



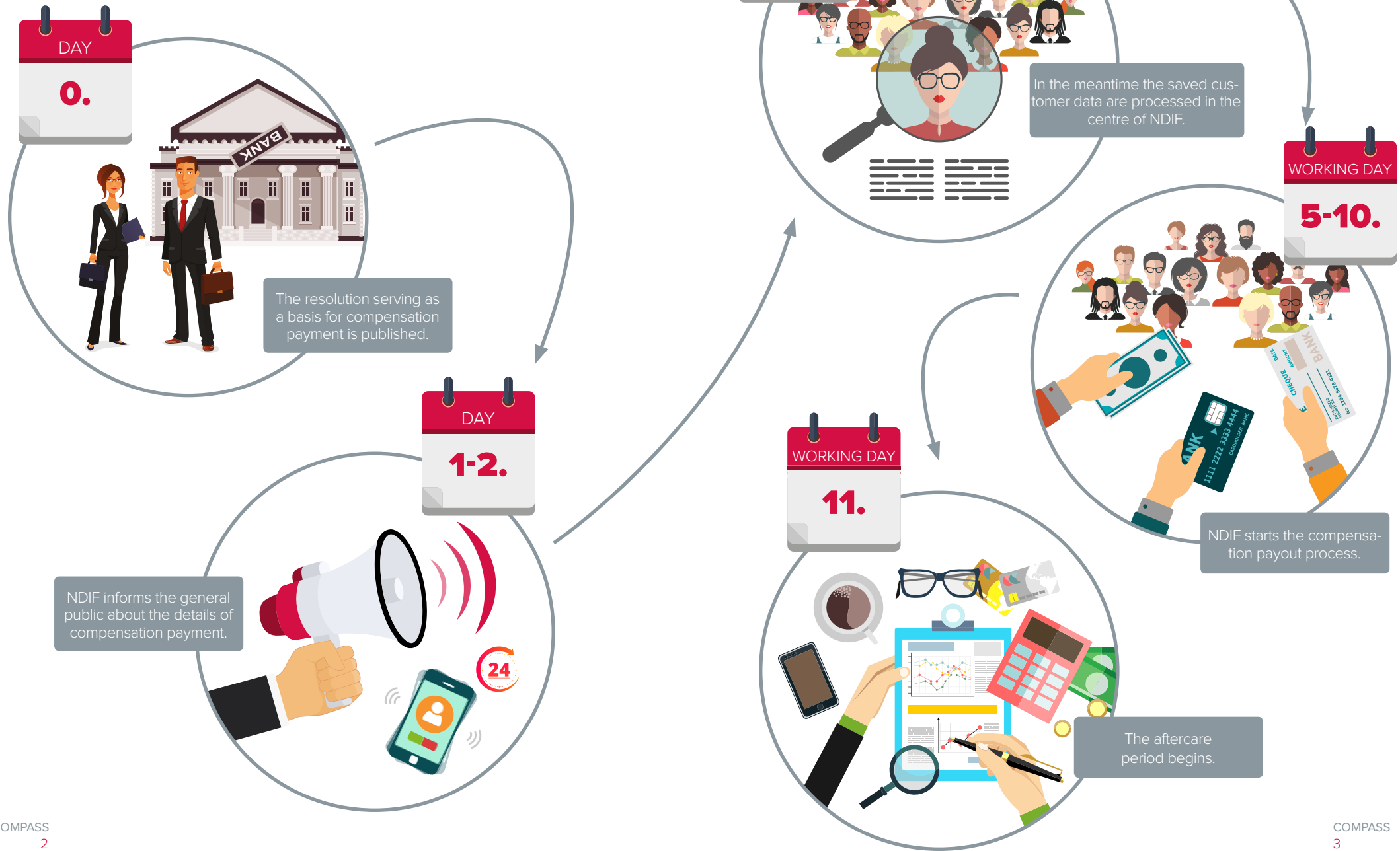
**National Deposit
Insurance Fund
of Hungary**

SAFE DEPOSIT ASSURED REFUND.

