



# ANNUAL REPORT 2020



**National Deposit  
Insurance Fund  
of Hungary**

SAFE DEPOSIT ASSURED REFUND.



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1

SCOPE OF ACTIVITY OF THE FUND

The main task of the OBA is to begin on the next day (hereinafter: **the starting date of indemnification**) following the date of publication of the court's winding-up order and make available to the depositors the indemnification within fifteen working days (ten days from 2021 and seven days from 2024) in the case of notification of a decision of the National Bank of Hungary (hereinafter: **MNB**) acting in its supervisory authority, taken pursuant to section 1 § of Hpt, or point c, of section (2) of § 33, initiating winding-up proceedings, except for the amount of blocked deposits, deposits subject to inheritance proceedings, deposits by the guardianship authority requiring further action, and deposits in which the holder of the compensation cannot be informed or not can be established unequivocally.

Pursuant to the provision of Section (7) § 132 of Act 37 of 2014 on the further development of the institutional system to strengthen the security of certain actors of the financial intermediation system, the operational functions of the Resolution Fund are also performed by the working organisation of the OBA under the management of the managing director of the OBA.





2 GOVERNING BODY AND CONTROL OF THE FUND

**THE BOARD OF DIRECTORS**

The governing body of the Fund shall be the Board of Directors, whose members are

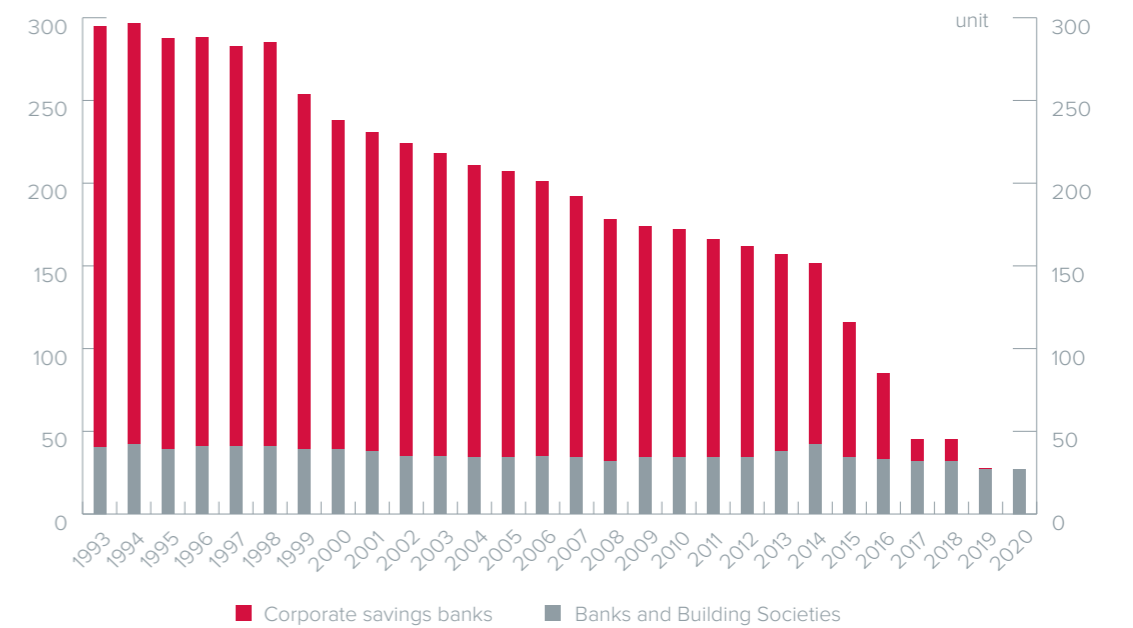
- the under-secretary of the Ministry of Finance (hereinafter: PM) responsible for financial matters,
- the Vice-President of the MNB responsible for Supervision and Consumer Protection of Financial Institutions,
- the Director of the Resolution Board of the MNB,
- the secretary general of the Hungarian Banking Association (hereinafter: the MBSZ),
- the Director of the Department of Legal, Mortgage and Retail Banking of the MBSZ,
- the person nominated by the Chairman of the Board of Directors of the Central Organisation of Integrated Credit and
- the Executive Director of the Fund.

The Board of Directors shall elect annually a Chairman and a Vice-Chairman from among its members. In 2020, presidential tasks were held by dr. Csaba Kandrács, Vice President of the National Bank of Hungary.

**NUMBER OF MEMBER INSTITUTES**

At the end of 2020, the Fund had 27 credit institutions, all banks or specialised credit institutions (including 3 housing savings banks). In the course of 2020, the last credit institution operating in the form of a savings union also ceased, and at the request of the member institution, the licence of a home savings bank was withdrawn, but OBA was added with a new member of a specialized credit institution (KELER Plc.) by the end of 2020.

DEVELOPMENT OF THE NUMBER OF THE OBA INSTITUTIONS BETWEEN 1993 AND 2020



Source: NDIF

FIGURE 1

# 3

## THE DEVELOPMENT OF DEPOSITS PROVIDED BY THE OBA AND EVOLUTION OF POTENTIAL INDEMNIFICATION OBLIGATIONS<sup>1</sup>

The amount of deposits<sup>2</sup> provided by the OBA amounted to 19 700 419 214 th. HUF at the beginning of 2020, which represents an increase of 1 912 237 616 th HUF (10.8%) compared to the previous year. Claims resulting from the deposit with a State guarantee are gradually declining, decreasing to 20 141 623 th HUF at the beginning of 2020, by 17,2% compared to the previous year (Table 1).

CHANGE IN THE STOCK INSURED BY THE OBA AND THAT GUARANTEED BY THE STATE 2019-2020 (BEGINNING OF YEAR)

Deposit portfolio	2019	2020	Variation (year/year)
Portfolio insured by OBA	17 788 181 597	19 700 419 214	10,8%
Portfolio guaranteed by the state*	24 313 307	20 141 623	-17,2%

\* Without Eximbank Plc.  
 Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
 Source: NDIF

TABLE 1  
 (data in th. HUF and %)

Deposits account for an increasing share of the stock insured by OBA (99.9% at the beginning of 2020). Securities are no longer insured by the OBA after 3 July 2015, except for the amount that has not yet overdue or redeemed, and therefore their share is steadily decreasing, such like the rate of accrued interest due to the decreasing deposit interest rates observed in recent years (Table 2).

BREAKDOWN OF THE STOCK INSURED BY THE OBA 2015-2020 (BEGINNING OF YEAR)

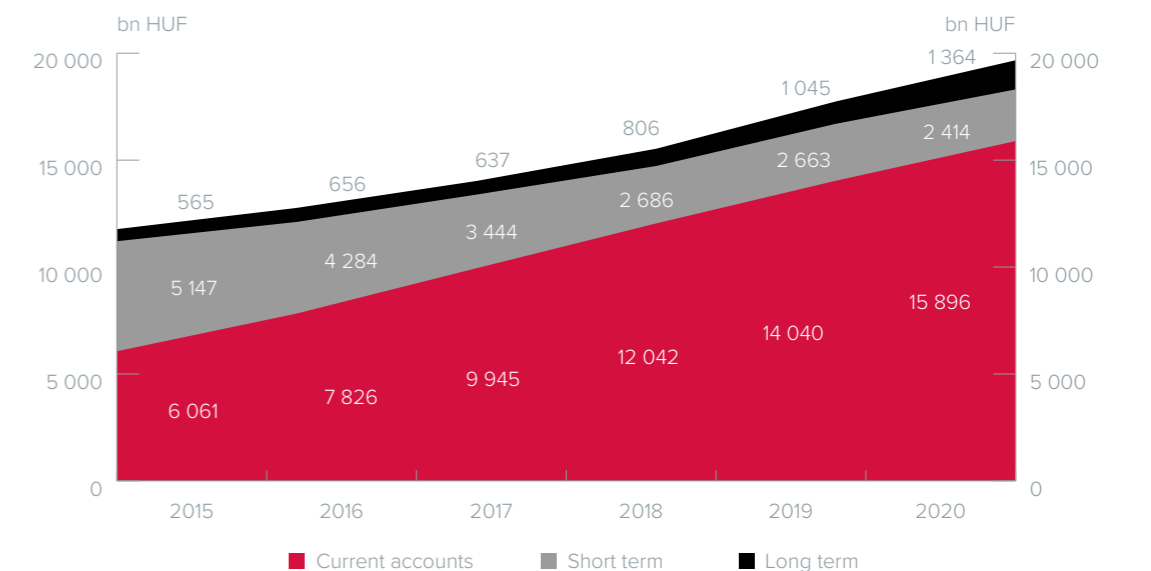
Start of the year	Insured deposit	Insured securities	Insured interest	Total
2015	11 773 432 040	530 303 751	55 083 409	12 358 819 200
2016	12 766 926 011	374 864 176	33 453 775	13 175 243 962
2017	14 025 825 023	168 956 355	20 861 410	14 215 642 788
2018	15 534 763 697	69 008 736	12 858 396	15 616 630 829
2019	17 746 955 911	29 758 198	11 467 489	17 788 181 597
2020	19 673 807 672	18 337 349	8 274 193	19 700 419 214

Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
 Source: NDIF

TABLE 2  
 (data in th. HUF)

Also due to the decreasing interest rate environment, the share of on demand deposits within insured deposits has significantly increased at the expense of the share of short-term deposits (within a year), while the volume and proportion of long-term deposits have already increased over the last 3 years (Figure 2).

MATURITY BREAKDOWN OF INSURED DEPOSITS 2015-2020 (BEGINNING OF YEAR)



Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
 Source: NDIF

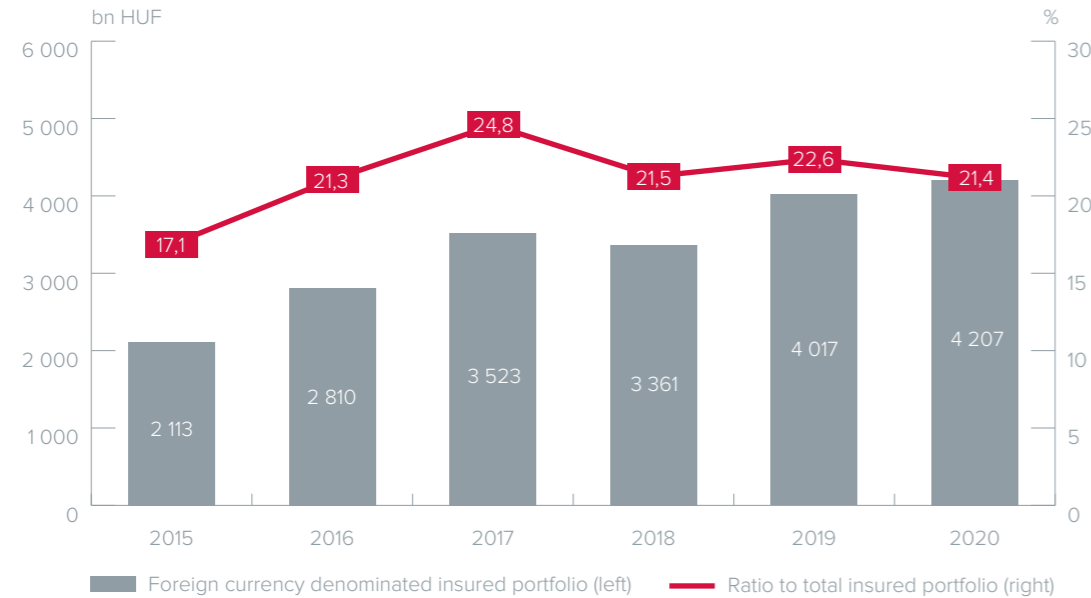
FIGURE 2

<sup>1</sup> Based on the annual data submitted by the member institutions to the NDIF.

<sup>2</sup> In addition to deposits, the NDIF is considered a deposit by the credit institution on 1 January 2003 and 2015, until the maturity or redemption of the depository receipts and bonds issued between 3 July.

The stock insured by the OBA, placed in foreign currencies have been around 20% of the total insured stock in recent years (Figure 3).

INSURED STOCK PLACED IN FOREIGN CURRENCY AND ITS PROPORTION WITHIN THE TOTAL INSURED STOCK BETWEEN 2015-2020 (BEGINNING OF YEAR)

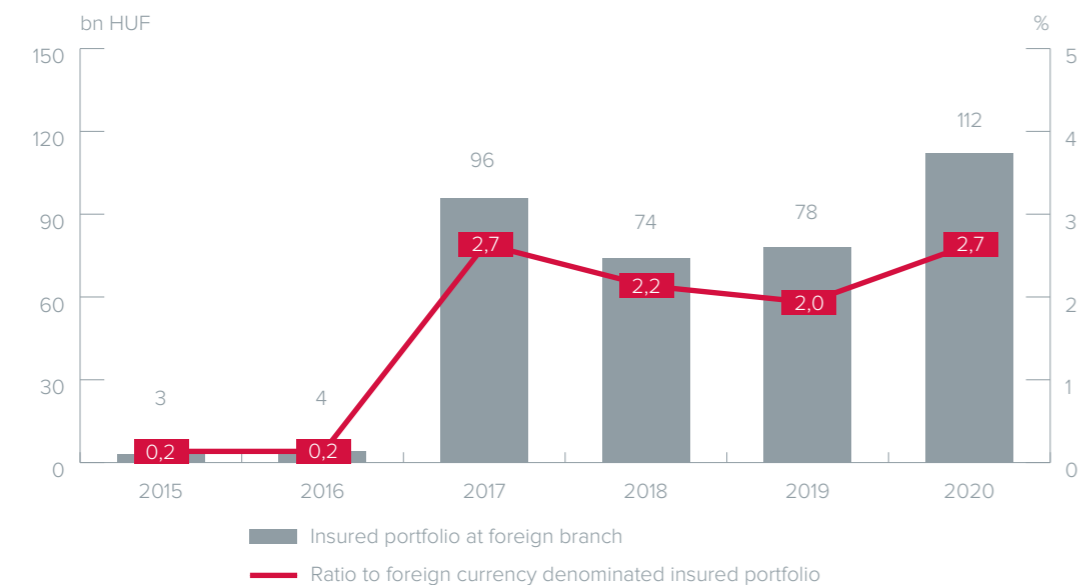


Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
Source: NDIF

FIGURE 3

Currently, two member institutions have foreign branches, whose operations resulted in an increase in the amount of deposits deposited with foreign branches and insured by the OBA (112 450 638 th HUF at the beginning of 2020). Nevertheless, their share remains only a fraction of both total and foreign currency insured deposits (Figure 4).

STOCK AND SHARE OF INSURED DEPOSITS HELD BY FOREIGN BRANCHES OF HUNGARIAN CREDIT INSTITUTIONS IN FOREIGN CURRENCY BETWEEN 2015 AND 2020 (BEGINNING OF YEAR)

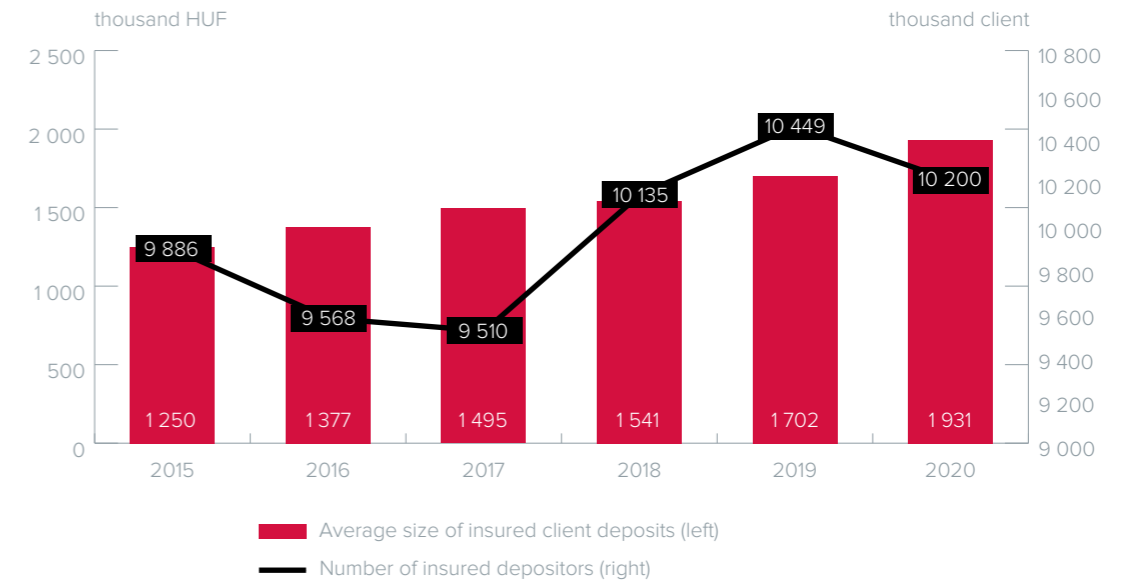


Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
Source: NDIF

FIGURE 4

The average deposit size (per credit institution) per insured client was 1,931 th HUF at the beginning of 2020, which has been steadily increasing since 2015. The number of insured depositors decreased at the beginning of 2020 as compared to the previous year, which can be explained by mandatory customer due diligence in 2019 (Figure 5).

NUMBER OF DEPOSITORS INSURED AND AVERAGE SIZE OF THE DEPOSITS OF THE INSURED CLIENTS BETWEEN 2015 AND 2020 (BEGINNING OF YEAR)

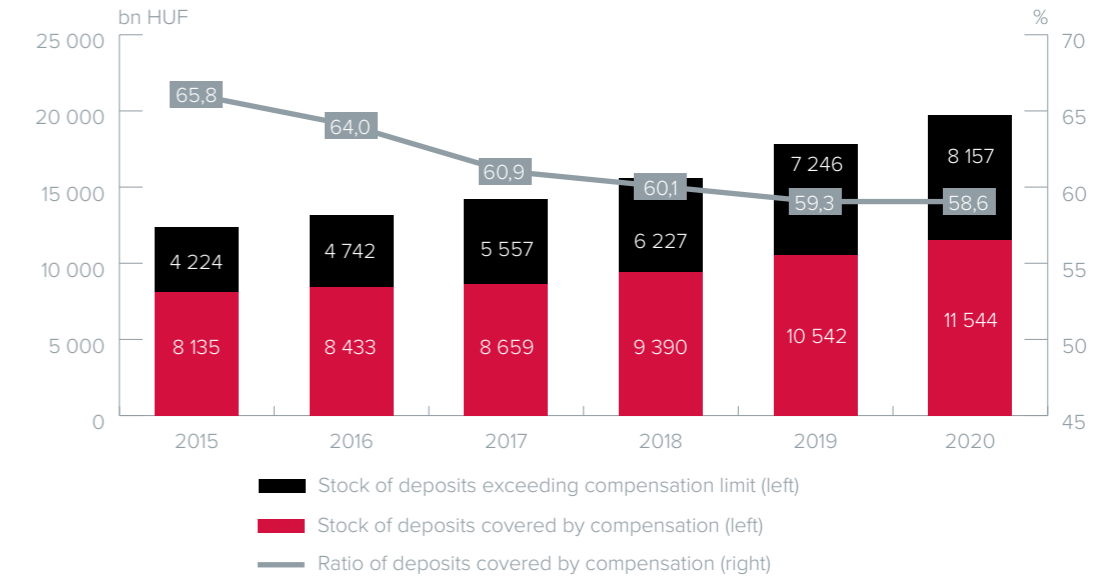


Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
Source: NDIF

FIGURE 5

In addition to the insured stock, the potential indemnification liability of the OBA continued to increase, i.e. the aggregate stock of the secured deposits not exceeding the indemnity limit (per client and per credit institution). The potential compensation liability at the beginning of 2020 amounted to 11 543 862 255 th HUF, which exceeds the stock of the previous year by 1 001 660 508 HUF (9.5%). The share of deposits subject to compensation in the insured stock was steadily decreasing, reaching 58,6% at the beginning of 2020. Figure 6).

