

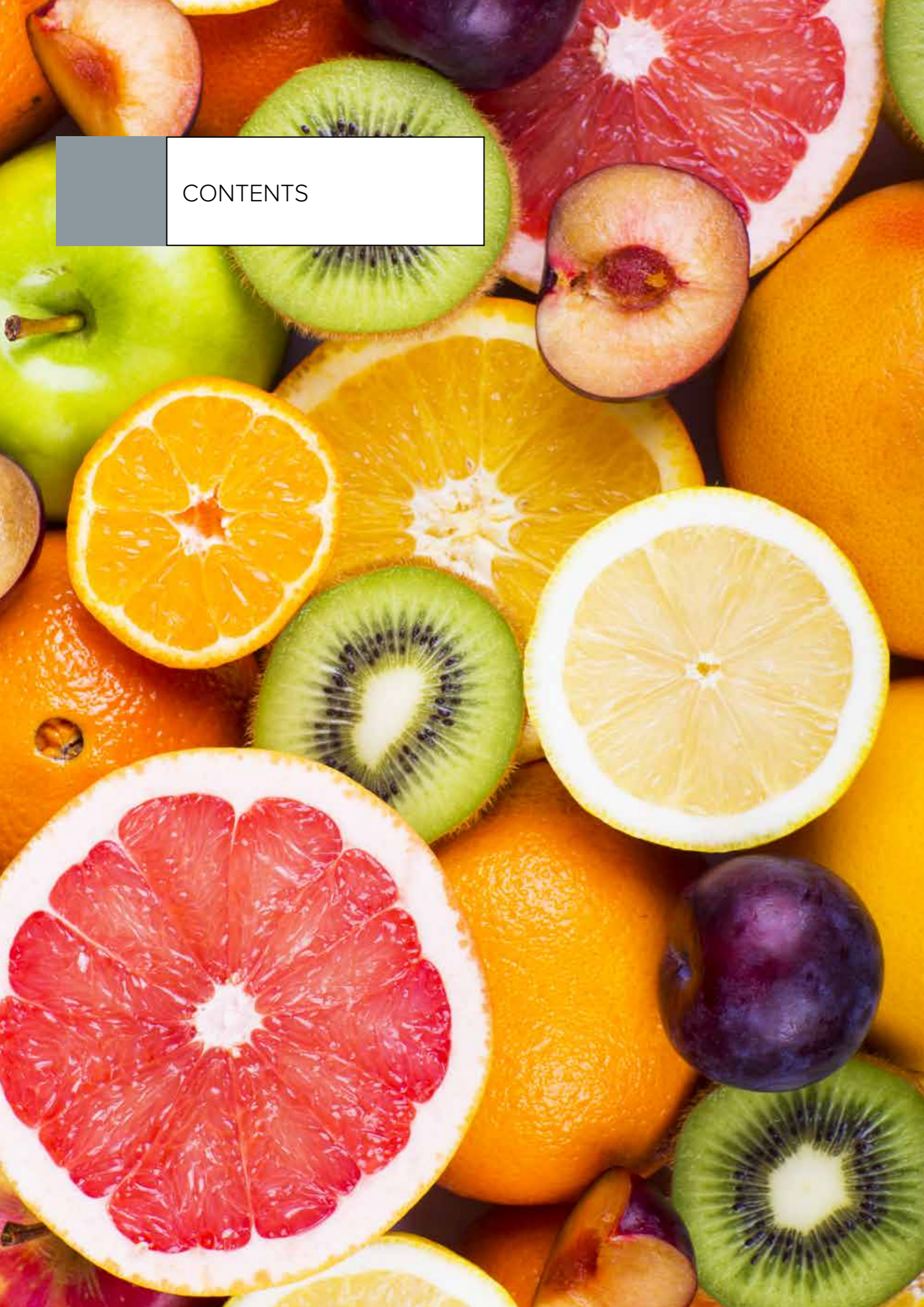


ANNUAL REPORT 2018



**National Deposit
Insurance Fund
of Hungary**

SAFE DEPOSIT ASSURED REFUND.



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In 2018 OBA continued to take part actively in financial educational initiatives. In the framework of that activity OBA took part in the establishment of the country's first Fintelligence Financial Training Centre. The Centre opened at Miskolc University actively contributes to the expansion of the financial knowledge of university students with experience-based education. The book entitled Financial Culture was also presented at the opening ceremony of the institution. The book that supports the university subject quote under the same name also contains updated information about deposit insurance.

A cooperation agreement was also signed in March with the Miskolc University, Faculty of Economic Sciences in order to support financial and economics training. With this cooperation OBA undertook to provide information regularly on the Hungarian and European deposit insurance regulations, bank resolution activities and investor protection as well as to provide scientific research and practice opportunities to the students of the Miskolc University.

During the year the members of OBA staff gave a number of lectures on deposit protection and its closer and wider correlations.

In May, the OBA legal counsel gave a lecture at Budapest Corvinus University.

In June the managing director gave a presentation to secondary school students in Budapest Corvinus University Wall Street 101 financial summer camp.

The senior analyst presented deposit protection in a financial summer camp organised for secondary school students by the University of Sopron in July.

On 2 October the OBA managing director spoke for hours on money and capital market collective (guarantee) funds in the capital market and banking specialist lawyer programme of Pázmány Péter Catholic University, Faculty of Law and Political Sciences.

In November, the managing director also provided information on Banking Union, its deposit insurance dimension and the capital markets union in the initial training of the Law and Political Science Faculty of Pázmány Péter Catholic University.

In November 2018 the second Fintelligence Financial Training Centre was opened at Pécs University, Faculty of Economics, also with OBA support.

25 YEARS IN THE SERVICE OF DEPOSITORS

OBA was established in 1993 as the first deposit insurance institution in Central and Eastern Europe and compensated approximately 180,000 depositors over the subsequent 25 years when 17 Hungarian credit institutions came insolvent. We dedicated a conference on 16 November remembering the 25 year-period, full of occasional challenges. The event was attended by the current and former managers, employees and partners of OBA, representatives of the banking sector, deposit insurance experts of OBA's foreign partner institutions, the chairman and members of the Board of Directors of the European Forum of Deposit Insurance (EFDI).

The periodical 'Economy and Finance'² dedicated a special issue to the 25-year jubilee, presenting issues relating to deposit insurance and financial stability, bank resolution and trust in banks.

OBA also produced educational films to expand the deposit insurance knowledge of the population, presenting the general activities of the institutions and the most important information for depositors during the period of compensation.



¹ <https://www.bankszovetseg.hu/gep-reszlet.cshml?gepld=18&lang=hun>

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, and, from 1 January 2019 within fifteen, 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, 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 (1) of Act CXX of 2001 on the Capital Market and of Section 7 (4) of Act CCIV of 2015 on the Investor Protection Fund (hereinafter: BEVA) and on certain compensation measures to strengthen the stability of the capital market, the Compensation 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 of Finance (PM)
- 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)
- Director of legal affairs, mortgages and retail banking of the Hungarian Banking Association (MBSZ)
- officer designated by the Integration Organisation of Cooperative Credit Institutions (SZHISZ)
- executive director of OBA.

The Board of Directors elects a chair and a deputy chair annually from its members. In 2018, 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 2018 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. The number of member institutions continuously decreased over the past few years primarily because of the merger of savings cooperatives, but did not change between 2017 and 2018.



3

INSURED SAVINGS AND
THEIR COMPOSITIONDEPOSITS INSURED BY OBA AND POTENTIAL COMPENSATION
OBLIGATION

The deposit² portfolio insured by OBA was HUF 15,614,604,274 th at the beginning of 2018, reflecting a HUF 1,398,961,486 th (9.8%) increase from the portfolio recorded one year before. The receivables from state guaranteed deposits are constantly shrinking and dropped to HUF 26,630,712 th (by 33%) at the beginning of 2018 compared to the portfolio recorded one year before.

CHANGES IN THE PORTFOLIO INSURED BY OBA AND GUARANTEED BY THE STATE,
2017-2018 (START OF THE YEAR)

DEPOSIT PORTFOLIO	2017	2018	VARIATION (YEAR/YEAR)%
Portfolio insured by OBA	14 353 116 699	15 614 604 274	8,8%
Portfolio guaranteed by the state*	524 118 314	26 630 712	-94,9%

* without Magyar Export-Import Bank Zártkörűen Működő Részvénytársaság
Source: NDIF

(data in HUF th and %)

The share of deposits within the portfolio insured by OBA is constantly growing (99.5% in 2018). With the exception of amounts that have not yet matured or have been redeemed, OBA stopped insuring securities on 3 July 2015 and therefore their share is constantly shrinking, similarly to accumulated interest, which is the result of the falling deposit interest rates, observed over the past few years.

BREAKDOWN OF PORTFOLIO INSURED BY OBA 2013-2018 (START OF THE YEAR)

START OF THE YEAR	INSURED DEPOSIT	INSURED SECURITIES	INSURED INTEREST	TOTAL
2013	11 873 271 940	768 394 967	136 019 945	12 777 686 852
2014	11 438 042 956	623 826 112	93 845 234	12 155 714 302
2015	11 773 432 040	530 303 751	55 083 409	12 358 819 200
2016	12 766 926 011	374 864 176	33 453 775	13 175 243 962
2017	14 025 825 023	168 956 355	20 861 410	14 215 642 788
2018	15 541 568 025	59 972 650	13 063 599	15 614 604 274
2018	15 541 568 025	59 972 650	13 063 599	15 614 604 274

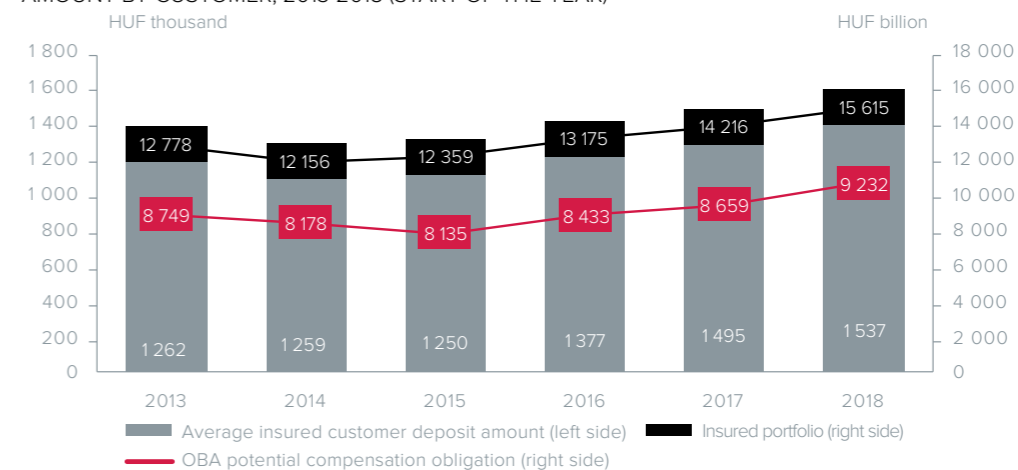
(data in HUF th)

Source: NDIF

The average insured deposit amount by customer (by credit institution) was HUF 1,537 th at the beginning of 2018, following a continuous increase parallel with the total portfolio insured by OBA since 2016.

OBA's potential indemnification obligation, i.e., the aggregated portion of insured deposits below the compensation limit (by customer and by credit institution) has also continued to increase. The potential compensation liability was HUF 9,232,425,942 th at the beginning of 2018, which figure was HUF 573,732,357 the (6.6%) higher than the figure recorded one year before.

POTENTIAL COMPENSATION LIABILITY, THE INSURED PORTFOLIO AND THE AVERAGE INSURED DEPOSIT
AMOUNT BY CUSTOMER, 2013-2018 (START OF THE YEAR)



Source: NDIF

² In addition to deposits, certificates of deposit and bonds issued by credit institutions between 1 January 2003 and 3 July 2015 are also considered deposits in terms of OBA insurance until they mature or are redeemed.

The sources of OBA revenues include the single joining fee and the regular and extraordinary payments made by the member institutions (Section 232 (1) a) and b) of the Credit Institutions Act).

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 2018 there was no joining member.

ANNUAL FEE

The regular fees represent one of the most important revenue categories for OBA. The fees must be set to insure that the assets target, defined as 0.8 percent funding ratio can be achieved by 3 July 2024.

The regular fee payable by the member institutions is based on the potential compensation liability of the given member institution with a top limit of 0.3 percent of the fee base. The member institutions pay the annual fee to OBA in quarterly instalments.

The regular fee consists of a base fee and risk-based variable fee. The regular fees for 2018 and their changes from 2017 are illustrated in the table below.

CHANGES IN THE REGULAR FEE PAID BY THE MEMBER INSTITUTIONS, 2017-2018³

FEE	2017	2018	VARIATION (YEAR/YEAR)
Basic fee	9 971 363	2 811 350	-71,8%
Risk-based variable fee	5 641 849	12 484 025	121,3%
Total regular fee	15 613 212	15 295 375	-2,0%

Source: NDIF

(data in HUF th and in percentage)

OBA classifies the member institutions into four risk categories based on their risk indicators and assigns different aggregated risk weights to them. The number of member institutions in each category in 2018, the potential compensation liability related to them and the regular fees payable by them are illustrated in the table.

NUMBER OF MEMBER INSTITUTIONS IN EACH RISK CATEGORY AND THEIR POTENTIAL COMPENSATION LIABILITY AS WELL AS THE FEE PAYABLE BY THEM (2018)

AGGREGATED RISK WEIGHT (ARW)	NUMBER OF MEMBER INSTITUTIONS	RATIO	POTENTIAL COMPENSATION OBLIGATION	RATIO	REGULAR FEES	RATIO	AVERAGE FEE RATE
75%	15	34,10%	5 917 248 548	64,1%	9 268 739	60,4%	0,16%
100%	29	65,90%	3 315 177 394	35,9%	6 077 883	39,6%	0,18%
125%	0	0,00%	0	0,0%	0	0,0%	-
150%	0	0,00%	0	0,0%	0	0,0%	-

* The fee base of Magyar Export-Import Bank Zártkörűen Működő Részvénytársaság is zero and it does not pay any fee to OBA; consequently, the data of 44 member institutions are included in the table.

