# MBH Group

## 3Q 2023 results

Investor Presentation

30th November 2023

MBH BANK

We kindly draw your attention to that in this presentation MBH Bank's underlying financial performance presented – if not stated otherwise – using **adjusted financial figures** (alternative performance measurement indicators – APM).

For definition and calculation methodology of alternative performance measurement indicators pleaser refer to 3Q 2023 Report chapter 4.1. – Financial indicators.

This presentation is to support the understanding of the underlying financial performance of MBH Group and it is a close and inseparable part of the 3Q 2023 Report.

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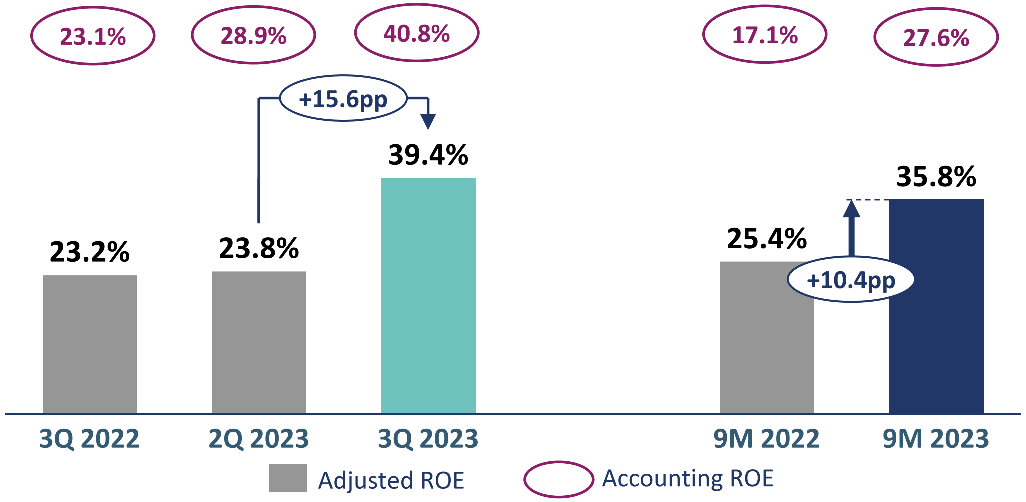
# Executive summary

MBH BANK

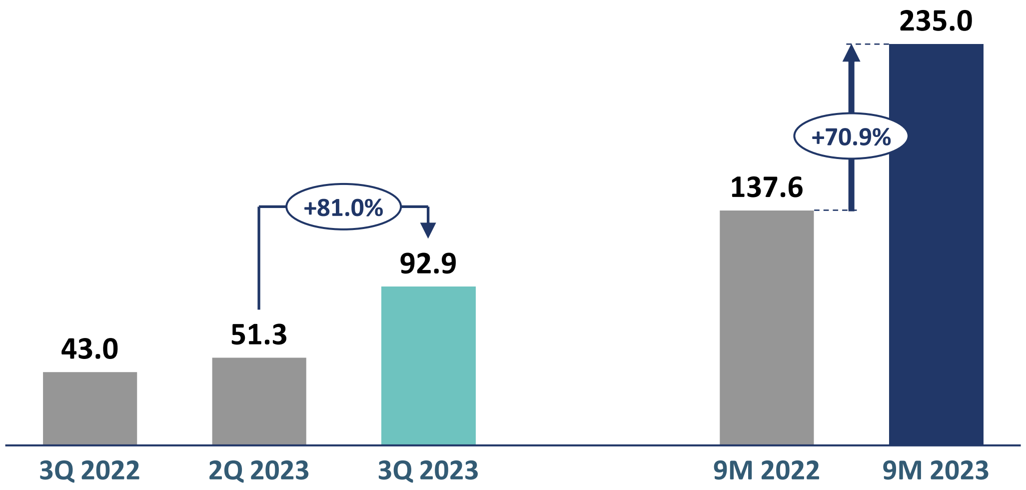
# Robust profit growth with 9M adjusted profits increasing more than 70% y/y