AMOUNT OF DEPOSITS SUBJECT TO COMPENSATION AND PART EXCEEDING THE INDEMNIFICATION LIMIT BETWEEN 2015 AND 2020 (BEGINNING OF YEAR)

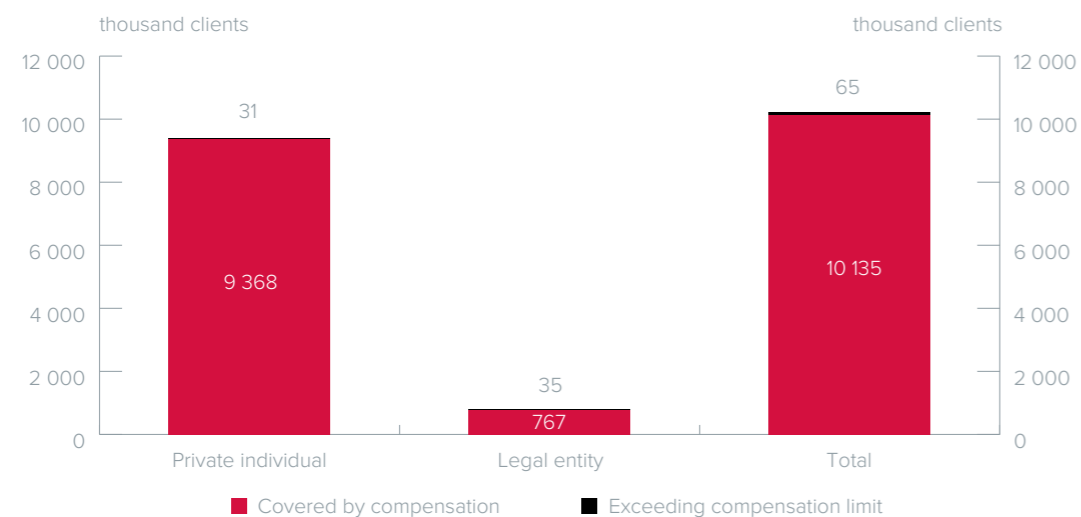


Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years.  
Source: NDIF

FIGURE 6

At the beginning of 2020, 10 134,910 clients out of the 10 200 280 secured depositors (99,4%) had a deposit amount not exceeding the indemnification limit, i.e. their entire deposit portfolio would have been indemnified by OBA in the event of indemnification (Figure 7).

DISTRIBUTION OF INSURED DEPOSITORS TO CLIENTS WITH DEPOSITS NOT EXCEEDING AND ABOVE THE INDEMNITY LIMIT (BEGINNING 2020)

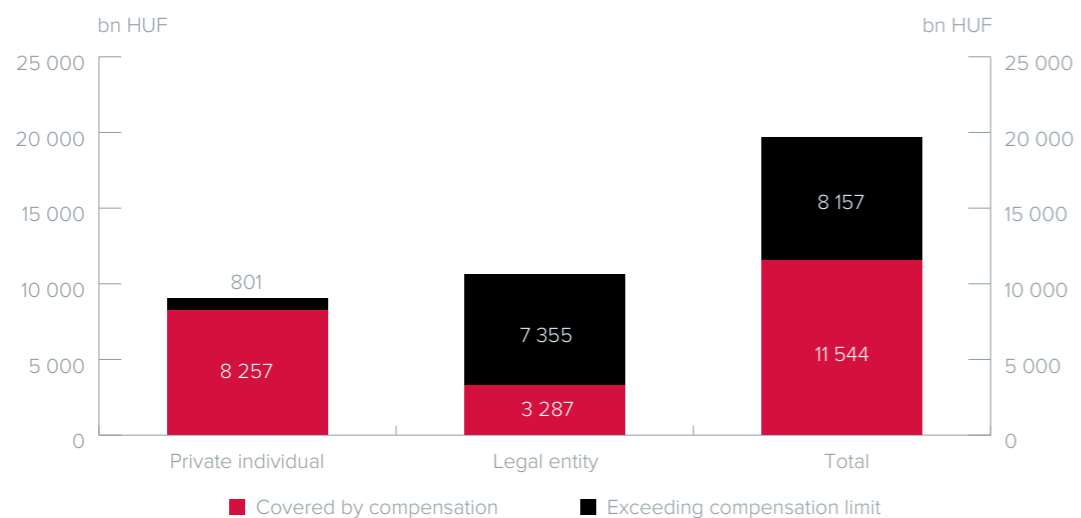


Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years. Source: NDF

FIGURE 7

While a significant part of the insured depositors (9 398 880 clients, 92,1% of the total insured depositors) are natural persons, the amounts of deposits insured are nearly half to half between natural and legal entities. In terms of deposit amounts, 58,6% of the insured deposit portfolio was below the indemnification limit, meaning that depositors with a deposit amount exceeding the indemnity limit of 0,6% of all insured customers have a significant deposit in the above the limit (41,4% of the total insured stock). However, 91,2% of the insured deposits placed by natural persons were subject to the indemnification obligation of the OBA (Figure 8).

DISTRIBUTION OF INSURED DEPOSITS NOT EXCEEDING AND ABOVE THE INDEMNIFICATION LIMIT (BEGINNING OF 2020)

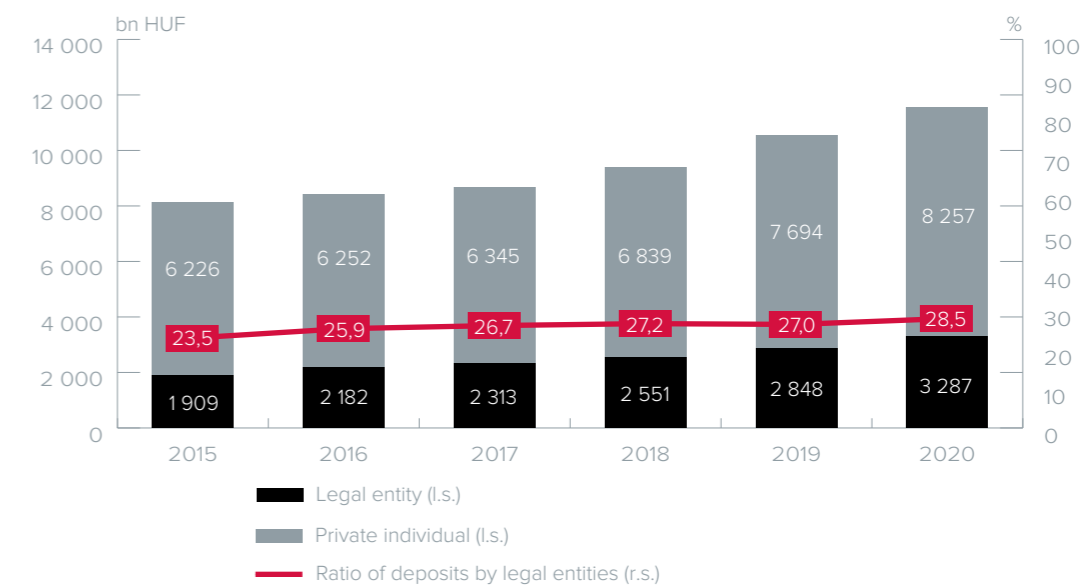


Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years. Source: NDF

FIGURE 8

Both natural persons and legal entities play a role in the increase in the potential OBA indemnification obligation since 2016, but within the potential OBA indemnification obligation, the proportion of legal persons, with the exception of a slight decrease at the beginning of 2019, is continuously increasing (Figure 9).

DISTRIBUTION OF DEPOSITS SUBJECT TO POTENTIAL INDEMNIFICATION BETWEEN NATURAL AND LEGAL PERSONS IN 2015-2020 (BEGINNING OF YEAR)



Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years. Source: NDF

FIGURE 9



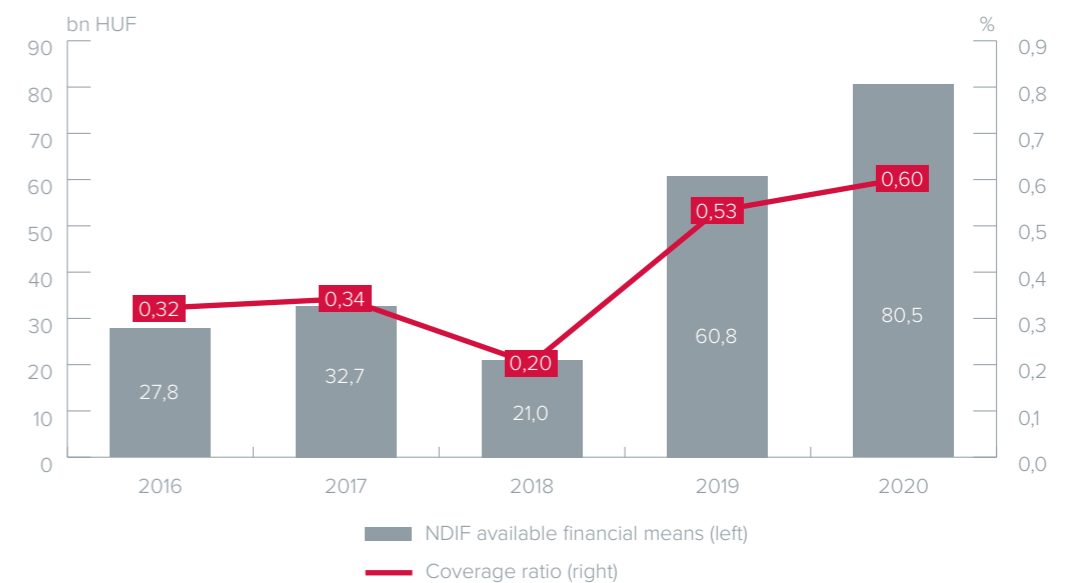
# 4

## INCOME FROM FEES AND COVERAGE RATIO OF THE OBA

The internationally accepted indicator of the assets of deposit-guarantee institutions is the replenishment ratio, which is the ratio of the assets available for compensation and the aggregate potential compensation liability. In accordance with the uniform regulation in the European Union, the target asset level of the OBA has been set at a minimum value of 0.8 per cent (section (1) § 234/A of Hpt.); it is to be reached by 3 July 2024.

In the numerator of this indicator includes the government securities available to the OMA, if necessary, which can be liquidated; they are included at gross market value, and the balance of the OBA's account kept with the MNB is also taken into account. The denominator of this indicator is the aggregate potential indemnification obligation of the OBA. After the early repayment (partial redemption of bonds) of the DRB Group's debts issued to indemnify the depositors of the DRB Group in 2017 and 2018, the OBA repaid its debts and its assets and replenishment indicator reached the target level and growth has begun. At the end of 2020, the replenishment indicator was 0,60% (Figure 10). In addition to the fee incomes, the full payment of the second instalment of the purchase price derived from the sale of claims against winding-up proceedings has also contributed to this.

ELIGIBLE ASSETS AND COVERAGE INDEX OF THE OBA IN 2016-2020 (END OF YEAR)



Note: several member institutions have submitted amendments to their reporting for the previous year, due to which data for previous years may differ from the data presented in the reports of previous years. Source: NDIF

FIGURE 10

### REVENUES FROM FEES OF THE FUND

The OBA's own sources of revenue are the one-time entry fee and the regular and extraordinary payments made by member institutions (points (a) and (S) of section (1) of § 232 Hpt).

#### Entry fee

Credit institutions that have been authorised to collect deposits shall pay a one-time entry fee to the Fund upon becoming a member institution. The entry fee shall be an amount equal to 0,5 per cent of the subscribed capital of the Member Institution. In 2020, a new member joined the OBA, which paid the entry fee in the amount of 22,500 th HUF within the legal deadline.

#### Regular fee

One of the most important revenues of the Fund comes from regular fees, the level of which should be set to ensure the achievement of the target asset level set to 0.8 % of the Replenishment Index by 3 July 2024. The regular fee payable by member institutions is based on the potential indemnification obligation in the case of a member institution and is limited to 0,3 per cent of the fee base. The annual fee shall be paid by the member institutions to the OBA in quarterly instalments. The regular fee shall consist of a basic fee and a risk-based variable fee. The method for calculating the risk-based variable fee is set out in MNB decree No. 19/2016 (25th May) on the detailed rules for establishing the risk-based variable fee payable by members of the National Deposit Insurance Fund and the OBA Fee Rules, which are in accordance with section (2) Article 13 of Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes and the European



Banking Authority for deposit guarantee schemes EBA/GL/2015/10 Guidelines on the methods of calculation of payments to be made.

In 2019, the OBA introduced a new fee payment period, different from the calendar year, but still covering one year, which runs from 1 October to 30 September of the following year. Therefore, for the first three quarters of the calendar year 2020, the Fee Rules applicable to the fee period from 1 October 2019 to 30 September 2020, and for the last quarter, the Fee Rules for the Fee Payment Period from 1 October 2020 to 30 September 2021 parameters are valid.

OBA FEE CALCULATION PARAMETERS AND ESTABLISHED ANNUAL FEE

	2019Q4-2020Q3 fee payment period	2020Q4-2021Q3 fee payment period
Fee liability (D)	0,095%	0,095%
Base fee percentage	20%	17,5%
Correction coefficient ( $\mu$ )	123%	97%
Yearly fee (Tt HUF)*	9 798 642	10 726 942

(data in th. HUF and %)

\* Taking into account the transfers of stocks during the period and the changes in the fee base, total annual fee for members withdrawing from the OBA and for new members at 0% anti-cyclical ratio. Source: NDIF

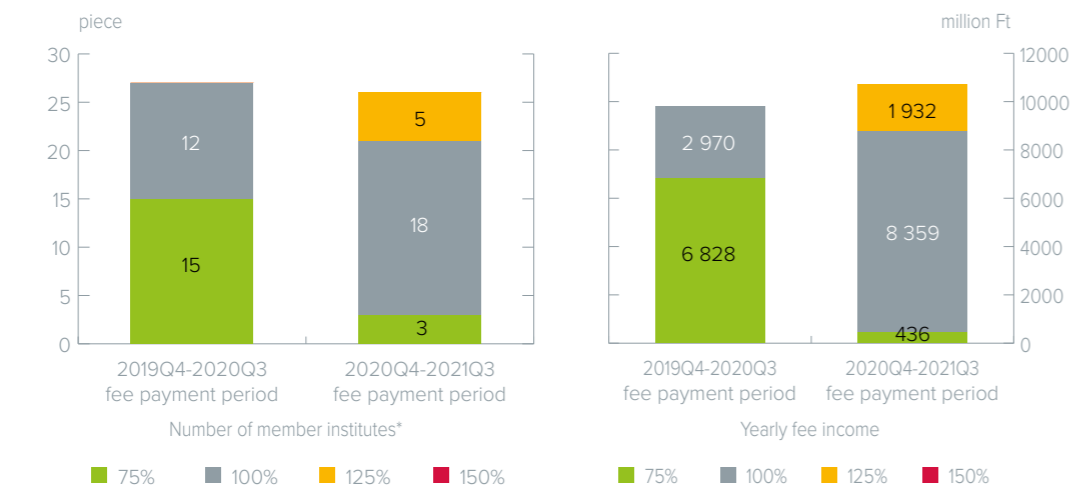
TABLE 3

In the calendar year 2020, the Board of Directors of the OBA kept the anti-cyclical indicator (AI) at 0% and the contribution rate (CR) for the whole year was 0,095%. In the calendar year 2020, the member institutions paid a regular fee of HUF 6 679 190 to OBA. The significant deviation from the annual fee is caused by the inclusion into subsequent period fees of overpayments resulting from fees paid during the transitional period of the first three quarters of 2019 for the changeover to a new fee period other than the calendar year.

The OBA classifies the individual member institution in four risk categories based on their risk indicators, with different degrees of aggregate risk weight (ARW). The OBA revised the risk model used to determine the premiums for the fee period from 1 October 2020 to 30 September 2021. Since the introduction of the calculation of risk-based fees in 2016, there has been a much longer time series of basic indicators, most of which were introduced in 2014 (e.g. capital tables in accordance with new prudential regulations), and some indicators are reported by credit institutions only after their introduction (e.g. LCR), so it was timely to revise the band boundaries for each indicator.

As a result of the review, the member institutions were not only classified in the 75% and 100% ARW band, but also 5 credit institutions considered to be riskier in the 125% band for the fee payment period from 1 October 2020 to 30 September 2021, resulting in greater diversification among member institutions, but most of the credit institutions are classified as 100% risk-neutral. As a result, the correction coefficient ( $\mu$ ) also decreased from 123% to 97%, reflecting the average level of risk close to 100%<sup>2</sup>.

NUMBER OF MEMBER INSTITUTIONS AND FIXED ANNUAL FEE BY RISK CATEGORIES (ARW)



\* considering member institutions belonging to the Integration Organisation as a single institution, as they are subject to a single ARW on data at consolidated level. Source: NDIF

FIGURE 11

<sup>2</sup> The correction coefficient ( $\mu$ ) is obtained as a reciprocating of the fee base weighted average of the ARWs.

### Raised fee, extraordinary fee

The OBA did not impose a raised fee or an extraordinary fee obligation during the year 2020.



## INTANGIBLE ASSETS

The cost of intangible assets is accounted for, according to their expected useful life, divided into the years as defined below:

- a write-off of the cost of property rights was stated in six years,
- that of the intellectual property in 3 years

Differently from the above, in the case of the Indemnity Payment Scheme (KIR) activated in 2014, the Fund set the expected term of use at the time of acquisition in 10 years and is therefore written off within 10 years from the date of acquisition or activation.

A significant proportion of intangible assets consists of software purchased by the Fund. The cost of these assets in the books is the purchase value. Individual assessment was used for each instrument. In case of the software, the Fund does not enforce residual value, their depreciation is accounted for - starting from the gross value in a linear manner from the date of activation, in proportion to each day.

Low value intangible assets (less than 100 th HUF) were immediately accounted for by the Fund as depreciation in one sum, and for intellectual goods the amortization was depreciated at a rate of 33%.

The purchase value of intangible assets increased by 12,619 th HUF in 2020. Purchases and improvements during the period:

- Navision accountant software improvements,
- MNB MAK converter software,
- Development of data supply through ERA,
- Paying System (KIR 3) improvements.

### CHANGE IN THE STOCKS OF INTANGIBLE ASSETS IN THE REFERENCE YEAR

Definition	Gross value	Depreciation	Book value
<b>01.01.2020 Opening</b>	<b>264 445</b>	<b>176 959</b>	<b>87 486</b>
Increases in the current year (capitalisation)	12 619	0	12 619
Sales in the current year	0	0	0
Scrapping in the current year	48	48	0
Depreciation in the current year	0	17 974	-17 974
<b>31.12.2020 closing</b>	<b>277 016</b>	<b>194 885</b>	<b>82 131</b>

Source: NDIF

TABLE 4

(data in th. HUF)

## TANGIBLE ASSETS

The Fund identifies the assets needed to perform the operation, the renovations carried out on the rented building, the computing and administrative equipment, and the office equipment among the fixed assets. As with intangible assets, individual evaluation is applied to all assets. The depreciation of assets is accounted for in a linear manner in terms of gross value, from the date of capitalisation, on a daily basis. Low-value fixed assets (less than 100 th. HUF) were accounted for as depreciation as one sum at the time of putting into use. The write-off rates recorded in accounting policies per asset group are as follows:

1. Real estates	
a) Of a long service life structure	2,0%
b) Of medium service life structure	3,0%
c) Of short-life structure	6,0%
2. Constructions (other structures)	2,0%
3. Investments in foreign (leased) real estate	6,0%
4. Investment in foreign (leased) real estate for 10 years	10,0%
5. Equipment, facilities, vehicles	
a) Computer and administrative devices	33,0%
b) Furniture and technical equipment	14,5%

At the Fund, the tangible assets can be classified into groups according to the table, their net value less depreciation was 172 970 th HUF at the end of the year.

## COMPOSITION OF FIXED ASSETS

Definition	31.12.2019	31.12.2020.	Variation	
	HUF thousand	HUF thousand	HUF thousand	%
<b>Real estate and related rights and titles</b>	<b>2 765</b>	<b>52 363</b>	<b>49 598</b>	<b>1793,8</b>
- building, part of a building	2 765	52 363	49 598	1793,8
<b>Equipment, fittings and vehicles</b>	<b>18 972</b>	<b>104 542</b>	<b>85 570</b>	<b>451,0</b>
- technical administration equipment	1 041	750	-291	-28,0
- technical equipment	287	35 441	35 154	12248,8
- IT equipment	15 669	38 014	22 345	142,6
- furniture	1 975	30 337	28 362	1436,1
<b>Capital investments</b>	<b>0</b>	<b>16 065</b>	<b>16 065</b>	<b>N/A</b>
<b>Total:</b>	<b>21 737</b>	<b>172 970</b>	<b>151 233</b>	<b>695,7</b>

(data: net value in th HUF and%)

Source: NDIF

TABLE 5

The Fund activated the costs of renovation in a rented office related to the change of headquarters in June 2020 (52,985 th HUF) and carried out the purchase of furniture.

