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## INDEPENDENT AUDITOR'S REPORT

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on the certification by the auditor of the final balance sheets and final inventories of assets of

**Budapest Hitel- és Fejlesztési Bank Zrt.**

and

**Magyar Takaréknál Bankholding Zrt.**

merging into

**MKB Bank Nyrt.**

(merger)

**01 June 2022**

**Dr. Mihály Hegedűs**

H K ADÓCONTROLL Kft.

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**Report on the final balance sheets and final inventories of assets and liabilities**

To the owners and shareholders of Magyar Takaréknál Bankholding Zrt.,  
Budapest Hitel- és Fejlesztési Bank Zrt.  
and  
MKB Bank Nyrt.

## Opinion

We have audited the **final transformation balance sheets and final inventories of assets and liabilities** prepared in relation to the transformation (merger) of the companies indicated below (hereinafter 'merging companies') for the cut-off date of **31 March 2022**, in the course of which we reviewed the following:

1. the final balance sheet and final inventory of assets and liabilities of **MKB Bank Nyrt.** (registered office: 1056 Budapest, Váci u. 38., Hungary; registered by the Company Registry Court of Budapest Capital Regional Court under no. Cg.01-10-040952), as the acquiring company that continues to operate in an unchanged form ('acquiring company') prepared for the **situation prior** to the merger (merger) in which the matching balance of assets and liabilities is HUF **3,802,216 M**, the registered capital is HUF **100,000 M** and the equity is HUF **248,838 M**.
2. the final balance sheet and final inventory of assets and liabilities of **Budapest Hitel- és Fejlesztési Bank Zártkörűen Működő Részvénytársaság** (registered office: 1138 Budapest, Váci u. 193., Hungary; registered by the Company Registry Court of Budapest Capital Regional Court under no. Cg.01-10-041037), as the merging company to be terminated after the merger into the acquiring company, prepared for the **situation prior** to the merger (merger) in which the matching balance of assets and liabilities is HUF **2,537,677 M**, the registered capital is HUF **19,396 M** and the equity is HUF **179,666 M**.
3. the final balance sheet and final inventory of assets and liabilities of **Magyar Takaréknál Bankholding Zártkörűen Működő Részvénytársaság** (registered office: 1134 Budapest, Kassák Lajos u. 18., Hungary; registered by the Company Registry Court of Budapest Capital Regional Court under no. Cg.01-10-141497), as the merging company to be terminated after the merger into the acquiring company, prepared for the **situation prior** to the merger (merger) in which the matching balance of assets and liabilities is HUF **102.162 M**, the registered capital is HUF **30,220 M** and the equity is HUF **102,151 M**.

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4. the final balance sheet and final inventory of assets and liabilities of **MKB Bank Nyrt.** (registered office: 1056 Budapest, Váci u. 38., Hungary; registered by the Company Registry Court of Budapest Capital Regional Court under no. Cg.01-10-040952), as the acquiring company that continues to operate in an unchanged form ('acquiring company') prepared for the **situation after** to the merger (merger) and the settlement of the differences and equity, in which the matching balance of assets and liabilities is HUF **6,446,224 M**, the registered capital is HUF **311,320 M** and the equity is HUF **715,719 M**.

The companies participating the merger hereinafter together:  
**'Merging Companies'**.

In our opinion the attached final balance sheets and inventories of assets and liabilities of **MKB Bank Nyrt.**, as acquiring and incorporating company, **BUDAPEST Hitel- és Fejlesztési Bank Zrt.**, as a merging company, **Magyar Takaréknál Bank-holding Zártkörűen Működő Részvénytársaság**, as a merging company, **MKB Bank Nyrt.**, as the successor company operating in an unchanged form after the merger, prepared for the cut-off date of **31 March 2022**, have been prepared, in all material respects, in accordance with the provisions of Sections 136-141 of Act C of 2000 on Accounting effective in Hungary (hereinafter 'Accounting Act').

### **Basis for the Opinion**

We have completed our audit in compliance with the Hungarian National Audit Standards and laws and the other legal regulations pertaining to audit and effective in Hungary. Our responsibilities under these standards are further described in the "*The Auditor's Responsibilities for the Audit of the final Balance Sheet*" section of our report.

We are independent of the Merging Companies in terms of issues set out in the relevant effective Hungarian regulations and the "Code of Conduct (ethical rules) of the auditor profession and the disciplinary process" of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the "Code of Ethics for Professional Accountants" (the IESE3A Code) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other issues - limitation of use**

This independent auditor's report has been prepared for the owners of the merging companies with regard to Section 4 (6) of Act CLXXVI of 2013 on Transformation, Merger and Demerger of Legal Persons (hereinafter "Transformation Act") and Section 136 (9) of the Accounting Act, and our report may not be used for any purpose other than that specified in these Acts.

**Other information: The merger plan**

The other information, with the exception of the final balance sheets of the merging companies and the final inventories of assets supporting them, include the transformation (merger) plan as defined in Section 3 of the Transformation Act.

