

This Prospectus is information prepared for the listing of previously privately issued shares on the regulated market. The Prospectus was prepared based on the Capital Market Act (Hungarian acronym: Tpt.) and the Prospectus Regulation. The publishing of this Prospectus and the announcement about it was approved by NBH with its resolution No. H-KE-III_353/2019 dated 27 May 2019.

PROSPECTUS



for the listing of 100,000,000 dematerialised registered ordinary shares, each series "A", HUF 1,000 face value, ISIN code HU0000139761, listed on BSE "Standard" category by

MKB Bank Nyrt.,¹

30 May 2019

In connection with present Prospectus apart from the Issuer no other person made a Declaration of Liability pursuant to Article 29 (2) of the Capital Market Act. Accordingly, liability for all information included in the Prospectus and for the lack of any piece of information shall be borne exclusively by the Issuer.

HBK Partners Attorneys at Law (registered office: 1085 Budapest, Kálvin tér 12) acted as legal advisor in the course of compiling this present Prospectus.

¹ On the day of issuing this present Prospectus the Issuer still operates under the name of MKB Bank Zrt., as a private limited company. Change in the operating form shall be performed with the listing of the Shares on the Stock Exchange.

Important Notice:

Hungarian language is the official and registered language of MKB Bank Nyrt.'s („the Issuer”) disclosures pursuant to the relevant legal and stock-exchange rules. The present English translation has been prepared on a voluntary basis, with the best care and intention of the Issuer to inform English speaking investors, however, in the event of any controversy between the Hungarian and English version, the authentic Hungarian version shall prevail.

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I SUMMARY

The table incorporated in this present Summary was prepared pursuant to Annex No. XXII of the Prospectus Regulation (publishing requirements regarding the summary), for which reason the column on the left includes the number of elements and the column on the right the publishing requirements with “not applicable” comment in the place of not applicable data. The Summary consists of tables A-E detailed in the following:

Pursuant to this present Prospectus issue, sale-purchase or offering of either already existing or new shares shall not be performed. This present Prospectus was prepared and published due to the listing of the Shares on BSE.

Review of the Summary cannot substitute the detailed and thorough studying of the Prospectus.

A. section - Introduction and warnings	
A.1.	<p>The Issuer calls the attention of the investors that:</p> <ul style="list-style-type: none"> - This present Summary is to be considered introduction to the Prospectus. - Decision about investing in the securities must be based on taking the entire content of this present Prospectus into account by the investor. - If an application is submitted in connection with information included in this Prospectus, it may happen that pursuant to the national laws of the member states the costs of translation occurring prior to the initiation of the court action related to this Prospectus must be borne by the plaintiff investor. - Civil right liability shall be exclusively borne by the persons submitting the Summary - with its potential translation - but only in the case if the Summary is misleading, incorrect or is not in harmony with other parts of this present Prospectus, or if - compared to other sections of this present Prospectus - it does not include fundamental information in order that the investor can establish whether it is worth investing in the Shares. <p>Every single potential investor shall assess information included in this Prospectus by him/herself and shall decide about the purchase of the Shares as a result of the performed assessment. This does not concern the obligation of the Issuer to supplement the Prospectus pursuant to Article 32 of the Capital Market Act.</p> <p>Pursuant to this present Prospectus the Issuer does not wish to introduce the Shares to regulated markets of other countries outside Hungary and does not wish to publicly issue the Shares in other form in any country pursuant to this Prospectus.</p>
A.2.	<i>Not applicable</i>
B. section - The issuer and the potential guarantor	
B.1.	<p><i>Legal and Commercial Name of the Issuer:</i> MKB Bank Nyrt.</p> <p>By its resolution No. 13/2019 (17 January) the General Meeting of the Issuer decided about changing the form of operation to public limited company subject to Listing on the Stock Exchange. At the time of submitting the application for approving this present Prospectus to NBH the name of the Issuer was MKB Bank Zrt.</p>
B.2.	<p>Issuer:</p> <ul style="list-style-type: none"> - <i>registered office</i> 1056 Budapest, Váci u. 38.; - <i>legal form:</i> public limited company (as of the effect of Listing on the Stock Exchange); - <i>law governing its operation:</i> Hungarian law; - <i>country of registration:</i> Hungary
B.3.	<i>Nature of the current transactions and core activity of the issuer, with the specification of the sold key product categories and/or the main categories of the extended services and the definition of the key</i>

	<p><i>competitive markets of the issuer.</i></p> <p>The Issuer is a universal credit institution with registered office in Hungary. Its core business activity covers small, medium and large company as well as institutional banking services, international bank relationships, retail, private banking and small entrepreneurial as well as money and capital market services. Via its participations the Issuer extends complex vehicle financing, fund management and advisory services and via its strategic business partners it offers pension and health fund management services to its customers.</p> <p>The core activities of the Issuer are other monetary mediation, financial service and supplementary financial service activities, investment service and supplementary investment service activities.</p>
B.4a	<p>The latest trends of key importance influencing the issuer and the sector according to its activity are the following:</p> <p><u>International macroeconomic environment</u></p> <p>The growth of the developed countries - with special attention given to the countries of the euro zone and the United States of America - reached and exceeded the level sustainable in long term, therefore - due to the advanced state of the business cycle - slowing in the key economic centres can be considered natural.</p> <p>Due to received data showing weaker economic performance - the market expectations for the first interest increase of ECB have been shifted to the first half of 2020. Based on the communication of ECB the influencing rates may stay at their current levels minimum until the summer of 2019.</p> <p><u>Hungarian macroeconomic environment</u></p> <p>A dynamic and in the second half of 2018 an exceptionally high economic growth was experienced in our country. The Hungarian economy grew by 5% in the fourth quarter compared to the same period in 2017, for which reason the GDP growth in Hungary was near its 14-year historic peak. The Hungarian economy grew by 4.8% at annual level in 2018 exceeding the growth pace of 2017 by 0.7 percentage points.</p> <p>NBH began the transformation of the monetary tool kit in September 2018 indicating that it was prepared for the gradual and careful normalisation of the monetary policy. In addition to the three-months commercial bank deposit instrument instruments targeting the hammering down of the long term profits (IRS tool and mortgage bond purchase programme of monetary policy objective) were removed until the end of 2018, for which reason the mandatory reserve took over the role of the influential instrument.</p> <p>Looking forward it can be stated that slowing can be expected in the growth in employment and the wages in 2019, therefore the growth in consumption may also be moderate. Resulting from this and the forecast of slowing growth of developments lower economic growth dynamics is expected in Hungary in 2019.</p> <p><u>Standing of the bank sector</u></p> <p>The Hungarian bank system makes profit from the general economic stability and is clearly in growth, which is reflected in the trend-like and sustainable quality expansion of corporate and retail lending, while the sector has significant liquidity surplus. It is favourable that due to the conjunctural macroeconomic environment, the portfolio cleansing performed in the sector, the significantly higher quality of new exposures and the expanding loan portfolios the percentage of non-performing loans dropped significantly.</p> <p>Demand for loans and willingness to take out loans shall remain high in 2019 according to the expectations of the Issuer, which from the retail side shall be supported by the trust of the consumers, further improvement of the conjunctural outlooks, and from the corporate side the increase of the real wages, the capacity increasing developments initiated by the exhaustion of the resources.</p>
B.4 b	<i>Not applicable</i>

B.5.	<p>The Issuer is member of the MKB Group constituted by the Issuer and the Subsidiaries. The head of MKB Group is the Issuer. The Issuer performs certain business and operating activities via the Subsidiaries.</p> <p>MKB Bank Group offers a wide range of investment banking type services: treasury (trading on commission, custody management, sale), fund management, capital market and transaction advice, private banking, advice for preparing applications and project management and risk capital fund management launched in 2018. In addition to its funds offering a wide range of investment opportunities MKB-Pannónia Fund Management made the products of five foreign and three Hungarian partners available in different customer segments.</p> <p>The Subsidiaries and the strategic partners of the Issuer - MKB Pension Fund and MKB-Pannónia Health and Mutual Fund also contributed to the stable and calculable operation of MKB Group.</p>																	
B.6.	<p>The following table presents persons with direct ownership share in the Issuer exceeding 5%:</p> <table border="1" data-bbox="261 645 1401 922"> <thead> <tr> <th>Shareholder</th> <th>Series "A" (number of shares)</th> <th>Direct ownership share (%):</th> </tr> </thead> <tbody> <tr> <td>METIS Private Fund</td> <td>35,000,001</td> <td>35.000001%</td> </tr> <tr> <td>Blue Robin Investments S.C.A.</td> <td>32,900,000</td> <td>32.90%</td> </tr> <tr> <td>RKOFIN Befektetési és Vagyonkezelő Kft.</td> <td>13,620,597</td> <td>13.620597%</td> </tr> <tr> <td>EIRENE Private Fund</td> <td>9,999,999</td> <td>9.999999%</td> </tr> </tbody> </table> <p>Persons with indirect influence in the Issuer exceeding 5% are presented in the following:</p> <p>Metis Private Fund has 35.000001% direct participation in the Issuer. Metis Private Fund is managed by Konzum Befektetési Alapkezelő Zrt., in which Lőrinc Mészáros (address: 8086 Felcsút, Fő utca 311/5.) has majority influence.</p> <p>RKOFIN Befektetési és Vagyonkezelő Kft. has 13.620597% direct participation in the Issuer. Metis 2 Capital Fund has majority influence in RKOFIN Befektetési és Vagyonkezelő Kft. Metis 2 Private Fund is managed by Konzum Befektetési Alapkezelő Zrt., in which Lőrinc Mészáros (address: 8086 Felcsút, Fő utca 311/5.) has majority influence.</p> <p>Blue Robin Investments S.C.A. (Blue Robin Investments Partnership Limited by Shares) has 32.90% direct participation in the Issuer. The managing acting partner of Blue Robin Investments S.C.A. is Blue Robin Management S.a.r.l. The sole member of Blue Robin Management S.a.r.l. is BanKonzult Finance Zrt., in which company László Szíjj (address: 6060 Tiszakécske, Kazinczy utca 21.) is the only shareholder.</p> <p>EIRENE Capital Fund has 9.999999% direct participation in the Issuer. EIRENE Capital Fund is managed by MINERVA Befektetési Alapkezelő Zrt., in which company László Szíjj (address: 6060 Tiszakécske, Kazinczy utca 21.) is the only shareholder.</p> <p>By its resolution No. 14/2019 (17 January) the General Meeting of the Issuer made a decision about changing the company form with effect subject to the transformation of the preference shares into ordinary shares. It means that as of the day of Listing on the Stock Exchange every single preference share shall be transformed into ordinary share of series "A" of HUF 1,000 face value. The transformation shall be performed at uniform value, i.e. one preference share shall be transformed into one ordinary share. With effect of the Listing on the Stock Exchange the Shareholders of the Issuer shall not have differentiated voting rights. The Share shall give a voting right in proportion with its face value.</p>	Shareholder	Series "A" (number of shares)	Direct ownership share (%):	METIS Private Fund	35,000,001	35.000001%	Blue Robin Investments S.C.A.	32,900,000	32.90%	RKOFIN Befektetési és Vagyonkezelő Kft.	13,620,597	13.620597%	EIRENE Private Fund	9,999,999	9.999999%		
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B.7.	<p>The consolidated financial information of the period covered by previous financial information are:</p> <table border="1" data-bbox="261 1832 1401 1998"> <thead> <tr> <th rowspan="2">Profit category</th> <th colspan="5">HUF million</th> </tr> <tr> <th>2016</th> <th>2017</th> <th>change 2017/2016</th> <th>2018</th> <th>change 2018/2017</th> </tr> </thead> <tbody> <tr> <td>Net interest income</td> <td>38,672</td> <td>39,580</td> <td>2.35%</td> <td>41,320</td> <td>4.40%</td> </tr> </tbody> </table>	Profit category	HUF million					2016	2017	change 2017/2016	2018	change 2018/2017	Net interest income	38,672	39,580	2.35%	41,320	4.40%
Profit category	HUF million																	
	2016	2017	change 2017/2016	2018	change 2018/2017													
Net interest income	38,672	39,580	2.35%	41,320	4.40%													

Net commission and fee income	28,664	28,846	0.63%	25,908	-10.19%
Net other operating income/expense	(6,286)	10,219	-262.57%	7,222	-29.33%
(Reversed) losses in value and provisions / created to secure losses	15,236	9,611	-36.92%	(800)	-108.32%
Bank operating costs	38,283	48,685	27.17%	52,864	8.58%
Share in the profit and loss of associated and jointly managed companies	273	389	42.49%	2,311	494.09%
Pre-tax profit	7,804	20,738	165.74%	24,697	19.09%
Tax payment liabilities	(1,692)	1,537	-	(435)	-128.30%
Profit after tax	9,496	19,201	102.20%	25,132	30.89%

HUF million					
Assets	2016	2017	change 2017/2016	2018	change 2018/2017
Financial assets	97,914	31,599	-67.73%	19,240	-39.11%
Receivables from credit institutions	67,039	78,017	16.38%	63,610	-18.47%
Derivative financial assets*	75,210	19,757	-73.73%	17,914	-9.33%
Securities	924,137	955,274	3.37%	773,029	-19.08%
Receivables from customers	858,072	858,592	0.06%	895,203	4.26%
Invested assets kept for sale and terminated activities	309	21,648	6905.83%	4,238	-80.42%
Other assets	28,081	27,308	-2.75%	21,699	-20.54%
Average tax debt	-	161	-	2	-98.76%
Deferred tax debts	3,320	3,312	-0.24%	5,814	75.54%
Investments in associated and jointly managed companies	1,651	2,643	60.08%	4,687	77.34%
Immaterial goods and material assets	45,883	46,676	1.73%	52,143	11.71%
Total of assets	2,101,616	2,044,987	-2.69%	1,857,579	-9.16%

*Title of the balance sheet line in 2016, 2017: Financial assets at fair value through profit or loss

HUF million					
Liabilities	2016	2017	change 2017/2016	2018	change 2018/2017
Liabilities to credit institutions	376,262	239,312	-36.40%	214,340	-10.43%
Current and deposit accounts	1,519,868	1,539,140	1.27%	1,372,046	-10.86%
Derivative financial liabilities*	29,983	43,366	44.64%	31,608	-27.11%
Other liabilities and provisions	37,197	49,837	33.98%	48,425	-2.83%
Average tax liabilities	-	16	-	16	0.00%
Deferred tax liabilities	6	5	-16.67%	2	-60.00%

	<table border="1"> <tbody> <tr> <td>Issued bonds</td> <td>12,892</td> <td>10,624</td> <td>-17.59%</td> <td>4,974</td> <td>-53.18%</td> </tr> <tr> <td>Subordinated liabilities</td> <td>0</td> <td>22,307</td> <td>-</td> <td>28,002</td> <td>25.53%</td> </tr> <tr> <td>Total of liabilities</td> <td>1,976,208</td> <td>1,904,607</td> <td>-3.62%</td> <td>1,699,413</td> <td>-10.77%</td> </tr> </tbody> </table> <p>*Title of the balance sheet line in 2016, 2017: Derivative financial instruments with negative average value</p> <p style="text-align: right;">HUF million</p> <table border="1"> <thead> <tr> <th>Equity capital</th> <th>2016</th> <th>2017</th> <th>change 2017/2016</th> <th>2018</th> <th>change 2018/2017</th> </tr> </thead> <tbody> <tr> <td>Registered capital</td> <td>100,000</td> <td>100,000</td> <td>0.00%</td> <td>100,000</td> <td>0.00%</td> </tr> <tr> <td>Reacquired stock</td> <td>(5,550)</td> <td>(5,550)</td> <td>0.00%</td> <td>(1,987)</td> <td>-64.20%</td> </tr> <tr> <td>Reserves</td> <td>25,368</td> <td>40,381</td> <td>59.18%</td> <td>58,166</td> <td>44.04%</td> </tr> <tr> <td>Non-controlling participation</td> <td>5,590</td> <td>5,549</td> <td>-0.73%</td> <td>1,987</td> <td>-64.19%</td> </tr> <tr> <td>Total of capital</td> <td>125,408</td> <td>140,380</td> <td>11.94%</td> <td>158,166</td> <td>12.67%</td> </tr> </tbody> </table>	Issued bonds	12,892	10,624	-17.59%	4,974	-53.18%	Subordinated liabilities	0	22,307	-	28,002	25.53%	Total of liabilities	1,976,208	1,904,607	-3.62%	1,699,413	-10.77%	Equity capital	2016	2017	change 2017/2016	2018	change 2018/2017	Registered capital	100,000	100,000	0.00%	100,000	0.00%	Reacquired stock	(5,550)	(5,550)	0.00%	(1,987)	-64.20%	Reserves	25,368	40,381	59.18%	58,166	44.04%	Non-controlling participation	5,590	5,549	-0.73%	1,987	-64.19%	Total of capital	125,408	140,380	11.94%	158,166	12.67%
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B.8.	This present Prospectus does not include preliminary financial information, the Issuer shall not publish such information.																																																						
B.9.	<p>This Prospectus does not include either profit forecast or estimate, the Issuer shall not publish such information.</p> <p>The Issuer calls attention to the fact, that the statement in the article titled „MKB Bank to be listed on the stock exchange shall pay dividend from record profit” published in the daily paper “Világgazdaság” and in several electronic news portals including financial information for the financial period of the Issuer, which has not yet been closed, are incorrect considering that the Issuer shall not publish either a profit and loss forecast or an estimate.</p>																																																						
B.10	The consolidated annual reports of the Issuer for the 2016, 2017 and 2018 financial years compiled pursuant to the provisions of IFRS used by EU were audited by Deloitte Könyvvizsgáló és Tanácsadó Kft., of which an auditor’s declaration without rating and restriction was issued.																																																						
B.11-50.	<i>Not applicable</i>																																																						
C. section - Securities																																																							
C.1.	<p><i>Shares listed for trading:</i></p> <ul style="list-style-type: none"> - title, type and class Registered ordinary shares of series “A”: - securities identification number (ISIN): HU0000139761 <p>The Issuer calls attention to the fact, that the statements in the article titled „MKB Bank to be listed on the stock exchange shall pay dividend from record profit” published in the daily paper “Világgazdaság” and in several electronic news portals regarding the number of Shares to be listed are incorrect considering that every ordinary share of series “A” of the Issuer (100,000,000 shares) shall be listed on BSE.</p>																																																						
C.2.	<i>Currency of the securities issue: Hungarian forint.</i>																																																						
C.3.	As of the effect of Listing on the Stock Exchange the equity capital of the Issuer shall be 100,000,000 (said one hundred million) registered dematerialised ordinary shares of series “A” of HUF 1,000 (said one thousand) face value. The issue price of the Shares issued by the Issuer was fully paid.																																																						
C.4.	Rights pursuant to the Articles of Association and the Civil Code (Hungarian acronym: Ptk.), such as right																																																						

	<p>of participation at the General Meeting, right to vote, right to dividend, minority rights and right to liquidation proportion are attached to the Shares.</p> <p>By its resolution No. 14/2019 (17 January) the General Meeting of the Issuer made a decision about changing the company form with effect subject to the transformation of the preference shares into ordinary shares. It means that as of the day of Listing on the Stock Exchange every single preference share shall be transformed into ordinary share of series "A" of HUF 1,000 face value. The transformation shall be performed at uniform value, i.e. one preference share shall be transformed into one ordinary share. With effect of the Listing on the Stock Exchange the Shareholders of the Issuer shall not have differentiated voting rights.</p>
C.5.	The free transfer of the Shares is not restricted by the Articles of Association of the Issuer.
C.6.	The Shares shall be listed on BSE only. After the approval of this present Prospectus the Issuer shall take immediate action for the Shares to be listed on BSE.
C.7.	<p>The Issuer does not have approved dividend policy. The payment of dividend or advanced dividend shall be performed pursuant to the provisions of the Articles of Association, based on a resolution adopted by the General Meeting with the provisions of the governing law observed. The size, date and method of dividend payment shall be established by the General Meeting. The basis of the dividend payment is the face value of the Share.</p> <p>At its annual ordinary General Meeting held on 26 April 2019 the Issuer accepted that from the available free profit reserve HUF 48 per share. i.e. a total of HUF 4.8 billion dividend is paid for the 2018 business year.</p>
C.8-22.	<i>Not applicable</i>
D. section - Risks	
D.1	<p>Fundamental information related to special risks typical of the Issuer or its sector are the following: Every investor must thoroughly consider every piece of information listed here. In the course of purchasing the Shares special attention must be given to the following highlighted risk considerations. The following listed risk factors are conditional, i.e. their occurrence is possible but not certain. The Issuer is not in a position to give a standpoint about the probability of the occurrence of the factors.</p> <p>Risk factors typical of the operation of the Issuer:</p> <p>i) <u>Risks resulting from economic factors</u>: the business activity of the Issuer is significantly exposed to the global money market and financial processes, considering that the risks originating from the changes in the macroeconomic environment either at world market level or in the EGT area appear as risks not manageable from the side of the Issuer. The debtor rating of the Issuer significantly depends on the debtor rating of Hungary, as a result of which the deterioration of the debtor rating of Hungary may reduce the opportunities of the Issuer to obtain resources and via the price of obtaining external funding it may have a negative impact on the profitability of the Issuer.</p> <p>ii) <u>Interest environment</u>: In the recent years at global level an influencing part of the monetary policy actions was the procurement of the assets of the commercial banks (quantitative ease), as a result of which a low interest environment was established on the interbank markets. As a result of this the credit institutional sector could set up loan constructions with low interest rate, which it successfully sold in the corporate and retail sectors. The change in the present interest environment, interest increase may have a material impact on the Issuer.</p> <p>iii) <u>The United Kingdom exiting EU</u>: An adverse market turn impacting the world economy may occur when the United Kingdom exits the EU, which may have an adverse effect on the operation of the Issuer.</p> <p>iv) <u>Risk of litigations related to foreign currency loans</u>: In preliminary decision procedure No. C-118/17, in the so-called "Dunai case" CJEU made a judgement on 14 March 2019. The decision</p>

	<p>may have significance in the cases when appropriate information regarding exchange rate risk at contract conclusion was not provided or the provided information was not appropriate. The Hungarian courts could previously investigate and did investigate whether the Issuer provided the debtors with appropriate information, and although the procedure of the Issuer met the requirements raised by the previous lending practice, an adverse change in the practice and legal interpretation of the proceeding courts cannot be excluded in the future, which may have a negative impact on the course of business and profitability of the Issuer.</p>
v)	<p><u>Lending risk:</u> The Issuer is significantly exposed to lending risk. The lending risk includes the potential risk resulting from the business partner not performing its payment obligations or performing them outside the deadline for debtor rating reasons, or if as a result of the deterioration of the credit rating of the business partner the value of the receivables decreases. Increase in the lending risk may influence the operation of the Issuer negatively.</p>
vi)	<p><u>Market risk:</u> Due to its activity the Issuer is also exposed to market risk. The market risk includes the potential losses resulting from the changes of the market prices both in the trading and bank books. Market risk has the following risk types: general and special interest rate risks, exchange rate risk and share price risk. The management of the market risk is essential for the appropriate operation of the Issuer. A potential shock effect on the financial markets (similar to the period of 2008-2009) may result in the decrease of the transaction ability and willingness of the role players of the financial market, by which the market price quotations widen and the liquidity of the market drops or ceases in extreme cases, which may result in the Issuer not being able to renew its existing transactions of risk hedging purpose and to perform further transactions, which may have material negative impact on the profitability, liquidity and capital status of the Issuer.</p>
vii)	<p><u>Liquidity risk:</u> The Issuer is also exposed to liquidity risk. The liquidity risk is the danger of the Issuer's cash-flow not being sufficient for financing the operation and for the performance of its obligations in due time and on cost efficient basis.</p>
viii)	<p><u>Risks resulting from the concentration of credit risk:</u> The Issuer performs its lending operation in well defined geographic environment, mostly on the Hungarian market, which results in the concentration of the credit risk. If any economic or political condition changed adversely for the Issuer in the future, it may have a material adverse effect on the operational performance and business activities of the Issuer. Nearly 40% of the assets of the Issuer (securities/balance sheet total) embody lending risk towards the Hungarian State. A potential deterioration in the debtor ratings of Hungary and the potential increase of the lending risk premiums considered during the market pricing of the securities may have a material negative effect on the capital status of the Issuer.</p>
ix)	<p><u>Risks related to the competition in the credit institutional sector:</u> The Hungarian credit institutional market is full, an influential role player of it is the Issuer itself. As a result of this new role players appearing on the credit institutional market or already existing role players must take away market participation from other credit institutional role players in order to achieve growth. In the case of such changes concerning the market share of the credit institutional sector's role players the Issuer may lose some of its market share as a result of the competition.</p>
x)	<p><u>Risk of operation:</u> Due to the type of its operation the Issuer is also exposed to the risk of operation. Operational risk is the risk of losses resulting from human error, system errors, inappropriate or faulty internal processes, potential fraud or misuse by the Bank's employees, customer or third parties, or from external events, including legal risk, business administration risk and reputation risk.</p>
xi)	<p><u>Risks related to the implementation of the Issuer's business strategy:</u> The implementation of the Issuer's business strategy carries large number of risks, including operational, financial, macroeconomic, market and technological challenges. If, for any reason, the Issuer is unable to implement its business strategy, it may have a material adverse effect on the operation, financial standing and profitability of the Issuer.</p>

xii)	<p><u>Risks originating from the acquisition and retention of employees of key importance:</u> Risk resulting from human resources is a significant source of danger from the point of view of the Issuer, for which reason the Issuer makes every necessary effort, it elaborated and continuously operates the procedures necessary for the retention of the employees of key importance or for their replacement, if necessary. If despite above the Issuer cannot retain or replace its employees of key importance, it may have a material adverse effect on the operation, financial standing and profitability of the Issuer.</p>
xiii)	<p><u>IT risk:</u> The profitability of the Issuer's activity is partly subject to the appropriate operation of the applied IT systems. Faults concerning the IT systems of the Issuer may have material adverse effect on the activity and profitability of the Issuer.</p>
xiv)	<p><u>Risks related to new technologies:</u> The Issuer continuously pays attention to the innovative technological solutions and monitors their development. Exploiting the technological innovations fintech solutions may be able to cause radical changes in the traditional financial sector. It may happen, that the Issuer shall suffer losses or shall have competition disadvantage for the adaptation of such new technological solutions not in due time or not appropriately. The potential change in the consumers' habits may have negative influence on the commission incomes, liquidity, taking out of loans and the savings, or even on the changes of the bank related consumer habits via the cash-flow services, which via the potential weakening or termination of previously existing customer relationships may have a negative impact on the profitability and liquidation.</p>
xv)	<p><u>Risks resulting from litigations, claims and proceedings of authorities:</u> The Issuer is exposed to several legal risks, which may result from the litigation, arbitration court or proceedings of authorities already in progress or to be potentially initiated in the future. The negative impact of such litigation or proceeding of authorities already existing or to be initiated in the future on the financial standing or business activities of the Issuer cannot be excluded.</p>
xvi)	<p><u>General group structure related risks:</u> The Issuer performs certain business and operating activities via its subsidiaries. If a credited subsidiary terminates its business activity and shall not be able to perform its liabilities in terms of repaying the loans within MKB Group, it may have a material adverse effect on the financial standing of the Issuer.</p>
xvii)	<p><u>Risks originating from the changes in the ownership structure:</u> Significant changes in the ownership structure of the Issuer may impact the usual business of the Issuer and may have material adverse effect on the appropriate operation of the Issuer.</p>
xviii)	<p><u>General legal, political and regulatory risks:</u> Similarly to other market role players of the credit institutional sector the Issuer is an institution operating under regular control. Changes in the legal environment or in the law application practice of the authorities, especially changes in the legal regulations concerning the business activities of the Issuer and its strategic partners may have adverse effect on the financial standing, profitability and business opportunities of the Issuer.</p>
xix)	<p><u>NBH target audit in progress:</u> In line with above, as in the case of the other role players of the money market NBH is performing a target audit at the Issuer to check compliance with the above provisions. The Issuer makes every effort to fully meet the legal requirements applicable to it, however NBH may reveal deficiencies related to the practice of the Issuer and apply legal consequences and sanctions to the Issuer as a result of the findings.</p>
xx)	<p><u>Risks in the revocation of licences necessary for the operation of the Issuer:</u> The licences necessary for the operation of the Issuer may be revoked by the competent supervisory authorities in the cases specified by the relevant legal regulation, for example, if the Issuer performs an activity prohibited by the law or it if does not meet the legal requirements concerning prudent operation.</p>

xxi)	<p><u>Risks related to money laundering, customer identification and sanction rules:</u> The credit institutions must pay priority attention to the prevention of money laundering and terrorist financing pursuant to the applicable law. The violation of any rule against money laundering, terrorist financing, corruption or the violation of the sanction rule may have serious consequences, including criminal liability, fines, restriction of the operation of the Issuer, reputation losses, which - even one-by-one - may have material adverse effect on the operation, financial standing and profitability of the Issuer.</p>
xxii)	<p><u>Data management risks, exposure of the managed data to cybercrimes:</u> In the course of performing its activities the Issuer manages large quantity of personal data. The Issuer does everything in its power to fully comply with the rules of data management in every aspect, however the acting court or authority may reveal deficiencies related to the data management practice of the Issuer in the course of a court procedure or procedure of authorities, as a result of which it may apply legal consequences and sanctions to the Issuer.</p>
xxiii)	<p><u>Risks related to the changes in the payment services:</u> Considering the transition period the practice of the new regulation resulting from PSD II is not yet mature. As a result of this it is possible that the Issuer's cooperation obligation of such type with other financial service providers shall reduce the demand for certain products of the Issuer and shall increase competition further.</p>
xxiv)	<p><u>Risks related to the capital adequacy requirements in effect:</u> The Issuer does everything in its power to identify all its risks both pursuant to the Hungarian and international laws and regularly assesses these risks in its internal capital adequacy process. In the course of identifying and managing its risks the Issuer is in compliance with the content of CRD IV/CRR, the Financial Institutional Act and the NBH provisions, furthermore the Issuer observes the guidelines of NBH and the governing EBA guidelines during their management. Despite above the risks of the regulatory authorities amending the capital adequacy related legal regulations in the future to cause material adverse effect on the Issuer exist.</p>
xxv)	<p><u>Risks related to the changes of the tax payment rules:</u> In the course of performing the activity of the Issuer several tax payment obligations occur. Potential tax law changes (for example levying new tax categories, increasing the rates of existing tax categories and the reduction of the discount system of a tax category or changes in the interpretation practice of the tax law) may be proven adverse for the Issuer.</p>
xxvi)	<p><u>Regulation of the further development of the institution system facilitating the security of the different role players of the financial mediation system:</u> The Resolution Act implementing BRRD is applicable to the Issuer. With respect to the Shares of the Issuer NBH acting within the framework of its resolution tasks may exercise its right of write off or transformation of the capital elements as resolution action (Chapter VIII of the Resolution Act) and sale of assets, bridging institution, asset separation and creditor's capital increase may also be applied (Chapter VII of the Resolution Act). NBH acting within the framework of its resolution tasks shall be entitled to exercise the rights of owners and management of the resolution pending institution pursuant to the Resolution Act (Article 84 (b) of the Resolution Act).</p>
xxvii)	<p><u>EU undertakings:</u> In order to offset the state assistance granted in connection with the asset separation performed within the framework of the resolution process closed in June 2016 and its potential effects on the market competition the Hungarian authorities undertook the performance of overall commitment undertaking framework system, which the Issuer must fully comply with. The main objective of the Restructuring Plan approved on 16 December 2015 by the European Committee by its decision No. SA.40441 and the commitment undertaking framework system is the elimination of the reasons leading to the proceeding and the facilitation of return to long term viability without state assistances. It must be emphasised, that the European Commission may audit the performance of the</p>

	<p>commitments for 10 years beginning from the granting of the state assistance and Article 17 (1) of Council Regulation (EU) 2015/1589 provisions a 10-year limitation period. In harmony with this in Article 24 (3) of Government Decree No. 37/2011 (III. 22) the Hungarian regulation provisions that if the entity granting the state assistance detects misuse of the assistance, it must order the repayment of the state assistance.</p>
D.2	<i>Not applicable</i>
D.3	<p><i>Fundamental information related to special risks typical of securities.</i></p> <p>Special risks typical of Shares, as securities:</p> <ul style="list-style-type: none"> i) <u>Stock market risk</u>: Due to its openness and relatively small size the Hungarian stock market is strongly dependent on the international market processes. The international, mainly the European, capital and money market movements, affect the performance of the Hungarian stock market, which may result in price shifts independent of the profitability of the Issuer or the Hungarian economy. ii) <u>Risk of price changes</u>: The price of the Shares is moved by the changes in the market demand and offer, for which reason the prices change in directions and size, for which forecast cannot be provided. iii) <u>Risks related to the changes of the tax payment rules</u>: The legal regulations regarding the price gains, dividend and other incomes generated from the Shares and related to the taxation of the transactions concerning the Shares in effect on the day of this present Prospectus may change in the future, affecting the investors adversely. iv) <u>Risk of dividend payment</u>: Dividend may be paid if the Issuer generates appropriate quantity of shareable profit in the given financial year and the reinvestment of the profit after tax is not necessary. The Issuer cannot guarantee that its activity shall be profitable in the future and that the potential profit of the Issuer shall automatically mean that the Issuer pays dividend. v) <u>Lack of liquidity and secondary market</u>: Trading of the Shares on the secondary market following the listing of the Shares on BSE cannot be taken for granted. Appropriate liquidity provided by trading on the secondary market cannot be guaranteed either. vi) <u>Risk of suspending the trading</u>: In the cases specified in the Capital Market Act and the General Business Rules of BSE the trading of the Shares may be suspended and in certain cases volatility of the Share prices higher than usual may also be experienced. vii) <u>Risk of the lack of price stabilisation</u>: Organised stabilisation of the Shares' trading shall not be

	<p>performed in any way with respect to the listing of the Shares on BSE.</p> <p>viii) <u>Changes in the legal regulations:</u> The Shares and the Share related owners' rights shall be governed by the effective Hungarian law. Accordingly, the possibility of changes occurring in the legal regulation following the day of this present Prospectus, which may impact the Shares and the Share related owners' rights cannot be excluded.</p> <p>ix) <u>Regulating investments in the Shares:</u> The different investors may perform their investment activities pursuant to the law and other provisions and such activities are controlled and supervised by different authorities. Consulting with own legal advisor is recommended to every future Shareholder to clearly make sure that investment in the Shares complies with the legal regulations and other provisions relevant to the activity.</p> <p>x) <u>Risk of de-recognition:</u> Public companies listed on BSE may be removed from BSE and transformed into private companies pursuant to the provisions of the effective legal regulations.</p> <p>xi) <u>Risk of dilution:</u> In the case of a potential future capital increase if the Shareholder does not acquire from the shares to be issued, its percentage of participation in the Issuer shall decrease.</p> <p>xii) <u>Risk of control by the influencing owners:</u> The interests of shareholders with influencing participation may not always be the same as the interests of the minority. The price of the Shares may be significantly influenced by bigger share sales performed by the shareholders of influencing participation either directly or via their associated companies.</p> <p>xiii) <u>Lack of asset insurance:</u> The protection of OBA (NDIF - National Deposit Insurance Fund) (or of other similar insurance, such as BEVA – IPF - Investor Protection Fund) does not cover the Share prices, for which reason guarantee from a third person cannot be expected in the case of price or other loss related to the Shares.</p> <p>xiv) <u>Cessation of the Issuer:</u> In the course of the Issuer's operation adverse situations leading to the cessation of the Issuer may occur. In these cases the investors shall receive the portion of capital due to them after the performance of the obligations and the payment of the costs of the cessation for their investments.</p> <p>xv) <u>Risk of erroneous or late publishing:</u> Having complied with every regulation and the recommendations of the authorities and having regard to the content of the relevant internal regulation of the Issuer the Board of Directors of the Issuer shall take every action in its power to perform all its informing obligations. Due to human failure or technical error the publishing may be late, which may have a negative impact on the Share related investment decisions.</p>
D.4-6.	<i>Not applicable</i>
E. section -Offering	
E.1-7.	<p><i>Not applicable</i></p> <p>Pursuant to this present Prospectus issue, sale-purchase or offering of either already existing or new shares shall not be performed. This present Prospectus was prepared and published due to the listing of the Shares on BSE.</p>

II UNIFORM RISK FACTORS

This present chapter titled “Uniform Risk Factors” include information on the key risk factors typical of the operation of the Issuer and related to the Shares.

Investing in the Shares always carries certain risks.

According to the standpoint of the Issuer the risk factors listed in this present Prospectus cover the material risks concerning the Issuer and the Shares. The business activity, operating performance and financial standing of the Issuer, however may also be adversely influenced by further risk and uncertainty factors currently not known by the Issuer or currently not deemed material to the best knowledge of the Issuer. If any of the risk factors revealed in the following occurs, it may have an adverse effect on the financial and economic standing, the competitiveness, business activities and outlooks of the Issuer, which may result in long term or even final significant reduction of the Share prices. The risk of the total loss of assets invested in the Shares cannot be fully excluded.

For the lack of appropriate expertise it is recommended to assess the following chapter presenting the risk factors related to the management environment and the Issuer and the chapter titled “Share Related Risk Factors” - with the involvement of an independent financial, legal, accounting and tax advisor in the given case - prior to the decision directed at the procurement of the Shares. Detailed information on the risks is necessary for the persons, organisations potentially investing in the Shares, as only their detailed knowledge can provide an appropriate picture of the Issuer and the risk of investing in the Shares.

1 RISK FACTORS TYPICAL OF THE ISSUER’S OPERATION

1.1 Risks resulting from the macroeconomic environment

1.1.1 Risks resulting from economic factors

The business activity of the Issuer is significantly exposed to the global money market and financial processes, considering that the risks originating from the changes in the macroeconomic environment either at world market level or in the EGT area appear as risks not manageable from the side of the Issuer. For this a good example is the spill-over effect of the financial world crisis in 2008 causing significant disturbances, recession in the Hungarian economy and in the Hungarian credit institutional sector at the same time. A future financial crisis of similar significance may cause unforeseeable damage to the operation of the Issuer even with careful corporate governance.

As a result of its size and openness the international, especially the European, conjunctural processes significantly influence the Hungarian economy. Decrease in foreign demand may deteriorate the situation of the Hungarian economy both in terms of growth and foreign trade balance. The slowing of the growth of the Hungarian economy may have a negative impact on the credit institutional sector, including the operating environment of the Issuer and its profitability.

As a result of above the international market tendencies may appear swiftly and strongly in the changes of the Hungarian interest levels and premiums. The demand of the foreign investors for the HUF assets as well as the assessment of the credit risk of the Hungarian economy have significant impact on the Hungarian payment instrument. In the case of a drop in the demand of the investors or the deterioration of the risk assessment the exchange rate of HUF may weaken and the interest level, risk premium of the HUF assets may increase. These changes significantly influence the opportunities and conditions of the Issuer to obtain resources.

Changes necessitating the one-off large volume government actions may occur in certain segments of the Hungarian economy. These measures can be directly aimed at the regulation of the credit institutional sector but they may also influence the situation of other role players of the Hungarian economy. Any government action of such type may have a significant impact on the operating environment and profitability of the Issuer.

The business activity of the Issuer is subject to the financial and investment services of the bank utilised by its customers. The demand of the clientele for loans is especially subject to the trust index of the citizens, changes in the employment, economic factors and the interest level. Taking into account the fact that the Issuer

performs its business activity in Hungary, it is subject to the development and cycles of the economic circumstances in Hungary and is indirectly dependent on the Hungarian and international economic and political events. There is no guarantee for avoiding the deterioration of the business positions of the Issuer by the potential deterioration of the Hungarian economic circumstances in a given case - including the impacts resulting from the changes in the tax environment (e.g.: transaction tax).

As a result of the Hungarian market environment the role players of the Hungarian credit institutional sector are dependent on each other in the interest of appropriate operation. If the reputation of a Hungarian credit institutional role player deteriorates or its everyday operation is visibly in danger, it could have a material effect on the operating environment and profitability of the Issuer or on the deterioration of trust in the credit institutional sector, especially the Issuer.

The debtor rating of the Issuer is significantly subject to the debtor rating (country ceiling) of Hungary. As a result of this, it is a risk in the case of involving any alien resource, that the debtor rating of Hungary may reduce the opportunities of the Issuer to obtain resources and via the price of obtaining external funding it may have a negative impact on the profitability of the Issuer.

1.1.2 Interest environment

In the recent years at global level an influencing part of the monetary policy actions was the procurement of the assets of the commercial banks (quantitative ease), as a result of which a low interest environment was established on the interbank markets. As a result of this the credit institutional sector could set up loan constructions with low interest rate, which it successfully sold in the corporate and retail sectors. At the same time long term low interest environment has an adverse effect on the willingness of the citizens to realise savings via bank deposits, for which reason the Issuer may have great difficulties in obtaining funds via retail deposits.