The depreciation of assets included planned depreciation. In connection with the change of registered office, the Fund scrapped its unused fixed assets that had become redundant, and removed the unwritten investments related to its former head-quarters (leased office) from its books. In the case of redundant tangible assets (furniture, equipment), a free transfer of assets to a charity organisation was made, and some redundant assets were sold at 414 th HUF. At the time of derecognition of assets, non-accounted depreciations were recognised. The total asset value derecognised was 27 652 th HUF and depreciation 25 207 th HUF. The book value related to scrapping and disposal, similar to the expense at the time of derecognition, was 2,446 th HUF.

Unfinished investment at the end of 2020 amounted to 16 065 th HUF of invoiced value, which is the value of a software development transferred and activated until 31 December 2020.

## PRESENTATION OF KEY STOCK CHANGES

Item / HUF th	Opening	Increase	Decrease	Restatements	Closing
<b>GROSS VALUE</b>	<b>115 349</b>	<b>174 447</b>	<b>27 652</b>	<b>0</b>	<b>262 144</b>
Real estate and related rights and titles	8 755	52 985	6850	0	54 890
Equipment, fittings and vehicles	106 594	105 397	20 802	0	191 890
Assets in construction	0	16 065	0	0	16 065
<b>DEPRECIATION</b>	<b>93 612</b>	<b>20 769</b>	<b>25 207</b>	<b>0</b>	<b>89 174</b>
Real estate and related rights and titles	5 990	2 210	5673	0	2 527
Equipment, fittings and vehicles	87 622	18 559	19 534	0	86 647
<b>NET VALUE</b>	<b>21 737</b>	<b>153 678</b>	<b>2445</b>	<b>0</b>	<b>172 970</b>
Real estate and related rights and titles	2 765	50 775	1177	0	52 363
Equipment, fittings and vehicles	18 972	86 838	1268	0	104 542
Assets in construction	0	16 065	0	0	16 065

(data in th HUF)

Source: NDIF

TABLE 6

The share of fixed assets increased in 2020 and the degree of wear of assets decreased as a result of scrapping and the acquisition of new assets.

## TANGIBLE ASSETS — INDICATORS

Definition	31.12.2019. (%)	31.12.2020. (%)	Variation (%)
Ratio of tangible assets within financial investments	0,07	0,96	0,29
Ratio of tangible assets within total assets	0,03	0,20	0,17
Degree of wear and tear	81,16	34,02	47,14

(data in%)

Source: NDIF

TABLE 7

## FINANCIAL FIXED ASSETS

The Fund also invested its assets in Hungarian government bonds and discount treasury bills in 2020. Following the amendment of its Investment Rules on 19 February 2019, the Fund also buys Hungarian government bonds and discount treasury bills for maturity purposes, which are registered in a securities account with the Hungarian State Treasury (MÁK) (hereinafter: Individual Portfolio). Securities existing in the Individual Portfolio with a maturity of over the year are recorded in fixed financial assets and paper maturing within the year in current assets.

The value of the fixed financial assets at the end of the year is 47 643 127 th HUF, which is the book value of government securities classified as fixed financial assets within the Individual Portfolio and the amount of bail paid in connection with office lease over the year (14012 th HUF). As in 2020, government bonds recorded among fixed assets were not justified for impairment in 2021 on the basis of the rules laid down in the Fund's accounting policies. Otherwise, the Fund applied the methodology for impairment as described in securities recognised as current assets.

## STOCKS

The Fund's inventories include unused communication materials to the value of 41 th HUF.

## RECEIVABLES IMPAIRMENT AND RECOVERY OF RECEIVABLES

The Fund shall record fee claims against member institutions, receivables transferred to the Fund, claims on credit institutions and other claims. The Fund assesses the claims individually and the impairment is recognised on the basis of an individual valuation. As a result of the sale of receivables in 2019, the proportion of assets in the balance sheet decreased significantly already in 2019. The further decrease in 2020 was due to the fact that the sales of receivables (13 561 279 th HUF) still recorded on 31.12.2019 was settled in 2020.

## RECEIVABLES — INDICATORS

Definition	31.12.2019.	31.12.2020.
Share of Receivables (Receivables/Balance Sheet Total)	22,63	5,28
Ratio of Receivables (Receivables/Current assets)	36,77	11,94

(data in %)

Source: NDIF

TABLE 8

A significant part of the claims were deposit-guarantee expenses appearing as creditors' claims on 31.12.2020 (3 826,635 th HUF). In 2019, the OBA sold its own claims in the liquidation proceedings of 11 domestic credit institutions, which resulted in a significant reduction in indemnification (less impairment) in 2019 by 55 187 672 th HUF. The purchase price was paid by the buyer in 2019 and partly in 2020. However, back in 2019, the amount of debt was increased by the indemnification claim declared against NHB Bank 'f.a.' (under liquidation), which was significant on 31.12.2020. The claims were not further increased by NHB Bank's 2020 indemnity payments, since the amount of them was registered as "still expected receivables" already in 2019.

## COMPOSITION OF CLAIMS

Definition	2019	2020	Variation	
	HUF thousand	HUF thousand	HUF thousand	%
<b>Receivables from member institutions</b>	<b>3 596 282</b>	<b>3 826 635</b>	<b>230 353</b>	<b>6,4</b>
= fee receivables from member institutions	225	225	0	0,0
= impairment on fee receivables from member institutions	-225	-225	0	0,0
= receivables assigned in relation to the payment of deposits	12 243 436	9 920 217	-2 323 219	-19,0
= impairment on receivables assigned in relation to the payment of deposits	-8 647 356	-6 093 582	2 553 774	-29,5
= auxiliary expenses incurred in relation to the payment of deposit	87 390	74 017	-13 373	-15,3
= impairment on auxiliary expenses incurred in relation to the payment of deposits	-87 188	-74 017	13 171	-15,1
<b>Other receivables from credit institutions</b>	<b>920</b>	<b>1 814</b>	<b>894</b>	<b>97,2</b>
= receivables from credit institutions (Takarékbank)	920	1 814	894	97,2
= impairment on receivables from credit institutions	0	0	0	N/A
= from the redemption of guarantees and obligations with recourse	0	0	0	N/A
= impairment due to the redemption of guarantees and obligations with recourse	0	0	0	N/A
<b>Other receivables</b>	<b>14 354 878</b>	<b>776 137</b>	<b>-13 578 741</b>	<b>-94,6</b>
= Receivables from the supply of goods and services	0	210	210	N/A
= Advances paid	35 147	79	-35 068	N/A
= restated tax liability	828	437	-391	-47,2
= other receivables	14 318 903	775 411	-13 578 741	-94,6
- receivable from the liquidator in relation to compensation not yet paid	743 178	513 879	-229 299	-30,9
- domestic trade receivables	13 561 279	0	-13 561 279	N/A
- receivables from domestic customers, employees	227	1114	887	390,7
- securities sold (purchase price)	0	259 437	259 437	N/A
- replenishment of the stamping machine	207	0	-207	-100,0
- receivables from litigation	0	981	981	N/A
- security deposit for lease	14 012	0	-14 012	N/A
<b>Total:</b>	<b>17 952 080</b>	<b>4 604 586</b>	<b>-13 347 494</b>	<b>-74,4</b>

(data in th HUF and %)

Source: NDIF

TABLE 9

The claim against member institutions increased by 230 353 th HUF as compared to the base period. In particular, the payments received as a result of the deposit payment were reduced by 2,323 219 th HUF, due to the following.

- The liquidation of the General Transport Credit Union (ÁKH) has been completed, and it has been removed from the claims in an amount of 2 471 086 th HUF.
- Among the fees receivable against the member institution (225 th HUF), the Fund recognises the 100% membership claim against the "Jógazda" Szövetkezeti Takarékpénztár "f.a.", less impairment, which has not changed.
- Claims transferred as a result of the deposit payment were increased by compensation payments made in 2020 for debts transferred to the OBA (NHB Bank 229 645 th HUF, DRB Bank 3 103 th HUF and State guarantee payments 326 th HUF), transfer of the claim of 85 249 th HUF against the Heves és Vidéke Takarékszövetkezet (f.a.) e (not paid and sued after completion of the liquidation to other short-term receivables, and an overall amount of HUF 42 was increased by the adjustments to the accounts in 2019.

The impairment of receivables transferred as a result of the deposit payment decreased by 2 553 774 th HUF, of which the derecognised impairment was 2 471 086 th HUF, the impairment of Heves és Vidéke transferred to other short-term receivables (decrease) 85 249 th HUF, the new impairment (increase) 2 561 E HUF is accounted for the DDB and DRB claims.

The auxiliary costs related to the compensation of deposits (74 017 th HUF) decreased by 13 373 th HUF, of which the cost transferred to other short-term claims of Heves és vidéke is a reduction of 16 690 th.HUF, and the new auxiliary cost of the indemnity payments in 2020 is 3 519 th HUF. The auxiliary costs incurred after the State guarantee payments in 2017-2020 are an increase of 44 th HUF, and the amount of auxiliary costs incurred in the years 2017-2020, reimbursed by the Ministry of Finance is 246 th HUF. Auxiliary costs were also incurred for sold receivables in connection with payments made against still expected payments (liabilities). (In the case of credit institutions affected by sold receivables, the OBA also declares the auxiliary costs arising from indemnification payments made after the sale and shows it as receivables against liquidators.)

The impairment of the auxiliary costs decreased by 13171 th HUF, of which the impairment of the cost transferred to other short-term claims of Heves és Vidéke is a decrease of 16 690 th HUF and the impairment (increase) of the new auxiliary costs incurred by OBA in 2020 on indemnification payments is 3 519 th HUF.

## AMOUNT OF THE OBA CLAIMS PER MEMBER INSTITUTION RESULTING FROM COMPENSATION PAYMENTS ON 31 DECEMBER 2020

Credit institution	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	Accumulated return	Closing receivable reduced by NDIF return without impairment	Accumulated impairment opening	Accumulated impairment closing	Closing book value of compensation paid on deposits not protected by state guarantee
"Jógazda" Szövetkezeti Takarékpénztár "f.a."	9 010 177		0	2 341 244	6 668 933	6 091 021	6 091 021	577 912
"Jógazda" Szövetkezeti Takarékpénztár "f.a." related costs		33 015	0	0	33 015	33 015	33 015	
NHB növekedési és Hitelbank "f.a."	3 247 753		0	0	3 247 753	0	0	3 247 753
NHB növekedési és Hitelbank "f.a." related costs		27 479	0	0	27 479	25 010	27 479	
Orgovány és Vidéke Takarékszövetkezet "f.a."	0		0	0	0	0	0	0
Orgovány és Vidéke Takarékszövetkezet "f.a." related costs		114	0	0	114	33	114	
Alba Takarékszövetkezet "f.a."	0		0	0	0	0	0	0
Alba Takarékszövetkezet "f.a." related costs		156	0	0	156	63	156	
Széchenyi Hitelszövetkezet "f.a."	0		0	0	0	0	0	0
Széchenyi Hitelszövetkezet "f.a." related costs		38	0	0	38	17	38	
Széchenyi Kereskedelmi Bank "f.a."	0		0	0	0	0	0	0
Széchenyi Kereskedelmi Bank "f.a." related costs		150	0	0	150	51	150	
Tisza Takarékszövetkezet "f.a."	0		0	0	0	0	0	0
Tisza Takarékszövetkezet "f.a." related costs		48	0	0	48	11	48	
BRB Buda Regionális Bank "f.a."	0		0	0	0	0	0	0
BRB Buda Regionális Bank "f.a." related costs		291	0	0	291	57	291	
DDB Dél-Dunántúli Takarékszövetkezet "f.a."	14		0	0	0	0	0	0
DDB Dél-Dunántúli Takarékszövetkezet "f.a." related costs		169	0	0	169	40	169	
DDB Dél-Dunántúli Regionális Bank "f.a."	3 103		0	0	3 103	0	2 551	552
DDB Dél-Dunántúli Regionális Bank "f.a." related costs		202	0	0	202	32	202	
ERB Észak-Mo-i Regionális Bank "f.a."	0		0	0	0	0	0	0
ERB Észak-Mo-i Regionális Bank "f.a." related costs		235	0	0	235	50	235	
<b>Total:</b>	<b>12 261 047</b>	<b>61 897</b>	<b>0</b>	<b>2 341 244</b>	<b>9 981 686</b>	<b>6 149 000</b>	<b>6 155 479</b>	<b>3 826 221</b>

Source: NDIF

TABLE 10

New claim resulting from an indemnification payment (excluding the payments still expected and ancillary costs) on 31.12.2020, is 3 247 753 th HUF against NHB Bank 'f.a.', 14 th HUF notified against the DDB Bank 'f.a.' and 3 103 th HUF against the DRB Bank 'f.a.'

The expected return on deposit insurance expenses appearing as creditor claims is declared by the insolvency administrators, on the basis of which the impairment to be accounted for is calculated. The individual impairment rate based on declarations of liquidators is used for claims (liquidation and liquidation procedures).

Based on the information of the liquidator of NHB Bank dated 28 January 2021, pursuant to point a.) section (f) § 57 of Hpt. for the above claim and the additional claim notified on the basis of the still expected payments (487 727 th HUF), he estimated 100% of the return of the OBA, so no impairment was recognised. We do not expect the recovery of the additional costs appearing as subordinated claims in the liquidation ranking, so we also accounted for 100% impairment for the NHB Bank. On the basis of the available interim balance sheets, in case of the DB Bank and the DRB Bank 14 th and 3 103 th HUF, impairment was accounted for up to the expected estimated rate of return, amounting to 10 th HUF and ,551 th HUF .

The final liquidation balance sheet and report submitted by the liquidator of the "Jógazda" Szövetkezeti Takarékpénztár "f.a." was sent to the creditors by order of the Municipal Court, dated 13 February 2020. According to the proposal for the division of assets, 604 063 th HUF will be paid to OBA if approved, and therefore impairment was accounted for in 2019 on the excess declared or registered claim of the OBA. On the basis of the closing balance sheet and the liquidator's declaration of return in line with the closing balance sheet, the adjustment of the value of the claim in 2020 was not justified, the value of the claim is equal to that of 31.12.2019 (no return received).

After the end of the liquidation in 2019, the liquidator of the Heves és Vidéke Takarékszövetkezet only partially complied with its obligation to pay OBA for the recovery approved by the General Court's order, and therefore the additional amount is still due to the Fund for recovery, and the Fund initiated enforcement acts and filed a complaint. As a result of the enforcement, the liquidator made an additional payment on the OBA's claim in one case, but no further recovery was received in enforcement, and therefore the part still recognised as receivable was accounted for value loss of 100 % in 2019. Given that the liquidation has been completed and that the OBA tries to recover the entire amount of the claim in court, the amount of the claim, the associated additional costs and the allowances recognised therefore were also transferred to other short-term receivables in 2020. In the

enforcement proceedings, in addition to the deduction of enforcement costs, in 2021, until the date of the balance sheet, the amount of which was reversed in 2020, the value of the claim was 981 th HUF on 31.12.2020.

The Fund identifies claims arising from costs related to the payment of indemnities among other claims. Since it relates to the payment of indemnities on the amount of costs passed on to this institution in liquidation, the reimbursement of costs named in § 219 of Hpt. and classified under point f) section (1) § 57 of 49th Act of 1991 on the bankruptcy and liquidation procedure is not typical, for these claims the Fund accounts for 100% impairment, which reduces the amount of receivables.

The types of indemnification costs are set out in the Indemnity Policy of the OBA. The OBA announces its creditors' claim against the liquidator/final liquidator arising from the costs of indemnification in the following breakdown:

- expert fees related to compensation,
- bank costs for making payments by transfer,
- Cost of making payments with the OBA Deposit Insurance Card,
- the cost of payments by postal payment order,
- the cost of mandatory and other disclosures required by Hpt,
- costs of notifying recipients of compensation,
- customer service and telephone costs.

Certified costs incurred in connection with indemnity shall be paid and cleared by the Fund on the basis of accounts in its name as claims against the credit institution in liquidation/liquidation. These items are recognised as an expense in the income statement of the OBA as the amount of impairment on receivables.

In the case of compensation payments to the Post and OTP rentar, the compensation amounts transferred to OTP shall be accounted for in an amount equal to the bank extract, as a claim against the Fund member institution on the same day as the transfer date, irrespective of whether the injured party has taken over the transferred money, or not. During the period between the transfer and the takeover, the OBA does not reveal any claims on credit institutions, given that the amounts transferred are already held by the indemnified depositors. Any indemnification amounts not received or withdrawn by depositors (due to death, change of address, incorrect address, etc.) will be transferred back to the OBA account by the end of the relevant year, subject to itemised settlement.

In the event of the participation of the Agency Bank, the depositors shall have the option of taking the amounts transferred by way of compensation by the date agreed with the agency banks. After the deadline stipulated in the agreements, the OBA and the agent bank will make a settlement and any unpaid deposits will be transferred back to the OBA. The agreement with the Savings Bank Plc. for deposit payments incurred in the context of compensation of Alba Tak. Szöv. and Orgovány Tak. Szöv. „f.a.” “If the client does not take the indemnification amount within one year of the month following the starting date of the indemnification procedure, the Agent shall transfer its funds back to the Bank Account of the Principal.” OBA also decomposes the payments it has made to clients on the basis of the so-called liquid fraction set out in the agreement and determines the amount of its claim or obligation towards the paying agent bank on the basis of the breakdown. The amount of the claims against the Takarékbank Zrt. on 31 December 2020 against credit institutions as a result of the payments in 2020 amounted to 1 814 th HUF related to the Takarékszövetkezet “f.a.”.

The Fund recognises the still expected payments as liabilities, their year-end amount is equal to the year end of the analytical statements of the Paying System for Recording Compensation Liabilities and Payments (KIR) but may differ between claims from amounts recognised where the claim is extinguished or its value is not 100% due to impairment. The amount declared as receivable to the insolvency administrators of the indemnification obligations not yet paid but expected to be paid, recognised as a claim on 31.12.2020 is 513 879 th HUF among other claims (487 727 th HUF against NHB Bank and Claims on Jógazda Tak. Szöv. 26,152 th HUF reduced with value loss). The amount of the resulting claims decreased by 229 298 th HUF as compared to 2019, in an amount equal to the payments made in 2020 for the NHB Bank's indemnity.

#### AMOUNT OF CLAIMS DECLARED ON THE BASIS OF STILL EXPECTED PAYMENTS PER MEMBER INSTITUTIONS ON 31 DECEMBER 2020

Credit institution	Receivable 31.12.2020.	Impairment 31.12.2020.	Book value of the Receivable 31.12.2020.
"Jógazda" Szövetkezeti Takarékpénztár "f.a."	80 720	54 568	26 152
NHB Bank "f.a."	487 727	0	487 727
<b>Total:</b>	<b>568 447</b>	<b>54 568</b>	<b>513 879</b>

Source: NDIF

TABLE 11

(data in th HUF)

Among other claims, 210 th HUF is a claim on suppliers and 79 th HUF on advance payment, 437 th HUF not yet combined tax debt, 1 114 th HUF. 259 437 th HUF a claim on the purchase price received in 2021 of securities sold in 2020 and a litigation claim (101,939 th HUF less impairment of 100 958 th HUF) and 981 th HUF with book value was recorded.

#### DEVELOPMENT OF THE DISBURSEMENT OF DEPOSITS PROTECTED BY THE STATE GUARANTEE BY THE OBA IN THE PERIOD 1993-2020

The compensation payment for deposits protected by the State guarantee amounted to 502 819 th HUF together with the additional costs until 31 December 2020, of which the State transferred 492 162 th HUF to the OBA by 31 December 2020. The State guarantee return paid to the OBA by the liquidators of member institutions until 31.12.2020 but due for the Hungarian State was transferred to the Hungarian State.

