

**ANNOUNCEMENT
ON INVITATION TO EXTRAORDINARY MEETING**

Takarék Mortgage Bank Co Plc. (registered seat: H-1082 Budapest, Üllői út 82.; registration No.: 01-10-043638; registered by the Metropolitan Court as Court of Registration; hereinafter referred to as Company) hereby, in accordance with its legal obligation, informs the shareholders and the investors of the Company, that the Board of Directors of the Company passed the respective resolution on its meeting of 23 July 2019 on calling the Extraordinary Shareholder's Meeting (hereinafter referred to as Extraordinary Meeting) of the Company.

The Board of Directors hereby calls the Extraordinary Meeting as follows:

Date and time of the Extraordinary Meeting:

27 August 2019 (Thursday), 10.00 a.m. CET.

Registration for the Extraordinary Meeting starts at 8.00 a.m. CET. 27 August 2019 (Thursday),

Venue of the Extraordinary Meeting:

Danubius Hotel Gellért
(H-1111 Budapest, Szent Gellért tér 1.)

Agenda of the Extraordinary Meeting:

1. Decision on accepting the Purchase Offer for the 51% share in Takarék Commercial Bank Ltd.
2. Recall of member(s) of the Board of Directors and election of new member(s) of the Board of Directors
3. Recall of member(s) of the Supervisory Board and election of new member(s) of the Supervisory Board
4. Recall of member(s) of the Audit Committee and election of the new member(s) of the Audit Committee
5. Miscellaneous

Method of holding the General Meeting

The General Meeting will be held with the direct attendance of the shareholders.

Requirements for participation in the General Meeting and exercising voting rights

- A Pursuant to Article 12.1 of the Statutes of the Company, each Series “A” ordinary share of a face value of HUF 100 (say One hundred Hungarian forints) shall give right to one vote, Series “B” dividend preference shares of a face value of HUF 100 (say One hundred Hungarian forints) shall not give right to vote, and each Series “C” ordinary share of a face value of HUF 1,000 (say One thousand Hungarian forints) shall give right to ten votes at the General Meeting.

- B Each shareholder can exercise his/her shareholder’s rights attached to the respective shares on the General Meeting only in case he/she is the owner of the shares on the effective date of the identification procedure (in Hungarian: „tulajdonosi megfeleltetés”), as specified in Act V of 2013 on Civil Code (hereinafter referred to as Civil Code) and Act CXX of 2001 on Capital Markets (hereinafter referred to as Capital Markets Act) and in the Rules of the KELER Ltd., and whose name is registered – as at 18.00 p.m. CET on the second working day preceding the commencement date of the General Meeting (the closure of the register of shareholders) – in the register of shareholders.

- C The Company requests KELER Ltd. to conduct an identification procedure on the date of the General Meeting as a corporate event. The effective date of the identification procedure will be **16 August 2019**, while the closing time of the register of shareholders is **10.00 a.m. on 23 August 2019** CET. Rules of the identification procedure are set out in the up-to-date version of the internal general regulations of KELER Ltd.

- D The Company deletes all effective data being registered in the register of shareholders on the date of the identification procedure, and simultaneously it registers the data into the register of the shareholders according to the result of the identification procedure, then the Company closes the register of the shareholders on the 2nd day preceding the General Meeting. After the closure of the register of the shareholders, data affecting the ownership rights of a shareholder can be registered into the register of shareholders only on the successive working day of the closure of the General Meeting, at the earliest.

- E The closure of the register of shareholders does not limit the right of any shareholder being entered therein to transfer his/her shares after such closure. Alienation of shares before the day of opening of the General Meeting does not exclude the right of the respective shareholder

registered in the register of the shareholders to participate at the General Meeting and to exercise his/her rights attached to his/her shares.