Source: NDIF

(data in HUF th and in percentage)

EXTRAORDINARY FEE

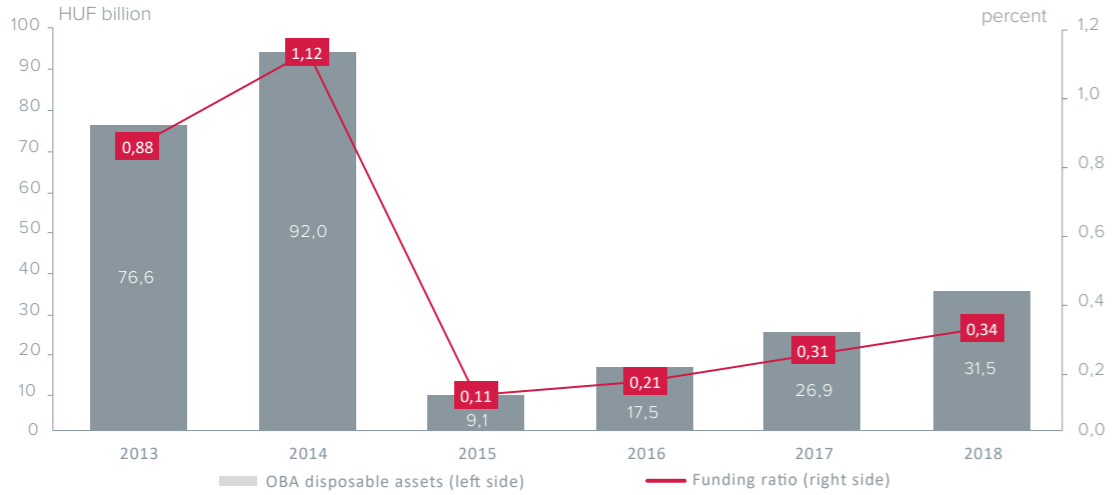
In 2018 OBA did not require any extraordinary fee payment.

FUNDING RATIO

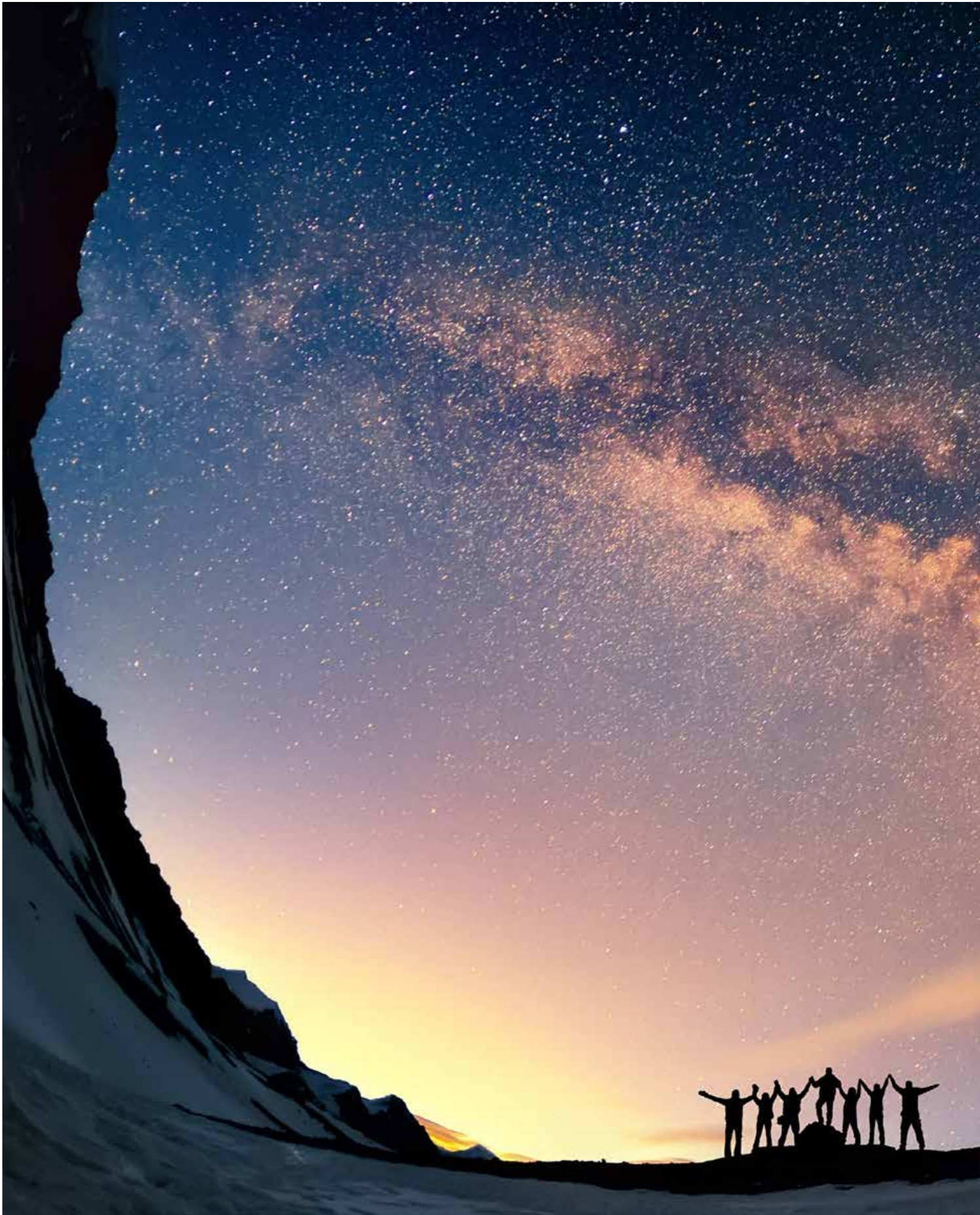
The internationally accepted indicator of the asset position, i.e., funding of the deposit insurance institutions, is the funding ratio, which equals the assets available for compensation divided by the aggregated potential compensation obligation. In line with the single EU legislation, the target assets of OBA were defined as 0.8 percent of the funding ratio; it must be achieved by 3 July 2024. The OBA funding ratio was 0.34% at the beginning of 2018.

³ The table contains only the fee prescribed for the current year but does not contain any additionally paid fee (HUF 51,248 th).

DISPOSABLE ASSETS AND FUNDING RATIO OF OBA, 2013-2018 (START OF THE YEAR)



* Disposable assets: securities at book value
Source: NDIF





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 straightline 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 2018 the tangible assets expanded by HUF 22,839 th.

VARIATION IN THE PORTFOLIO OF INTANGIBLE ASSETS IN THE CURRENT YEAR

Definition	Gross value	Depreciation
01.01.2018 Opening	216 340	149 324
Increases in the current year (capitalisation)	22 839	0
Sales in the current year	0	0
Scrapping in the current year	0	0
Depreciation in the current year	0	10 821
31.12.2018 closing	239 179	160 145

Source: NDIF

TANGIBLE ASSETS

The tangible assets of the Fund include assets required for operation, refurbishment completed in leased 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 straightline 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.

At the Fund the IT equipment represent a great portion of tangible assets. Their net value after depreciation was HUF 19,646 th on 31 December 2018, the net value after depreciation of furniture and administration equipment was HUF 2,294 and HUF 1,278 th on 31 December 2018, and the net value after depreciation of technical equipment was HUF 361 th on 31 December 2018.

(data in HUF th)

COMPOSITION OF TANGIBLE ASSETS

Definition	2017.12.31	2018.12.31	Variation	
	HUF thousand	HUF thousand	HUF thousand	%
Real estate and related rights and titles	3 252	3 008	-244	-7,5
- building, part of a building	3 252	3 008	-244	-7,5
Equipment, fittings and vehicles	19 830	23 579	3 749	18,9
- technical administration equipment	1 260	1 278	18	1,5
- technical equipment	800	361	-439	-54,8
- IT equipment	16 121	19 646	3 525	21,9
- furniture	1 650	2 294	644	39,0
Capital investments	4 554	228	-4 326	-95,0
Total:	27 636	26 815	-821	-3,0

Source: NDIF

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

In 2018 the Fund had HUF 229 th assets in construction. The assets included in the closing balance of assets in construction are capitalised simultaneously with their commissioning.

MAJOR CHANGES IN THE PORTFOLIO

Item / HUF th	opening	increase	decrease	restatements +-	closing
GROSS VALUE	91 706	57 684	42 834	0	106 556
Real estate and related rights and titles	8 755		0	0	8 755
Equipment, fittings and vehicles	78 397	19 586	410	0	97 573
Assets in construction	4 554	38 098	42 424	0	228
DEPRECIATION	64 070	16 081	410	0	79 741
Real estate and related rights and titles	5 503	244	0	0	5 747
Equipment, fittings and vehicles	58 567	15 837	410	0	73 994
NET VALUE	27 636	41 603	42 424	0	26 815
Real estate and related rights and titles	3 252	-244	0	0	3 008
Equipment, fittings and vehicles	19 830	3 749	0	0	23 579
Assets in construction	4 554	38 098	42 424	0	228

Source: NDIF

(data in HUF th)

Among the deprecation of assets, only the scheduled depreciation was accounted.

TANGIBLE ASSETS – INDICATORS

Definition	2017.12.31	2018.12.31	Variation
	(%)	(%)	(%)
Ratio of tangible assets within financial investments:	29,20	25,33	-3,86
Ratio of tangible assets within total assets	0,03	0,03	0,01
Degree of wear and tear:	69,86	74,83	4,97

(data in %)

Source: NDIF

FINANCIAL INVESTMENTS

OBA does not have any financial investments.

INVENTORIES

The inventories of OBA include communication materials at HUF 62 th.

RECEIVABLES

The Fund records fee receivables from member institutions, 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 individual valuation. The deposit insurance expenses, shown as creditor claims, represented a significant 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 member institutions subject to winding up and liquidation, the degree of which may reach 100%. According to our experience the costs of compensation payments named in Section 219 of the Credit Institutions Act and Section 57 (f) of Act XLIX of 1991 on Bankruptcy and Liquidation Procedures (hereinafter referred to as Bankruptcy Act) are generally not recovered. The types of expenses of compensation are specified in OBA's compensation policy. OBA submits its creditor claims from compensation costs 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 transfers,
- 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 Institutions 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 expenditures.

DECLARATIONS MADE BY RECEIVERS AND LIQUIDATORS ⁴

The liquidators provide declarations on the expected recovery of the deposit insurance expenses expressed as creditor claims. The impairment to be recognised is calculated on the basis of those declarations. Individual recognition rates are applied to receivable-type items (liquidation, winding up processes). The amount of deposit payments made during compensation and assigned to the Fund in 2018 is included in the row of receivables in the amount of HUF 208,593,457 th, of which HUF 153,332,203 th was recognised as impairment based on the declarations of the liquidators on the expected recovery made by the OBA balance sheet date.

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 collected the transferred amount. OBA does not record any receivable from credit institutions 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 compensa-

4 No institution was wound up in 2018.

tion 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 settlement process and the uncollected deposits are returned to OBA.

Pursuant to the agreement concluded with Takarékbank Zrt.: “If the client does not collect the compensation 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.” As a result of the payments made in 2018, on 31 December 2018 the receivables from Takarékbank Zrt. totalled HUF 311 th under that title.

The receivables from member institutions dropped by HUF - 9,292,587 th since the base period, of which:

- the receivables from members rose by HUF 160,709 th (the fee owed by one member institution in Q4 2018, paid in 2019) and contain membership fees not paid by three member institutions under liquidation (HUF 25,462 th) ; the amounts were reported as creditor claims.
- as a result of the payments made during the year and the recovery of the compensation payments of member institutions the receivables transferred as a result of deposit payouts (HUF 208,593,457 th) decreased by HUF 14,697,241 th (of which HUF 14,761,174 was the recovered amount),
- the impairment increased by HUF 5,243,830 th,
- the auxiliary expenses of compensation for deposits (HUF 960,606 th) grew by HUF 9,160 th,
- while the impairment on expenditure rose by HUF 9,045 th,
- The receivable from Takarékbank decreased.

In total HUF 154,301,382 th impairment was recognised.

COMPOSITION OF RECEIVABLES

Definition	2017 HUF thou- sand	Control effect	2018 HUF thousand	variation HUF thou- sand	%
Receivables from member institutions	64 731 439	0	55 438 852	-9 292 587	-14,4
= fee receivables from member institutions	25 462	0	186 171	160 709	6,3
= impairment on fee receivables from member institutions	-25 462	0	-25 462	0	0,0
= receivables assigned in relation to the payment of deposits	223 290 698	0	208 593 457	-14 697 241	-6,6
= impairment on receivables assigned in relation to the payment of deposits	-158 576 033	0	-153 332 203	5 243 830	-3,3
= auxiliary expenses incurred in relation to the payment of deposit	951 446	0	960 606	9 160	1,0
= impairment on auxiliary expenses incurred in relation to the payment of deposits	-934 672	0	-943 717	-9 045	1,0
Other receivables from credit institutions	7 033	0	311	-6 722	-95,6
= receivables from credit institutions (Takarékbank)	7 033	0	311	-6 722	-95,6
= impairment on receivables from credit institutions	0	0	0	0	N/A
= from the redemption of guarantees and obligations with recourse	0	0	0	0	N/A
= impairment due to the redemption of guarantees and obligations with recourse	0	0	0	0	N/A
Other receivables:	2 471 810	0	2 180 544	-291 266	-11,8
- Receivables from the supply of goods and services	0	0	0	0	N/A
- Advances paid	0	0	0	0	N/A
- restated tax liability	402	0	231	-171	-42,6
- other receivables	2 471 408	0	2 180 313	-291 095	-11,8
= receivable from the liquidator in relation to compensation not yet paid	2 470 681	0	2 179 766	-290 915	-11,8
= domestic trade receivables	0	0	0	0	N/A
= receivables from resident customers, employees	270	0	260	0	0,0
= replenishment of the stamping machine	293	0	173	-120	-41,0
= receivables from litigation	114	0	114	0	0,0
= security deposit for the leased garage	50	0	0	-50	-100,0
Total:	67 210 282	0	57 619 707	-9 590 575	-14,3

Source: NDIF

The other receivables shrank by HUF 291,266 th, of which the dominant item was the HUF 290,915 th reduction in the claims that had not been paid yet.

OBA paid out HUF 258,254,915 th in compensation for deposits not protected by a state guarantee, and its expenses relating to the compensation payments amounted to HUF 960,407 th. In view of the estimates of the liquidators of the member institutions concerning the estimated recovery, the impairment on compensation payments is HUF 154,275,920 th.