#### DEPOSITS PROTECTED BY THE STATE GUARANTEE

Definition HUF th	Paid out compensation amounts of deposits secured by a state guarantee without expected receivable	Paying agent bank portion	Amount reimbursed by the state	Paid out compensation amounts of deposits secured by a state guarantee expected receivable	Paid out compensation amounts of deposits secured by a state guarantee with expected receivable	Recovery of the compensation amounts of deposits secured by a state guarantee	Paid out compensation amounts of deposits secured by a state guarantee closing receivable amount towards liquidator	Still not settled amount with State
"Jógazda" Szövetkezeti Takarékpénztár "f.a."	44 042	0	44 042	325	44 367	11 277	33 090	0
"Jógazda" Szövetkezeti Takarékpénztár "f.a." related costs	88	0	88	0	88	0	88	0
Soltvadkert Vidéke Takarékszövetkezet "f.a."	15 229	0	15 229	205	15 434	0	0	0
Soltvadkert Vidéke Takarékszövetkezet "f.a." related costs	202	0	202	0	202	2 636	12 798	0
Körmend és Vidéke Takarékszövetkezet "f.a."	19 984	0	19 984	2 323	22 307	0	202	0
Körmend és Vidéke Takarékszövetkezet "f.a." related costs	56	0	56	0	56	10 053	12 254	0
Orgovány és Vidéke Takarékszövetkezet "f.a."	34 498	5 330	29 152	2 075	31 243	0	56	16
Orgovány és Vidéke Takarékszövetkezet "f.a." related costs	458	0	458	0	458	15 159	16 084	0
Alba Takarékszövetkezet "f.a."	12 211	4 913	7 241	399	7 697	0	458	57
Alba Takarékszövetkezet "f.a." related costs	525	0	525	0	525	5 497	2 200	0
Tisza Takarékszövetkezet "f.a."	28 060	0	28 015	209	28 269	0	525	45
Tisza Takarékszövetkezet "f.a." related costs	191	0	191	0	191	28 269	0	0
BRB Buda Regionális Bank "f.a."	158 045	0	157 997	1 061	159 106	0	191	48
BRB Buda Regionális Bank "f.a." related costs	719	0	719	0	719	24 376	134 730	0
DDB Dél-Dunántúli Takarékbank "f.a."	48 650	0	48 518	4 908	53 558	0	719	132
DDB Dél-Dunántúli Takarékbank "f.a." related costs	423	0	423	0	423	7 261	46 297	0
DDB Dél-Dunántúli Regionális Bank "f.a."	15 525	0	14 410	8 171	22 696	0	423	115
DDB Dél-Dunántúli Regionális Bank "f.a." related costs	124	0	124	0	124	8 983	13 713	0
ÉRB Észak-Mo.-i Regionális Bank "f.a."	73 250	0	73 249	7 307	80 557	16 682	63 875	1
ÉRB Észak-Mo.-i Regionális Bank "f.a." related costs	378	0	378	0	378	0	378	0
<b>Total:</b>	<b>502 819</b>	<b>10 243</b>	<b>492 162</b>	<b>26 983</b>	<b>468 398</b>	<b>141 719</b>	<b>377 840</b>	<b>414</b>

Source: NDIF

TABLE 12

(data in th HUF)

#### SECURITIES(CURRENT ASSETS)

According to the statutory requirement, the Fund keeps the fee collected from member institutions in Hungarian government securities, including Hungarian government bonds and discount treasury bills. The basis of the register is purchase value, and the Fund did not use the possibility of fair valuation in 2019 and during the reference year (2020).

## COMPOSITION OF SECURITIES AMONG CURRENT ASSETS

Value date	Fixed interest bond CMAX	Discount Treasury bill CMAX	Fix interest bond Individual Portfolio	Discount Treasury bill Individual Portfolio	Securities Total
<b>Opening (01.01.2020)</b>	<b>13 640 313</b>	<b>300 679</b>	<b>0</b>	<b>16 005 673</b>	<b>29 946 665</b>
<i>Breakdown</i>	45,55%	1,00%	0,00%	53,45%	100,00%
<b>Closing (31.12.2020)</b>	<b>22 784 990</b>	<b>463 404</b>	<b>2 976 122</b>	<b>7 117 191</b>	<b>33 341 707</b>
<i>Breakdown</i>	68,33%	1,39%	8,93%	21,35%	100,00%

Source: NDIF

TABLE 13

The securities recorded as current assets shall include the stock of government bonds and discount treasury bills in the CMAX Portfolio and sovereign securities belonging to the Individual Portfolio which have a maturity inf the year at the end of the year and are therefore reclassified as current assets. The closing book value of the securities at the end of the year is 33 341 707 th HUF, which is higher by 3 395 042 th HUF than the opening stock. The increase in the stock of securities stems from the investment of subscriptions received, the proceeds from the sale of receivables in 2020 and the yields obtained. No impairment was recognised in the securities given that the loss difference (negative valuation difference) between their net market value and book value, net of interest, did not exceed the Fund's accounting policy at the date of the balance sheet recorded a significant (10%) rate, respectively, it was not lasting. The share of securities between current assets and total assets increased as compared to 2019.

## SECURITIES — INDICATORST

Definition	31.12.2019.	31.12.2020.(%)	Variation (%)
Share of securities in the current assets	61,34	86,46	25,12
Share of securities within the total assets	37,75	38,20	0,45

Source: NDIF

TABLE 14

## FUNDS

The Fund shall record among the funds the amount of money held at the MNB current account and at the accounts reserved to cover operating costs and for the after-care process for compensation purposes, the amounts in the securities settlement accounts, as well as the cash stock held in petty cash, as described below.

## FINANCIAL MEANS ON 31.12.2020

Cash and cash equivalents	Value on 31.12.2019	Value on 31.12.2020	Variation (2019=100) %
HUF cash register	161	167	103,73
Foreign currency cash register EUR	3	2	66,67
Settlement account (MNB)	872 569	551 865	63,25
CIB Compensation account	36	-	0,00
OTP Compensation account	4 642	142	3,06
CIB operational cost accounts	40 897	3 853	9,42
UniCredit operational costs accounts	-	58 734	N/A
Transfer accounts	-	-	N/A
KELER cash account	51	92	180,39
State Treasury cash account	-	-	N/A
<b>Cash and cash equivalents total:</b>	<b>918 359</b>	<b>614 855</b>	<b>66,95</b>

Source: NDIF

TABLE 15

## ACCRUALS

The Fund recognises pro rata temporis interest on securities among the accruals, 629 885 th HUF and costs to be passed on (which are accounted for by the Fund as revenue) being 13 641 th HUF, from the adjustment for membership fee in 2021, 2020. The amount of 155 184 th HUF imposed on and collected from the members in 2021, and the operating costs of the listed year following the current year to the amount of 14 767 th HUF.

## BREAKDOWN OF ACCRUALS

Description	31.12.2019.	31.12.2020.
<b>Deferred revenues</b>	<b>406 994</b>	<b>798 710</b>
Pro rata deferred interest and return on government securities	362 929	629 885
Costs transferred to BEVA (2019 Q4)	21 496	0
Costs transferred to the Claim Settlement Fund (2019 Q4)	9 213	0
Amount to be re-invoiced to the Resolution Fund	13 356	13 641
Membership fee adjustment for 2020	0	155 184
<b>Deferred expenses</b>		
Céginfo online	1 400	109
Membership fees	1 328	2 501
Liability insurance	3 083	3 078
Software support, licenses	5 965	8 154
Rental fees	25	53
Digital signature encryption	331	783
Property insurance	15	55
Use of a postal franking machine	27	0
Periodicals	0	34
Maintenance	221	0
<b>Total</b>	<b>12 395</b>	<b>14 767</b>
<b>Grand total</b>	<b>419 389</b>	<b>813 477</b>

Source: NDIF

TABLE 16

## EQUITY

The subscribed capital consists of the entry fees paid by the member institutions. One institution joined the Fund in 2020 and the amount of subscribed capital increased by the entry fee paid. The profit and loss of the previous year was transferred to the reserve, at book value. The Fund does not apply the fair assessment, no value adjustment has been recognised, no valuation reserve has been established. The further change in equity in the reference year was caused by the following items:

- the transfer of the result of 14 181 178 th HUF to the Reserve of the previous year, and
- the profit for the current year, which was 11 230 728 th HUF.

The profit generated in the current year is transferred to the Reserve by the Fund in 2021.

## COMPOSITION OF EQUITY

Definition	31.12.2019.	31.12.2020.	Variation
Subscribed capital	926 082	948 582	22 500
Reserve	58 217 090	72 398 268	14 181 178
Valuation reserve	0	0	0
Profit/loss in the current year	14 181 178	11 230 728	-2 950 450
<b>Total</b>	<b>73 324 350</b>	<b>84 577 578</b>	<b>11 253 228</b>

Source: NDIF

TABLE 17

## EQUITY — CALCULATION OF RESERVES

Legal titles	31.12.2019.	31.12.2020.
<b>Reserve opening</b>	<b>38 891 107</b>	<b>58 217 090</b>
Change during the current year	19 325 983	14 181 178
<b>Reserve closing</b>	<b>58 217 090</b>	<b>72 398 268</b>

Source: NDIF

TABLE 18

(data in th HUF)

## PRESENTATION OF CHANGES IN EQUITY

Capital item	Opening	Increase	Decrease	Transfers	Closing
Subscribed capital	926 082	22 500	-	-	948 582
Registered but unpaid capital	-	-	-	-	-
Reserve	58 217 090	-	-	14 181 178	72 398 268
Profit reserve	-	-	-	-	-
Allocated reserve	-	-	-	-	-
Valuation reserve	-	-	-	-	-
Profit/loss in the current year	14 181 178	11 230 728	-	-14 181 178	11 230 728
<b>Equity</b>	<b>73 324 350</b>	<b>11 253 228</b>	<b>-</b>	<b>-</b>	<b>84 577 578</b>

Source: NDIF

TABLE 19

(data in th HUF)

## EQUITY INDICATORS

Definition	2019	2020	Variation
	%	%	%
Capital ratio: (Equity/Balance sheet total)	92,4	96,9	4,5
Coverage of invested assets: (Equity/invested assets)	243,7	176,6	-67,1

Source: NDIF

TABLE 20

(data in %)

The ratio of equity to the balance sheet has improved, the coverage of fixed assets has decreased as compared to the previous year, however, OBA holds part of its liquidity assets among current assets in securities.

## PROVISIONS

Certain costs invoiced by the lessor from its operation to the OBA in 2017 were contested by the OBA in relation to the leased office which served as the seat of the OBA until June 2020. During the consultations between the Fund and the lessor, no agreement was reached on the contested cost, therefore, as a possible future expenditure, the Fund formed a provision of 6 713 th HUF between expenses in 2018. The derecognition of the provision was not justified in 2020.

The Fund issued a guarantee statement (Nightingale Transfer Agreement) in respect of the claims sold in 2019, as the contract was executed, the purchase price arrears were paid by the buyer from the recoveries received from the liquidators for the value of the claims sold, so no quantifiable guarantee liability shall be recorded by the Fund, no provision has been made for it. Furthermore, the Fund does not consider the development of provisions to be justified either in 2019 or 2020 for receiver claims in connection with this transaction.

## LONG-TERM LIABILITIES

MNB withdrew the licence of member institutions belonging to the DRB Banking Group on 3 March 2015, thus Pursuant to section (1) §217 of Hpt, the indemnification obligation of the OBA has been established. The assets of OBA in securities at that time amounted to 11 900 000 th HUF at the market value. The Fund's assets would not have provided sufficient coverage to compensate the depositors of the four credit institutions.

The Board of Directors of the OBA approved with the OBA's decree No. 13/2015 (22nd May) as issuer, issuance of OBA 2022/A BOND with a total nominal value of 107 700 000 000 HUF, with expiration date 3 June 2022, with nominal variable rate, dematerialized and guaranteed by the Hungarian State with a statutory surety (here-

inafter: "Bonds") by private circulation. In addition to fulfilling the required instalments, the Bond was fully repaid by the Fund in 2019 at the account of the income received and partly of the liquid assets of the OBA, resulting in no debt, long-term liabilities remaining and long-term liabilities are shown in 2020.

## LONG-TERM LIABILITIES AT THE END OF THE YEAR

Definition	Amount						Variation (base: 03.06.2015)	
Long-term liabilities	03.06.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	ezer Ft	%
Issued bonds – OBA2022/A	107 700 000	84 621 432	56 989 291	17 250 003	0	0	-107 700 000	-100,0

Source: NDIF

TABLE 21

(data in th HUF) and %

## RIGHTS WITH A MATURITY OF OVER 5 YEARS, OBLIGATION

The OBA has no such obligation on 31 December 2020.

## SHORT-TERM LIABILITIES

In the current year, the Fund did not give any guarantees or other repayable obligation. The Fund shall record the following items as short-term liabilities.

## BREAKDOWN OF THE FUND'S SHORT-TERM LIABILITIES

Definition	31.12.2019.	31.12.2020.
Debt to member institutions (membership fee)	3 355 741	1 687
Compensation obligation towards depositors, not yet paid	2 535 867	2 182 339
Debt to other credit institutions (Takarékbank)	7 263	4 228
Domestic suppliers	11 686	22 562
Foreign suppliers	826	913
State guarantee recovered amounts, not yet transferred	0	2 478
Taxes, contributions	45 743	26 097
December benefits to employees	33 182	29 868
Debt to employees	104	0
State bonds payable	0	259 435
Voluntary funds	95	0
<b>Total</b>	<b>5 990 507</b>	<b>2 529 607</b>

Source: NDIF

TABLE 22

(data in th HUF)

Among the short-term liabilities, the overpayment to members decreased to 1 687 th HUF.

The financial liability payable for securities purchases concluded at the end of the year amounted to 259,435 th HUF.

In previous years, the unpaid indemnities included only amounts already received financially, accounted for on the basis of creditors' claims submitted to liquidators and bank statements confirming the transfer (Reálbank "f.a.", Rákóczi Credit Cooperative "f.a.").

From 2014, on the basis of the proposal of the ÁSZ report, the indemnification obligations outstanding at the balance sheet date will also be recognised as indemnification obligations of the OBA, irrespective of the fact that they are not yet financially settled. The main part of short-term liabilities (2,182,339 th HUF) is the indemnification obligations recorded but not yet paid. In the case of the Reálbank and the Rákóczi Hitelszövetkezet as well as the Heves és Vidéke Takarékszövetkezet and the Általános Közlekedési Hitelszövetkezet, liquidation has already been completed, while in case of the other credit institutions it has not yet been completed.

## DEPOSITS NOT YET PAID BY MEMBER INSTITUTIONS (OBA, WITHOUT STATE GUARANTEED AMOUNTS)

Definition HUF th	Compensation not yet paid 31.12.2019	Compensation not yet paid 31.12.2020.	Variation
Iparbankház Rt. "f.a."	22 733	22 733	0
Rákóczi Hitelszövetkezet "f.a."	1 395	1 395	0
Reálbank "f.a."	76 659	76 659	0
Általános Közlekedési Hitelszövetkezet "f.a."	548	548	0
„Jógazda” Szövetkezeti Takarékpénztár "f. a."	80 720	80 720	0
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	11 634	11 634	0
Körmend és Vidéke Takarékszövetkezet „f.a.”	49 423	49 423	0
Orgovány és Vidéke Takarékszövetkezet „f.a.”	375 865	332 480	-43 385
Alba Takarékszövetkezet „f.a.”	24 758	23 166	-1 592
Széchenyi Hitelszövetkezet „f.a.”	9 923	9 724	-199
Széchenyi Kereskedelmi Bank „f.a.”	68 982	48 725	-20 257
Tisza Takarékszövetkezet „f.a.”	10 496	10 242	-254
BRB Buda Regionális Bank "f.a."	137 280	102 392	-34 888
DDB Dél-Dunántúli Takaréék Bank "f.a."	182 746	175 200	-7 546
DRB Dél-Dunántúli Regionális Bank "f.a."	145 510	135 052	-10 458
ÉRB Észak-Mo.-i Regionális Bank "f.a."	642 902	637 252	-5 650
NHB Bank "f.a."	717 026	487 727	-229 299
<b>Total</b>	<b>2 535 867</b>	<b>2 182 339</b>	<b>-353 528</b>

(data in th HUF)

Source: NDIF

TABLE 23

By no fault of its own, the OBA is not able to pay all items to customers during the initial phase of indemnification events. The remaining stock in this way, i.e. the after-care stock constitutes additional expected indemnification obligations, which will be paid already at the after-care stage. The OBA declares such items as creditors' claims in each winding-up or winding-up proceedings in accordance with legal requirements and thus forms part of its creditors' claims.

After-care also affects depositors of credit institutions where the winding-up proceedings have been closed. In addition, the liquidation claims sold also include the expected indemnification obligation which had not yet been paid, as it was part of the creditors' claim, but, irrespective of the sale, the payment of the indemnity will continue to be subject to the task, they will continue to be recognised among the liabilities. The expected indemnification obligation not yet paid by the OBA amounted to 2,182,339 th HUF at the end of 2020, which is 353 528 th HUF lower than the one year earlier. The continuous reduction of the after-care stock is the objective of the OBA and it has made considerable efforts to do so in 2020 (e.g. purchase of data, reconciliation of credits with the liquidator, reviewing payment channels used in aftercare).



## DEPOSITS PENDING PAYMENT

## OBA PAYMENTS FROM FROZEN DEPOSITS BY MEMBER INSTITUTIONS (EXCLUDING ÁG PAYMENTS)

Definition	Total frozen deposits	Payments made in the current year			Total payments made by OBA
		total	capital	interest	
Heves és Vidéke Takarékszövetkezet "f.a." ceased	1 389 091	0	0	0	262 127
Iparbankház Zrt. Ceased **	25 040	0	0	0	2 306
Reálbank Zrt. Ceased **	5 154 398	0	0	0	5 077 739
Rákóczi Hitelszövetkezet ceased **	292 184	0	0	0	290 789
Általános Közlekedési Hitelszövetkezet "f.a." ceased	3 329 643	0	0	0	3 184 701
Jógazda Szövetkezeti Takaréék "f.a."	9 849 564	0	0	0	9 010 177
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	35 845 276	0	0	0	33 533 262
Körmend és Vidéke Takarékszövetkezet "f.a."	26 273 355	0	0	0	22 961 959
Tisza Takarékszövetkezet "f.a."	9 050 809	254	254	0	8 543 440
Széchenyi István Hitelszövetkezet "f.a."	8 951 717	199	199	12	8 914 535
Széchenyi Kereskedelmi Bank Zrt. "f.a."	20 022 901	18 222	17 783	547	13 570 061
ALBA Takarékszövetkezet "f.a." **	7 147 983	2 660	1 629	13	7 093 993
Orgovány és Vidéke Takarékszövetkezet "f.a." **	50 268 984	44 033	43 326	59	46 746 188
BRB Bank Zrt. "f.a."	23 954 859	34 888	34 887	1	19 267 471
DDB Bank Zrt. "f.a."	28 145 240	7 546	7 529	17	23 272 498
ÉRB Bank Zrt. "f.a."	45 791 101	5 172	5 147	25	39 463 870
DRB Bank Zrt. "f.a."	24 988 307	13 561	13 538	23	22 661 203
NHB Bank Zrt. "v.a."	12 933 706	229 645	229 645	0	3 247 753
<b>Total</b>	<b>313 414 158</b>	<b>356 180</b>	<b>353 937</b>	<b>697</b>	<b>267 104 072</b>

(data in th HUF)

Note: Frozen stocks also include unsecured deposits, the reason of change: balancing deposits against credit repayment in case of loss of stocks at the request of the liquidator and recording deposits on the basis of a court ruling in case of growth.  
Source: NDIF

TABLE 24

The amounts paid out in the table are included in the balance sheet as a reduction in liabilities to depositors.

The compensation payments made between the balance sheet record date and the date of the balance sheet are set out in the following table:

## A MÉRLEGFORDULÓNAP ÉS MÉRLEGKÉSZÍTÉS NAPJA KÖZÖTT TELJESÍTETT KIFIZETÉSEK TAGINTÉ-ZETENKÉNT (OBA ÁLTAL FEDEZETT RÉSZ)

Name of the credit institution data in thousand HUF	Compensation paid by OBA 01.01.2021-15.03.2021	Compensation paid by state guarantee 01.01.2021-15.03.2021
Jógazda Szövetkezeti Takaréék "f.a."	0	0
Soltvadkert és Vidéke Takarékszövetkezet "f.a."	0	0
Körmend és Vidéke Takarékszövetkezet "f.a."	0	0
Tisza Takarékszövetkezet "f.a."	0	0
Széchenyi István Hitelszövetkezet "f.a."	0	N/A
Széchenyi Kereskedelmi Bank Zrt. "f.a."	154 656	N/A
ALBA Takarékszövetkezet "f.a."	1 466	0
Orgovány és Vidéke Takarékszövetkezet "f.a."**	1 894 798	0
BRB Bank Zrt. "f.a."	0	0
DDB Bank Zrt. "f.a."	181 000	0
ÉRB Bank Zrt. "f.a."	1 069 167	0
DRB Bank Zrt. "f.a."	0	0
NHB Bank Zrt. "v.a."	5 529 018	N/A
<b>Total</b>	<b>8 830 105</b>	<b>0</b>

(data in HUF)

Source: NDIF

TABLE 25



The ratio of liabilities as compared to the balance sheet total decreased significantly due to the settlement of the end of 2019 obligation towards member institutions during the year 2020. (The OBA owed a debt to the member institutions following the modification of the fee for 2019, which was settled in 2020 against the 2020 membership fee for the member institutions.) The liabilities are only short-term at the end of the year, and the liquidity ratio of the OBA has not changed.