The change in the present interest environment, interest increase may have a material impact on the Issuer. In the case of sudden and significant interest level increase the Issuer may not be able to appropriately react within due time to the impacts caused by the changed environment. In the case of changes aimed at the increase of the interest the borrowers may prefer constructions with fix interest, which, if appears suddenly in high concentration, may impact the business and operating capacities of the Issuer and may adversely influence them. Higher interest level in the case of loans extended to customers with changing interest shall increase the interest incomes, however as a result of higher payment burdens the loans shall become non-performing in percentage higher than expected at the disbursement, which may adversely influence the profitability and capital standing of the Issuer. Higher interest level in the case of loans extended to customers with fix interest may reduce the profitability of the Issuer through the increase of the costs of obtaining funding.

Long term high interest environment shall reduce the demand for the loan products, by which the interest income of the Issuer may drop.

1.1.3 The United Kingdom exiting EU

The United Kingdom should have exited the EU until 29 March 2019, however, after several rounds of negotiations the United Kingdom and EU agreed on the postponement of this date to 31 October 2019. The condition of this is that if the British Parliament does not accept the exit agreement until 22 May 2019 Great Britain must participate in the European Parliament elections. It cannot be excluded, however, that the exit shall not take place at all. It cannot be excluded, however, either, that the United Kingdom shall exit the EU without an agreement. If the exit actually takes place, its economic events related to the United Kingdom exiting the EU shall be unforeseeable. An adverse market turn impacting the world economy may occur when the United Kingdom exits the EU, which may have an adverse effect on the operation of the Issuer.

1.1.4 Risk of litigations related to foreign currency loans

In preliminary decision procedure No. C-118/17, in the so-called "Dunai case" the CJEU made a judgement on 14 March 2019. In this case the Hungarian court expected an answer from the CJEU whether a member state amending the content of loan contracts by legal regulations in a manner that they remain valid and the exchange rate risks shall be still borne by the consumer if the information provided by the bank on the

exchange rate risks did not comply with the legal requirements is in harmony with the EU law. The antecedents of the question are the acts on persons with loan in foreign currency taking effect in 2014, which deemed the application of exchange rate margin and unilateral cost increase unfair but did not invalidate the entire contract, for which reason the exchange rate risk was still borne by the debtor. The decision may have significance in the cases when appropriate information regarding exchange rate risk at contract conclusion was not provided or the provided information was not appropriate.

The Hungarian courts could previously investigate and did investigate whether the Issuer provided the debtors with appropriate information, and although the procedure of the Issuer met the requirements raised by the previous lending practice, an adverse change in the practice and legal interpretation of the proceeding courts cannot be excluded in the future, which may have a negative impact on the course of business and profitability of the Issuer.

1.2 General risk factors related to the business activities and operation of the Issuer

Risk is the concomitant of credit institutional operation, therefore its management is an organic part of the activity and key element of the business performance of the Issuer. The issuer elaborated an overall policy to mitigate the arising risks, parts of which policy are the lending, market, liquidity and operational risks. These risks and the principles of their management shall be summarised in the following.

1.2.1 Lending risk

The lending risk includes the potential risk resulting from the business partner not performing its payment obligations or performing them outside the deadline for debtor rating reasons, or if as a result of the deterioration of the credit rating of the business partner the value of the receivables decreases. Risks originating from loans extended to associated companies or from risk type resources are also included in the credit risk management mechanism of the Issuer. Due to the dominance of the commercial banking transactions credit risk is the key risk type of the Issuer.

The Risk Control and Risk Management units independent of the business units of the Issuer review all lending activities and manage the overall lending exposure of the Issuer. The Risk Office is furthermore responsible for the elaboration of the credit assessment policy, the norms, limits and guidelines in the interest of specifying, measuring and monitoring the lending risks. RO monitors and controls compliance with the established limits. It continuously follows the significant changes in the credit worthiness of the customers and may give recommendations for changing the overall strategy of the Issuer. It also updates the lending risk management procedures and limits.

Every customer relationship manager participating in lending to the customers is responsible for the management of the lending risks according to the principles set up by RO. In the centre of lending risk management stand the assessment and monitoring of the probability of whether the customer may be able to perform its obligations from the expected financial funds. In the case of transactions secured by collateral this includes the examination of maintaining the prescribed coverage level. The Issuer monitors its credit transactions with specified frequency and makes decisions about the creation of loss in value accordingly.

1.2.2 Market risk

The market risk includes the potential losses resulting from the changes of the market prices both in the trading and bank books. The market risk can be divided into the following risk types: general and special interest risks, exchange rate risk and share price risks. The source of the market risk can be security (or similar product), money market or FX product, commodity exchange product, derivatives, FX and hedging transaction, quasi shareholder capital, asset-liability management or lending activity. The activity of the Issuer to manage market risks can be divided into two types: trading and non-trading. Trading activity includes the transactions of bonds, shares, FX and derivative financial instruments. Non-trading activity includes portfolios resulting from the traditional banking activities, e.g.: lending, deposit collection and the related hedging deals as well as securities kept for liquidity purposes.

The Issuer is present in several segments of the financial markets both in investment services extended to its customers and in transactions performed to mitigate the risks of commercial banking activities. A potential shock effect on the financial markets (similar to the period of 2008-2009) may result in the decrease of the

transaction ability and willingness of the role players of the money market, by which the market price quotations widen and the liquidity of the market drops or ceases in extreme cases, which may result in the Issuer not being able to renew its existing transactions of risk hedging purpose and to perform further transactions, which may have material negative impact on the profitability, liquidity and capital status of the Issuer.

The Asset-Liability Management Committee (ALCO) of the Issuer is responsible for the establishment and management of the market risk management policy by managing risk hedging, estimated risks and the related limits, specification of competences and decision mechanisms, and the establishment of the regulations covering limit excesses.

Risk Control, the unit independent of the business areas supporting ALCO, performs the control tasks at operative level and is responsible for risk control. The unit ensures compliance with the legal regulations, regulates the management of market and portfolio risks, offers market risk management policy for the market and portfolio risks, establishes and monitors the limit system, which is mandatory for every risk assuming unit. The established limit system includes the volume limits, the amount of potential loss (PLA) the limits for the risk value (VaR) and economic capital (ICAAP). The daily tasks of the Risk Office furthermore include the operation and development of the risk management system to measure interest, FX rate and share risks, and the daily identification and analysis of extraordinary situations, the quantification of the impacts of potential negative market events (e.g. unusual exchange rate shifts, liquidity)

1.2.2.1 *Interest risk*

The objective of the interest risk management activity is to minimise the adverse effect of the changes of market interest rates on the interest margin, net interest profit and the market value of the portfolio of the Issuer. ALCO establishes and monitors the possible risk limits and their utilisation. It receives regular information on the interest sensitivity of the portfolio, the changes in the repricing structure and it furthermore reviews and approves the modelling methods. The Executive Directorate for Money and Capital Market of the Issuer manages interest risks at operative level.

1.2.2.2 *Exchange rate risk*

Via the financial instruments denominated in foreign currency the Issuer is exposed to foreign currency exchange rate risk. The objective of foreign currency exchange rate risk management is to reduce the adverse effect of the fluctuations of foreign currency exchange rates on the market value of financial instruments denominated in foreign currency. By the establishment of the limits - including primarily the establishment and monitoring of gross and net position limits, stop-loss limits - and the utilisation of derivative financial instruments the operative level management of the foreign exchange rate risk of the Issuer is in the competence of the Executive Directorate for Money and Capital Market of the Issuer.

1.2.2.3 *Share price risk*

The Issuer may take share price risks directly or via other instruments. The possibility of market price changes result in share price risks in connection of such transactions. Share risks are managed by the Executive Directorate for Money and Capital Market of the Issuer within the framework of the relevant limits.

1.2.3 *Liquidity risk*

The liquidity risk is the danger of the Issuer's cash-flow not being sufficient for the financing of the operation and for the performance of its obligations in due time and on cost efficient basis. The coordination of the asset and liability expiries is a fundamental element of the liquidity management. The ability of the Issuer to generate incoming cash-flow from liquid assets and from other funds as soon as possible is quantified in the liquidity coverage potential.

The cumulated liquidity differences measured in the course of gap analyses must be covered by the Issuer with sufficient liquidity coverage potential (limit) with the assumption of bank specific and general market stress scenarios ensuring thus future liquidity. The Issuer aspires to keep its available funds and their utilisation in balance while minimises the market exposure by setting up and monitoring different liquidity risk limits with maximum cumulative outflow (MCO) other risk controlling mechanisms and product volume limits. The Issuer ensures compliance with the external provisions concerning liquidity (minimum reserve obligation, FX

adequacy ration, FX balance ratio, LCR) by integrating the external provisions in its internal limit system. Liquidity risk exposure is limited by the rules established by the Board of Directors, which restrict the liquidity ratios and regulate the requirements of holding liquid assets. The Executive Directorate for Money and Capital Market of the Issuer manages liquidity risks at operative level.

The Issuer closely monitors the new liquidity requirements to be implemented by the international and Hungarian regulations, regularly quantifies the future liquidity ratios and the annual planning is performed with the future minimum requirements taken into account.

1.2.4 Risks resulting from the concentration of credit risk

The Issuer performs its lending operation in well defined geographic environment, mostly on the Hungarian market. If any economic or political condition changed adversely for the Issuer in the future, it may have a material adverse effect on the operating performance and business activities of the Issuer and in such cases the Issuer's situation may be more adverse as a result of its losses than that of the role players with international background participating in the credit institutional sector. Nearly 40% of the assets of the Issuer (securities/balance sheet total) embody lending risk towards the Hungarian State. A potential deterioration in the debtor ratings of Hungary and the potential increase of the lending risk premiums considered during the market pricing of the securities may have a material negative effect on the capital status of the Issuer.

1.2.5 Risks related to the competition in the credit institutional sector

A positive change was observed in the past years in the operating environment of the credit institutional sector. The number of non-performing loans dropped significantly in the past period and the size of special taxes applied to the credit institutional sector also decreased. It can be stated in general that the liquidity and capital standing of the banks on the Hungarian market provide sufficient basis for increasing the lending activity. The increase of the lending activity can contribute to the increase of the competition within the credit institutional sector.

The Hungarian credit institutional sector, an influential role player of it is the very Issuer, can be deemed mature and full due to the development since the change of the regime. As a result of this new role players appearing on the credit institutional market or already existing role players must take away market participation from other credit institutional role players in order to achieve growth. In the case of such changes concerning the market share of the credit institutional sector's role players the Issuer may lose some of its market share as a result of the competition.

1.2.6 Risk of operation

Operational risk is the risk of losses resulting from human error, system errors, inappropriate or faulty internal processes, potential fraud or misuse by the Bank's employees, customer or third parties or from external events, including legal risk, business administration risk and reputation risk. Business and strategic risks are not part of the operational risks.

The fundamental strategic objective of the Issuer is the minimisation of the risks of operation. As a principle the factors reducing the risks of operation (four-eye principle, built-in controls, etc.) must be incorporated in the main business processes. A fundamental requirement is that the cost of protection against the risks of operation must not exceed the volume of reasonably expected losses.

The Central OpRisk Management unit of the Issuer is a centralised unit of managing the risks of operation of the Issuer, which is responsible for the regulation of the operational risk management of the Bank, the elaboration and maintenance of the support requirement of the organisation and the IT system, the establishment and coordination of the operational risk management methods and tools and additionally for the collection of loss data and the performance of the related data service obligation.

In addition to the Central OpRisk Management the Decentralised Operational Risk Units of the Issuer performing the identification, reporting and management of the operational risks covering the entire organisation were also established, the tasks and responsibilities of which were incorporated in different internal regulations. The Central OpRisk Management exercises independent control over the Decentralised OpRisk Managers, persons designated in the different areas to manage operational risks and report the loss events.

If the risk management policies, procedures, processes and their control applied by the Issuer is not appropriate for any reason (including fraud, misuse or external events), it may have a material adverse effect on the operation, financial standing and profitability of the Issuer.

1.2.7 Risks related to the implementation of the Issuer's business strategy

The implementation of the business strategy of the Issuer carries large number of risks, including operational, financial, macroeconomic, market and technological challenges (please refer to Section 6: "*Review of the business activity*"). The Issuer, for example wishes to provide outstanding customer experience and high level services by applying the digital technologies of the 21st century. The Issuer also wishes to be among the first three outstanding institutions providing corporate and bank investment services. Additionally the Issuer strives for keeping its costs at low level achieving outstanding cost efficiency if possible. There is no guarantee that the Issuer shall be able to achieve the objectives specified in the business strategy within the planned deadlines. For the success of the Issuer's business strategy significant number of new customer accounts must be opened, either by acquiring new customers or by making existing customer open new accounts. For all this it is essential that the management of the Issuer is capable of managing these processes and can recognise the market and customer trends and adjust the operation of the Issuer to them. The growth of the Issuer may have a negative effect on the personnel culture and the headcount of employees.

If, for any reason, the Issuer is unable to implement its business strategy, it may have a material adverse effect on the operation, financial standing and profitability of the Issuer.

1.2.8 Risks originating from the acquisition and retention of employees of key importance

Risk resulting from the human resources is a significant risk source from the point of view of the Issuer.

For this reason the Issuer makes every necessary effort, it elaborated and continuously operates the procedures necessary for the retention of the employees of key importance or for their replacement, if necessary. If despite above the Issuer cannot retain or replace its employees of key importance, it may have a material adverse effect on the operation, financial standing and profitability of the Issuer.

1.2.9 IT risk

The profitability of the Issuer's activity is partly subject to the appropriate operation of the applied IT systems. The Issuer continuously monitors the appropriate operation of the utilised IT system and makes every effort to ensure the continuous availability of IT background and decision support in the course of making investment decisions, performing administration and the usual course of business. In the interest of secure and appropriate operation as well as the development of the utilised IT system the Issuer performed a complete IT changeover between 29 June 2018 and 5 July 2018 and began to utilise a far more state-of-the-art IT system. Despite this inappropriate operation of any of the IT systems of the Issuer for any reason or their security becoming disputable can occur. Faults concerning the IT systems of the Issuer may have material adverse consequences on the activity and profitability of the Issuer.

1.2.10 Risks related to new technologies

The Issuer continuously pays attention to the innovative technological solutions and monitors their development. Exploiting the technological innovations fintech solutions may be able to cause radical changes in the traditional financial sector. With the digital solutions spreading in the future the retail customers may leave credit institutions operating on the basis of traditional credit institutional model for such role players or the new persons appearing as potential customers may already search for digitalised banking solutions only. The Issuer strives to meet the new technological challenges and the changed market and economic environment resulting from such technological development. At the same time, however, there is no guarantee for the Issuer not suffering losses, finding itself in competition disadvantage as a result of not adapting such new technological solutions in due time or appropriately. The potential change in the consumers' habits may have negative influence on the commission incomes, liquidity, taking out of loans and the savings, or even on the changes of the bank related consumer habits via the cash-flow services, which via the potential weakening or termination of previously existing customer relationships may have a negative impact on the profitability and liquidation.

1.2.11 Risks resulting from litigations, claims and proceedings of authorities

The Issuer is exposed to several legal proceedings, which may result from the litigation, arbitration court or proceedings of authorities already in progress or to be potentially initiated in the future. Information regarding litigations and arbitration court proceedings in progress are included in Chapter IV. of Section 20.6 of this present Prospectus. In connection with other procedures the Issuer does not expect any litigation or procedure by the authorities in progress with its participation to have material adverse effect on its financial standing. At the same time there is no guarantee of a negative impact of such litigation or proceeding of authorities already existing or to be initiated in the future on the financial standing or business activities of the Issuer.

The possibility of persons entitled to do so not satisfying their potential claims from the Issuer even outside the court cannot be fully excluded. In such cases the Issuer may have significant costs related to the proceedings, litigations and trust in the Issuer may also weaken having an adverse effect on the operation and course of business of the Issuer.

1.2.12 General group structure related risks

The Issuer performs certain business and operating activities via its subsidiaries. The Issuer provides some of its subsidiaries with financing. If a credited subsidiary terminates its business activity and shall not be able to perform its liabilities in terms of repaying the loans within MKB Group, it may have a material adverse effect on the financial standing of the Issuer.

1.2.13 Risks originating from the changes in the ownership structure

Significant changes in the ownership structure of the Issuer may impact the usual business of the Issuer and may have material adverse effect on the appropriate operation of the Issuer.

1.3 Regulation related risks

1.3.1 General legal, political and regulatory risks

Similarly to other market role players of the credit institutional sector the Issuer is an institution operating under regular control, furthermore it must perform continuous data service to NBH as supervision. NBH, as supervising authority may apply wide range of legal consequences and sanctions, including fines, suspension or withdrawal of the licence of operation in serious cases, if it finds that the operation of the Issuer violates the law or a significant risk of the Issuer not performing its prescribed obligation is revealed. Changes in the legal environment or in the law application practice of the authorities, especially changes in the legal regulations concerning the business activities of the Issuer and its strategic partners may have adverse effect on the financial standing, profitability and business opportunities of the Issuer.

As a Hungarian legal entity the Issuer is also exposed to Hungarian political risks. Due to their secondary effects the political changes may result in significant changes in the business environment.

1.3.2 NBH target audit in progress

Part of the supervisory activity of NBH is regular audit performed based on its own audit plan. In 2019 NBH audits the internal and external controls facilitating the filtering of misuses and frauds, the ensuring of the data quality of data services and the control of the mechanisms serving the prevention of money laundering and terrorist financing. In the money market sector NBH pays a special attention to fair and prudent lending, during its micro prudential and consumer protection audits it examines the lending activities of the institutions, their compliance with the macro prudential provisions and continuously monitors the attitude of the market role players (source: www.mnb.hu). In line with above, as in the case of the other role players of the money market NBH is performing a target audit at the Issuer to check compliance with the above provisions. The Issuer makes every effort to fully meet the legal requirements applicable to it, however NBH may reveal deficiencies related to the practice of the Issuer and apply legal consequences and sanctions to the Issuer as a result of the findings.

1.3.3 Risks in the revocation of licences necessary for the operation of the Issuer

The licences necessary for the operation of the Issuer may be revoked by the competent supervisory authorities in the cases specified by the relevant legal regulation, for example, if the Issuer performs an activity

prohibited by the law or it if does not meet the legal requirements concerning prudent operation. The revocation of the licences necessary for the operation for any reason may have material adverse effect on the course of business, profits of operation or the financial standing of the Issuer, as for the lack of these licences it shall not be entitled to continue the activities subject to such licences.

1.3.4 Risks related to money laundering, customer identification and sanction

The credit institutions must pay priority attention to the prevention of money laundering and terrorist financing pursuant to the applicable law. The Issuer regularly reviews its anti-money laundering and anti-terrorist financing policy and its customer due diligence related regulation and supplements, amends them if any of the governing legal regulation or supervisory guideline changes.

In the course of the customer identification process and following it the Issuer shall also continuously monitor the sanction lists published by the EU, UN and OFAC to fully comply with the effective anti-money laundering and anti-corruption legal regulations. Despite it there is no guarantee for the regulations and processes applied by the Issuer fully terminating the risk of violating these rules.

The violation of any rule against money laundering, terrorist financing, corruption or the violation of the sanction rule may have serious consequences, including criminal liability, fines, restriction of the operation of the Issuer, reputation losses, which - even one-by-one - may have material adverse effect on the operation, financial standing and profitability of the Issuer.

1.3.5 Data management risks, exposure of the managed data to cybercrimes

In the course of performing its activities the Issuer manages large quantity of personal data. The safe management of personal data requires significant administration and IT capacity. In the past years the regulatory environment specified stricter provisions regarding the management of personal data and the tightening of these rules cannot be excluded in the future either. The management of personal data, business secret and bank secret is performed with special attention and in harmony with the legal regulations. Even with careful operation the Issuer may become the victim or cybercrime, as a result of which the protection of personal data, business secret and bank secret as well as its protection system may be damaged. As a result of this unauthorised persons may potentially appropriate these data of the Issuer. Such case may result in the Issuer held reliable, in which case trust in the Issuer may weaken and customers and markets may be lost.

Safe forwarding of confidential information via internet and the continuous operation of the security systems of the Issuer are essential and are the key elements to maintaining the trust of the customers in the Issuer and to complying with the related legal regulations. The Issuer does everything in its power to fully comply with the rules of data management in every aspect, however the acting court or authority may reveal deficiencies related to the data management practice of the Issuer in the course of a court procedure of procedure of authorities, as a result of which it may apply legal consequences and sanctions to the Issuer.

1.3.6 Risks related to the changes in the payment services

In July 2013 the European Commission submitted the supplemented draft of PSD II in order that the European regulation covers the specifications of cash-flow services changed as a result of innovative development of the technology and furthermore in the interest of harmonising the legal regulations on the cash-flow services differently adapted by the members states to the legal systems of the member states. PSD II was published in the EU Official Journal on 23 December 2015 and entered into force as of 12 January 2016. The guidelines had to be implemented by the member states until 13 January 2018, which was performed in Hungary by Act CXLV of 2017 on the amendment of different acts related to the legal harmonisation in the subject of insurance and cash-flow. The provisions of the amending act supplemented or changed the provisions of already existing cash-flow regulations. Pursuant to PSD II, as of 14 September 2019 the credit institutions must allow cash-flow and information access for innovative cash-flow service providers to online bank accounts kept by them at the request of the customers. Considering the transition period the practice of the new regulation resulting from PSD II is not yet mature. As a result of this it is possible that the Issuer's cooperation obligation of such type with other financial service providers shall reduce the demand for certain products of the Issuer and shall increase competition further.

1.3.7 Risks related to the capital adequacy requirements in effect

The Issuer identifies all its risks both pursuant to the Hungarian and international law and regularly assesses these risks in its internal capital adequacy process. In the course of identifying and managing its risks the Issuer is in compliance with the content of CRD IV/CRR, the Financial Institutional Act and the NBH provisions, furthermore the Issuer observes the guidelines of NBH and the governing EBA guidelines during their management. Despite above the risks of the regulatory authorities amending the capital adequacy related legal regulations in the future to cause material adverse effect on the Issuer exist.

1.3.8 Risks related to the changes of the tax payment rules

In the course of performing the activity of the Issuer several tax payment obligations occur. Potential tax law changes (for example levying new tax categories, increasing the rates of existing tax categories and the reduction of the discount system of a tax category or changes in the interpretation practice of the tax law) may be proven adverse for the Issuer. There is no guarantee for the taxation related regulations not changed adversely in the future, influencing the value of the investments of the investors (natural persons, institutional investors or other legal entities) negatively. Of these the change in the rate of corporate tax, the listing of potential new tax categories, potential changes in taxing the received dividends, changes in the settlement of expenses settled as interest, taxing exchange rate gains and the change in the capital market transaction tax are of key importance for the Issuer. Act XC of 2010 on the legislation and amendment of certain acts of economic and financial subject listed the “Special tax of financial organisations”, which is presently regulated by Act LIX of 2006 on the listing of the special tax and bankers’ contribution intended to improve the balance of public finances.

Changes of the taxation rules adverse for the Issuer may have material adverse effect on the operation, financial standing and profitability of the Issuer.

1.3.9 Regulation of the further development of the institution system facilitating the security of the different role players of the financial mediation system

The Resolution Act implementing BRRD is applicable to the Issuer. With respect to the Shares of the Issuer NBH acting within the framework of its resolution tasks may exercise its right of write off or transformation of the capital elements as resolution action (Chapter VIII of the Resolution Act) and sale of assets, bridging institution, asset separation and creditor’s capital increase may also be applied (Chapter VII of the Resolution Act). NBH acting within the framework of its resolution tasks shall be entitled to exercise the rights of owners and management of the resolution pending institution pursuant to the Resolution Act (Article 84 (b) of the Resolution Act).

The provisions of increasing the creditor’s capital of the Resolution Act must be applied to the securities and commitments issued or generated after the Resolution Act took effect or prior to it - among them to the Shares -, pursuant to which when the conditions of the resolution are met NBH may decide about the capital increase of the concerned institution or the reduction of the value of the securities or other commitments which were transferred, or their transformation into guarantee capital. The institution of creditor’s capital increase is also mandatory for the Issuer and may also be exercised in terms of the Shares.

EBA elaborated so-called regulatory technical standard drafts specifying more precise rules for the institution of the creditor’s capital increase. Concerning the commitments under the effect of creditor’s capital increase, pursuant to this the resolution authority may exercise its right of transferring the shares of the institution or the total of its assets or part of them to buyers in the private sector without the consent of the shareholders.

It must be emphasised that NBH acting as resolution authority may apply the provisions specified in Article 74 (1)-(2) for the write off or transformation of the capital elements, in connection with which NBH acting as resolution authority may exercise further measures. NBH acting within the framework of its resolution tasks shall be entitled to write off the capital elements of the Issuer and to transform them into members’ participation of the Issuer if the circumstances and conditions specified in the Resolution Act exist. The right of writing off or transforming the capital elements can be exercised by NBH within the scope of its resolution tasks independently or with resolution instruments if the conditions of the resolution are met.

1.3.10 EU undertakings

In order to offset the state assistance granted in connection with the asset separation performed within the framework of the resolution process closed in June 2016 and its potential effects on the market competition the Hungarian authorities undertook the performance of overall commitment undertaking framework system, which the Issuer must fully comply with. The main objective of the Restructuring Plan approved on 16 December 2015 by the European Committee by its decision No. SA.40441 and the commitment undertaking framework system is the elimination of the reasons leading to the proceeding and the facilitation of return to long term viability without state assistances.

It must be emphasised, that the European Commission may audit the performance of the commitments for 10 years beginning from the granting of the state assistance. The authority of the European Commission with respect to the repayment of the assistance can be exercised within a 10-year limitation period. If the authority granting the state assistance detects misuse of the assistance it must take action to terminate the illegal behaviour and to have the illegally utilised assistance repaid in amount increased by the repayment interest rate or to take other necessary action.

One of the key groups of the undertakings targets the long term viability of the Issuer and MKG Group, within the framework of which it specifies requirements focusing on the increase of the profit generating ability and risk conscious as well as cost efficient operation of MKB Group, while another part of the undertaking package serves the purpose of mitigating the competition distorting effects. Among the undertakings there is the one, according to which the Issuer must be transformed into a public company and its shares must be listed on a regulated capital market until the end of 2019. The Issuer regularly reports about the implementation of the undertakings to the European Commission. The text of the undertakings was published at the official homepage of the European Commission.

The interim targets related to the undertakings were not fully implemented (including the limitation of the balance sheet total, the risk weighted asset ratio (RWA) and certain commitments with respect to cost efficiency). In agreement with the European Commission MKB Group took action to ensure compliance with the undertakings. The final assessment of the implementation of the undertakings shall be performed at the end of 2019.

MKB Group shall take every action in its competence to implement the undertakings. If MKB Group failed to perform the undertaking incorporated in its decision No. SA.40441 made on 16 December 2015 valid for the restructuring period ending on 31 December 2019, the European Commission shall assess the situation based on all the circumstances of the case and shall decide about the further steps accordingly, however it also has wide range of discretionary rights in terms of the actions applied to the potential breach of obligations, primarily pursuant to the relevant rules of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty of the Functioning of the European Union, which may have material adverse effect on the operation, financial standing and profitability of the Issuer.

2 RISK FACTORS RELATED TO THE SHARES

2.1.1 Stock market risk

Due to its openness and relatively small size the Hungarian stock market is strongly dependent on the international market processes. The international, mainly the European, capital and money market movements, affect the performance of the Hungarian stock market, which may result in price shifts independent of the profitability of the Issuer or the Hungarian economy. The Hungarian sovereign risk and the investor assessment of the country may materially influence the changes in the prices of the Shares.

2.1.2 Risk of price changes

The price of the Shares is moved by the changes in the market demand and offer, for which reasons the prices change in directions and size, which forecast cannot be given. The prices may grow or drop in the future subject to the market changes, the outlook of the future profitability of the Issuer, the subjective judgement of the investors the risk assessment of Hungary and other factors.

2.1.3 Risks of the changes in the tax payment rules

The legal regulations regarding the price gains, dividend and other incomes generated from the Shares and related to the taxation of the transactions concerning the Shares in effect on the day of this present Prospectus may change in the future, affecting the investors adversely.

2.1.4 Risk of dividend payment

Dividend may be paid if the Issuer generates appropriate quantity of shareable profit in the given financial year and the reinvestment of the profit after tax is not necessary. The Issuer cannot guarantee that its activity shall be profitable in the future and that the potential profit of the Issuer shall automatically mean that the Issuer pays dividend. It cannot be excluded that although the Issuer holds assets, which can be shared as dividend the main Shareholders at the General Meeting decide against dividend payment. The Issuer does not have approved dividend policy. The General Meeting specifies the percentage of the portions of the profit after tax of the given year to be utilised by the Issuer for the creation of profit reserve and for the payment of dividend, the amount of the profit reserve to be utilised for dividend payment and the size of the payable dividend. Among others, the ability to pay dividend is subject to the profit achieved by the Issuer, the financial standing, business outlooks and plans of the Issuer as well as the legal, regulatory and other factors and considerations.

2.1.5 Lack of liquidity and secondary market

Trading of the Shares on the secondary market following the listing of the Shares on BSE cannot be taken for granted. Appropriate liquidation provided by trading on the secondary market cannot be guaranteed either. In such cases it may happen that the Shareholders shall have limited opportunities for the sale of the Shares only or they can only sell the Shares on conditions more adverse than the conditions of other securities. A less liquid market may have an adverse effect on the price of the Shares. The appearance of larger sellers may cause significant price reduction, the number of sellers and buyers in a given minute may be limited as well as the quantity of Shares wished to be sold or purchased and the volatility of the price may also increase further.

2.1.6 Risk of suspending the trading

Pursuant to the legal regulation in effect the Issuer shall publish information and data significantly affecting the activity and course of business of the Issuer. The failure of publishing the information or performing the informing obligation may result in a bigger than usual fluctuation of the Share price and the suspension of the trading in the cases specified by the Capital Market Act and the General Business Rules of BSE.

2.1.7 Risk of the lack of price stabilisation

Organised stabilisation of the Shares' trading shall not be performed in any way with respect to the listing of the Shares on BSE.

2.1.8 Changes in the legal regulations

The Shares and the Share related owners' rights shall be governed by the effective Hungarian law. Accordingly, the possibility of changes occurring in the legal regulation following the day of this present Prospectus, which may impact the Shares and the Share related owners' rights cannot be excluded.

2.1.9 Regulating investments in the Shares

The different investors may perform their investment activities pursuant to the law and other provisions and such activities are controlled and supervised by different authorities. Consulting with own legal advisor is recommended to every future Shareholder to clearly make sure that investment in the Shares complies with the legal regulations and other provisions relevant to the activity.

2.1.10 Risk of de-recognition

Public companies listed on BSE may be removed from BSE and transformed into private companies pursuant to the provisions of the effective legal regulations. There is no guarantee for one or more jointly influencing owners taking the decision of removing the Shares from BSE in the future. If the shares are removed, their over-the-counter trade may be extremely limited.

2.1.11 Risk of dilution

In the case of a potential future capital increase if the Shareholder does not acquire from the shares to be issued, its percentage of participation in the Issuer shall decrease.

2.1.12 Risk of control by the influencing owners

The interests of shareholders with influencing participation may not always be the same as the interests of the minority. The price of the Shares may be significantly influenced by bigger share sales performed by the shareholders of influencing participation either directly or via their associated companies.

2.1.13

The protection of OBA (NDIF - National Deposit Insurance Fund) (or of other similar insurance, such as BEVA – IPF - Investor Protection Fund) does not cover the Share prices, for which reason guarantee from a third person cannot be expected in the case of price or other loss related to the Shares. In the case of the potential insolvency of the Issuer the Shareholders may partly or fully lose the value of their investments.

2.1.14 Cessation of the Issuer

In the course of the Issuer's operation adverse situations leading to the cessation of the Issuer may occur. In these cases the investors shall receive the portion of capital due to them after the performance of the obligations and the payment of the costs of the cessation for their investments.

2.1.15 Risk of erroneous or late publishing

Having complied with every regulation and the recommendations of the authorities and having regard to the content of the relevant internal regulation of the Issuer the Board of Directors of the Issuer shall take every action in its power to perform all its informing obligations. Late publishing due to human failure or technical error may have negative impact on making the Share related investment decisions.

III LIABILITY UNDERTAKING DECLARATION

1 LIABLE PERSONS

This present Prospectus was fully prepared by the Issuer, therefore the Issuer shall be held liable for all information included in it. Accordingly, pursuant to Article 29 (1) of the Capital Market Act the Issuer shall be held liable for paying compensation for the potential damages caused by the misleading content of the Prospectus and the omission of information.

2 DECLARATION OF LIABILITY

We, the undersigned persons representing the Issuer liable for all information hereby state and declare pursuant to Article 29 (2) of the Capital Market Act, Section 1.2 of Annex No. 1 of the Prospectus Regulation and Section 1.2 of its Annex No. III that the Prospectus includes real data and statements and does not omit facts and information, which may be significant from the point of view of assessing the security and the status of the Issuer. We furthermore declare that in the course of compiling the Prospectus in a manner expected of it the Issuer strove for the Prospectus to include all data necessary for the substantiated assessment of the market, economic, financial and legal standing of the Issuer, the expected changes and the securities related rights from part of the investors. To the best knowledge of the Issuer data, data groups and analyses included in the Prospectus facilitate the substantiated assessment of the market, economic, financial and legal standing of the Issuer, the expected changes and the securities related rights from part of the investors. Additionally, with expected care and to the best knowledge of the Issuer information included in the Prospectus correspond to the facts and do not omit the presentation of the circumstances which may influence important conclusions drawn from the information. This present declaration of liability covers all information included in the Prospectus and also the lack of them.

Dated: Budapest, 24 May 2019

MKB Bank Zrt.
represented by:

Dr Ádám Balog
chairman-chief executive officer

Dr András Csapó
deputy chief executive officer, member of the Board
of Directors

IV REGISTRATION DOCUMENT

1 LIABLE PERSONS

1.1 Person liable for the preparation of the Prospectus

This present Prospectus was fully prepared by the Issuer, therefore the Issuer shall be held liable for all information included in it.

1.2 Declaration of Liability

The Declaration of Liability of the Issuer, as responsible entity is included in Section to 2 of Chapter III of the Prospectus.

2 REGISTERED AUDITOR

The name and address of the auditor of the Issuer in the periods covered by the previous financial information:

Deloitte Könyvvizsgáló és Tanácsadó Kft. (registered office: 1068 Budapest, Dózsa György út 84/C, registration number of the Chamber of Hungarian Auditors: 000083.

Person responsible for the audit:

Gábor Molnár registered auditor (membership identification number of the Chamber of Hungarian Auditors: 007239)

The consolidated annual reports of the Issuer for the 2016, 2017 and 2018 financial years compiled pursuant to the provisions of IFRS used by EU were audited by Deloitte Könyvvizsgáló és Tanácsadó Kft., of which an auditor's declaration without rating and restriction was issued. Date of last audited financial information: 31 December 2018

3 KEY FINANCIAL INFORMATION

3.1 Consolidated IFRS based figures - closed business years

Profit category	HUF million				
	2016	2017	change 2017/2016	2018	change 2018/2017
Net interest income	38,672	39,580	2.35%	41,320	4.40%
Net commission and fee income	28,664	28,846	0.63%	25,908	-10.19%
Net other income/(expense) of operation	(6,286)	10,219	--	7,222	-29.33%
(Reversed) losses in value and provisions / created to secure losses	15,236	9,611	-36.92%	(800)	-108.32%
Cost of bank operation	38,283	48,685	27.17%	52,864	8.58%
Participation from the profit and loss of associated or jointly managed companies	273	389	42.49%	2,311	494.09%
Pre-tax profit	7,804	20,738	165.74%	24,697	19.09%
Tax payment liability	(1,692)	1,537	-	(435)	-128.30%
Profit after tax	9,496	19,201	102.20%	25,132	30.89%

HUF million

Assets	2016	2017	change 2017/2016	2018	change 2018/2017
Financial assets	97,914	31,599	-67.73%	19,240	-39.11%
Receivables from credit institutions	67,039	78,017	16.38%	63,610	-18.47%
Derivative financial instruments*	75,210	19,757	-73.73%	17,914	-9.33%
Securities	924,137	955,274	3.37%	773,029	-19.08%
Receivables from the customers	858,072	858,592	0.06%	895,203	4.26%
Invested assets kept for sale and terminated activities	309	21,648	6905.83%	4,238	-80.42%
Other assets	28,081	27,308	-2.75%	21,699	-20.54%
Actual tax claims	-	161	--	2	-98.76%
Deferred tax claims	3,320	3,312	-0.24%	5,814	75.54%
Investments in associated and jointly managed companies	1,651	2,643	60.08%	4,687	77.34%
Immaterial goods and material assets	45,883	46,676	1.73%	52,143	11.71%
Total of assets	2,101,616	2,044,987	-2.69%	1,857,579	-9.16%

*Title of the balance sheet line in 2017, 2017: Financial assets at fair value through profit or loss

HUF million

Liabilities	2016	2017	change 2017/2016	2018	change 2018/2017
Liabilities to credit institutions	376,262	239,312	-36.40%	214,340	-10.43%
Current and deposit accounts	1,519,868	1,539,140	1.27%	1,372,046	-10.86%
Derivative financial commitment*	29,983	43,366	44.64%	31,608	-27.11%
Other commitments and provisions	37,197	49,837	33.98%	48,425	-2.83%
Actual tax liabilities	-	16	-	16	0.00%
Deferred tax obligations	6	5	-16.67%	2	-60.00%
Issued bonds	12,892	10,624	-17.59%	4,974	-53.18%
Subordinated debts	0	22,307	-	28,002	25.53%
Total of liabilities	1,976,208	1,904,607	-3.62%	1,699,413	-10.77%

*Title of the balance sheet line in 2016, 2017: Derivative financial instruments with negative real value

HUF million					
Equity	2016	2017	change 2017/2016	2018	change 2018/2017
Registered capital	100,000	100,000	0.00%	100,000	0.00%
Reacquired stock	(5,550)	(5,550)	0.00%	(1,987)	-64.20%
Reserves	25,368	40,381	59.18%	58,166	44.04%
Non-controlling participation	5,590	5,549	-0.73%	1,987	-64.19%
Total of capital	125,408	140,380	11.94%	158,166	12.67%

3.2 MKB Bank standalone figures - closed business years

In the 2016 and 2017 the Bank prepared its standalone annual report according to the Hungarian accounting standards (HAS) and in 2018 according to IFRS. Certain changes were performed on the figures presented here in the interest of comparability between the periods. The review of these figures does not replace the necessity of reading and reviewing the standalone annual reports.

HUF million					
Profit category	2016 HASHAS	2017 HAS	change 2017/2016	2018 IFRS	change 2018/2017
Net interest income	46,707	43,974	-5.85%	36,280	-17.50%
Income from securities	326	462	41.72%		-
Net commission and fee income	29,853	30,209	1.19%	25,830	-14.50%
Net other income/(expense) of operation	(18,939)	(19,258)	1.68%	5,395	-
Net profit and loss of financial transactions	2,409	30,288	1157.29%		-
(Reversed) losses in value and provisions / created to secure losses	10,840	10,327	-4.73%	(1,506)	-114.58%
Costs of bank operation	35,654	41,276	15.77%	44,294	7.31%
Extraordinary profit and loss	1,482	207	-86.03%		-
Pre-tax profit	15,344	34,279	123.40%	24,717	-27.89%
Tax payment liabilities	5,207	3,452	-33.70%	(557)	-116.14%
Profit after tax	10,137	30,827	204.10%	25,274	-18.01%

HUF million					
Assets	2016 HAS	2017 HAS	change 2017/2016	2018 IFRS	change 2018/2017
Financial assets	33,592	21,447	-36.15%	19,240	-10.29%
Receivables from credit institutions	127,282	88,152	-30.74%	63,610	-27.84%
Government bonds	897,111	905,591	0.95%		-
Credit type securities including those with fixed interest	82,506	62,659	-24.06%		-
Shares and other securities with changing yield	783	702	-10.34%		-
Shares, participations of investment purpose	3,984	4,669	17.19%		-
Investments in subsidiaries and jointly managed companies	44,911	45,229	0.71%	42,972	-4.99%
Derivative financial instruments				17,914	-
Securities				773,029	-
Receivables from the customers	863,425	878,471	1.74%	893,144	1.67%
Immaterial goods and material assets	9,735	13,981	43.62%	22,193	58.74%
Invested assets kept for sale and terminated activities	-	-	-	4,238	-
Other assets	19,951	23,561	18.09%	16,957	-29.89%
Deferred tax claims				5,771	-
Prepayments	15,906	18,255	14.77%	-	-
Total of assets	2,099,186	2,062,717	-1.74%	1,858,629	-9.89%

HUF million					
Liabilities	2016 HAS	2017 HAS	change 2017/2016	2018 IFRS	change 2018/2017
Liabilities to credit institutions	382,786	243,677	-36.34%	214,153	-12.12%
Current and deposit accounts	1,518,124	1,547,390	1.93%	1,380,838	-10.76%
Derivative financial liabilities				31,608	-
Issued bonds	13,350	11,684	-12.48%	5,696	-51.25%
Other liabilities and provisions	40,170	64,590	60.79%	38,708	-40.07%
Subordinated liabilities	0	21,710	-	28,002	28.98%
Accruals	8,982	12,351	37.51%		-
Total of liabilities	1,963,412	1,901,402	-3.16%	1,699,005	-10.64%

HUF million					
Equity	2016 HAS	2017 HAS	change 2017/2016	2018 IFRS	change 2018/2017
Registered capital	100,000	100,000	0.00%	100,000	0.00%
Reserves	35,774	61,315	71.40%	59,624	-2.76%
Total of capital	135,774	161,315	18.81%	159,624	-1.05%

4 RISK FACTORS

The presentation of risk factors typical of the Issuer and the sector is included in Section 1. of Chapter II of this present Prospectus.