5 HUF 224,798 for „Jógazda” Szöv. Tak. Pénztár; HUF 6,937,484 for Soltvadkert; HUF 18,300,101 for Orgovány Tksz.

RECEIVABLES FROM LIQUIDATORS BY MEMBER INSTITUTION BY MEMBER INSTITUTIONS ON 31 DECEMBER 2018

Definition HUF th	Amount of compensation 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	0	262 127	262 127
Heves és Vidéke Tksz. "f.a." auxiliary expenses		16 690	0	0	0	0	0	16 690
Általános Közlekedési Hitelszövetkezet "f.a."	3 184 701		0	2 471 091	2 471 085	476 586	237 030	2 708 115
Általános Közlekedési Hitelszövetkezet "f.a." auxiliary expenses		12 119	0	12 119	12 119		0	12 119
"Jógazda" Szövetkezeti Takarékpénztár "f. a."	9 009 885		0	6 191 113	6 057 351	2 341 244	611 290	6 668 641
"Jógazda" Szövetkezeti Takarékpénztár "f.a." auxiliary expenses		33 015	0	33 015	33 015			33 015
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	33 533 262		0	27 329 303	27 091 989	4 903 035	1 538 238	28 630 227
Soltvadkert és Vidéke Takarékszövetkezet "f.a." auxiliary expenses		99 989	0	99 983	99 989			99 989
Körmend és Vidéke Takarékszövetkezet "f.a."	22 961 959		0	10 730 856	12 478 566	2 740 223	7 743 170	20 221 737
Körmend és Vidéke Takarékszövetkezet "f.a." auxiliary expenses		87 617	0	87 617	87 617		0	87 617
Orgovány és Vidéke Takarékszövetkezet "f.a."	46 698 181		0	24 538 194	17 931 310	17 343 949	11 422 921	29 354 232
Orgovány és Vidéke Takarékszövetkezet "f.a." auxiliary expenses		185 541	0	178 315	185 541		0	185 541
Alba Takarékszövetkezet "f.a."	7 089 819		0	1 349 765	1 942 087	2 845 563	2 302 169	4 244 256
Alba Takarékszövetkezet "f.a." auxiliary expenses		71 655	0	71 612	71 655		0	71 655
Széchenyi Hitelszövetkezet "f.a."	8 911 774		0	5 753 811	4 569 203	2 145 043	2 197 528	6 766 731
Széchenyi Hitelszövetkezet "f.a." auxiliary expenses "f.a."		28 771	0	28 744	28 771		0	28 771
Széchenyi Kereskedelmi Bank "f.a."	13 547 582		0	7 303 806	7 008 125	2 689 459	3 849 999	10 858 123
Széchenyi Kereskedelmi Bank "f.a." auxiliary expenses		21 391	0	21 390	21 391		0	21 391
Tisza Takarékszövetkezet "f.a."	8 529 669		0	760 507	582 666	0	7 947 003	8 529 669
Tisza Takarékszövetkezet "f.a." auxiliary expenses		39 901	0	39 897	39 901		0	39 901
BRB Buda Regionális Bank "f.a."	19 217 891		0	15 097 932	14 285 621	2 215 350	2 716 920	17 002 541
BRB Buda Regionális Bank "f.a." auxiliary expenses		77 164	0	77 039	77 164		0	77 164
DDB Dél-Dunántúli Takarékbank "f.a."	23 251 945		0	18 960 493	18 822 541	0	4 429 404	23 251 945
DDB Dél-Dunántúli Takarékbank "f.a." auxiliary expenses		91 136	0	90 914	91 136		0	91 136
DRB Dél-Dunántúli Regionális Bank "f.a."	22 636 663		0	13 633 646	11 847 340	6 993 017	3 796 305	15 643 644
DRB Dél-Dunántúli Regionális Bank "f.a." auxiliary expenses		78 188	0	77 503	78 188		0	78 188
ÉRB Észak-Mo.-i Regionális Bank "f.a."	39 419 457		0	24 455 517	28 244 317	4 967 916	6 207 224	34 451 541
ÉRB Észak-Mo.-i Regionális Bank "f.a." auxiliary expenses		117 230	0	116 523	117 230		0	117 230
Total:	258 254 915	960 407	0	159 510 705	154 275 920	49 661 385	55 261 328	209 553 937

Source: NDIF

(data in HUF th)

The representative of the liquidators made to OBA withdrew the declarations of liquidators made by 28 February, i.e., the balance sheet date stated in the accounting policy, in 11 procedures. The liquidators issued new declarations. In order to comply with the accounting regulations and ensure the accurate valuation procedure in relation to major receivables, OBA amended its accounting policy and adjusted the balance sheet date to the arrival of the declarations from liquidators to 15 March 2019 for the annual report for 2018. Among the recovery estimates provided by the liquidators on a progressive basis the lower amount was taken into account in line with the principle of prudence.

OBA issued a tender for the joint sale of its receivables from 11 liquidation procedures in 2019, to which a valid bid was submitted without specifying the individual value of each receivable. The OBA Board of Directors adopted Resolution 24/2019 (18 March) at its meeting held on 18 March 2019 for a contract to be established between the winning bidder and OBA for the sale of the receivables (and for the completion of the sale of the receivables) under the necessary terms and conditions and scheduled the date of the contract for 31 May 2019. OBA will not have any contractual obligation before the conclusion of the contract or the payment of the buyer to execute the transaction due to the preliminary terms and conditions agreed for the contract and the execution of the transaction and the requirements to be fulfilled by the customer simultaneously with the entry into force of the contract. As the existence and execution of the transaction was uncertain when the report was prepared and the purchase offer made by the buyer is higher than the net receivables calculated on the basis of the recovery estimates received from the liquidators, OBA applied the principle of prudence and used the recovery estimates received from liquidators in 11 procedures to value the receivables and calculate and recognise impairment.

Based on the estimates of the liquidators of the member institutions in total HUF 104,922,713 th (40.63%) has already been recovered and is still estimated for recovery from the HUF 258,254,915 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 deposits not protected by state guarantee	Actual return on assets (already received amount)	Expected further recovery	Recovery during the full period of the procedure	Estimated recovery during the full period of the procedure (%)	Break-down of the paid compensation (%)	Weighted recovery in the amount of the paid compensation (%)
Heves és Vidéke Takarékszövetkezet (1993)	262 127	-	262 127	262 127	100,00	0,10	0,10
Általános Közlekedési Hitelszövetkezet (2010)	3 184 701	476 586	237 030	713 616	22,41	1,23	0,28
Jógazda Takarékpénztár (2011)	9 009 885	2 341 244	611 290	2 952 534	32,77	3,49	1,14
Soltvadkert és Vidéke Takarékszövetkezet (2012)	33 533 262	4 903 035	1 538 238	6 441 273	19,21	12,98	2,49
Körmend és Vidéke Takarékszövetkezet (2014)	22 961 959	2 740 223	7 743 170	10 483 393	45,66	8,89	4,06
Orgovány és Vidéke Takarékszövetkezet (2014)	46 698 181	17 343 949	11 422 921	28 766 870	61,60	18,08	11,14
Alba Takarékszövetkezet (2014)	7 089 819	2 845 563	2 302 169	5 147 732	72,61	2,75	1,99
Széchenyi Hitelszövetkezet (2014)	8 911 774	2 145 043	2 197 528	4 342 571	48,73	3,45	1,68
Széchenyi Kereskedelmi Bank (2014)	13 547 582	2 689 459	3 849 999	6 539 457	48,27	5,25	2,53
Tisza Takarékszövetkezet (2014)	8 529 669	-	7 947 003	7 947 003	93,17	3,30	3,08
BRB Buda Regionális Bank (2015)	19 217 891	2 215 350	2 716 920	4 932 270	25,66	7,44	1,91
DDB Dél-Dunántúli Takaréék Bank (2015)	23 251 945	-	4 429 404	4 429 404	19,05	9,00	1,72
DRB Dél-Dunántúli Regionális Bank (2015)	22 636 663	6 993 017	3 796 305	10 789 322	47,66	8,77	4,18
ÉRB Észak-mo-i Regionális Bank (2015)	39 419 457	4 967 916	6 207 224	11 175 140	28,35	15,26	4,33
Total / Average	258 254 915	49 661 385	55 261 328	104 922 713	40,63	100,00	40,63

Source: NDIF

(data in HUF th)

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 2018 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 impairment figures are illustrated in Annex 2.

Based on the declarations of liquidators made available for the 2018 annual report (where the recoveries paid out to OBA during the year as a result of liquidation procedures are also taken into account) HUF 11,372,662 th impairment was reversed or recognised as income. In certain procedures impairment was also recognised among the expenses in the amount of HUF 6,128,832 th due to deterioration in expected recoveries and HUF 9,045 th reflecting the amount of auxiliary expenses unlikely to be recovered.

Even despite prudent estimates there may be significant discrepancies between the estimated recovery figures included in declarations of the liquidators submitted for the 2018 annual report and the actual future recovery figures.

DEPOSITS SECURED BY A STATE GUARANTEE AND PAID OUT BY OBA IN 1993-2018

The total compensation payment for deposits protected by a state guarantee, including the auxiliary costs, amounted to HUF 492,044 th, of which the state transferred HUF 491,918 th to OBA. HUF 66,014 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 (partly at the beginning of 2019).



DEPOSITS PROTECTED BY A STATE GUARANTEE

Definition HUF th	Paid out compensation amounts of deposits secured by a state guarantee	Amount reimbursed by the state	Recovery of the compensation amounts of deposits secured by a state guarantee
Heves és Vidéke Tksz. "f.a."	0	0	
Heves és Vidéke Tksz. "f.a." auxiliary expenses	0	0	
Általános Közlekedési Hitelszövetkezet "f.a."	51 074	51 074	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	29 152	10 735
Orgovány és Vidéke Takarékszövetkezet "f.a." auxiliary expenses	453	366	
Alba Takarékszövetkezet "f.a."	7 241	7 241	3 164
Alba Takarékszövetkezet "f.a." auxiliary expenses	513	512	
Széchenyi Hitelszövetkezet "f.a."	0	0	0
Széchenyi Hitelszövetkezet "f.a." auxiliary expenses "f.a."	0	0	
Széchenyi Kereskedelmi Bank "f.a."	0	0	0
Széchenyi Kereskedelmi Bank "f.a." auxiliary expenses	0	0	
Tisza Takarékszövetkezet "f.a."	28 049	28 015	0
Tisza Takarékszövetkezet "f.a." auxiliary expenses	186	184	
BRB Buda Regionális Bank "f.a."	157 900	157 997	11 455
BRB Buda Regionális Bank "f.a." auxiliary expenses	715	663	
DDB DélDunántúli Takaréék Bank "f.a."	48 518	48 518	0
DDB Dél-Dunántúli Takaréék Bank "f.a." auxiliary expenses	411	394	
DRB Dél-Dunántúli Regionális Bank "f.a."	14 410	14 410	6 983
DRB Dél-Dunántúli Regionális Bank "f.a." auxiliary expenses	117	117	
ÉRB Észak-Mo.-i Regionális Bank "f.a."	73 240	73 249	9 866
ÉRB Észak-Mo.-i Regionális Bank "f.a." auxiliary expenses	377	338	
Total:	492 044	491 918	66 014

Source: NDIF

(data in HUF th)

DEPOSITS TO BE PAID OUT

The amounts shown in the table are included in the balance sheet among the other receivables (receivables 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
Heves és Vidéke Tksz. "f.a."	0
Rákóczi Hitelszövetkezet "fa"	1 395
Reálbank "fa"	76 659
Általános Közlekedési Hitelszövetkezet deposit "f.a."	548
"Jógazda" Szövetkezeti Takarékpénztár "fa"	83 758
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	11 634
Körmend és Vidéke Takarékszövetkezet "f.a."	49 423
Orgovány és Vidéke Takarékszövetkezet "f.a."	461 329
Alba Takarékszövetkezet "f.a."	25 606
Széchenyi Hitelszövetkezet "f.a."	12 473
Széchenyi Kereskedelmi Bank "f.a."	286 502
Tisza Takarékszövetkezet "f.a."	24 011
Buda Regionális Bank "f.a."	151 969
DDB Dél-Dunántúli Takaréék Bank "f.a."	226 185
DRB Dél-Dunántúli Regionális Bank "f.a."	164 192
Észak-magyarországi Regionális Bank "f.a."	682 136
Total:	2 257 820

(data in HUF th)

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

Modified, frozen deposits: HUF 309,470,888 th.

PAYMENTS MADE FROM THE FROZEN DEPOSIT PORTFOLIO BY MEMBER INSTITUTION

Definition	Total of frozen deposits	Payments made in the current year			Payments made total
		total	capital	interest	
Heves és Vidéke Tksz. "f.a."	1 389 091	0	0	0	262 127
Általános Közlekedési Hitelszövetkezet "f.a."	3 329 643	0	0	0	3 184 701
"Jógazda" Szövetkezeti Takarékpénztár "f. a."	9 849 564	0	0	0	9 009 885
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	35 845 276	1 515	1 514	1	33 533 262
Körmend és Vidéke Takarékszövetkezet "f.a."	26 273 355	0	0	0	22 961 959
Orgovány és Vidéke Takarékszövetkezet "f.a."	59 512 341	3 468	3 438	30	46 698 181
Alba Takarékszövetkezet "f.a."	11 947 389	330	304	26	7 089 819
Széchenyi Hitelszövetkezet "f.a."	8 951 717	12 920	12 918	2	8 911 774
Széchenyi Kereskedelmi Bank "f.a."	20 778 596	16	16	0	13 547 582
Tisza Takarékszövetkezet "f.a."	9 022 540	852	852	0	8 529 669
BRB Buda Regionális Bank "f.a."	23 795 849	4 083	4 083	0	19 217 891
DDB Dél-Dunántúli Takarékbank "f.a."	28 091 671	1 452	1 452	0	23 251 945
DRB Dél-Dunántúli Regionális Bank "f.a."	24 973 313	12 017	11 964	53	22 636 663
ÉRB Észak-Mo.-i Regionális Bank "f.a."	45 710 543	15 844	15 833	11	39 419 457
Total	309 470 888	52 497	52 374	123	258 254 915

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: NDIF

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. However, due to the large amounts of bond redemptions the balance sheet total also shrank, so the ratio of receivables increased in comparison to the previous year.

RECEIVABLES – INDICATORS

Definition	2017	2018
	%	%
Receivables ratio	67,56	73,00
(Receivables/Balance sheet total)		
Receivables ratio	67,95	73,21
(Receivables/Current assets)		

Source: NDIF

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 December 2018 the book value of the liquid assets of OBA held in securities was HUF 5,378,511 th.