#### LIABILITIES — INDICATORS

Definition	31.12.2019. %	31.12.2020. %	Variation %
Liabilities ratio (Liabilities/Balance sheet total)	7,6	2,9	-4,7
Liquidity ratio (Current assets/Liabilities)	100,0	100,0	0,0

Source: NDIF

TABLE 26

(data in %)

#### DEFERRED INCOME AND ACCRUED EXPENSES

The Fund shall include expenditure that affects the current period but has only been financially settled after the current period as deferred income and accrued expenses. The Fund identifies as deferred income and accrued expenses the audit fee (2,667 th HUF ) of 2020, which has not been financially settled yet. The Fund shows its obligation to members resulting from the overpayment of fees due to fee corrections for the IV quarter of 2020 (156 329 th HUF) stated and financially settled in 2021.

#### THE ITEMS OF DEFERRED INCOME AND ACCRUED EXPENSES

Definition	31.12.2019.	31.12.2020.
Membership fee corrections in 2021, related to year 2020	0	156 329
Dokumentum photocopying fee	88	0
Accrued audit fees	2 223	2 667
Sick leave allowance	93	0
Liability insurance fee	5	0
Sum Total	2 409	158 996

Source: NDIF

TABLE 27

(data in th HUF)



## 6

## DEVELOPMENT OF THE PROPERTY, FINANCIAL AND INCOME SITUATION

## RESULT ACCOUNTING BY ACTIVITIES

Definition	Deposit insurance		Asset management		Operations		Total		Variation th HUF
	2019	2020	2019	2020	2019	2020	2019	2020	
1 Fee revenues from member institutions	10 041 157	10 026 953	0	0	0	0	10 041 157	10 026 953	-14 204
2 Fee revenues from claims collected on behalf of the depositors	0	0	0	0	0	0	0	0	0
3 Fee revenue from pay-out of state guaranteed deposits	0	0	0	0	0	0	0	0	0
4 Other revenues from deposit insurance	336 630	4 913	0	0	0	0	336 630	4 913	-331 717
<b>I. Grand total of revenues from deposit insurance (01+02+03+04)</b>	<b>10 377 787</b>	<b>10 031 866</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10 377 787</b>	<b>10 031 866</b>	<b>-345 921</b>
<b>II. Other revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59 839 465</b>	<b>46 797</b>	<b>59 839 465</b>	<b>46 797</b>	<b>-59 792 668</b>
<b>III. Revenues not from deposit insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Revenues from financial transactions</b>	<b>0</b>	<b>0</b>	<b>492 741</b>	<b>2 005 327</b>	<b>0</b>	<b>0</b>	<b>492 741</b>	<b>2 005 327</b>	<b>1 512 586</b>
5 Expenditures related to payouts of frozen deposits	0	0	0	0	0	0	0	0	0
6 Expenditures related to claims collected on behalf of depositors	0	0	0	0	0	0	0	0	0
7 Expenditures related to payouts on state guaranteed deposit	0	0	0	0	0	0	0	0	0
8 Other expenditures related to deposit insurance	216 169	6 080	0	0	0	0	216 169	6 080	-210 089
<b>V. Expenditures related to deposit insurance (05+06+07+08)</b>	<b>216 169</b>	<b>6 080</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>216 169</b>	<b>6 080</b>	<b>-210 089</b>
<b>VI. Other expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55 188 309</b>	<b>3 168</b>	<b>55 188 309</b>	<b>3 168</b>	<b>-55 185 141</b>
<b>VII. Expenditures not related to deposit insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VIII. Expenditures of financial transactions</b>	<b>0</b>	<b>0</b>	<b>190 662</b>	<b>134 184</b>	<b>0</b>	<b>0</b>	<b>190 662</b>	<b>134 184</b>	<b>-56 478</b>
9 Material expenses	0	0	0	0	307 769	223 293	307 769	223 293	-84 476
10 Personal expenses	0	0	0	0	594 681	447 820	594 681	447 820	-146 861
11 Depreciation	0	0	0	0	31 225	38 717	31 225	38 717	7 492
<b>IX. Operational expenses (09+10-11)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>933 675</b>	<b>709 830</b>	<b>933 675</b>	<b>709 830</b>	<b>-223 845</b>
<b>A. Profit/loss of the current year (I+II+III+IV+V+VI+VII+VIII-IX)</b>	<b>10 161 618</b>	<b>10 025 786</b>	<b>302 079</b>	<b>1 871 143</b>	<b>3 717 481</b>	<b>-666 201</b>	<b>14 181 178</b>	<b>11 230 728</b>	<b>-2 950 450</b>

Source: NDIF

TABLE 28

(data in th-HUF)

## BREAKDOWN OF INCOME FROM DEPOSIT GUARANTEE

In the Fund's profit and loss statement, fees received from member institutions are presented among the fees accounted against member institutions. 100% of the fee revenue comes from Hungary in HUF (Annex 1 shows the amount of financially settled fees received). In the reference year, there was no increased fees in excess of the above regular fees. Impairment reversals was performed on the sued receivables to the amount of 981 th HUF. New impairment was recognised for claims arising from the deposit guarantee (2,561 th HUF for payments and 3,519 th HUF for ancillary costs). Furthermore, for other claims on counterparties, an impairment of HUF 168 was recognised as other expenses. In the reference year, the Fund did not receive any State aid.

Other deposit guarantee income in the previous year was 336 630 th HUF, which is 4 913 th HUF in the case of sold receivables, after their derecognition, equal to the reduction in stocks resulting from non-cash movement (still expected reduction of payment obligations). (In the case of sold receivables, the amount equal to the outstanding amount of payment has been removed from the receivables, but not from the liabilities, the change in stocks only changes liabilities.)

## OTHER REVENUES

Among other revenues (46 797 th HUF) we can show:

- an adjustment to the consideration of claims sold in 2019 (1 149 th HUF), which is the amount of customer claims which were not derecognised in 2019 but recognised as other claims in 2020 (1,139 th HUF), plus 10 th HUF of other corrections,
- the invoiced fee of the agreed tasks incurred by the Resolution Fund for the performance of its operational tasks by the OBA, in a value excluding VAT, whose amount for the I-IV quarters is 44.032 th HUF,
- the amount of the mobile phone cost transferred to the Investor Protection Fund (BEVA) (7 th HUF),

- the interests on late payment received from credit institutions due to late payment of quarterly fees (21 th HUF),
- the amount of cafeteria reimbursed due to the termination of employment during the year (188 th HUF) and the rounding income of 5 th HUF,
- reversed impairment of the debt (981 th HUF)
- proceeds from the sale of fixed assets (414 th HUF).

## DEPOSIT GUARANTEE EXPENSES

The Fund accounted for impairment of claims arising from compensation (payments and ancillary costs) among the Deposit Guarantee Expenses (**6 080 th HUF**).

## OPERATING COSTS AND EXPENSES

The operating costs of 2020 (**709 830 th HUF**) is **lower by** 223 845 th HUF than in the previous year, due to the higher expert costs related to the sale of claims in 2019.

### DEVELOPMENT OF OPERATING COSTS AND EXPENSES

Definition	2019.	2020.	Variation	
			thousand HUF	%
<b>Expenditures related to deposit insurance</b>	<b>216 169</b>	<b>6 080</b>	<b>-210 089</b>	<b>-97,19%</b>
- expenses related to other deposit insurance	216 169	6 080	-210 089	-97,19%
<b>Expenditures not related to deposit insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0,00%</b>
<b>Other expenditure</b>	<b>55 188 309</b>	<b>3 168</b>	<b>-55 185 141</b>	<b>-99,99%</b>
<b>Expenses by expense type</b>	<b>933 675</b>	<b>709 830</b>	<b>-223 845</b>	<b>-23,97%</b>
- material type	307 769	223 293	-84 476	-27,45%
= material expenses	4 589	7 669	3 080	67,12%
= used material type services	286 162	207 808	-78 354	-27,38%
= other services	17 018	7 816	-9 202	-54,07%
- personnel-type	594 681	447 820	-146 861	-24,70%
- depreciation	31 225	38 717	7 492	23,99%
<b>Total</b>	<b>56 338 153</b>	<b>719 078</b>	<b>-55 619 075</b>	<b>-98,72%</b>

Source: NDIF

TABLE 29

(data in th HUF and %)

The costs relating to indemnification payments are accounted for and recorded by the OBA as claims against member institutions and then validates them against the credit institution which is in liquidation or final liquidation. These expenses incurred are not recognised as costs, are not recognised in the profit and loss statement of the OBA as expenditure arising from a deposit guarantee but reduce profit or loss for the current year as an expense when the impairment is recognised if they are not over invoiced.

The evolution of operating costs and the justification of the main figures of performance are described in the presentation of the OBA's 2020 budget.

### DETAILS OF SERVICES USED

Definition	2019	2020	Variation		2020 breakdown %
			thousand HUF	%	
<b>Total other services</b>	<b>46 255</b>	<b>102 041</b>	<b>55 786</b>	<b>120,6%</b>	<b>49,1%</b>
= transportation, loading and warehousing	4 104	3 983	-121	-2,9%	1,9%
= lease fees, operational fees	19 134	67 438	48 304	252,5%	32,5%
= maintenance expenses	2 059	4 130	2 071	100,6%	2,0%
= postal, telecommunications services	4 637	5 168	531	11,4%	2,5%
= education and further training	428	1 895	1 467	342,8%	0,9%
= news monitoring, communication expenses, hosting	2 566	1 944	-622	-24,3%	0,9%
= expenses of business trips and delegation	1 975	18	-1 957	-99,1%	0,0%
= membership fee	11 352	17 466	6 114	53,9%	8,4%
<b>Total specialist services</b>	<b>239 907</b>	<b>105 767</b>	<b>-134 140</b>	<b>-55,9%</b>	<b>50,9%</b>
= translation	349	359	10	3,0%	0,2%
= other advisory fees	175 545	39 537	-136 008	N/A	19,0%
= program expert fee, program update fees	12 699	18 551	5 852	46,1%	8,9%
= information technology security control	8 539	12 557	4 018	47,1%	6,0%
= fee of operation of the payout system	13 416	14 859	1 443	10,8%	7,2%
= legal service fee	14 811	5 378	-9 433	-63,7%	2,6%
= audit fee	3 175	3 810	635	20,0%	1,8%
= bookkeeping fee, other administration services	7 776	6 742	-1 034	N/A	3,2%
= document storage	1 332	1 440	108	8,1%	0,7%
= photocopying	424	153	-271	-63,9%	0,1%
= job advertisement, recruitment	0	244	244	N/A	0,1%
= supply services of personnel	1 507	1 967	460	N/A	0,9%
= other not listed services used	334	170	-164	-49,1%	0,1%
<b>Total</b>	<b>286 162</b>	<b>207 808</b>	<b>-78 354</b>	<b>-27%</b>	<b>100%</b>

Source: NDIF

TABLE 30

(data in th HUF and %)

### PRESENTATION OF OTHER SERVICES

Definition	2019	2020	Variation		2020 breakdown %
			thousand HUF	%	
<b>Other services</b>					
<b>Costs of issue of OBA2022/A bonds</b>	<b>901</b>	<b>0</b>	<b>-901</b>	<b>-100,0</b>	<b>-0,1</b>
= Paying bank agent fee	500	0	-500	-100,0	
= Payment dispo edition	36	0	-36	-100,0	
= KELER and other fees	58	0	-58	-100,0	
* = fees associated with bond repayment*	307	0	-307	-100,0	
<b>Insurance premium</b>	<b>5 251</b>	<b>5 641</b>	<b>390</b>	<b>7,4</b>	<b>72,2</b>
<b>Bank expenses</b>	<b>2 806</b>	<b>2 108</b>	<b>-698</b>	<b>-24,9</b>	<b>27,0</b>
<b>Regulatory fees</b>	<b>8 060</b>	<b>67</b>	<b>-7 993</b>	<b>N/A</b>	<b>0,9</b>
<b>Total</b>	<b>17 018</b>	<b>7 816</b>	<b>-8 302</b>	<b>48,8</b>	<b>100,0</b>

Source: NDIF

TABLE 31

(data in th HUF and %)

## BREAKDOWN OF OTHER EXPENSES

Definition	2019	2020	Variation		2020 breakdown %
			thousand HUF	%	
<b>Other expenditure</b>					
Value of sold Receivables	55 187 672	153	-55 187 519	-100,0	4,8
Support given	250	250	-	0,0	7,9
Default interest	-	5	5	N/A	0,2
Penalty	-	57	57	N/A	1,8
Fixed assets written off	-	2 446	2 446	N/A	77,2
Rounding differences	-	2	2	N/A	0,1
Uncollectable receivables written off	147	87	-60	-40,8	2,7
Expired claims	6	168	162	2700,0	5,3
Non-payrolled benefits	143	-	-143	-100,0	0,0
Collection costs (Heves)	91	-	-91	-100,0	0,0
<b>Total:</b>	<b>55 188 309</b>	<b>3 168</b>	<b>-55 185 141</b>	<b>-100,0</b>	<b>100,0</b>

(data in th HUF and %)

Source: NDIF

TABLE 32

Among other expenses, the Fund accounted:

- due to the sale of the claims of 11 credit institutions and cooperatives in liquidation in June 2019 and resulting from the compensation of 11 credit institutions and cooperatives, their carrying amount recognised as an expense was 55 187 672 th HUF in 2019, and therefore the amount of other expenses was higher than normal in 2019, while in 2020, the result of the sold receivables was only 153 th HUF, which was the correction of the accounting value of the receivables derecognised in 2019,
- the amount of HUF 250 th HUF to a foundation carrying out research and education development activities, based on decree 72/2018 (16th Oct) of the Board of Directors
- the penalty of mobile phone use amounting to 57 th HUF,
- 2 446 th HUF, which is the booked value of the tangible assets derecognised,
- a description of the booked amount of an irrecoverable debt (87 th HUF), which is the amount of irrecoverable receivables expired and irrecoverable,
- 168 th HUF of value loss, which is also expired but planned to be recovered,
- 2 th Ft of rounding difference.

## OUTCOME OF FINANCIAL OPERATIONS

Contents:

- financial revenues,
- financial expenses.

Valuation — accounting principles and methods:

- basis of records: book value,
- foreign exchange movements are valued according to the principle of authenticity,
- fair value measurement has not been applied.

Its stock is certified by analytical records. Structure: According to Table 33.

## PRESENTATION OF THE FINANCIAL RESULT

Definition	31.12.2019.	31.12.2020.	Variation	
			thousand HUF	%
<b>Financial revenues</b>				
<b>Interest received</b>	<b>1 546</b>	<b>3 554</b>	<b>2 008</b>	<b>130,0</b>
<b>Revenues from financial transactions</b>	<b>491 195</b>	<b>2 001 773</b>	<b>1 510 578</b>	<b>307,5</b>
- exchange rate gain on FX stocks	603	160	-443	N/A
- gain on Hungarian government securities	490 592	2 001 613	1 511 021	308,0
= gain on Hungarian government bonds	50 706	112 104	61 398	121,1
= interest gain on Hungarian government bonds	423 417	1 843 836	1 420 419	335,5
= gain on discount treasury bills	16 469	45 673	29 204	177,3
<b>Total:</b>	<b>492 741</b>	<b>2 005 327</b>	<b>1 512 586</b>	<b>307,0</b>
<b>Financial expenses</b>				
<b>Interest paid, interest-type expenses</b>	<b>26</b>	<b>4</b>	<b>-22</b>	<b>-84,8</b>
<b>Interest paid, interest-type expenses (OBA2022/A bond)</b>	<b>97 645</b>	<b>0</b>	<b>-97 645</b>	<b>-100,0</b>
<b>Expenditures of financial transactions</b>	<b>88 215</b>	<b>119 905</b>	<b>31 690</b>	<b>35,9</b>
- exchange rate loss on FX stock	745	1 320	575	77,2
- loss on Hungarian government securities	87 470	118 585	31 115	35,6
= loss on Hungarian government bond	87 461	118 192	30 731	35,1
= loss on discount treasury bills	9	393	384	4258,4
<b>Other financial expenses</b>	<b>4 776</b>	<b>14 275</b>	<b>9 499</b>	<b>198,9</b>
<b>Total:</b>	<b>190 662</b>	<b>134 184</b>	<b>-56 478</b>	<b>-29,6</b>
<b>Balance (financial result)</b>	<b>302 079</b>	<b>1 871 143</b>	<b>1 569 064</b>	<b>519,4</b>

(data in th HUF and %)

Source: NDIF

TABLE 33

Other financial expenses include portfolio, deposit management fees and KELER fees. **The result of financial incomes and expenses is 1 871 143 th HUF of profits.** 14 274 th HUF out of the portfolio management fee, 5 612 th HUF is the Keler fee related to previous years (2016 and 2019) and HUF 1 415 th HUF is a retention fee for 2020, which was charged retrospectively by KELER to the OBA until the balance sheet is drawn up.

## STAFFING AND WAGE MANAGEMENT

As of 1 January 2016, according to §§ 210 and 413 of 120th Act of 2001 on Capital Markets (Tpt), the employment relationship of the BEVA's employees became an employment relationship with the OBA. The number of employees at the OBA thus increased from the existing 9 employees to 16 together with the 7 employees of the BEVA, then in 2017 the number of employees was enlarged with 1 full-time internal auditor, 2 main auditors and 1 deputy chief accountant were recruited in the last month of the year. In 2018, the increase in staff and redundancies increased the average statistical number of the staff by a further 4: 1 senior analyst, 1 major lawyer, 1 chief IT director and 1 chief financial director were recruited. There was no significant change in 2019, there was a slight fluctuation. After the BEVA working organisation became autonomous on 31.12.2019, the average number decreased in 2020 to 18.3.

## DEVELOPMENT OF THE AVERAGE NUMBER OF STATISTICS

Persons	2019	2020
physical workers	0	0
non-physical workers	24,7	18,3

Source: NDIF

TABLE 34

(data: in person)

## DEVELOPMENT OF AVERAGE MONTHLY GROSS WAGE INCOMET

Definition	2019	2020
average wages of non-physical workers	1 164 987	1 130 480
average bonus of non-physical workers	282 356	221 158
<b>Total average income</b>	<b>1 447 343</b>	<b>1 351 638</b>

Source: NDIF

TABLE 35

(data: HUF/person/month)

The OBA granted cafeteria benefits to employees under its internal rules. The number of working organisations decreased by about 25% in 2020, and the social contribution tax rate also decreased, the amount of cafeteria was partly incorporated into the basic wage, hence the staff benefits, including incentive allowances, were greatly reduced. The pandemic situation also played a role in the reduction of representation spending. In line with the increase in the minimum wage, the salary increased to the agreed rate as compared to the previous year.

#### STAFF EXPENSES (EXCLUDING LABOUR COSTS)

Definition	2019	2020	Variation
Incentive	43 041	9 702	-33 339
Social	640	411	-229
Refund of expenses	861	862	1
Honorary fees	67 341	73 416	6 075
Sick leave	2 209	564	-1 645
Assignment fee	176	0	-176
Severance pay	3 210	0	-3 210
Entertainment costs	815	334	-481
Work protection	160	150	-10
<b>Total personnel-type payments</b>	<b>118 453</b>	<b>85 439</b>	<b>-33 014</b>
Social contribution tax	92 157	62 673	-29 484
Corporate PIT, health contribution	2 049	1 237	-812
<b>Total tax and contributions</b>	<b>94 206</b>	<b>63 910</b>	<b>-30 296</b>
<b>Grand total</b>	<b>212 659</b>	<b>149 349</b>	<b>-63 310</b>

Source: NDIF

TABLE 36

(data in th HUF)

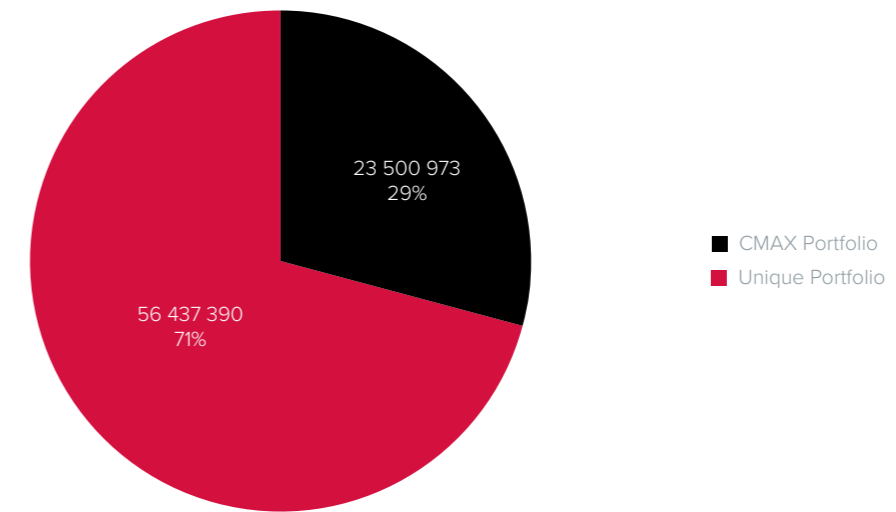
### PRESENTATION OF THE SECURITIES PORTFOLIO AND EVALUATION OF THE WORK OF ASSET MANAGERS

The Fund invests its assets in Hungarian government bonds and discount treasury bills, of which it forms two sub-portfolios. It kept a part of the government securities in the CMAX Portfolio, following the composition of the CMAX index, for which it uses the assistance of the ÁKK as a portfolio manager and KELER as a deposit manager. Following the amendment of its Investment Rules on 19 February 2019, the Fund buys the other part of the government securities for maturity purposes, which it holds at a securities account with the Hungarian Treasury (Individual Portfolio). OBA does not apply fair valuation and therefore the valuation difference is neither recognised nor accrued. In the books, government securities are recorded at the purchase price. At the end of the year, the portfolio stock was not transferred. There was no investment in foreign government debt in the reference year.