COMPASS

TO DEPOSIT INSURANCE

THE INDEMNIFICATION PROCESS





CONTENTS

ABOUT NDIF IN GENERAL

- What is deposit insurance, and which institution provides it? 7
- The historical and legal background of deposit insurance in Hungary? 7
- What funds does NDIF use for payouts?? 7

CREDIT INSTITUTIONS DEPOSITORS

- 1. Deposits placed at which institutions are protected by the deposit insurance system? 11
- 2. Whose money is protected? 11

PROTECTED DEPOSIT TYPES

- 3. What is protected? 15
- 4. What is not protected? 15
- 5. Does protection apply only to deposits in hungarian forint, or also to deposits in foreign currencies? 15
- 6. What is considered as a registered deposit? 16
- 7. It looks like a security. Can it be insured? 16
- 8. Which of the passbooks opened and the bank papers purchased at post offices are protected? 16

THE INSURANCE LIMIT

- 9. What does the insurance limit mean? 19
- 10. What can I do if I have more than EUR 100,000 in savings? 20
- What is considered as a joint deposit? 22
- 11. Changes to the protection of collective deposits 22
- 12. Does the insurance limit also apply to deposits in foreign currency? 22

INSURING INTERESTS

- 13. Are interests protected by deposit insurance? 25
- 14. How much interest is paid by deposit insurance if the interests due under the deposit contract have not been credited yet? 25

CROSS-BORDER DEPOSITI

- 15. Is my deposit protected in an EU bank in Hungary or in other countries in the European Union? 27
- 16. On depositing money, is it possible to encounter deposit insurance with conditions different from those of the hungarian deposit insurance scheme? 27

PRACTICAL ISSUES

- 17. What data should be disclosed by the depositors to their banks in order to enable enforcement and implementation of the insurance? 29
- 18. Where can I get information in case I am eligible for compensation? 29
- 19. How soon will insured depositors receive their payments? 29
- 20. Beyond this publication, where can i find information on what is insured and what is not? 30
- 21. How and where can you prove your eligibility for compensation exceeding the general limit of compensation by a maximum of EUR 50,000? 30

A close-up photograph of a person's hand balancing a row of wooden blocks on a light-colored wooden surface. The blocks are arranged in a slightly curved line, and the hand is positioned underneath them to support them. The lighting is soft, highlighting the textures of the wood and the skin.

ABOUT NDIF IN GENERAL

WHAT IS DEPOSIT INSURANCE, AND WHICH INSTITUTION PROVIDES IT?

The function of deposit insurance is to protect depositors in case the credit institution accepting the deposit is unable to pay it back.

Another key function of deposit insurance is to protect the country's financial stability through keeping up the public trust of depositors.

If the operating licence of a credit institution is revoked by the Central Bank of Hungary (MNB - the Supervisory Authority) or the court orders the liquidation of a credit institution, the National Deposit Insurance Fund of Hungary (**NDIF**) pays compensation to depositors. The amount of such compensation is payable per credit institution and depositor, i.e. it covers all deposits placed by a depositor in a credit institution – including principal and interest – up to a consolidated maximum amount.

THE HISTORICAL AND LEGAL BACKGROUND OF DEPOSIT INSURANCE IN HUNGARY

Up to 1993, retail forint (HUF) and foreign currency deposits were guaranteed by the state. Upon the foundation of NDIF in mid 1993, this responsibility was transferred to an independent institution of deposit insurance. However, deposits made by private persons prior to the foundation of NDIF, until being withdrawn, are still covered by state guarantee.

The Hungarian deposit insurance system and NDIF operating it were established by the Act

on NDIF¹, and are currently regulated by the Act on credit institutions². This act provides for the regulation of credit institutions in Hungary – in line with the practice in the European Union –, with the protection of depositors' money as its primary goal. The credit institutions' compliance with the rules required by law is strictly and regularly monitored by the Supervisory Authority.

NDIF is directed by an independent Board of Directors. Its financial management is audited by the State Audit Office, which reports its findings to the Hungarian Parliament. NDIF is not an authority, but it is eligible to perform certain monitoring activities and to obtain all the information necessary to fulfil its functions.

WHAT FUNDS DOES NDIF USE FOR PAYOUTS?

The assets required for the operation of NDIF and for the payment of compensation come from the mandatory and regular payments made by its member institutions and from the return on the investment of such assets. In addition, in order to compensate depositors NDIF may take loans and/or issue bonds, and order extraordinary fee payment for the repayment of such loans and bonds. There can be no financial obstacle to any payment due to eligible depositors. If necessary, NDIF's borrowings and bonds are guaranteed by the Hungarian state.

¹ Act XXIV of 1993 on the establishment and operating regulations of the National Deposit Insurance Fund of Hungary
² Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises



ABOUT DEPOSIT INSURANCE IN GENERAL

1. If the operating licence of a credit institution is revoked by the Supervisory Authority or the court orders the liquidation of a credit institution, NDIF provides compensation to depositors based on data supplied by the credit institution. Within 10 working days from 2021 onwards, the depositors have disposal of the compensation amount. Depositors then have 5 years to receive the compensation amount.³

Detailed information on institutions issuing deposits protected by NDIF can be found in the „Credit institutions and depositors” chapter.

2. Compensation can only be paid on registered deposits that is on the deposits of depositors who can be unambiguously identified according to current AML⁴ rules.