- F Each shareholder registered in the Company's register of shareholder on the effective day of the identification procedure may exercise the rights personally or by proxy (through a representative) or through a nominee under the Civil Code and the Capital Markets Act. Any member of the Board of Directors, any member of the Supervisory Board and any senior employee of the Company may be representative only in case he/she is instructed as representative by an unambiguous written instruction on voting on each proposal for resolution given by the respective shareholder. The Auditor and the Coverage Supervisor of the Company may not be authorized representatives. The authorization for representation shall be valid for one general meeting, or for a definite term not exceeding 12 (twelve) months. The authorization for representation will remain valid for the continued General Meeting in case of suspension and for a General Meeting called repeatedly due to a lack of quorum. The authorization shall be submitted to the Company in the form of notarial deed or private deed with full probative effect. In case of shareholders other than natural persons, powers of representation of the person(s) signing the power of attorney or representing the shareholder at the general meeting shall be certified by the presentation of appropriate original documents issued by a public register or authority (e.g. certificate of incorporation) and by an original version or by a copy certified by a public notary of an authentic statement of signature (certified by a notarial act of a public notary) or a signature specimen countersigned by an attorney-at-law. If the certification of the power of representation is prepared in any language other than Hungarian a certified Hungarian translation thereof shall be attached. The shareholder may also appoint a proxy to represent him/her at the General Meeting by returning the form as contained in Annex 1 or Annex 2 of the Statutes of the Company and sent – in case of expressed request of the shareholder - by the Company electronically or by mail. The form shall be returned to the Company as a private deed with full probative effect not later than the end of the working day preceding the day of the General Meeting. In case such authorization is made abroad, the form of the authorization is to be complied with legal regulations on certification or re-certification of documents made abroad.
- G Each shareholder has the right to participate in, request information and to make remarks on the General Meeting. Shareholders are entitled to attend the General Meeting, request information and make observations. The Board of Directors may require the applicant shareholder to sign a non-disclosure agreement as a condition of complying with the request for information or access to documents. The Board of Directors may decline a request for information or access to documents, if it would violate any business, bank, security, or other similar secret of the Company, if the applicant exercises his or her right in an abusive manner or fails to sign a non-disclosure agreement upon request. If shareholders who hold at least one percent of the votes notify the Board of Directors about their proposal for the amendment of the agenda – with all the details required for items of the agenda – or about a draft resolution relating to an item on, or to be added to, the agenda within eight days after publishing the announcement of calling the General Meeting, the Board of Directors shall publish an announcement regarding the updated

agenda or the draft resolution proposed by the shareholders after being notified about the proposal. The issue specified in the announcement shall be deemed as put on the agenda.

- H Provided that the requirements of attending the General Meeting and exercising of voting rights are met, the shareholder or his/her authorized representative may request the electronic or other device for casting votes on the venue of the General Meeting, after proving his/her identity and signing the attendance sheet.

Quorum;

Venue and Date of the Repeated General Meeting in case of being inquorate

Pursuant to article 11.8 of the Statutes, the General Meeting shall have a quorum if the attended shareholders represent more than half of the votes of the voting shares. If the General Meeting does not have a quorum, the Company will hold the repeated General Meeting convened by the present Announcement on the venue of the original General Meeting on **10 September 2019 (Thursday) at 10.00 a.m. CET**. The repeated general meeting shall have a quorum in respect of the items of the agenda of the original General Meeting, regardless of the number of attendees. Separate registration is required for the repeated General Meeting, which starts at 10 September 2019 at 8.00 a.m. CET.

Disclosure of written materials and proposals for resolutions for the General Meeting

The Board of Directors of the Company will publish a report under the Accounting Act, and the material data of the reports of the Board of Directors and the Supervisory Board, summaries of the shares and voting rights existing at the time of the convocation (including separate summaries for each share class), summary of proposals related to the items on the agenda and resolutions, proposals and forms to be used for voting by representative (if they were not sent directly to shareholders) in accordance with the provisions of the Articles of Association concerning the publication of the Company's announcements - the electronic publication of the Company's official website (www.takarek.hu) and the Hungarian Central Bank (www.kozzetetelek.hu) and the official website of the Budapest Stock Exchange (www.bse.hu) - the General Meeting publish it in Hungarian and English at least 21 (twenty-one) days in advance. Subsequently, written submissions and draft resolutions related to the items on the agenda of the General Meeting will be available at the headquarters of the Company and at the central customer service of KELER Ltd. (H-1074 Budapest, Rákóczi út 70-72, R-70 Office Building).