5 PRESENTATION OF THE ISSUER

5.1 History and development of the Issuer

5.1.1 General information

<u>Registered name of the Issuer:</u>	On the day of this Present Prospectus: MKB Bank Zrt., after the listing of the Shares on the Stock Exchange: MKB Bank Nyrt.
<u>Short name of the Issuer</u>	On the day of this Present Prospectus: MKB Bank Zrt., after the listing of the Shares on the Stock Exchange: MKB Bank Nyrt.
<u>Registered office of the Issuer:</u>	1056 Budapest, Váci u. 38.
<u>Company registration number of the Issuer:</u>	01-10-040952
<u>Date of registration of the Issuer</u>	12 December 1950
<u>Legal form of the Issuer:</u>	On the day of this present Prospectus: private limited company, after the listing of the Shares on the Stock Exchange: public limited company
<u>Law governing the operation of the Issuer</u>	Hungarian law
<u>Country of registration of the Issuer</u>	Hungary
<u>Address and telephone number of the Issuer pursuant to the Articles of Association:</u>	1056 Budapest, Váci u. 38.; +36 1 327 8600

5.1.2 History of the Issuer

The Issuer was founded by the Hungarian State on 12 March 1950 under the name of Magyar Külkereskedelmi Bank Rt. The objective of its establishment was participation in the international payments, primarily the performance of foreign trade related banking tasks. Its scope of activities expanded shortly with the tasks of organising, controlling, financing and performing complex foreign trade transactions. In the course of the banking reform of 1987, when the two tier banking system was established, the Issuer obtained a full commercial banking licence, based on which, in addition to strengthening the traditional business lines, it successfully launched and developed new business lines. Complex service to domestic companies shortly became the core activity of the Issuer. The Issuer built its branch network gradually from the end of the eighties. The Issuer launched retail banking services at the end of the 1980s and significantly developed the retail banking service, money and FX market and capital market activities at the beginning of the 1990s.

The privatisation of the Issuer was performed in several steps in the 1990s. Following the acquisition of the first share package in 1994 Bayerische Landesbank gradually increased its participation in the Issuer in the following years and became the main owner of the Issuer. As a result of the new growth period following the privatisation the Issuer became and influencing role player of the Hungarian market. Business policy opening to the small and medium size enterprises and to wider layers of retail customers was an important change in the activity of the Issuer from the beginning of the 2000s, which also meant the development of such new priority business lines as mortgage lending and vehicle financing. By the integration of the investment service activity in 2001 the Issuer became a universal credit institution.

In harmony with its business policy objectives the Issuer acquired 99.6% of the shares of Konzumbank Rt. at the end of 2003. In 2004 Konzumbank Rt. was merged into the Issuer.

In May 2006 the Issuer acquired majority participation in the Bulgarian MKB Unionbank A.D and in October 2016 in the Romanian Nextebank S.A. (previous company name: MKB Romexterra Bank S.A.) In 2012 the European Commission approved the reorganisation plan of the then owner Bayerische Landesbank, pursuant to which the Issuer sold its foreign subsidiaries until April 2014.

By acquiring the total participation of the Bayerische Landesbank on 29 September 2014 the Hungarian State became 99.99% owner and by procuring the minority participation on 14 October 2014 it acquired 100% participation in the Issuer.

On 18 December 2014 pursuant to Article 17 (1) of the Resolution Act NBH ordered the resolution of the Issuer and pursuant to Article 84 (1) b) it took over the exercising of the owners' and board of directors' rights from the Issuer.

At the end of 2015 significant portion of the commercial real estate portfolio causing serious losses in the previous years was separated from the Issuer with separation, which was purchased by MSZVK Magyar Szanálási Vagyonkezelő Zrt. at a so-called economic value, a price exceeding the market price, with the approval of the European Commission. In exchange for the generated approved state assistance MSZVK Magyar Szanálási Vagyonkezelő Zrt. acquired 100% direct ownership share in the Issuer, however the rights of owners were still exercised by NBH.

The open, transparent, non-discriminative sale process closely monitored by the European Commission was successfully closed after meeting the conditions - including the approval of acquisition of influence by the members of the winner syndicate - and the payment of the purchase price on 29 June 2016. On 30 June 2016 after the full implementation of the resolution objectives NBH terminated the resolution procedure of the Issuer.

The 2016 business year was the year of successful renewal for the Issuer: while the reorganisation process lasting one and a half years was closed, the financial processes stabilised again and the foundations of long term growth were laid down. The management of the issuer renewed the strategy, organisation and operation of the Issuer and set the MKB Group on growth path, which after 6 loss-making years became profitable in 2016 and realised a profit after tax well exceeding the plans.

In 2017 the management targeted the repositioning of the Issuer: by the successful implementation of the new strategic directions the Issuer wishes to become a dominant role player of the Hungarian market again. In addition to the dynamisation of the traditional business areas the strategic directions specified significant objectives related to the Issuer's entrance to the digital space. The fact that MKB Group could double the profit of the previous year in 2017 largely supported the implementation of the strategy. It became clear that the Issuer was on a long term growth path. The operation of MKG Group also strengthened, which was completed by the Subsidiaries.

2018 was the year of implementing the 2021 medium term strategy of MKB and the performance of the EU undertakings (undertakings constituting parts of the Structure Transformation Plan). The key event of the year was the replacement of the core system of the bank, by which the Issuer implemented full digital changeover. During all this the profit of MKB Group grew significantly and exceeded the plans.

By its resolution No. 13/2019 (17 January) the General Meeting of the Issuer decided about the preparation for the listing of series "A" ordinary shares on BSE and about changing the form of operation to public limited company subject to Listing on the Stock Exchange. The General Meeting asked the Board of Directors to take the necessary action to prepare the listing of series "A" ordinary shares on BSE. By its resolution No. 69/2019 adopted on 8 May 2019 the Board of Directors approved this present Prospectus.

5.1.3 Significant recent events concerning the Issuer

In order to offset the state assistance granted in connection with the asset separation performed within the framework of the resolution process closed in June 2016 the Hungarian authorities undertook the performance of overall commitment undertaking framework system, which the Issuer must fully comply with. The obligation of the Issuer in the course of the reorganisation period ending on 31 December 2019 covers the implementation of the Structure Transformation Plan approved by the European Commission. The main objectives of these undertakings are the maintenance of the long term viability of the Issuer and the MKB

Group as well as the limitation of the competition distorting effects. Among the undertakings there is the one, according to which the Issuer must be transformed into a public company and it must be listed on a regulated capital market until the end of 2019. The Issuer regularly reports about the implementation of the undertakings to the European Commission.

The public version of the text of the commitment undertaking framework system is available at the following internet website of the Directorate-General for Competition of the European Commission:

http://ec.europa.eu/competition/state_aid/cases/261437/261437_1721348_166_2.pdf

5.2 Investments

The main investments of the Issuer (participations exceeding 50%) are presented until 31 December 2018 in Annex N. 1 of this present Prospectus. The Issuer provides financing to the companies listed in the annex from internal resources.

On the day of this present Prospectus the Issuer has the following investments in progress (performed after 31 December 2018).

Danube Capital R&A Private Limited Company

The analysis competence was strengthened in the Issuer between 2015 and 2018. In addition to strategic market analysis and macro, micro stock market analysis activities the area also has competence in sector analysis and market research. The built analysis activity is marketable on its own, for which reason the exploitation of the resulting business potentials is recommended, which the Issuer deems viable via a subsidiary performing these activities. The registration of Danube Capital R&A Private Limited Company at the court of registration is in progress on the day of this Prospectus, and is expected to be completed in May 2019. Danube Capital R&A Private Limited Company shall be established as 100% subsidiary of MKB Consulting, in which the indirect participation of the Issuer shall be 75%. The activity of the company thus established shall have two key focuses: on the one hand, it shall prepare macroeconomic, sector, bank market and market research type analyses for the Issuer, and on the other hand, it shall gradually build advisory, training and market research service activities also available to external partners.

MKB Digital Szolgáltató Zrt.

Part of the digital strategy of the Issuer is the establishment of a top digital banking IT service provider. To implement this the Issuer established MKB Digital Zrt., a subsidiary in its 100% property. The registration of the company by the court of registration was performed on 9 May 2019. MKB Digital Zrt. shall extend IT services (IT operation, development, architect, IT strategy, contract management) to the Issuer.

The financing of the investments in progress shall be provided by the Issuer from internal resources.

In addition to above the Issuer maintains the possibility of helping the implementation of the business strategy by participating in company establishment, acquisitions, etc. in the future.

6 REVIEW OF THE BUSINESS ACTIVITY

6.1 Core activities

6.1.1 The core activities of the Issuer's operation

<u>Core activity of the Issuer</u>	Other monetary mediation (TEÁOR 641908)
<u>Other activities of the Issuer:</u>	Accounting, auditing and tax expert activities (TEÁOR 692009)
	Financial leasing (TEÁOR 694108)
	Other financial mediation not classified elsewhere (TEÁOR 649908)
	Other financial supplementary activity (TEÁOR 661908)
	Insurance agent, brokerage activity (TEÁOR 662208)
	Business management and other management consulting (TEÁOR 702208)

The Issuer performs financial service and supplementary financial service activities based on Resolution No. 975/1997/F of the Hungarian Financial Supervisory Authority dated 26 November 1997, while it performs the investment service and supplementary investment service activities based on Licence No. 41.0005/1998 of the Hungarian Financial Supervisory Authority dated 27 February 1998, Licence No. III/41.005-3/2001 of the Hungarian Financial Supervisory Authority dated 7 August 2001, Licence No. H-EN-II-1076/2012 of the Hungarian Financial Supervisory Authority dated 29 August 2012.

The Issuer is one of the oldest and influential members of the Hungarian bank system, a universal financial institution. In addition to the main commercial banking activities it also holds significant positions in the field of supplementary financial services performed by the strategic partners. Its objective is the further strengthening of these positions, its medium term strategic vision is to become one of the leading group members of the Hungarian bank sector. High preference is given to having a leading role in the field of digital large banks and to providing outstanding experience to the customers in close connection with it. The Issuer wishes to be one of the first three banks in the field of corporate and investment banking services and it strives for achieving these positions with outstanding cost efficiency.

Having become familiar with the requirements of its customers the Issuer wishes to offer outstanding experience and high quality service with its expert employees and innovative 21st century digital technologies, meaning a differentiating role for it. In the interest of achieving this the Issuer wishes to perform a strong market expansion in the retail segment by accelerating and digitalising the sales processes.

In serving large and medium size companies positive customer experience, responsible customer relationship, professional advice and transparency, speed and partnership relations - to which high quality sector, market, macroeconomic analysis support is added - make the Issuer a dominant role player of the Hungarian market.

The objective of the Issuer in the small company segment is to contribute to the success of companies with appropriate vision and willingness to grow with its knowledge, expertise, products and fast standard processes.

In terms of investment products the Issuer strives for the further strengthening of the personal advisory activity via its network units in the upper and upper-middle customer segments of the retail market. On the corporate side, utilising its foreign trade banking experiences and significant FX market competence the Issuer focuses on strengthening the utilisation of investment/treasury products.

6.1.2 Important new products and services of the Issuer

The important new products and services launched by the Issuer are presented in this section in general, while the key products and services extended to small, medium and large companies, Hungarian retail, private banking and other sector are presented in the following Section 6.2.

6.1.2.1 *Digitalisation, branch network and sales channels*

Digitalisation transforms banking. The understanding, learning and utilising of this new way of thinking by both the banks and the customer is inevitable. The digital products and channels facilitate everyday banking, the services become cheaper and strengthen the competition between the banks at the same time.

In 2018 the Issuer performed full digital changeover, by which it became a digital banking role player in three years. By the replacement of the core system the Issuer laid down the digital architecture of the future ensuring the opportunity of continuously developing its services and increase positive customer experiences further for decades. The services related to the new digital core system of the Issuer are built in the daily operative operation of the financial institution continuously.

Parallel with the digital changeover the Issuer launched its mobile application, listed online bank account opening and touch-card payment method and it also renewed its portal. With the digital branch service the customer can receive personalised information regarding mortgage loans or investment products online simply and comfortably.

The implementation of biometric signatures in the branch network is a significant step to the implementation of paper free administration.

The Issuer also sees great future potential in robotisation, due to which it began to use robots in several areas of the daily operation (among others in the field of monitoring, data enquiries, cash logistics or different booking tasks).

The Issuer considers open banking important not only because of compliance with the law but also because it sees great potential in it. As a result of such future solutions the customers shall receive more and more personalised financial solutions in the future. After thorough preparatory works performed in 2018 the Issuer was among the first institutions to open its APIs (Application Programming Interface) - pursuant to PSD II - providing an opportunity by doing so for new secure fintech developments making the life of the customers easier. Additionally the Issuer prepares further digital developments for both its retail and corporate clientele, which shall be compatible with the new PSD II provisions. MKB Fintechlab is a key partner in these developments supporting the product and service developments with new innovative partners.

6.1.2.2 *Money and capital markets, investment services*

MKB Group offers a wide range of investment banking type services: treasury (trading on commission, custody management, sales), fund management, capital market and transaction advisory, Private Banking, offering advice on preparing applications and on project management as well as the risk capital fund management launched in 2018.

In addition to its funds offering a wide range of investment opportunities MKB-Pannónia Fund Management made the products of five foreign and three Hungarian partners available in different customer segments. In addition to the traded investment funds the sale of structured bonds and certificates was also added to the investment offers.

The Issuer is the primary and contracted trader of institutional and retail government bonds. The Government Debt Management Agency recognised the trading activity of the Issuer by granting the award of the third place of "Primary trader of the year" in 2018.

Similarly to the previous years the Issuer became the stock exchange member of BSE with the second largest turnover in the forward FX section in 2018.

At the end of the last year the Issuer became a nominated advisor on Xtend, the newly established SME market of BSE. The unit of the issuer performing capital market transaction advisory performed the first successful capital increasing transaction on Xtend as advisor of Megakrán. The successful private placement and listing, a novelty for the SMEs is a significant step from the point of view of the development of the entire Hungarian capital market.

Regular analysis and price quotation activity was launched in terms of the Alteo and Masterplast shares. At the same time, from July 2018 the Issuer has also covered the BIF shares with regular analyses.

The experts of the analysis centre of the Issuer have been supporting the activity of MKB Group and its customers for nearly 4 years. The macroeconomic, stock market, money and capital market analyses of the expert team made a key contribution to the profitability of the investment service activity of MKB Group.

The Private Banking unit of the Issuer expanded its managed assets at a pace nearly the double of the market average in 2019², by which it achieved a market leader position in its own segment. The business line manages assets in the value of HUF 545 billion. The average volume of the managed portfolios is also outstanding, it exceeds HUF 300 million, which is the highest average managed asset per one customer on the Hungarian market among the service providers with banking background³. Another Private Banking consultation unit was established in Nyíregyháza. The professional workshop sponsored in close cooperation with MKB-Pannónia Fund Management is also highly popular. Due to more efficient work organisation and the service model always giving preference to the interests of the customers the customer satisfaction ratio improved significantly compared to 2017. The decision preparation system unique on the Hungarian market and leading in innovation, the utilisation of robot advisers shall be the basis of the further strengthening of Private Banking.

² Source: portfolio.hu survey; The Tables of Annex No. 3 to Chapter VIII Annexes include the detailed order.

³ Source: portfolio.hu survey; The Tables of Annex No. 3 to Chapter VIII Annexes include the detailed order.

The premium investment service guarantees personalised sample portfolio based investment consultation, wide range of product selection, special products and high quality personal expert service. Customer assets managed within the framework of premium investment service launched in 2016 reached HUF 107 billion by the end of 2018 and the average size of customer portfolio per one customer exceeds HUF 30 million. Based on the surveyed customer requirements the objective of the Issuer is the further improvement of the service quality and strong acquisition. In the interest of this the development of the value offer, service quality and service model is in progress.

6.2 Key markets

The Issuer is a universal credit institution with registered office in Hungary. Its core business activity covers small, medium and large company as well as institutional banking services, international bank relationships, retail, private banking and small entrepreneurial as well as money and capital market services. Via its participations the Issuer extends complex vehicle financing, fund management and advisory services and via its strategic business partners it offers pension and health fund services to its customers.

The key competitive markets of the Issuer are the Hungarian small, medium and large company as well as institutional banking service (corporate and institutional segment) and Hungarian retail, private banking and other banking services.

The turnover of the key competitive markets of the Issuer in the period covered with the financial information was the following:

HUF million, IFRS consolidated	Corporate and institutional customers			Retail, private banking customers and other		
	2016	2017	2018	2016	2017	2018
Receivables from the customers	565,687	617,460	615,222	292,385	241,132	279,981
Current and deposit accounts	1,196,011	1,235,242	1,043,397	323,857	303,898	328,649
Gross income - from the customers	53,887	82,214	71,444	45,966	24,348	31,147
Segment profit and loss	6,629	33,827	33,391	1,175	-13,089	-8,694

6.2.1 Corporate and institutional customers

Taking its traditional strengths as basis the permanent strategic objective of the Issuer is the maintenance of a strong corporate business line. The focal points of the business line are familiarity with the place, professional service, consultation based sale and provision of innovative solutions.

The Issuer does not only sell products to its customers but it provides complex business solutions, advice and sets up complex loan structures, satisfies special banking requirements, if necessary. The Issuer is capable of providing efficient solutions to most of the role players of the corporate segment.

In the interest of the further development of the customer life cycle based approach the Issuer utilised significant resources for the further optimisation of the product development processes and models and for the strengthening of the digitalisation solutions in 2018 .

Despite the fact that the implementing of the EU undertakings means significant restrictions for the Issuer, the retention of the portfolio in the large corporate segment is still important for the Issuer maintaining the market

positions⁴ and the diversified loan portfolio and avoiding the build-up of significant risk, industrial or customer concentration.

The Issuer considered the SME clientele as a key segment in 2018, too. The advisory model was developed further, new financing programmes were established for these companies and we increased product penetration. The launch of NHP Fix is of outstanding importance: we performed significant developments last year to make the programme available from the first days of 2019 already. Compliance with the new additionality requirements of the guarantee institutions was influential: the Issuer continuously fine-tunes the SME financing opportunities to make the opportunities offered by the programme available primarily to SMEs most in need.

Within the framework of the Széchenyi Programme the Issuer could increase its disbursements in 2018: the disbursed portfolio grew to HUF 41.7 billion by 9.1%, which still means a decisive market share of 18.6%⁵. As one element of the opening towards the agricultural sector - with the continuous optimisation and expansion of the available opportunities - the Issuer participated in the financing of the Agricultural Rural Development Programme. We have a traditionally close cooperation with Eximbank to allow as many customers as possible to access their financing resources. From the disbursements refinanced by Eximbank the Issuer achieved 15.1% market share in 2018 based on the number of transactions.

Via the network of MFB Points operating since July 2017 the Issuer supports the increase of the competitiveness of companies and the efficient utilisation of the resources with useful information and personal advice. In 2018 a limit of HUF 4.6 billion volume was reserved in the MFB Point network of the Issuer.

The issuer also supported service to small companies with the establishment of a mobile banker network covering the entire country.

6.2.2 Retail customers

The objective of developments performed in 2018 in line with the strategic priorities was the increase of the customer number, lending, via them the increase of the market share of the business line. In addition to organic growth the Issuer gave priority attention to its corporate relationships, to strategic cooperation with the Subsidiaries, the exploitation of the synergies in terms of MKB Pension Fund, MKB-Pannónia Health and Mutual Fund and MKB Euroleasing Group.

Continuous developments were performed to make the internal and external processes more efficient. As a result of intensive product developments digital services - such as e.g. further development of the mobile bank application or the digitalisation of the branch network - were added to the range of products and administration at the branches and outside the branches became faster and more comfortable. Parallel with the replacement of the account keeping system the Issuer listed the possibility of digital signing at its branches, which is a significant step towards paper free processes. Priority attention was given to the further training of the colleagues working in sales to strengthen the consultation at the branch network. These developments jointly guarantee better customer experience during banking both at the branches or in the digital space.

In 2019 the Issuer performed significant modernisation and renovation in its physical network. Within the framework of this three branches were renovated completely, the Issuer established the small company competence centre in the Headquarters in Váci Street and modernised its branches in one plaza in Budapest and the countryside each. Due to the changes in the customers' habits, the improvement of cost efficiency and sustainable profitable operation the Issuer significantly optimised its network operation. In addition to online administration, which already covers wide range of services and shall be developed further in the future, there are 51 branches nationally in which the Issuer provides the opportunity of personal service to the customers.

The high value partner programme of the Issuer - within the framework of which the Issuer grants preferential conditions to the employees of the partner - the number of cooperation actions increased. The Issuer organises

⁴ The large corporate market share of the Issuer was approx. 4% based on both the portfolio and disbursements.

⁵ The Tables of Annex No. 3 to Chapter VIII Annexes include the detailed order.

visits to the locations for the employees contracted within the framework of the high value partner programme facilitating thus the giving of financial advice to the employees at their own work places.

In 2018 the Issuer established its direct sales network ensuring national presence. The sellers of the network act as own agents of the Issuer at the events of the high value partner programmes and other outside activities, and with proactive customer approach they significantly contributed to the customer acquisition and loan disbursement performance of the business line.

In addition to the direct sales network and the high value partner programme the Issuer also uses external sales channels to sell its products. In 2018 the Issuer strengthened and built its relationships with the loan mediators⁶ further, and via the development of the external sales channels it strove for the improvement of the customer experiences of its partners. In the interest of improving the satisfaction of the mediators and the efficiency of everyday work we opened our mortgage loan centre in Budapest in December. The primary objective of the opening was the parallel establishment of professionalism and partner-centred operation. The operating experiences of the mortgage loan partner centre serve as base for the establishment of further centres to be set up by the Issuer in the future.

From 2018 MKB Plaza, the retail loyalty programme of the Bank, serves our customers with the renewed website and mobile application. By now MKB Plaza has also been made available to the customers of MKB Euroleasing Group therefore the entire clientele of the MKB Group is eligible to 150 preferential conditions of nearly 100 service providers. The success of the loyalty programme is proven by the fact that the number of registered customers doubled since 2017 and by now it exceeds 70 thousand persons.

The Issuer achieved good results in loan disbursements: in the course of the past three years (i.e. in the period including the 2015 and 2018 business years) the disbursement of housing loans to the retail clientele grew by 206% while the growth on the market was 134%. The expansion was more dynamic in the case of personal loans: the disbursements of the Issuer grew by 472% as opposed to the market growth of 248% in the same period.

The portfolio of households (deposit + bond + investment fund + government bond) managed by the Issuer exceeded HUF 780 billion at the end of the year. The structure of the savings changes slightly: the weight of government bonds and deposits grew while the percentage of the investment funds and bonds decreased.

MKB SZÉP Card had a successful performance in 2018 again: it became a publicly popular many-sided and conveniently used daily payment instrument. Due to the changes in the legal regulations from 2019 only SZÉP Card of the fringe benefits is still subject to favourable taxation, for which reason this fringe benefit form, which was already popular, is expected to become more popular in the future.

The number of cardholders grew by approx. 10% in 2018 exceeding thus 240 thousand persons by the end of the year. The employers' contribution of HUF 15.6 billion transferred to the MKB SZÉP Card holders in 2018 grew by 2.5% compared to the previous year and the percentage of their utilisation was 5.9% higher than the year before, amounting to HUF 15 billion.

In harmony with the changes of the law the method of applying for SZÉP Cards and the transfer of the benefit by the employers changed significantly from 2 January 2019. According to the changes the Issuer took over the services of SZÉP Card issuance and registration and concluded bank account contracts with approximately 200 thousand customers.

Presently the MKB SZÉP Card holders can use their card for payment to be made to 22.500 contracted service providers.

⁶ We concluded a total of 43 new mediation agreements (agency contracts) in 2018 and 269 new sub-agents (natural persons performing the activity) were granted MKB agent codes authorising them to mediate transactions via the branch network.

6.3 Data substantiating the statements made by the Issuer regarding its competition standing

The calculation of the market shares made by the Issuer listed in Section 6 of Chapter IV of this Prospectus were prepared on the basis of the non-consolidated 2018 figures of the Issuer according to HAS, the monthly consolidated supervisory balance sheets and other statistics of NBH and the statistics of KAVOSZ, Eximbank, MFB, the Hungarian Leasing Association, BAMOSZ and the National Association of the Mutual Funds, which are included in the appropriate tables of Annex No. 3 of Chapter VIII Annexes of this present Prospectus.

7 ORGANISATIONAL STRUCTURE

7.1 Company group

The Issuer is the parent company of the company group controlled by it.

Pursuant to the Credit Institutional Act (Hungarian acronym: Hpt.) on 31 December 2018 the companies of the Issuer under consolidated supervision were the following: MKB-Euroleasing Autóhitel Zrt., MKB-Euroleasing Autólízing Zrt., MKB-Euroleasing Zrt., Retail Prod Zrt., Euro-Immat Kft., Exter-Adósságkezelő Kft., Extercom Vagyonkezelő Kft., MKB Üzemeltetési Kft., and MKB Nyugdíjpénztárt and Egészségpénztárt Kiszolgáló Kft.

Annex No. 1 to this present Prospectus lists the subsidiaries of the Issuer (its participations exceeding 50%).

Annex No. 2 to this present Prospectus presents all participations of the Issuer according to the status on 28 March 2019.

7.2 The consolidated and strategic participations of MKB

7.2.1 Companies in its circle of consolidation

Companies in the consolidation circle of the Issuer on 31 December 2018:

Company	Ownership %	Voting right %	Activity
Euro-Immat Üzemeltetési Kft.	100,00%	100,00%	Renting intangible assets
Exter-Adósságkezelő Kft.	100,00%	100,00%	Claim collection
Extercom Vagyonkezelő Kft.	100,00%	100,00%	Real estate trading
MKB-Euroleasing Autóhitel Zrt.	100,00%	100,00%	Vehicle financing and consumer lending
MKB-Euroleasing Autólízing Szolgáltató Zrt.	100,00%	100,00%	Vehicle financing
MKB-Euroleasing Zrt.	100,00%	100,00%	Euroleasing group holding company
MKB Bank MRP Szervezet	66,32%	0,00%	ESOP SPV
MKB Bank Teljesítményjavalmazási MRP Szervezete	100,00%	100,00%	ESOP SPV
MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft.	100,00%	100,00%	Other administrative services
MKB Üzemeltetési Kft.	100,00%	100,00%	Real estate maintenance
Retail Prod Zrt.	100,00%	100,00%	Vehicle financing and consumer lending
MKB-Pannónia Alapkezelő Zrt.	49,00%	49,00%	Investment fund management

MKB Euroleasing Group

Being one of the three top leasing companies of our country⁷ MKB Euroleasing Group is an extremely active and influential market role player in the fields of car financing, large utility vehicle financing, agricultural machinery and general machine financing.

In 2018 the Issuer successfully continued the diversified building of its portfolio, which it initiated in 2016.

The primary objective of the last year was the further strengthening of the long term profitability of MKB Euroleasing Group, according to which in addition to the moderately planned volume growth emphasis was put on the more profitable transactions. The strategy was implemented better than expected: the new financing

⁷ With Merkantil Bank and Budapest Bank; please refer to the annexes for detailed order; source: Hungarian Leasing Association

volume grew by only 2% compared to 2017 - with slightly decreasing average transaction size -, however the profit generating ability of the newly contracted portfolio exceeded the performance expected from the contracts concluded in 2017.

The strategic purpose of MKB Euroleasing Group is the retention of the achieved market share, the ensuring of stable market presence and further contact building towards more profitable segments.

In the car and agricultural machine financing MKB Euroleasing Group is one of the two largest participants on the market. The market share was high in the retail (18%) and agricultural machine (17%) segments in the fourth quarter of 2017. The position was medium in the truck&bus (4%) segment. The position of the general machine segment (2%) is currently still weak.

The Issuer calls attention to the fact that compared to the data of 31 December 2018 MKB-Euroleasing Zrt. ceased with its merger into MKB-Euroleasing Autólízing Zrt. and MKB-Euroleasing Autóhítel Zrt. ceased with its merger into MKB-Euroleasing Autólízing Zrt.:on 1 January 2019.

Retail Prod Zrt. is member of the MKB Euroleasing Group. In 2015 MKB-Euroleasing Zrt. purchased 100% participation in the Company from PSA Financial Holding B.V. and Banque PSA Finance S.A. previous owners. Having regard to the fact that MKB-Euroleasing Zrt. ceased on 1 January 2019 with merger into MKB-Euroleasing Autólízing Zrt. the ownership structure of Retail Prod Zrt. also changed accordingly, for which reason on the day of this present Prospectus the sole shareholder of Retail Prod Zrt. is MKB-Euroleasing Autólízing Zrt.

MKB-Pannónia Fund Management

Following the takeover of the portfolio managed by the previously operating MKB Befektetési Alapkezelő Zrt. MKB-Pannónia Fund Management has been performing its activity in the present form since 1 December 2017.

Under the name of Pannónia Befektetési Szolgáltató Zrt. MKB-Pannónia Fund Management was established in 2011. The Company transformed its operation in line with the significant legal changes in 2014 when Act XVI of 2014 on the Collective Investment Trusts and Their Managers and on the Amendment of Financial Regulations took effect. In its resolution No. H-EN-III-72/2014 NBH confirmed the entitledness of the company to perform the previously licensed activities in the new regulatory environment.

In addition to the supplementary services MKB-Pannónia Fund Management is a company primarily specialised in investment fund management and the management of securities portfolios striving for the professional satisfaction of asset management requirements according to the international norms. The continuous increase of the market participation is among the fundamental objectives of MKB-Pannónia Fund Management. Taking into account the changes on the pension insurance market and the related consolidation requirement the company continues to put significant emphasis on the acquisition of pension fund customers. In addition to ever more successful portfolio management for voluntary and private pension funds the management of public investment funds and the acquisition of external customers appeared as new focal points from 2018.

At the end of the 2018 business year MKB-Pannónia Fund Management managed assets exceeding HUF 645 billion, within it nearly HUF 270 billion fund and HUF 93 billion unit-linked insurance assets, with which it reached a 17% market share in the field of fund asset management and 14.9% market share in the field of unit-linked insurance asset management. It had 8% market share in the market of domestic public securities funds at the end of 2018.

At the end of 2018 MKB-Pannónia Fund Management submitted an application to the National Bank of Hungary acting as supervisory organisation for collective investment company dealing with transferable securities (Hungarian acronym: ÁÉKBV fund manager) classification.

Exter-Companies

The Exter-Companies (Exter Adósságkezelő Kft. and Extercom Kft. as well as Exter-Reál Kft. and Exter-Immo Zrt. outside the consolidation circle) are subsidiaries in 100% property of the Issuer, the fundamental objective of which is participation in the performance of debt to asset conversion, the utilisation and sale of tangible assets and real estate assets appropriated by the companies in order to minimise bank group level losses, if by the application of the conversion a higher return (lower loss) is realised than without the cooperation of the

Companies.

The core task of Exter Adósságkezelő Kft. is to facilitate contact with the bank customers. The establishment of personal contact with the customers is essential for the appropriate management of the problem portfolio of the Bank. The survey of the living conditions and the securities related to the loans has key significance, with special attention given to the obligors in the case of whom contact via the communication channels specified by their persons becomes impossible. The Exter-Companies extend services to the MKB Group only. Further utilisation of the companies of the company group shall require a strategic decision in 2019.

MKB Üzemeltetési Kft.

MKB Üzemeltetési Kft. and Euro-Immat Kft. presented in the following are strategic subsidiaries of the Issuer offering essential services (real estate operation and maintenance, IT) to ensure the conditions of operation.

MKB Üzemeltetési Kft. is a strategic subsidiary operating in non-profit form, it is the owner of the (operation related) real estate portfolio of the Issuer, its tasks are office facility management, maintenance, development and the leasing of fixed assets.

MKB Üzemeltetési Kft. mainly extends services to the MKB Group, 76% of its incomes originate from the Issuer. In addition to this it rents out and operates office facilities to MKB Group members and other companies. The company is a strategic investment, which the Issuer wishes to keep because its activity is essential for the operation.

In 2018 MKB Üzemeltetési Kft. contributed to the profit and loss of operation with HUF 2.350 million loss after tax. As a result of the interim decision about branch optimisation made by the Bank the Company realised significant additional costs and the provision of large amount created for the items carried forward to the coming years also deteriorated the performance. The value of the assets of the company amounted to HUF 35.908 million.

Euro-Immat Kft.

Euro-Immat Kft. is a strategic subsidiary, which is the owner of the immaterial IT goods utilised by the Bank. Euro-Immat Kft. extends IT services to the MKB Group. The company demerged from MKB Üzemeltetési Kft. in 2011. Its services are: lending immaterial goods and other IT services.

Euro-Immat Kft. extends IT services to the MKB Group only. The company is a strategic investment, which the Issuer wishes to keep because its activity is essential for the operation.

In 2018 Euro-Immat Kft. contributed to the consolidated net profit and loss of the bank with HUF 122 million profit after tax due to the proportionally deductible VAT settled in connection with group taxpayer status, which, pursuant to the decision of the Issuer, was utilised for the first time in 2018. The value of the assets of the company amounted to HUF 3.055 million.

MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft.

MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft. is a strategic subsidiary.

The Voluntary branch of MKB Pension Fund with a 24-year history had assets exceeding HUF 132 billion and nearly 83 thousand members on 31 December 2018. In 2018 increased payment tendencies - which were typical of the sector in general - were observed, the individual payments of the fund members were 2%, while the payments of the employers were 4% higher than in the previous year. The 5th biggest role player among the leading pension funds with stable 10 percent market participation offers one of the most favourable condition systems. The Fund pays priority attention to serving the customer requirements maximally introducing electronic administration as a new innovative solution already in 2017 and adding to the functions of the system in 2018. At the end of the last year, as a new development the Fund elaborated the opportunity to make individual payments with bankcard for the fund members.

MKB-Pannónia Health and Mutual Fund has stably been one of the biggest funds offering the best condition system for 21 years. The Fund also closed 2018 with outstanding performance, its assets grew by 30% to HUF 15.6 billion and with its 27% market share it is the first among the health funds. It increased the headcount of its members to 210.000 by dynamic growth of 13% by the end of 2018 becoming the third largest role player on the market. In 2019 the Fund is working on several developments, which shall serve the further improvement of the customer experience.

MKB SZÉP Card has a profitable performance again in 2018, it is still one of the most frequently chosen fringe benefit. The number of cardholders grew by approximately 10% in 2018, by which it was near 241.000 persons by the end of the year. For them HUF 15.6 billion employers' contribution was transferred meaning 2.5% growth compared to the previous year. The HUF 15 billion utilisation was 5.9% higher than in the previous year. From operating point of view 2018 was characterised with the work process of a successful changeover: in line with the changes of the legal regulation the application for SZÉP Card and the method of transferring the contribution of the employers changed significantly as of 2 January 2019; MKB Bank Zrt. took over the services of SZÉP Card issue and registration. In 2019 the Cardholders could use their MKB SZÉP Cards supporting leisure activities, cultural experiences and recreation to perform free-of-charge payments to nearly 22.500 contracted service providers.

Employee Stock Ownership Plan (Hungarian acronym: MRP)

The objective of the establishment of the organisation founded in 2016 was the fulfilment of the targets of the Issuer based on its remuneration policy. This is the sole relevant activity of the organisation. Please refer to Section 15.1 for further information.

MKB Digital Zrt.

MKB Digital Zrt. was registered by the court of registration on 9 May 2019, for which reason it is not among the companies in the consolidation circle of the Issuer on 31 December 2018. Part of the digital strategy of the Issuer is the establishment of a top digital banking IT service provider. To implement this the Issuer established MKB Digital Zrt., a subsidiary in its 100% property. The registration of the company by the court of registration was performed on 9 May 2019.

7.2.2 Strategic participations

MKB Consulting Kft.

As member of the MKB Group MKB Consulting became a significant role player of the application and consultation market by the end of the third year following its establishment.

It is typical of the success of the application business line that high value corporate customers received a total of HUF 12.5 billion assistance within the framework of winning applications mainly in the subject of research and development and innovation, while the company helped 460 customers in the small company portfolio to obtain HUF 2.7 billion assistance.

In the consulting business line MKB Consulting performs activities in the field of obtaining funds for different institutional role players (towns with county rights, BSE, capital fund managers and the entire MKB Group).

With its expert experiences MKB Consulting participated in laying down the foundations of the town development visions of towns with county rights and in the elaboration of their financing model within the framework of the Modern Cities Program.

In 2018 in connection with the capital programmes MKB Consulting extended financial advisory services to risk capital funds and other market participants. In addition to others it was active in the elaboration of the business plans of funds operating in certain priority target areas and the elaboration of the related investment strategies and provided expert assistance related to the launch of funds.

In the quality of a strategic partner of BSE MKB Consulting participated in the training and stock exchange preparatory projects of BSE.

MKB Inkubátor Kft. / MKB Fintechlab

The Issuer believes that the worlds of large companies and the startups supplement each other well, for which reason the Issuer opened up to the startup, technology and innovation world as the first one among the Hungarian financial institutions. To date MKB Fintechlab - as innovation laboratory and startup incubator of the Issuer - has become an influential participant of the Hungarian and international fintech innovation world. It can be stated that by today MKB Fintechlab has become appealing to the startups operating in the fintech capitals of the world.

MKB Fintechlab supports the strategy of MKB Group in three areas: it builds a community excelling in the field of innovations around MKB Group, it supports startups with its incubation programme and it searches for and builds valuable partnerships for the MKB Group.

In 2018 MKB Fintechlab strengthened its international positions and today it operates as fintech knowledge centre number one in Central-Eastern Europe. The above is supported by the fact that the startups of 6 countries participated in the 2018 spring incubation programme and 110 startups of 15 countries applied for the programme in 2019.

In November 2018 Fintechlab organised the first fintech hackathon of Hungary and the region in cooperation with Oracle. In the competition organised in the spirit of open banking 15 new innovative solutions were elaborated, and parallel with it the participants successfully tested the new digital system of the Issuer.

Last year three innovative partnerships established by MKB Fintechlab were integrated into the daily operation of the Issuer. The robot advisor named Blueopes developed for the Private Banking unit of the issuer must be highlighted.

Solus Capital Kockázati Tőkealap-kezelő Zrt.

In the past years the Issuer began to establish the organisational conditions of capital investment activities. It established MKB Kockázati Tőkealap-kezelő Zrt. and acquired participation in Solus Capital Kockázati Tőkealap-kezelő Zrt. establishing thus the framework system of efficient fund involvement.

Solus established Solus I Risk Fund in August 2018 wishing to contribute with its investments to both the regional developments and the technological modernisation of the SME sector. The Capital Fund invests in SMEs working outside the Central-Hungary region, which shall be capable of fast growth as a result of innovations in the field of intelligent technology. The Capital Fund established with nearly HUF 13 billion registered capital, for which MFB and other private investors provided the financial funds within the framework of S3 Risk Capital Programme, performed 3 successful risk capital investments in the course of 2018.

MKB Kockázati Tőkealap-kezelő Zrt.

The Issuer established the company in 2017 as a single owner. The company began its business activity in 2018 by establishing the Open Innovation Capital Fund, which was registered by NBH in August 2018. Open Innovation Capital Fund concentrates on investments in technological startups, which completed a large company innovation programme and obtained relevant results (their first big contract, if possible), with preference given to the programmes implemented by MKB Inkubátor Kft.

No other investment activity was performed in 2018.

8 MATERIAL ASSETS

A significant growth of HUF 4.356 million was performed in 2017 in the standalone (non-consolidated) assets of the Issuer, which was primarily caused by the growth of “Not activated intellectual properties, rights of property value”. The growth can be explained by the initiation of the development related to the replacement of the account keeping system of the Issuer.

The account keeping system related investments were activated in 2018, as a result of which “Not activated intellectual properties, rights of property value” decreased and the value of “Software products, rights of property value” increased. The activation of the development and the obtaining of the new licences caused HUF 10.994 gross value increase. Growth in “Rented real estates” could also be observed in 2018, which was

due to the implementation of the IFRS 16 standard. Pursuant to the provisions of the standard a rental real estate was recorded in the books of the Issuer as financial leasing generating HUF 2.056 million growth.