Detailed information on products insured by NDIF can be found in the „Protected deposit types” chapter.

3. As a general rule, the upper limit of payment is defined by law to be EUR 100,000. The upper limit may be multiplied according to the number of owners of a deposit. Payment is made in Hungarian forints calculated at the foreign currency rate of MNB⁵ valid on the day preceding the start date of compensation. In certain exceptional cases the upper limit of compensation can be maximum EUR 50,000 higher, i.e. EUR 150,000 per depositor (for further details see point 9).

The NDIF insurance is valid for each credit institution separately. This means that if clients place deposits in multiple banks, they are insured in each bank up to the EUR 100,000 limit defined by law.

Detailed information on the increased upper payout limit and on joint deposits can be found in the „The insurance limit” chapter.

4. Protection also covers accrued interests, but the compensation paid is reduced by the credit institution’s overdue receivables from the depositor. Detailed information can be found in the „Interests, deductions and allowances” chapter.

5. Deposit insurance is free for depositors.

6. In case a payment is made under the deposit insurance scheme, there is no deductible. This means that unless the amount of the deposit and the interest accrued thereon does not exceed the maximum amount (limit) of compensation, the depositor is normally eligible for the entire amount of the deposit.

7. If the operating licence of a credit institution is revoked by the Supervisory Authority or the court orders the liquidation of a credit institution, the payment of compensation will start automatically, i.e. depositors do not have to claim it. The precondition for payment is that the register of the credit institution must correctly include those details of the depositor which are necessary for making the payment.

8. The payment of compensation will start on the day following the date on which the resolution of the Supervisory Authority on the revocation of the credit institution’s operating licence is delivered, or on which the liquidation of the credit institution is published.

9. The depositor or any heir (s) have the opportunity to receive the compensation amount for 5 years after the expiry of the indemnification period, compensation cannot be claimed afterwards from the NDIF.

³ As of 26 December 2020, the Credit Institutions and Financial Enterprises Act included the peremptory term, according to which the person entitled to compensation may not demand payment of compensation from the NDIF beyond the 5-year peremptory period from the day following the expiry of the indemnification period.

⁴ Anti-Money-Laundering

⁵ The Central Bank of Hungary



CREDIT INSTITUTIONS AND DEPOSITORS

1. DEPOSITS PLACED AT WHICH INSTITUTIONS ARE PROTECTED BY THE DEPOSIT IN- SURANCE SYSTEM?

Deposits can only be accepted by credit institutions, and credit institutions domiciled and licensed in Hungary are required to join the Hungarian deposit insurance system (NDIF members). Credit institutions include banks, and home savings banks (in this information brochure, **they will collectively be referred to as banks**, for brevity's sake). Consequently, the deposit insurance services of NDIF extend only to NDIF member institutions and their foreign branches, these latter only if made possible by the rules of the given host countries.

PLEASE NOTE:

In Hungary, it is not exclusively banks under NDIF's insurance that are permitted to accept deposits. On this issue please see the „Cross-border deposit insurance” chapter.

2. WHOSE MONEY IS PROTECTED?

Protection by NDIF applies to everyone – with the exceptions listed in the law (e.g. investment funds, insurance institutions, investment firms) – who places a registered deposit in a bank domiciled in Hungary and the owner of the deposit is identified along AML rules.

Protection includes deposits of private individuals, enterprises, associations,



foundations, sole entrepreneurs etc., including nationals living abroad and foreigners. The important point is that only registered deposits whose owner is identified by the AML rules are insured, i.e. the ones that have clearly identifiable owners. Please note that if a deposit owner is not identified by the current AML rules then the deposit is not considered as an insured (covered) one. Identification along AML rules can be executed any time before the final bank closure event in order to convert the uncovered deposit into a deposit insured one.

If someone has made deposits with the same bank both as a private individual and on behalf of a business entity, the two deposit types are insured separately and independently since the owners of the deposits are separated entities .

PLEASE NOTE:

For a detailed explanation of the compensation limit defined in EUR, see Section 12. In the examples below, the compensation limit of EUR 100,000 referenced in Section 12 will be taken to be equivalent to HUF 30,000,000 for simplicity's sake (assuming a HUF / EUR exchange rate of 300).

Example:

Private individual and business entity

JOHN SMITH

Retail current account	HUF 800,000
Interest	HUF 20,000
Total:	HUF 820,000
Amount payable by NDIF:	HUF 820,000

SMITH AND PARTNER LTD.