The gross market value of the total sovereign debt portfolio of the OBA was<sup>3</sup> 79 938 363 th HUF on 31 December 2020, within which 29 per cent of government securities in the CMAX Portfolio and 71 per cent in the Individual Portfolio were held.



#### DISTRIBUTION OF THE CMAX PORTFOLIO AND INDIVIDUAL PORTFOLIO ON THE BASIS OF GROSS MARKET VALUE ON 31 DECEMBER 2020 (E FT;%)



Source: NDIF

FIGURE 12

The change in the composition and distribution of the securities developed as follows. At the end of 2020, the fixed rate of government bonds in the total sovereign debt portfolio amounted to 90,6% in book value and that of discount bills to 9,4%.

#### CHANGE IN BOOK VALUE OF SECURITIES STOCK

		Total	Breakdown
Opening (01.01.2020)	CMAX Portfolio	Fix interest bond	13 640 313 97,8%
		Discount Treasury bill	300 679 2,2%
		<b>Total</b>	<b>13 940 992 100,0%</b>
Opening (01.01.2020)	Unique Portfolio	Fix interest bond	29 978 219 65,2%
		Discount Treasury bill	16 005 673 34,8%
		<b>Total</b>	<b>45 983 892 100,0%</b>
Total Portfolio	Total Portfolio	Fix interest bond	43 618 532 72,8%
		Discount Treasury bill	16 306 352 27,2%
		<b>Total</b>	<b>59 924 884 100,0%</b>
Closing (31.12.2020)	CMAX Portfolio	Fix interest bond	22 784 990 98,0%
		Discount Treasury bill	463 404 2,0%
		<b>Total</b>	<b>23 248 394 100,0%</b>
Closing (31.12.2020)	Unique Portfolio	Fix interest bond	50 605 237 87,7%
		Discount Treasury bill	7 117 190 12,3%
		<b>Total</b>	<b>57 722 427 100,0%</b>
Total Portfolio	Total Portfolio	Fix interest bond	73 390 227 90,6%
		Discount Treasury bill	7 580 595 9,4%
		<b>Total</b>	<b>80 970 822 100,0%</b>

Source: NDIF

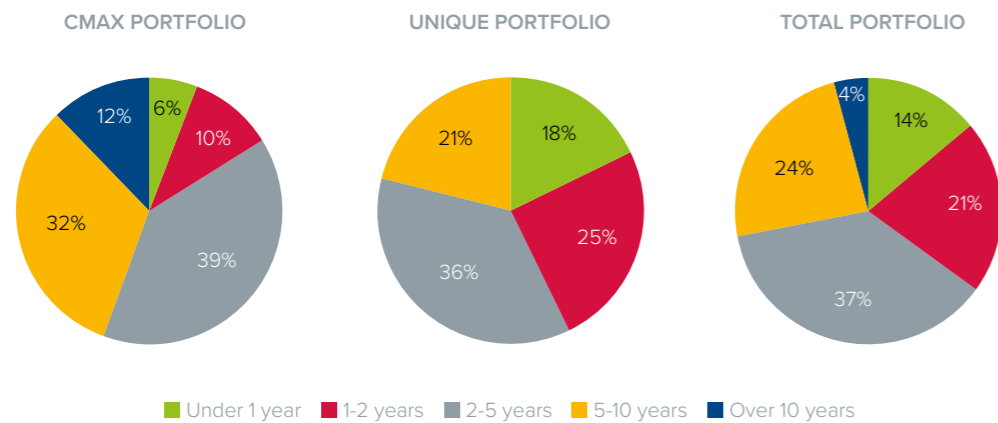
TABLE 37

(data in th HUF, in %)

The residual maturity distribution of each sub-portfolio and of the total portfolio is shown in the following diagram (gross market value). Both the CMAX and the Individual Portfolio accounted for the largest share of paper with a residual maturity of 2 to 5 years. The Individual Portfolio did not have residual maturation debt over 10 years, and their share of the total portfolio was 4%.

<sup>3</sup> For CMAX Portfolio, based on BAMOS valuation, on the gross purchase price published by MAK in the case of Individual Portfolio.

DISTRIBUTION BY RESIDUAL MATURITY OF THE CMAX PORTFOLIO, THE INDIVIDUAL PORTFOLIO AND TOTAL PORTFOLIO BY GROSS MARKET VALUE ON 31 DECEMBER 2020

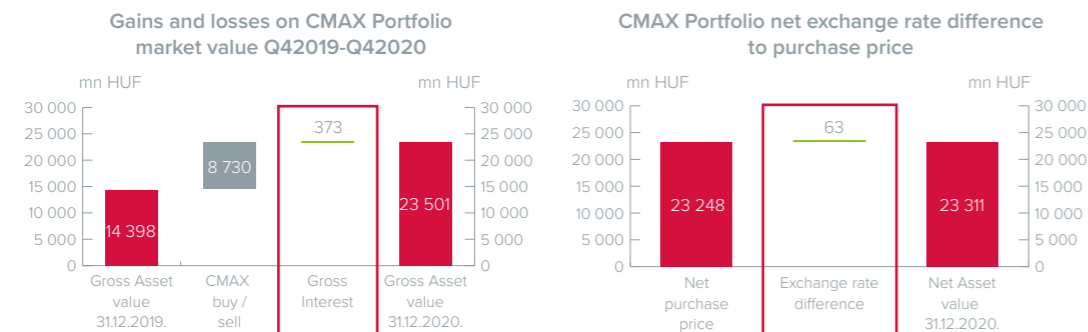


Source: NDIF

FIGURE 13

In 2020, the market value of the CMAX Portfolio increased in line with the historic peak rise in the CMAX index at the end of December 2020. In one year, CMAX Portfolio produced a gross yield of HUF 373 117 E, which corresponds to an annual yield of 1,23%. The net market value of the CMAX Portfolio exceeded the net cost by 62 681 th. HUF on 31 December 2020.

#### PERFORMANCE OF THE CMAX PORTFOLIO



Note: Gross asset value based on BAMOS valuation  
Source: NDIF

FIGURE 14

In connection with the CMAX Portfolio, there were fees - 5 215 th HUF related to portfolio management and 3,344 th HUF related to deposit management in the course of 2020, which together (8 559 th HUF) accounted for 0.04% of the average gross stock.

#### COSTS RELATED TO THE CMAX PORTFOLIO 2020

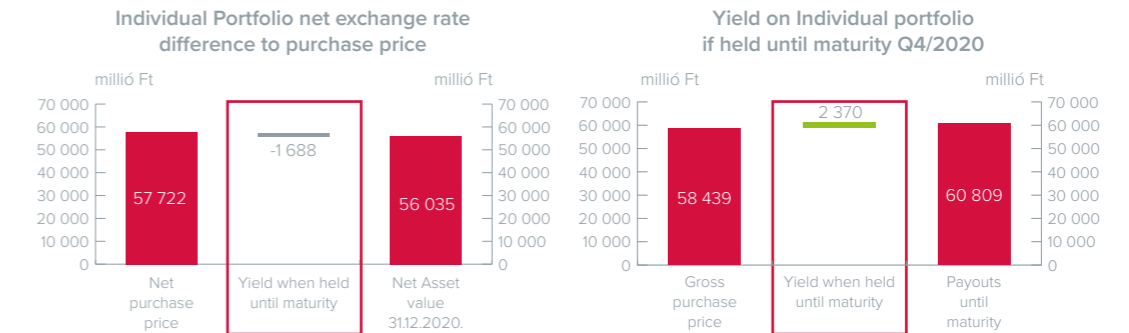
	Cost	Ratio to average gross Asset value
ÁKK portfolio management fee	5 215	0,03%
KELER depository fee	387	0,00%
KELER other fees and commissions	2 956	0,01%
<b>Total</b>	<b>8 559</b>	<b>0,04%</b>

Source: NDIF

TABLE 38

The net market yield of the Individual Portfolio purchased for the purpose of maturity is negative on 31 December 2020 as compared to the value at the time of purchase (-1 687 767 th HUF). The reason for this is that the sales price of MÁK is higher than that at which MÁK takes back the security, and on the other hand, the Fund purchased the majority of government bonds above the nominal value, i.e. over the net price of 100 percent, for losses resulting from which higher than the market yields at the time of purchase interest payments are compensated. In case of keeping them until maturity, which is intended by the OBA, a gross return of 2,369,835 th HUF is expected.

#### PERFORMANCE OF THE INDIVIDUAL PORTFOLIO



Note: net asset value based on the net purchase price published by MÁK  
Source: NDIF

FIGURE 15

No fees are attached to the Unique Portfolio, keeping of the MAP-Securities Account is free of charge.

### SUMMARY ASSESSMENT OF THE DEVELOPMENT OF THE RESULT

The following table shows the main components of the change in the result.

#### COMPONENTS OF THE RESULT

Definition	31.12.2019.	31.12.2020.	Variation thousand HUF	Variation %
Revenues from deposit insurance	10 377 787	10 031 866	-345 921	-3,3%
Revenues not from deposit insurance	0	0	0	N/A
Other revenues	59 839 465	46 797	-59 792 668	-99,9%
Revenues from financial transactions	492 741	2 005 327	1 512 586	307,0%
<b>Total revenues</b>	<b>70 709 993</b>	<b>12 083 990</b>	<b>-58 626 003</b>	<b>-82,9%</b>
Expenditures related to deposit insurance	216 169	6 080	-210 089	-97,2%
Expenditures not related to deposit insurance	0	0	0	N/A
Other expenses	55 188 309	3 168	-55 185 141	-100,0%
Expenditures of financial transactions	190 662	134 184	-56 478	-29,6%
<b>Total expenditure</b>	<b>55 595 140</b>	<b>143 432</b>	<b>-55 451 708</b>	<b>-99,7%</b>
Operating expenses	933 675	709 830	-223 845	-24,0%
<b>Total expenses and operational costs</b>	<b>56 528 815</b>	<b>853 262</b>	<b>-55 675 553</b>	<b>-98,5%</b>
<b>Profit/loss of the current year</b>	<b>14 181 178</b>	<b>11 230 728</b>	<b>-2 950 450</b>	<b>-20,8%</b>

Source: NDIF

TABLE 39

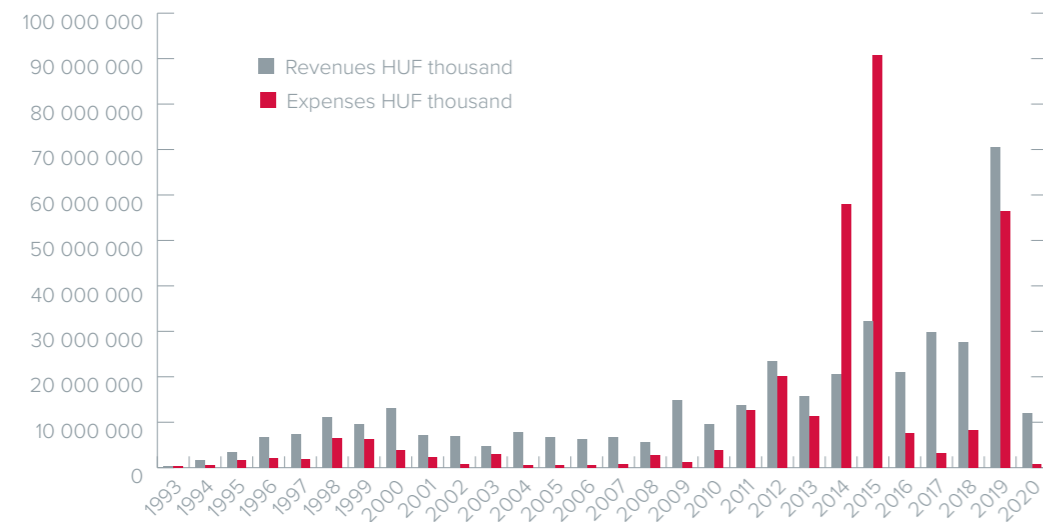
The result for the current year is **11 230 728 th HUF**. The profit for 2019 was increased by income from the sale of receivables (from other income and other expenses), which no longer had an impact on profit or loss in 2020. In 2020, membership revenues developed similarly to that of the previous year. Due to the separation of BEVA work organization on 31.12.2019, in addition to the telephone cost of 7 th HUF, the cost of the BEVA work organization will not be reflected in the revenue or expenditure in 2020. The results of financial operations increased significantly, while revenue and expenses arising from the deposit guarantee and operating costs decreased. The result of the financial operations was 302 079 th HUF in 2019 and 1 871 143 th HUF of profits in 2020.

Unlike previous years, there was no profit or loss item included in the deposit guarantee income, as the claims concerned were sold. Within the costs of operation in 2019, as compared to 2020, the significant expenditure not included in the ordinary management were the direct costs of services related to the sale of receivables (173 066 th HUF).

The following graphs show the evolution of incomes and expenses, equity and profit or loss from the establishment of the OBA in 1993 to 2020.

(data in th HUF)

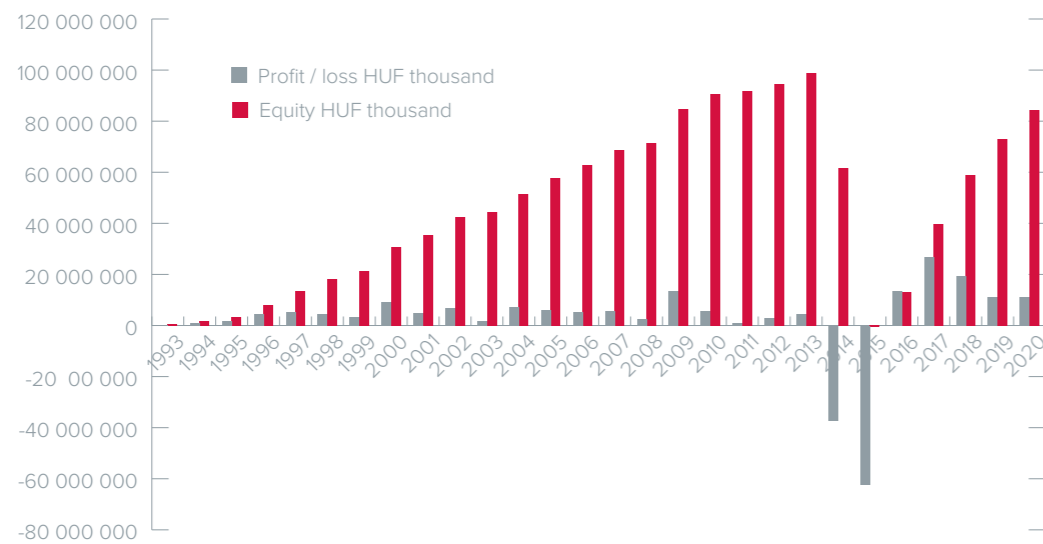
## DEVELOPMENT OF INCOMES AND EXPENSES OF THE OBA BETWEEN 1993 AND 2020



Source: NDI

FIGURE 16

## DEVELOPMENT OF EQUITY AND PROFIT OR LOSS BETWEEN 1993 AND 2020



Note: the profit or loss for 2015 adjusted, the self-revision item and the correction items are also reflected in the 2016 equity capital.  
Source: NDI

FIGURE 17

Equity shall cumulatively include the results of the previous years as well as the result for the current year. The positive and negative differences (fluctuations) of the result from 1998 until 2004 are justified by the development of the prospects for return on liquidation of the claim against Realbank Inc. and by the change in the state security market yields in subsequent years. In 2010, the decline was due to the payment resulting from the compensation of depositors of the Általános Közlekedési Hitelszövetkezet, the result of 2011 was influenced by the compensation paid for the withdrawal of the licence of the "Jógazda" Szövetkezeti Takarékpénztár, and in 2012 the indemnity of the Soltvadkert és Vidéke Takarékszövetkezet due to the liquidation or liquidation of Soltvadkert és Vidéke Takarékszövetkezet caused a reduction. There was no licence revocation in 2013, but the yield on state securities was significantly lower than in 2012.

In 2014, compensation payments of an order of magnitude more significant than before happened, when the Supervisory Authority withdrew the licence of 6 credit institutions and the recognised value loss reduced equity by more than 57 billion HUF and the revenues increased it by 20 billion HUF.

In 2015, the series of events of the previous year continued, and the depositors of 4 new member institutions were compensated for nearly 106 billion HUF, which was covered by the issuance of bonds by the OBA. According to the insolvency administrators estimates, about 88 billion HUF and 3.7 billion HUF of value loss adjustment item were recognised as an expense.

During the after-care of the depositors of credit institutions, payments were made in the amount of one hundred million HUF between 2016 and 2019 for 11 former member institutions and a return of tens of billions of HUF from liquidation procedures. In 2017 and 2018, a significant impairment adjustment was made on the basis of insolvency estimates, which increased the accounting result by about 16.5 billion HUF.

In 2019, there were new events - the sale of 11 liquidation claims, the result of which increased the profit for the current year and the indemnification of the depositors of NHB Bank. In 2019, as a result of revenues and expenses, the profit increased the equity capital by 14 181 178 th HUF. 2020 was a period of balanced management and asset growth.



# 7

## EXPLANATIONS ON MAJOR DISCREPANCIES BETWEEN THE 2020 BUDGET PLAN AND FACT DATA

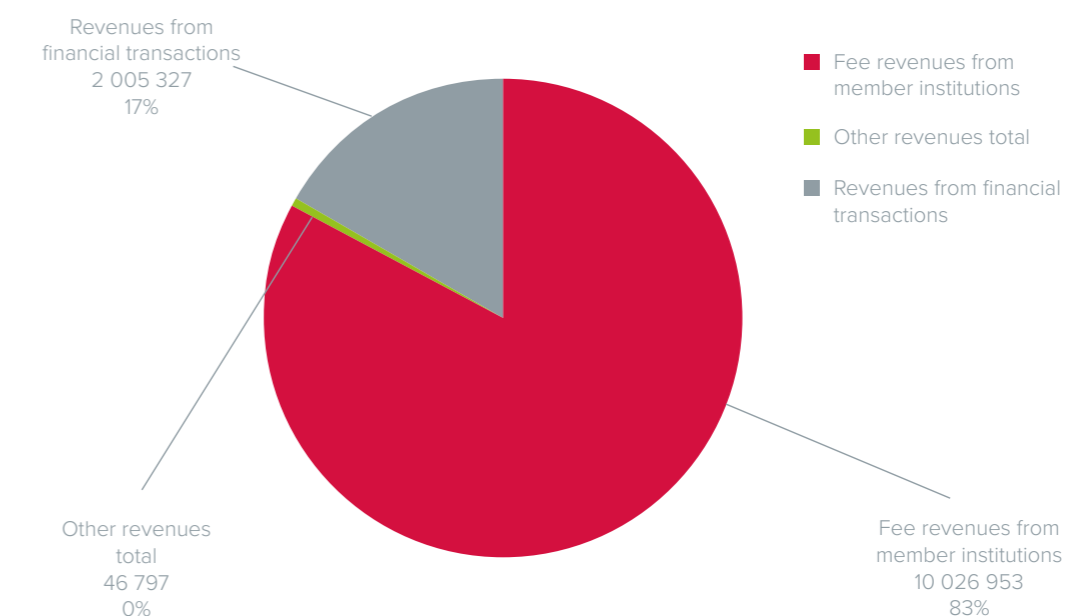
The Board of Directors adopted the OBA's 2020 budget with the revenue of 11 985 378 th HUF and expenditure of 924 294 th HUF, including 829 037 th HUF of total operating costs by its decree No. 15/2020 (28th May).