Consolidated figures		HUF million		
Title	2016	2017	2018	
Immaterial goods	8,445	12,568	19,398	
Buildings in own property	31,249	27,909	26,080	
Equipment	6,189	6,199	6,665	
TOTAL	45,883	46,676	52,143	

Non-consolidated, standalone figures		HUF million		
Title	2016	2017	2018	
Related to financial activity:				
Software and rights of property value	3,879	3,213	12,401	
Plots, real estates	4	3	3	
Leased real estates	1,120	1,042	3,344	
IT equipment	226	190	212	
Leased IT equipment	0	0	383	
Vehicles	495	859	794	
Leased vehicles	8	0	8	
Not activated intellectual property, rights of property value	3,921	8,277	4,613	
Other investments	21	336	401	
Not financial activity related:				
Material assets	61	61	34	
TOTAL	9,735	13,981	22,193	

9 REVIEW OF THE BUSINESS ACTIVITY AND THE FINANCIAL STANDING

9.1 Financial standing - balance sheet focus

The balance sheet total of MKB Group dropped from HUF 1,954.1 billion in 2015 to HUF 1,857.6 (HUF -96.5 billion change) by the end of 2018. The primary reason for the reduction of the balance sheet total is the performance of the EU undertakings limiting the group level balance sheet total and RWA portfolio constituting part of the framework system presented in Section 1.3.10 of Chapter II of this present Prospectus.

In the course of 2016 the (consolidated) IFRS based balance sheet total of MKB Group grew by 7.6% amounting to HUF 2,101.6 billion at the end of 2016. Due to the dynamically growing new exposures the net loan portfolio of the customers grew by 9.6% amounting to HUF 858.1 billion, while the customer deposit portfolio amounted to HUF 1,519,868 million with 10.2% growth at the end of 2016. The securities portfolio amounted to HUF 924.1 billion at the end of 2016, which was a growth of HUF 64.4 billion compared to the end of 2015. The equity of MKB Group grew from HUF 108.0 billion in 2015 to HUF 125.4 billion (+ HUF 16.4 billion, + 15.8% Y/Y).

At the end of 2016 the retail loan portfolio was closed at HUF 292.4 billion, of which the total of mortgage loans of housing purpose and free utilisation constituted 96% of the portfolio. The new loan disbursement in

the retail business line grew largely in 2016. The amount of contracted housing loans doubled with the contribution of the new free use loan product secured by mortgage launched during the year. As a result of this the market share of the Issuer in the disbursement of loans secured by mortgage was 4.1% at the end of 2016, while it grew to 4.4% in the market of housing loans, which corresponded to a growth exceeding 2 percentage points within one year.

The Issuer was also an active participant of the loan programme with state assistance on the housing loan market. The Issuer was among the first institutions to join the Family Housing Allowance Programme, as a result of which nearly 1000 credit applications were received in the course of 2016 in the value of HUF 3 billion. The Issuer opened up to unsecured loans, transformed its personal loan products, disbursements of which grew by five times between the beginning and the end of the year.

In summer 2016 the Issuer successfully turned the decreasing trend of the corporate loan portfolio, which was due to the reduction of the commercial real estate loan portfolio: by the end of the year the net corporate loan portfolio grew by nearly 15%, the market share was 8.2% at the end of 2016 and the number of corporate customers exceeded 44 thousand. The Issuer was also an active participant in the state programmes influencing the corporate loan market. The market share in the third phase of the Growth Scheme launched by NBH was nearly 14%. In 2016 the Issuer disbursed a total of approx. HUF 20 billion export promotion loan scheme (Hungarian acronym: EHP) to its corporate customers, by which the end-of-year closing portfolio grew to HUF 41 billion, which was 54% growth compared to the HUF 27 billion of the previous year. The card, current asset and investment loan opportunities extended within the framework of the Széchenyi Programme are among the financing products. Within the framework of the Széchenyi Programme a total of HUF 165 billion funds were disbursed by the participating banks, the market share of the Issuer based on the disbursed portfolio was 19%. Agricultural Széchenyi Card appeared as a new product, with which the Issuer achieved 1.9% market share by the end of the year. In addition to these another key tool of corporate financing was factoring. The growth of the factored turnover was 20% in 2016 (12% participation in the portfolio).

In 2016 the bank savings of the households (bank deposit, account, bond, investment fund and government bond) grew on the Hungarian market, which was primarily due to the improving economic environment. The portfolio of assets of the households managed by the Issuer amounted to HUF 861.2 billion at the end of the year. The market share of the Issuer in the field of retail savings is 4.9%. Adjusted to the characteristics of the low interest environment the structure of the savings is changing: while the weight of term deposits and bonds decreases continuously the role of assets managed in investment funds and the role of government bonds increases. The market share of the Issuer in the total corporate deposit portfolio was 10.7%.

In the course of 2017 the balance sheet total of MKB Group decreased by 2.7% compared to the end of 2016, amounting to HUF 2,045.0 billion on 31 December 2017. At the end of 2017 the portfolio of receivables from the customers was similar to that of the end of the previous year, its value was HUF 858.6 billion at the end of the period. Regarding its constitution the volume resulting from the new disbursements increased significantly, however re-categorisations pursuant to the accounting rules were performed in the non-performing portfolio. On the liability side the total portfolio of the customer related current and deposit accounts grew by 1.3%, i.e. by HUF 19.3 billion, compared to the end of the previous year and amounted to HUF 1,539.1 billion at the end of the accounting period.

In 2017 the new retail loan disbursements of the Issuer grew significantly compared to the previous year: the disbursed mortgage loan portfolio grew to nearly 2.5 times and the disbursed personal loan portfolio doubled. Signification portion of the retail loan portfolio is secured: 90% of the portfolio was constituted of housing and free use mortgage loans.

The portfolio of the assets of households managed by the Issuer exceeded HUF 740 billion at the end of 2017. Adjusted to the characteristics of the low interest environment the transformation of the savings' structure continued: while the weight of term deposits and bonds decreased continuously, the role of asset managed in investments funds and the role of government bonds increased.

The portfolio of non-performing loans decreased prominently in 2016 from HUF 259 billion to HUF 161 billion, the percentage of non-consolidated 'non-performing' portfolio (NPL rate) improved from 19.8% in 2015 to 12.0%.

By the end of 2016 the Basel III IFRS based amount of the primary capital of MKB Group in compliance with the supervisory rules grew by HUF 12.5 billion to HUF 112.8 billion. The portfolio of risk weighted assets - including the operational and market risks - grew from HUF 888.2 billion in 2015 to HUF 936.8 billion, by 5.5%. The consolidated capital adequacy ratio pursuant to Based III grew to 12.4% by the end of 2016.

In 2017, in addition to the traditional large corporate segment the Issuer put an increasing focus on the SMEs. After a successful public procurement procedure in summer 2017 the Issuer signed a mediation contract with MFB for the establishment of 35 MFB Points in the branch network of the Issuer and the mediation of the related products. In the first quarter of 2017 the Issuer successfully continued its participation in the third phase of the NBH Growth Scheme and committed itself to further undertakings in the second phase of the Market Lending Scheme (Hungarian acronym: PHP) and largely over performed its summary PHP undertaking, too, furthermore it disbursed significant financing funds from the Export Promotion Loan Scheme extended by Eximbank. The card, current asset and investment loan opportunities extended within the framework of the Széchenyi Programme are also among the financing products. The Issuer undertook a preference role in the success of the Széchenyi Card Programme from the beginning. After the increase of the maximum amount of usable loans to HUF 100 million, a larger limit amount has become available flexibly from the last year, which together with the utilisation of other products of the Issuer establish a secure financial basis for the micro, small and medium size companies. In the financing extended within the framework of the programme in 2017 the Issuer had 20.3% market shares, by which it is stably the second role player on the market. The Agricultural Széchenyi Card construction launched in 2016, within the framework of which the Issuer disbursed approx. 31.5 billion in the course of 2017, must be mentioned. In 2017 the Issuer targeted the professional serving of the agricultural sector with premium programmes, special financial products and expert consultation elaborated for the sector.

The percentage of 'non-performing' exposures (NPE ratio) decreased with a significant drop to 6.9% from 11.9% at the end of 2016, the percentage of non-consolidated 'non-performing' loan portfolio (NPL ratio) including 90 days + exposures dropped from 14.5% to 6.1%. All above is due to the fact that the continuation of the strategy set up for the termination of the non-performing portfolio in the previous years was successful and that there was no significant new non-performance event in the developing economic cycle in 2017. In addition to all this the fact, that due to the strict and consistent risk management performed since the beginning of the resolution the risk profile and quality indicators of the newly built portfolio have been very favourable. The coverage ratio of the problem portfolios improved further, significantly less provision was created for the expected lending losses related to the problem and non-performing portfolios compared to the base of 2016. The exposure of commercial real estate financing segment (CRE) decreased further at a pace, by which the Issuer fully implemented its undertaking by the end of 2017, therefore the Issuer did not have any further portfolio reduction obligation concerning CRE transactions.

The level of the problem portfolios does not reach the threshold value, over which due to the introduction of system risk capital buffer additional capital reserve should be created. An overall project was launched in 2016 for the reduction of the retail non-performing portfolio, within the framework of which the Issuer introduced several measures: among them it launched campaigns for the restructuring and closure of the transactions and the sale of the portfolio. At the end of 2017 the Issuer concluded an assignment contract, within the framework of which 2/3 of the retail non-performing portfolio was sold. In the course of its implementation, at the beginning of 2018, loan debts and accounts with negative balance were removed from the books in significant quantities and the sale of the remaining portfolio was completed during 2018.

By the improvement of the profitability the capital standing of MKB Group strengthened further in 20017, the consolidated capital adequacy ratio according to Basel II increased to 15.7%. On 31 December 2017 the Basel III IFRS based amount of the primary capital of MKB Group in compliance with the supervisory rules amounted to HUF 146.4 billion. The portfolio of risk weighted assets - including the operational and market risks - dropped from HUF 936.8 billion in 2016 by 0.65% to HUF 930.8 billion.

By the end of 2018 the balance sheet total of MKB Group decreased to HUF 1.857,6 billion from HUF 2,045.0 billion at the end of 2017, which was a significant reduction purposefully performed in harmony with the EU undertakings. On the asset side, following the portfolio cleaning process and with the limits specified in the EU undertakings observed, the net loan portfolio of the customers grew by 4.3% to HUF 895.2 billion compared to 2017, parallel with which the Issuer also manages its funds structure more efficiently. The securities portfolio of

the Issuer according to the bank book amounted to HUF 773 billion at the end of 2018, which was a decrease of 19.1% compared to the portfolio at the end of 2017.

Following a 10.9% reduction the customer deposit portfolio amounted to HUF 1.372 billion at the end of 2018 in harmony with the reduction of the balance sheet total.

The Issuer achieved good results in loan disbursements: in the course of the past three years the disbursement of housing loans to the retail clientele grew by 206% while the growth on the market was 134%. The expansion was more dynamic in the case of personal loans: the disbursements of the Issuer grew by 472% as opposed to the market growth of 248% in the same period.

The portfolio of the assets of households managed by the Issuer exceeded HUF 780 billion at the end of the year. The structure of the savings changed slightly: the weight of government bonds and deposits grew while the percentage of the investment funds and bonds decreased.

The planned improvement of the portfolio quality to be implemented in several steps, the establishment of a portfolio, which could be deemed healthy, the percentage of non-performing loans exceeding 90 days of default in the corporate segment approached the average of the bank sector. The percentage of the 'non-performing' exposures (NPE ratio) decreased to 5.8% from 6.9% at the end of 2017 (2016: 11.7%).

As a result of a balanced and profitable operation in the third consecutive year the capital standing of MKB Group is stable, its capital adequacy ratio was 17.9% in 2018.

9.2 Business performance - P&L focus

After the loss-making 2015 year (loss after tax amounting to HUF -76.402 million) MKB Group had a profitable operation in the period between 2016 and 2018, it achieved HUF 9.496 profit after tax in 2016, HUF 19.201 million in 2017 and HUF 25.132 million in 2018.

The financial and business foundations of MKB Group are stable, including its capital strength, liquidity, self-financing ability, changes in its balance sheet structure and the performance of its business lines.

The profitability of MKB Group improved significantly in the course of 2016: the Group achieved HUF 7.8 billion pre-tax profit after the HUF 78.2 billion loss realised in 2015. Profit after tax amounted to HUF 9.5 billion in 2016. The profit after tax is higher than the pre-tax profit due to the deferred tax impacts of the members of MKB Group. The net profit of interests decreased by 8.6%, fundamentally as a result of the low interest environment and the unrealised loan volumes resulting from the intensive reduction of the commercial real estate loan portfolio. The Issuer successfully increased its fee and commission performance in 2016, the growth of 7.2% was due to the pricing policy, the growth of certain business volumes and the changes in the conditions of certain products.

Additionally - in smaller proportion - factors realised over the plan also helped the performance: decreasing bank tax, profits generated on the Market Loan Scheme of NBH and on a single one-off financial transaction (VISA) also contributed to the successes of MKB Group. The loss in value and provisioning decreased by HUF 79.2 billion compared to the previous year. The reduction is explained by the high calculation base due to the separation of the commercial real estate loan portfolio performed at the end of 2015, on the one hand, and the marked contribution made by the significant improvement of the portfolio quality, on the other hand.

During 2016 the Issuer terminated a commercial real estate loan portfolio of approx. HUF 140 billion. The Issuer achieved all these figures with additional provision creation less than planned for 2016 and the significant continuous and sustainable in the long term reduction of the non-performing loan portfolio.

Due to the cost reduction and efficiency improvement actions taken in 2015 and 2016 the costs of operation dropped by 27.6%, i.e. by HUF 14.6 billion, amounting to HUF 38.3 billion at the end of 2016. The reduction was the result of HUF 3.7 billion decrease in the personnel type costs, the decrease of depreciation by HUF 4.8 billion and the reduction of other costs of operation and administration by HUF 6.1 billion.

Following the outstanding profit made in 2016 MKB Group more than doubled that result in the course of 2017 closing 2017 with HUF 20.7 billion pre-tax profit (2016: HUF 7.8 billion). Fundamental profits increased slightly: the profit of interests by 2.3% and the commission and fee performance by 0.6%. They jointly constituted significant portion, 84%, of the gross profit. MKB Group realised HUF 10.2 billion on the other profits of

operation line in 2017 mainly due to the higher profit realised on the revaluation/sale of the securities and the lower value of the bank tax.

The loss in value and provisioning was HUF 5.6 billion less than in the previous year. all in all net HUF 9.6 billion was created in 2017.

The implementation of the strategic objectives of MKB Group involved significant investments, to which were added the burdens of the costs of - mostly IT type - developments necessary pursuant to the legal requirements, the increasing wage costs due to the strong labour market competition and the legal and advisory costs related to the successful reduction of the problem portfolio, for which reasons the cost of bank operation grew to HUF 48.7 billion in 2017.

The profit after tax of MKB Group amounted to HUF 25.1 billion in 2018, for which reason, despite the EU undertakings fundamentally influencing the operation of the Issuer, the successfully implemented high priority projects, the replacement of the IT core system and developments ensuring regulatory compliance as well as the ever increasing market competition, MKB Group was able to increase its profit after tax by a further 31%.

Despite it being higher than planned the volume of the gross profit was lower than in the previous period. In the background of this stood the profit of securities and derivative portfolio strongly exposed to the changes of the market yields - considered temporary due to the expected performance increase. The net profit of interests grew by 4.4% to HUF 41.3 billion, the commission income - fundamentally due to the drop in the commission incomes generated from securities deals - decreased by 10.2% to HUF 25.9 billion in 2018.

Due to the one-off impacts of the account keeping system replacement implemented within the framework of the digital changeover, the earlier closure of MRP and the organisational and branch network rationalisation the costs of operation of MKB Group increased to HUF 52.9 billion, the cost/income rate (CIR) was 65.8%.

The improvement of the portfolio quality largely supported the performance of 2018, approximately HUF 6.5 billion credit risk cost was released during the year.

Information concerning governmental, economic, budgetary, financial or political factors, which directly or indirectly influenced or may influence the business activity of the Issuer significantly were presented in Section 1.3 of Chapter III of this present Prospectus.

10 CAPITAL RESOURCES

Changes in the elements of the equity and debt of the Issuer in the last three business years:

Consolidated figures			HUF million
Equity (HUF million)	2016	2017	2018
Registered capital	100,000	100,000	100,000
Capital reserve	21,729	21,729	21,729
Reacquired stock	(5,550) ⁸	(5,550)	(1,987)
Other reserves	6,597	2,408	(3,272)
Profit reserve	(2,958)	16,244	39,709
Non-controlling participation	5,590	5,549	1,987
Total of equity	125,408	140,380	158,166

The following table presents the financing structure and loan requirement of the Issuer:

Liabilities	2016	2017	change 2017/2016	2018	change 2018/2017
Liabilities to credit institutions	376,262	239,312	-36.40%	214,340	-10.43%

⁸ the brackets in the table show minus sign.

from this funds secured by collateral ⁹	160,444	170,793	+6.45%	125,949	-26.26%
Liabilities to the customers (Current and deposit accounts)	1,519,868	1,539,140	1.27%	1,372,046	-10.86%
Derivative financial liabilities	29,983	43,366	44.64%	31,608	-27.11%
Issued bonds	12,892	10,624	-17.59%	4,974	-53.18%
Subordinated liabilities	0	22,307	-	28,002	25.53%

The key characteristics of the bonds of the Issuer approved on the day of this Present Prospectus to be issued at the time or almost at the time of the listing on the Stock Exchange are presented by the following table:

Planned name of the series	Expiry date	Maximum bond number of the series offered for subscription	Face value in HUF	Subscription (discount) price calculated for the face value (%)	Maximum total face value of the series offered for subscription in HUF
MKB DK 2020/C	29 May 2020	79,635	10,000	99.55	796,350,000
MKB DK 2021/C	31 May 2021	7,616	10,000	98.20	76,160,000
MKB DK 2022/C	31 May 2022	4,996	10,000	95.70	49,960,000
MKB DK 2023/B	31 May 2023	4,996	10,000	92.70	49,960,000
MKB DK 2024/A	31 May 2024	2,376	10,000	89.50	23,760,000
Total:		99,619			996,190,000

The Issuer shall always establish its financing structure and loan requirements based on the content of the Credit Institutional Act influential from the point of view of its operation and based on long term profitability considerations.

The consolidated annual report of the Issuer for 2018 includes the sources and amount of the cash-flow of the Issuer as well as the textual presentation, which are available in electronic format at the following website:

https://www.mkb.hu/sw/static/file/MKB_Bank_Zrt_IFRS_Konzolidalt_eves_beszamolo_2018.pdf

11 RESEARCH-DEVELOPMENT, PATENTS AND LICENSES

The Issuer does not perform research-development activity, and does not have patents. The following table of the Prospectus summarises the trademarks registered under the name of the Issuer.

MKB Agricultural Partner (with coloured graphic)

Type of announcement	TRADEMARK ANNOUNCEMENT
Status	Announcement is in progress
1 File number of the announcement	M1803324
Registration number	-
Date of	09.11.2018



⁹ Under funds secured by collateral the portfolios of funds received from NBH, the European Investment Bank (EIB) and the portfolios of refinanced funds related to mortgage bonds were presented.

announcement

Announced by: MKB BANK ZRT.; Budapest Váci u. 38.
(HU)

MKB Agricultural Partnership (compound)

Type of announcement TRADEMARK ANNOUNCEMENT

Status **Announcement is in progress**

2 File number of the announcement M1803323

Registration number -

Date of announcement 09.11.2018

Announced by: MKB BANK ZRT.; Budapest Váci u. 38. (HU)

MKB Bank - We are building the bank of the future (motto)

Type of announcement TRADEMARK

Status **Protection exists**

3 File number of the announcement M1700511

Registration number 220881

Date of announcement 15.02.2017

Rightholder MKB BANK ZRT.; Budapest Váci u. 38.
(HU)

MKB Bank - The future bank (motto)

Type of announcement TRADEMARK

Status **Protection exists**

4 File number of the announcement M1700510

Registration number 220880

Date of announcement 15.02.2017

Rightholder MKB BANK ZRT.; Budapest Váci u. 38.
(HU)

MKB - Building the bank of the future (motto)

Type of announcement TRADEMARK

Status **Protection exists**

5 File number of the announcement M1700509

Registration number 220879

Date of announcement 15.02.2017

Rightholder MKB BANK ZRT.; Budapest Váci u. 38.
(HU)

MKB - The bank of the future (motto)

6 Type of announcement TRADEMARK

Status **Protection exists**

File number of the M1700508

announcement

Registration number 220878
 Date of announcement 15.02.2017
 Rightholder MKB BANK ZRT.; Budapest Váci u. 38. (HU)

MKB BANK (coloured graphic)

Type of announcement TRADEMARK
 Status **Protection exists**
 File number of the announcement **M0600913**

7 announcement

Registration number 186327
 Date of announcement 20.03.2006
 Rightholder MKB Bank Zrt.; Budapest Váci u. 38. (HU)

**MKB Bank Rt. (compound)**

Type of announcement TRADEMARK
 Status **Protection exists**
 File number of the announcement **M0600912**

8 announcement

Registration number 186173
 Date of announcement 20.03.2006
 Rightholder MKB Bank Zrt.; Budapest Váci u. 38. (HU)

MKB (letter)

Type of announcement TRADEMARK
 Status **Protection exists**
 File number of the announcement **M0502998**

9 announcement

Registration number 187027
 Date of announcement 15.09.2005
 Rightholder MKB BANK ZRT.; Budapest Váci u. 38. (HU)

MKB (coloured graphic)

Type of announcement TRADEMARK
 Status **Protection exists**
 File number of the announcement **M9601693**

10 announcement

Registration number 150700
 Date of announcement 30.05.1996
 Rightholder MKB Bank Zrt.; Budapest Váci utca 38. (HU)



12 TRENDS

12.1 Operating environment

12.1.1 International macroeconomic environment

The growth of the developed countries - with special attention given to the countries of the euro zone and the United States of America - reached and exceeded the level sustainable in long term, therefore - due to the advanced state of the business cycle - slowing in the key economic centres can be considered natural. Parallel with it the trade policy processes may also make the growth outlooks more negative. The growth of the euro zone gradually slowed down in 2018. One-off factors also contributed to the weaker GDP figures of the last quarter, after the elimination of which readjustment of a slighter degree can be expected in the economic growth.

The inflation processes of the developed markets were moved by the changes in the international oil prices. In the second half of 2018 inflation in the euro zone reached or even exceeded the 2% central bank target, however the inflation rates presenting the fundamental tendency hint moderate price pressure.

Despite the well progressed state of the business cycle ECB did not begin the monetary tightening in 2018, the reasons for which are hidden in the heterogeneity of the euro zone. Due to received data showing weaker economic performance the market expectations for the first interest increase of ECB have been shifted to the first half of 2020. Based on the communication of ECB the influencing rates may stay at their current levels minimum until the summer of 2019.

12.1.2 Hungarian macroeconomic environment

A dynamic and in the second half of 2018 an exceptionally high economic growth was experienced on the Hungarian markets. The Hungarian economy grew by 5% in the fourth quarter compared to the same period in 2017, for which reason the GDP growth in Hungary was near its 14-year historic peak. In 2018 the Hungarian economy grew by 4.8% at annual level exceeding the growth pace of 2017 by 0.7 percentage points.

The Hungarian business cycle reached its mature phase, which means that the work force easily absorbable by the economy run out and the exploitation of the machinery capacity cannot be increased effectively either. As a result of this the effective expansion of the economy in short and medium term shall be influenced by the growth of productivity in increasing degree.

The annual average inflation was 2.8% in 2018, which meant the increase of the inflation pressure compared to the 2.4% value in 2017. As a result of the tight labour market in 2019 and the two-year wage agreement at the end of 2018 further wage increase and its impact on the prices can be expected, which might be counteracted by the reductions of the employers' contributions from the middle of the year. The inflation expectations playing an important role in the pricing decisions continue to be low. As a result of this an inflation around the 3% central bank target is expected in Hungary.

NBH began the transformation of the monetary tool kit in September 2018 indicating that it was prepared for the gradual and careful normalisation of the monetary policy. In addition to the three-months commercial bank deposit instrument instruments targeting the hammering down of the long term profits (IRS tool and mortgage bond purchase programme of monetary policy objective) were removed until the end of 2018, for which reason the mandatory reserve took over the role of the influential instrument.

Although based on the internal processes tighter monetary conditions may be expected in Hungary, there will be no external tightening pressure on NBH until ECB increases the interest. In harmony with the global and regional tendencies the Hungarian interbank short interests may increase gradually and the increase of the base rate can only be expected after 2019 in Hungary.

Looking forward it can be stated that a slowing in the growth of employment and the wages is expected, which may result in the reduction of the increase in consumption. Resulting from this and the forecast of the slowing increase of the investments a lower economic growth dynamics is expected in Hungary in 2019.

12.1.3 Standing of the bank sector (Source: NBH)

The Hungarian bank system makes profit from the general economic stability and is clearly on growth path, which is reflected in the trend-like and sustainable quality expansion of corporate and retail lending, while the sector has significant liquidity surplus. It is favourable that due to the conjunctural macroeconomic environment, the portfolio cleansing performed in the sector, the significantly higher quality of new exposures and the expanding loan portfolios the percentage of non-performing loans dropped significantly.

Despite the profitability of the credit institution being high in 2018 and that it was outstanding even in international comparison, according to the non-consolidated figures it did not reach the level of the previous year. The outstanding performance of the bank sector in 2017 was caused by special items not sustainable in long term - primarily by the significant release of the risk costs, for which reason the adjustment is natural. While - due to the income increasing impact of the financial transactions - the gross profit of the credit institutions grew, the profit after tax of the sector decreased compared to the figures of 2017 as a result of the cost increases (primarily those of IT or human resources in harmony with the changes in the labour force market wage dynamics) and the decreasing loss in value write-backs originating from the exhausted portfolios, which can be written back. The processes performed in the bank sector in a tight competition environment - digitalisation, increase of operating efficiency, scale efficient operation, increase of the process efficiency - serve the purpose of maintaining and increasing the profitability of the sector.

Demand for the loans and willingness to take out loans shall remain high in 2019 according to the expectations of the Issuer, which from the retail side shall be supported by the trust of the customers, further improvement of the conjunctural outlooks, the increase of the real wages, and from the corporate side by the capacity increasing developments initiated by the exhaustion of the resources.

Similarly to 2018 due to stronger pricing competition and the preparation for the interest increase cycle 2019 shall hold several challenges for the participants. In addition to PSD II and Mifid II the implementation of the immediate payment system - added to the additional dues concerning the sector - require significant resources from part of the role players of the banking system.

13 PROFIT FORECAST OR ESTIMATE

This present Prospectus does not include either profit forecast or estimate, for which reason the Issuer shall not publish relevant information.

The Issuer calls attention to the fact, that the statement in the article titled „*MKB Bank to be listed on the stock exchange shall pay dividend from record profit*” published in the daily paper “*Világgazdaság*” and in several electronic news portals including financial information for the financial period of the Issuer, which has not yet been closed, are incorrect considering that the Issuer shall not publish either a profit and loss forecast or an estimate.

14 MANAGEMENT, CONTROL AND SUPERVISORY BODIES, AND MANAGING EMPLOYEES

14.1 Board of Directors

Information presented in this subsection are based on the provisions incorporated in the Articles of Association of the Issuer taking effect as of the time of changing the form of operation.

The Board of Directors is the management body of the Issuer. The members of the Board of Directors represent the Issuer before third parties, courts and other authorities. The Board of Directors establishes and controls the work organisation of the Issuer. Within the framework of the effective law and the resolutions adopted by the General Meeting the Board of Directors is authorised to take every action or make every decision, which is not in the exclusive competence of the General Meeting or the Supervisory Board.

The Board of Directors prepares reports about the management and asset situation, business policy of the Issuer for the General Meeting on minimum one occasion per year and for the Supervisory Board with minimum three-monthly frequency. The Board of Directors has minimum 5 and maximum 9 members. The members of the Board of Directors are elected by the General Meeting for a definite period of maximum five years. In harmony with the provisions of the Articles of Association the General Meeting can re-elect the

members of the Board of Directors and can recall them at any time without the obligation to provide any explanation.

The members of the Board of Directors are the following persons:

- **dr Ádám Balog**, chairman of the Board of Directors

beginning of his legal relationship with the Board of Directors: 23.07.2015

end of his legal relationship with the Board of Directors: 22.07.2020

Other position at the Issuer: Chief Executive Officer

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: He does not have an employment contract either with the Issuer or the Subsidiaries, which makes him eligible for benefits exceeding the benefits due upon the termination of the employment pursuant to the Labour Code.

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: Member of the Presidium of the Hungarian Chamber of Commerce and Industry, chairman of the Board of Directors of MKB-Pannónia Alapkezelő Zrt., member of the Supervisory Board of STATUS Capital Kockázati Tőkealap-Kezelő Zrt., member of the Supervisory Board and Audit Committee of Konzum Befektetési és Vagyonkezelő Nyrt. and owner of Promid Invest Zrt.

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
University of Pécs	√		√
National Bank of Hungary	√		
National Deposit Insurance Fund	√		
Magyar Pénzverő Zrt.	√		
Diósgyőri Papírgyár Zrt.	√		
Pallas Athene Domus Animae Foundation	√		
Pallas Athene Donus Scientiae Foundation	√		
Pénzjegynyomda Zrt.	√		
Hungarian Economic Association	√		
Resolution Fund	√		
Magyar Reorganizációs és Követeléskezelő Zrt.	√		

MKB Bank Zrt.	√		√
Budapesti Értéktőzsde Zrt.	√		
BVSC-Zugló Public Benefit Organisation	√		√
Hungarian Chamber of Commerce and Industry	√		√
MKB-Euroleasing Autóhitel Kereskedelmi és Szolgáltató Zrt	√		√
MKB-Euroleasing Autólízing Szolgáltató Zrt.	√		√
MKB-Euroleasing Pénzügyi Szolgáltató Zrt.	√		√
Retail Prod Zrt.	√		√
Promid Invest Zrt.	√	√	√
Hungarian Economic Association	√		√
Pallas Athene Domus Educationis Foundation	√		
MKB Pannónia Alapkezelő Zrt.	√		√
STATUS Capital Kockázati Tőkealap- Kezelő Zrt.	√		√
Konzum Befektetési és Vagyonkezelő NyRt.	√		√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

Economist and lawyer From 2002 he had worked at GE Tungsram Lighting Zrt. and between 2003 and 2010 at the Tax Department of Pricewaterhouse Coopers Könyvvizsgáló és Gazdasági Tanácsadó Kft.. Between 2010 and 2013 he worked as Deputy State Secretary responsible for taxation matters at the Ministry for National Economy. Between March 2013 and July 2015 he was Deputy Governor of the National Bank of Hungary and member of the Monetary Council. He participated in Hungary's fiscal and monetary stabilisation between 2010 and 2015. He was the chairman-chief executive officer of MKB Bank Zrt. between July 2015 and July 2016. Since July 2016 he has been the chief executive officer of MKB Bank Zrt. Since January 2019 he has been the chairman-chief executive

officer of MKB Bank Zrt.

▪ **dr András Csapó**, member of the Board of Directors

beginning of his legal relationship with the Board of Directors: 07.09.2017

end of his legal relationship with the Board of Directors: 22.07.2020

Other position at the Issuer: Deputy chief executive officer

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: He does not have an employment contract either with the Issuer or the Subsidiaries, which makes him eligible for benefits exceeding the benefits due upon the termination of the employment pursuant to the Labour Code.

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: Member of the Board of Directors of MKB-Pannónia Health and Mutual Fund

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
MKB Euroleasing Zrt.	√		
MKB Euroleasing Autohitel Zrt.	√		
MKB Euroleasing Autolízing Zrt.	√		√
Retail Prod Zrt.	√		√
MAG Alapkezelő Zrt.	√		
MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft.	√		√
MKB Jelzálogbank Zrt.	√		
MKB Inkubátor Kft.	√		√
MKB Kockázati Tőkealap-kezelő Zrt.	√		√
MKB Pannónia Health and Mutual Fund	√		√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

Lawyer He worked at Dezső, Réti and Antall LANDWELL Law Firm (in cooperation with PricewaterhouseCoopers), Dezső and Partners Law Firm and Andrékó LINKLATERS (Budapest, London) from 2001. He was senior attorney-at-law at Andrékó LINKLATERS (KINSELLAR) from 2010, then senior attorney-at law and Head of the real estate team at Gide Loyrette Nouel Budapest from 2012. He was Legal Director of the Hungarian Branch Office of AXA Bank Europe SA from 2013 and member of its Board of Directors from 2014. He was Executive Director of Legal and Corporate Governance of MKB Bank Zrt. from 2015 and Deputy Chief Executive Officer for Operations and Legal from 2016, then he has been Deputy Chief Executive Officer for Legal, Government and High Priority Affairs and member of the Board of Directors since 2017.

Since December 2018 he has been the Deputy Chief Executive Officer for Legal, Corporate and Group Control and for High Priority Affairs.

▪ **Márk Hetényi**, member of the Board of Directors

beginning of his legal relationship with the Board of Directors: 16.04.2019

end of his legal relationship with the Board of Directors: 15.04.2024

Other position at the Issuer: External adviser regarding the digital development of MKB based on contract of services

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: Not applicable

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: None

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
MKB Euroleasing Autólízing Zrt.	√		√
Retail Prod Zrt.	√		√
MKB Euroleasing Autópark Zrt.	√		
MKB Inkubátor Kft.	√		√
MKB Euroleasing Autóhitel Zrt.	√		
MKB-Kockázati Tőkealap-kezelő Zrt.	√		√
Solus Capital Kockázati Tőkealap-kezelő Kft.	√		√
Arete Zrt.	√		√
Core Solutions Kft.	√		
MKB Üzemeltetési Kft.	√		
Euro-Immat Kft.	√		
4IG Nyrt.	√		
Flextronics Vagyonkezelő Kft.	√		
Flextronics International Kft.	√		
Flextronics Sárvár Logistics (previously: Stribel Hungary)	√		
Szanálási Követeléskezelő Zrt.	√		

Number of shares directly owned in the Issuer on the day of this Present Prospectus:

0 shares

Curriculum vitae: Economist and computer engineer He began his professional career at PricewaterhouseCoopers Kft. in 1997, where he held the position of Senior Audit and Consulting Manager. In addition to his audit work performed in Hungary and in the Silicon Valley, California, he performed complex, mostly M&A consulting tasks. He led the work of more than 300 persons as Regional Vice President and Director of Flex International excelling in design, manufacture and logistics and as Chief Financial Officer of the European and Middle East units of the company from 2005. He has been strengthening MKB Bank's team since February 2015. He was initially Deputy Chief Executive Officer for Finance and Operations, then Deputy Chief Executive Officer for Retail and Digital Banking from 2016 and also Head of the Strategic function from 2017. He participated in the Bank's resolution and the development of its financial and cost structure. His responsibilities included the Bank's digitisation, the significant increase of the efficiency of the Retail Division and the launch of a new Core system, which he successfully implemented while kept the Strategic area under his control. He has been external member of the Board of Directors since April 2019.

▪ **Imre Kardos**, member of the Board of Directors

beginning of his legal relationship with the Board of Directors: 25.07.2016

end of his legal relationship with the Board of Directors: 24.07.2021

Other position at the Issuer: He is chairman of the Nomination Committee, member of the Risk Committee and the NPL Committee as well as member of the Remuneration Committee.

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: Not applicable

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: CEO of MINERVA Befektetési Alapkezelő Zrt. and member and deputy chief executive officer of MINERVA Pénzügyi Zrt.

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
Fiducia Tanácsadó Kft.	√	√	
MINERVA Befektetési Alapkezelő Zrt.	√		√
MKB Bank Zrt.	√		√
MKB Bank MRP Organisation	√	√	
MINERVA Pénzügyi Zrt.	√		√
Ercsi and Region Cooperative Bank	√		

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

Economist, organising engineer with over 20 years of commercial banking, money and capital market, investment and bank IT experience. Since 2016 he has been an executive officer at the MINERVA Financial Group. Since July 2016 he has been member of the Board of Directors of MKB Bank Zrt. He is the Chairman of the Nomination Committee of the Bank, member of the Risk and NPL Committee and the Remuneration Committee.

▪ **Balázs Nyitrai**, member of the Board of Directors

beginning of his legal relationship with the Board of Directors: 27.06.2018

end of his legal relationship with the Board of Directors: 26.06.2023

Other position at the Issuer: Chairman of the Risk and NPL Committee, member of the Nomination Committee and the Remuneration Committee. External adviser regarding risk management based on contract of services.

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: Not applicable

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: Economic analyst of ECO Great Gazdasági Tanácsadó Kft.

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

He has been working in the financial sector for nearly 20 years, he is an economist with complex bank operation knowledge. He has been an external member of the Board of Directors of MKB Bank Zrt. since June 2018. Chairman of the Risk and NPL Committee of the Bank, member of the Nomination Committee and the Remuneration Committee.

Business contact of the members of the Board of Directors: MKB Bank Nyrt., 1056 Budapest, Váci utca 38.

Declarations:

There are no family relationships between the members of the Board of Directors.

The members of the Board of Directors were not sentenced for committing fraudulent crime either in the past five years or prior to this period.

None of the members of the Board of Directors was or has been a member, managing officer, member of the supervisory board, member of the board of directors of a company, against which a bankruptcy, receivership or liquidation procedure was initiated or is in progress.

Legislative or regulatory authority (including the designated professional organisations) has not initiated official accusation procedure against the members of the Board of Directors and sanctions were not applied to the members of the Board of Directors. The members of the Board of Directors were not banned by a court judgement from their membership in the management, control and supervisory bodies or from the management of the business activities of an issuer company either in the past five years or prior to it.

14.2 Supervisory Board

Information presented in this subsection are based on the provisions incorporated in the Articles of Association of the Issuer taking effect as of the time of changing the form of operation.

In order to save the interests of the Issuer the Supervisory Board controls the management of the Issuer. The Supervisory Board has 7 members. The members of the Supervisory Board are elected by the General Meeting for a definite period of maximum five years. One third of the members of the Supervisory Board are the representatives of the employees.

The members of the Supervisory Board are the following Persons:

- **Ágnes Hornung**, Chairperson of the Supervisory Board

beginning of her legal relationship with the Supervisory Board: 28.02.2019

Board:

end of her legal relationship with the Supervisory Board: 27.02.2024

Other position at the Issuer: None

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: Not applicable

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: None

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which she held membership (specifying separately if she is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
National Deposit Insurance Fund	√		
Resolution Fund	√		

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

She obtained a legal degree at Péter Pázmány Catholic University and lawyer-economist degree at Budapest Corvinus University. Her career began at PricewaterhouseCoopers Kft. where she strengthened the PWC team for eight years. After this she lead the Economic and Financial Affairs at the Permanent Representation of Hungary in Brussels. She was State Secretary responsible for finances at the Ministry of Finance. She has been on maternity leave since September 2018. She has been the chairperson of the Supervisory Board of MKB Bank Zrt. since February 2019.

- **dr László Ipacs**, member of the Supervisory Board and the Audit Committee

beginning of his legal relationship with the Supervisory Board: 25.02.2019

end of his legal relationship with the Supervisory Board: 24.02.2024

Other position at the Issuer: None

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the

employment:

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: Development Director at Hunguest Hotels Zrt.

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
OZONE SPORT Kereskedelmi és Szolgáltató KFT.			

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae: He is an economic development and financing expert with a degree in law. He currently manages the development programme of HUNGUEST HOTELS and associated large companies. He has been an external member of the Supervisory Board and Audit Committee of MKB Bank Zrt. since February 2019.

- **András Oszlányi Törtel**, member of the Supervisory Board and chairman of the Audit Committee

beginning of his legal relationship with the Supervisory Board: 25.02.2019

end of his legal relationship with the Supervisory Board: 24.02.2024

Other position at the Issuer: None

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: Not applicable

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: CEO of Bankkonzult Finance Zrt., head of Human Resources of MTB Magyar Takarékszövetkezeti Bank Zrt. and Mohács Takarékbank Zrt.

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt	√		√
Bankkonzult Finance Zrt.	√		√
MIOVettura Kft.	√	√	
Summa Virtus Kft.	√	√	
OSLE-Invest Kft	√	√	
GTO HOLZ-GTO WOOD	√	√	
Kaarnigon Holding Zrt.	√	√	
GFK Development Kft.	√		

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

He obtained a pre-degree certificate as historian (in economic history) in 2007 and after his economic and arts studies he has been working in economy, personnel development and banking for 12 years. He worked at companies such as BNP Paribas, Takarékbank, Kaarnigon Holding Zrt. He has been an external member of the Supervisory Board since February 2019 and chairman of the Audit Committee since April 2019.

- **Rita Feodor**, member of the Supervisory Board and the Audit Committee

beginning of her legal relationship with the Supervisory Board: 19/09/2018

end of her legal relationship with the Supervisory Board: 18/09/2023

Other position at the Issuer: Member of the Risk and NPL Committee, member of the Nomination Committee and chairperson of the Remuneration Committee.