Corporate current account	HUF 31,500,000
Interest	HUF 60,000
Total:	HUF 31,560,000
Amount payable by NDIF:	HUF 30,000,000
Amount not payable by NDIF:	HUF 1,560,000



Sole entrepreneurs defined by law are legally distinct from private individuals, i.e. the bank accounts and deposits of a person's household and sole enterprise are considered as separate deposits – from



the aspect of deposit insurance –, and in the event the bank becomes insolvent, NDIF pays compensation separately on the said deposits up to the currently effective 100,000 EUR limit, respectively.

If the deposit owner is a minor (under the age of 18) or a person under guardianship, the deposit is of course managed by the parents, the custodian, the guardian, etc. Such deposits are also insured in their own right – to the benefit of the minor or the person under guardianship –, even if, for instance, the parents or guardians also have deposits with the same bank under their own names.

If the owner registers someone as a proxy holder to the deposit, or an „authorised representative” as defined by law, it does not represent ownership in terms of deposit insurance. Consequently, such proxy holders or authorized representatives are not entitled to compensation (as they are not owners of the deposit).

PLEASE NOTE:

Payment is always made to the owner of the deposit, i.e. to the person that the deposit is registered for, and not to the one who is authorised to dispose over the account (please see Section 6).



PROTECTED DEPOSIT TYPES

3. WHAT IS PROTECTED?

Protection under the domestic deposit insurance scheme covers registered bank deposits made in banks having their seat in Hungary, or in foreign branches thereof, where the owner of the deposit is identified along current AML rules, irrespective of fixing (deposit certificates, deposit accounts, current accounts, bank accounts and payment accounts). (For simplicity's sake, the above forms of savings – where differences are not relevant – will be hereinafter referred to as deposits.)

Important notice! As indicated above, only banks are permitted to collect deposits and only banks can act as member institutions of NDIF or foreign deposit insurance institutions. The precondition for deposits to be insured is that the deposit owner is identified along current AML rules.

Besides, due to changes in the legal regulations, bonds and certificates of deposits issued by banks between 1 January 2003 and 2 July 2015 are also insured until the expiration date of such securities.

4. WHAT IS NOT PROTECTED?

All that glitters is not gold; all that bears interest is not necessarily cov-

ered by deposit insurance; all bank clients are not necessarily protected. If no identification along AML rules is executed, then the deposit is uncovered. The only exception is when the deposit is considered to be inherited – in this case only the original owner of the deposit should be identified along AML rules. Multiple banks offer forms of savings that are unprotected, such as savings in voluntary pension funds, interest bearing shares, cooperative proprietary shares or investment trust shares. Furthermore, deposit insurance does not protect bonds and certificates of deposit issued by banks before 1 January 2003 or after 2 July 2015. NDIF's insurance does not cover, for example, investment notes of open or closed end investment funds, purchased mostly from banks.

5. DOES PROTECTION APPLY ONLY TO DEPOSITS IN HUNGARIAN FORINT, OR ALSO TO DEPOSITS IN FOREIGN CURRENCIES?

The Hungarian deposit insurance scheme covers not only Forint (HUF) deposits, but also deposits denominated in other currencies. Compensation for protected foreign currency deposits placed in Hungary is also paid in HUF. (In connection with compensation for deposits placed in foreign branches of Hungarian credit institutions see Section 15.)



6. WHAT IS CONSIDERED AS A REGISTERED DEPOSIT?

Deposits whose depositors are identified along AML rules as registered deposits. (Concerning this issue, we also refer to the contents of Section 17.)

PLEASE NOTE:

The fact that a form of savings is registered and the depositor is identified along AML rules, does not necessarily mean it is insured. Shares can also be registered, and – as we have seen – they are not insured by NDIF.

7. IT LOOKS LIKE A SECURITY. CAN IT BE INSURED?

In addition to registered deposits, deposit insurance also covers security-like deposit certificates, or, as they are more popularly referred to, bank papers issued by banks after 1 January 1997, provided, of course, that their owners are also identified along AML rules.

In order to eliminate misunderstandings, the law requires banks – for the protection of depositors – to conspicuously indicate on security-like deposits traded after 1 January 1997 that they represent savings deposit or passbook contracts, meaning that they enjoy NDIF's protection.

8. WHICH OF THE PASSBOOKS OPENED AND THE BANK PAPERS PURCHASED AT POST OFFICES ARE PROTECTED?

Multiple bank papers, as well as government bonds are available at post offices. Post offices mostly trade such papers, deposits and government bonds on commission.

Whether or not a form of savings available at the post office is protected by NDIF's insurance scheme depends, in part, on who the actual issuer is, i.e. the products of which institution are sold at the post office, and also on the actual type of savings product. Detailed information on products insured by NDIF can be found in the „Protected deposit types“ chapter.

Government bonds are guaranteed by the state. Certain types of savings offered by banks, as seen already, enjoy deposit insurance if they are registered.