COMPOSITION OF THE SECURITIES PORTFOLIO

Definition	2017	2018	variation	
			HUF thousand	%
Government securities	31 458 751	5 378 511	-26 080 240	-82,90
- Hungarian government securities	31 458 751	5 378 511	-26 080 240	-82,90
= Hungarian government bonds	30 550 517	5 148 594	-25 401 923	-83,15
= Discount Treasury bills	908 234	229 917	-678 317	-74,69
Total:	31 458 751	5 378 511	-26 080 240	-82,90

Source: NDIF

The Fund keeps its investments in government securities, which are reported among the current assets and therefore no impairment is recognised on them. On 31 December 2018 the market value of the government securities portfolio was HUF 5,389,156 th.

MARKET, PURCHASE AND FACE VALUE OF THE SECURITIES PORTFOLIO

Definition	2018		
	Purchase value	Face value	Market value
Hungarian government bonds	5 148 594	4 742 870	5 158 690
Discount Treasury bills	229 917	230 700	230 466
Total	5 378 511	4 973 570	5 389 156

Source: NDIF

SECURITIES – INDICATORS

Definition	31.12.2017 %	31.12.2018 %	Variation %
Share of securities in the current assets:	31,80	6,83	-24,97
Share of securities within the total assets	31,62	6,81	-24,81

Source: NDIF

The ratio of securities was lower at the end of 2018 due to an increase in liquid assets, (account balances) and the sale of securities required for early bond redemption.

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 15,630,964 th), and the cash to be used for compensation and kept in other earmarked bank accounts (HUF 73,750 th), the amount kept in the securities settlement account (HUF 96 th) and in its petty cash stock (HUF 314 th) under the title of cash and equivalents. OBA did not understand part of the liquid assets to compensate for the negative interest environment.

PREPAYMENTS AND DEFERRED EXPENDITURES

The Fund reports the pro rata interest earned on securities (HUF 64,200 th), the expenses to be passed on that are recognised by the Fund as revenues (HUF 36,570 th) and the listed operating expenses of the subsequent year (HUF 20,145 th) in the prepayments and deferred expenditures. The outstanding membership fee balance of 2 member institutions for 2018 relating to the portfolio transfer made at the end of 2018 but notified in 2019 took place only in 2019. The adjustments for 2018 were recognised among the accruals (HUF 145 th).

VALUATION OF PREPAYMENTS AND DEFERRED EXPENDITURES

Definition	2017.12.31	2018.12.31
Deferred revenues	463 670	100 915
Pro rata deferred interest and return on government securities	423 527	64 200
Costs transferred to BEVA (2018 Q4)	22 195	20 952
Costs transferred to the Claim Settlement Fund (2018 Q4)	9 512	8 979
Amount to be re-invoiced to the Resolution Fund (2018 Q4)	8 436	6 639
membership fee adjustment for 2019	0	145
Deferred expenses		
Céginfo online	393	35
Membership fees	1 273	1 224
Liability insurance	3 078	3 078
Life insurance	234	220
Virtual software support	300	68
Rent	48	22
T-Systems -Microsoft licences	2 429	2 378
Netlock encryption	0	342
Paid training fee for 2019	0	70
Printer software support	0	151
Property insurance	0	15
Software support (Hyena)	0	92
Use of a postal franking machine	0	26
Costs of data room (Intralinks) for 2019	0	12 424
Subscription fees, 2018 calendars	180	0
WHS IT anti-virus licence	289	0
Total	8 224	20 145
Grand total	471 894	121 060

Source: NDIF

((data in HUF th))

PROVISIONS

The lessor provided a settlement in 2018 of the operating expenses of the leased office used as the OBA registered office for 2017. The lessor invoices the operating fee of the offices in flat rate amount during the year and then, following the aggregation of the total operating costs of the office building and their reallocation among the lessees, and then, any outstanding operating cost is charged to the lessees in the subsequent year. In its settlement for 2017, received from the lessor in 2018 the costs of the refurbishment of windows of the head office ad in the leased offices incurred in 2017 were also invoiced to the Fund, but the Fund disputed those costs and did not accept the respective invoice. No agreement has been reached on the disputed costs during the consultation between the Fund and the lessor and therefore the Fund recognised HUF 6,713 th provisions among the expenses in 2018 as a potential future expense.

LONG-TERM LIABILITIES

The National Bank of Hungary withdrew the operational licence of the member institutions of the DRB Bank Group on 3 March 2015, and therefore the OBA compensation 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 private issue of OBA 2022/A BONDS by NDIF as registered and dematerialised bonds with variable interest for the total face value of HUF 107,700,000,000, maturing on 3 June 2022 and secured by a statutory unconditional guarantee of the Hungarian State (hereinafter referred to as “Bonds”). In addition to the prescribed repayments, OBA also made a prepayment from its liquid assets in 2018, funded from the revenues resulting from the amount recovered by the liquidated member institutions, as a result of which the debt portfolio dropped significantly, by HUF 39,739,288 th to HUF 17,250,003 th by the end of the year.

LONG-TERM LIABILITIES

Definition	Amount		Variation (base: 03.06.2015)	
Long-term liabilities	2015.06.03	2016.12.31	2017.12.31	2018.12.31
Issued bond - OBA2022/A	107 700 000	84 621 432	56 989 291	17 250 003

Source: NDIF

((data in HUF th and %))

SHORT-TERM LIABILITIES

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

DETAILS OF SHORT-TERM LIABILITIES OF THE FUND

Definition	2017.12.31	2018.12.31
Compensation obligation towards depositors, not yet paid	2 548 734	2 257 820
Domestic suppliers	34 750	173 855
Foreign suppliers	775	11 124
ÁG recovered amounts, not yet transferred	0	13 488
Taxes, contributions	25 628	44 393
Debt to employees	0	60
Blockage deducted from employees but not yet transferred	0	99
Voluntary funds	657	24
Other short term liabilities	4	132
Total	2 610 548	2 500 995

Source: NDIF

((data in HUF th))

The liabilities to suppliers, the due taxes, liabilities to employees and voluntary funds as well as amounts received from liquidators of member institutions from recoveries due to the state but not settled financially at the end of 2018 are presented among the short-term liabilities (HUF 13,488 th).

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 statements proving the transfer were included among the compensations not yet paid out (Reálbank „u.l.”, Rákóczi Hitelszövetkezet „u.l.”). From 2014, the debts outstanding 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 short term liabilities are recorded but not yet paid compensation liabilities. The liquidation process of Reálbank and Rákóczi Hitelszövetkezet as well as Általános Közlekedési Hitelszövetkezet has already been completed (at the beginning of 2019), while the liquidation and winding up proceedings of the other credit institutions have not yet been completed.

DEPOSITS NOT YET PAID OUT BY MEMBER INSTITUTIONS

Definition HUF th	Compensation not yet paid, 31.12.2017	Compensation not yet paid, 31.12.2018
Heves és Vidéke Tksz. "f.a." deposit	0	0
Rákóczi Hitelszövetkezet "f.a."	1 395	1 395
Reálbank "f.a."	76 659	76 659
Általános Közlekedési Hitelszövetkezet deposit " f.a."	548	548
"Jógazda" Szövetkezeti Takarékpénztár "f. a."	113 805	83 758
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	12 909	11 634
Körmend és Vidéke Takarékszövetkezet "f.a."	49 423	49 423
Orgovány és Vidéke Takarékszövetkezet "f.a."	520 313	461 329
Alba Takarékszövetkezet "f.a."	25 942	25 606
Széchenyi Hitelszövetkezet "f.a."	25 393	12 473
Széchenyi Kereskedelmi Bank "f.a."	406 186	286 502
Tisza Takarékszövetkezet "f.a."	24 905	24 011
BRB Buda Regionális Bank "f.a."	156 015	151 969
DDB Dél-Dunántúli Takaréék Bank "f.a."	227 788	226 185
DRB Dél-Dunántúli Regionális Bank "f.a."	207 477	164 192
ÉRB Észak-Mo.-i Regionális Bank "f.a."	699 976	682 136
Total	2 548 734	2 257 820

(data in HUF th)

Source: NDIF

The ratio of liabilities in the balance sheet total has decreased primarily due to a major decline in liabilities associated with bonds, while the ratio of current assets to liabilities increased and OBA's liquidity ratio improved.

KÖTELEZETTSÉGEK – MUTATÓK

Definition	2017.12.31 %	2018.12.31 %	Variation %
Liabilities ratio	59,9	25,0	-34,9
(Liabilities/Balance sheet total)			
Liquidity ratio (Current assets/Liabilities)	166,0	398,3	232,3

(data in %)

Source: NDIF

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. The Fund reports the amount of membership fee refund relating to the portfolio transfer made at the end of 2018 but reported in 2019 (HUF 145 th), the telephone bills issued for 2018 but not yet paid and the audit fee as well as part of the interest on OBA 2022/A bond charged to 2018 among the accruals.

EQUITY

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

- transfer of the previous year's profit of HUF 26,775,801 th into Reserves and
- the profit of the current year, which amounted to HUF 19,325,983 th.

The Fund transferred the profit generated in the current year into its reserves in January 2019.

COMPOSITION OF EQUITY

Definition	2017.12.31.	2018.12.31.	Variation
Subscribed capital	926 082	926 082	0
Reserve	12 115 306	38 891 107	26 775 801
Valuation reserve	0	0	0
Profit/loss in the current year	26 775 801	19 325 983	-7 449 818
Total	39 817 189	59 143 172	19 325 983

(data in HUF th)

Source: NDIF

EQUITY - RESERVES CALCULATION

Legal titles	2017	2018
Reserve opening	2 307 361	12 115 306
Variating during the current year	9 807 945	26 775 801
Reserve closing	12 115 306	38 891 107

(data in HUF th)

Source: NDIF

CHANGES IN EQUITY

Capital item	Opening	Growth	Decrease	Transfers	Closing
Subscribed capital	926 082	-	-	-	926 082
"Registered but unpaid capital"	-	-	-	-	-
Reserve	12 115 306	26 775 801	-	-	38 891 107
Profit reserve	-	-	-	-	-
Allocated reserve	-	-	-	-	-
Valuation reserve	-	-	-	-	-
Profit/loss in the current year	26 775 801	-	7 449 818	-	19 325 983
Equity	39 817 189	26 775 801	7 449 818	-	59 143 172

(data in HUF th)

Source: NDIF

EQUITY INDICATORS

Definition	2017 %	2018 %	variation %
Capital ratio: (Equity/Balance sheet total)	40,0	74,9	34,9
Coverage of invested assets: (Equity/Invested assets)	42 066,9	55 875,0	13 808,1

(data in %)

Source: NDIF

The equity ratio (to the balance sheet total) and the coverage of invested assets have both improved since the previous year.

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. 100% of the fees are collected from within the country, in HUF (Annex 1). In addition to the regular fees indicated above, there were no increased fee revenues. In the reporting year, the Fund did not receive any state subsidy. In the current year the other insurance revenues amounted to HUF 11,372,662 th, resulting from the reversal of impairment recognised in the previous years.

OPERATING COSTS AND EXPENSES

In 2018 the deposit insurance expenditures fell by HUF 4,885,713 th compared to the previous year because further 6,137,877 th impairment was recognised on the basis of the estimated recovery from the liquidated credit institutions. The operating costs in 2018 (HUF 784,482 th) were HUF 228,592 th higher than in 2017. The balance of financial revenues and expenses is HUF -596,855 th loss, of which the interest of the OBA bonds amounts to HUF 452,829 th.

OPERATING COSTS AND EXPENSES

Definition	2017.12.31.	2018.12.31.	variation	
			HUF th	%
Expenditures related to deposit insurance	1 252 164	6 137 877	4 885 713	390,18%
- expenses related to other deposit insurance	1 252 164	6 137 877	4 885 713	390,18%
Expenditures not related to deposit insurance	0	0	0	0,00%
Other expenditure	3 827	16 029	12 202	318,84%
Expenses by expense type	555 890	784 482	228 592	41,12%
- material type	135 141	251 728	116 587	86,27%
= material expenses	5 169	3 041	-2 128	-41,17%
= used material type services	122 610	239 790	117 180	95,57%
= other services	7 362	8 897	1 535	20,85%
- personnel-type	402 068	505 853	103 785	25,81%
- depreciation	18 681	26 901	8 220	44,00%
Total	1 811 881	6 938 388	5 126 507	282,94%

(data in HUF th and %)

Source: NDIF

OBA recognises and records the expenses relating to compensation payments 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 account of OBA as expenses of deposit insurance but are used to reduce the profit/ 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	2017	2018	variation		2018 breakdown %
			HUF thousand	%	
Total other services	53 754	44 135	-9 619	-17,9%	18,4
= transportation, loading and warehousing	4 458	4 161	-297	-6,7%	1,7
= lease fees, operational fees	22 316	16 279	-6 037	-27,1%	6,8
= maintenance expenses	2 318	2 127	-191	-8,2%	0,9
= postal, telecommunications services	4 073	4 257	184	4,5%	1,8
= education and further training	475	260	-215	-45,3%	0,1
= news monitoring, communication expenses	5 435	6 580	1 145	21,1%	2,7
= expenses of business trips and delegation	5 744	1 374	-4 370	-76,1%	0,6
= membership fee	8 935	9 097	162	1,8%	3,8
Total specialist services	66 335	192 018	125 683	189,5%	80,1
= internal control	1 114	0	-1 114	-100,0%	0,0
= translation	667	564	-103	-15,4%	0,2
= sale of receivables	0	137 349	137 349	N/A	57,3
= inventory, fire and health and safety	0	386	386	N/A	0,2
= GDPR advisory services	0	3 989	3 989	N/A	1,7
= program expert fee, program update fees	6 957	12 880	5 923	85,1%	5,4
= information technology security control	16 294	4 585	-11 709	-71,9%	1,9
= fee of operation of the payment system	11 972	11 972	0	0,0%	5,0
= legal service fee	18 558	9 901	-8 657	-46,6%	4,1
= audit fee	3 175	3 175	0	0,0%	1,3
= bookkeeping fee, other administration services	0	3 529	3 529	N/A	1,5
= mediation of IT expert	6 680	3 688	-2 992	0,0%	1,5
= tax advice, regulations	740	0	-740	0,0%	0,0
= proofreading of reports	178	0	-178	0,0%	0,0
Total other services used	2 521	3 637	1 116	44,3%	1,5
= photocopying	1 023	737	-286	-28,0%	0,3
= plant care	332	16	-316	-95,2%	0,0
= document storage	957	1 035	78	8,2%	0,4
= other not listed services used	209	1 849	1 640	784,7%	0,8
Total	122 610	239 790	117 180	95,6%	100,00

(data in HUF th and %)

Source: NDIF

OTHER SERVICES

Definition	2017	2018	variation		2018 breakdown %
			HUF thousand	%	
Other services					
Costs of issue of OBA2022/A bonds	1 556	1 482	-74	-4,8	16,7
= Paying bank agent fee	1 000	1 000	0	0,0	
= Kif.dispo edition	40	73	33	82,5	
= KELER and other fees	75	50	-25	-33,3	
* = fees associated with bond repayment*	441	359	-82	-18,6	
Insurance premium	3 817	5 230	1 413	37,0	58,8
Bank expenses	1 989	2 128	139	7,0	23,9
Regulatory fees	0	57	57	N/A	0,6
Total	7 362	8 897	1 609	-21,9	100,0

(data in HUF th and %)

Source: NDIF

OTHER EXPENSES IN DETAILS

Definition	2017	2018	variation		2018 breakdown %
			HUF thousand	%	
Other expenditure					
- support given	3 810	1 000	-2 810	-73,8	6,2
- default interest	7	6	-1	-14,3	0,0
- vehicle loss event	0	50	50	N/A	0,3
OTP development relating to OTP development	0	8 255	8 255	N/A	51,5
- other not specified	10	5	-5	-50,0	0,0
- provisions	0	6 713	6 713	N/A	41,9
Total:	3 827	16 029	12 202	318,8	100,0

(data in HUF th and %)

Source: NDIF

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. Structure: according to the table.