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: Not applicable

Key activities performed outside the frameworks of the Issuer relevant from the point of view: None

of the Issuer:

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which she held membership (specifying separately if she is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
Profitour Adószakértő, Könyvelő és Idegenforgalmi és Kereskedelmi Kft.	√	√	√
Magyar Gazdasági Szolgáltató Kft.	√	√	√
Haminvest Kft.	√	√	√
Berek-Thermal Kft.	√	√	√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

She has been working in the company sector in the fields of taxation and accounting for 30 years. She has been a member of the Supervisory Board and the Audit Committee of MKB Bank since September 2018, she has been a member of the Risk and NPL Committee, Nominating Committee and Remuneration Committee of the Bank since January 2019 and the chairperson of the latter committee since April 2019.

- **Albert Godena**, member of the Supervisory Board representing the employees

beginning of his legal relationship with the Supervisory Board: 25.07.2016

end of his legal relationship with the Supervisory Board: 24.07.2021

Other position at the Issuer: Director

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: He does not have an employment contract either with the Issuer or the Subsidiaries, which makes him eligible for benefits exceeding the benefits due upon the termination of the employment pursuant to the Labour Code.

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: None

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
Sinus Pálinkaház Kft.		√	√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

Following his basic education in communication and history he obtained a degree in business and management at the Budapest Business School. He obtained PhD in 2017 in history of economics. He has been working at MKB Bank since 2007 and mostly performs tasks regarding the Contact Center and customer relationships. He is presently the director of the Contact Center and Cross Sell Relationships. Since July 2016 he has been member of the of the Supervisory Board representing the employees.

- **Ferenc Müller**, member of the Supervisory Board representing the employees

beginning of his legal relationship with the Supervisory Board: 15.04.2016

end of his legal relationship with the Supervisory Board: 31.03.2021

Other position at the Issuer: Senior strategic adviser

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: He does not have an employment contract either with the Issuer or the Subsidiaries, which makes him eligible for benefits exceeding the benefits due upon the termination of the employment pursuant to the Labour Code.

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: member of the Control Committee of MKB Pension fund, chairman of the Control Committee of MKB-Pannónia Health and Mutual Fund

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of the legal entity or holds a membership in the mentioned bodies):

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√
MKB Jelzálogbank Zrt.	√		
MKB Pension Fund	√		√
MKB-Pannónia Health and Mutual Fund	√		√
MKB Kockázati Tőkealap-kezelő Zrt.	√		√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

His is an economist. He has been working at MKB Bank in different positions since 1990. Presently as a senior strategic adviser he manages the project of the listing of MKB on the stock exchange. Since April 2016 he has been member of the Supervisory Board representing the employees.

- **János Nyemcsok**, member of the Supervisory Board representing the employees

beginning of his legal relationship with the Supervisory Board: 15.04.2016

end of his legal relationship with the Supervisory Board: 31.03.2021

Other position at the Issuer: Deputy chief executive officer

Information on the employment contracts concluded with the Issuer prescribing benefits upon the termination of the employment: He does not have an employment contract either with the Issuer or its subsidiary, which makes him eligible for benefits exceeding the benefits due upon the termination of the employment pursuant to the Labour Code.

Key activities performed outside the frameworks of the Issuer relevant from the point of view of the Issuer: Member of the Board of Directors of MKB Pension Fund

List of the legal entities, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he held membership (specifying separately if he is still member of

Data of the company	Managing Officer / Member of the Supervisory Board	Membership	The legal relationship currently exists
MKB Bank Zrt.	√		√

the legal entity or holds a membership in the mentioned bodies):

MKB Euroleasing Zrt.	√		
MKB Euroleasing Autóhítel Zrt.	√		
MKB Euroleasing Autólízíng Zrt.	√		√
MKB Euroleasing Autópark Zrt.	√		
Retail Prod Zrt.	√		√
EXTER-IMMO Zrt.	√		
EXTER-BÉRLET Kft. /Exter- Adósságkezelő Kft.	√		
MKB Pénzügyi Zrt.	√		
RESIDEAL Zrt.	√		
EXTERCOM Kft.	√		
Exter-Reál Kft.	√		
Medister Kft.	√		
Exter-Estate Kft.	√		
MKB-Pannónia Fund Management	√		√
MKB Pension Fund	√		√
MKB Inkubátor Kft.	√		√
MKB Kockázati Tőkealap-kezelő Zrt.	√		√
Solus Capital Kockázati Tőkealap-kezelő Zrt.	√		√

Number of shares directly owned in the Issuer on the day of this Present Prospectus: 0 shares

Curriculum vitae:

He is an economist. Between 1992 and 2008 he was in different management positions at the Treasury and Risk Control Directorate of MKB Bank. From 2013 he managed the SREP and Validation Department at the National Bank of Hungary and also achieved successes as the deputy head of the Methodology Committee. From December 2014 he was the designated resolution commissioner of MKB Bank Zrt. He returned to the world of commercial banks in 2015 and he became the head of the Risk Control Directorate of MKB Bank Zrt. From 2016 he worked as the executive director of the Integrated Risk Control, Market and Liquidity Risk Control units and the Capital Management Directorate. He has been the General Deputy Chief

Executive Officer of the Bank since 2017 and has been the General Deputy Chief Executive Officer responsible for the EU Undertakings since December 2018. Since April 2016 he has been the member of the Supervisory Board representing the employees.

Business contact of the members of the Supervisory Board: MKB Bank Nyrt., 1056 Budapest, Váci utca 38.

Declarations:

There are no family relationships between the members of the Supervisory Board.

The members of the Supervisory Board were not sentenced for committing fraudulent crime either in the past five years or prior to this period.

None of the members of the Supervisory Board was or has been a member, managing officer, member of the supervisory board, member of the board of directors of a company, against which a bankruptcy, receivership or liquidation procedure was initiated or is in progress.

Legislative or regulatory authority (including the designated professional organisations) has not initiated official accusation procedure against the members of the Supervisory Board and sanctions were not applied to the members of the Supervisory Board. The members of the Supervisory Board were not banned by a court judgement from their membership in the management, control and supervisory bodies or from the management of the business activities of an issuer company either in the past five years or prior to it.

14.3 Audit Committee

The Audit Committee assists the work of the Supervisory Board in auditing the reporting system, selecting the auditor and cooperating with the auditor. The Audit Committee has minimum 3 members. The General Meeting elects the members of the Audit Committee from among the independent members of the Supervisory Board. Minimum one member of the Supervisory Board must have qualification in accounting or auditing.

The members of the Audit Committee are the following Persons:

- Rita Feodor
- dr László Ipacs
- András Oszlányi Törtel

Business contact of the members of the Audit Committee: MKB Bank Nyrt., 1056 Budapest, Váci utca 38.

Declarations:

There are no family relationships between the members of the Audit Committee.

The members of the Audit Committee were not sentenced for committing fraudulent crime either in the past five years or prior to this period.

None of the members of the Audit Committee was or has been a member, managing officer, member of the supervisory board, member of the board of directors of a company, against which a bankruptcy, receivership or liquidation procedure was initiated or is in progress.

Legislative or regulatory authority (including the designated professional organisations) has not initiated official accusation procedure against the members of the Audit Committee and sanctions were not applied to the members of the Audit Committee. The members of the Audit Committee were not banned by a court judgement from their membership in the management, control and supervisory bodies or from the management of the business activities of an issuer company either in the past five years or prior to it.

14.4 Conflict of interest of the management, control and supervisory bodies

Persons fulfilling positions in the management, control and supervisory bodies of the Issuer shall expressly declare that there is no conflict of interest between the tasks performed for the Issuer and the private interests and/or other tasks of these persons.

15 REMUNERATIONS AND BENEFITS

The members of the Board of Directors received a total of HUF 184,497,143 remuneration in 2018, which amount did not include the taxes and contributions payable by the Issuer.

The members of the Supervisory Board received a total of HUF 49,243,871 remuneration in 2018, which amount did not include the taxes and contributions payable by the Issuer.

The members of the Audit Committee received a total of HUF 3,600,000 remuneration in 2018, which amount did not include the taxes and contributions payable by the Issuer.

Taking into account that pursuant to Point h) of Article 450 (1) of CRR the Issuer, as a financial institution, is obliged to publish summary figures, the above remuneration figures were presented in summary.

The Issuer and the Subsidiaries do not pay pension, old age pension or similar benefit, as a result of which the Issuer did not budget for or accumulate funds for this purpose.

15.1 Performance remuneration Employee Stock Ownership Plan (Hungarian acronym: TJ MRP)

MKB TJ MRP organisation is an organisational unit of the MKB MRP Organisation (see the following point 18.1) which is an independent legal entity. The purpose of this organisational unit is the implementation of the performance remuneration policy of the Issuer pursuant to the Credit Institutional Act in terms of the employees, who have material impact on the risk profile of the Issuer (so-called identified persons).

In the case of the identified persons 50% of the performance remuneration of the given year is cash allowance and the other 50% is so-called instrument based allowance pursuant to Article 118 (11) of the Credit Institutional Act. This must be performed in several instalments (in immediate or deferred instalments, in a total of 4 or 5 years depending on the given position). Both forms of remuneration shall be paid in cash after the conversion of the instruments to cash and they shall be paid in 100% via the MKB TJ MRP Organisation. In the interest of this MKB TJ MRP Organisation manages two types of members' participation of the identified persons: members' share for the ordinary shares of the Issuer based on option exclusively performable by settlement in cash to provide the instrument based allowance and bond based members' share to provide the cash allowance, however in the case of the public operation of the Issuer the law obliges the Issuer to change the elements of the remuneration system. In the course of the transformation it is expected that instead of the purchase right ordinary shares or other security in compliance with the CRD IV guidelines and the MRP Act shall be given to the concerned employees.

At the moment the above mentioned two MRP organisations are legally still separate, however the merger of these is in progress.

16 PRACTICE REGARDING BOARD MEMBERSHIP

Expiry of the assignment of the members of the Board of Directors and Supervisory Board:

Board of Directors		
Name of the member	Start of membership	Termination of membership
dr Ádám Balog	23.07.2015	22.07.2020
Márk Hetényi	16.04.2019	15.04.2024
dr András Csapó	07.09.2017	22.07.2020
Imre Kardos	25.07.2016	24.07.2021
Balázs Nyitrai	27.06.2018	26.06.2023
Supervisory Board		

Name of the member	Start of membership	Termination of membership
János Nyemcsok	15.04.2016	31.03.2021
Ferenc Müller	15.04.2016	31.03.2021
Albert Godena	25.07.2016	24.07.2021
Rita Feodor	19.09.2018	18.09.2023
dr Ágnes Hornung	28.02.2019	27.02.2024
András Oszlányi Törtel	25.02.2019	24.02.2024
dr László Ipacs	25.02.2019	24.02.2024

Remuneration Committee

A Remuneration Committee operates at the Issuer. The Remuneration Committee has one chairman and two members. The members of the Remuneration Committee are members of the Board of Directors not in employment relationship with the Issuer, who are elected as members of the Remuneration Committee by the Board of Directors. If there are no three members of the Board of Directors, who are not in employment relationship with the Issuer, the independent members of the Supervisory Board can also be elected as members of the Remuneration Committee. The Remuneration Committee supervises the remuneration of the managers and employees of risk management and internal defence lines and performs the preparatory tasks for remuneration related decisions with the long term interests of the Shareholders, investors and other parties with interest in the company taken into account. In the course of performing its tasks the Remuneration Committee closely cooperates with the Board of Directors, Supervisory Board of the Issuer, the Risk Committee of the Issuer and with every committee of the Issuer, the activity of which may affect the remuneration policy and its appropriate operation (Performance Remuneration Policy) pursuant to the Credit Institutional Act .

The members of the Remuneration Committee are the following persons:

- Rita Feodor, chairperson
- Imre Kardos
- Balázs Nyitrai

Declarations:

The Issuer meets the requirements of the corporate government system valid in Hungary. In the course of its operation the Issuer complies with the content of the relevant legal regulations, supervisory provisions and the rules of BSE and strives for compliance with the recommendations of BSE. The structure and operating conditions of the Issuer are included in the Articles of Association approved by the General Meeting. The Issuer shall be obliged to publish Responsible Corporate Governance Report for the first time after the ordinary General Meeting approving the annual report presenting the 2019 business plan. There were no employment contracts concluded between the members of the management, control and supervisory bodies of the Issuer and the Issuer or the Subsidiaries, which prescribe allowances at the termination of the employment.

17 EMPLOYEES

The headcount of the Issuer and the Subsidiaries is the following.

	Issuer		Total of Subsidiaries		MKB Group	
	Persons	FTE*	Persons	FTE*	Persons	FTE*
31.12.2016	1,770	1,751.8	327	230.4	2,097	1,982.2
31.12.2017	1,777	1,758.7	295	194.4	2,072	1,953.1
31.12.2018	1,794	1,763.1	279	194.5	2,073	1,957.7

* equivalent of full time employment

The following tables show the changes in the headcount in the breakdown of the core activities:

31.12. 2016	Issuer		Total of Subsidiaries		MKB Group	
	Persons	FTE*	Persons	FTE*	Persons	FTE*
Retail + Private Banking	527	524.4	65	65.0	592	589.4
Corporate + institutional	222	220.5	19	19.0	241	239.5
Support	1,021	1,006.9	243	146.4	1,264	1,153.3
Total	1,770	1,751.8	327	230,4	2,097	1,982.2

* equivalent of full time employment

31.12. 2017	Issuer		Total of Subsidiaries		MKB Group	
	Persons	FTE*	Persons	FTE*	Persons	FTE*
Retail + PB	532	530.9	66	66.0	598	596.9
Corporate + institutional	218	217.1	20	20.0	238	237.1
Support	1,027	1,010.7	209	108.4	1,236	1,119.1
Total	1,777	1,758.7	295	194,4	2,072	1,953.1

* equivalent of full time employment

31.12. 2018	Issuer		Total of Subsidiaries		MKB Group	
	Persons	FTE*	Persons	FTE*	Persons	FTE*
Retail + PB	460	458.0	64	64.0	524	522.0
Corporate + institutional	220	219.1	18	18.0	238	237.1
Support	1,114	1,086.0	197	112.5	1,311	1,198.5
Total	1,794	1763.1	279	194,5	2,073	1,957.7

* equivalent of full time employment

In 2018 the Issuer employed an average of 30 persons within the framework of temporary agency work.

On the day of this present Prospectus - with the exception of the person referenced below - the members of the management, control and supervisory bodies and the managing officers, the person of whom can contribute to the establishment if the Issuer has appropriate expertise and experience in connection with the given business activity do not hold in their direct or indirect property any of the Shares of the Issuer and none of these natural persons have any (purchase) option right related to any of the Issuer's Shares. On the day of this present Prospectus, one person, dr Ádám Balog chairman-chief executive officer holds the Shares of the Issuer indirectly, however the volume of the Shares does not exceed 5%. There are no foreign employees in the employment of the Issuer.

18 MAIN SHAREHOLDERS

The equity of the Issuer amounts to HUF 100,000,000,000, all of which are cash contributions made available. The Issuer calls attention to the fact that the share structure detailed in the following points present the share structure of the Issuer at the time of preparing the Prospectus, which concerns the status of the Shares preceding the date of their listing on the Stock Exchange.

- a) The equity is divided into 99,999,992 dematerialised registered ordinary shares of series “A” of HUF 1,000 face value each, and
- b) one dematerialised registered preference share of series “B” of HUF 1,000 face value in the share class for the recall of an external member of the Board of Directors (who is the chairman of the Board of Directors at the same time) and the nomination of a new external member of the Board of Directors (who is the chairman of the Board of Directors at the same time),
- c) one dematerialised registered preference share of series “C” of HUF 1,000 face value in the share class for the recall of an external member (i.e. not an employee) of the Supervisory Board (who is the chairman of the Supervisory Board at the same time) and the nomination of a new external member (i.e. not an employee) of the Supervisory Board (who is the chairman of the Supervisory Board at the same time),
- d) three dematerialised registered preference shares of series “D” of HUF 1,000 face value each in the share class for the recall of an external member of the Board of Directors and the nomination of a new external member of the Board of Directors, and
- e) three dematerialised registered preference shares of series “E” of HUF 1,000 face value each in the share class for the recall of an external member (i.e. not an employee) of the Supervisory Board and the nomination of a new external members (i.e. not an employee) of the Supervisory Board.

The following table gives details of the direct shareholders of the Issuer and the shares held by them according to the share register effective on 1 March 2019:

Shareholder	series “A” (shares)	series “B” (shares)	series “C” (shares)	series “D” (shares)	series “E” (shares)	Total (shares)	Participation (%)
METIS Private Fund	34,999,997	1	1	1	1	35,000,001	35.000001%
Blue Robin Investments S.C.A.	32,899,996	-	-	2	2	32,900,000	32.90%
RKOFIN Befektetési és Vagyonkezelő Kft.	13,620,597	-	-	-	-	13,620,597	13.620597%
EIRENE Private Fund	9,999,999	-	-	-	-	9,999,999	9.999999%
Total of shareholders not reaching 5%	8,479,403	-	-	-	-	8,479,403	8.48%
Total:	99,999,992	1	1	3	3	100,000,000	100%

On the day of the Listing on the Stock Exchange the Issuer shall transform the shares of series “B”, “C”, “D”, and “E” into ordinary shares of series “A”. The equity of the Issuer shall still be HUF 100,000,000,000, said One billion forints, which will be divided into 100,000,000, said One hundred million dematerialised registered ordinary shares of series “A” of HUF 1,000, said one thousand forints face value each. According to this - if the ownership structure valid on 1 March 2019 does not change by then - the indirect ownership structure of the Issuer shall be as presented in the following table:

Shareholder	Series “A” (number of shares)	Participation (%)
METIS Private Fund	35,000,001	35.000001%
Blue Robin Investments S.C.A.	32,900,000	32.90%
RKOFIN Befektetési és Vagyonkezelő Kft.	13,620,597	13.620597%
EIRENE Private Fund	9,999,999	9.999999%
Total of shareholders not reaching 5%	8,479,403	8.48%
Total:	100,000,000	100%

Persons with indirect influence in the Issuer exceeding 5% are presented in the following:

Metis Private Fund has 35.000001% direct participation in the Issuer. Metis Private Fund is managed by Konzum Befektetési Alapkezelő Zrt., in which Lőrinc Mészáros (address: 8086 Felcsút, Fő utca 311/5.) has majority influence.

RKOFIN Befektetési és Vagyonkezelő Kft. has 13.620597% direct participation in the Issuer. Metis 2 Capital Fund has majority influence in RKOFIN Befektetési és Vagyonkezelő Kft. Metis 2 Private Fund is managed by Konzum Befektetési Alapkezelő Zrt., in which Lőrinc Mészáros (address: 8086 Felcsút, Fő utca 311/5.) has majority influence.

Blue Robin Investments S.C.A. (Blue Robin Investments Partnership Limited by Shares). has 32.90% direct participation in the Issuer. The managing acting partner of Blue Robin Investments S.C.A. is Blue Robin Management S.a.r.l. The sole member of Blue Robin Management S.a.r.l. is BanKonzult Finance Zrt., in which company László Szíjj (address: 6060 Tiszakécske, Kazinczy utca 21.) is the only shareholder.

EIRENE Capital Fund has 9.999999% direct participation in the Issuer. EIRENE Capital Fund is managed by MINERVA Befektetési Alapkezelő Zrt., in which company László Szíjj (address: 6060 Tiszakécske, Kazinczy utca 21.) is the only shareholder.

The main Shareholders of the Issuer do not have differing voting rights. The Issuer is not aware of any agreement, which may lead to the change in the control of the Issuer in the future.

18.1 MRP Organisation

Pursuant to the amendment of the MRP Act, which took effect on 28 November 2015 the launch of a new type of Employee Stock Ownership Plan became possible. The Issuer was one of the first entities to utilise this opportunity establishing its own workers' MRP Organisation on 30 May 2016. The launch of MRP was closely related to the reorganisation objectives of the Issuer as it established owners' interest of its employees.

At the beginning the share of the MKB MRP Organisation was 15% of the Issuer's equity, which participation dropped under 5% until 1 March 2019 as a result of the continuous implementation of the remuneration policy.

The fundamental document of MRP is the MRP remuneration policy approved by the Issuer, for the implementation of which the MRP Organisation of the Issuer is responsible. The MRP Organisation is a legal entity performing its activity in the interest of the participants (employees and managing officers of the Issuer), for which reason it cannot be ordered by the Issuer. Csengery Law Office (as the main body pursuant to the MRP Act) acts as authorised entity of the MRP Organisation and Dr Károly Kurucz - Váradi and Dénes Antal act as its managing officers.

Via its own MRP Organisation the Issuer is presently implementing two MRP remuneration policies:

Investment MRP Remuneration Policy

The essence of the investment MRP is that - in the interest of the participating employers and managing officers - the MRP Organisation purchased from the ordinary shares of the Issuer for investment purposes. The employees, who made a participation declaration to the MRP Organisation did not become owners of the share, the owner of the shares was and still is the MRP Organisation. The participating employees have participation in the MRP Organisation.

The participation of the MRP Organisation was 15% of the Issuer's equity at the beginning, which, as a result of the continuous implementation of the MRP Remuneration Policy, i.e. the sale of the shares by the MRP Organisation, dropped to under 5% until 1 March 2019.

After reaching the specified target or meeting the condition in terms of the investment MRP the participating employees and managing officers can claim the price gain for the shares.

MRP Performance Remuneration Policy

The MRP Performance Remuneration Policy of the Issuer took effect on 29 September 2017. The purpose of this policy is the performance of the performance remuneration of the so-called identified persons pursuant to the Credit Institutional Act via the MRP Organisation. Identified person is a natural person having a material impact on the risk profile of the Issuer based on the identification process performed by the Issuer. Identified

persons employed by the Issuer are the chief executive officer and his deputies, the executive directors and the director of Bank Book Treasury Management Directorate.

Within the framework of the MRP Performance Remuneration Policy the MRP Organisation manages two types of members' share of the identified person participant: the so-called cash allowance and the so-called members' participation ensuring instrument based allowance.

Pursuant to the MRP Act these members' s shares must be based on the securities managed by the MRP Organisation. Pursuant to the resolution of the Remuneration Committee of the Issuer dated 20 May 2019, the resolution of the Board of Directors of the Issuer dated 21 May 2019 and the resolution of the Supervisory Board of the Issuer dated 22 May 2019 adopted within the framework of the MRP Performance Remuneration Policy the members' share ensuring cash allowance shall be a subordinated zero coupon bond to be issued by the Issuer and the purchase right over the ordinary shares of the Issuer shall provide the basis of the members' share ensuring instrument based allowance. The main characteristics of its bonds to be issued privately at the time of the Listing on the Stock Exchange or around that time are included in Section 10 of Chapter IV of this present Prospectus.

Instrument based allowance shall not result in the performance of the ordinary shares for the employees of the Issuer. The employees shall be entitled to the cash value corresponding to the market value of the ordinary shares with purchase right (reduced by the purchase price of the purchase right agreement). Based on above the participating employees and managing officers shall not receive shares and shall not have participation in the capital of the Issuer.

The listing of the shares of the Issuer on a regulated market pursuant to the Capital Market Act shall require the amendment of the performance remuneration system of the Issuer. The Credit Institutional Act stipulates that in this case - having replaced the purchase right - minimum 50 percent of the performance remuneration must consist of the shares/ownership share of the Issuer, the supplementary base capital, Tier2 capital or other instruments usable for the purpose of performance remuneration. The elaboration of this allowance element by the Issuer is in progress.

19 TRANSACTIONS WITH ASSOCIATED COMPANIES

The associated parties of the Issuer are the following: parent companies, associated companies, companies of joint management, managers of key importance and their close relatives and companies controlled, jointly controlled by or influenced by the managers of key importance or their close relatives or concerning which they have significant voting rights. The Government organisations are exempt from the general publishing obligation prescribed by IAS 24. The members of the Supervisory Board and the members of the Board of Directors are deemed managers of key importance.

Transactions with associated parties:

	HUF million														
	Owners and their groups ¹⁰			Non-consolidated subsidiaries			Associated companies			Managing Officers			Other related parties		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Assets															
Receivables from the customers	-	-	12,796	1,913	1,380	976	324	265	332	29	348	134	-	-	-
Capital instruments	-	-	-	-	-	715	-	-	611	-	-	-	-	-	244
Liabilities															
Current and deposit accounts	-	50	-	501	509	276	141	200	207	381	219	258	-	-	4,658
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	229
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70
Profit and loss account															
Interest income	-	-	-	299	991	21	10	7	6	1	8	10	-	-	-
Interest expense	-	-	-	3	2	1	-	-	-	-	-	-	-	-	-
Net commission and fee income	-	-	-	-	-	8	-	-	6	-	-	-	-	-	7
Other income / (expense)	-	1	-	8	12	(4)	2	2	46	(804)	(767)	(659)	-	-	(4)
Suspended and future liabilities	-	-	-	713	980	-	55	106	97	-	-	711	-	-	290
	-	-	2,637	1,241	10	2,113	9	5	4	-	-	-	-	-	-

Receivables from managers of key importance are loans with mortgage security and other secured loans. These loans are secured with the real estate of the borrower.

The above transactions performed with associated parties other than the managers of key importance shall be performed within the framework of the usual course of business, effectively on the same conditions including interest and collateral as in the case of comparable deals concluded with persons of similar financial standing. The transactions did not include risks exceeding the usual risk of repayment and did not represent other unfavourable characteristics.

Other associated parties include the interests of managers of key importance.

Loss in value and provision for the balances of associated companies existing at the end of the period shall be specified in the course of the normal loss in value creation process. For the balance sheet items and off-balance sheet balances, in terms of which the standalone and group loss in value test did not result in loss in value, loss due to occurred by not yet reported loss in value was settled.

The remuneration of the managers of key importance was the following during the period:

¹⁰ The title of the column in the consolidated report of the Issuer for 2016 and 2017: "Parent company and its group" The differences in the title do not influence the comparability of the figures.

	millió forint		
	2016	2017	2018
Rövid távú munkavállalói juttatások	804	767	658
Részvényalapú juttatások	-	-	799
Összesen	804	767	1.457

20 FINANCIAL INFORMATION CONCERNING THE ASSETS, LIABILITIES FUNDS, FINANCIAL STANDING AND PERFORMANCE OF THE ISSUER

20.1 Previous financial information

Section 9 of Chapter IV of this present Prospectus includes the analysis of the financial figures of the Issuer for the 2016, 2017 and 2018 financial years pursuant to the provisions of IFRS.

The consolidated annual reports of the Issuer for the 2016, 2017 and 2018 financial years compiled pursuant to the provisions of IFRS were audited by Deloitte Könyvvizsgáló és Tanácsadó Kft.

The consolidated annual report of the Issuer for 2018 is available in electronic format at the following website:

https://www.mkb.hu/sw/static/file/MKB_Bank_Zrt_IFRS_Konzolidalt_eves_beszamolo_2018.pdf

The consolidated annual report of the Issuer for 2017 is available in electronic format at the following website:

https://www.mkb.hu/sw/static/file/MKB_IFRS_konzolidalt_beszamolo_HU_2017_FINAL.pdf

The consolidated annual report of the Issuer for 2016 is available in electronic format at the following website:

https://www.mkb.hu/sw/static/file/MKB_Bank_Zrt_IFRS_konzolidalt_eves_beszamolo_2016.pdf

20.2 Financial statements

Section 20.1 of Chapter IV of this present Prospectus includes the financial statements of the Issuer.

20.3 Checking previous annual financial information

The present auditor of the Issuer is Deloitte Könyvvizsgáló és Tanácsadó Korlátolt Felelősségű Társaság (registered office: 1068 Budapest, Dózsa György út 84/C.; company registration number: 01-09-071057; registration number of the Chamber of Hungarian Auditors: 000083). The auditor responsible for the audit of the Issuer with his person is Gábor Molnár.

The consolidated annual reports of the Issuer for the 2016, 2017 and 2018 financial years compiled pursuant to the provisions of IFRS were audited by Deloitte Könyvvizsgáló és Tanácsadó Kft., of which an auditor's declaration without rating and restriction was issued.

20.4 Date of the latest financial information

Date of the latest audited financial information: 31 December 2018

20.5 Dividend policy

The General Meeting of the Issuer shall specify the percentage of the portions of the profit of the given year to be utilised by the Issuer for the creation of profit reserve and for the payment of dividend, the amount of the profit reserve to be utilised for dividend payment and the size of the payable dividend within the framework of the relevant legal regulations. Dividend payment is subject to the business standing, outlooks, plans, achieved performance, strategic consideration as well as legal, regulatory and other factors and considerations. The Issuer does not have approved dividend policy.

The Issuer calls attention to the fact that having regard to the EU undertakings (decision No. SA.40441 of the European Commission) and being part of it there was a ban on the Issuer's paying dividend, which ceased in 2019 for the profit and loss of 2018.

At its annual ordinary General Meeting held on 26 April 2019 the Issuer accepted that from the available free profit reserve HUF 48 per share. i.e. a total of HUF 4.8 billion dividend would be paid for the 2018 business year.

20.6 Court and arbitration court proceedings

The number of legal proceedings in progress, in which the Issuer is the plaintiff was a total of 652 on 31 January 2019. From these 68 legal proceedings are aimed at cash claims, 194 legal proceedings are not aimed at cash claims but at the establishment of rights, 11 are labour disputes and 379 are proceedings with persons with FX loans.

The total amount in dispute in the legal proceedings in progress initiated by the Issuer according to the claimed capital amount is HUF 1,404,786,138.

The summary amount in dispute in the legal proceedings in progress initiated against the Issuer according to the capital amount is HUF 717,882,131. (This amount does not include the amounts in dispute in the case of legal proceedings initiated against the Issuer for the establishment of the invalidity of the FX based loan contracts, in the case of legal proceedings initiated for the cessation of execution or the amounts in labour disputes.)

Apart from arbitration court proceeding No. 12/2015 and Decision No. SA.40441 of the European Commission presented below the Issuer is not aware of a procedure initiated by the government, court or arbitration court in the past 12 months or of a procedure to be initiated in the future, which could have a material impact in the future or has had a material impact recently on the status or the profitability of the Issuer and/or MKB Group.

Arbitration court proceeding No. 12/2015

Arbitration court proceeding of amount in dispute exceeding 10% of the equity from among the legal proceedings initiated against the Issuer, as first defendant, before the Permanent Arbitration Court Attached to the Hungarian Chamber of Commerce and Industry (legal successor of the Permanent Arbitration Court for Money and Capital Markets).

In 2007 the Issuer extended approximately EUR 46,700,000 loan to the first plaintiff to implement a real estate project. The project was not implemented. Issuer previously transferred the contract portfolio concerned with the legal proceeding to the second defendant, which in the meantime also transferred the mentioned portfolio to the third defendant.

On 5 March 2019 the plaintiffs submitted a document titled summary motion, based on which they submitted the following petitions. The petition of the plaintiffs was primarily aimed at the establishment of impossibility and secondarily the plaintiffs require the establishment of the fact that - having regard to the portfolio transfers - the third defendant cannot enforce a claim exceeding EUR 11,500,000 amount. The third petition is for compensation. In the proceeding the plaintiffs request the obliging of the third defendant to pay compensation in the amount of HUF 19,677,704,027 capital debt and its fees.

The defendants dispute the petitions both in terms of their legal basis and their amounts as not substantiated petitions without proof.

Based on the summary petition submitted by the plaintiffs on 5 March 2019 the plaintiffs do not have a claim for compensation from the Issuer. The petition of the plaintiffs is only aimed at establishment of rights concerning the Issuer.

Decision No. SA.40441 of the European Commission

The procedure in connection with compliance with the commitments approved by the European Commission with its Decision No. SA.40441 of 16 December 2015 is presented in Section 1.3.10 of Chapter IV.

20.7 Material changes in the financial standing or trading position of the Issuer

Since the end of the financial period, for which audited financial information or interim financial information were published, there was no material change in the financial standing or the trading positions of the Issuer.

21 SUPPLEMENTARY INFORMATION

21.1 Share capital

- The equity of the Issuer amounts to HUF 100,000,000,000, said One hundred billion forints, all of which are cash contributions made available. On 31 December 2018 and on the day of this present Prospectus the equity consisted of the following share series:
- 99,999,992, said Ninety nine million nine hundred ninety nine thousand nine hundred and two dematerialised registered ordinary shares of series “A” of HUF 1,000, said one thousand forints face value each;
- 1, said one dematerialised registered preference share of series “B” of HUF 1,000, said one thousand forints face value in the share class for the recall of an external member of the Board of Directors (who is the chairman of the Board of Directors at the same time) and the nomination of a new external member of the Board of Directors (who is the chairman of the Board of Directors at the same time);
- 1, said one dematerialised registered preference share of series “C” of HUF 1,000, said one thousand forints face value in the share class for the recall of an external member (i.e. not an employee) of the Supervisory Board (who is the chairman of the Supervisory Board at the same time) and the nomination of a new external member (i.e. not an employee) of the Supervisory Board (who is the chairman of the Supervisory Board at the same time);
- 3, said three dematerialised registered preference shares of series “D” of HUF 1,000, said one thousand forints face value each in the share class for the recall of an external member of the Board of Directors and the nomination of a new external member of the Board of Directors;
- 3, said three dematerialised registered preference shares of series “E” of HUF 1,000, said one thousand forints face value each in the share class for the recall of an external member (i.e. not an employee) of the Supervisory Board and the nomination of a new external members (i.e. not an employee) of the Supervisory Board.

On the day of the Prospectus neither the Issuer nor the Subsidiaries holds the property right of the Issuer’s Shares. The Issuer calls attention to the fact that although neither the Issuer nor the Subsidiaries holds the property right of the Issuer’s Shares, MKB MRP Organisation and MKB TJ MRP Organisation are in the consolidation circle of the Issuer, therefore the “*Reacquired stock*” line in the table in Section IV/10 of this present Prospectus presenting the equity of the Issuer reports the Shares held by MKB MRP Organisation and MKB TJ MRP Organisation pursuant to the international accounting rules (IFRS).

By its resolution No. 14/2019 (17 January) the General Meeting of the Issuer made a decision about changing the company form with effect subject to the transformation of the preference shares into ordinary shares. It means that from the day of the Listing on the Stock Exchange every preference share shall be transformed into ordinary share of series “A” of HUF 1,000 face value. The transformation shall be performed at uniform value, i.e. one preference share shall be transformed into one ordinary share.

From the date of Listing on the Stock Exchange the equity and share structure of the Issuer shall be the following:

The equity of the Issuer shall still amount to HUF 100,000,000,000, said One hundred billion forints, all of which are cash contributions made available. The equity of the Issuer shall consist of 100,000,000 said One hundred million dematerialised registered ordinary shares of series “A” of HUF 1,000, said one thousand forints face value each.

The history of the share capital in the period covered by previous financial information with the potential changes highlighted:

	26.02.2014-05.09.2016	06.09.2016-15.02.2017	16.02.2017 -
size of equity in HUF	225,489,994,000	100,000,000,000	100,000,000,000
number, face value, type, series of the shares	225,489,994 ordinary shares of series "A" of HUF 1,000 face value	100,000,000 ordinary shares of series "A" of HUF 1,000 face value	as detailed above in this present Section 21.1

In terms of the traded shares of the Issuer the number of shares traded at the beginning and end of the year was the following in the period covered by the previous financial information.

The payment of the total share capital was performed by way of cash contribution.

Title of the share	2016		2017		2018	
	opening value	closing value	opening value	closing value	opening value	closing value
Ordinary share	225,489,994 shares	100,000,000 shares	100,000,000 shares	99,999,992 shares	99,999,992 shares	99,999,992 shares
Preference share	0 shares	0 shares	0 shares	8 shares	8 shares	8 shares

21.2 Articles of Association of the Issuer

By its resolution No. 13/2019 (17 January) the General Meeting of the Issuer decided about changing the form of operation to public limited company subject to Listing on the Stock Exchange. As a result of this by its Resolution No. 15/2019 (17 January) adopted by the General Meeting the Issuer decided about the approval of its Articles of Association taking effect on the day of Listing on the Stock Exchange. By its order Cg.01-10-040952/1349 the Court of Registration registered the change in the form of operation of the Issuer subject to the Listing on the Stock Exchange. According to this the provisions of the Articles of Association taking effect on the day of Listing on the Stock Exchange shall be presented in this chapter.

21.2.1 Presentation of the objectives of the Issuer

The Articles of Association does not include the presentation of the objectives of the Issuer, however they are incorporated in Section 6.2 of Chapter IV.

21.2.2 Main provisions regarding the members of the management, control and supervisory bodies of the Issuer

The main provisions regarding the members of the management, control and supervisory bodies are the following.

The main provisions of the Articles of Association of the Issuer regarding the members of its management, control and supervisory bodies are the following:

„3.2.4. Membership in the Board of Directors

3.2.4.1. *The Board of Directors has minimum five (5) and maximum nine (9) members. Only natural persons can be members of the Board of Directors.*

3.2.4.2. *The managing officers of the Company can be elected as internal members of the Board of Directors.*

3.2.4.3. *The members of the Board of Directors are elected by the General Meeting for a definite period of maximum five (5) years.*

3.2.4.4. *Membership in the Board of Directors shall cease:*

- a) *when the time of the assignment expires;*
- b) *by recall;*
- c) *by resignation;*
- d) *by the termination of employment of the internal member of the Board of Directors;*

- e) upon the occurrence of a legally regulated excluding reason or a conflict of interest or in other cases specified by the law, or
 - f) if the member of the Board of Directors passes away.
- 3.2.4.5. At the time of the termination of the Board of Directors membership all memberships of the member of the Board of Directors in other committees of the Company shall also cease.
- 3.2.4.6. The member of the Board of Directors may resign at any time. If the operating ability of the Company makes it necessary the resignation shall take effect on the sixtieth (60th) day following the announcement of the resignation. Until the resignation takes effect the member of the Board of Directors shall participate in the making of urgent decisions and in the implementation of such actions.”
- „3.3.7. Membership in the Supervisory Board
- 3.3.7.1. The Supervisory Board has seven (7) members. Only natural persons can be members of the Supervisory Board.
- 3.3.7.2. The members of the Supervisory Board are elected by the General Meeting for a definite period of maximum five (5) years. One third of the members of the Supervisory Board shall be the representatives of the employees nominated by the workers’ council with the opinion of the trade unions operating at the Company taken into account, which employees shall be elected as members of the Supervisory Board by the General Meeting, except if a legally regulated excluding reason exists. The place of the employees’ delegates cannot be filled if there is no nomination.
- 3.3.7.3. Without concluding a contract of services especially for this purpose the membership in the Supervisory Board is established by signing the declaration of acceptance. The rules of the contract of services shall be appropriately applied to the Supervisory Board membership legal relationship. The members can be re-elected and can be recalled by the General Meeting at any time without the obligation of providing an explanation in harmony with the provisions of the Articles of Association. The employees’ delegate/delegates shall be recalled upon the recommendation of the workers’ council.
- 3.3.7.4. Membership in the Supervisory Board: shall cease
- a) when the time of the assignment expires;
 - b) by recall;
 - c) by a declaration of resignation addressed to the chairman or a member of the Board of Directors;
 - d) upon the occurrence of a legally regulated excluding reason or a conflict of interest or in other cases specified by the law; or
 - e) if the member of the Supervisory Board passes away.
- 3.3.7.5. At the time of the termination of the Supervisory Board membership all memberships of the member of the Supervisory Board in other committees of the Company shall also cease. The membership of the employees’ delegate shall also cease upon the termination of his/her employment.
- 3.3.7.6. The member of the Supervisory Board may resign at any time. If the operating ability of the Company makes it necessary the resignation shall take effect upon the election of a new member of the Supervisory Board, or for the lack of this, on the sixtieth (60th) day following the announcement of the resignation. Until the resignation takes effect the member of the Supervisory Board shall participate in the making of urgent decisions and in the implementation of such actions.”

21.2.3 Presentation of the rights, preference rights and restrictions related to share classes

Pursuant to the Articles of Association a share class embodying preference rights was not established at the Issuer.

21.2.4 Action necessary to change the rights of the shareholders

The Articles of Association provisions the actions necessary for changing the rights of the Shareholders according to the following:

„3.1.12. A resolution by the General Meeting adversely changing share series related rights can be adopted by the simple majority of the shareholders of the concerned share series participating at the General Meeting. In the course of such decision provisions for the potential limitation or exclusion of the share related voting rights - not including the ban on exercising the voting right related to own shares - cannot be applied.”

The Articles of Association does not include stricter provisions regarding the changing of the Shareholders' rights than the conditions specified in the Civil Code and other guiding regulations.

21.2.5 Presentation of the conditions specifying the order of calling general meetings

The Articles of Association provisions the conditions specifying the order of calling the annual General Meeting of the Shareholders and the order of calling the extraordinary General Meetings according to the following:

„3.1.11 The supreme body of the Company is the General Meeting.

The General Meeting shall be called by way of invitation published as specified in Section 7 minimum thirty (30) days preceding its start date.