Our audit opinion on the final financial statements in the "Opinion" section of our independent auditor's report does not apply to the transformation (merger) plan. The management is responsible for the preparation of the transformation (merger) plan in accordance with the relevant provisions of Act V of 2013 on the Civil Code and the Transformation Act.

Our responsibility in connection with our audit of the final financial statements is to review the transformation (merger) plan and, in doing so, consider whether the transformation (merger) is materially inconsistent with the final financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of our work, we conclude that the draft terms of transformation (merger) contain a material misstatement, we are required to report this and the nature of the misstatement. We have nothing to report in this regard.

On **01 June 2022** Deloitte Kft. issued an unqualified audit report on the interim financial statements of MKB Bank Nyrt. as of **31 March 2022**, prepared in accordance with EU IFRS, for the period prior to the merger.

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The separate financial statements of **BUDAPEST Hitel- és Fejlesztési Bank Zrt.** prepared in accordance with EU IFRS as of 31 March 2022, prior to the merger, for which KPMG Hungária Kft. issued an alert report on 01 June 2022.

On **01 June 2022**, Deloitte Kft. issued an alerting report on the closing accounts of **Magyar Takarék Bankholding Zrt.** for the reporting date of 31 March 2022, prepared in accordance with EU IFRS, prior to the merger.

**Responsibility of the management for the final balance sheets and inventories of assets and liabilities**

The Management is responsible for the preparation and fair presentation of the final financial statements in accordance with Sections 136-141 of the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of final financial statements that are free from material misstatement, whether due to fraud or error.

While preparing the final financial statements,, management is responsible for assessing the ability of the successor company to continue as a going concern and for bringing to our attention information about the going concern status of the business, and management is responsible for preparing the final accounts on a going concern basis. The management should take the principle of going concern as a basis, unless the enforcement of this principle is hindered by any provision to the contrary, or if any factor or circumstance prevails, which contradicts the continuation of entrepreneurial activities.

Those charged with governance are responsible for overseeing the financial reporting process of the company under their control.

**Responsibility of the management for the final accounts and inventories of assets and liabilities**

Our objectives in performing our audit are to obtain reasonable assurance whether the final financial statements have been prepared in accordance with the provisions of Sections 136 to 141 of the Accounting Act and whether the final financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an independent auditor's report thereon, which includes an opinion on those financial statements. Sufficient assurance is a high degree of certainty, but is not

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**Report on the final balance sheets and final inventories of assets and liabilities**

a guarantee that an audit conducted in compliance with the Hungarian National Audit Standards always detects existing material misstatements. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the final accounts.

We apply professional judgement and maintain professional scepticism throughout the audit performed in accordance with the Hungarian National Auditing Standards.

Furthermore:

- We identify and assess the risks of material misstatement of the final accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We study the internal control, relevant in terms of the audit, in order to be able to design audit procedures that are adequate under the given conditions, but not in order to form an opinion on the efficiency of the internal control of the Company.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude whether it is appropriate for management to prepare final accounts on a going concern basis. Our tests on the going concern principle have been carried out for the successor company and extended until the planned date of the transformation. If we conclude that it is inappropriate for management to apply the going concern principle in preparing the final accounts, we must issue a counter-opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. As a result of unforeseen future events or conditions, the successor company may not be able to continue the business.
- We evaluate the overall presentation, structure and content of the final accounts and assess whether the final accounts comply with the presentation of the underlying transactions and events as required by Sections 136-141 of the Accounting Act.

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- Those charged with governance are informed, among other matters, of the planned scope, timing and significant findings of the audit.

### **Report on Other Legal and Regulatory Requirements**

The transformation was registered by the Court of Registration on 31 March 2022 and the capital increases on 01 April 2022.

The differences prior to the amount of the consolidated balance sheet include adjustments of HUF 4,169 M due to the unification of accounting policies, the capital increase of HUF 185,000 M (of which HUF 75,603 M increase in subscribed capital, HUF 109,397 M is premium) made by Magyar Bankholding Zrt. to the successor MKB Bank Nyrt. under the merger agreement.

HUF 185 billion was made available in the form of a supplementary contribution in fulfilment of the obligation under Act CXXXV of 2013 (the "Act"), while the difference between the proceeds from the bond issue under the Act and the amount of the supplementary contribution was used to increase the equity of the entity(ies) defined in the Act, as provided for in the Act.

The capital increase registered at the Companies Court on 01.04.2022 in the equity adjustment column is reported in the amount of HUF 86.101 million, which will increase the share capital of the Acquiring Company with a simultaneous decrease in the capital reserve.

It is the responsibility of the management of the merging companies to prepare a written report at the same time as the merger (merger) agreement is drawn up, explaining the legal and economic reasons for the merger, the share exchange ratio and any special difficulties that may arise in the valuation.

Our responsibility is to prepare a report in relation to sections 24(4) and (5) of the Transformation Act.

The determination of the exchange ratios is based on the valuation of the shares of Budapest Hitel és Fejlesztési Bank Zrt, Magyar Takarékszövetkezet Bankholding Zrt. and the Acquiring Company in the merger.