However, the Postal Services can accept commissions not only from the state and banks, but also from other organisations (e.g. investment fund managers, insurance companies). The measure of security in these cases is not the post office but the organisation giving the commission and issuing the papers. In this case the post office is nothing but a sales channel. Beyond post offices, other intermediaries also offer bank papers and other forms of savings. It is valid in such cases too that for cautious savers the importance lies in the insurance covering the savings products offered by the party giving the commission and not in that of the distributors.

In such cases, depositors are advised to pay increased attention and collect more information. Detailed information on institutions issuing deposits protected by NDIF can be found in the „Credit institutions and depositors“ chapter.



THE INSURANCE LIMIT

9. WHAT DOES THE INSURANCE LIMIT MEAN?

As a general rule, NDIF pays compensation on the principal and interest of all deposits placed by the same depositor in the same bank up to the HUF equivalent of EUR 100,000 (one hundred thousand euros).

In special cases if the amount is separated in a specialized (technical) account specified by law this limit can be increased by a maximum of EUR 50,000. Compensation exceeding the general limit of compensation can be paid to natural persons whose deposits, placed on a special (dedicated) account, originate from:

- a) the sale proceeds of residential property,
- b) the sale proceeds of the right to rent or use a residential property,
- c) benefits related to the termination of employment or to retirement,
- d) insurance payouts, or
- e) from damages paid to crime victims or persons sentenced by mistake.

The additional legal conditions that need to be met for the payment of higher compensation are discussed in detail in Section 22.

The compensation limits applicable in general and special cases are defined by the law in EUR, however payments are made in HUF (see Section 5 too). If compensation is paid, the amount payable to the depositor is calculated by converting the EUR 100,000 to HUF (and the maximum EUR 50,000 in any of the special cases listed above), using the exchange rate of MNB valid as at the date preceding the compensation start date.

PLEASE NOTE:

The Euro exchange rate shown in the example below represents an assumed amount, and is only used for the purposes of this calculation. For actual payments, NDIF uses the currently effective exchange rate.

Example:
HUF deposits of John Smith:

Savings deposit	HUF 31,000,000
Interest	HUF 800,000
Total:	HUF 31,800,000

Central Bank (MNB) exchange rate assumed by NDIF:	300 HUF/EUR
---	-------------

Compensation limit in EUR:	EUR 100,000
----------------------------	-------------

Compensation limit in HUF: $\text{EUR } 100,000 \times \text{HUF } 300 =$	HUF 30,000,000
--	----------------

Of the HUF deposits of John Smith:

Payable by NDIF as compensation:	HUF 30,000,000
Not payable by NDIF:	HUF 1,800,000

It is a frequent misunderstanding to interpret the deposit insurance limit to be paid by NDIF as the HUF equivalent of EUR 100,000 from the deposit amount and – in addition to that – the contractual interest due on that amount. Another fallacy is that only the deposit amount, i.e. the principal is protected, whereas the interest due is not.

This is not so! Pursuant to the law, the limit is the maximum amount that can be paid by NDIF to a bank client. That includes the principal amount paid to a current account, fixed-term deposits, any bank papers purchased (see Section 7), as well as any interest accrued thereon up until the date preceding the compensation start date.

What NDIF does, then, is to add up all principal and interest receivables of the depositor client – from the insolvent bank –, however, the amount payable cannot exceed the current limit.

At this point, let us refer again to the fact that sole entrepreneurs (excluding court bailiffs and attorneys and public notary) are legally distinct from private individuals, i.e. the bank accounts and deposits of a person's household and sole enterprise are considered as separate deposits – from the aspect of deposit insurance –, and NDIF pays compensation separately on the said deposits up to the currently effective limit, respectively.

10. WHAT CAN I DO IF I HAVE MORE THAN EUR 100,000 IN SAVINGS? WHAT IS CONSIDERED AS A JOINT DEPOSIT?

According to the principle mentioned above, the deposit insurance limit shall be calculated by person and by bank. Consequently, there are two options to increase the deposit insurance protection:

- a) by using multiple banks concurrently and dividing your savings among them, and/or
- b) by increasing the number of deposit owners (it is not possible in every bank).

Important: Persons, other than owners or co-owners, even if they are authorised to have disposal over the deposit, are not entitled to compensation. This means that the deposit protection limit cannot be increased if the deposit owner registers one or more authorised representatives.

If a private individual or an enterprise deposits their money in multiple banks, the compensation limit is increased by an additional limit amount per bank.

If a deposit has multiple registered and identifiable owners, e.g. family members, the deposit is protected up to EUR 100,000 multiplied by the number of such owners, but not more than the deposited amount.