PROPOSAL
FOR AGENDA ITEM NO. 1.



DECISION ON ACCEPTING THE PURCHASE OFFER FOR THE 51%
SHARE IN TAKARÉK COMMERCIAL BANK LTD.

Proposal:

During the review process of the Integration strategy, a decision was made to further concentrate the cooperative credit institutions in order to establish a universal commercial bank operating in the form of a shareholding company.

In the first implementation phase of the strategy, Mohácsi Takarékbank, Pannon Takarékbank and B3 TAKARÉK Szövetkezet merged under the name of Takarékbank Ltd. as of 30 April 2019, which laid down the foundations of the universal commercial bank included in the strategy. MTB Ltd. is the 98.5% owner of the Takarékbank Ltd. that was established.

As planned, Takarékbank Commercial Bank Ltd. (TCB) will merge into Takarékbank Ltd. as of 31 October 2019, in line with the Integration strategy.

TCB's current ownership structure:

owner	pcs	issued capital	proportion
MTB	7,127	712,700,000	8.21%
Magyar Posta Ltd.	35,410	3,541,000,000	40.79%
Takarék Mortgage Bank Co PLC. total	63,173	4,297,100,000	51.00%
TOTAL	105,710	8,681,000,000	100.00%

The role of Takarékbank Mortgage Bank Co PLC. (TMB) as a majority owner is not to be maintained, as it does not align with the strategic goal to operate as a mortgage-only bank. This transaction marks the end of a series of transactions in the initial steps of which Diófa Alapkezelő Ltd, Takarékbank Invest Ltd. and Takarékbank Ingatlan Ltd. were sold to MTB Ltd. by TMB.

According to the Integration Strategy, MTB Ltd. will act as the center of the holding of the Integration as its central bank and integrational governing body, therefore MTB Ltd., based on a decision by its general assembly, made a mandatory offer to purchase all of the shares still in Takarékbank Mortgage Bank Co PLC. ownership, as in the following:

- 42,173 pcs of class A ordinary shares with a nominal value of HUF 100,000, in the total value of HUF 30,461,207,451, that is HUF 722,292 per share
- 21,000 pcs of class B ordinary shares with a nominal value of HUF 10,000, in the total value of HUF 1,516,812,549, that is HUF 72,229 per share.

The transaction, having regard to its significance, requires an authorization by the general assembly for TMB. Attached to this proposal is MTB Ltd.'s binding offer based on its general assembly decision.

Proposal

MTB Ltd. made an offer for a total of 42,173 pcs of class A and 21,000 pcs of class B shares, in the total value of 31,978,020,000.

The price included in the offer was verified and confirmed as acceptable in a business valuation performed by an international consulting firm. The purchase price offered is within the value range determined by the international consulting firm. The transaction will have no impact on the results of Takarékbank Mortgage Bank Co PLC.

Based on the above, the Board of Directors proposes to accept the offer received from MTB Ltd. and to sell the whole share of ownership in TCB.

Introducing the company awaiting sale (TCB)

Key indicators (HUF million)	2017 annual	2018 annual
Interest rate differential	9,906	11,298
After tax profit or loss	-9,955	1,647
Credit	243,099	308,752
Deposits	329,137	304,327
Balance sheet total	466,089	543,895
Shareholders' equity	20,616	22,446
Issued capital	8,681	8,681

TCB's balance sheet total in accordance with the Hungarian Accounting Rules on 31 December 2018 was HUF 543.9 billion, 16.7% higher than at the end of 2017. The increase primarily resulted from the growth of treasury bonds (HUF 111.2 billion) on the asset side and interbank deposits (HUF 121.4 million) on the liability side. The amount of credit increased by 27.0%, the amount of deposits decreased by 7.5%.

Profit for the year calculated in accordance with the Hungarian Accounting Rules was HUF 1.6 billion in 2018, which is a significant increase on the year 2017.

In 2018, TCB's average employee headcount was 698, which is a 12.8% decrease on the year 2017.