The key figures of the report according to the Accounting Act and the key figures of the report of the Board of Directors and the Supervisory Board shall be made known to the shareholders by the Board of Directors minimum twenty one (21) days prior to the General Meeting as specified in Section 7.

At the time of publishing the material of the General Meeting the Company shall send the invitation to the General Meeting and the related proposals and proposals for resolution electronically to the shareholders, who previously announced such request (to the company minimum 45 days prior to the start date of the given General Meeting). The announcement of such request shall be valid for an indefinite period during the existence of the shareholder status - until its revocation in writing. Company notifications sent by e-mail shall be considered received by the shareholder on the day of sending the e-mail.

The General Meeting can be held even if it was not called or was not called according to the rules but every shareholder is present and has unanimously consented to holding the meeting. Resolutions approved by the irregularly called and held General Meeting, which are invalid for this reason, shall become valid with retrospective effect if within thirty (30) days after the date of the General Meeting the resolution is unanimously recognised by every shareholder as valid.

Resolution in issues not on the agenda can only be adopted in the presence of every shareholder entitled to vote, if the shareholders unanimously consented to the discussing of the issue not on the agenda.

The General Meeting has quorum if shareholders representing more than half of the equity are present. If the General Meeting does not have quorum a repeated General Meeting shall be called for a date following the original date by minimum ten (10) and maximum twenty one (21) days regarding the issues on the original agenda. The repeated General Meeting shall have quorum regardless of the number of participants.

3.1.2. The invitation to the General Meeting includes the following:

- a) company name and registered office of the Company;*
- b) date, time and location of the General Meeting;*
- c) agenda of the General Meeting;*
- d) method of holding the General Meeting;*
- e) conditions of exercising the voting rights prescribed in this present Articles of Association;*
- f) date, time and location of the repeated General Meeting if the General Meeting does not have quorum;*

- g) *conditions of exercising the right of adding to the agenda; and*
- h) *the draft resolutions and the availability of the original and full text of the documents to be submitted to the General Meeting.*

3.1.3. *The Board of Directors has the right to call an extraordinary General Meeting in duly justified cases or when it deems the call necessary. The Board of Directors shall call an extraordinary General Meeting:*

- a) *immediately if the number of the members of the Supervisory Board dropped to less than three (3) persons,*
- b) *within eight (8) days if shareholders with minimum one (1) percent of the voting rights - confirmed by the data of the share register - request it in writing with the reason and the purpose specified, or*
- c) *within eight (8) days - upon the notification of the Supervisory Board at the same time - to take the necessary actions if it becomes aware that as a result of loss the equity of the Company dropped to two thirds of the share capital or its equity dropped under the minimum legal amount or insolvency threatens the Company or it terminated its payments or the assets of the Company do not cover its debts, or*
- d) *within eight (8) days if minimum three (3) members of the Board of Directors recommends the call of the General Meeting by communicating the agenda.”*

„3.1.13.1. Rights of the shareholders regarding the general meeting

The shareholders are entitled to participate at the General Meeting. Shareholders or persons authorised by the shareholder specified in Articles 151-155 of the Capital Market Act - registered in the share register according to the result of owners’ identification not later than on the second business day preceding the start of the General Meeting - may participate at the General Meeting. The persons, whose name was included in the share register at the time of closing the share register - on the second business day preceding the start date of the General Meeting - are entitled to exercise the shareholders’ rights at the General Meeting.

The shareholder may also exercise the general meeting rights via a representative. Internal member of the Board of Directors, member, chairman of the Supervisory Board and the auditor cannot be authorised persons. The shareholder may give a proxy for exercising the shareholders’ rights to an external member of the Board of Directors or an employee of the company in managing position - if the person is not an internal member of the Board of Directors. The validity of the proxy is for one General Meeting or for the period specified in the proxy not exceeding 12 months. The validity of the proxy shall cover the continuation of a suspended General Meeting and the repeated General Meeting called because of not having quorum. The proxy must be issued in the form of a public document or a document representing conclusive evidence and must be submitted to the company. In the proxy given by the person authorised by the shareholder the fact of the representing person acting as the representative of shareholder must be indicated.

„3.1.13.2. Minority rights

Shareholders jointly representing minimum 1% of the voting rights may request the call of the General Meeting at any time with the reason and purpose specified. If within eight days after receiving the request the Board of Directors does not take action to call the General Meeting for the earliest possible date, at the request of the shareholders suggesting the meeting the registering court shall call it or the registering court shall authorise the suggesting shareholders to call the meeting. The expected costs shall be advanced by the suggesting shareholders.”

21.2.6 Presentation of the actions, which in a given case shall delay or even prevent change in the control over the Issuer

The Articles of Association or the internal regulations of the Issuer do not include provisions, which in a given case shall delay or even prevent change in the control over the Issuer. Nevertheless, the acquisition of

influencing participation in a credit institution or the change in the influencing share to reach the 20, 33 or 50 percent threshold value is subject to permit.

21.2.7 Presentation of the provisions specifying the threshold value, over which the shareholding status of the given shareholder shall be published

The Articles of Association or the internal regulations of the Issuer do not specify threshold values differing from the effective legal regulations, over which the shareholding status of the given Shareholder shall be published.

21.2.8 Presentation of the conditions of changing the capital

The Articles of Association or the internal regulations of the Issuer do not specify stricter regulations regarding the changes in the capital, which are stricter than the conditions prescribed in the relevant legal regulations.

22 KEY CONTRACTS

In the two years directly preceding the publishing of the Prospectus the Issuer or any member of the MKB Group did not participate as contracting party in contracts more important than the contracts concluded in the usual course of business.

In addition to the contracts concluded in the usual course of business at the time of the Prospectus there are no existing contracts concluded by any member of the MKB Group, pursuant to the provisions of which any member of the MKB Group would have a liability or right of significance from the point of view of MKB Group.

23 INFORMATION ORIGINATING FROM A THIRD PARTY

The Issuer compiled this present Prospectus itself, in the course of which it did not use data and information published by a third party other than in the indicated references attached to the given parts of the text. To the knowledge of the Issuer every piece of information was taken over in the case of the parts of the text where the Issuer makes references to an external source, and to the knowledge of the Issuer facts making them incorrect or misleading were not omitted from the taken over information.

24 AVAILABLE DOCUMENTS

The effective Articles of Association, financial statements and announcements of the Issuer attached to this present Prospectus as annex can be viewed in electronic format at the website of the Issuer (www.mkb.hu).

25 PRESENTATION OF THE PARTICIPATIONS

The participations of the Issuer are presented in Annex No. 1 to this present Prospectus.

V SECURITIES NOTES

1 LIABLE PERSONS

1.1 Person liable for the preparation of the Prospectus

This present Prospectus was fully prepared by the Issuer, therefore the Issuer shall be held liable for all information included in it.

1.2 Declaration of Liability

The Declaration of Liability of the Issuer, as liable entity, is included in Section to 2 of Chapter III of the Prospectus.

2 RISK FACTORS

Section 2 of Chapter II of this present Prospectus includes the risk factors related to the Shares.

3 KEY INFORMATION

3.1 Declaration on the working capital

The capital standing of MKB Group is stable. At consolidated level the capital adequacy ratio is 17.90%, which significantly exceeds the minimum ratio increased with the mandatory buffers to be maintained. Compared to 2017 the capital adequacy ratio grew by over 210 base points.

Figures: HUF million	2018 Basel III IFRS	2017 Basel III IFRS
Registered capital	100,000	100,000
Reserves	56,688	37,124
Immaterial goods	(19,398)	(12,567)
AVA - adjustment due to prudent real valuation	(421)	(464)
Tier1: Supplementary base capital	-	-
Tier 1: Net base capital elements	136,869	124,093
Tier 2: Tier 2 capital elements	28,002	22,307
Guarantee capital	164,871	146,400
Risk weighted assets (RWA)	743,016	750,832
Large debtor limit	-	-
Operational risk (OR)	168,511	173,370
Market risk positions (MR)	9,297	6,549
Total of risk weighted assets	920,823	930,751
Tier1 ratio	14.86%	13.33%
Capital adequacy ratio	17.90%	15.73%

Capital adequacy at the end of 2018 shows further planned increase by the end of 2019 due to the profit planned for 2019 and the maintenance of the allocated and limited RWA.

3.2 Capitalised value and indebtedness

The capital leverage ratio of MKB Group is 6.59%, which significantly exceeds the Basel requirements (3%). The capital leverage ratio also improved significantly, by 115 base points, in 2018.

The capital of the Issuer consist of share capital constituting 100,000,000 ordinary shares of series “A” of HUF 1,000 face value each at the time of the Listing on the Stock Exchange.

Share capital: HUF 100,000,000,000, said One hundred billion forints)

The indebtedness of the Issuer is presented in the following table pursuant to the audited annual report of 2018 approved on 26 April 2019.

Figures: HUF million	2018	2017
Exposures within the balance sheet	1,820,899	1,992,447
Derivative and security financing exposures	29,630	43,651
Other off-balance sheet exposures	226,192	245,351
Total exposures used for the calculation of capital leverage ratio	2,076,771	2,281,449
T1 capital	136,869	124,093
Capital leverage ratio	6.59%	5.44%

The debts of the Issuer secured by guarantee or collateral are presented in the “*Liabilities*” table in Section 10 of Chapter IV of this present Prospectus.

Data necessary for the declarations on capitalisation and indebtedness referenced above and included in this present section issued on the day of this present Prospectus (pursuant to the declaration of liability included in Section III) are presented on the basis of the audited annual report of the Issuer for 2018 approved on 26 April 2019.

4 INFORMATION REGARDING THE SECURITIES TO BE LISTED

4.1 Share related information

Based on this present Prospectus issue, sale or offering of either existing or new shares shall not be performed. This present Prospectus was compiled due to the listing of the Shares previously traded privately on the regulated market (on BSE).

The Prospectus and this present chapter were compiled based on the Prospectus Regulation in effect at the time of preparing this Prospectus. The Issuer performed and performs the issue of the Shares and their listing on BSE pursuant to and in compliance with the governing legal regulations, for which reason such activities of the Issuer are in compliance with the Civil Code, the Capital Market Act and the Prospectus Regulation.

By the Listing on the Stock Exchange the Issuer wishes to list 100,000,000 ordinary registered dematerialised shares of series “A”¹¹ of HUF 1,000 face value each on BSE. Every share to be listed has ISIN code

¹¹ On the day of this present Prospectus the Issuer holds 99,999,992 dematerialised registered ordinary shares of series “A” of HUF 1,000 face value each and 8 dematerialised registered preference shares of HUF 1,000 face value each. Pursuant to the provisions of the Articles of AssociationArticles of Association taking effect as of the Listing on the Stock Exchange with effect of the Listing on the Stock Exchange the preference shares shall be transformed into ordinary shares, by which act a total of 100,000,000 registered dematerialised ordinary shares of series “A” of HUF 1,000 face value each of the Issuer shall be listed on BSE.

HU0000139761. The Shares are generated and registered on the central securities account by KELER: The Issuer gave an order on the issue of the ordinary shares of series “A” in HUF currency according to their face value.

The Issuer calls attention to the fact, that the statements in the article titled „MKB Bank to be listed on the stock exchange shall pay dividend from record profit” published in the daily paper “Világgazdaság” and in several electronic news portals regarding the number of Shares to be listed are incorrect considering that every ordinary share of series “A” of the Issuer (100,000,000 shares) shall be listed on BSE.

4.1.1 Rights related to the Shares

The rights of the Shareholders related to the Shares shall be established by the Articles of Association of the Issuer taking effect as of the Listing on the Stock Exchange and the governing legal regulations. The Shareholders can exercise their shareholders’ rights after registration in the share register.

Liabilities of the Shareholder pursuant to Section 3.1.13.4 of the Articles of Association of the Issuer:

- a) The shareholder shall place the asset contribution corresponding to the face value or the issue value of the listed Shares received by its person at the disposal of the company. With the exception of the case of reducing the share capital the Shareholder cannot be validly exempted from this liability.
- b) Shareholders holding minimum 1% share or Shareholders acquiring such percentage shall report their indirect property and its changes together with data suitable for identification to the Issuer. NBH shall suspend the exercising of the voting right of the shareholder not performing its reporting obligation until the obligation is performed.

Right to dividend

The Issuer does not have approved dividend policy. Pursuant to Section 5.3 of the Articles of Association of the Issuer the General Meeting adopts a resolution on dividend payment, its date and method. The basis of the dividend payment is the face value of the Share.

Shareholders registered in the share book at the time of the General Meeting adopting a resolution on dividend payment shall be entitled to the dividend. The Shareholders shall be entitled to the dividend in the percentage of their already performed asset contribution.

Pursuant to the Articles of Association of the Issuer the Shareholders can claim the dividend from the Issuer within a 5-year limitation period calculated from the start date of the dividend payment. If the dividend is not received within this period the unpaid dividends shall be added to the assets of the Issuer exceeding the share capital of the Issuer. The Issuer did not establish restrictions in terms of the dividend rights related to the Shares, for which reason there is no applicable restriction other than the legal provisions. The Articles of Association of the Issuer does not include provisions with respect to the non-resident (exchange foreigner) shareholders. These Shareholders shall receive their dividend or the advanced dividend pursuant to the general rules.

Advanced dividend can be paid by the Issuer based on the recommendation of the Board of Directors approved by the Supervisory Board upon which the General Meeting adopts a resolution. Pursuant to Section 3.1.10 of the Articles of Association of the Issuer minimum 85% of the yes votes of the shareholders participating at the General Meeting is necessary to make the decision for the payment of the dividend and advanced dividend.

Additionally the Articles of Association of the Issuer does not include provisions for establishing the size of the dividend, the method of its calculation, its frequency and cumulative or non-cumulative character.

Voting right

The Issuer follows the one share - one vote principle, for which reason every ordinary share of series “A” shall entitle its owner to 1 (one) vote, on the condition that the Shareholder cannot exercise its voting right until the performance of the due asset contribution. Every one of the ordinary shares embodies the same rights.

Preference shares

The Articles of Association of the Issuer does not include provisions regarding how the shareholders of the Issuer may exercise their subscription preference rights by the shares in the same share type or share class if the share capital is increased against contribution in cash, therefore the provisions of the Civil Code regarding preference rights shall be applicable. Article 3:297 of the Civil Code stipulates the exercising of preference rights, according to which the shareholders and the owners of the transformable bonds and bonds providing subscription right shall have preference rights for the takeover of the shares. The Issuer shall provide a minimum fifteen-day deadline for exercising the preference rights. The Issuer shall notify the Shareholders and the owners of the transformable bonds and the bonds providing subscription right about share capital increase pursuant to Section 7 (“Publishing, Information”) of the Articles of Association. The information must include the face value and the issue value of the traded shares, the start and end dates of the period open for exercising the right and the method of exercising the right.

Right to liquidation percentage

The rules of the Credit Institutional Act shall apply to the cessation of the Issuer without a legal successor, and if the Issuer ceases without a legal successor the assets remaining after the satisfaction of the creditors shall be due to the shareholders in the percentage of the face value of their shares.

Provisions for repurchase and conversion

The Shares are ordinary shares, to which no repurchase or conversion obligation is attached, furthermore they shall not entitle the holder or impose an obligation to convert (replace) them to (with) any other securities.

Transferability of the Shares

The Articles of Association of the Issuer does not restrict the free transferability of the Shares. The transfer of the Shares against the Company shall take effect with the registration of the shareholder’s proxy regulated in Articles 151-155 of the Capital Market Act in the share register. The investor wishing to acquire the Shares must receive information regarding the special or foreign regulations, permits of authorities potentially applicable to his/her/its person in connection to the acquisition of the Shares. If the acquisition of participation in the Issuer is subject to the permit of authorities the proxy of the Shareholder can be registered in the share register together with the shareholder only.

4.1.2 Provisions of mandatory takeover offer and/or squeeze-out and/or forced sale related to the Shares

The Articles of Association of the Issuer does not include any provisions with respect to mandatory takeover offer and/or squeeze-out and/or forced sale related to the Shares.

Pursuant to Article 68 of the Capital Market Act a public buy-back offer approved by NBH must be given for the acquisition of shares in the target company exceeding twenty five percent influence, if apart from the Shareholder acquiring influence nobody has an influence exceeding ten percent of the voting rights, or for the acquisition of shares exceeding thirty three percent influence.

Pursuant to Article 76/D (1) of the Capital Market Act if pursuant to Section e) of Article 69 of the Capital Market Act the bidder (i) declared in its application for the approval of the voluntary buy-back offer by the supervision that it wished to exercise its purchase right; (ii) has an influence in the target company reaching or exceeding ninety percent within three months following the closure of the successful buy-back offer or the voluntary buy-back offer; and (iii) certifies to have sufficient funds for the acquisition of the shares in the subject of the purchase right to perform the necessary countervalue, the bidder shall exercise purchase rights over the shares of the target company not in its property within three months following the closure of the buy-back offer or the voluntary buy-back offer.

If at the closure of the buy-back offer procedure the influence of the bidder in the target company reaches ninety percent, upon the written request of the owners of the remaining shares made within ninety days following the publishing of the acquisition of the ninety percent influence, the bidder shall also purchase the remaining shares.

4.1.3 Public buy-back offer made by third party for the equity of the Company

In the period preceding the date of the Prospectus public buy-back offer was not made for the Shares of the Issuer.

4.1.4 Taxation liabilities related to the income generated from the Shares

The following part of this present Prospectus prescribes the Hungarian taxation rules effective at the time of compiling the Prospectus and other applicable taxation rules only in general and includes only general information concerning them. The Prospectus does not reveal factors influencing the different investors, which may affect the taxation liabilities, it does not establish individual circumstances for them and furthermore it does not specify every relevant circumstance influencing tax payment from tax law point of view in terms of the Shares, for which reason it cannot be deemed tax advice.

The Issuer shall not be held liable for the consequences of changes in the governing legal regulations and in the related legal practice following the date of compiling the Prospectus. According to above the utilisation of a tax adviser is recommended to every investor to consider the individual circumstances to assess the potential tax law implications of investing in the Shares in personalised manner.

We furthermore recommend to the foreign shareholders to request an opinion from their tax experts in the issue of how the provisions of an international convention on avoiding double taxation and on the prevention of evading taxes in the area of income and wealth taxes between Hungary and the state in which they are resident taxpayers (if such convention exists) concern their tax payment obligations related to the Shares.

Pursuant to the Personal Income Tax Act (Hungarian acronym: Szja tv.) and the Act on the Rules of Taxation Hungarian Acronym: Art.) the Issuer is deemed a paying entity, for which reason where the legal regulations provision tax deduction, tax return and tax payment as the liability of the paying entity, in compliance with these provisions the Issuer shall be held liable for the retention of the deductible tax by the paying entity from the income generated by its person and its payment to the tax authority.

4.1.4.1 Tax payment obligation of private persons

In the course of acquiring, holding and selling the Shares private persons may obtain taxable income pursuant to the Personal Income Tax Act and the Social Contribution Act (Hungarian acronym: Szoccho tv.) particularly under the titles presented in the following. As a main rule tax payment and tax return obligations shall be performed by the private persons. In connection with the different income types provided to private persons, however, the paying entity shall also have tax payment obligations.

Pursuant to the Act on the Rules of Taxation paying entities, among others, are resident legal entities providing taxable income regardless whether they perform the payment of the income directly or via an authorised entity (post office, credit institution). Paying entity in terms of dividends is the entity, from the assets of which the dividend is paid. In the case of income generated from transactions concluded via the cooperation of an investment service provider in stock exchange trading the investment service provider shall be the paying entity, however it shall not be held liable for establishing and deducting the tax amount and the advanced tax.

a) Resident private persons

The tax payment obligation of resident private persons shall cover the total income regardless whether the income is realised in Hungary or abroad. The tax year covers the calendar year. Resident private person pursuant to the Personal Income Tax Act:

- Hungarian citizen (except if he/she is also the citizen of another state and does not have a place of residence or stay in Hungary specified in the Act on Keeping Records on the Personal Data of Citizens);
- natural person exercising his/her right to freedom of movement and stay exceeding three months in the given calendar day - including the day of entering and leaving the country in the calculation as whole days - for minimum 183 days in the territory of Hungary;
- person with permanent resident status or stateless person under the effect of the Act on the Admission and Right of Residence of Third-Country Nationals; and

- natural person not mentioned above, who is a permanent resident only in Hungary or the centre of his/her vital interests is Hungary, if he/she is not a permanent resident in Hungary at all or he/she has permanent residence not only in Hungary; or his/her habitual residence is in Hungary, if he/she is not a permanent resident in Hungary at all or he/she has permanent residence not only in Hungary, and the centre of his/her vital interests cannot be established, on the condition that the centre of his/her vital interest is the state, to which the private person is attached by the tightest family and economic relationships.

When the tax payer status of a private person is established the provisions of the international conventions regulating the status shall also be observed.

Income generated from dividend

Pursuant to Article 66 of the Personal Income Tax Act the total of the receipts of a private person Shareholder resulting from dividend payment and advanced dividend shall be income (except if pursuant to the provisions of the Personal Income Tax Act it must be taken into account for the establishment of other income, i.e. as income from long term investment). The rate of personal income tax applicable to income generated from dividends and advanced dividends is 15 percent.

The paying entity shall establish the personal income tax at the time of the payment and shall perform the tax return and the payment pursuant to the Act on the Rules of Taxation. For the lack of a paying entity the private person shall establish the tax in his/her own tax return prepared without the cooperation of the tax authority and shall pay the tax before the expiry of the deadline specified for the submission of the tax return.

The private person Shareholder shall include the advanced dividend and its tax in the tax return of the year of the payment for information, and shall include the approved paid dividend, the deducted paid tax in the tax return prepared in the year of approving the report establishing the dividend - with the tax deducted and paid from the advanced dividend taken into account as tax.

Social contribution tax shall not be payable for the yield of securities - deemed dividend (advanced dividend) pursuant to the law of the given member state - listed on the stock exchange operating in an EEA state recognised as (regulated) market pursuant to the Capital Market Act (such as the Shares).

Income generated from price gain

Pursuant to Article 67 of the Personal Income Tax Act income generated from price gain is part of the receipts obtained from the transfer of Shares (not including lending), which exceeds the total sum of the amount used for the acquisition of the Share and the accessory costs related to the Shares. The portion from the mentioned difference, which pursuant to the provisions of the Personal Income Tax Act must be considered for the establishment of other income shall not be deemed income generated from a price gain.

The value utilised for the acquisition of the securities pursuant to Article 67 (9) of the Personal Income Tax Act shall (not be limited to): the verified countervalue

- of the transaction in the case of securities acquired by a controlled capital market transaction;
- the verified portion of the countervalue performed by the private person until the transfer of the securities in the case of securities acquired by onerous contract not deemed controlled capital market transaction;
- value taken into account for levying a duty if the acquisition value in the cases pursuant to subsections aa)-aj) of section a) of Article 67 (9) of the Personal Income Tax Act cannot be established or the securities were acquired by inheritance, or as a gift, with the adjustments indicated in the Personal Income Tax Act;
- the verified portion performed by the private person before the transfer of the security in the interest of the acquisition in the case of securities acquired under the title or in a manner not listed in Subsections aa)-ak) of Section a) of Article 67 (9) of the Personal Income Tax Act;

Accessory cost related to the securities pursuant to Article 67 (9) of the Personal Income Tax Act:

- duty paid at the acquisition of the securities;

- verified expense payable by the private person related to the acquisition, holding or transfer of the securities (including in particular the countervalue of investment service activity, service activity supplementing the investment service activity or commodity exchange service activity extended in connection with the acquisition, holding or transfer of the securities);
- verified amount payable by the private person as countervalue of the right of sale substantiating the basis of the purchase (subscription) right and the transfer of securities for the acquisition of securities (including the receipts taxable at the acquisition of the right in the case of acquiring rights free of charge or on preferential conditions);
- in the case of borrowed securities the value utilised for the acquisition of the returned (reimbursed) securities, or - if the borrower cannot reimburse the securities - the minimum amount of compensation paid pursuant to the Capital Market Act.

Income from the receipts shall be established for the date of the contract of securities transfer. If the private person acquired the ownership of the transferred security by borrowing the securities, the income must be established for the date of returning (or reimbursing) the securities, or if the contract was terminated without the return (or reimbursement) of the securities (including statutory limitation) the income must be established for the date of the contract termination.

Tax payment obligation for the established income occurs on the day of obtaining the receipts. If the receipts are received in several instalments it must be assumed, that the private person obtains the income in the percentage of the instalment compared to the expected receipts.

The paying entity shall establish the income from the receipts, tax according to the title of the income, advanced tax with the acquisition value, which is available or which can be established at the time of the payment or which is verified by the private person, and the accessory costs taken into account, shall perform the tax return and the payment pursuant to the Act on the Rules of Taxation. If the income is not provided by the paying entity the private person shall establish the tax in his/her own tax return prepared without the cooperation of the tax authority and shall pay the tax before the expiry of the deadline specified for the submission of the tax return.

The rate of personal income tax applicable to income generated from price gains is 15 percent. 19.5 percent social contribution tax shall also be payable for the income generated from price gain, until the income of the private person pursuant to Article 1 (1)-(3) and Sections a)-e) of Article 1 (5) of the Social Contribution Act reaches twenty four times the amount of the effective minimum wage (upper limit of tax payment).

Income generated from controlled capital market transactions

Incomes generated from controlled capital market transactions shall be the portion of the summary amount (*total profit of transactions*) of the profits of transactions settled in the tax year in cash based on the controlled capital market transactions of private persons (not including interest incomes or if income generated from long term investment shall be established based on the transaction) exceeding the summary amount of the transaction losses settled in the tax year in cash and the transaction related fees charged by the investment service provider payable by the private person. Loss generated from controlled capital market transactions shall be the amount of the total transaction loss exceeding the amount of the total transaction profit.

Pursuant to Article 67/A of the Personal Income Tax Act the sale of the Shares shall be deemed controlled capital market transaction if it is performed with an investment service provider or with the cooperation of an investment service provider and is the subject

- of an activity supervised by NBH; or
- with and investment service provider or with the cooperation of an investment service provider performing activities on a capital market operating in any EEA state or in a state, with which Hungary signed a convention on the avoidance of double taxation, and
- is the subject of an activity supervised by the competent supervisory authority of the given state;
- if the given state is not an EEA state, information exchange between the mentioned supervisory authority and NBH are ensured; and concerning which the private person

- has a certificate issued by the investment service provider to his/her name including all data of every transaction performed in the given tax year necessary for the establishment of the tax payment obligation.

Differing from above - in the case of the transfer of securities in a controlled capital market transaction - price gain shall be the asset value from the face value of the securities but not exceeding the realised income, which, pursuant to Section b) of Article 77/A (2) and Section c) of Article 77/A (2) - with the exception of the cases specified in Article 77/A (5) - shall not be deemed incomes reduced by the value spent on the acquisition of the securities and the amount of accessory costs related to the securities.

Until 15 February following the tax year the investment service providers deemed paying entities pursuant to the Personal Income Tax Act and the Act on the Rules of Taxation shall issue a certificate for the private person with data detailed per transaction about the amount of the performance (profit, loss) of the transaction settled in the tax year, about the income of the transaction in the case of positions not closed with financial settlement and about the expenses of the transaction taken into account pursuant to the business rules or similar contract concluded with the private person regulating the order of settlement (pairing) of the transactions (including in particular the rules of amount utilised for the acquisition of the financial instrument). The certificate shall furthermore include the amount of accessory costs occurring during the tax year not taken into account in the profit and loss of the transactions.

In the case of securities transactions and other (matured) transactions not closed by financial settlement the performance (profit, loss) of the transaction is the same as the value of the amount of the sale price reduced with the accessory costs (income generated from the transaction) reduced with the amount increased with the accessory costs of the purchase price (expenses of the transaction). In the case of transactions closed with financial settlement the performance (profit, loss) of the transaction is the same as the value of the performance of the closed position reduced with the value of the costs directly related to the deal conclusion. As accessory costs not considered in the performance of the transactions the costs not directly related to the purchase and sale or the opening and closing of the transactions can be taken into account.

Until 31 January of the year following the tax year, with the name of the private person and his/her tax identification number specified - the investment service providers deemed paying agents pursuant to the Personal Income Tax Act and the Act on the Rules of Taxation shall provide data for the state tax authority on the amount of incomes generated from the transactions of the private persons performed in the tax year, on the amount of the transactions established pursuant to the business rules or similar contracts concluded with the private person regulating the settlement order of the transactions (including in particular the rules of considering the amount utilised for the acquisition of the financial instrument) and on the amount of accessory costs arising in the tax year not taken into account in the performance of the transactions. As income generated from the controlled capital market transactions the state tax and customs office shall specify the summary performance (profit, loss) of the data services by reducing the amount of the profit and increasing the amount of the loss with the summary amount of accessory costs not taken into account in the performance of the transactions.

The paying entity shall not be obliged to deduct tax and advanced tax from the profits generated from controlled capital market transactions.

The private person obtaining the income shall establish the income and the tax based on the certificate issued by the investment service provider on the amount of the performance of the controlled capital market transaction(s) settled in the tax year, or if the income was realised from an investment service provider not deemed paying entity, based on the vouchers (performance certificates) issued by the investment service provider, or based on his/her own records - with the rules governing price gains implicitly taken into account - and shall perform the tax return to be submitted on the tax year and shall pay the tax before the expiry of the deadline for the submission of the tax return.

If in the tax year and/or in the year preceding the tax year and/or in the two years preceding the tax year the private person generates (generated) loss from a controlled capital market transaction and he/she states the fact of loss in the tax return of the year of generating the loss, he/she will be eligible for tax equalisation, which he/she can enforce in the tax return as paid tax according to the following: tax equalisation is the product of the loss generated on the controlled capital market transaction included in the tax return of the tax year

and/or the previous two years and the tax rate effective when the tax return is prepared reduced by the tax equalisation enforced due to loss generated on the controlled capital market transaction in the tax return of any of the two years preceding the tax year, which cannot exceed the amount specified as follows: tax of income generated from controlled capital market transactions included in the tax return of the tax year and/or of the previous two years reduced by the tax equalisation already enforced due to loss generated from controlled capital market transactions in the tax return of any of the two years preceding the tax year.

The rate of personal income tax applicable to income generated from controlled capital market transactions is 15 percent. Social contribution tax shall not be paid for income generated from controlled capital market transactions. If the rules of income generated from controlled capital market transactions cannot be applied, the income generated from the sale of the Shares shall be taxable as income realised on price gain.

Income generated from long term investment

Pursuant to Article 67/B of the Personal Income Tax Act income generated from long term investments shall be the portion exceeding the cash amount deposited pursuant to the relevant provisions from the cash amount tied down by a long term investment contract concluded with an investment service provider, credit institution and due to the private person when the deposit is terminated or withdrawn early, including in particular the effective usual market value of the financial instrument, foreign instruments of payment in the investment when the deposit is terminated or withdrawn early and the deposit interest receivables established for the time of termination or interruption of the contract (deposit yield). Long term investment contract is a separate agreement for the parties applying the taxation rules pursuant to Article 67/B of the Personal Income Tax Act to the mentioned income.

Deposit yield shall be a taxable income, the detailed rules of which are provisioned by Article 67/B of the Personal Income Tax Act. The tax rate of the payable income tax is 15, 10 or 0 percent subject to the length of the deposit period.

Income withdrawn from a company

Pursuant to Article 68 of the Personal Income Tax Act income withdrawn from a company shall be:

- the portion of the receipts obtained by the private person Shareholder from the assets of the Issuer having regard to the shareholder legal relationship, if the Issuer ceases without a legal successor, which exceeds the summary value utilised for the acquisition of the Shares and the liabilities of the Issuer payable by the private person Shareholder;
- the portion of the receipts obtained by the private person Shareholder from the assets of the Issuer having regard to the shareholder legal relationship if the registered capital of the Issuer is reduced by capital withdrawal, which exceeds the value utilised for the acquisition of the Shares in proportion with the reduction of the registered capital; and
- portion of the receipts obtained by the private person Shareholders from the assets of the Issuer as a result of and having regard to the termination of the shareholder relationship of the private person Shareholder (not including the cession of the Issuer without a legal successor and the transfer of the Shares), which exceeds the summary value utilised for the acquisition of the Shares and the liabilities of the Issuer payable by the private person Shareholder within the framework of the settlement of the cessation of the legal relationship;

If the guiding value at the calculation of the receipts pursuant to the above provisions does not reach the usual market value of the Shares effective at the time of obtaining the income, the usual market price shall be considered receipts when the income is calculated.

In the case of the Issuer's cessation without legal succession the Issuer shall establish the tax for the time of obtaining the income, shall prepare the tax return pursuant to the Act on the Rules of Taxation and shall pay it - even if the deduction could not be performed for any reason. The paying entity can offset the tax paid instead of the private person against its liability to the private person. In other cases the Issuer establishes the tax at the time of the payment, prepares the tax return pursuant to the provisions of the Act on the Rules of Taxation and performs the payment.

The rate of personal income tax applicable to income withdrawn from a company is 15 percent. 19.5 percent social contribution tax shall also be payable for the incomes withdrawn from a company, until the private person reaches the upper limit of tax payment.

b) Non-resident private persons

The tax payment obligation of non-resident private persons is limited as it only covers taxable incomes generated domestically based on the place of obtaining the income or incomes taxable in Hungary pursuant to international contracts, reciprocity. If the private person is resident in a country, with which Hungary signed a convention on avoiding double taxation, the title of the obtained receipts, the place of income generation and tax payment and the maximum tax rate in certain cases shall be specified primarily pursuant to the convention. Having regard to the fact that this shall always require the study of the given convention, the Prospectus does not provide details of these rules. If there is no convention the place of income generation shall be specified pursuant to the provisions of the Personal Income Tax Act. The tax implications in the following shall be presented exclusively pursuant to the provisions of the Personal Income Tax Act. We are calling your attention to the fact, that for the establishment of the precise tax payment obligation the study of the relevant convention is essential.

Foreign residence shall always be verified to the paying entity with documents pursuant to Annex No. 7 to the Personal Income Tax Act according to the following.

Foreign residence shall be verified by the English copy, Hungarian translation of the document issued by the foreign tax authority - or the international organisation to verify eligibility for tax exemption. Foreign residence shall be verified in every tax year even if the residence has not changed since the submission of the previous verification. The foreign resident private person shall hand over the verification of his/her residence prior to the date of the first payment to be performed in the tax year and if his/her residence changes, prior to the date of the first payment following the change. If a foreign resident private person cannot verify his/her residence until the date of the payment, the paying entity can accept his/her written declaration on the residence. If the foreign resident private person fails to present the verification of his/her residence until the date of the tax return, the tax not deducted when the payment is made (not paid after the allowance) the tax shall be included in the return concerning the last month of the tax year and shall be paid by the paying entity. Based on the verification of residence presented after the submission of the tax return the paying entity can adjust the tax return by self audit within the limitation period. The paying entity shall keep the declaration and the verification of residence. If the Hungarian investment service provider extends its service as a cross-border service, it can accept the document suitable for personal identification as verification of the residence of the person utilising the service, from which the citizenship of the person utilising the service can be established, and the declaration of the given person concerning his/her residence providing full evidence. If the paying entity is deemed Reporting Hungarian Financial Institution with data service obligation specified in Article 43/H of the act on certain rules of international public administration cooperation related to taxes and dues (Hungarian acronym: Aktv.), at the establishment of the residence of the foreign private person the residence established by the application of the due diligence rules specified in Sections II-IV and VII of Annex No. 1 of Aktv shall be taken into account. If as a result of the examination the reporting Hungarian financial institution finds that the private person is resident in more than one member state, in other state or in a territory of other jurisdiction, the verification of residence shall be utilised.

Prior to the performance of the payment the foreign resident private person shall make a declaration with translation attached whether he/she is to be considered as a beneficiary owner in terms of the payment, if pursuant to the applicable convention on avoiding double taxation this circumstance influences the tax payment obligation. In addition to its joint and several liability undertaken for the taxes the custody manager may make a declaration to the paying entity if in terms of the payment the foreign resident private person is to be deemed a beneficiary owner. The declaration shall cover the amounts paid pursuant to the same contract under the same title until the circumstances change. The paying entity shall adjust the amount of the tax if the foreign resident private person makes the declaration after the payment but prior to the tax return of the paying entity. In this case the paying entity shall report the liability established with respect to the declaration on the beneficiary owner, shall pay or reclaim the difference and shall settle the difference with the foreign resident private person. The same action shall be applied if the foreign resident private person corrects his/her previous declaration prior to the tax return. Based on the declaration made after the submission of the tax

return the paying entity can adjust the tax return by self audit within the limitation period. The paying entity shall keep the declaration.

If the paying entity pays the dividend income due to a foreign resident private individual to the shareholder's proxy, the shareholder's proxy shall declare the name, address, place and time of birth, residence of the foreign resident private person, the amount of the dividend paid or payable specified in HUF, based on which the paying entity issues the certificate and performs the data supply obligation, in a duly signed document drawn up in Hungarian or in English language not later than the last day of the calendar year of the payment. If the shareholder's proxy makes the declaration after the date of the dividend payment the paying entity shall issue and deliver the certificate within 30 days of receiving the declaration. The paying entity shall issue the certificate at the time of the payment if the shareholder's proxy makes a declaration on the data serving as basis for the paying entity's certificate and attaches the verification of residence and the declaration on the beneficiary owner before the date of the payment. If based on the declaration the paying entity was not able to provide data about the foreign resident private person receiving the dividend income, it shall perform its data supply obligation about the name, registered office, tax identification number (in the case of Hungarian residence) of the shareholder's proxy and about the amount of the paid dividend.

Social contribution tax for the incomes of foreign resident private persons generated from the Shares shall only be payable if the foreign resident private person is deemed Hungarian resident private person pursuant to Act LXXX of 2017 on the Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services (Hungarian acronym: Tbj.).

Income generated from controlled capital market transactions

When it specifies the place of income generation the Personal Income Tax Act does not specify incomes generated from controlled capital market transactions, for which reason the incomes of foreign resident private persons generated from controlled capital market transactions shall not be taxed in Hungary. Social contribution tax shall not be paid for income generated from controlled capital market transactions. Regardless of the provisions of the Hungarian tax law the income of the private person generated from controlled capital market transactions may be subject to tax payment pursuant to the local regulations.

Income generated from long term investments

The income of foreign resident private persons generated from long term investments shall not be subject to tax payment in Hungary. Social contribution tax shall not be payable for the incomes of foreign resident private persons generated from price gain, if the income withdrawn from a company is realised by a non-resident private person pursuant to Tbj. Regardless of the provisions of the Hungarian tax law the income of the private person generated from long term investments may be subject to tax payment pursuant to the local regulations.

Income generated from dividend

The dividend income of foreign resident private persons generated from the Shares shall be subject to personal income tax in Hungary. The rate of the tax is 15 percent, which, however, can be established in a lower amount by the conventions on avoiding double taxation. Personal income tax shall be deducted by the paying entity pursuant to the rules of dividend income.

Social contribution tax shall not be payable for the yield of securities - deemed dividend (advanced dividend) pursuant to the law of the given member state - listed on the stock exchange operating in an EEA state recognised as (regulated) market pursuant to the Capital Market Act (such as the Shares).

Income generated from price gain

At the specification of the place of income generation the Personal Income Tax Act does not specify income generated from price gain, for which reason in terms of income generated from price gain the state of the residence of the private person shall be deemed the place of income generation. In accordance with above the income of foreign resident private persons generated from price gain shall not be subject to tax payment in Hungary. Health contribution shall not be payable for the incomes of foreign resident private persons generated from price gain, if the income withdrawn from a company is realised by a non-resident private person pursuant to Tbj.

Income withdrawn from a company

Pursuant to the Personal Income Tax Act, in the case of income withdrawn from a company the place of income generation is the state according to the registered office of the company, for which reason in the case of income withdrawn from a company the place of income generation is Hungary. In accordance with this the income of foreign resident private persons withdrawn from a company shall be subject to tax payment in Hungary. The rate of the tax is 15 percent, which is, however, usually established in a lower amount by the conventions on avoiding double taxation.

In the case of the Issuer's cessation without legal succession the Issuer shall establish the tax for the time of obtaining the income, shall prepare the tax return pursuant to the Act of the Rules of Taxation and shall pay it - even if the deduction could not be performed for any reason. The paying entity can offset the tax paid instead of the private person against its liability to the private person. In other cases the Issuer establishes the tax at the time of the payment, prepares the tax return pursuant to the provisions of the Act on the Rules of Taxation and performs the payment. Social contribution tax shall not be payable for the incomes of foreign resident private persons withdrawn from a company, if the income withdrawn from a company is realised by a non-resident private person pursuant to Tbj.

4.1.4.2 Tax payment obligation of companies

Pursuant to the Corporate Tax Act (Hungarian acronym: Tao. tv.) during the acquisition, holding and sale of the Shares the corporate tax payers may generate taxable income under the following titles. (We shall not discuss the tax payment obligations of the companies applicable pursuant to the rules of other taxes, e.g. small company tax, simplified entrepreneurial tax.)

