



PRESS RELEASE

Budapest Bank joins the agreement between MTB and MKB Bank

A strong banking group can be established in all market segments, serving nearly two million customers

May 26, 2020 - Budapest Bank Private Co. Ltd. also joins the strategic cooperation between MTB Bank of Hungarian Savings Cooperatives Co. Ltd. and MKB Bank Plc., in which the experts are examining and preparing the framework for setting up a new, domestically owned banking group with significant market power. Takarékbank, MKB and Budapest Bank serve a total of almost 1,9 million customers, operating almost half of the domestic branch network, more than 920 branches nationwide, their combined total asset is approaching HUF 5800 billion, which could make them by far the second largest banking group in the country. According to the letter of intent signed today, the financial institutions will establish the Magyar Bankholding Zrt. with each party holding three equal shares therein.

Budapest Bank's significant retail, micro, small and medium-sized enterprises portfolio fits well with the customer base of Takarék Group and MKB Group, above all through its market position in retail personal loans, credit cards, commodity credits and car leasing, as well as through its standard loans tailored for the micro, small and medium-sized enterprises sector it can strengthen the strategic cooperation. With the accession of Budapest Bank, a greater market presence and a more competitive action may open up for the participants, which could serve better the economic policy goals and the recovery following the economic recession caused by the epidemiological situation.

“For more than three decades, Budapest Bank has been a stable, crisis-resistant financial institution in the domestic banking sector, which is well demonstrated by the fact that it continues to operate profitably and prudently and has been achieving above-market growth in key areas for years. All this is due to our high-quality corporate and retail portfolio, thereby last year the bank achieved the best result of its corporate business history, and its retail business was also outstandingly successful in terms of both credit volume and new lending. In addition, we have one of the largest Service Centers in Hungary, employing about 800 people in Békéscsaba, which can serve the needs not only of Budapest Bank, but also of other market participants. Both these strengths and the outstanding expertise of our colleagues, as well as our customer-centric operation, which is also recognized in the market, may perfectly complement the business focuses of the other two banks.” said dr. Koppány Lélfa, President and CEO of Budapest Bank.

By exploiting the market opportunities inherent in the cooperation, the three groups can strengthen their position and their stable nationwide presence in the banking market as a whole, dynamically expand their customer base, portfolios, rationalize their digital developments and provide more competitive offers to our partners. In the event of a partial or full merger by means of company law, the competitiveness, growth and profit-making capacity of the banking group, its role in relaunching the Hungarian economy, and the possibility of expansion abroad may increase significantly.

“Our strategic cooperation is very favorable for our customers, who can get the best solutions from the three banks. With a partial or full merger, we have the opportunity to create a banking group that is simultaneously strong on the countryside, in cities and in the capital, in the retail and all corporate customer segments, in all service and production sectors, including agriculture and the food industry. We can also join forces in the retail and corporate loan products tailored to special needs, in the fields of private banking, treasury and leasing, the



SZÉP card and the mediation of state subsidies.” said József Vida, future CEO of Magyar Bankholding Zrt., President and CEO of Takarékbank.

The extension of the strategic cooperation serves the interests of the customers and owners of the financial institutions concerned, increases the market value of the banks, and meets the global trends and the consolidation expectations of the Hungarian National Bank. The merger of domestically owned financial institution groups will also bring significant benefits to the Hungarian economy as a whole. Hungarian ownership in the banking system can be further strengthened, the new, capital-strong, market-leading, universal banking group can operate effectively even under more difficult market conditions, thus providing stability and predictable liquidity for the Hungarian economy.

“Budapest Bank also performed high-quality, respectable work during its state-owned period. It is characterized by predictable operation, correct business conduct and is capable of particularly strong performance in certain professional areas, also in comparison with national financial institutions. Budapest Bank has a number of professional experiences, knowledge and products that can be a common basis for a larger partnership to move forward.” - said Dr. Ádám Balog, President and CEO of MKB Bank.

The future Chairman and CEO of the company is Mr. József Vida, the members of the Board are dr. Ádám Balog, dr. Koppány Lélfa, dr. András Bencze, dr. Attila Tajthy and József Vida. The specific form of cooperation, the possible merger of financial institutions - in part or in full - will be decided only later, following investigations and consultations with renowned international consultants.

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Background information

Budapest Bank Private Co. Ltd. Budapest Bank Private Co. Ltd. by Shares was established among the first domestic commercial banks in 1987, and is one of the ten large domestic banks. The bank offers a full range of financial services to both individuals and companies. Its nationwide network includes almost 100 branches. The main subsidiaries of Budapest Bank Private Co. Ltd. are Budapest Fund Management Private Company Limited by Shares and Budapest Leasing Privately Held Share Company. Its owner has been the Hungarian state since June 29, 2015 through Corvinus International Investment Private Limited Company.

Takarékbank Private Co. Ltd. The Takaré Group is one of the largest banking groups in Hungary and a key player in the Hungarian financial system. The members of the Group are MTB Bank of Hungarian Savings Cooperatives Co. Ltd. as an integration business management organization, Takarékbank Private Co. Ltd. as a universal commercial bank, Takaré Mortgage Bank Co Plc. as a specialized credit institution, as well as other companies and subsidiaries dealing with factoring, leasing, fund management, IT and other supplementary financial services. The regular and prudent operation of the Takaré Group is controlled and supervised by the Integration Organization of Cooperative Credit Institutions (SZHISZ) with special licenses.

The nationwide universal commercial bank of the Takaré Group is Takarékbank Private Co. Ltd., one of the largest domestic financial institutions operating the largest branch network in the country, serving 1,1 million customers. It offers personalized, modern and reliable financial products and services to local families, communities and businesses, older and younger generations, and rural and metropolitan residents.



MKB Bank Plc. This year's 70-year-old MKB is the classic bank of the Hungarian financial system. Thanks to the successful reorganization carried out between 2015 and 2019, the operation and structure of the financial institution complies with the system of conditions and expectations related to EU banks. As the leading universal bank of Hungary, MKB creates lasting value for its customers through predictable, planned partnerships. Set on a dynamic path of development, the bank, with its advanced digital foundations and strategy, has traditionally a strong corporate, private banking clientele, consulting and analytical skills. The core value of the financial institution is professional customer service based on prepared, supportive, honest professional work.