Operating costs decreased by a total of 10.8% in comparison to the previous year. Personnel costs were influenced by two opposing factors: salaries increased as result of a general increase in Hungarian salaries, however, costs in 2018 were down by 8.9% over the costs in 2017 due to the rationalization of the staff headcount.

Capital impact:

The capital impact of the transaction is neutral in a consolidated manner at the level of the Integration of the Cooperatives, for TMB's individual capital adequacy it means an RWA decrease of HUF **31.98 billion**, improving the capital adequacy index by 17%.

	Individual capital adequacy	Consolidated capital adequacy
<i>Own funds</i>	Own funds are not affected, because the Company is involved in prudential consolidation and therefore the investment is not a deductible item.	Own funds are not affected, because the investment has already been deducted in the prudential consolidation.
<i>Risk-weighted assets (RWA)</i>	RWA is decreased with the investment value (HUF + 31.98 Bn) because the Company is involved in prudential consolidation, therefore this item is weighted 100%.	It has no impact on RWA as the Company has already been involved in prudential consolidation.

Individual capital adequacy index increases to 65.12%.

TCB's ownership structure after the planned transaction:

owner	pcs	issued capital	ownership share
MTB	70,300	5,140,000,000	59.21%
Magyar Posta Ltd.	35,410	3,541,000,000	40.79%
Total	105,710	8,681,000,000	100.00%

MTB Ltd.'s direct and indirect total share of ownership in TCB increases from 8.21% to 59.21%, which, according to Section 126 (1) of the Credit Institutions and Financial Enterprises Act (Hpt.), requires a permission by the Hungarian Central Bank, having regard to the fact that the influence gained exceeds 50%.

Based on TMB's Articles of Association, the transaction is subject to approval by TMB's Board of Directors, however, the volume and strategic significance of the transaction justifies that the supreme body should pass a decision on the matter.

As per Clause 2.3 (2) of TCB's Articles of Association, the transaction requires the approval of TCB's Board of Directors.

III. Annexes:

1. Mandatory purchase offer by MTB Ltd.

Proposed decision:

At present at the General Assembly were shares entitling to votes at the General Assembly and embodying % share of ownership. The General Assembly, with votes in favor (which is % of the votes present at the General Assembly), votes against (which is % of the votes present at the General Assembly) and abstaining from voting (which is % of the votes present at the General Assembly)

- A. approves the sale of 40,871 pcs of class A ordinary shares having a nominal value of HUF 100,000, owned by Takarék Mortgage Bank Co PLC. in Takarék Commercial Bank Ltd., to MTB Ltd. for a total price of HUF 29,520,783,670, that is HUF 722,292 per share, furthermore**
- B. approves the sale of 21,000 pcs of class B ordinary shares having a nominal value of HUF 10,000, owned by Takarék Mortgage Bank Co PLC. in Takarék Commercial Bank Ltd., to MTB Ltd. for a total price of HUF 1.516.812.549, that is HUF 72.229 per share, furthermore**
- C. authorizes the Board of Directors of Takarék Mortgage Bank Co PLC. to accept MTB Ltd.'s purchase offer for the shares determined in clauses A and B, to set out and accept any other terms and conditions of the sale-purchase agreements relating to the shares determined in clauses A and B, and to conclude the sale-purchase agreements regarding the shares. The authorization extends to the concluding of any additional agreements, to the obtaining of permits and statements that are necessary for the sale-purchase transactions, and to the making of (legal) representations.**



To Dr. Gyula László Nagy
Chief Executive Officer

Takarék Mortgage Co Plc.

Budapest
H-1082 Budapest,
Üllői út 48.

