

CLIENT INFORMATION

ABOUT THE DEPOSIT GUARANTEE ASPECTS OF THE MERGER OF BUDAPEST BANK ZRT. AND MKB BANK NYRT.

Budapest, 26 March 2022

MKB Bank Nyrt. and Budapest Bank Zrt. will merge on 31 March 2022 and will continue to carry out credit institution activities under the name MKB Bank Nyrt.

In respect of a deposit guarantee perspective, this means that if a depositor has a deposit in both banks (bank account, fixed-term deposit, etc.), then the compensation threshold of EUR 100-100 thousand for deposits placed in the two institutions will change.

Under the relevant legislation, for 3 months, i.e. until 30 June 2022, deposits in the two banks continue to be covered separately by deposit guarantee up to 100 thousand euros. However, taking into account the fact that we are talking about a single credit institution, after the expiry of the 3 months so-called transitional period, the compensation threshold will be changed to EUR 100 thousand per client regardless of the fact that the deposits were previously deposited in two banks.

In which case should you consider placing of your deposits in connection with the merger from a deposit guarantee perspective?

If you have deposits with both credit institutions and their amount exceeds the HUF equivalent of 100 thousand euros, NDIF of Hungary will guarantee your deposits from the end of the third month following the merger only to the limit of 100 thousand euros.

What can you do to keep your total deposit amount guaranteed by NDIF of Hungary if you have more money saved by the two merging banks than 100 thousand euros?

The deposit guarantee limit is calculated per person and credit institution, so there are two options for increasing the deposit guarantee protection:

- a) by using multiple banks concurrently and dividing your savings among them, and/or
- b) by increasing the number of deposit owners (it is not possible in every bank).

Important: Persons, other than owners or co-owners, even if they are authorised to have disposal over the deposit, are not entitled to compensation. This means that the deposit protection limit cannot be increased if the deposit owner registers one or more authorised representatives.

If a private individual or an enterprise deposits their money in multiple banks, the compensation limit is increased by an additional limit amount per bank.

If a deposit has multiple registered and identifiable owners, e.g. family members, the deposit (so-called joint deposit) is protected up to EUR 100,000 multiplied by the number of such owners, but not more than the deposited amount.

Unless the bank and the depositors stipulate otherwise in the contract, the deposit insurance system does not distinguish the deposit owners, it considers them equal, irrespective of the amounts they actually contributed to the deposit. In such cases, owners receive equal shares of the payout.

Please note: A joint deposit may be a disadvantage to the depositor if he or she has another deposit – of sole ownership – with the same bank. This is because the amount paid by NDIF on the joint ownership is included in the limit payable to the client, which means that he or she may not receive the full amount on either the joint deposit or his or her own deposit.



BIZTOS BETÉT, BIZTOS KIVÉT.

Related legislation

Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) Paragraph 214 (1-3) and (10).

About deposit guarantee in plain language

OBA compass

https://www.oba.hu/wp-content/uploads/2021/02/OBA_iranytu_20210208.pdf

National Deposit Insurance Fund