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English Language Press Release

Takarékbank: 16 more cooperative credit institutions have joined the cross-guarantee system

A reformed cooperative credit institution sector will be gradually established by December 10th, which will create one of the safest and most transparent cooperative credit institution associations in Hungary. This process has reached a new stage as the Board of Directors of Takarékbank issued the uniform risk-management regulations of the integration for an additional 16 cooperative credit institutions on October 10th. According to the decision, Takarékbank, the Integration Organization of Cooperative Credit Institutions (IOCCI) and 49 cooperative credit institutions will hence be universally responsible for each other's liabilities.

The creation of the new collaboration of the cooperative credit institutions is progressing at a good pace and according to plan: the clearing of the sector, the detection and remedy of problems inherited from the last decades are coming to an end, the reformed, universal risk community of the sector will be created by the end of the year. In addition to the 35 members who have previously joined this community, now 16 further cooperative credit institutions entered the cross-guarantee system, therefore the risk community has 51 members in total by now (including IOCCI and Takarékbank).

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. 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.

With the establishment of the risk community the clients will have dual deposit protection: 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 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. This way the credit unions will be able to lend to bigger enterprises, local governments and projects in the future. 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 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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