FINANCIAL PROFIT/LOSS

Definition	2017.12.31.	2018.12.31.	variation	
			HUF thousand	%
Financial revenues				
Interest received	5	2 427	2 422	50388,9
Revenues from financial transactions	1 590 454	793 733	-796 721	-50,1
- exchange rate gain on FX stocks	34	0	-34	-100,0
- gain on Hungarian government securities	1 590 420	793 733	-796 687	-50,1
= gain on Hungarian government bonds	411 096	121 990	-289 106	-70,3
= interest gain on Hungarian government bonds	1 174 593	671 120	-503 473	-42,9
= gain on discount treasury bills	4 731	623	-4 108	-86,8
Total:	1 590 459	796 160	-794 299	-49,9

Definition	2017.12.31.	2018.12.31.	variation	
			HUF thousand	%
Financial expenses				
Interest paid, interest-type expenses	83	299	216	260,2
Interest paid, interest-type expenses (OBA2022/A bond)	1 060 366	452 829	-607 537	-57,3
Expenditures of financial transactions	209 208	933 271	724 063	346,1
- exchange rate loss on FX stock	139	9	209	150,3
- loss on Hungarian government securities	209 069	933 262	724 193	346,4
= loss on Hungarian government bond	209 051	931 458	722 407	345,6
= loss on discount treasury bills	18	1 804	1 786	9922,2
Other financial expenses	9 933	6 616	-3 317	-33,4
Total:	1 279 590	1 393 015	113 425	8,9
Balance	310 869	-596 855	-907 724	-292,0

(data in HUF th and %)

Source: NDIF

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. In 2018 the staff increase and redundancies in total in total increased the average statistical headcount by 4 people: 1 senior analyst, 1 lawyer, 1 IT director and 1 finance director were recruited.

AVERAGE STATISTICAL HEADCOUNT FIGURE

Persons	2017	2018
physical workers	0	0
non-physical workers	17	21

Source: NDIF

(data in persons)

AVERAGE WAGE INCOME

Definition	2017	2018
average wages of non-physical workers	904 638	947 387
average bonus of non-physical workers	141 815	173 933
Total average income	1 046 453	1 121 320

Source: NDIF

(data in HUF/person/month)

HIGHLIGHTED PERSONNEL-TYPE EXPENSES

Definition	2017	2018	Variation
- incentive	21 635	29 025	7 390
- social	1 772	1 378	-394
- refund of expenses	1 023	771	-252
- honorary fees	56 610	60 015	3 405
- sick leave	582	1 977	1 395
- assignment fee	0	140	140
- severance pay	1 750	818	-932
- entertainment costs	2 595	2 328	-267
Total personnel-type payments	85 968	96 452	10 484
Social contribution tax	65 662	75 067	9 405
Wage tax and contributions:			
- corporate, PIT, health contribution	8 359	10 047	1 688
Total tax and contributions	74 021	85 114	11 093
Grand total	159 989	181 566	21 577

Source: NDIF

(data in HUF th)

RIGHTS AND OBLIGATIONS MATURING OVER 5 YEARS

The liability related to the OBA2022/A bond issued in 2015 was no longer included among the liabilities maturing over 5 years on 31 December 2018 and OBA had not such liability on 31 December 2018

PRESENTATION OF THE SECURITIES PORTFOLIO AND ASSESSMENT OF THE ACTIVITIES OF ASSET MANAGERS

The composition and breakdown of securities at book value varied as indicated below.

CHANGES IN THE SECURITIES PORTFOLIO

Value date	Bonds with fixed interest	Discount Treasury bill	Cash and cash equivalents, accounts receivable and liabilities	Total asset value of the portfolio
Opening (01.01.2018)	30 550 517	908 234	59	31 458 810
Breakdown	97,11%	2,89%	0,00%	100,00%
Closing (31.03.2018)	31 798 050	1 199 185	52	32 997 287
Breakdown	96,37%	3,63%	0,00%	100,00%
Closing (30.06.2018)	5 080 925	220 561	86	5 301 572
Breakdown	95,84%	4,16%	0,00%	100,00%
Closing (30.09.2018)	5 068 655	227 032	12	5 295 699
Breakdown	95,71%	4,29%	0,00%	100,00%
Closing (31.12.2018)	5 148 594	229 917	96	5 378 607
Breakdown	95,72%	4,27%	0,00%	100,00%

Source: Government Debt Management Company (ÁKK), OBA

(data in HUF th)

Within the securities portfolio included in the assets of the Fund, HUF 5,158,690 th were Hungarian government bonds and HUF 230,466 th were discount treasury bills within the assets on 31 December 2018. (BAMOSZ valuation, consistent with the KELER statement). 95.72% of the securities portfolio was held in government securities. The value of the portfolio decreased by 83.14% at book value and by 83.4% at market value since the base period, partly as a result of the funds used for prepayment and released from the government securities portfolio in the amount of HUF 30,942,861 th on top of the ordinary redemption of the OBA 2022/A bond and partly as a result of the temporary placement of the received membership fees in the bank account in the negative return environment. On top of the investments the balance of the OBA current accounts was HUF 15.7 billion on 31 December 2018.

THE COMPOSITION AND CHANGES IN THE PORTFOLIO, PROFIT/LOSS OF THE PORTFOLIO MANAGER (ÁKK ASSET MANAGER, MARKET VALUE)

Definition	Asset manager data (ÁKK)			
Closing asset value index date	2018.03.31	2018.06.30	2018.09.30	2018.12.31
Closing asset value (according to BAMOSZ)	33 769 458	5 213 979	5 255 014	5 389 156
Reference asset value index date	2017.12.31	2017.12.31	2017.12.31	2017.12.31
Reference asset value	32 480 565	32 480 565	32 480 565	32 480 565
Capital contribution and extraction	1 500 077	-26 299 860	-26 299 713	-26 299 713
Gross return amount	-211 184	-966 726	-925 839	-791 696
Nominal gross return	-0.52%	-5.09%	-4.36%	-1.93%
Benchmark (CMAX-index) return (%)	-0.52%	-4.25%	-3.51%	-1.03%

Source: Government Debt Management Company (ÁKK), OBA

(data in HUF th)

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

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

PROFIT/LOSS COMPONENTS

Definition	2017.12.31.	2018.12.31.	variation HUF thousand	variation %
Revenues from deposit insurance	28 132 200	26 719 285	-1 412 915	-5,0%
Revenues not from deposit insurance	8	0	-8	-100,0%
Other revenues	144 605	141 941	-2 664	-1,8%
Revenues from financial transactions	1 590 459	796 160	-794 299	-49,9%
Total revenues	29 867 272	27 657 386	-2 209 886	-7,4%
Expenditures related to deposit insurance	1 252 164	6 137 877	4 885 713	390,2%
Expenditures not related to deposit insurance	0	0	0	N/A
Other expenses	3 827	16 029	12 202	318,8%
Expenditures of financial transactions	1 279 590	1 393 015	113 425	8,9%
Total expenditure	2 535 581	7 546 921	5 011 340	197,6%
Operating expenses	555 890	784 482	228 592	41,1%
Total expenses and operational costs	3 091 471	8 331 403	5 239 932	169,5%
Profit/loss of the current year	26 775 801	19 325 983	-7 449 818	-27,8%

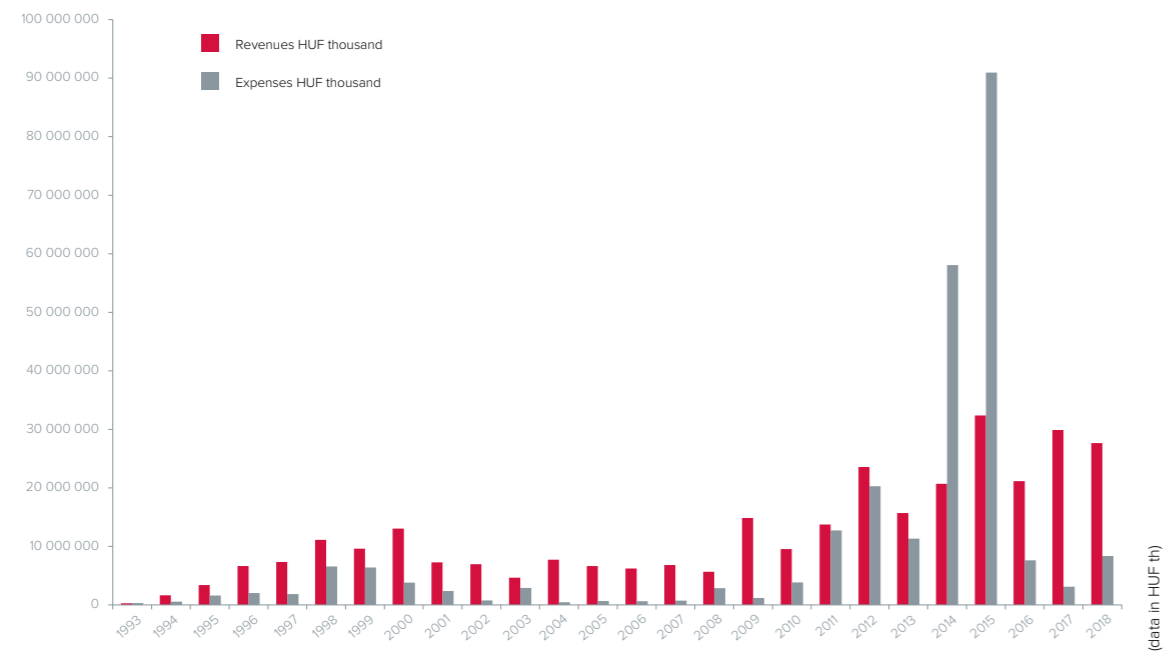
Source: NDIF

The slightly lower revenues and significantly higher expenses played a role in the profit of the current year. In addition, the HUF 11,372,662 th reversed impairment recognised among the revenues from deposit insurance and the HUF 6,137,877 th impairment recognised among the expenses of the deposit insurance were also significant items in the profit/loss.

There was no significant change in the volume of the fee revenues. Savings were achieved on services within the operating expenses and the direct costs of services related to the sale of receivables (HUF 138,417 th) were recognised as an expense not included in ordinary operation was also a large amount, without which the operating expenses would have been HUF 646,065 th. Due to the negative returns of investments (C-Max) and the major compensations of the previous years, the financial revenues and expenses were determined by the annual interest payment relating to the issued bonds (HUF 452,829 th).

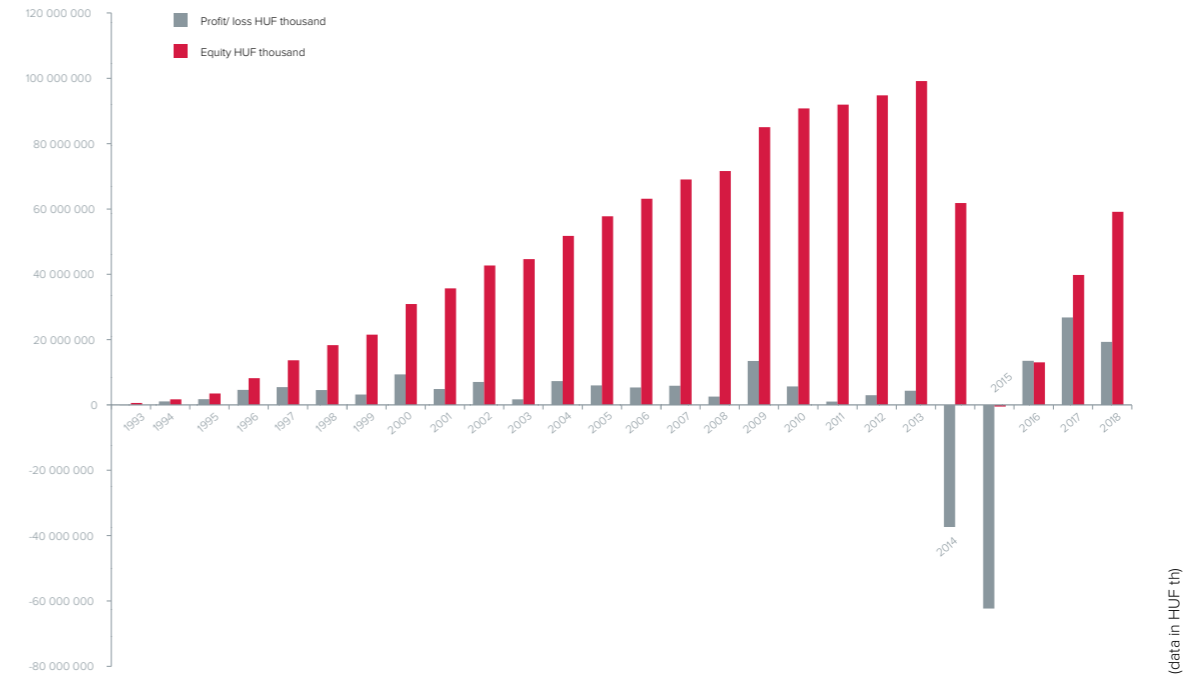
The following graph presents the revenues and expenditures, equity and profit/loss of OBA from its foundation in 1993 to 2018.