The base of the corporate tax is pre-tax profit adjusted with the decreasing and increasing items listed in detail in the Corporate Tax Act. The rate of corporate tax is 9 percent of the positive tax base. The Corporate Tax Act must be interpreted with the provisions of the Accounting Act observed.

a) Resident companies

The tax payment obligation of the tax payers deemed resident corporate tax payers covers incomes generated both in Hungary and abroad.

From among the resident entities (legal entities established pursuant to a Hungarian legal regulation, personal association or other organisation) resident corporate tax payers shall typically be companies (including non-profit companies, regulated real estate investment pre-companies, regulated real estate investment companies and regulated real estate investment project companies), associations, European limited companies (including European holding limited companies) cooperatives and European cooperatives.

The foreign entities, the place of business management of which is Hungary, shall be deemed resident tax payers.

Asset managed pursuant to fiduciary asset management regulated by the Civil Code shall also be deemed resident tax payer.

Income generated from price gain

Price gain generated from the Shares by resident corporate tax payers shall be income constituting part of the tax base of the tax payer, which shall be taxed pursuant to the general rules.

Preferential rules shall apply to the participation reported pursuant to the Corporate Tax Act, i.e. if the Shareholder acquires participation in the Issuer and reports this fact to the tax authorities within 75 days following the acquisition of the share. In such cases the realisation of the price gain on the Shares after one year holding period can be exempted from corporate tax payment.

Dividend

Taking into account that the Issuer is not deemed a controlled foreign company, the dividend income realised on the Shares by the resident corporate tax payer Shareholder shall be exempted from corporate tax payment.

b) Foreign resident companies

The tax payment obligation of foreign resident corporate tax payers shall cover their income realised from their corporate activity performed at a Hungarian site (limited tax payment obligation). If the place of business management of the foreign entity is Hungary, the foreign company shall be deemed a resident company.

If the company is resident in a country, with which Hungary signed a convention on avoiding double taxation, the title of the obtained receipts, the place of income generation and tax payment and the maximum tax rate in certain cases shall be specified primarily pursuant to the convention. Having regard to the fact that this shall always require the study of the given convention, the Prospectus does not provide details of these rules. For the lack of a convention the place of income generation shall be established pursuant to the provisions of the Corporate Tax Act. The tax implications in the following shall be presented exclusively pursuant to the provisions of Hungarian regulation, i.e. the Corporate Tax Act. We are calling your attention to the fact, that for the establishment of the precise tax payment obligation the study of the relevant convention is essential.

Price gain

Price gain generated on the Shares by foreign resident tax payers shall not be subject to corporate tax payment or other tax at source, on the condition that the Shareholder does not have a site in Hungary, which contributed to the achievement of the price gain on the Shares. If the price gain is related to the Hungarian site of a foreign company, the price gain shall be part of the base of the corporate tax payable in Hungary.

Dividend

Corporate tax or other tax at source shall not be payable in Hungary for the dividend income generated on the Shares by the foreign tax payers. If the dividend is related to a corporate activity performed at a Hungarian site, corporate tax shall still not be payable by the Hungarian site, taking into account that the Issuer is not a controlled foreign company.

5 RULES OF LISTING ON THE STOCK EXCHANGE AND TRADING

Pursuant to the Capital Market Act the rules of the public trading of securities shall be applicable to the listing of securities on a regulated market (to the Listing of the Shares on BSE). The Issuer compiled this present Prospectus having regard to this fact.

The Shares shall be listed on BSE pursuant to the following main legal regulations: (i) Civil Code, (ii) Capital Market Act and (iii) Prospectus Regulation.

After publishing this present Prospectus the Issuer shall initiate the listing of the Shares on BSE.

Conditions of introducing the Shares on BSE are the submission of the application for listing on BSE by the Issuer and BSE taking the action necessary for the listing.

In the course of the listing on BSE public issue of new shares (public capital raising) shall not be performed.

6 SUPPLEMENTARY INFORMATION

6.1 Advisers

External advisers did not participate in the compilation of this present Securities Notes, which does not include information from a third party. Information included in this present Securities Notes were not checked by an auditor.

HBK Partners Attorneys at Law (registered office: 1085 Budapest, Kálvin tér 12) acted as legal advisor in the course of compiling this present Securities Notes.

6.2 Controlled information

There are no other information included in the Securities Notes, which were partly or fully controlled and reported by registered auditors.

The Securities Notes does not include the declaration or report of a person cooperating in expert quality.

6.3 Information originating from a third party

There are no information originating from a third party in the Securities Notes

VI TERMINOLOGY

Terms used in this present Prospectus in capital letters have the following meaning:

TERM	DEFINITION
“Aktv.”	means Act XXXVII of 2013 on Certain Rules of International Public Administration Cooperation related to taxes and dues.
“Articles of Association”	means the Articles of Association of the Issuer approved by Resolution No. 15/2019 (17 January) of the General Meeting taking effect on the day of Listing on the Stock Exchange.
“ALCO”	means the Asset and Liability Management Committee of the Issuer.
“Alteo”	means ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (Energy Service Provider Public Limited Company) (registered office: 1131 Budapest, Babér utca 1-5.; company registration number: Cg.01-10-045985).
„ARETE Zrt.”	means ARETE Zártkörűen Működő Részvénytársaság (ARETE Private Limited Company) (registered office: 1112 Budapest, Meredek utca 46.; company registration number: Cg. 01-10-048827).
„Art.”	means Act CL of 2017 on the Rules of Taxation
“Audit Committee”	means the audit committee of minimum 3 members of the Issuer, the task of which is to assist the work of the Supervisory Board.
„BanKonzult Finance Zrt.”	means BanKonzult Finance Befektetési Zártkörűen Működő Részvénytársaság (BanKonzult Finance Investment Private Limited Company) (registered office: 1092 Budapest, Ferenc körút 44. 1. em. 1.; company registration number: Cg. 01-10-049509)
„BAMOSZ”	means the Association of Hungarian Investment Fund and Asset Management Companies (registered office: 1055 Budapest, Honvéd tér 10.).
„BASEL III”	means BASEL III issued by the Basel Bank Supervision Committee in December 2011 and amended in June 2011: A global framework convention for more flexible banks and bank systems with its effective amendment and supplements including its adaption in Hungary.
„BEVA”	means Investor Protection Fund specified in Article 210 (1) of the Personal Income Tax Act.
„BSE”	means Budapest Stock Exchange operated by Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság (Budapest Stock Exchange Private Limited Company) (registered office: 1054 Budapest, Szabadság tér 7. Platina torony. I. ép. IV. em.; company registration number: Cg.01-10-044764).
„General Business Rules of BSE”	means the general business rules of BSE approved by BoD Resolution No. 47/2018 of BSE taking effect on 1 January 2019.
„BIF”	means Budapesti Ingatlan Hasznosítási és Fejlesztési nyilvánosan működő Részvénytársaság (Budapest Real Estate Utilisation and Development Public Limited Company) (registered office: 1033 Budapest, Polgár u 8-10.; company registration number: Cg.01-10-042813).
“Blue Robin Investments S.C.A.”	means Blue Robin Investments S.C.A. (registered office: 51, Route de Thionville, L-2611 Luxembourg, Grand Douché de Luxemburg) company.
„Blueopes Zrt.”	means Blueopes Zártkörűen Működő Részvénytársaság (registered office: 1123 Budapest, Alkotás utca 53. E. ép. 3. em.; company registration number: Cg. 01-10-049450).

„BRRD”	means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.
“Court of Registration”	means the Court of Registration of the Metropolitan Court (address: 1051 Budapest, Nádor utca 28.).
„CIG Pannónia Életbiztosító Nyrt.”	means CIG Pannónia Életbiztosító Nyrt. (CIG Pannónia Life Insurance Public Limited Company) (registered office: 1033 Budapest, Flórián tér 1.; company registration number: Cg. 01-10-045857).
„Core Solutions Kft.”	means Core Solutions Korlátolt Felelősségű Társaság (Core Solutions Limited Liability Company) (registered office: 1139 Budapest, Váci út 95.; company registration number: Cg. 01-09-277664).
„CRD IV”	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.
„CRR”	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012
„Danube Capital R&A Zártkörűen Működő Részvénytársaság”	means Danube Capital R&A Zártkörűen Működő Részvénytársaság (Danube Capital R&A Private Limited Company) to be established by MKB Consulting, which is expected to be registered in the company register in May 2019.
„Deloitte Könyvvizsgáló és Tanácsadó Kft.”	means Deloitte Könyvvizsgáló és Tanácsadó Kft. (Deloitte Auditor and Advisory Limited Liability Company) (registered office: 1068 Budapest, Dózsa György út 84/C; company registration number: Cg.01-09-071057).
„EBA”	means the independent European Banking Authority.
„ECB”	means the European Central Bank
„EGT”	means the European Economic Area.
„EIRENE Private Fund”	means the closed-end private fund managed by MINERVA Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (MINERVA Investment Fund Management Private Limited Company) (registered office: 1074 Budapest, Rákóczi út 70-72. VII. em.; company registration number: Cg.01-10-047474), which was registered by NBH on 13 August 2018 under registration No. 6122-66.
„Elevator Lending Kft.”	means Elevator Lending Korlátolt Felelősségű Társaság (Elevator Lending Limited Liability Company) (registered office: 1113 Budapest, Ibrahim utca 30-38. A. ép. 7. em. 8.; company registration number: Cg. 01-09-298749).
„UN”	means the United Nations.
„EU”	means the European Union.
„CJEU”	means the Court of Justice of the European Union.
„Euro-Immat Kft.”	means Euro-Immat Üzemeltetési Korlátolt Felelősségű Társaság (Euro-Immat Operating Limited Liability company) (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-09-969518).
„Euroleasing Kft.”	means Euroleasing Kereskedelmi Szolgáltató Korlátolt Felelősségű Társaság

	(Euroleasing Commercial Service Providing Limited Liability Company) (registered office: 1134 Budapest, Lőportár utca 24.; company registration number: 01-09-464308).
„Treaty of the Functioning of the European Union”	means the version of the contract on the functioning of the European Union incorporated in uniform structure published in the EU Official Journal on 26 October 2012.
„Eximbank”	means Magyar Export-Import Bank Zártkörűen Működő Részvénytársaság (Hungarian Export-Import Bank Private Limited Company) (registered office: 1065 Budapest, Nagymező u. 46-48.; company registration number: Cg.01-10-042594).
„Exter-Adósságkezelő Kft.”	means Exter Adósságkezelő Korlátolt Felelősségű Társaság (Exter Debt Management Limited Liability Company) (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-09-669775).
„EXTER-IMMO Zrt.”	means EXTER-IMMO Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság (EXTER-IMMO Financial Service Provider Private Limited Company) (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-10-044045).
„Exter-Reál Kft.”	means Exter-Reál Ingatlanforgalmazási Korlátolt Felelősségű Társaság (Exter-Reál Real Estate Trading Limited Liability Company) (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-09-924450).
„Extercom Vagyonkezelő Kft.”	means EXTERCOM Vagyonkezelő Korlátolt Felelősségű Társaság (EXTERCOM Asset Managing Limited Liability Company) (registered office: 1134 Budapest, Kassák Lajos u. 18.; company registration number: Cg.01-09-266034).
„Securities Notes”	means the content of Chapter V of this present Prospectus.
„Family Finances Kft.”	means Family Finances Korlátolt Felelősségű Társaság (Family Finances Limited Liability Company) (registered office: 1132 Budapest, Nyugati tér 5.; company registration number: Cg. 01-09-298750).
„Declaration of Liability”	means the declaration of liability made by the Issuer as liable person included in Section 2 of Chapter III of this present Prospectus.
„Responsible Corporate Governance Report”	means the responsible corporate governance report specified in Article 3:289. (1) of the Civil Code, which is a report presenting the corporate governance practice of the Issuer prepared in a manner specified for the role players of BSE.
“Supervisory Board”	means the 7-member supervisory board of the Issuer.
„Fintechblocks Kft.”	means Fintechblocks Korlátolt Felelősségű Társaság (Fintechblocks Limited Liability Company) (registered office: 6722 Szeged, Boldogasszony sugárút 23-25. földszint 6.; company registration number: Cg. 06-09-023549).
„Garantiqa Hitelgarancia Zrt.”	means Garantiqa Hitelgarancia Zártkörűen Működő Részvénytársaság (Garantiqa Credit Guarantee Private Limited Liability Company) (registered office: 6724 Szeged, Árvíz utca 54. 3. em. 11.; company registration number: Cg. 06-09-019081).
„GDP”	means the ratio of gross domestic product.
“Hpt.”	means Act CCXXXVII of 2023 on the Credit Institution and Financial Enterprises.
„IAS”	means the International Accounting Standards.
„I.C.E. Kft.”	means I.C.E. Szolgáltató Korlátolt Felelősségű Társaság (I.C.E. Service Providing Limited Liability Company) (registered office: 1134 Budapest,

	Lóportár utca 24.; company registration number: Cg.01-09-729456).
„IFRS”	means International Financial Reporting Standards.
„Board of Directors”	means the managing body of the Issuer with minimum 5 and maximum 9 members.
„IT”	means the information technology systems in general
„Remuneration Committee”	means the consultation committee of the members of the Board of Directors of the Issuer not in employment relationship with the Issuer, the task of which - among others - is the implementation of the Performance Remuneration Policy.
„KAVOSZ”	means KAVOSZ Pénzügyi Szolgáltatásokat Közvetítő Zártkörűen működő Részvénytársaság (KAVOSZ Financial Service Mediation Private Limited Company) (registered office: 1062 Budapest, Váci út 1-3. "A" torony. ép. 1. em.; company registration number: Cg.01-10-044741).
„KELER”	means KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (KELER Central Vault Private Limited Company) (registered office: 1074 Budapest, Rákóczi út 70-72.; company registration number: Cg.01-10-042346).
„Issuer”	means MKB Bank Nyrt. in terms of this present Prospectus.
„Kisvállalkozás-fejlesztő Pénzügyi Zrt.”	means Kisvállalkozás-fejlesztő Pénzügyi Zártkörűen Működő Részvénytársaság (Small Company Development Financial Private Limited Company) (registered office: 1027 Budapest, Kapás utca 6-12.; company registration number: Cg. 01-10-044710).
„SME”	Pursuant to Article 3 (1) of Act XXXIV of 2004 on small and medium enterprises, their support for development it means enterprises, a) the total headcount of all employees of which is less than 250 persons, and b) the annual net sales revenue of which is HUF equalling to maximum EUR 50 million, or the balance sheet total of which does not exceed HUF equalling to EUR 43 million.
„Risk Control”	means the support unit of ALCO independent of the business units.
„Konzum Befektetési Alapkezelő Zrt.”	means Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (Konzum Investment Fund Manager Private Limited Company) (registered office: 1062 Budapest, Andrassy út 59.; company registration number: Cg.01-10-045654).
„General Meeting”	means the supreme decision making body of the Issuer.
„Central OpRisk Management”	means the centralised unit of the Issuer’s risk management.
„RO”	means the risk control and risk management units of the Issuer independent of the business units.
„Subsidiaries”	means the legal entities listed in Annex No. 1 to this present Prospectus.
„Masterplast”	means MASTERPLAST Nyilvánosan működő Részvénytársaság (MASTERPLAST Public Limited Company) (registered office: 8143 Sárszentmihály, Árpád utca 1/A; company registration number: Cg.07-10-001342).
„Medister Kft.”	means Medister Egészségügyi Beruházó és Üzemeltető Korlátolt Felelősségű Társaság (Medister Health Care Investment and Operating Limited Liability Company (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-09-872185).

„Megakrán”	means MEGAKRÁN Kereskedelmi és Szolgáltató Nyilvánosan Működő Részvénytársaság (MEGAKRÁN Commercial Service Provider Public Limited Company) (registered office: 8060 Mór, Nemes utca 23.; company registration number: 07-10-001492).
„Metis Private Fund”	means the closed-end private fund managed by Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (Konzum Investment Fund Manager Private Limited Company (registered office: 1062 Budapest, Andrássy út 59.; company registration number: Cg.01-10-045654), which was registered by NBH as supervisory authority on 2 February 2016 under registration number 6122-42.
„Metis 2 Private Fund”	means the closed-end private fund managed by Konzum Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (Konzum Investment Fund Manager Private Limited Company (registered office: 1062 Budapest, Andrássy út 59.; company registration number: Cg.01-10-045654), which was registered by NBH as supervisory authority on 2 February 2016 under registration number 6122-48.
„MFB”	means MFB Magyar Fejlesztési Bank Zártkörűen Működő Részvénytársaság MFB Hungarian Development Bank Private Limited Company (registered office: 1051 Budapest, Nádor u. 31.; company registration number: Cg.01-10-041712).
„MFB Points”	means the national customer service network of MFB.
„MIFID II”	means Directive 2014/65/EU of the European Parliament and of the Council (approved on: 15 May 2014) on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
„MINERVA Befektetési Alapkezelő Zrt.”	means MINERVA Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (MINERVA Fund Management Private Limited Company) (registered office: 1074 Budapest, Rákóczi út 70-72. VII. em.; company registration number: Cg.01-10-047474).
„MKB Befektetési Alapkezelő Zrt.”	means MKB Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság (MKB Investment Fund Management Private Limited Company (registered office: 1056 Budapest, Váci utca 38.; company registration number: Cg.01-10-044106), current name of which is MAG Alapkezelő Zártkörűen Működő Részvénytársaság (MAG Fund Manager Private Limited Company) (registered office: 4031 Debrecen, Szoboszlói út 50.; company registration number: Cg.09-10-000587).
„MKB Consulting”	means MKB Consulting Korlátolt Felelősségű Társaságot (MKB Consulting Limited Liability Company (registered office: 1134 Budapest, Lőportár utca 24.; company registration number: Cg.01-09-271964).
„MKB Group”	means the Issuer and the Subsidiaries together.
„MKB Digital Zrt.”	means MKB Digital Szolgáltató Zártkörűen Működő Részvénytársaság (MKB Digital Service Provider Private Limited Company (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg. 01-10-140287).
„MKB Euroleasing Group”	means the following companies in the consolidation circle of the Issuer listed in this present Prospectus: <ul style="list-style-type: none"> - MKB-Euroleasing Zrt. (ceased with merger, please refer to IV/7.2.1); - MKB-Euroleasing Autóhitel Zrt. (ceased with merger, please refer to IV/7.2.1); - MKB-Euroleasing Autólízing Zrt.; and - Retail Prod Zrt.

„MKB-Euroleasing Zrt.”	means MKB-Euroleasing Pénzügyi Szolgáltató Zártkörűen Működő Részvénytársaság (MKB-Euroleasing Financial Service Provider Private Limited Company (registered office: 1134 Budapest, Lőportár utca 24.; company registration number: Cg.01-10-042072).
„MKB-Euroleasing Autóhitel Zrt.”	means az MKB-Euroleasing Autóhitel Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság MKB-Euroleasing Car Loan Commercial and Service Provider Private Limited Company (registered office: 1134 Budapest, Lőportár utca 24.; company registration number: Cg.01-10-043215).
„MKB-Euroleasing Autólízing Zrt.”	means MKB-Euroleasing Autólízing Szolgáltató Zártkörűen Működő Részvénytársaság (MKB-Euroleasing Car Leasing Service Provider Private Limited Company (registered office: 1134 Budapest, Lőportár utca 24.; company registration number: Cg.01-10-043384).
„MKB Fintechlab”	means a group of Subsidiaries performing capital investments in companies in early stage performing innovative activities.
„MKB Ingatlan Kft.”	means MKB Ingatlan Korlátolt Felelősségű Társaság (MKB Real Estate Limited Liability Company (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-09-178362).
„MKB Inkubátor Kft.”	means MKB Inkubátor Korlátolt Felelősségű Társaság (MKB Incubator Limited Liability Company) registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-09-289000).
„MKB Jelzálogbank Zrt.”	means MKB Jelzálogbank Zártkörűen Működő Részvénytársaság (MKB Mortgage Bank Private Limited Company) "under final settlement" (registered office: 1134 Budapest, Kassák Lajos utca 18.; company registration number: Cg.01-10-048872).
„MKB Kockázati Tőkealap-kezelő Zrt.”	means MKB Kockázati Tőkealap-kezelő Zártkörűen Működő Részvénytársaság (MKB Risk Fund Manager Private Limited Company) (registered office: 1056 Budapest, Váci utca 38.; company registration number: Cg.01-10-049135).
„MKB MRP Organisation”	means the Employee Stock Ownership Plan of MKB Bank (registered office: 1054 Budapest, Kálmán Imre utca 1.; registered by: Metropolitan Court; registration number: 01-05-0000118).
„MKB Pension Fund”	means MKB Pension Fund (registered office: 1056 Budapest, Váci utca 38.; registration number: 11.PK.61617/95/2).
„MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft.”	means MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Korlátolt Felelősségű Társaság (Limited Liability Company Serving MKB Pension Fund and Health Fund (registered office: 1134 Budapest, Dévai utca 23.; company registration number: Cg.01-09-668510).
“MKB-Pannónia Fund Management”	means MKB-Pannónia Alapkezelő Zártkörűen Működő Részvénytársaság (MKB-Pannónia Fund Management Private Limited Company) (registered office: 1056 Budapest, Váci utca 38.; company registration number: Cg.01-10-047118).
„MKB SZÉP Card”	means the SZÉP Card issued by the Issuer.
„MKB TJ MRP Organisation”	means the Performance Remuneration Employee Stock Ownership Plan Organisation of MKB Bank (registered office: 1054 Budapest, Kálmán Imre utca 1., registered by: Metropolitan Tribunal, registration number: 01-05-0000118).
„MKB Üzemeltetési Kft.”	means MKB Üzemeltetési Korlátolt Felelősségű Társaság (MKB Operating Limited Liability Company (registered office: 1134 Budapest, Kassák Lajos

	utca 18.; company registration number: Cg.01-09-561558).
„MKB-Pannónia Health and Mutual Fund”	means MKB-Pannónia Health and Mutual Fund (registered office: 1056 Budapest, Váci utca 38.; registration number: 9.PK.60050/98/2).
„NBH”	means the National Bank of Hungary.
„MRP”	means the new type of employee stock ownership plan specified in the MRP Act.
„MRP Act”	means Act XLVI of 1992 on Employee Stock Ownership Plan.
„HAS”	means the Hungarian accounting standards.
„Labour Code”	means Act I of 2012 on the Labour Code.
„NHP Fix”	means Funding For Growth Scheme Fix launched by NBH.
„OBA”	means National Deposit Insurance Fund specified in Chapter X. of Hpt.
„OFAC”	means the Office of Foreign Assets Control. of the United States of America.
„Open Innovation Capital Fund”	means the private closed-end risk fund managed by MKB Kockázati Tőkealap-kezelő Zrt. registered by NBH on 16 August 2018 under registration number 6122-63.
„Oracle”	means Oracle Hungary Számítástechnikai, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság (Oracle Hungary Information Technology, Commercial and Service Provider Limited Liability Company, (registered office: 1095 Budapest, Lechner Ödön fasor 7. (Millenium Tower II). Déli Torony. ép.; company registration number: Cg.01-09-264442).
„Summary”	means the content of Chapter I of this present Prospectus.
„Pannonhalmi Apátsági Pincészet Kft.”	means Pannonhalmi Apátsági Pincészet Korlátolt Felelősségű Társaság (Pannonhalma Abbey Winery Limited Liability Company (registered office: 9090 Pannonhalma, Vár 1.; company registration number: Cg. 08-09-010633).
„Private Banking”	means the organisational unit of the Issuer without independent legal entity, the activity of which is to extend private banking services.
“Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council on the format of information in Prospectuss, inclusion of information with reference, publishing the Prospectuss and advertising repealing Directive 2003/71/ECT.
„PSD II”	means Directive (EU) 2015/2366 of the European Parliament and of the Council on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC.
„Ptk.”	means Act V of 2013 on the Civil Code.
„Shares” (any of them is „Share”)	mean 100,000,000 registered dematerialised ordinary shares of series “A” of HUF 1,000 face value each of the Issuer.
„Shareholder” or „Shareholders”	mean the owner of the Shares or a portion of them registered in the share register of the Issuer.
„Retail Prod Zrt.”	means Retail Prod Zártkörűen Működő Részvénytársaság Retail Prod Private Limited Company(registered office: 1134 Budapest, Lőportár utca 24.; company registration number: Cg.01-10-048083).
„RKOFIN Befektetési és Vagyonkezelő Kft.”	means RKOFIN Befektetési és Vagyonkezelő Korlátolt Felelősségű Társaság (RKOFIN Investment and Asset Manager Limited Liability Company (registered office: 8086 Felcsút, Fő utca 221.; company registration number:

	Cg.07-09-028009).
„RWA”	is the abbreviation of „risk weighted assets”. RWA is the same as the product of risk weight according to CRR and exposure according to CRR.
„S3 Risk Capital Programme”	means the risk capital programme titled “Smart Specialisation Risk Capital Programme” of ID No. EDIOP-8.1.3/B-17 implemented within Preference 8 of EDIOP (Economic Development and Innovation Operational Programme) elaborated on the basis of the National Smart Specialisation Strategy (S3).
„Solus”	means Solus Capital Kockázati Tőkealap-kezelő Zrt.
„Solus Capital Kockázati Tőkealap-kezelő Zrt.”	means Solus Capital Kockázati Tőkealap-kezelő Zártkörűen Működő Részvénytársaság (Solus Capital Risk Fund Manager Private Limited Company (registered office: 1056 Budapest, Vác utca 38.; company registration number: Cg.01-10-045803).
„Solus I Risk Capital Fund”	means the private closed-end risk capital fund managed by Solus Capital Kockázati Tőkealap-kezelő Zrt., registered by NBH as supervisory authority on 28 August 2018 under registration number 6122-65.
„Szanálási Követeléskezelő Zrt.”	means Szanálási Követeléskezelő Zártkörűen Működő Részvénytársaság (Resolution Debt Management Private Limited Company (registered office: 1055 Budapest, Bajcsy-Zsilinszky út 78.; company registration number: Cg.01-10-043504).
„Resolution Act”	means Act XXXVII of 2014 on the Further Development of the System of Institutions Strengthening the Security of the Individual Players of the Financial Intermediary System.
„Accounting Act”	means Act C of 2000 on Accounting.
„SZÉP Card”	means Széchenyi Recreation Card, which is a card-format universal electronic voucher received by the employee from his/her employer as fringe benefits.
„Structure Transformation Plan”	means the structure transformation plan specified by the European Commission in its decision No. SA.40441 made on 16 December 2015.
„Personal Income Tax Act”	means Act CXVII of 1995 on Personal Income Tax.
“Social Contribution Act”	means Act LII of 2018 on the Social Contribution Tax.
“Corporate Tax Act”	means Act LXXXI of 1996 on Corporate Tax and Dividend Tax.
„Prospectus”	means this present Prospectus compiled pursuant to the Capital Market Act and the Prospectus Regulation for the listing of the Shares of the Issuer previously issued privately on the regulated market.
“Day of the Prospectus”	means the date of the declaration of liability included in Section III of this present Prospectus.
„Tbj.”	means Act LXXX of 1997 on the Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services.
“Performance Remuneration Policy”	means the approved performance remuneration policy of the Issuer pursuant to the Credit Institutional Act.
“Tier1 ratio”	Base capital / risk weighted asset (and off-balance sheet) portfolio. Tier1 ratio presents the relative proportion of the base guarantee capital approved by the Bank pursuant to CRR and the risk weighted asset portfolio (RWA) calculated on the basis of CRR.
“TM”	means the performance indicator.
“Capital Fund”	means Solus I Risk Capital Fund

“Capital Leverage Ratio”	means total exposures used for the calculation of capital leverage ratio / Base capital. Pursuant to Article 429 of CRR the Capital Leverage Ratio shows the proportion of the base capital and the total (balance sheet and off-balance sheet) exposures of the credit institution.
“Capital Adequacy Ratio (Hungarian acronym: TMM)”	Guarantee capital / risk weighted balance sheet total. TMM indicator shows the proportion of the total guarantee capital calculated pursuant to the CRR decree (including the base - Tier1 and supplementary capital elements - Tier2) and the risk weighted asset portfolio.
„Tőkeportál Zrt.”	means Tőkeportál Zártkörűen Működő Részvénytársaság (Capital Portal Private Limited Company) (registered office: 1095 Budapest, Soroksári út 48.; company registration number: Cg. 01-10-049519).
“Listing on the Stock Exchange”	means the listing of the Shares on BSE.
„Capital Market Act”	means Act CXX of 2001 on the Capital Market.
„Xtend”	means the multilateral trading system operated by BSE, which matches the purchase and sale intentions of third parties for financial instruments without differentiating and resulting in contracts (Section 1.1 of Chapter 1 of Book One of the General Business Rules of Xtend).

VII LIST OF CROSS REFERENCES

This present chapter was compiled in harmony with Article 25 (4) of the Prospectus Regulation to facilitate the study of the Prospectus by the investors and other market role players.

The left columns of the following Tables No. 1, 2 and 3 include the precise content of the specified annex of the Prospectus Regulation and the right column of the tables shows the precise place of the content elements prescribed in the Prospectus Regulation in this present Prospectus (chapter, section, subsection).

1 MINIMUM PUBLISHING REQUIREMENTS OF THE REGISTRATION DOCUMENT OF THE SHARES

TEXT OF ANNEX 1 OF THE PROSPECTUS REGULATION		IN THE PROSPECTUS
1.	LIABLE PERSONS	III/1
1.1.	Every person liable for the information included in the registration document, and for certain parts of it in given cases, in which case the concerned parts must be indicated. In the case of natural persons including the members of the management, control and supervisory bodies of the Issuer, the name and position of the person, in the case of legal entities the name and the registered address pursuant to the articles of association must be specified.	III/1
1.2.	Declaration of the persons held liable for the registration document, according to which they acted with reasonable care and to their best knowledge the information included in the registration document are factual and do not omit the presentation of circumstances, which could influence the important conclusions drawn from the information. In the given cases the declaration of the persons liable for certain parts of the registration document, according to which they acted with reasonable care and to their best knowledge the information included in the part of the registration document, for which they are held liable, are factual and do not omit the presentation of circumstances, which could influence the important conclusions drawn from the information.	III/2
2.	REGISTERED AUDITORS	IV/2
2.1.	Name and address of the auditors of the issuer (and their membership in professional bodies) in the period covered by previous financial information.	IV/2
2.2.	Details, if relevant, if in the period covered by previous financial information the auditor resigned, was replaced or his/her mandate was not renewed.	<i>Not applicable</i>
3.	KEY FINANCIAL INFORMATION	IV/3
3.1.	Previous key financial information concerning the issuer for every single financial year of the period covered with previous financial information and for the interim financial periods following them, in currency of the financial information.	IV/3.1
	Previous key financial information must include the key figures summarising the financial standing of the issuer.	IV/3.1
3.2.	If key financial information are submitted for the interim financial period, comparative data of the same period of the previous financial year must also be provided, except if the requirements of comparative balance sheet figures are met by the submission of the end-of-year balance sheet figures.	IV/3.2

4.	RISK FACTORS	II
	Clear presentation of the risk factors typical of the issuer or the sector in the “Risk Factors” section.	II/1
5.	PRESENTATION OF THE ISSUER	IV/5
5.1.	<u>History and development of the issuer</u>	IV/5.1
5.1.1.	The legal and commercial name of the issuer.	IV/5.1.1
5.1.2.	The place of the company registration and the company registration number of the issuer.	IV/5.1.1
5.1.3.	Date of the registration of the issuer, duration of its activity if it was not established for an indefinite period.	IV/5.1.1
5.1.4.	Registered office, legal form of the issuer, law governing its operation, country of registration, address and telephone number of its registered office pursuant to its articles of association (or of the registered office of its economic activity, if it differs from the registered office pursuant to the articles of association).	IV/5.1.1
5.1.5.	Key events in the course of the business activity of the issuer.	IV/5.1.2, IV/5.1.3
5.2.	<u>Investments</u>	IV/5.2
5.2.1.	Presentation of the key investments of the issuer (with the amount specified), in every single financial year of the period covered with the previous financial information, until the date of the registration document.	Annex No. 1
5.2.2.	Presentation of the key investments of the issuer in progress including the geographical breakdown (Hungarian and foreign) and the method of financing (from internal or external funds).	IV/5.2
5.2.3.	Information on the key future investments of the issuer, for which the board of directors already undertook a commitment.	<i>Not applicable</i>
6.	REVIEW OF THE BUSINESS ACTIVITY	IV/6
6.1.	<u>Core activities</u>	IV/6.1
6.1.1.	Presenting the operation and core activities of the issuer and the related key factors, the main types of the sold products and/or extended services in every single financial year of the period covered with previous financial information; and	IV/6.1
6.1.2.	information on the introduced more significant new products and/or services, and the presentation of the circumstances of the development as far as the development of the new products or services was made public.	IV/6.1-6.2.
6.2.	<u>Key markets</u>	IV/6.2
	Presentation of the key competition markets of the issuer including the total turnover in the breakdown per activity and their geographical market breakdown in every single financial year of the period covered with the previous financial information.	IV/6.2
6.3.	Presentation of the factors if information in Section 6.1 and 6.2 were influenced by extraordinary factors.	<i>Not applicable</i>

6.4.	Summary information of the issuer's dependence on patents, licences, industrial, commercial or financial contracts or new production procedures if these information have relevance from the point of view of the business activity or the profitability of the issuer.	<i>Not applicable</i>
6.5.	Data substantiating any statement of the issuer about its own competition situation.	IV/6.3
7.	ORGANISATIONAL STRUCTURE	IV/7
7.1.	Brief presentation of the group and the status of the issuer within the group, if the issuer is a member of a company group.	IV/7.1
7.2.	List of the significant subsidiaries of the issuer including the name of the subsidiary, the country of registration or registered office, participation in the owner's rights and voting right, if it is not identical with the former.	IV/7.2
8.	MATERIAL ASSETS	IV/8
8.1.	Information concerning more important existing or planned invested non-financial instruments, including leased assets and more significant liabilities in given cases.	IV/8
8.2.	Presentation of environment protection issues, which may concern the utilisation of the material assets of the issuer.	<i>Not applicable</i>
9.	REVIEW OF THE BUSINESS ACTIVITY AND THE FINANCIAL STANDING	IV/9
9.1.	Financial standing	IV/9.1
	Financial standing of the issuer, significant changes in the financial standing and the presentation of the business performance for every year and interim period in connection with which previous financial information must be submitted, including the reason for material changes in the financial figures every year if it is necessary to understand the business activity of the issuer in its complexity, if these information are not included elsewhere in the registration document.	IV/9.1
9.2.	Business performance	IV/9.2
9.2.1.	Presentation of the material factors significantly influencing the performance of the business activity of the issuer including the unusual or rare events or new developments as well as their influence on the performance.	IV/9.2
9.2.2.	Textual explanation of the changes if the financial report indicates significant changes in the net sales or net sales revenue.	<i>Not applicable</i>
9.2.3.	Information concerning every government, economic, budgetary, financial or political measure or factor, which materially influences or may materially influence the business activity of the issuer directly or indirectly.	IV/9.2
10.	CAPITAL RESOURCES	IV/10
10.1.	Information concerning the own capital resources of the issuer (both in short and long terms).	IV/10
10.2.	Funds and amount of the cash-flow of the issuer and their textual presentation.	IV/10
10.3.	Presentation of the credit requirements and financing structure of the issuer.	IV/10
10.4.	Information on any restriction of utilising capital resources, which materially	<i>Not applicable</i>

	influences or may materially influence the business activity of the issuer.	
10.5.	Information on the expected financing resources necessary for the performance of the commitments included in Sections 5.2.3. and 8.1.	<i>Not applicable</i>
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	IV/11
	Presentation of the research and development policy of the issuer if justified, for every single financial year of the period covered with previous financial information, including the amounts utilised for research and development activities supported by the issuer.	IV/11
12.	TRENDS	IV/12
12.1.	Most significant recent trends of production, sale and inventories, costs and sales prices in the period between the end of the last financial year and the date of the registration document.	IV/12.1
12.2.	Presentation of the known trends, uncertainty factors, demand, commitments or events, which are likely to have material influence on the business outlooks of the issuer at least in the present financial year.	IV/12.1
13.	PROFIT FORECAST OR ESTIMATE	IV/13
	If the issuer decides to publish profit forecast or estimate it must include information specified in Sections 13.1 and 13.2. in the registration document.	<i>Not applicable</i>
13.1.	Declaration on the main assumptions, on the basis of which the forecast or estimate of the issuer is given.	<i>Not applicable</i>
	A clear distinction between the assumption of the factors, which may be influenced by the members of the managing, control or supervisory bodies and the assumption of the factors, which are expressly outside the competence of the members of the managing, control or supervisory bodies must be made. The assumptions must be easily understandable for the investors, must be typical and precise and they may not concern the general precision of the estimates used as basis of the forecasts.	<i>Not applicable</i>
13.2.	Report prepared by the independent bookkeeper or auditor, which establishes if according to the opinion of the independent bookkeeper or accountant the forecast or the estimate was compiled correctly based on the indications and whether the accounting principles applied to the profit forecast or estimate are in harmony with the accounting policy of the issuer. If the financial information are related to the previous financial year and apart from the explanations necessary to understand the figures they only include non-misleading figures, which are fundamentally in harmony with the final figures to be published in the following audited annual financial report of the previous financial year, the preparation of the report shall not be prescribed if the Prospectus includes every one of the following declarations: a) the person held liable for the financial information in question - if he/she is not the person held liable for the Prospectus in general - approves the given information; b) an independent bookkeeper or auditor confirmed that the provided information were fundamentally the same as the final figures to be published in the following audited annual financial report; c) the given financial information were not yet audited.	<i>Not applicable</i>
13.3.	The profit forecast or estimate must be prepared with the substantiating data being comparable with previous financial information.	<i>Not applicable</i>