The actual figures for the period January—December 2020 were compared to the annual projected amounts of the budget, with the fact that the Fund's budget does not include the incomes and expenses of the deposit guarantee (e.g. impairment, impairment reversals) and the provision.

As a difference in income and expenses, the "profit for the current year" is a profit of 11 230 728 th HUF, which is 1,5% higher than planned annual. During the period, revenues were realised by 0,8% above the annual plan, expenses by 7,7%, including operating expenses less by 14,4% than the projected value.

The membership income amounted to (10 026 953th HUF, 101.7%), the revenue from financial operations (2 005 327 th HUF) was 96,3% of the annual plan, the other revenues were 46 797 th HUF (98.9%). Total expenditure was 853 262 th HUF, which is 92,3% of the annual plan. Including financial expenses of 134 184 th HUF (146.2%), other expenses of 3 168 th HUF (91.1%) and total operating costs of 709 830 th HUF (85.6%).

### COMPOSITION OF REVENUES



Source: NDIF

FIGURE 18

### DEVELOPMENT OF REVENUES OF FEES FROM THE MEMBER INSTITUTIONS

The membership income of the Fund during the period January to December 2020 was **10 026 953 th HUF**, there were no incomes from increased fees. In 1st quarter of 2021, the OBA revised the membership fee obligations established for the period 01.10.2020 - 30.09.2021 and adjusted them for the period 01.10.2020 to 31.03.2021. As a consequence, the fees for the 4th quarter of 2020 decreased for some member institutions and increased for others. Together, the decrease and increase in fee obligations reduced the annual fee revenue by only 1 153 th HUF. In particular, the reduction in the obligation was 156 329 th HUF for 10 member institutions and the increase was 155 176 th HUF for 13 member institutions.

### OTHER INCOMES AND EXPENSES FROM DEPOSIT GUARANTEE

There is no planning in the budget on this line, given that the reversal or impairment of value losses accounted for indemnification payments and incomes and expenses arising from changes in outstanding amounts of still expected payments on sold receivables on the basis of the data available at the end of the year, which cannot be planned.



## OTHER INCOMES AND EXPENSES

The other revenues (**46 796 th HUF, 98.9% realization**) include:

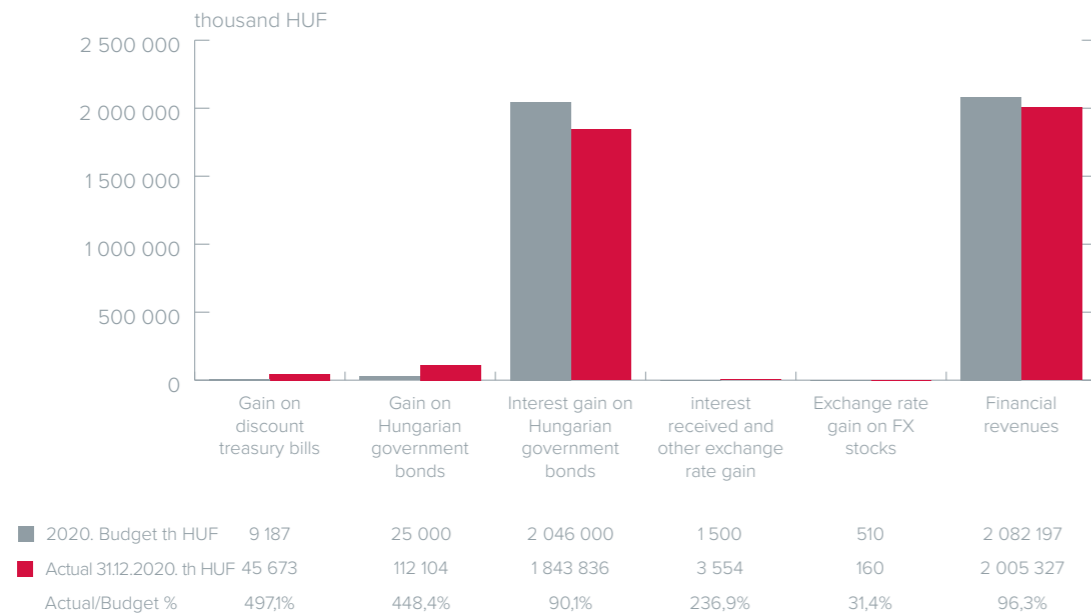
- an adjustment to the consideration of the claims sold in 2019 (1,149 th HUF), which is the amount of claims on the clients not derecognised in 2019 and transferred to other receivables in 2020 (1 139 th HUF) and 10 th HUF of other corrections,
- the invoiced fee of the agreed tasks incurred by the OBA due to the performance of the operational functions of the Resolution Fund, excluding VAT, in the amount of 44 032 th HUF (93.4%) for the 1st-4th quarters,
- the amount of the mobile phone cost transferred to the Investor Protection Fund (BEVA) (7 th HUF),
- the interests on late payment received from credit institutions due to late payment of quarterly fees (21 th HUF),
- the amount of cafeteria reimbursed due to the termination of employment during the year (188 th HUF) and the rounding income of 5 th HUF,
- the reversed impairment of the claim (981 th HUF),
- proceeds from the sales of fixed assets (414 th HUF).

The fulfilment of other expenses is 91,1%.

## REVENUE AND EXPENSE OF FINANCIAL OPERATIONS

The proceeds of financial transactions (2 005 327 th HUF, 96.3%) include the exchange rate gains realised on the sale of Hungarian Government bonds, the yield of the Discount Treasury Bills, accrued interest recorded during the purchase and sale of Treasury bonds and recorded at the end of the period, they include accrued interest on the portfolio held on 31.12.2020, interest paid and received on sales of securities of the relevant period and interest accrued on 31 December of the previous year and written back on 1 January 2020. Other (bank) interest receivables and exchange gains on foreign exchange liabilities are also shown here. The financial expenses totalled to 134 184 th HUF (146.2%). In particular, the most significant expense is the exchange rate loss on government securities sold in the CMAX Portfolio (118 192 th HUF).t

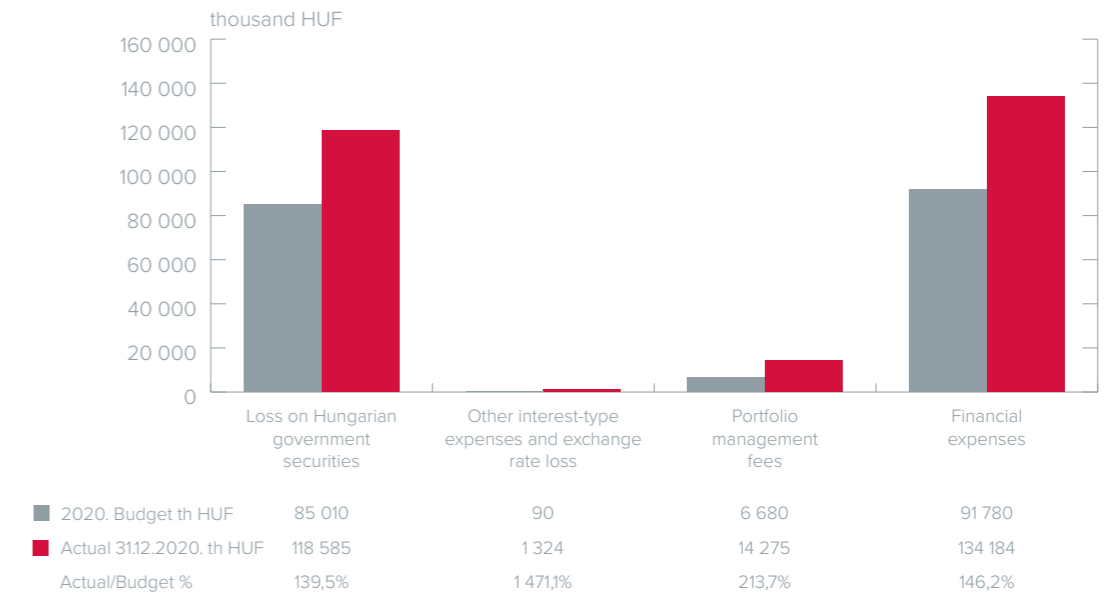
### COMPOSITION OF FINANCIAL REVENUES



Source: NDIF

FIGURE 19

### COMPOSITION OF FINANCIAL EXPENSES



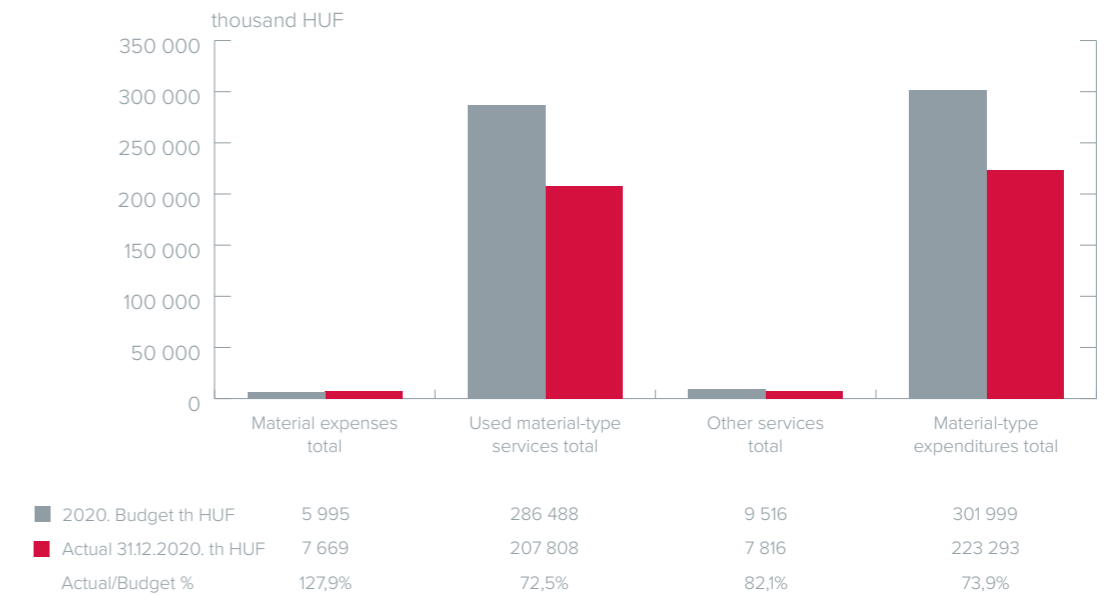
Source: NDIF

FIGURE 20

## MATERIAL EXPENSES

The material expenses (223 293 th HUF) were incurred during the planned period (73.9%) and developed as follows.

### COMPOSITION OF MATERIAL EXPENDITURE



Source: NDIF

FIGURE 21

In general, there was a decrease in the costs of transport and travel abroad on an annual basis (due to the COVID situation), but there was an increase due to extraordinary expenses such as disinfectants and cleaning agents, virus tests. A further one-off effect is that the office's operating fee is not evenly incurred, given the ex-post settlement of 2019 to the landlord, which was partly done in June 2020, at 6 820 th HUF for 2019, and the final settlement for 2020 was also carried out, a further amount of 2 122 th HUF.

The costs of **other services** (7 816 th HUF) were fulfilled at 82.1%. 99% of this were insurance costs (5 641 th HUF) and banking costs (2,102 th HUF).

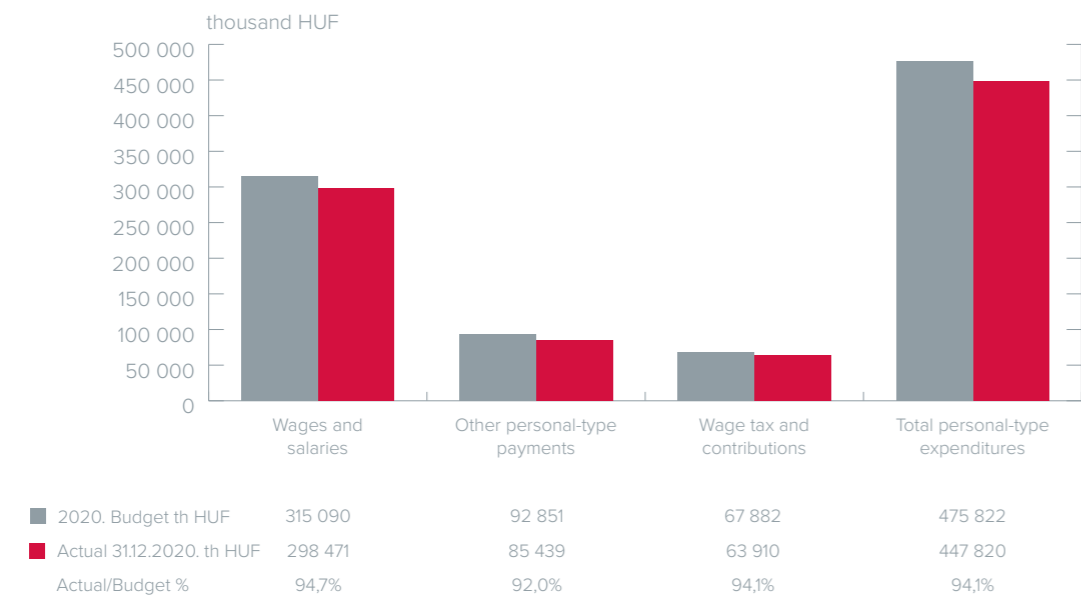
## STAFF EXPENSES

After the BEVA working organisation became autonomous on 31.12.2019, the average staff number of the OBA decreased to 18.3 in 2020. The OBA granted cafeteria benefits to employees under its internal rules. The number of employees of the working organisation decreased by about 25 percent, the social contribution tax rate also decreased, and the amount of cafeteria was partly incorporated into the basic wage, so staff benefits, including incentive allowances, decreased significantly in 2020. The pandemic situation also played a role in the reduction in representation expenditure. In line with the increase in the minimum wage, the salary increased to the agreed rate as compared to the previous year.

Staff expenses amounted to 447 820 th HUF (94,1%) during the period. Including:

- labour costs (298 471 th HUF) at 94,7%,
- other staff payments (85 439 th HUF) at 92,0%,
- the common public charges paid on wages (63 910 th HUF) were met at 94,1%.

### COMPOSITION OF STAFF COSTS



Source: NDIF

FIGURE 22

The amount of rewards paid was slightly below planned for the annual award frame as a result of the assessment under the responsibility of the Executive Director (90,1%). Among other staff payments, the fee has developed as planned.

## DEPRECIATION EXPENSES

The depreciation amount recognised is 38 716 th HUF (75,6%), lower than planned, as some of the planned investments have not yet been realized in 2020. Among the investments envisaged, the following were implemented.

### INVESTMENTS MADE 2020

Definition	Amount th HUF		Budget/Actual %
	2020 Budget	Actual 2020.12.31	
Payout system investments	87 555	7 787	8,9%
New office investments	115 100	114 138	99,2%
Office furniture	35 000	32 267	92,2%
IT and other investments	43 188	12 683	29,4%
Small value asset procurements	3 360	4 126	122,8%
<b>Total investments and fixed asset procurements</b>	<b>284 203</b>	<b>171 001</b>	<b>60,2%</b>

Source: NDIF

TABLE 40

(data in th HUF and%)

- **KIR investments:** at the end of the year, KIR investments were at 8.9%. The KIR3 Omega developments and the KIR3 KBB stock development (formal auditors) developments have been completed.
- **New office investments** totalled to 99.2% on a yearly basis as compared to the plan, and the office investment project was completed.
- Some **of the purchases of furniture** were accounted for as low value assets based on our accounting policy.
- **Information technology and other equipment acquisitions/improvements:** by the end of the period, some purchases included in the 2021 budget of the OBA were not made.
- **Low value asset purchases:** 22.8% overspending as compared to the plan.

### EVOLUTION OF OPERATING AND FINANCIAL REVENUE AND EXPENDITURE OF THE NATIONAL DEPOSIT INSURANCE FUND FOR 2020

(1st Jan. 2020 – 31st Dec. 2020)

Definition	2020. Budget	2020. Actual
Fee revenues from member institutions	9 855 866	10 026 953
Sold receivables revenue increase on deposit change	0	4 913
<b>Income from deposit insurance total</b>	<b>9 855 866</b>	<b>10 031 866</b>
Expenditure transferred to Resolution Fund	47 149	44 032
Expenditure transferred to BEVA, Settlement Fund	6	6
Tangible asset sale revenue	60	414
Sold receivables revenues - HRE corrections	0	1 149
Interest income on late payment of deposit insurance fees	0	21
Receivables impairment release	0	981
Other revenues	100	189
Rounding differences	0	5
<b>Other income</b>	<b>100</b>	<b>1 174</b>
<b>Financial income</b>	<b>2 082 197</b>	<b>2 005 327</b>
<b>TOTAL INCOME</b>	<b>11 985 378</b>	<b>12 083 990</b>
Deposit payout related assigned receivables impairment	0	2 561
Deposit payout related costs receivables impairment	0	3 519
<b>Expenditure from deposit insurance total</b>	<b>0</b>	<b>6 080</b>
Tangible asstes	0	2 446
Sold receivables expenses - HRE corrections	0	153
Self revision fees	0	57
Late payment interests	0	5
Receivables impairment expenditures	0	168
Uncollectable receivables written off	227	87
Rounding differences	0	2
Other support - permanently given financial instruments	250	250
Recovery costs	3 000	0
<b>Other expenses total</b>	<b>3 477</b>	<b>3 168</b>
<b>Financial expenditures total</b>	<b>91 780</b>	<b>134 184</b>
<b>TOTAL EXPENDITURES</b>	<b>95 257</b>	<b>143 432</b>
Offices supplies	1 170	565
Professional books	350	426
Periodicals	75	11
Jurisdiction program fee	1 300	1 905
Printed forms and press releases	800	0
IT materials	700	1 207
Fuel	50	0
Cleaning materials	400	516
Electricity	0	1 214
Other materials	1 150	1 825
<b>Material costs total</b>	<b>5 995</b>	<b>7 669</b>

Source: NDIF

TABLE 41

(data in th HUF and %)

Definition	2020. Budget	2020. Actual
Transport costs	5 650	3 891
Taxi fees	350	92
Other rental fees	10	6
Parking lot fees	500	323
DR site, other office-related rental fees	3 500	3 313
Car rental fees	4 300	3 694
Car rental costs on site visits at bank inspection	100	0
Office rental fee	40 890	36 479
Office other office operation fees	19 855	23 536
Office cleaning	2 115	1 463
Communication office rental fee	300	0
Machine rent	0	85
Other maintenance	5 000	2 512
Car maintenance	50	7
Hosting fees	1 970	1 391
News agency fees	450	0
Institutional communication costs	18 000	553
Training and development	4 750	1 895
Foreign travel expences	5 250	16
Foreign travel material costs	385	2
Foreign country accomodation	3 480	0
Foreign country conference fees	150	0
Domestic travel expences	100	0
Domestic travel material costs	20	0
Home country accomodation	300	0
Domestic conference fees	1 155	0
Postal costs	2 000	1 060
Telephone costs	640	349
Cellular phone costs	720	889
Cellular phone costs -BEVA	3	3
EDR radio fees	280	235
Internet	2 600	2 478
Internet -BEVA	2	2
Press costs	300	0
Membership fees	16 045	15 200
H2C membership fees	4 868	2 266
Photocopying	350	153
Legal fees	13 770	5 379
Translation fees	700	359
Other expert fees	50 970	39 538
IT expert fees	5 065	3 967
Comm server fees	300	152
IT security expert fees	14 355	12 557
Payout system support fees	15 000	14 859
IT lincese fees	20 130	14 584
Audit fees	4 100	3 810
Administration, payroll, accounting fees	6 510	6 742
Temporary work agency workers costs (student workers)	6 390	1 967
Plant care costs	150	147
Document storage costs	1 900	1 440
Job advertisements	300	244
Other services fees	410	170
Services rendered total	286 488	207 808

(data: in th HUF and %)