If a deposit is owned by multiple owners, it is termed as a joint deposit. Unless the bank and the depositors stipulate otherwise in the contract, the deposit insurance system does not distinguish the deposit owners, it considers them equal, irrespective of the amounts they actually contributed to the deposit. In such cases, owners receive equal shares of the payout.

PLEASE NOTE:

For a detailed explanation of the compensation limit defined in EUR, see Section 9. In the examples below, the compensation limit of EUR 100,000 referenced in Section 9 will be taken to be equivalent to HUF 30,000,000 for simplicity's sake (assuming a HUF / EUR exchange rate of 300).

Example: a joint deposit above **EUR 100,000 = HUF 30,000,000 per person**

MR. JOHN SMITH AND MRS. JOHN SMITH	
Savings deposit	HUF 63,500,000
Interest	HUF 100,000
Total:	HUF 63,600,000
PAYABLE BY NDIF	
PER PERSON:	HUF 30,000,000
NOT PAYABLE BY NDIF	HUF 3,600,000

Example: a joint deposit with a total value below **HUF 30 million**

MR. JOHN SMITH AND MRS. JOHN SMITH	
Savings deposit	HUF 22,150,000
Interest	HUF 50,000
Total:	HUF 22,200,000
PAYABLE BY NDIF	
PER PERSON: HUF	11,100,000



Please note: A joint deposit may be a disadvantage to the depositor if he or she has another deposit – of sole ownership – with the same bank. This is because the amount paid by NDIF on the joint ownership is included in the limit payable to the client, which means that he or she may not receive the full amount on either the joint deposit or his or her own deposit.

PLEASE NOTE:

For a detailed explanation of the compensation limit defined in EUR, see Section 9. In the examples below, the compensation limit of EUR 100,000 referenced in Section 9 will be taken to be equivalent to HUF 30,000,000 for simplicity's sake (assuming a HUF / EUR exchange rate of 300).



Example:
a private deposit and a joint deposit

JOHN SMITH	
Fixed-term deposit	HUF 28,900,000
Interest	HUF 100,000

MR. JOHN SMITH AND MRS. JOHN SMITH	
Joint current account	HUF 2,270,000
Interest	HUF 30,000
Total:	HUF 31,300,000

The amount payable per person:

MR. JOHN SMITH	
Fixed-term deposit	HUF 28,900,000
Interest	HUF 100,000
Joint current account	HUF 1,135,000
Interest	HUF 15,000
Total:	HUF 30,150,000
Payable by NDIF:	HUF 30,000,000
Not payable by NDIF:	HUF 150,000

MRS. JOHN SMITH	
Joint current account	HUF 1,135,000
Interest	HUF 15,000
Total:	HUF 1,150,000
Payable by NDIF:	HUF 1,150,000

The same deposits with a single owner:

MR. JOHN SMITH	
Fixed-term deposit	HUF 28,900,000
Interest	HUF 100,000
Total:	HUF 29,000,000
Payable by NDIF:	HUF 29,000,000

MRS. JOHN SMITH	
Current account	HUF 2,270,000
Interest	HUF 30,000
Total:	HUF 2,300,000
Payable by NDIF:	HUF 2,300,000

11. CHANGES TO THE PROTECTION OF COLLECTIVE DEPOSITS

Until 2 July 2015 collective deposits included the deposits of condominiums, housing cooperatives, school saving associations and building associations. In the case of collective deposits the compensation limit was multiplied by the number of the persons constituting said community.

It is an important change that on 3 July 2015 the special calculation rule pertaining to the compensation limit on collective deposits (i.e. the multiplication of the compensation limits) ceased to exist. This means that the Hungarian forint equivalent of a maximum of EUR 100,000 can be paid in compensation for the savings of condominiums, etc.

(As a transitional rule, in the case of **fixed-term collective deposits** made before 2 July 2015 the compensation limit will be multiplied by the number of persons in the community until the expiration of the fixing of such deposits, and until 31 August 2015 in the case of **not fixed-term collective deposits**.)

12. DOES THE DEPOSIT INSURANCE LIMIT ALSO APPLY TO DEPOSITS IN FOREIGN CURRENCY?

The limit is also applicable to deposits in foreign currencies, for which NDIF converts the depositor's receivables to HUF, using the foreign exchange rate valid on the date

preceding the compensation start date, as published by MNB. Compensation is paid in HUF in this case as well.

PLEASE NOTE:

Depositors' deposits held in HUF and in foreign currencies in the same bank are aggregated for compensation purposes and the HUF equivalent of maximum EUR 100,000 is payable.



INSURING INTERESTS

13. ARE INTERESTS PROTECTED BY DEPOSIT INSURANCE?

Yes, protection covers the deposit principal and any accrued (in banking terms: not yet credited) interest, certainly, within the limit amount.