OBA REVENUES AND EXPENDITURES, 1993-2018



Source: NDIF

EQUITY AND PROFIT/LOSS, 1993-2018



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

The equity contains the aggregated profit/loss of the previous years and of the current year. The decreases and increases (fluctuation) of the profit/loss 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 Cooperative. No licences were withdrawn in 2013 but the profit generated on government 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 member 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' estimates, approximately HUF 88 billion and HUF 3.7 billion adjustments (impairment) were recognised as expenditure.

During the follow up care of the compensated credit institutions payments were made in hundreds of millions of HUF in relation to 11 former member institutions in 2016, 2017 and 2018. HUF billions were recovered from the liquidation procedures. No new compensation event occurred and the auxiliary expenses of compensations matched the level of costs of the follow up activities. In 2017 and 2018 major impairment adjustments were made on the basis of liquidator estimates, which increased the accounting profit/loss by approximately HUF 16.5 billion. In 2018 the income resulting from the revenues and expenses increased the equity by HUF 19,325,983 th.

EXPLANATIONS FOR THE MAIN DIFFERENCES BETWEEN THE 2018 ANNUAL BUDGET AND ACTUAL DATA

With regard to January-December 2018 the actual revenues and expenses were compared to the projected budget approved by the Board of Directors on 13 December 2017 in resolution 52/2018 (18 July) amending the 2018 budget stated in resolution 75/2017 (13 December) adopted on 13 December 2017.

On 18 July 2018 the Board of Directors approved the modification of OBA's 2018 annual budget in its Resolution 52/2018 (18 July) with HUF 16,067,856 th revenues and HUF 2,217,893 th expenses and total operating costs of HUF 811,114 th.

The profit for the current year calculated as the balance of revenues and expenses in the period without impairment and reversed impairment is HUF 14,091,198 th (profit), which was 1.7% higher than the amended budget (no impairment is projected in the budget). The profit for the current year calculated with impairment and matching the annual report was HUF 19,325,983 th.

The annual membership fee revenues amounted to 102.5% of the budgeted figure.

The other revenues, most of which stemmed from expenses passed on to the Resolution Fund, the Investor Protection Fund and the Compensation Fund turned out to be lower (96.8%) than budgeted. The annual actual figure was lower than budgeted in the case of both BEVA and the Resolution Fund.

The financial transactions generated HUF 796,160 th revenues, which is 15.5% lower than budgeted.

The total expenditure calculated without impairment amounted to HUF 2,193,526 th, equalling 98.9 % of the budgeted figure. The exchange rate loss on financial expenses, including the sale of government securities came to a staggering HUF 933,262 th. Within those the exchange rate loss realised on the securities redeemed on 31 May 2018 for the HUF 30,942,861 th early redemption of the OBA 2022/A bond amounted to HUF 831,182 th. Due to the above effects, the financial result of the period is HUF 596,855 th loss but HUF 423,381 th accumulated interest on sold government securities was already recognised for 2017 as an accrual and the final balance also contains the interest paid on the bond (HUF 452,829 th).

The total operating expenses amounted to HUF 784,482 th within the expenses, equivalent to 96.7% of the budgeted figure.

FEE REVENUES FROM THE MEMBER INSTITUTIONS

The Fund received **HUF 15,346,623 th fee revenues** in January - December 2018. There were no revenues from increased fees.

The **fee revenues** recognised in relation to member institutions and actually received **exceeded the budget by 2.5%**. The revenues did not match the budget due to a number of factors:

- At the end of 2017, **organisational changes** occurred in the **member institutions** which could not yet taken into account in the budget: as a result of the merges 32 member institutions ceased to exist, 1 was transformed and 4 new institutions were established,
- when the fee revenues were budgeted, the fee base of the member institutions and their individual risk category were established on the basis of preliminary data relating to different dates, while for the actual fee payment the fee base was established and the risk rate was also applied consistently on the basis of the 2017 year end audited figures,
- an **additional fee** charged for 2016-2017 was collected from one member institution on 21 June 2018 (HUF 50,676 th),
- In 2018 a non-OBA member institution (BNP PARIBAS Hungarian Branch Office) transferred an insured deposit portfolio to an OBA member institution (Hungarian Cetelem Zrt.), which resulted in HUF 1,949 th additional fee in 2018,
- Following the Q3 fee declaration and fee payment, from 27 August 2018 **OBA checked the declarations for 2018 submitted by the member institutions and detected a lot of discrepancies**. In addition, it also modified the risk categories and notified the respective member institutions about it. 19 of the 45 member institutions had to amend the fee declarations. For 15 member institutions the modification reduces the fee base, but for 1 member institution the amendment increased it.

OTHER REVENUES AND EXPENSES FROM DEPOSIT INSURANCE

This row is used to report impairment, reversed for compensation payments during the annual closing on the basis of the latest information on expected recovery received from liquidators and other amounts recovered and received during the year. During the year no revenue is recognised from reversed impairment and it is not taken into account the establishment of the accounting profit/loss of the period either.

On the basis of the declarations of liquidators made available for the 2018 annual report (in which the recovered amount transferred to OBA from the liquidation procedures during the year are also taken into account) HUF 11,372,662 th impairment was reversed or recognised as income (at the same time HUF 6,128,832 th and HUF 9,045 th impairment was also recognised among the expenses due to deterioration in recovery expectations and the unlikely recovery of auxiliary expenses). **In 2018, in total HUF 14,775,942 th recovered amount was transferred to OBA from liquidation procedures, of which** HUF 14,768 was guaranteed by the state and was therefore transferred to the Ministry of Finance.

REVENUES AND EXPENSES OF FINANCIAL TRANSACTIONS

Any gain on Hungarian Government Bonds at the time of the sale and the return on Discount Treasury Bills

(HUF 121,990 and HUF 623 th), as well as accumulated interest recognised (booked) during the purchase and sale of government bonds and reported at the end of the period (HUF 671,120 th), of which on 31 December 2018 the pro rata accumulated interest on the portfolio, recognised and booked in accruals in the amount of HUF 63,905 th are presented among the revenues of financial transactions.. In January-December 2018 the revenues of financial transactions were 15.5% lower than the figure budgeted for the whole year.

The total financial expenses amounted to HUF 1,393,015 th, which corresponds the budgeted amount. The largest expenditure was the loss on sold government securities in the amount of HUF 933,262 th. Within that amount HUF 910,044 th was realised in H1 and HUF 831,182 th was related to the sale of securities for early bond redemption. The interest expense of the OBA 2022-A K Bond charged to 2018 was HUF 452,829 th (95.4% of the budgeted amount) of which HUF 319,764 th was charged to H1. The interest reduction due to early bond redemption was already taken into account in the amended budget prepared for 2018, which is an explanation for the slight shortfall in the budget. The amount of interest charged to 2018 but paid after the period from the above items is HUF 19,176 th, which is recognised in the books with an accrual on 31 December 2018.

OTHER REVENUES AND EXPENSES

The following are recognised under the other revenues:

- the expenses incurred and invoiced by OBA in January-December 2018 for the performance of the operational tasks of the Resolution Fund (wage cost and specific material type expenses according to the agreement),
- the wage costs incurred in January-December 2018 and passed on to the Investor Protection Fund (BEVA) and the Compensation fund and their auxiliary expenses in an amount, net of VAT, invoiced for the same period pursuant to the agreements with the Funds,
- revenues from the sale of superfluous tangible assets,
- default interest received from two member institutions.

On a pro rata basis the revenues from the costs passed on to the Funds represented a slightly lower volume than stated in the budget (95.8% in the case of the Resolution Fund and 96.3% in the case of BEVA). At the Resolution Fund the wage costs and auxiliary expenses incurred at OBA and transferred to the Fund were reduced as a result of OBA's work organisation measures.

Within the other expenditures (HUF 16,029 th) HUF 1,000 th was support transferred to the Foundation for the Development of Economic Research and Education at the University of Miskolc and HUF 8,255 th financial assets were used for the development of the OBA deposit insurance cards. Both the development and the payments were completed. The Board of Directors approved the result of the development test in its Resolution I/2019 (31 January) adopted without holding a meeting. Further minor other expenses: default interest, rounding differences.

MATERIAL TYPE EXPENSES

The material type expenses (HUF 251,728 th) exceeded the plan by 25.7% as specified below.

The **material costs** (office, stationary items, text books, periodical subscriptions, legal database subscription, forms, printed publications, IT materials, fuel, detergents and other materials, in total HUF 3,041 th) came to an amount significantly lower than budgeted. Savings were achieved on the material costs of office stationary items, periodical subscriptions, forms, IT materials, detergents, fuel and other materials but, due to the planned staff increase, higher expenses were projected in these rows until 2018. The staff increase was implemented only in part and therefore ad the process extends to 2019, the additional costs were also included in the 2019 budget. Fewer text books were used than budgeted, but the unused amount allocated for such purposes was taken into account in the 2019 budget. The subscriptions for the legal database was renewed in 2019. The subscription are divided between budgetary years and are recognised with accruals in the currently prevailing draft budgets.

The **costs of services used** (HUF 239,790 th) are 128.8% of the budgeted amount. With the exception of warehouse, room and other rents, DR site (HUF 4,129 th) the expert expenses (HUF 137,735 th), the administration and compensation services (HUF 3,529 th) and the costs of other services used (HUF 165 th) the costs either corresponded with the budget or turned out to be significantly lower as a result of the cost saving and cost cutting measures introduced in 2018.

Among the **expenses that were higher than budgeted**, the warehouse, room and other rents (DR sites) stood at 110.3%, expert expenses at 1,792.7%, administration and compensation services at 168.7% and other services used at 165% of the budget.

The expenses of **other services** came to HUF 8,897 th, slightly higher (6.4%) than budgeted.

PERSONNEL TYPE EXPENSES

The average headcount figure of OBA under the labour law was 23 people between January and December 2018, while the statistical headcount was 21 employees. Within that, 8 people employed by OBA performed BEVA tasks, of whom 1 is part of the passive staff. During the period 1 senior analyst was recruited into the OBA staff on 1 August, 1 person joined on 1 October followed by 2 in December. 1 employee left at the end of March followed by 2 people in September.

During the year the total staff costs amounted to HUF 505,853 th, which was 12.9% lower than the amended pro rata budgeted figure. Within that, the **wage cost** (HUF 324,287 th) stood at 85.6% and **other personnel type expenses** (HUF 96,452 th) stood at 94.5% of the budget. The honorary fees paid to the members of the OBA Board of Directors amounted to HUF 60,015 th.

DEPRECIATION

OBA recognised HUF 26,901 th depreciation, which equals 88.6% of the budgeted figure. The depreciation was lower than budgeted because only 46.6% of the budgeted capital investments and capital expenditure was actually implemented.

REVENUES AND EXPENSES OF THE NATIONAL DEPOSIT INSURANCE FUND IN 2018

Definition	2018 budget HUF th	31.12.2018 actual HUF th	Variation HUF th	31.12.2018 actual / 2018 budget %
Fee revenues from member institutions	14 979 330	15 346 623	367 293	102,5
Other deposit insurance revenues	-	-	-	N/A
Other revenues from deposit insurance	-	11 372 662	11 372 662	N/A
Grand total of revenues from deposit insurance	14 979 330	26 719 285	11 739 955	178,4
Total other revenues	146 698	141 941	-4 757	96,8
Revenues from financial transactions	941 829	796 160	-145 669	84,5
TOTAL REVENUES	16 067 856	27 657 386	11 589 530	172,1
Other expenses of deposit insurance	-	6 137 877	6 137 877	N/A
Provisioning	-	6 713	6 713	N/A
Total other expenditures	12 121	16 029	3 908	132,2
Expenses of financial transactions	1 394 658	1 393 015	-1 643	99,9
TOTAL EXPENDITURE	1 406 779	7 546 921	6 140 142	536,5
Total material type expenses	200 203	251 728	51 525	125,7
Total personnel type expenses	580 545	505 853	-74 692	87,1
Depreciation write-off	30 366	26 901	-3 465	88,6
Total costs of operation	811 114	784 482	-26 632	96,7
OPERATING COSTS AND EXPENSES	2 217 893	8 331 403	6 113 510	375,6
PROFIT/LOSS OF THE CURRENT YEAR	13 849 963	19 325 983	5 476 020	139,5

Source: NDIF

(data in HUF th and %)

HEVES ÉS VIDÉKE TAKARÉKSZÖVETKEZET „F.A.”

The court approved the amended closing liquidation balance sheet and proposed distribution of assets submitted by the liquidator to the Court of Eger on 12 December 2012 and amended on 18 September 2013, in its order 3.Fpk.10-93-000215/462 adopted on 15 December 2016 and effective from 31 December 2018 and ordered the liquidator to pay, within 15 days from the effective date of the order (i) HUF 719,214,722 to satisfy 100% of the 'b' category creditor claim of the Ministry of National economy (NGM, at present Ministry of Finance) represented by OBA, HUF 267,720,757 to satisfy 100% 'd' category creditor claim of OBA and (iii) HUF 115,153,667 to satisfy 100% of the 'd' category creditor claim of the Hungarian State (Ministry of Finance) represented by OBA.

On the basis of the court order referred to above the liquidator should have transferred the amounts ordered to be paid to OBA and Ministry of Finance into OBA's account by 15 January 2019 but even despite a number of orders, the liquidator paid only half of the ordered amount: instead of the HUF 1,102,089,146 due to OBA and the Ministry of Finance only HUF 233,064,643 was transferred into OBA's account kept by the MNB by 4 April 2019. Considering that the partial recovery from liquidation did not match the 100% recovery projected in the closing liquidation balance sheet either for OBA or the Ministry of Finance and that OBA and the Ministry of Finance always share any partial recovery on a pro rata basis reflecting their claims until the claims of both parties are recovered in 100%. In order to collect the outstanding HUF 211,104,427, still due to OBA on the basis of the pro rata distribution of the Funds, OBA requested the Court of Eger to issue a credit transfer order within the framework of an enforcement procedure to be applied to the liquidator's bank accounts on 17 April 2019.

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, which was approved and the liquidation processes was closed with the strike-off of the company from the Company Register on 31 January 2019. In February 2019 HUF 240,914 th was recovered from the liquidation and OBA received in total HUF 713,610 th. The recovery involving a state guarantee amounted to HUF 11,526 th. The estimated recovery for the entire period of the liquidation is thus expected at 22.4%.

