

English Language Press Release**Budapest, 12nd June, 2014.****Takarékbank: Another 13 cooperative credit institutions have joined the cross-guarantee system**

The universal risk community of cooperative credit institutions will be established by 10 December.

Effective 7 June 2014, the Board of Directors of Takarékbank issued the uniform risk-management regulations of the integration for an additional 13 cooperative credit institutions. According to the decision, Takarékbank, the Integration Organization of Cooperative Credit Institutions (IOCCI) and 18 cooperative credit institutions will hence be universally responsible for each other's liabilities. This marks a new phase of the creation of a nationwide risk community to which members of the integration can continuously join until 10 December. This risk community will enable the clients of cooperative credit institutions to enjoy a greater protection regarding their savings.

With the cross-guarantee system (that will be gradually implemented amongst the members of the cooperative banking integration) any cooperative credit institution can guarantee the deposits of another cooperative credit institution and vice versa. With the gradual implementation of universality, the capital and liquidity of the whole integration will be available for the protection of the deposits above the quota guaranteed by the National Deposit Insurance Fund of Hungary. The financial background is provided by the fact that last year the government increased the Tier1 and Tier2 capital of the cooperative banks by 136 billion HUF and it established a new Guarantee Fund for cooperative credit institutions. Clients of cooperative credit institutions will therefore enjoy extended deposit protection because they will be guaranteed by the total asset of all the cooperative credit institutions, Takarékbank and the Integration Organization, in addition to the National Deposit Insurance Fund of Hungary.

The global, universal risk community of the cooperative banking integration will be set up gradually until the end of the year along with the continuous introduction of the universal risk management regulations (Risk Strategy, Credit Risk Management Regulation, Client and Partner Qualification Regulation, Liquidity Risk Management Regulation and Investment Regulation). The Board of Directors of Takarékbank will continuously – or until 10 December 2014 at latest – decide the date of issue of the universal risk management regulations for the specific cooperative credit institutions, together with the date from which the specific cooperative credit institution's liabilities are to be covered by universality.

The risk community based on universal responsibility will provide greater security and also (based on the European legislations) significant *space to maneuver for the members of the integration regarding the new Basel capital management requirements - CRD IV/CRR - which are significantly stricter than the previous Basel requirements. Instead of having to individually comply, the members of the risk community will be able to collectively meet specific points of the regulation. The creation of the cross-guarantee system plays a crucial role in the unified market presence and market expansion of the cooperative credit institutions because it enables a lot more efficient use of the sector's capital on a group level. The new and efficient operation method enables this financial provider to become one of the biggest players with one of the largest networks in Hungary.*

Background:

Since its inception in 1989, TakarékBank's mission to support and strengthen the market and financial position of the savings co-operative sector. Its main duty is to help create a uniform market presence by strengthening the integration of sector members, as well as widening available products and services.

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