987 658		449 464	0	
Orgovány és Vidéke Takarékszövetkezet cost „f.a.” OBA		178 315		334		0		177 981			334
Alba Takarékszövetkezet „f.a.” OBA	7 089 589		137		3 995 600	1 744 224	2 843 452		1 493 687	0	
Alba Takarékszövetkezet „f.a.” OBA cost		71 612		41		0		71 571			41
Széchenyi Hitelszövetkezet „f.a.” OBA	8 898 855		542		1 000 000	2 145 044	6 164 335		410 524	0	
Széchenyi Hitelszövetkezet cost „f.a.” OBA		28 744		19		0		28 725			19
Széchenyi Kereskedelmi Bank „f.a.”OBA	13 547 566		3 805		6 243 760	0	8 354 761		1 050 955	0	
Széchenyi Kereskedelmi Bank „f.a.”OBA cost		21 390		36		0		21 354			36
Tisza Takarékszövetkezet „va” OBA	8 531 365		7 153		7 770 859	0	1 657 212		896 706	0	
Tisza Takarékszövetkezet „va” cost		39 898		170		0		39 728			170
BRB Buda Regionális Bank «f.a.»	19 213 808		8 406		2 678 006	1 437 870	15 056 401		0	41 530	
BRB Buda Regionális Bank «f.a.» cost		77 039		506		0		76 533			506
DDB Dél-Dunántúli Takaréék Bank «f.a.»	23 250 493		1 894		4 290 000	0	18 884 837	0	0	75 656	
DDB Dél-Dunántúli Takaréék Bank «f.a.» cost		90 914		266		0		90 647			266
DRB Dél-Dunántúli Regionális Bank «f.a.»	22 624 646		5 179		4 495 500	4 495 500	15 119 467	0	1 485 821	0	
DRB Dél-Dunántúli Regionális Bank «f.a.» cost		77 503		329		0		77 174			329
ÉRB Észak-Mo.-i Regionális Bank «f.a.»	39 403 613		7 194		9 980 180	4 967 916	23 322 627		0	1 132 890	
ÉRB Észak-Mo.-i Regionális Bank «f.a.» cost		116 523		364		0		116 158			364
Total	258 189 618	951 362	72 339	2 087	64 730 064	34 900 211	169 844 933	932 584	12 518 977	1 250 076	2 087

(data in HUF th)



**National Deposit
Insurance Fund
of Hungary**

SAFE DEPOSIT ASSURED REFUND.

1027 Budapest, Csalogány u. 9-11.
1535 Budapest Pf. 793.

www.oba.hu
info@oba.hu
www.facebook.com/betetvedelem
[@Betetbiztositas](https://www.facebook.com/Betetbiztositas)