„JÓGAZDA” SZÖVETKEZETI TAKARÉKPÉNZTÁR „F.A.”

The Budapest Court approved the interim balance sheet V on 14 July 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. Based on the information received from the liquidator preparations have been made to conclude the liquidation procedure. According to the information received from the liquidator OBA can still expect further HUF 611,290 th recovery during the procedure, with which its total recovery will be higher than 32%.

SOLTVADKERT 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. The liquidator submitted interim balance sheet IV (cut-off date: 11 October 2017) to Budapest Court, and it is expected to be approved in 2019. According to the proposed distribution of assets OBA will recover HUF 864,161 th and during the rest of the liquidation process further HUF 674,077 th recovery is estimated and therefore 19.2% overall recovery is expected during the whole procedure.

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 consolidated interim balance sheets II-III for the cut-off date of 12 February 2018 is expected to be finalised and submitted to the Court in 2019. The liquidator pessimistically estimated HUF 7,743,170 th further recovery, so in total 45.7% total recovery can be expected during the whole 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. The interim balance sheet II was submitted on 18 April 2018. the Court approved it in its order of 3 October 2018, based on which the liquidator paid HUF 7,695,380 th to OBA from the distributed assets. According to the liquidators pessimistic estimate further HUF 11,422,922 th can still be paid to OBA in the rest of the procedure, with which 61.6% 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 HUF 1,101,349 th (15.48%) 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. The liquidator submitted interim balance sheet III prepared for the cut-off date of 30 September 2017 to the Court on 24 October 2018. It was approved by the Budapest Court in its order of 31 January 2019. Following the effective date of the order, OBA is likely to achieve HUF 1,058,658 th recovery. According to the liquidator's pessimistic estimate, further HUF 1,243,511 th can be recovered by the end of the procedure, with which 72.6% recovery may be realised.

SZÉCHENYI ISTVÁN HITELSZÖVETKEZET „F.A.”

The Budapest Court approved the interim balance sheet II. on 1 September 2017. On the basis of interim balance sheet I and II approved during the procedure OBA has recovered HUF 2,145,043 th to date. According to the liquidator's pessimistic estimate further HUF 2,197,528 th can be recovered by the end of the procedure, with which 48.7% recovery may be expected in the whole procedure.

SZÉCHENYI KERESKEDELMI BANK ZRT. „F.A.”

The Budapest court approved interim balance sheet I prepared for the cut-off date of 13 August 2016 in its order of 11 December 2017, based on which HUF 2,689,459 th recovered funds were transferred to OBA on 8 June 2018. The interim balance sheet II was posted on 2 May 2018. On the basis of the proposed distribution of assets contained therein OBA can expect HUF 1,054,302 th recovery following the approval of the court. According to a letter of information of the liquidator, based on a pessimistic estimate, further HUF 2,795,697 th may be recovered from the OBA claims during the full period of liquidation, which corresponds to 48.2% recovery.

TISZA TAKARÉKSZÖVETKEZET „F.A.”

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. In its order of 21 September 2017 the Court dismissed the liquidator's request for the approval of the interim balance sheet, after which the liquidator submitted an appeal to the Budapest Court of Appeal. The Court of Appeal revoked the order of the Budapest Court and obliged to Budapest Court to review the interim balance sheet again. On 20 September 2018 the Budapest Court adopted an order requiring the supply of supplementary information, in response to which the liquidator prepared and handed in a submission. On the basis of the proposed distribution of assets relating to the interim balance sheet that has not yet been adjudicated, HUF 6,006,179 th recovered amount should be paid to OBA. According to the liquidator's pessimistic estimate further HUF 1,940,824 th can be recovered by the end of the procedure, with which 93.2% recovery may be expected in the whole procedure.

DRB BANK GROUP**BRB BUDA REGIONÁLIS BANK ZRT. „F.A.”**

The interim balance sheet II prepared for the cut-off date of 2 March 2017 was submitted to the Budapest Court on 12 September 2017 and was approved in the order of 30 November 2018. In line with the order a partial payment of HUF 777,479 th was paid to OBA on 18 December 2018 satisfying part of its claim. According to the pessimistic estimate of the liquidator further HUF 2,716,920 th may be recovered by OBA which corresponds to 25.7% recovery during the total procedure.

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

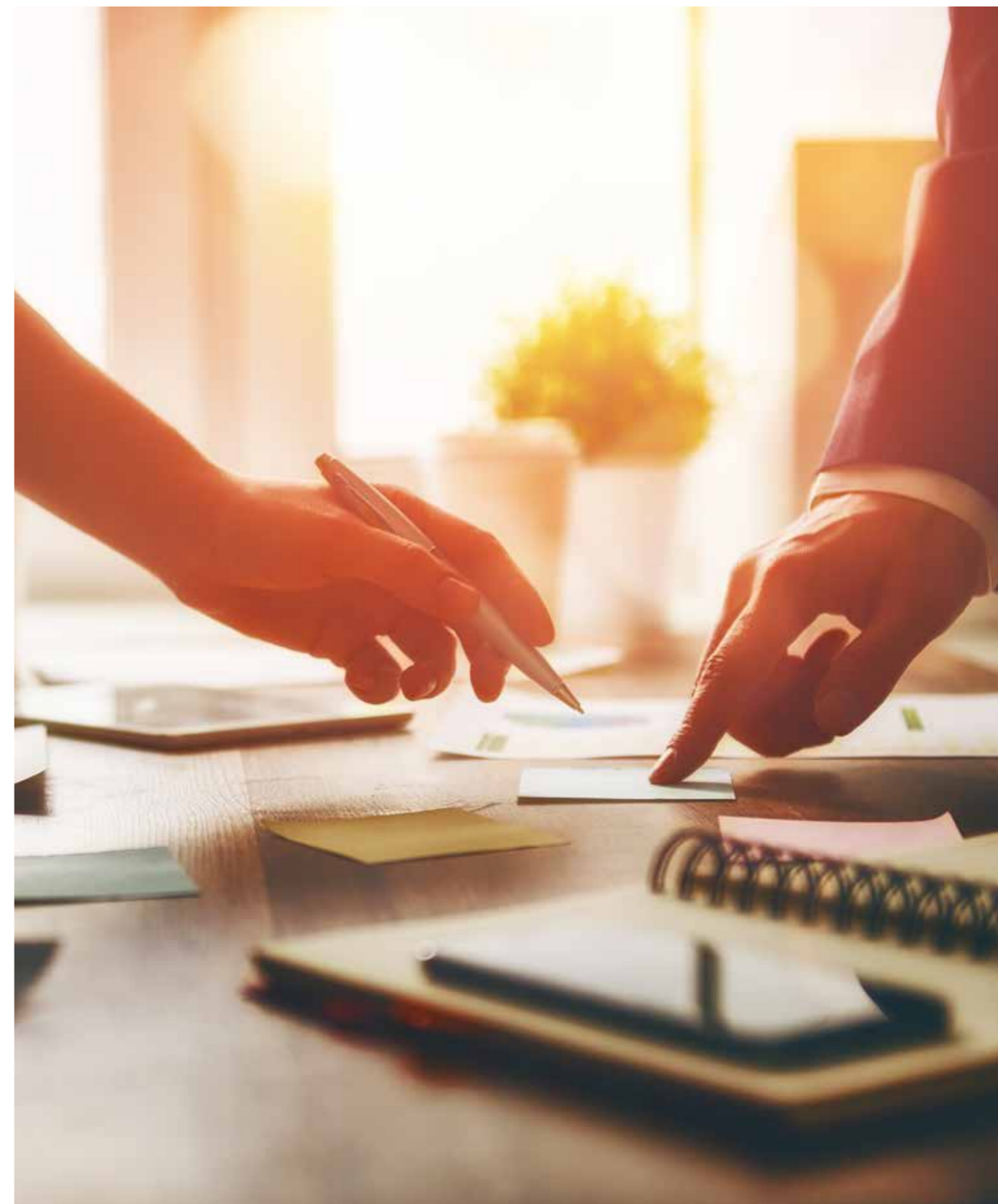
The Budapest Court approved the interim balance sheet II. for 2 March 2017 in its order of 11 April 2018. Considering that the disputed credit claims classified in a higher category for satisfaction than the OBA creditor claims were higher than the cash and equivalents, similarly to interim balance sheet I, the liquidator did not make any proposal for the distribution of assets in relation to interim balance sheet II. The liquidator made a pessimistic estimate calculating HUF 4,429,404 th recovery for OBA during the whole procedure and therefore 19.5% recovery can be expected during the entire procedure.

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

The Budapest Court approved the interim balance sheet II. for 28 February 2017 in its order of 31 July 2018, based on which the liquidator distributed the assets and paid HUF 2,497,517 th to OBA on 21 September 2018. The interim balance sheet III was submitted on 30 January 2019 in which the liquidator proposed HUF 1,998,000 th to be paid to OBA from the distributed assets. According to the liquidator's pessimistic estimate further HUF 1,798,305 th can be recovered by the end of the procedure, with which OBA may expect 47.6% recovery in the whole procedure.

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

The interim balance sheet II prepared for the cut-off date of 30 November 2017 has been submitted and, if it is approved by the Court, OBA will recover HUF 3,387,964 th. According to the liquidator's pessimistic estimate further HUF 2,819,260 th can be recovered by the end of the procedure, with which OBA may recover 28.3% in the whole procedure.



In 2018 OBA continued cooperation with European and global partner institutions of international deposit insurance organisations. On 29 March 2018 the Amsterdam Head office of the National Bank of Holland (DNB) hosted the Communication and PR Committee meeting of the European Forum of Deposit Insurers (EFDI). The event was chaired by the OBA communication officer, who is the chairman of the committee. At the committee meeting the host DNB gave a detailed presentation on its chatbot-based platform and its mass customer services abilities during compensation.

On 12 April DNB organised another meeting of the EFDI EU Committee in Amsterdam, where OBA was represented by the senior control officer. During the meeting national practices relating to deposit and depositor data constituting the basis of compensation, the compensation case of the Latvian ABLV, the work plan of the EFDI bank union work group and the current initiatives on cross-border compensation activities were presented.

On 8 June the 21-member EFDI Communication and PR Committee compared the results of the household surveys on deposit insurances conducted in various European countries in Budva, Montenegro. At the plenary session of the meeting a number of the British deposit insurance institution (FSCS) gave a detailed presentation on the crisis simulation training focusing on social media conducted by the institution and the consequences on it for the organisation.

The EFDI General Meeting and annual conference were held in Vienna on 12-14 Staff member, where the managing director and the communication officer represented the Hungarian deposit insurance fund. The annual EFDI conference is the largest professional event in Europe dedicated to deposit insurance. At the event, the head of the Austrian bank resolution organisation gave a presentation on the operation and legislative framework of resolution, the deputy-governor of the Russian Central Bank talked about the components of the financial stability protective net, specifically focusing on the compensation of depositors of the recently closed and liquidated 339 Russian banks, the representative of the British deposit insurance institution talked about the specificities of crossborder compensation and the IMF representative presented the results of the due diligence exercised conducted at the EU financial institutions focusing on crisis management.

On 5 December the European Banking Authority (EBA) authorised a workshop in London in relation to the stress test of deposit insurers, where OBA was represented by the senior analyst.

On 6 December, the head of the Taiwanese deposit insurance institution paid a work visit to OBA. Managing Director András Kórnár received the president of the Central Deposit Insurance Corporation (CDIC) William Su and Director of International Relations Yvonne Y. Fan in OBA. During the meeting bilateral professional consultations took place between the two organisations, which also included the exchange of the latest experiences, with a mutual presentation of the risk-based deposit insurance fee payment model applied to Taiwanese and Hungarian banks and the development options thereof, the challenges faced by the compensation framework systems and their management. The Taiwanese deposit insurance institution established in 1985 entered into a bilateral cooperation agreement first with OBA in Europe in 2005. The managers and experts of CDIC and OBA have held regular professional consultations ever since.





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

Országos Betétbiztosítási Alap (National Deposit Insurance Fund)			
Balance sheet version 'A' ASSETS			
nr.	Item / HUF th		
		Base year 2017.12.31.	Current year 2018.12.31.
1	A	FIXED ASSETS	94 652 105 849
2	I.	INTANGIBLE ASSETS	67 016 79 034
3	I.1	Capitalised value of foundation-restructuring	0 0
4	I.2	Rights and titles	5 249 5 084
5	I.3	Intellectual property	61 767 73 950
6	I.4	Advances on intangible assets	0 0
7	I.5	Value adjustment of intangible assets	0 0
8	II.	TANGIBLE FIXED ASSETS	27 636 26 815
9	II.1	Real estate and related rights and titles	3 252 3 008
10	II.2	Equipment, fittings and vehicles	19 830 23 579
11	II.3	Capital investments	4 554 228
12	II.4	Advances for assets in construction	0 0
13	II.5	Adjustment in tangible fixed assets	0 0
14	III.	FINANCIAL INVESTMENTS	0 0
15	B	CURRENT ASSETS	98 911 694 78 703 404
16	I	INVENTORIES	495 62
17	I.1	Materials	0 0
18	I.2	Commercial goods	495 62
19	I.3	Mediated services	0 0
20	I.4	Advances on inventories	0 0
21	II.	RECEIVABLES	67 210 282 57 619 707
22	II.1	Receivables from member institutions	64 731 439 55 438 852
23	II.1.a	Fee receivables	0 160 709
24	II.1.b	Receivables assigned to the Fund	64 731 439 55 278 143
25	II.1.c	Fees on recourse commitments	0 0
26	II.1.d	Other receivables from member institutions	0 0
27	II.2	Other receivables from credit institutions	7 033 311
28	II.3	Receivables from depositors	0 0
29	II.4	Receivables from the state	0 0
30	II.5	Other receivables	2 471 810 2 180 544
31	III.	SECURITIES	31 458 751 5 378 511
32	III.1	Government securities	31 458 751 5 378 511
33	III.2	Other securities	0 0
34	IV.	CASH AND EQUIVALENTS	242 166 15 705 124
35	IV.1	Cash and cheques	241 314
36	IV.2	Bank deposits	241 925 15 704 810
37	C	PREPAYMENTS AND DEFERRED EXPENDITURES	471 894 121 060
38	TOTAL ASSETS		99 478 240 78 930 313

(date in HUF th)