13.4.	If the forecast of not yet realised profit is published in the Prospectus, a declaration must be made if the forecast is still valid at the time of publishing the registration document or an explanation must be provided if the forecast is not valid any longer.	<i>Not applicable</i>
14.	MANAGEMENT, CONTROL AND SUPERVISORY BODIES, AND MANAGING EMPLOYEES	IV/14
14.1.	Name, business contact and position of the following persons in the issuer company and the key activities performed by their persons outside the mentioned issuer company, if they are important from the point of view of the issuer:	IV/14.1-14.3
	a) members of the management, control and supervisory bodies;	IV/14.1-14.3
	b) members of unlimited liability in a partnership limited by shares;	<i>Not applicable</i>
	c) founders, if the issuer was established less than five years ago; and	<i>Not applicable</i>
	any managing officer, the person of whom may contribute to the establishment whether the issuer has appropriate expertise and experience in connection with the given business activity.	IV/14.1-14.3
	Type of family relationships between the mentioned persons.	IV/14.1-14.3
	The management expertise and experience as well as the following information must be detailed in the case of the members of the management, control and supervisory bodies of the issuer and in the case of the persons listed in Points <i>b)</i> and <i>d)</i> of the first sub-paragraph:	IV/14.1-14.3
	a) name of every company and partnership, in which the given person was a member in the past five years, or in the management, control and supervisory body of which he/she held membership specifying if he/she is still member of the legal entity or holds a membership in the mentioned bodies. It is not necessary to list every subsidiary of the issuer, where the person is also a member of the managing, control and supervisory body;	IV/14.1-14.2
	b) conviction due to fraudulent crime with respect of minimum five previous years;	IV/14.1-14.3
	c) details of every bankruptcy, receivership or liquidation procedure, of which the persons listed in points <i>a)</i> and <i>d)</i> of the first sub-paragraph were part due to their position listed in points <i>a)</i> and <i>d)</i> of the first sub-paragraph with respect of minimum five previous years;	IV/14.1-14.3
	d) information on official accusation procedure and/or sanctions initiated by the legal or regulatory authority (including the designated professional organisations) against the concerned persons; information on if the concerned person was banned from his/her membership in any management, control and supervisory body of any issuer company by a judgement or from the control of its business activity with respect of minimum five previous years.	IV/14.1-14.3
	A declaration must be made if there are no such information to reveal.	IV/14.1-14.3
14.2.	Conflict of interest between the management, control and supervisory bodies and the managing officer employees.	IV/14.4
	Conflict of interests between the tasks of the persons listed in Section 14.1 performed for the issuer and the private interests and/or their other tasks must	IV/14.4

	be clearly stated. A declaration must be made if there is no conflict of interest.	
	The agreements concluded with the main shareholders, customers, suppliers or other persons, based on which the persons listed in Section 14.1 were elected members of the management, control or supervisory bodies or managing officer employees, must be specified.	<i>Not applicable</i>
	Information on agreements concluded with the persons listed in Section 14.1, in terms of which the alienation of their share in the securities of the issuing company is limited to a specified period.	<i>Not applicable</i>
15.	REMUNERATION AND BENEFITS	IV/15
	For the persons listed in Points <i>a)</i> and <i>d)</i> of the first sub-chapter of Section 14.1 in terms of the last complete financial year:	IV/15
15.1.	Remuneration paid to the concerned persons for any service performed by any person in any quality for the issuer and its subsidiaries by the issuer and its subsidiaries (including success fees and subsequent remuneration) and the amount of benefits in kind.	IV/15
	These information must be provided for every person, except if in the country of the registered office of the issuer there is no such obligation or if the issuer publishes these information in other way.	IV/15
15.2.	Amounts accrued or accumulated by the issuer or its subsidiaries for the purpose of paying pension, old age pension or other similar allowance.	IV/15
16.	PRACTICE REGARDING BOARD MEMBERSHIP	IV/16
	For the lack of a differing provision the following information must be provided in terms of the persons listed in Point <i>a)</i> of the first sub-paragraph of Section 14.1 for the last complete financial year of the issuer:	IV/16
16.1.	Date of expiry of the present mandate, if any, and the service period of the person spent within the framework of the mandate.	IV/16
16.2.	Information on the employment contracts concluded by and between the members of the management, control and supervisory bodies and the issuer or its subsidiaries prescribing benefits for the termination of the employment, or a declaration on the lack of them.	IV/16
16.3.	Information on the committee of the issuer acting in the issues of audit and remuneration including the name of the committee members and the summary of the operating rules of the committee.	IV/16
16.4.	Declaration on whether the issuer meets the corporate governance requirements valid in the country of its registration. If the issuer does not meet the requirements of the system, a declaration including the reasons must be attached.	IV/16
17.	EMPLOYEES	IV/17
17.1.	Headcount of the employees at the end of the period, or the average headcount of the employees (and the changes, if they have significance) in the period covered with previous financial information for every single financial year until the date of the registration document, furthermore the division of the employees per key activity and geographically if possible and significant. If the issuer has larger number of leased workers, a declaration must be made of the average headcount of persons employed within the framework of the leasing in the last	IV/17

	financial year.	
17.2.	Shareholding and share options	IV/14.1-14.3
	In terms of the persons listed in Points <i>a)</i> and <i>d)</i> of the first sub-paragraph of Section 14.1 the latest possible information must be provided on the participation of the listed persons in the shares of the issuer company and on the share related options.	IV/14.1-14.3
17.3.	Information on the agreements, by which the employees may have participation in the equity of the issuer.	IV/18.1
18.	MAIN SHAREHOLDERS	IV/18
18.1.	If the issuer is aware of such persons, the name of the persons - apart from the members of the management, control and supervisory bodies - who have direct or indirect participation or voting right in the issuer, which must be reported together with the amount of the share pursuant to the national law of the issuer. If there is no such person, a declaration must be made.	IV/18
18.2.	Whether the main shareholders of the issuer have differing voting rights. A declaration must be made if they do not.	IV/18
18.3.	If the issuer is aware of such persons, the name of the persons with direct or indirect shares or control right in the issuer, with information on the type of control and the measures approved to prevent misuse of the control right.	IV/18
18.4.	Presentation of the agreements known to the issuer, the implementation of which may result in changing control over the issuer at a later stage.	IV/18
19.	TRANSACTIONS WITH ASSOCIATED COMPANIES	IV/19
	Data of transactions with associated companies in given cases (information specified in the standards approved in Regulation (EC) No 1606/2002 in this context), which were performed by the issuer in the period covered with previous financial information until the date of the registration document, which must be communicated in harmony with the appropriate standard approved by Regulation (EC) No 1606/2002.	IV/19
	The following information must be provided if such standards are not applicable to the issuer:	<i>Not applicable</i>
	a) type and extent of transactions with significance for the issuer - either per transaction or in total. The reason if the transactions with associated companies were not concluded on market basis. In the case of not yet repaid loans, including every type of guarantee, the debt amount must be specified.	<i>Not applicable</i>
	b) the amount and the percentage the transactions with associated companies represent in the turnover of the issuer.	<i>Not applicable</i>
20.	FINANCIAL INFORMATION CONCERNING THE ASSETS, LIABILITIES, FUNDS, FINANCIAL STANDING, AND PERFORMANCE OF THE ISSUER	IV/20
20.1.	<u>Previous financial information</u>	IV/20.1
	Audited previous financial information for the last three financial years (or for a shorter period if the issuer has been in operation for a shorter period) and auditor's report for every year. If the issuer changed the balance sheet year in the period relevant from the point of view of previous financial information, the audited financial information must cover minimum 36 months or the entire	IV/20.1

	period of the activity of the issuer, depending on which period is shorter. In the case of EU issuers the financial information must be compiled pursuant to Regulation (EC) No 1606/2002, or pursuant to the national accounting standards of the member state if the EU standards are not applicable. In the case of third country issuer the financial information must be compiled in harmony with the national accounting standards approved in harmony with the procedure established in Article 3 of Regulation (EC) No 1606/2002 or based on the national accounting standards of the country, which are the equivalent of these standards. If the financial information are not in compliance with these standards, they must be submitted in the form of a repeated financial statement.	
	Audited previous financial information concerning the last two years must be compiled and submitted in harmony with the form approved in the annual financial report of the issuer to be published next, with the accounting standards, policy and legal regulations concerning the annual financial reports observed.	IV/20.1
	If the issuer has been performing its current economic activity for less than one year, the previous audited financial information for this period must be compiled pursuant to the standards applicable to financial reports incorporated in Regulation (EC) No 1606/2002, or if these cannot be applied, pursuant to the national accounting standards of the member state. In the case of third country issuer the financial information must be compiled in harmony with the national accounting standards approved in harmony with the procedure established in Article 3 of Regulation (EC) No 1606/2002 or based on the national accounting standards of the country, which are the equivalent of these standards. These previous financial information must be checked.	<i>Not applicable</i>
	If the audited financial information were compiled pursuant to the national standards the following must be included in the financial information prescribed in this section:	IV/20.1
	a) balance sheet;	IV/20.1
	b) profit and loss account;	IV/20.1
	c) review of every change in the equity or a declaration on the changes in the equity occurring due to reasons other than the capital transactions with the owners or dividend payment to the owners;	IV/20.1
	d) declaration on the cash-flow;	IV/20.1
	e) accounting policy and supplementary annexes.	IV/20.1
	Previous annual financial information must be audited by an independent auditor in compliance with the accounting standards applicable in the given member state or with equalling accounting standards, furthermore an opinion must be given if they provide a real and reliable picture for the purposes of the registration document.	IV/20.1
20.2.	<u>Preliminary financial information</u>	<i>Not applicable</i>
	In the case of significant gross change the presentation of the impact the transaction could have had on the assets, liabilities and incomes of the issuer if the transaction was performed at the beginning of the period according to the report or on the date of the report.	<i>Not applicable</i>
	This requirement can in general be met by the provision of the preliminary financial information.	<i>Not applicable</i>

	Preliminary financial information must be presented in the manner prescribed in Annex No. II, and data prescribed there must be included.	<i>Not applicable</i>
	The report of the independent auditor must be attached to the preliminary financial information.	<i>Not applicable</i>
20.3.	<u>Financial statements</u>	IV/20.2
	If the issuer prepares both standalone and consolidated financial reports, at least the consolidated annual report must be incorporated in the registration document.	IV/20.1
20.4.	<u>Checking previous annual financial information</u>	IV/20.3
20.4.1.	Declaration on checking previous financial information. If the registered auditors refuse the preparation of auditor's report concerning previous financial information or the report includes reservations or the exclusion of liability, the refusal of preparing the report or the exclusion of liability must be fully made known with the reasons attached.	IV/20.3
20.4.2.	Reference to further information included in the registration document, which was also checked by the auditors.	<i>Not applicable</i>
20.4.3.	If the financial figures included in the registration document are not from the audited financial reports of the issuer, the source of the information and the fact of not checking them must be indicated.	<i>Not applicable</i>
20.5.	<u>Date of the latest financial information</u>	IV/20.4
20.5.1.	The audited financial information cannot be older than the following:	IV/20.4
	a) 18 months calculated from the date of the registration document if the issuer publishes audited interim report in the registration document;	IV/20.4
	b) 15 months calculated from the date of the registration document if the issuer publishes non-audited interim report in the registration document.	IV/20.4
20.6.	<u>Interim and other financial information</u>	<i>Not applicable</i>
20.6.1.	If since the date of the last audited financial report the issuer published quarterly or half yearly financial information, these must be included in the registration document. If the quarterly or half yearly financial information were subjected to full or partial audit, the auditor's report must be attached. If the quarterly or half yearly financial information were not subjected to full or partial audit, this fact must also be indicated.	<i>Not applicable</i>
20.6.2.	If the registration document was prepared more than nine months after the end of the last audited financial year, the document must include interim financial information presenting the performance of at least the first six months of the financial year, which do not have to be audited (however attention to this must be called).	<i>Not applicable</i>
	Interim financial information must also include comparative data of the same period of the previous financial year, except if the requirements of comparative balance sheet figures can be met by the submission of the end-of-year balance sheet figures.	<i>Not applicable</i>
20.7.	<u>Dividend policy</u>	IV/20.5
	Policy of the issuer related to dividend payment and the relevant restrictions.	IV/20.5

20.7.1.	Amount of dividend per share in terms of every single financial year of the period covering previous financial information; if the number of the issuer's share changed, the amount must be adjusted for the sake of comparability.	IV/20.5
20.8.	<u>Court and arbitration court proceedings</u>	IV/20.6
	Information concerning court or arbitration court procedures (including procedures in progress and procedures to be initiated in the future to the knowledge of the issuer) for minimum 12 months of the previous period, which may have a material impact or has had a material impact recently on the financial standing or the profitability of the issuer and/or the company group; or a declaration must be made on the lack of them.	IV/20.6
20.9.	<u>Material changes in the financial standing or trading position of the Issuer</u>	IV/20.7
	Presentation of material changes in the financial standing or trading position of the company group since the end of the financial period, for which audited financial information or interim financial information were published; a declaration must be made if there was no such change.	IV/20.7
21.	SUPPLEMENTARY INFORMATION	IV/21
21.1.	<u>Share capital</u>	IV/21.1
	Information published among the previous financial information valid at the time of the last balance sheet on the following:	IV/21.1
21.1.1.	The following pieces of information in terms of the amount of issued share capital and every class of the share capital:	IV/21.1
	a) approved number of shares;	IV/21.1
	b) number of issued and fully paid shares and the number of issued but not fully paid shares;	IV/21.1
	c) face value of the shares or a declaration that the shares do not have face value; and	IV/21.1
	d) reconciliation of the number of shares traded at the beginning and at the end of the year. If over 10% of the equity was paid in instruments differing from cash in the period covering the previous financial information, this circumstance must be indicated.	IV/21.1
21.1.2.	If there are shares not representing capital, the number and key characteristics of these must be specified.	<i>Not applicable</i>
21.1.3.	Number, book value and face value of the shares held by the issuer, on its behalf or by its subsidiaries.	<i>Not applicable</i>
21.1.4.	Quantity of convertible securities, replaceable securities or option warrants with the governing conditions and the conversion, replacement and subscription procedures included.	<i>Not applicable</i>
21.1.5.	Information on and conditions of the acquisition of approved but not issued share capital and/or the related obligations as well as information on and conditions of the obligations related to capital increase.	<i>Not applicable</i>
21.1.6.	Information on the capital of any member of the company group concerned with the option right or on any member, which can be related to the option right based on a conditional or unconditional agreement, and on the details of the	<i>Not applicable</i>

	option rights and the persons concerned with the option right.	
21.1.7.	The history of the share capital in the period covered by previous financial information with the potential changes highlighted.	IV/21.0
21.2.	<u>Articles of association of the company</u>	IV/21.2
21.2.1.	Presentation of the objectives of the issuer with their places in the articles of association indicated.	IV/21.2.1
21.2.2.	Summary of the key provisions concerning the members of the management, control and supervisory bodies in the articles of association, partnership contract or internal regulation of the issuer.	IV/21.2.2
21.2.3.	Presentation of the rights, preference rights and restrictions related to all existing share classes.	IV/21.2.3
21.2.4.	Actions necessary to change the rights of the shareholders, indicating if some of the conditions are stricter than the ones provisioned by the law.	IV/21.2.4
21.2.5.	The presentation of the conditions specifying the order of calling the annual general meeting of the shareholders and the order of calling the extraordinary general meetings including the conditions of participation.	IV/21.2.5
21.2.6.	Brief presentation of the provisions incorporated in the articles of association, partnership contract or internal regulation of the issuer, which in a given case shall delay or even prevent changes in the control of the issuer.	IV/21.2.6
21.2.7.	Presentation of the provisions incorporated in the articles of association, partnership contract or internal regulation of the issuer, which specify the threshold value, over which the shareholder status of the shareholder must be made public.	IV/21.2.7
21.2.8.	Presentation of the conditions of changing the capital incorporated in the articles of association, partnership contract or internal regulation, if certain conditions are stricter than the conditions prescribed by the law.	IV/21.2.8
22.	KEY CONTRACTS	IV/22
	The summary of every key contract concluded in addition to the contracts concluded in the usual course of business, in which the issuer or any member of the company group was a contracting party in the two years directly preceding the publishing of the registration document.	IV/22
	Summary of contracts concluded by any member of the company group in addition to the contracts concluded in the usual course of business existing on the date of the registration document, pursuant to the provisions of which any member of the company group undertook a liability or acquired a right, which has significance from the point of view of the company group.	IV/22
23.	INFORMATION FROM THIRD PARTY, EXPERT DECLARATION AND PARTICIPATION DECLARATION	IV/23
23.1.	If the registration document includes a declaration or report of a person cooperating in expert quality, the name, business contact, qualification of the person and in given cases his/her significant participations in the issuer must be specified. If the report was prepared at the request of the issuer, a declaration must be attached, according to which the declaration or report was approved by the person approving the content of the given part of the registration document in its form and contexts according to the registration document.	<i>Not applicable</i>

23.2.	If the information originate from a third party a declaration must be made, according to which information was quoted precisely, and to the knowledge of the issuer and to the extent the issuer could make sure about information taken over from a third party, factors making them incorrect or misleading were not omitted from the received information. The source of information must also be indicated.	IV/23
24.	AVAILABLE DOCUMENTS	IV/24
	Declaration that the following documents (or their copies) shall be available in given cases during the validity of the registration documents:	IV/24
	a) articles of association of the issuer;	IV/24
	b) every report, letter and other document, previous financial information, assessment or declaration prepared by an expert at the request of the issuer, certain parts of which are included in or referenced by the registration document.	IV/24
	c) previous financial information concerning the issuer, or previous financial information concerning the issuer and its subsidiaries in the case of a company group in terms of the two financial years preceding the publishing of the registration document.	IV/24
	The place where the printed or electronic documents are available must be specified.	IV/24
25.	PRESENTATION OF THE PARTICIPATIONS	IV/25
	Information concerning the companies in the equity of which the issuer company has participation, which are likely to materially influence the assessment of its own assets, liabilities, financial standing and performance.	Annex No. 1

2 MODULE OF PRELIMINARY FINANCIAL INFORMATION

	TEXT OF ANNEX 2 OF THE PROSPECTUS REGULATION	IN THE PROSPECTUS
1.	The preliminary financial information must include the presentation of the concerned transaction, economic activity, company or unit, as well as the subject period and the following must be clearly specified:	<i>Not applicable</i>
	a) purpose of compiling the information;	<i>Not applicable</i>
	b) that fact of the figures being for information only;	<i>Not applicable</i>
	c) the fact that due to their character the preliminary financial information are for an assumed situation, for which reason they do not present the real financial standing or performance of the company.	<i>Not applicable</i>
2.	Depending on the circumstances the preliminary financial information may consist of balance sheet, profit and loss account and the related supplementary annexes.	<i>Not applicable</i>
3.	Preliminary financial information shall in general be presented in column format according to the following:	<i>Not applicable</i>
	a) previous information without adjustment;	<i>Not applicable</i>

	b) preliminary adjustments; and	<i>Not applicable</i>
	c) resulting preliminary financial information in the last column.	<i>Not applicable</i>
	The sources of the preliminary financial information must be specified and in given cases the financial reports of the acquired companies or units must also be included in the prospectus.	<i>Not applicable</i>
4.	The preliminary information must be compiled in harmony with the accounting policy applied to or applicable to the latest or next financial report and the following information must be included:	<i>Not applicable</i>
	a) date of compilation;	<i>Not applicable</i>
	b) source of every content element and adjustment;	<i>Not applicable</i>
5.	Preliminary information may be communicated in terms of the following:	<i>Not applicable</i>
	a) current financial period;	<i>Not applicable</i>
	b) last closed financial period; and/or	<i>Not applicable</i>
	c) last interim period, for which information without adjustment was published or will be published or is published in the same document.	<i>Not applicable</i>
6.	Preliminary adjustments related to the preliminary financial information:	<i>Not applicable</i>
	a) must be clearly presented with explanation included;	<i>Not applicable</i>
	b) must be directly matched to the transactions;	<i>Not applicable</i>
	c) must be substantiated with facts.	<i>Not applicable</i>
	Additionally in the case of preliminary profit and loss account or cash-flow report a clear distinction must be made between the adjustments, which are likely to have a long term impact on the issuer and the ones, which may not.	<i>Not applicable</i>
7.	The report prepared by independent book experts or auditors must establish, if according to the opinion of the book expert or the auditor:	<i>Not applicable</i>
	a) the preliminary financial information were compiled correctly on the specified basis;	<i>Not applicable</i>
	b) the base is in harmony with the accounting policy of the issuer.	<i>Not applicable</i>

3 MINIMUM PUBLISHING REQUIREMENTS OF THE SHARE SECURITIES NOTES (PATTERN)

TEXT OF ANNEX 3 OF PROSPECTUS REGULATION		IN THE PROSPECTUS
1.	LIABLE PERSONS	V/1
1.1.	Every person liable for the information included in the prospectus, and for certain parts of it in given cases, in which case the concerned parts must be indicated. In the case of natural persons including the members of the management, control and supervisory bodies of the issuer, the name and position of the person, in the case of legal entities the name and the registered	V/1.1

	address pursuant to the articles of association must be specified.	
1.2.	Declaration of the persons held liable for the prospectus, according to which they acted with reasonable care and to their best knowledge information included in the prospectus are factual and do not omit the presentation of circumstances, which may influence important conclusions drawn from the information. In the given cases the declaration of the persons liable for certain parts of the prospectus according to which they acted with reasonable care and to their best knowledge the information included in the part of the prospectus, for which they are held liable, are factual and do not omit the presentation of circumstances, which could influence important conclusions drawn from the information.	V/1.1
2.	RISK FACTORS	V/2
	Clear presentation of the risk factors concerning the securities offered for sale and/or introduced in the “Risk factors” section in the interest of assessing market risks related to the concerned securities.	V/2
3.	KEY INFORMATION	V/3
3.1.	Declaration on the working capital	V/3.1
	Declaration of the issuer whether in its opinion the working capital is sufficient to satisfy the present needs of the issuer, or if it is not, a declaration on the attempts of the issuer to add the necessary working capital.	V/3.1
3.2.	Capitalisation and indebtedness	V/3.2
	Declaration on the capitalisation and indebtedness (making a difference between the debts secured with guarantees or collateral and debts not secured with guarantees or collateral); the declaration cannot be older than 90 days preceding the date of the document. The debts shall include the indirect and contingent liabilities.	V/3.2
3.3.	Interests of natural persons and legal entities concerned in the issue/offer	<i>Not applicable</i>
	Presentation of participations with significance from the point of view of the issue/ offer - including conflict of interests - and the type of the concerned persons and participations.	<i>Not applicable</i>
3.4.	Reasons for the offer and the utilisation of the receipts	<i>Not applicable</i>
	Reasons for the offer and the estimated net amount of the receipts in a given case in the breakdown of main utilisation objectives in the order of importance. If the issuer is aware of the fact that the expected receipts shall not cover the financing of every utilisation objective, the amount and source of the supplementary financing must be specified. Details of the utilisation of the receipts must be given, especially if they shall serve the purpose of acquiring instruments outside the usual course of business, financing announced acquisition of other companies, paying, reducing of fully repaying debts.	<i>Not applicable</i>
4.	INFORMATION CONCERNING THE SECURITIES TO BE TRADED/LISTED	V/4
4.1.	Type and class of the securities to be traded/listed including the ISIN code (international securities identification number) and other securities identification numbers.	V/4.1
4.2.	Legal regulations provisioning securities issue.	V/4.1
4.3.	Information about whether the securities are registered or bearer securities and	V/4.1

	whether they exist in printed form or in the form of a booking item. In the latter case the name and address of the registering organisation must be provided.	
4.4.	Currency of the issue.	V/4.1
4.5.	Information on the securities related rights including any restriction of the rights and the procedure to exercise them.	V/4.1.1
	- Dividend rights:	V/4.1.1
	- registered date(s) of the rights' establishment,	V/4.1.1
	- expiry of eligibility for the dividend, and the name of the beneficiary person following the expiry,	V/4.1.1
	- dividend related restrictions and procedures concerning the non-resident holders of the securities,	V/4.1.1
	- size of the dividend or the method of its calculation, frequency of the dividend payment and its cumulative or non-cumulative character.	V/4.1.1
	- Voting rights.	V/4.1.1
	- subscription right at the subscription of securities of the same class.	V/4.1.1
	- Right of the issuer to participate from the profit.	V/4.1.1
	- Right to liquidation percentage.	V/4.1.1
	- Provisions concerning repurchase.	V/4.1.1
	- Conditions of reconversion.	V/4.1.1
4.6.	Declaration on the resolutions, licences and approvals, based on which the securities were generated and/or issued or shall be generated and/or issued in the future in the case of new issues.	<i>Not applicable</i>
4.7.	Expected date of the issue of securities in the case of new issues.	<i>Not applicable</i>
4.8.	Description of the restrictions concerning the free transferability of the securities.	V/4.1.1
4.9.	Presentation of the mandatory takeover offer and/or squeeze-out and/or forced sale provisions related to the securities.	V/4.1.2
4.10.	Public buy-back offer concerning the equity of the issuer by third parties in the previous financial year or in the current financial year. The purchase price or conversion conditions of the offer as well as its result must be communicated.	V/4.1.3
4.11.	In terms of the country of the registered office of the issuer pursuant to the articles of association and in terms of the countries according to the submission of the offer or the application for the listing on the regulated market:	V/4.1.4
	- source tax of the income generated from the securities,	V/4.1.4
	- information about whether the issuer shall assume responsibility for the deduction of the source tax.	V/4.1.4
5.	CONDITIONS OF THE OFFER	<i>Not applicable</i>
5.1.	Conditions, offer statistics, expected schedule and actions necessary for	<i>Not applicable</i>

	accepting the offers	
5.1.1.	Conditions of the offer.	<i>Not applicable</i>
5.1.2.	Total amount of the issue/offer with the securities offered for sale and subscription differentiated; if the amount has not been fixed, the rules and date of the public announcement of the final bid amount.	<i>Not applicable</i>
5.1.3.	Presentation of the time frame open for the offer - including potential amendments - and the subscription procedure.	<i>not applicable</i>
5.1.4.	Information on when and in what circumstances the offer may be withdrawn or suspended or whether it can be withdrawn even after the start of the trading.	<i>Not applicable</i>
5.1.5.	Possibility of delivering the quantity, which may be subscribed and the method of repaying the paid surplus amount.	<i>Not applicable</i>
5.1.6.	The lowest and/or highest subscription amount (specified in the number of securities or in the summary amount to be invested).	<i>Not applicable</i>
5.1.7.	Specification of the period, within which the subscription can be withdrawn, on the condition that the investors have the right to withdraw the subscription.	<i>Not applicable</i>
5.1.8.	Method and deadline of paying and delivering the securities.	<i>Not applicable</i>
5.1.9.	Detailed presentation of the method selected for the publishing of the results of the bid, the date of publishing.	<i>Not applicable</i>
5.1.10.	Procedure of exercising the subscription right, transferability of the subscription right and management of not exercised subscription rights.	<i>Not applicable</i>
5.2.	Trading plan and allocation	<i>Not applicable</i>
5.2.1.	Specification of the potential investors, to whom the securities are offered. The fact of the offer made for the markets of two or more countries at the same time and of the different tranches of the offer being maintained for some of these markets, must be indicated.	<i>Not applicable</i>
5.2.2.	If the issuer is aware, it must indicate if the main shareholder or the members of its management, control and supervisory body have the intention of subscribing or if there are persons, who wish to subscribe over five percent of the quantity specified in the offer.	<i>Not applicable</i>
5.2.3.	Informing prior to the allocation:	<i>Not applicable</i>
	a) dividing the offer into tranches, including the institutional and small investor tranches, tranche maintained for the employees of the issuer and any other tranche;	<i>Not applicable</i>
	b) conditions, upper limit of the repayment as well as the lowest percentage applicable to the different tranches;	<i>Not applicable</i>
	c) method of allocation between the small investors and the employees of the issuer if these tranches were oversubscribed;	<i>Not applicable</i>
	d) presentation of previously specified preference treatment provided for given investor or relative groups during the allocation (including the friend and family programmes), percentage of the offer maintained for preference treatment and the conditions of being included in the given class or group;	<i>Not applicable</i>

	e) the management of the subscriptions or the offers for subscriptions depend on the company through which the offers were made;	<i>Not applicable</i>
	f) the smallest amount of the planned individual allocation within the small investor tranche, if any;	<i>Not applicable</i>
	g) conditions of closing the offer and the date of the earliest possible closure;	<i>Not applicable</i>
	h) whether multiple subscription is acceptable and if not, the method of managing the multiple subscriptions.	<i>Not applicable</i>
5.2.4.	Procedure, within the framework of which the applicants for the security receive a notice about the quantity allocated to them and information of whether trading may begin before the notice.	<i>Not applicable</i>
5.2.5.	Clause permitting over subscription and the acquisition of further shares:	<i>Not applicable</i>
	a) existence and extent of the possibility of allowing for over subscription and the option for the acquisition of further shares.	<i>Not applicable</i>
	b) duration of the existence of the possibility of allowing for over subscription and the option for the acquisition of further shares.	<i>Not applicable</i>
	c) conditions of exploiting the possibility of over subscription and the option for the acquisition of further shares.	<i>Not applicable</i>
5.3.	Pricing	<i>Not applicable</i>
5.3.1.	Specification of the offer price of the securities. If the price is not known or if the securities do not have listed and/or liquid market, the method of specifying the offer price including the declaration on who established the conditions and the official person liable for the specification of the price must be made known. Indication of the amount of costs and taxes expressly payable by the subscribers or the buyers of the security.	<i>Not applicable</i>
5.3.2.	Publishing the offer price	<i>Not applicable</i>
5.3.3.	If the shareholders of the issuer have share subscription right and these rights are restricted or withdrawn, the base of the issue price must be specified - if the issued securities may be purchased for cash - together with the reasons for and the beneficiaries of the restriction or withdrawal.	<i>Not applicable</i>
5.3.4.	If there is or there could be a significant disproportion between the public offer price and the effective cash cost of the securities purchased by the members of the management, control and supervisory bodies or the managing officers and the concerned persons in the previous year or securities purchasable by them, a comparative review must be attached about the price specified in the public offer and the effective contribution of the listed persons performed in cash.	<i>Not applicable</i>
5.4.	Investment service providers (placing) and underwriting undertaking	<i>Not applicable</i>
5.4.1.	Name and address of the contact person(s) of a global offer and its parts, and - if they are known to the issuer or the offerer - the name and address of the service providers in the country where offering takes place.	<i>Not applicable</i>
5.4.2.	The name and address of the paying agents and custody managers in every country.	<i>Not applicable</i>
5.4.3.	Name and address of the organisations undertaking liability for the takeover of the issue and the name and address of the organisations willing to place the issue	<i>Not applicable</i>

	“to their best knowledge” without a commitment or on the basis of an agreement. Key characteristics of the agreements including the quotas. If underwriting is not undertaken for the total issue, a declaration on the remaining portion must be made. Total amount of the takeover and trading commission.	
5.4.4.	Date of concluding the takeover contract.	<i>Not applicable</i>
6.	RULES OF LISTING ON THE STOCK EXCHANGE AND TRADING	<i>Not applicable</i>
6.1.	Information if an application is submitted for listing on the stock exchange in terms of the offered securities and information on whether trading is planned to be performed on a regulated market or a market equalling to it. The potential markets must be named. This circumstance must be mentioned without making an impression that the listing shall be definitively permitted. The earliest date of the listing of the securities, if it is known.	<i>Not applicable</i>
6.2.	Every regulated market or market equalling to it, on which - to the knowledge of the issuer - securities in the same class as the class of the securities to be offered or listed are traded.	<i>Not applicable</i>
6.3.	If at the time or around the time of the generation of securities to be listed on a regulated market securities of the same class are subscribed or placed privately or different security classes are generated for public or private placement, the type of the transactions as well and the number and characteristics of the concerned securities must be detailed.	IV/10
6.4.	Data of the organisations undertaking to operate as mediators in the trading on the secondary markets and ensuring liquidity by the purchase or offer prices, and the presentation of the main conditions of their commitments.	<i>Not applicable</i>
6.5.	Stabilisation: if the issuer or the shareholder wishing to sell provided an over subscription option, or if it is recommended anyway that price stabilising actions be taken within the framework of the bid:	<i>Not applicable</i>
6.5.1.	The fact that stabilisation actions may be taken, however they cannot be taken for granted and they can be terminated and any time.	<i>Not applicable</i>
6.5.2.	Potential start and end of the stabilisation period.	<i>Not applicable</i>
6.5.3.	Person responsible for the stabilisation actions for every jurisdiction, except if these persons are not known at the time of publishing.	<i>Not applicable</i>
6.5.4.	The fact, that as a result of the stabilisation transactions the market prices may be higher than otherwise expected.	<i>Not applicable</i>
7.	SECURITIES OWNERS WISH TO SELL	<i>Not applicable</i>
7.1	Name, business contact of the person or company offering the security for sale, any position or other significant relationship, which existed between the seller and the issuer, the legal predecessor of the issuer or its associated companies in the past three years.	<i>Not applicable</i>
7.2.	Number and class of securities offered by the different securities owners.	<i>Not applicable</i>
7.3.	Lock-up agreements	<i>Not applicable</i>
	The concerned parties.	<i>Not applicable</i>
	Content of the agreement and exceptions.	<i>Not applicable</i>

	Lock-up period.	<i>Not applicable</i>
8.	COST OF ISSUE/OFFER	<i>Not applicable</i>
8.1.	The net receipts of the issue/offer and the estimated total cost.	<i>Not applicable</i>
9.	DILUTION	<i>Not applicable</i>
9.1.	Amount of direct depreciation amount resulting from the offer, also specified in percentage	<i>Not applicable</i>
9.2.	Amount of direct depreciation (also in percentage) in the case of a subscription offer made to existing shareholder, if the new offer is not subscribed.	<i>Not applicable</i>
10.	SUPPLEMENTARY INFORMATION	V/6
10.1.	If advisers in connection with the issue are also mentioned, a declaration must be made on the status of cooperation of the advisers.	V/6.1
10.2.	Other information in the Securities Notes, which were partly or fully audited by registered auditors and of which a report was prepared. Copy of the report or - with the permission of the competent authority - summary of the report.	V/6.2
10.3.	If the Securities Notes includes the declaration or report of a person cooperating as expert, the name, business contact, qualification of the person must be specified together with his/her significant interests in the issuer company in a given case. If the report was prepared at the request of the issuer, a declaration must be attached on whether the declaration or report was approved by the person approving the content of the given part of the Securities Notes in the given format and contexts.	V/6.3
10.4.	If the information originate from a third party a declaration must be made, according to which information was quoted precisely and to the knowledge of the issuer and to the extent the issuer could make sure about information taken over from a third party, factors making them incorrect or misleading were not omitted from the received information. The source of information must also be identified.	<i>Not applicable</i>

VIII ANNEXES

ANNEX No. 1: SUBSIDIARIES OF THE ISSUER (EXCEEDING 50% SHARE) IN 2016 - 2018 YEARS

Name, company registration number	Participation / percentage of votes		Included in the consolidation	Country of registration	Core activity	Net book value (HUF)		
	Direct	Indirect				31. 12. 2016	31. 12. 2017	31. 12. 2018
MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft. (01-09-668510)	100%		Yes	Hungary	Other supplementary business service not categorised elsewhere	50,000,000	50,000,000	50,000,000
MKB Üzemeltetési Kft. (01-09-561558)	100%		Yes	Hungary	Leasing, operation of owned, rented real estate	36,233,411,198	34,132,411,198	32,768,411,198
Euro-Immat Kft. (01-09-969518)	100%		Yes	Hungary	Lending immaterial goods	1,433,911,859	1,366,911,859	1,366,911,859
Exter-Reál Kft. (01-09-924450)	100%			Hungary	Sale and purchase of owned real estate	0	0	0
MKB Ingatlan Kft. previously: Exter-Estate Kft.) (01-09-178362)	100%			Hungary	Sale and purchase of owned real estate	50,000,000	146,648,512	146,648,512
EXTER-IMMO Zrt. (01-10-044045)	100%			Hungary	Financial leasing	279,000,002	279,000,002	260,000,001
Exter-Adósságkezelő Kft. (01-09-669775)	100%		Yes	Hungary	Debt Collection	0	0	0
EXTERCOM Kft. (01-09-266034)	100%		Yes	Hungary	Sale and purchase of owned real estate	0	0	0
Medister Kft. * (01-09-872185)	100%			Hungary	Sale and purchase of owned real estate	1,000	1,000	1,000
MKB-Euroleasing Zrt.** (01-10-042072)	100%		Yes	Hungary	Other lending	4,810,794,443	4,810,794,443	4,810,794,443

Name, company registration number	Participation / percentage of votes		Included in the consolidation	Country of registration	Core activity	Net book value (HUF)		
	Direct	Indirect				31. 12. 2016	31. 12. 2017	31. 12. 2018
MKB-Euroleasing Autólízing Zrt. *** (01-10-043215)	74%	26%	Yes	Hungary	Other lending	45,945,910	45,945,910	45,945,910
MKB-Euroleasing Autólízing Zrt. *** (01-10-043384)		100%	Yes	Hungary	Other lending	in the books of MKB-Euroleasing Zrt.		
Retail Prod Zrt. (01-10-048083)		100%	Yes	Hungary	Other lending	in the books of MKB-Euroleasing Zrt.		
Euroleasing Kft. (01-09-464308)		100%		Hungary	Car leasing	in the books of MKB-Euroleasing Zrt.		
I.C.E. Kft. (01-09-729456)		100%		Hungary	Debt collection	in the books of MKB-Euroleasing Zrt.		
MKB Kockázati Tőkealap-kezelő Zrt. (01-10-049135)	100%			Hungary	Fund management	10,000,000	110,000,000	91,000,000
MKB Inkubátor Kft. (01-09-289000)	100%			Hungary	Business management and other management consultation	40,000,000	340,000,000	208,000,000
MKB Consulting (01-09-271964)	75%			Hungary	Business management and other management consultation	9,000,000	9,000,000	9,000,000

Comments:

The Issuer finances its key investments from internal funds.

* Medister Kft. ceased on 31 January 2019 with merger into MKB Ingatlan Kft..

** MKB-Euroleasing Zrt. ceased on 1 January 2019 with merger into MKB-Euroleasing Autólízing Zrt.

*** MKB-Euroleasing Autóhitel Zrt. ceased on 1 January 2019 with merger into MKB-Euroleasing Autólízing Zrt.

ANNEX NO. 2: PARTICIPATIONS OF THE ISSUER ON 28 MARCH 2019

DIRECT AND INDIRECT PARTICIPATIONS OF THE ISSUER (28.03.2019)						
	NAME OF THE SUBSIDIARIES	CONSOLIDATED SUPERVISION	DIRECT PARTICIPATION	INDIRECT PARTICIPATION	INCLUDED IN THE COLLATERAL	CORE ACTIVITY
1	MKB Nyugdíjpénztárt és Egészségpénztárt Kiszolgáló Kft.	✓	100%		✓	Other supplementary business service not categorised elsewhere
2	MKB Üzemeltetési Kft.	✓	100%		✓	Leasing, operation of owned, rented real estate
3	Euro-Immat Üzemeltetési Kft.	✓	100%		✓	Lending immaterial goods
4	Exter-Reál Kft.		100%		✓	Sale and purchase of owned real estate
5	MKB Ingatlan Kft.		100%		✓	Real estate agency activity
6	Exter-Immo Zrt.		100%		✓	Financial leasing
7	Exter-Adósságkezelő Kft.	✓	100%		✓	Debt collection
8	Extercom Vagyonkezelő Kft.	✓	100%		✓	Sale and purchase of owned real estate
9	MKB-Pannónia Fund Management		49%			Fund management
10	MKB-Euroleasing Autólízing Zrt.	✓	100 %		✓	Financial leasing
11	Retail Prod Zrt.	✓		100%	✓	Other lending
12	Euroleasing Kft.			100%	✓	Car leasing
13	I.C.E. Kft			100%	✓	Debt collection

DIRECT AND INDIRECT PARTICIPATIONS OF THE ISSUER (28.03.2019)						
	NAME OF THE SUBSIDIARIES	CONSOLIDATED SUPERVISION	DIRECT PARTICIPATION	INDIRECT PARTICIPATION	INCLUDED IN THE COLLATERAL	CORE ACTIVITY
14	MKB Consulting Kft.		75%		✓	Business management and other management consultation
15	MKB Kockázati Tőkealap-kezelő Zrt.		100%		✓	Fund management
16	Solus Capital Kockázati Tőkealap-kezelő Zrt.		1%	48.51%		Fund management
17	CIG Pannónia Életbiztosító Nyrt.		0.1402%			Life insurance
18	Garantiqa Hitelgarancia Zrt.		1.14%			Extending guarantees to financial institutions
19	Kisvállalkozás-fejlesztő Pénzügyi Zrt.		2.27%			Other financial supplementary activity
20	Pannonhalmi Apátság Pincészet Kft.		45.47%			Grape wine production
21	Core Solutions Kft.		5%			Computer programming
22	MKB Inkubátor Kft.		100%		✓	Business management and other management consultation
23	ARETE Zrt.			25.01%		Business management and other management consultation
24	Family Finances Kft.			17.50%		Computer programming
25	Elevator Lending Kft.			20.00%		Other professional, scientific, engineering activity not classified elsewhere

DIRECT AND INDIRECT PARTICIPATIONS OF THE ISSUER (28.03.2019)						
	NAME OF THE SUBSIDIARIES	CONSOLIDATED SUPERVISION	DIRECT PARTICIPATION	INDIRECT PARTICIPATION	INCLUDED IN THE COLLATERAL	CORE ACTIVITY
26	Fintechblocks Kft.			12.50%		Computer programming
27	Blueopes Zrt.			10.00%		Fund management
28	Tőkeportál Zrt.			25.00%		World net portal service
29	Budapesti Értéktőzsde Zrt.			0.0894%		Management of the Money and Capital Market
30	MKB MRP Organisation		40.34%			-
31	MKB TJ MRP Organisation		100 %			-

ANNEX NO. 3: TABLES

LEASING MARKET ORDER (2018)								
COMPANY	Vehicle	Bus	Truck	Agricultural machine	Construction machine	IT	Other	Total
Merkantil	1	3	4	1	2	2	5	1
Budapest Bank	3	1	2	3	4	5	3	2
MKB-Euroleasing	2	2	11	2	9		10	3
Unicredit Leasing	4	9	6	5	3	4	6	4
Deutsche Leasing	11	6	15	4	8	9	1	5
De Lage Landen	6		3	8	1	1	9	6
Oberlizing			1	9	7		8	7
K&H		5	8	7	11	6	4	8
CIB Leasing Group	5	8	12	6	14	8	11	9
Raiffesisen Corporate Leasing	7		10	10	6		7	10

Source: Hungarian Leasing Association

SZÉCHENYI PROGRAMME MARKET SHARES (2018)	
MKB	18.6%
OTP	11.6%
Erste Bank	3.4%
Sberbank	11.2%
Gránit Bank	0.0%
UniCredit Bank	3.7%

Cooperative Bank (MTB)	45.9%
Cooperative Bank (VB)	0.0%
Budapest Bank	3.3%
K&H Bank	0.0%
DRB Bank	0.0%
Raiffeisen Bank	2.1%

Source: KAVOSZ

GROWTH PACE OF PRIVATE BANKING MANAGED ASSETS (2018 %)	
UniCredit	42.4
MKB	28.5
Concorde Security	14.4
Budapest Bank	13.0
OTP	12.1
CIB	11.7
K&H	11.2
Erste	10.5
Raiffeisen	10.2
Bank Gutmann	8.4
Generali	7.3
HOLD Fund Manager	-1.6
SPB	-6.9
Equilor	-11.6
Takarék	n.a.
Total	14.6

Source: portfolio.hu / Private banking survey

SIZE OF ASSETS MANAGED FOR ONE PRIVATE BANKING CUSTOMER (2018, HUF M)	
MKB	311
HOLD Fund Manager	255
Raiffeisen	216
Concorde Security	189
Erste	163
UniCredit	158
K&H	143
CIB	109
Generali	82
Equilor	82
OTP	76
Budapest Bank	61
Takarék	55
SPB	40
Bank Gutmann	n.a.

Source: portfolio.hu / Private banking survey