Source: NDIF

CONTINUATION OF TABLE 41

Definition	2020. Budget	2020. Actual
Duties	50	6
Regulatory fees	300	61
Banking costs	3 300	2 102
Transaction costs (State Treasury)	15	6
Property insurance fee	259	580
Travel insurance fee	30	0
Liability insurance fee	5 562	5 061
Other services total costs	9 516	7 816
Service costs	296 004	215 624
Material-type expenditures total	301 999	223 293
Salaries NDIF	256 836	246 724
Overtime payment NDIF	828	481
Paid holiday compensation	1 407	1 651
Bonus payments NDIF	53 876	47 505
Jubilee bonus	110	1 061
Replacement payments	1 033	1 049
Payroll costs	315 090	298 471
Car travel costs	325	335
Entertainment - company	550	162
Excecutive entertainment	760	17
Business present	600	155
Team building costs	363	0
Sick leave	2 173	564
1/3 sickness fee paid	445	411
Daily allowance- abroad	775	11
Domestic daily allowance	20	0
Travel costs	450	209
Honrary fees	73 416	73 416
Phone costs 20%	340	306
Phone costs 20% BEVA	1	1
Low value present for employees	50	0
Other personal costs	1 275	150
Training - under PIT	0	430
Medical check- NDIF	1 554	958
Membership fees paid by NDIF	100	102
SZÉP card	8 490	7 476
Cultural voucher	164	736
Cafeteria payments in total	8 653	8 212
Support for employees	1 000	0
Total personal-type payments	92 851	85 439
Social contribution tax - NDIF	66 137	62 673
Corporate PIT - NDIF	1 745	1 237
Total tax and contributions	67 882	63 910
Personnel expenses total	475 823	447 820
Planned depreciation	47 855	34 590
Depreciation at use in one amount	3 360	4 126
Total depreciation	51 215	38 717
Operational costs total	829 037	709 830
COSTS AND EXPENDITURES TOTAL	924 294	853 262
PROFIT/LOSS OF CURRENT YEAR	11 061 084	11 230 728

Source: NDIF

CONTINUATION OF TABLE 41

(data: in th HUF and %)

## BALANCE SHEET AND PROFIT AND LOSS STATEMENT

National Deposit Insurance Fund					
INCOME STATEMENT TOTAL COST „A”					
No.	Denomination / thousand Ft			Base year 31.12.2019	Current year 31.12.2020
<b>1</b>	<b>A</b>	<b>FIXED ASSETS</b>		<b>30 087 443</b>	<b>47 898 228</b>
2	I.	INTANGIBLE ASSETS		87 487	82 131
3	I.1	Capitalised value of foundation-restructuring		0	0
4	I.2	Rights and titles		7 084	7 678
5	I.3	Intellectual property		80 403	74 453
6	I.4	Advances on intangible assets		0	0
7	I.5	Value adjustment of intangible assets		0	0
8	II.	TANGIBLE FIXED ASSETS		21 737	172 970
9	II.1	Real estate and related rights and titles		2 765	52 363
10	II.2	Equipment, fittings and vehicles		18 972	104 542
11	II.3	Capital investments		0	16 065
12	II.4	Advances for assets in construction		0	0
13	II.5	Adjustment in tangible fixed assets		0	0
14	III.	FINANCIAL INVESTMENTS		29 978 219	47 643 127
<b>15</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>48 817 147</b>	<b>38 561 189</b>
16	I	INVENTORIES		43	41
17	I.1	Materials		43	41
18	I.2	Commercial goods		0	0
19	I.3	Mediated services		0	0
20	I.4	Advances on inventories		0	0
21	II.	RECEIVABLES		17 952 080	4 604 586
22	II.1	Receivables from member institutions		3 596 282	3 826 635
23	II.1.a	Fee receivables		0	0
24	II.1.b	Receivables assigned to the Fund		3 596 282	3 826 635
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		920	1 814
28	II.3	Receivables from depositors		0	0
29	II.4	Receivables from the state		0	0
30	II.5	Other receivables		14 354 878	776 137
31	III.	SECURITIES		29 946 665	33 341 707
32	III.1	Government securities		29 946 665	33 341 707
33	III.2	Other securities		0	0
34	IV.	CASH AND EQUIVALENTS		918 359	614 855
35	IV.1	Cash and cheques		164	169
36	IV.2	Bank deposits		918 195	614 686
<b>37</b>	<b>C</b>	<b>PREPAYMENTS AND DEFERRED EXPENDITURES</b>		<b>419 389</b>	<b>813 477</b>
<b>38</b>		<b>TOTAL ASSETS</b>		<b>79 323 979</b>	<b>87 272 894</b>

(data in th HUF)

## BALANCE SHEET AND PROFIT AND LOSS STATEMENT

National Deposit Insurance Fund				
BALANCE SHEET Version „A“ LIABILITIES				
No.	Denomination / thousand Ft	Base year 31.12.2019	Current year 31.12.2020	
<b>39</b>	<b>D. EQUITY</b>	<b>73 324 350</b>	<b>84 577 578</b>	
40	I. SUBSCRIBED CAPITAL	926 082	948 582	
41	II. RESERVES	58 217 090	72 398 268	
42	III. VALUATION RESERVE	0	0	
43	IV. PROFIT/LOSS OF THE CURRENT YEAR	14 181 178	11 230 728	
<b>44</b>	<b>E. PROVISIONS</b>	<b>6 713</b>	<b>6 713</b>	
<b>45</b>	<b>F. LIABILITIES</b>	<b>5 990 507</b>	<b>2 529 607</b>	
46	I. LONG-TERM LIABILITIES	0	0	
47	II. SHORT-TERM LIABILITIES	5 990 507	2 529 607	
48	II.1 Liabilities to member institutions	3 363 004	1 687	
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	2 627 503	2 527 920	
<b>53</b>	<b>G. ACCRUALS AND DEFERRED INCOME</b>	<b>2 409</b>	<b>158 996</b>	
54	TOTAL LIABILITIES	79 323 979	87 272 894	

(data in th-HUF)



National Deposit Insurance Fund						
Cash - Flow statement						
Denomination / thousand Ft	Base year	Current year	Change		Current year composition	
	31.12.2019	31.12.2020	Th HUF	%		
1 Profit for the year	± 14 181 178	11 230 728	-2 950 450	20,81%	-3700,36%	
1b Profit & Lost corrections	± 0	-15	-15	N/A	0,00%	
2 Depreciation accounted for	+ 31 225	38 717	7 492	-23,99%	-12,76%	
3 Impairment and reversal are accounted for	± 215 541	-210 274	-425 814	197,56%	69,28%	
4 Difference between provisioning and utilization	± 0	0	0	N/A	0,00%	
5 Result from the sale of fixed assets	± -2	2 446	2 448	103656,31%	-0,81%	
6 Changes in trade payables	± -185 987	13 202	199 189	107,10%	-4,35%	
7 Changes in other current liabilities	± 312 502	-112 785	-425 287	136,09%	37,16%	
8 Passive accruals	± -19 144	156 587	175 731	917,94%	-51,59%	
9 Change in claims on member institutions	± 51 627 029	-20 893	-51 647 922	100,04%	6,88%	
9a Change in liabilities to member institutions	± 3 355 127	-3 361 317	-6 716 444	200,18%	1107,50%	
10 Change in current assets (excluding accounts receivable and cash)	± -36 743 078	10 183 620	46 926 698	127,72%	-3355,35%	
11 Changes in accruals	± -298 329	-394 088	-95 759	-32,10%	129,85%	
<b>I. OPERATING CASH FLOW TOTAL</b>	<b>32 476 062</b>	<b>17 525 930</b>	<b>-14 950 132</b>	<b>46,03%</b>	<b>-5774,53%</b>	
12 Acquisition of fixed assets	- -30 012 819	-17 838 351	12 174 468	40,56%	5877,47%	
13 Sale of fixed assets	+ 2	414	412	-17427,52%	-0,14%	
14 Cancellation and redemption of long-term loans and bank deposits	+ -	-	-	N/A	0,00%	
15 Long - term loans, bank deposits	- -	-14 012	-14 012	N/A	4,62%	
<b>II. TOTAL INVESTMENT CASH FLOW</b>	<b>-30 012 817</b>	<b>-17 851 949</b>	<b>12 160 869</b>	<b>40,52%</b>	<b>5881,95%</b>	
16 Connection fee income (other capital income)	+ -	22 500	22 500	N/A	-7,41%	
17 Share issue income (other capital income)	+ -	-	-	N/A	0,00%	
18 Proceeds from the issue of bonds and debt securities	+ -	-	-	N/A	0,00%	
19 Borrowing and borrowing	+ -	-	-	N/A	0,00%	
20 Funds finally received	- -	-	-	N/A	0,00%	
21 Raising of shares (other capital transfers)	- -	-	-	N/A	0,00%	
22 Repayment of bonds and debt securities	- -17 250 003	- 17 250 003	100,00%		0,00%	
23 Repayment and repayment of credit and loan	- -	-	-	N/A	0,00%	
24 Funds permanently transferred	- -	-	-	N/A	0,00%	
<b>III. FINANCING CASH FLOW TOTAL</b>	<b>-17 250 003</b>	<b>22 500</b>	<b>17 272 503</b>	<b>100,13%</b>	<b>-7,41%</b>	
25 Revaluation of foreign currency funds	± -7	15	22	308,21%	0,00%	
<b>IV. CHANGES IN FUNDS</b>	<b>-14 786 765</b>	<b>-303 504</b>	<b>14 483 261</b>	<b>97,95%</b>	<b>100,00%</b>	

(data in th-HUF)

### COMPLETED OR ONGOING PROCEDURES HEVES ÉS VIDÉKE TAKARÉKSZÖVETKEZET „F.A.”

The liquidation balance sheet and the assets of the liquidator submitted to the General Court of Eger on 12 December 2012 and amended on 18 September 2013 was approved by its order No. 3. Fpk. 10-93-000213/462 and it became final on 31 December 2018 and required the insolvency administrator to pay - within 15 days from becoming final of the order - (i) 719 214 722 th HUF to satisfy 100% of the claims of category b creditors of the Ministry of National Economy (NGM, currently PM) represented by the Ministry of National Economy (NGM), 267 720 757 th HUF to satisfy 100% of the claims of Creditors of category “d” creditors, and (iii) 115 153 667 th HUF to satisfy 100% of the claims of the Hungarian State (PM) of category “d” creditors represented by the OBA. On the basis of the above court order, the liquidator was supposed to transfer the amounts assigned to the OBA and PM to the account of the OBA by 15 January 2019, but the insolvency administrator only partially complied with it despite several requests. The OBA initiated enforcement against the liquidator Concordat Liquidator Co. Ltd. and as a result, after the initial transfer of 57 million HUF, an additional 121 million HUF was received at the bank account of the OBA between May 2019 and March 2021. Along with this, the rate of return is 63.8%. It is possible to receive additional amounts from the enforcement, depending on the result of execution.

### ÁLTALÁNOS KÖZLEKEDÉSI HITELSZÖVETKEZET „F.A.”

The liquidator submitted to the Metropolitan Court the final balance sheet of the liquidation proceedings of the Credit Union dated 3 November 2017, which was approved and the liquidation ended on 31 January 2019 with the removal from the company register. In February 2019, 237 029th HUF was received from the liquidation, with a total of 713 615 th HUF during the proceedings. The return covered by the State guarantee was 11,526 th HUF. The return thus amounts to 22,3% for the entire liquidation period.

### „JÓGAZDA” SZÖVETKEZETI TAKARÉKPÉNZTÁR „F.A.”

In connection with the “Jógazda” Cooperative Savings Bank “f.a.”, the liquidator submitted the final balance sheet and report of the Szövetkezeti Takarékpénztár prepared on 1 June 2019 to the Municipal Court, which was sent to creditors with the order of the General Court on 13 February 2020. The final balance sheet has not been approved yet, the Financial Stability and Liquidation Nonprofit Ltd. (PSFN) informed that in relation to a number of deceased creditors or unknown places, the rules for the service of notice should be applied in the proceedings which prevent approval. After the approval of the final balance sheet by the General Court, the OBA will be paid 604 million HUF, so the procedure is expected to end with a 32.3% return for the OBA.

### NHB NÖVEKEDÉSI ÉS HITEL BANK ZRT. „F.A.”

Based on the insolvency administrator’s information, the liquidation interim balance sheet No 1 of NHB Növekedési és Hitel Bank Zrt. “f.a.” was still in progress at the end of 2020. The claims have been revised and their recovery is ongoing. The vast majority of the NHB’s portfolio consists of defaulting claims, so recovery can essentially be achieved by legal means through the opening of enforcement/winding-up proceedings. The willingness of debtors for credit/lending transactions to pay is low. Where the conditions are met, enforcement proceedings shall be initiated continuously in the absence of fulfilment.

If the sale of the debt planned for the 4th quarter of 2020 - 1st quarter of 2021 will be unsuccessful, the liquidator will review the sales strategy. In that context, if the conditions for closing winding-up proceedings are met according to the schedule, the liquidator will examine the possibility of allocating claims among the creditors in the context of the division of assets attached to the final liquidation balance sheet. In addition, according to the insolvency administrator’s estimates, the expected return of the OBA for indemnification will be 100%, and the recovery of costs alone is not expected (combined with them, expected turnover: 98.1%)

### LIQUIDATION PROCEEDINGS CONCERNED BY THE SALE OF THE OBA’S CLAIMS

The OBA sold the creditor’s claims (indemnity and costs) in 11 proceedings of the Hungarian Real Estate Financing Plc. on 5 June 2019 to (HREF Plc), including the indemnification amounts declared to the liquidator as a creditor’s claim until the date of sale, but not yet paid. As a consequence, the OBA may still pay additional indemnities to depositors when the impediment is removed (since the payment of indemnity remains the responsibility of the OBA), so that additional costs may arise in the proceedings relating to those indemnifications, which appear as new creditors’ claims in the procedures. In 9 out of 11 proceedings, the OBA notified additional costs as creditors’ claims:

- Orgovány és Vidéke Takarékszövetkezet „f.a.”
- ALBA Takarékszövetkezet „f.a.”
- Széchenyi István Hitelszövetkezet „f.a.”
- Széchenyi Kereskedelmi Bank Zrt. „f.a.”
- Tisza Takarékszövetkezet „f.a.”

- BRB Buda Regionális Bank Zrt. „f.a.”
- Dél-Dunántúli Takarékszövetkezet Zrt. „f.a.”
- DRB Dél-Dunántúli Regionális Bank Zrt. „f.a.”
- ÉRB Észak-magyarországi Regionális Bank Zrt. „f.a.”

In respect of two entities, additional indemnities have been paid since the sale, - the OBA became aware of its indemnification obligation from the liquidator after the sale (DRB, 3 103 th HUF) and which incurred in the course of a change in the registered deposit portfolio (DDB, 14 th HUF), so it has submitted the amounts relating to them to the liquidator in his own right as a new claim for creditors:

- Dél-Dunántúli Takarékszövetkezet Zrt. „f.a.”
- DRB Dél-Dunántúli Regionális Bank Zrt. „f.a.”

By the end of 2020, new costs of 1.3 million HUF and 3.1 million HUF of new compensation were announced in the relevant proceedings, following the sale. The latter are still expected to be partially returned, but because of their small size they do not significantly affect the rate of return.

The HREF Zrt. on 5 June 2019, on the day the transaction contract was signed, fulfilled the first purchase price of 28 billion HUF, and on the basis of the agreement the OBA received an additional 32.7 billion HUF from the liquidation proceedings as payment of the second purchase price instalment. The last instalment was received by the OBA on 24 February 2020, then the purchase price was fully paid and no further amount was expected in relation to the claims sold. Thus, the total return of the 11 proceedings is 43,3%.

However, the outcome of the warranty claim supported by HREF Zrt. may affect the return.



# 10

## THE ROLE OF THE OBA IN EDUCATION

The OBA continued its participation and active engagement in financial training initiatives in 2020. In this framework, the OBA signed a cooperation agreement with the Budapest Metropolitan University on 21 January 2021, the employees gave professional lectures on undergraduate and postgraduate courses, as well as professional events of several legal universities of the country (Pázmány Péter Catholic University, University of Miskolc, University of Debrecen) and participated in the preparation of educational materials.

Increasing financial awareness is a social objective considered by the employees of the OBA and the OBA, therefore, the OBA's employees, as financial volunteers, helped the national professional series events of 2020 - Pénz7 in several municipalities and schools.





23:35:60  
Business Strategy  
Innovation  
Branding  
Solution  
Marketing  
Analysis  
Ideas  
Success  
Management

In 2020, the OBA continued its cooperation in the framework of international deposit guarantee organisations with European and global partner organisations. The workers of the OBA participated in several working groups of the European Deposit Insurance Forum (EDFI) in 2020. The EDFI Annual General Meeting in 2020 took place in a virtual manner, where the Managing Director and the Director of Indemnity and Audit represented the Hungarian Deposit Insurance.

Beyond cooperation within international organisations, bilateral deposit insurance relations are also an important part of the international activities of the OBA. As an addition to the multilateral cooperation agreement concluded at the end of 2016 under the auspices of EDFI, based on Hungarian branches of credit institutions established in other EU Member States and branches of credit institutions based in Hungary and in other EU Member States — In 2020 the OBA concluded a bilateral cooperation agreement with Czech and Slovak deposit insurers in a home position, with Irish and Dutch deposit insurers for cooperation on crossborder compensation in a host position in 2020. In addition, OBA initiated and conducted negotiations with the German deposit insurer in a home, with the Romanian deposit insurer and with the French and Luxembourg deposit insurers in a host position, on the basis of the relevant draft bilateral cooperation agreements preparation and exchange. Some of these negotiations have passed to 2021.

## MISSION, VISION, HIGHLIGHTED VALUES

OBA revised its mission and vision in 2020 and redefined its key values, building on the Code of Ethics adopted in 2019.

## THE OBA'S STRATEGY FOR 2020-2022

The mission of the National Deposit Insurance Fund is to contribute to the stability of the domestic financial system, to strengthen confidence in the banking system, and to ensure the prompt and efficient indemnification of the affected clients in connection with a compensation event.

## VISION

The National Deposit Insurance Fund is an esteemed member of the domestic financial system, which uses a modern, efficient and client-friendly compensation procedure to ensure that, if necessary, customers receive the compensation due to their deposit smoothly and in the shortest possible time.

## VALUES

The National Deposit Insurance Fund is an organization operating on the basis of ethical values. Our key values are explained in detail in the Code of Ethics, which is also published on the OBA's website. The OBA operates an Ethics Committee, which is responsible for investigating ethical complaints.

Focus area	Strategic goal
A) Compensation	1. Redesigning the compensation process, taking into account international good practices, so that customer-friendly compensation of up to 7 working days is possible by 2024
	2. Making compensation free of cash at the level of the NDIF in the framework of the renewal and rationalization of payment channels
	3. Concluding operational bilateral co-operation agreements with all relevant deposit insurers in the framework of international compensation co-operation and preparing for the operation of these agreements
	4. Renewing the NDIF's audit process and achieving the greatest possible degree of automation so that the NDIF can audit the entire sector as efficiently as possible, within a year and even for a reference date
B) Operational excellence	1. Development of the control environment in accordance with international standards
	2. Development of an integrated risk management system in accordance with international standards
	3. Increasing the IT support of the processes, taking advantage of the opportunities provided by digitization and further harmonizing the NDIF's IT systems
	4. Continuous enhancement of IT and information security as a national critical system element and achievement of security level 3 in 2021
	5. Continuous development of employees' skills, abilities and knowledge in the spirit of operational excellence, as well as introduction of a framework for measuring and evaluating performance
C) Crisis resilience	1. Asset management with the highest possible security, aiming at maximizing the return, reaching the minimum target level of liquid assets for security, and proposing a minimum target level after 2024,
	2. Exploring additional external funding opportunities for compensation and developing alternative financing channels
	3. Regular stress testing of critical processes in the organization taking into account international best practices
D) Cooperation	1. Active cooperation with domestic partners in compensation, regulatory, communication, education and other issues
	2. Deepen the international relations system, with a special focus on identifying and integrating best practices
	3. Proactive institutional communication towards member institutions, depositors and society in order to increase operational transparency, predictability and the social awareness of Deposit Insurance and the NDIF

Source: NDIF

The fulfillment of the strategic goals is monitored by the NDIF work organization and the status progress is reported to the Board of Directors. Based on the results of the first year of the strategy follow-up (2020), there are significant advances took place on the strategic goals belonging to the Compensation and Crisis resilience focus areas. In terms of Operational excellence, there is a significant time lag, and the work organization has a lot to do here (enforced digitization and strengthening of the control environment), while there were positive developments in the field of Cooperation, on the other hand proactive institutional communication should be developed.

<sup>5</sup> [https://www.oba.hu/wp-content/uploads/2021/02/OBA\\_STRATEGIA\\_2020-2022.pdf](https://www.oba.hu/wp-content/uploads/2021/02/OBA_STRATEGIA_2020-2022.pdf)



**National Deposit  
Insurance Fund  
of Hungary**

SAFE DEPOSIT ASSURED REFUND.

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