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

Országos Betétbiztosítási Alap (National Deposit Insurance Fund)			
Balance sheet version 'A' LIABILITIES			
nr.	Item / HUF th	Base year 2017.12.31.	Current year 2018.12.31.
39	D. EQUITY	39 817 189	59 143 172
40	I. SUBSCRIBED CAPITAL	926 082	926 082
41	II. RESERVES	12 115 306	38 891 107
42	III. VALUATION RESERVE	0	0
43	IV. PROFIT/LOSS OF THE CURRENT YEAR	26 775 801	19 325 983
44	E. PROVISIONS	0	6 713
45	F. LIABILITIES	59 599 839	19 758 875
46	I. LONG-TERM LIABILITIES	56 989 291	17 250 003
47	II. SHORT-TERM LIABILITIES	2 610 548	2 508 872
48	II.1 Liabilities to member institutions	0	7 877
49	II.2 Short-term credits	0	0
50	II.3 Liabilities to member institutions	0	0
51	II.4 Liabilities to the state	0	0
52	II.5 Other short-term liabilities	2 610 548	2 500 995
53	G. ACCRUALS AND DEFERRED INCOME	61 212	21 553
54	TOTAL LIABILITIES	99 478 240	78 930 313

(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'				
nr.		Item / HUF th	Base year 2017.12.31.	Current year 2018.12.31.
1	1	Fee revenues from member institutions	15 613 212	15 346 623
2	2	Fee revenues based on receivables collected on behalf of depositors	0	0
3	3	Commission revenues based on the payment of deposits secured by a state guarantee	0	0
4	4	Other deposit insurance revenues	12 518 988	11 372 662
5	I.	Revenues from deposit insurance (01+02+03+04)	28 132 200	26 719 285
6	II.	Other revenues	144 605	141 941
7	III.	Revenues from sources other than deposit insurance	8	0
8	IV.	Revenues from financial transactions	1 590 459	796 160
9	5	Expenses relating to the payment of frozen deposits	0	0
10	6	Expenses relating to receivables collected on behalf of depositors	0	0
11	7	Expenses incurred relating to the payment of deposits secured by a state guarantee	0	0
12	8	Other deposit insurance expenditure	1 252 164	6 137 877
13	V	Expenditures relating to deposit insurance (05+06+07+08)	1 252 164	6 137 877
14	VI.	Other expenditure	3 827	16 029
15	VII.	Expenditures not related to deposit insurance	0	0
16	VIII.	Expenses of financial transactions	1 279 590	1 393 015
17	9	Material type expenses	135 141	251 728
18	10	Personnel expenses	402 068	505 853
19	11	Depreciation write-off	18 681	26 901
20	IX.	Operating expenses (09+10+11)	555 890	784 482
22	A.	PROFIT/LOSS OF THE CURRENT YEAR (I+II+III+IV+V+VI-VII-VIII-IX)	26 775 801	19 325 983

(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.

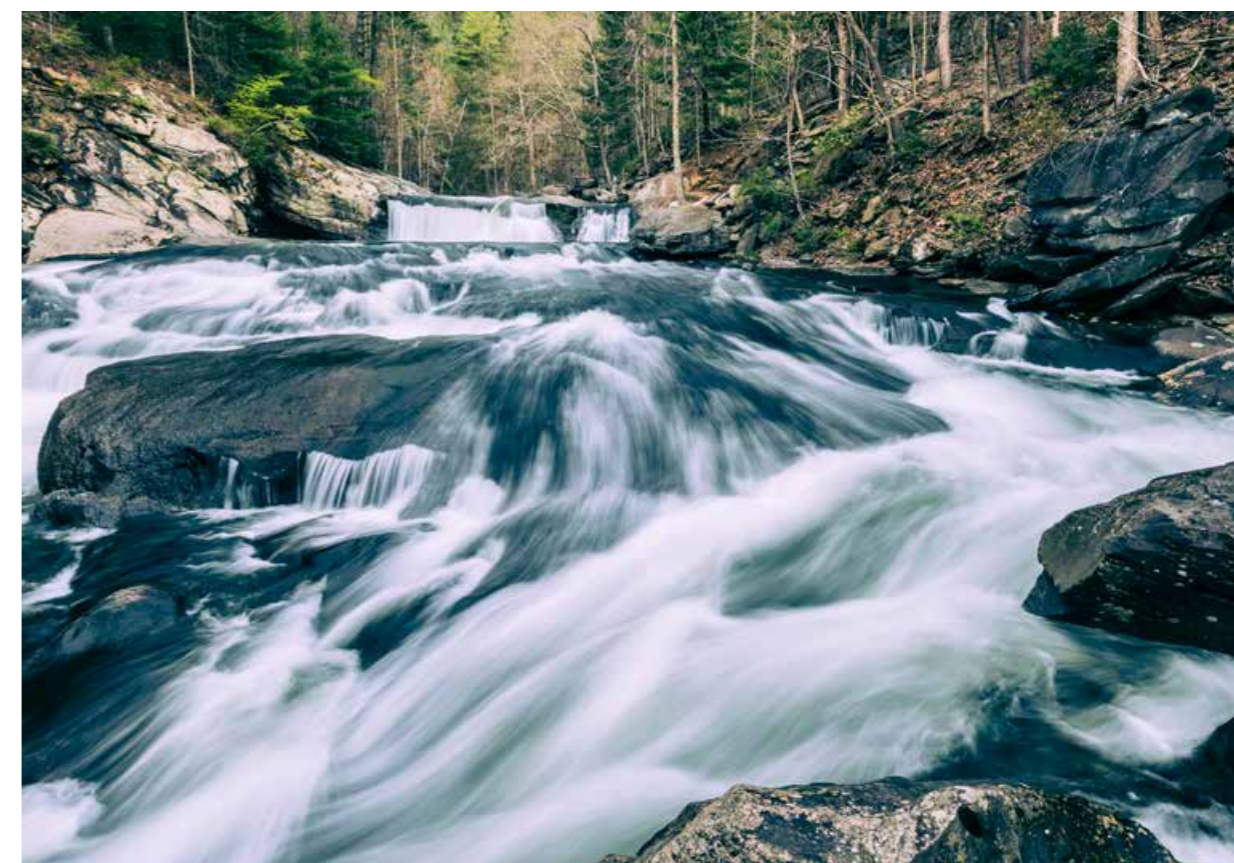
KEY VALUES

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.

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 3 years and the related tasks as presented in detail in the table below.



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 legis-lation	IV. Visibility
High level IT security (crucial system component)	Search for new compensation channels (fast, cheap, easily manageable)	Conclusion of cooperation 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 recite 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	Középtávú stressz-tesztelési program megvalósítása, részvétel EBA csoportos tesztben	Unió viszonylatban „egy lépéssel mások előtt” szemlélet fenntartása
	Implementation of a mediumterm 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 2018

T	The target has been reached	E	Progressed according to plan, or remained within budget	K	Starts later (future date)	I	Measure post-poned due to restructuring/change in priority
Set targets and tasks							
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	K		
		5) Functional distribution of the internal library structure		Implementation	T		
		6) Segmentation of the OBA internal network		Implementation	T		
	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 recite 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		

T	The target has been reached	E	Progressed according to plan, or remained within budget	K	Starts later (future date)	I	Measure post-poned due to restructuring/change in priority
Set targets and tasks							
	Adjustment of internal processes to the recite 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. Maintenance and development of compensation capacity	Search for new compensation channels (fast, cheap, easily manageable)	1) Increase and testing of card acceptance places		Implementation	T		
		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		
	In depth control	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		
	Further development of the customer information abilities	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	T		
		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 post-poned due to restructuring/change in priority
Set targets and tasks		Projected measures		Tasks		Achieved performance	
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 cooperation 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 mediumterm 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		T	
	Pro rata compliance with the EU target	1) Review of the ideal economic target level (assets)		Implementation		T	

T	The target has been reached	E	Progressed according to plan, or remained within budget	K	Starts later (future date)	I	Measure post-poned due to restructuring/change in priority
Set targets and tasks		Projected measures		Tasks		Achieved performance	
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	



Annex 1

FEES PAID BY THE OBA MEMBER INSTITUTIONS IN 2018

Serial number	Name of institution	Fee for 2018
1	3A Takarékszövetkezet	157 386
2	Aegon Lakástakarék Zrt.	21 182
3	B3 TAKARÉK Szövetkezet	179 236
4	Bank of China (Hungária) Zrt.	10 365
5	Bank of China Limited, Hungarian Branch Office	310
6	Békés Takarék Szövetkezet	94 966
7	Bóly és Vidéke Takarékszövetkezet	17 529
8	Budapest Bank Zrt.	828 164
9	CENTRÁL TAKARÉK Szövetkezet	133 921
10	CIB Bank Zrt.	731 616
11	Commerzbank Zrt.	17 945
12	Dél TAKARÉK Szövetkezet	130 017
13	Duna Takarék Bank Zrt.	90 049
14	ERSTE Bank Hungary Zrt.	1 170 218
15	ERSTE Lakástakarék Zrt.	110 726
16	Eximbank Zrt.	0
17	Fókusz Takarékszövetkezet	155 276
18	Fundamenta-Lakáskassza Zrt.	689 230
19	Gránit Bank Zrt.	85 898
20	Hungária TakaréK Takarékszövetkezet	79 974
21	K&H Bank Zrt.	1 917 779
22	KDB Bank Európa Zrt.	47 844
23	Kinizsi Bank Zrt.	26 035
24	KORONA TAKARÉK Takarékszövetkezet	104 054
25	M7 TAKARÉK Szövetkezet	66 164
26	MagNet Bank Zrt.	137 174
27	Magyar Cetelem Zrt.	28 332
28	Merkantil Bank Zrt.	29 004
29	MKB Bank Zrt.	612 988
30	Mohácsi TakaréK Bank Zrt.	41 453
31	NHB Növekedési Hitel Bank Zrt.	6 865
32	Nyugat TakaréK Szövetkezet	154 736
33	OTP Bank Nyrt.	4 584 467
34	OTP Lakástakarék Zrt.	369 078
35	Pannon TakaréK Bank Zrt.	86 241
36	Pátria Takarékszövetkezet	85 654
37	Polgári Bank Zrt.	52 431
38	Porsche Bank Zrt.	7 406
39	Raiffeisen Bank Zrt.	718 437
40	Sberbank Magyarország Zrt.	210 429
41	Sopron Bank Zrt.	62 371
42	Takarék Kereskedelmi Bank Zrt.	213 299
43	Takarékbank Zrt.	17 236
44	TISZÁNTÚLI TAKARÉK Takarékszövetkezet	188 199
45	UniCredit Bank Zrt.	874 937
Total		15 346 623

(data in HUF tn)

Source: NDIF



Annex 2

IMPAIRMENT LOSSES (31 DECEMBER 2018)

Institution	Total compensation paid (OBA)	Costs relating to the compensation paid (OBA)	Compensation paid from the total payments in 2018	Costs of compensation from the total payments made in 2018	Estimated recovery 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 2018	Impairment to be recognised for paid compensation in 2018	Impairment to be recognised for expenses in 2018	Elszámolandó értékvesztés 2018.évben költségre
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			237 029	476 586	2 471 091		5	0	
Általános Közlekedési Hitelszövetkezet “f.a.” cost		12 119		0			0		12 119			0
Jógazda Szövetkezeti Takarékpénztár “f.a.”OBA	9 009 885		0			611 290	2 341 244	6 191 113		133 761	0	
Jógazda Szövetkezeti Takarékpénztár “f.a.” cost OBA		33 015		0			0		33 015			0
Soltvadkert és Vidéke Takarékszövetkezet “f.a.” OBA	33 533 262		1 514			1 538 238	4 903 035	27 329 302		237 314	0	
Soltvadkert és Vidéke Takarékszövetkezet cost “f.a.”OBA		99 989		6			0		99 983			6
Körmend és Vidéke Takarékszövetkezet “f.a.”OBA	22 961 959		0			7 743 170	2 740 223	10 730 856		0	1 747 710	
Körmend és Vidéke Takarékszövetkezet költség “va”OBA		87 617		0			0		87 617			0
Orgovány és Vidéke Takarékszövetkezet “f.a.” OBA	46 698 180		18 916			11 422 922	17 343 949	24 538 194		6 606 884	0	
Orgovány és Vidéke Takarékszövetkezet cost “f.a.” OBA		185 541		7 226			0		178 315			7 226
Alba Takarékszövetkezet “f.a.” OBA	7 089 819		229			2 302 169	2 845 563	1 349 765		0	592 322	
Alba Takarékszövetkezet “f.a.” OBA cost		71 655		42			0		71 613			42
Széchenyi Hitelszövetkezet “f.a.” OBA	8 911 774		12 920			2 197 528	2 145 043	5 753 811		1 184 608	0	
Széchenyi Hitelszövetkezet cost “f.a.” OBA		28 771		27			0		28 744			27
Széchenyi Kereskedelmi Bank “f.a.” OBA	13 547 582		16			3 849 999	2 689 459	7 303 806		295 682	0	
Széchenyi Kereskedelmi Bank “f.a.” OBA cost		21 391		1			0		21 390			1
Tisza Takarékszövetkezet “va” OBA	8 529 669		-1 696			7 947 003	0	760 507		177 840	0	
Tisza Takarékszövetkezet “va” cost		39 901		4			0		39 897			4
BRB Buda Regionális Bank “f.a.”	19 217 891		4 083			2 716 920	2 215 350	15 097 932		812 310	0	
BRB Buda Regionális Bank “f.a.” cost		77 164		126			0		77 038			126
DDB Dél-Dunántúli Takaréék Bank “f.a.”	23 251 945		1 452			4 429 404	0	18 960 493	0	137 952	0	
DDB Dél-Dunántúli Takaréék Bank “f.a.” cost		91 136		222			0		90 914			222
DRB Dél-Dunántúli Regionális Bank “f.a.”	22 636 663		12 017			3 796 305	6 993 017	13 633 646	0	1 786 306	0	
DRB Dél-Dunántúli Regionális Bank “f.a.” cost		78 188		685			0		77 503			685
ÉRB Észak-Mo.-i Regionális Bank “f.a.”	39 419 457		15 844			6 207 224	4 967 916	24 455 517		0	3 788 800	
ÉRB Észak-Mo.-i Regionális Bank “f.a.” cost		117 230		707			0		116 523			707
Total	258 254 914	960 407	65 295	9 046		55 278 018	49 661 385	158 576 033	934 672	11 372 662	6 128 832	9 046

(data in HUF th)

Source: NDIF





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