If the sum of the principal and interest amounts is over the coverage limit, NDIF first pays out the principal, then the interests up to the coverage limit. (In case the bank is under voluntary dissolution, the applicable income tax will be withheld from the interest payable.)

14. HOW MUCH INTEREST IS PAID BY DEPOSIT INSURANCE IF THE INTERESTS DUE UNDER THE DEPOSIT CONTRACT HAVE NOT BEEN CREDITED YET?

In addition to the principal, NDIF also pays any contractual interest accrued up to the date preceding the compensation start date (see Section 19) to the depositors. Please be reminded that the upper coverage limit cannot be exceeded, not even with interests added. NDIF will not pay interest on deposits after the starting date of payouts. However this will not be detrimental to the clients receiving compensation, since compensation will be paid within 10 working days from 2021 on, except in a few cases⁵.

⁵ The deadline for payment can be longer if the depositor is under guardianship, his eligibility is uncertain, the deposit is subject to legal dispute, a higher compensation limit is applicable to the deposit, or the deposit was placed in a foreign branch of a Hungarian bank.



CROSS-BORDER DEPOSIT INSURANCE

15. IS MY DEPOSIT PROTECTED IN AN EU BANK IN HUNGARY OR IN OTHER COUNTRIES IN THE EUROPEAN UNION?

Within the EU, the mandatory uniform service level of deposit insurance is laid down in an EU regulation. Deposits made in banks domiciled in the territory of the EU are insured by the respective national deposit insurance institution established in the country of domicile. Such protection includes all EU member states where the said bank accepts deposits. For example, deposits accepted by the Hungarian branch of a bank registered in France will be insured by the French deposit insurance institution, whereas deposits accepted by the German branch of a bank domiciled in Hungary are insured by NDIF. We must note here that compensation for deposits placed in the foreign branch of a bank domiciled in Hungary NDIF will pay the compensation – in this case the payout currency may not Hungarian Forint.

16. ON DEPOSITING MONEY, IS IT POSSIBLE TO ENCOUNTER DEPOSIT INSURANCE WITH CONDITIONS DIFFERENT FROM THOSE OF THE HUNGARIAN DEPOSIT INSURANCE SCHEME?

It is possible, there might especially be differences regarding the scope of financial instruments that are considered protected deposits.

That's why NDIF emphasises the importance of customers inquiring about the conditions of deposit insurance before depositing money.





PRACTICAL ISSUES

17. WHAT DATA SHOULD BE DISCLOSED BY THE DEPOSITORS TO THEIR BANKS IN ORDER TO ENABLE ENFORCEMENT AND IMPLEMENTATION OF THE INSURANCE?

Banks are required to identify their clients along AML rules and record certain data defined in the legal regulations. No other data are necessary for enforcing deposit insurance.

Please note that if the identification of the depositor along current AML rules is missing then the deposit is not covered by deposit insurance. Besides, after the final bank closure event, there is no possibility for identification along AML rules.

It is your interest and obligation as a depositor to report any change in your data, especially a change in your residential address, to your bank. If you fail to report changes, you still remain entitled to compensation; however, you may receive your money later due to more difficult data processing and verification.

18. WHERE CAN I GET INFORMATION IN CASE I AM ELIGIBLE FOR COMPENSATION?

In addition to the bank concerned, NDIF also has an obligation to inform depositors. In line

with the practice accepted so far, the daily press and NDIF announcements are used to provide information on when and according to what rules payments are commenced.

19. HOW SOON WILL INSURED DEPOSITORS RECEIVE THEIR PAYMENTS?

NDIF shall start the compensation for deposits immediately after the delivery of the resolution revoking the operating licence of the failed bank or after the start of the liquidation of the bank is published. Within 10 working days from 2021 onwards, the depositors have disposal of the compensation amount. The deadline for payment can be longer if the depositor's eligibility is uncertain, the deposit is subject to legal dispute, or a higher compensation limit is applicable to the deposit.

Payment may have no financial obstacles!

Pursuant to the law, NDIF performs such payments in the most reasonable and fastest way. For example, by using "NDIF Deposit Insurance Cards", by bank transfer, by mail, or through a paying agent, e.g. a bank. The payment methods are in all cases published in NDIF's announcements.

20. WHEN DOES ENTITLEMENT TO COMPENSATION AMOUNT CEASE??

In a compensation event, the forfeiture period is 5 years. This means that for a period of 5 years after the expiry of the indemnity period, depositors or those entitled to the compensation amount due after the deposit (eg heirs, beneficiaries) may apply for the indemnity amount not received.

In the case of compensation proceedings initiated before 28 December 2020, the compensation period expires on 28 December 2025.