Pursuant to Section 24 (4) of the Transformation Act, we have examined the methods used to determine the exchange ratio of the shares, the appropriateness of the methods, the value of each method and the appropriateness of the exchange ratio.



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The valuation was carried out by Ernst & Young Tanácsadó Kft. for the value date of 31 August 2021. The discounted dividend model ("DDM"), which is part of the discounted cash flow ("DCF") methodology, was used to value the Merging Companies. The DDM model determines the market value of a company's equity by discounting the maximum dividends that the company can pay to its shareholders in the future.

The maximum dividend payable to shareholders has been estimated as the value of own funds in excess of the capital requirement (taking into account the limit on the original own funds and the available profit reserve).

The exchange ratios of the shares have been determined in such a way that the share capital of the shareholders of the Merging Companies to be determined as a result of the merger (merger) in relation to the Acquiring Company proportionally reflects the total goodwill of the Merging Companies as determined on the basis of an independent valuation of the company. Accordingly, the ratio between the share capital and goodwill of the Acquiring Company shall be the same as the ratio between the share capital and the resulting "merged" goodwill of the Acquiring Company as a result of the merger (merger). The nominal value and the number of shares to be issued as a result of the merger (merger) were also determined in accordance with the ratio of the goodwill values, taking into account that the Independent Valuer also took into account the fulfilment of the obligation to increase the equity capital of the members of the Integration Organisation or of the other credit institutions supervised on a consolidated basis, as defined in Act CXXXV of 2013, including the obligation to be fulfilled pursuant to Clause 9 of the Merger Agreement, when determining the goodwill value of Magyar Takarékszövetkezeti Bank Zrt. However, in determining the exchange ratio of Magyar Takarékszövetkezeti Bank Zrt., Section 24 (1) a) of the Transformation Act and Section 139 (2) b) of Act C of 2000 on Accounting were taken into account - i.e. the additional asset contribution specified in Section 9 of the Merger Agreement was included in the opening (successor) final asset balance sheet of the Acquiring Company.

The merging companies have fixed the exchange ratios in the merger agreement on the basis of the expert opinion and other criteria.

- a) **MKB Bank Nyrt.** 100,000,000 ordinary shares with a nominal value of HUF 1,000 each, i.e., HUF 100,000,000,000 in 1/1 ratio,

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- b) **BUDAPEST Hitel- és Fejlesztési Bank Zrt.** 19,395,945 ordinary shares of HUF 1,000,- each, i.e. HUF 19,396,000,000 in nominal value, in the exchange ratio of **4.88181277**, i.e. **94,687,372** ordinary shares of HUF 1,000,- each, with a nominal value of HUF 94,687,372,000, shall be accounted,
- c) **Magyar Takaréknál Bankholding Zrt.** 2,000,000 ordinary shares of HUF 1,000,- each, i.e. HUF 30,220,000,000 in nominal value (2.000.000 E+28.220.000 E) ordinary shares, in the exchange ratio of **1.35770457**, i.e. **41,029,832** ordinary shares of HUF 1,000,- each, with a nominal value of HUF 41,029,832,448, shall be accounted,.
- d) the new share capital of **MKB Bank Nyrt.** after the exchanges will be HUF **311,319,983,000** rounded to HUF 311,320 million, while in the transformation balance sheet it will be HUF 311,320 million

The goodwill is rounded to HUF 100 million, the exchange ratio is rounded to eight decimal places, and the share capital of the Acquiring Company (legal successor) is determined according to the mathematical rules of rounding to HUF 1,000.

In our opinion, the share exchange ratio has been properly determined by the company and the chosen method reflects the actual value relationships. In calculating the exchange ratio, we have taken into account the valuation of the Merging Companies as at 31 August 2021, carried out by Ernst & Young Tanácsadó Kft., which estimated the liquidation value of MKB bank's 100% equity at HUF 216.5 billion and the estimated liquidation value of the 2.81% minority stake at HUF 6.09 billion.

Pursuant to Section 24 (5) of the Transformation Act, we have examined the validity of the merger (merger) agreement and the written reports of the executive officers, and whether the merger would jeopardise the satisfaction of creditors' claims against these joint stock companies.

We consider the information provided in the merger (merger) agreement and the written report of the executive officers to be substantiated.

In our view, the merger does not jeopardise the satisfaction of creditors' claims against the merging companies involved in the merger.

We reiterate our previous statement that our report has been prepared solely for the purpose of informing the owners (shareholders) of the companies and for the pro-

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cess of disclosing the transformation processes and cannot be used for any other purpose or by anyone else.

The partner responsible for the audit engagement resulting in this independent audit report is the signatory to this independent audit report.

Budapest, 01 June 2022

**Dr. Mihály Hegedűs**

on behalf of H K ADÓCONTROLL Könyvelő és Könyvvizsgáló Kft.

and, as registered auditor

**H K ADÓCONTROLL Könyvelő és Könyvvizsgáló Kft.**

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registered auditor (membership number at the Hungarian Chamber of Auditors: 006219)