Press release

31 May 2021

Member banks of Hungarian Bankholding achieved outstanding growth in 2020

In spite of the crisis caused by the COVID-19 pandemic, the aggregated balance sheet of the member banks of Hungarian Bankholding increased by far the largest amount in the domestic market, by almost fifty percent last year. The banking group has thus managed to strengthen its second place in the domestic credit institution market. Member banks of Hungarian Bankholding, which were able to significantly increase their lending activities, also performed outstandingly in the expansion of deposit volume. With the merger of Budapest Bank, MKB Bank and Takarék Group, business indicators are expected to improve in the coming years, while reducing operating costs.

Member banks of Hungarian Bankholding increased their aggregate balance sheet by 47 percent in 2020 compared to the year before, which is more than twice the market average of 22.9 percent, according to preliminary data. All three members of Hungarian Bankholding, Budapest Bank, MKB Bank and Takarék Group achieved outstanding growth and market share growth last year.

The strong activity in deposit services and lending played a main role in the significant increase in the aggregate balance sheet of the member banks of Hungarian Bankholding. The customers of the banking group increased their deposit volume by almost 30 percent last year, which was remarkably higher than the domestic market average of 23.2 percent. Based on the aggregate deposit volume, the market share of member banks of Hungarian Bankholding increased to 18.1 percent by the end of 2020.

The three credit institutions together increased their aggregate loan portfolio by over 13 percent in 2020, with Hungarian Bankholding now having a 16.1 percent share of the domestic market. The lending of member banks in the new loan products of the Széchenyi Card was also significant, where they currently have a combined market share of 35.6 percent. With the lending of earlier Széchenyi Card products through its member banks, the banking group continues to lead the market with a 73 percent share.

The repayment moratorium, the liquidity enhancing measures of MNB and the increase in customer loans and deposits also had a significant impact on the 2020 balance sheet of the Hungarian banking market. Member banks of Hungarian Bankholding have made effective use of government and central bank facilities, in particular the Funding for Growth Scheme, which also provided significant support to customers in the difficult economic environment. Substantial expansion of stocks was also supported by the popularity of pre-natal loans, new credit facilities for businesses and deferred consumption, as well as caution and risk aversion due to the COVID-19 pandemic.

Although revenues related to the basic operation of the domestic banking market expanded at a rate exceeding operating costs, the financial result of the entire Hungarian banking sector decreased by a significant 58 percent in 2020, almost entirely due to the increase in risk costs (net effect of impairment and provisioning). The aggregate after-tax profit of the member banks of Hungarian Bankholding decreased to HUF 14 billion last year, with risk costs further worsening the net financial performance of the banking group's credit institutions by HUF 60 billion.

The companies belonging to Hungarian Bankholding play a decisive role in other financial sectors as well. Despite the deterioration caused by the crisis, leasing companies of the group remain in the first place in the domestic leasing market with their 30 percent share in terms of the amount financed. With its share of nearly 20 percent, the banking group's own mortgage bank, Takarék Mortgage Bank is the second largest refinancer serving the most banking partners. Hungarian Bankholding also owns one of the three large health funds, MKB-Pannónia, with a market share of 22 percent.

"Our financial results from last year show that these three strong domestic credit institutions are already dominant or market-leading players in all segments, supplementing each other incredibly. Together, we will create the most modern, most digitized bank in Hungary, where our strength and knowledge will be added up and our customers will have access to our best products and services" – said dr. Zsolt Barna, Chairman of the Board of Hungarian Bankholding.

Background information

Hungarian Bankholding Ltd.

Hungarian Bankholding Ltd. commenced its effective operation on 15 December 2020, after MNB (acting as the central bank of Hungary) approved the merger of Budapest Bank Group, MKB Bank Plc. and Takarék Group, and the shares of the key owners were transferred to the joint holding company. By transferring the in-kind contributions, the second largest banking group in Hungary has been established, with the Hungarian State owning 30.35 percent of the shares through Corvinus International Investment Ltd., the previous direct owners of MKB acquiring 31.96 percent of the shares and the previous direct owners of MTB acquiring 37.69 percent of the shares. The new banking group serves 1.4 million active retail and 208,000 active corporate customers. The holding has a market-leading position in many areas. It operates 925 branches nationwide, with a total balance sheet total of HUF 8,424 billion, a loan portfolio of HUF 3,787 billion and a deposit portfolio of HUF 5,414 billion.

Further information:

Orsolya Tölgyes
Head of Fusion Communication
Hungarian Bankholding Ltd.
Mobile: 0036 70 436 6065
E-mail: tolgyes.orsolya@magyarbankholding.hu
www.magyarbankholding.hu

Bence Paróczai
Goodwill Communications
Mobil: 0036 70 933 9797
E-mail: paroczai@goodwillcom.hu