After the forfeiture period, the NDIF does not pay the compensation amount for any reason, and the general rules of limitation (such as the rules on interruption, rest and duration of the limitation period) do not apply. It is therefore important to contact the NDIF as soon as possible regarding uncompensated amounts.

21. BEYOND THIS PUBLICATION, WHERE CAN I FIND INFORMATION ON WHAT IS INSURED AND WHAT IS NOT?

BANK BRANCHES

Banks are required to provide information about the key issues of deposit insurance, especially about the protected deposit types, in a manner understandable for the general public. Information must also be given in writing.

INFORMATION ON CONSOLIDATED PROTECTED DEPOSITS

Upon the customer's request, banks are required to provide depositors with information about their total deposits insured by NDIF. They must do so free of charge once a year. This is the so called information on consolidated protected deposits (also called single customer view files or SCV files).

Information can be provided by mail or e-mail, or by showing the statement directly in the bank branch. Please inquire about the concrete method of information supply at your account holding bank.

It is important to know that, if you ask for such information, the bank must provide you with accurate and detailed information.

CONSUMER PROTECTION LOGO

You can easily recognise protected bank deposits on the basis of the consumer protection logo of NDIF, since banks must place this logo on the information materials related to all insured deposits. If you can see this logo on the advertisement of a bank product, you can be sure the deposit is protected by deposit insurance up to EUR 100,000 (or up to an additional amount of EUR 50,000 in certain cases).



FACEBOOK, TWITTER

If you wish to follow the latest news, information and changes of Hungarian and foreign deposit insurance schemes, please visit NDIF's social media platforms, on Facebook (www.facebook.com/betetvedelem) or on Twitter (@Betetbiztositas).

WEBSITE

NDIF's Internet home page (www.ndif.hu) offers information on domestic and international deposit insurance information in an easily searchable format. Once the MNB as Financial Supervisory Authority has revoked the operating licence of a bank, or the court has ordered its liquidation, NDIF will dedicate special attention to related information and announcements on its website.

22. HOW AND WHERE CAN YOU PROVE YOUR ELIGIBILITY FOR COMPENSATION EXCEEDING THE GENERAL LIMIT OF

BY A MAXIMUM OF EUR 50,000?

Compensation exceeding the limit of EUR 100,000 can only be paid to natural persons whose deposits originate from any of the sources listed in Section 9. Another precondition for higher compensation is that the amount was deposited at the bank in the three months preceding the starting date of payouts on a special (dedicated) account, and the source of the funds was verified for the bank in the following manner:

- a) in the case of the sale of residential property, or the sale of the right to rent or use residential property: with a copy of the purchase and sale agreement or the document proving the transfer of the ownership right, tenancy right, right to use, dated not earlier than 30 days;
- b) in the case of deposits from benefits related to the termination of employment or to retirement: with the employer's or paying agent's certificate issued not earlier than 30 days;
- c) in the case of deposits from insurance payouts: with the insurance company's certificate issued not earlier than 30 days;
- d) in the case of deposits from compensation paid to crime victims or persons sentenced by mistake: with a court resolution issued not earlier than 30 days.

We reiterate that increased compensation can only be paid to natural persons (i.e. neither sole entrepreneurs, nor business organisations are eligible), and only if the amount was deposited on a special(dedicated) account.

DEFINITION OF DEPOSIT INSURANCE TERMS

DEPOSIT:

means an amount deposited in a bank on the basis of a deposit contract or a savings deposit contract, including the positive balance of a payment account opened in a bank.

DEPOSITOR:

means the person in whose name the deposit is registered, i.e. the owner of the deposit.

INDEMNIFICATION PERIOD:

means the tenth working day following the revocation of the bank's operational license or the ordering of liquidation.

PERSON ELIGIBLE FOR COMPENSATION:

as a general rule, it means the depositor (or depositors if the deposit belongs to multiple owners).

JOINT DEPOSIT:

a deposit that has multiple depositors (is registered in multiple names).

REGISTERED DEPOSIT:

a deposit whose owner is identified by current AML rules.

WARNING!

This publication is an extract of the current rules of deposit insurance, consequently, it is for purposes of information only. In the event of any difference between the information contained herein and the interpretation of the currently effective legal regulations, the latter shall prevail.

The deposit insurance scheme decreases the risks that clients of banks, savings cooperatives and credit cooperatives, as well as home savings banks face.



**National Deposit
Insurance Fund
of Hungary**

SAFE DEPOSIT ASSURED REFUND.

1092 Budapest, Köztelek utca 6.
Postal address: 1476 Budapest, Pf. 270

www.ndif.hu

Facebook:

www.facebook.com/betetvedelem

Twitter:

@Betetbiztositas

The manuscript was closed
10 February 2021.

