

## English language Press Release

Budapest, 1st September, 2014

### **Takarékbank: Another 15 cooperative credit institutions have joined the cross-guarantee system**

The reformed community of cooperative credit institutions will be established by December 10th.

**Effective 30 August 2014, the Board of Directors of Takarékbank issued the uniform risk-management regulations of the integration for an additional 15 cooperative credit institutions. According to the decision, Takarékbank, the Integration Organization of Cooperative Credit Institutions (IOCCI) and 33 cooperative credit institutions will hence be universally responsible for each other's liabilities. A reformed cooperative credit institution sector will be gradually established by December 10th, which will enable the clients to have dual deposit protection, and which will create one of the safest and most transparent cooperative credit institution associations in Hungary.**

While the clearing of the cooperative credit institution sector, the detection and remedy of problems inherited from the last decades are coming to an end, the creation of the new collaboration of the cooperative credit institutions is progressing at a good pace. The evaluation of the comprehensive audit of the cooperative credit institution sector, which has been initiated by Takarékbank in accordance with the integration law in order to assess the state and risk factors of the sector's members, is by now almost completed. The credit institutions that have passed the audit and met the strict requirements will gradually join the nationwide risk community of the sector until the end of the year. In addition to the 18 members who have previously joined this community, now 15 further cooperative credit institutions entered the cross-guarantee system, therefore the risk community has 35 members in total by now (including IOCCI and Takarékbank).

Universal risk management regulations (e.g.: Risk Strategy, Credit Risk Management Regulations, Client and Partner Qualification Regulations, Liquidity Risk Management Regulations and Investment Regulations) will be introduced amongst the members of the cross-guarantee community. 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.

By establishing the cross-guarantee system the capital and liquidity of IOCCI, Takarékbank and 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. The establishment of the guarantee community will provide *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 guarantee 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 safest and biggest players with one of Hungary's largest networks.*

**Background:**

Since its inception in 1989, Takarékbank's mission is 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.

**For more information please contact our agency:**

Ms Zita Király-Szombathy

PressInform Public Relations Agency

Phone: +36 1 470 2050

E-mail: [kiraly-szombathy@pressinform.hu](mailto:kiraly-szombathy@pressinform.hu)