Dear Chief Executive Officer,

We hereby inform you that with decision no. **7/R3/2019** taken at the extraordinary meeting held on the 25th of July 2019, the General Assembly of **MTB Bank of Hungarian Savings Cooperatives Co. Ltd.** decided to increase its share in Takarék Commercial Bank Ltd. On the basis of this decision we make a **Binding Offer** (hereinafter: *Offer*) with the following content to Takarék Mortgage Bank Co Plc. as seller on behalf of MTB Ltd:

- 1) The subject-matter of the Offer: 42,173 (Forty-two thousand one hundred and seventy-three) dematerialised registered “A” shares with ISIN code HU-0000083308, of a nominal value of HUF 100,000 (One hundred thousand forint) each, with a total nominal value of HUF 4,217,300,000 (four billion two hundred and seventeen million three hundred thousand forint), constituting 48.58% (forty-eight and fifty-eight hundredths percent) of the capital of Takarék Commercial Bank Ltd, and 21,000 (Twenty-one thousand) dematerialised, registered “B” shares, with ISIN code HU-0000083290, of a nominal value of HUF 10,000 (ten thousand forint) each, with a total nominal value of 210,000,000 (Two hundred and ten million forint), constituting 2.42% (two and forty-two hundredth percent) of the capital of Takarék Commercial Bank Limited issued by Takarék Commercial Bank Limited (registered seat: H-1082 Budapest, Üllői út 48.; Company register No: 01-10-045459, tax ID number:
 - a) 13750664-4-44; hereinafter:
 - b) *Commercial Bank*).
- 2) Offer Price: the purchase price, agreed to be paid in cash by MTB Ltd.
 - a) in terms of the “A” ordinary shares of the Commercial Bank, is a total of **HUF 30,461,207,451** (Thirty billion four hundred and sixty-one million two hundred and seven thousand four hundred and fifty-one forint), which, by applying the rules of rounding, is HUF 722,292 (seven hundred and twenty-two thousand two hundred and ninety-two forint) per share;
 - b) in terms of the “B” ordinary shares of the Commercial Bank, is a total of **HUF 1,516,812,549** (one billion five hundred and sixteen million eight hundred and twelve thousand five hundred and forty-nine forint), which, by applying the rules of rounding, is HUF 72,229 (seventy-two thousand two hundred and twenty-nine forint) per share,the overall purchase price of the “A” and “B” ordinary shares of the Commercial Bank is **HUF 31,978,020,000** (thirty-one billion nine hundred and seventy-eight million twenty thousand forint).



- 3) Offer validity: MTB Ltd. unilaterally commits to conclude a share sale and purchase agreement with Takarék Mortgage Bank Co Plc. as seller, with a content corresponding to the conditions set out in this Offer until *the 30th of September 2019*.
- 4) Other conditions of the Offer:
 - a) The completion of MTB Ltd.'s Offer requires the authorisation of the MNB for a direct acquisition by MTB Ltd. in the Commercial Bank exceeding 50%, or the availability of a written communication issued by the MNB on the fact that the transaction subject to this Offer does not require the authorisation of the MNB;
 - b) The completion of MTB Ltd.'s Offer does not require a notification and/or an authorisation procedure to be conducted with the Hungarian Competition Authority given that both the Offeror MTB Ltd. and the Offeree Takarék Mortgage Bank Co Plc. as well as the subject-matter of the Offer, Commercial Bank are members of the Integration and the several liability forming part thereof defined by Act CXXXV of 2013, therefore, pursuant to the rules of Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices, they are not deemed to be undertakings independent from each other, so the rules relating to concentration shall not apply to them.

We inform you that as the Commercial Bank also participates in the event of particular importance in the Integration Strategy in the course of which the cooperative credit institutions merge into Takarékbank Ltd. expectedly on the 31st of October 2019, MTB Ltd., as current minority shareholder and prospective acquirer of majority ownership in the Commercial Bank as per this Offer, shall support each decision and measure that becomes necessary during the acceptance of this Offer and the performance of the share sale and purchase agreement to be concluded on the basis thereof and those that are intended to ensure the successful participation of the Commercial Bank in the merger process.

We kindly ask you to inform us in writing on your decision regarding the acceptance of this Offer with the content specified above until the *31st of August 2019*, by your duly signed declaration addressed to the registered seat of MTB Ltd. so that, in case our offer is accepted, the share sale and purchase agreement can be concluded during the validity period.

Budapest, the 25th of July 2019

Yours sincerely,

Levente Szabó
Deputy Chief Executive Officer

Antal Martzy
Deputy Chief Executive Officer

MTB Bank of Hungarian Savings Cooperatives Co. Ltd