## Adjusted ROE, accounting ROE (%)

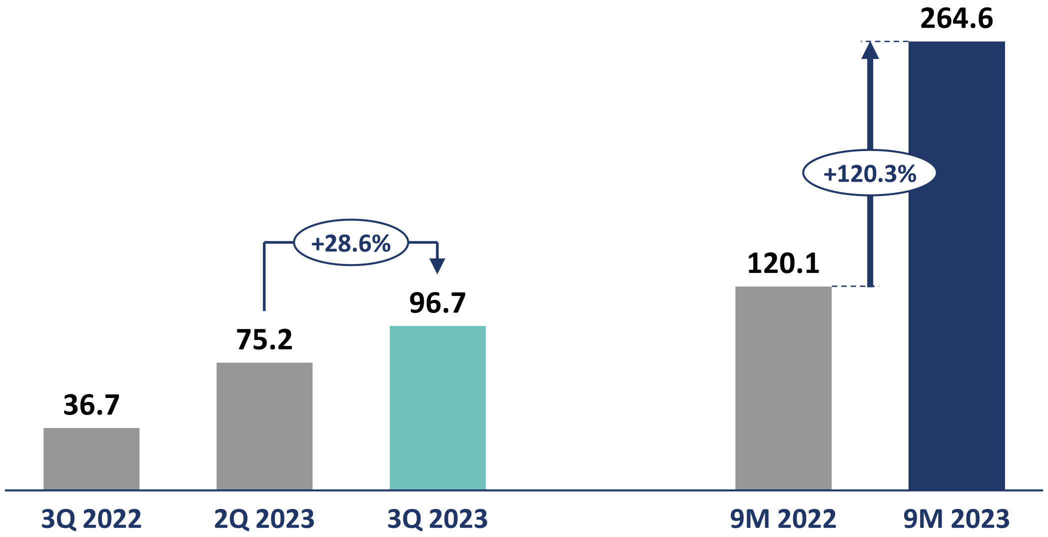



- Continued **outstanding profitability in 3Q 2023, with adjusted return on equity** reaching **35.8%** in 9M 2023 (accounting ROE also very strong at 27.6%)**,** driven by strong revenue margins and cost efficient operations during the period.
- **HUF 235.0 bn adjusted profit after tax** (+70.9% y/y) in 9M, reflecting the increased profitability levels of the Group. The increase in 3Q was driven by the strong net interest income and the risk costs release, due to the reclassification of customers recovering from moratorium to performing loans.
- **Total comprehensive income for 9M** more than doubled over the year to **HUF 264.6 bn** (+120.3% y/y).

## Adjusted PAT (HUF bn)




## Adjusted TOCI (HUF bn)




# Business environment

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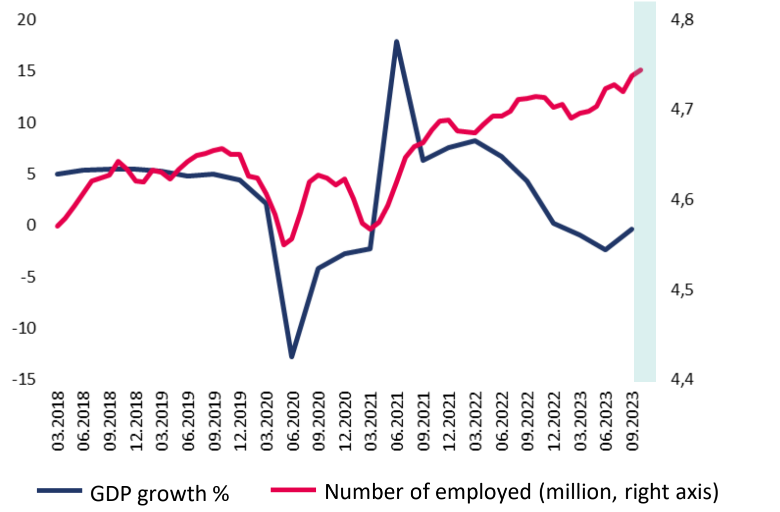
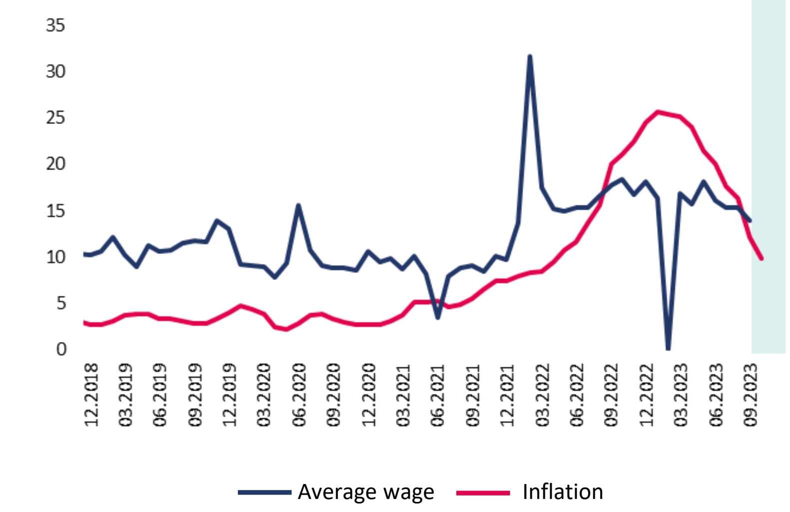
# Inflation is expected to fall further, GDP gradually gathering steam

- Hungary's GDP decreased by 0,4% (y/y) in the 3rd quarter of 2023. Economic performance grew 0.9% on a quarterly basis, ending technical recession in 3Q. We expect growth to gather steam in 4Q of 2023 and 2024.
- Inflation decreased more than expected to 12.2% in September from 16.4% in August. The marked improvement was helped by base effects (annual 14.6% drop in household energy prices). After more visible decrease in 4Q, we expect annual average inflation at 17.8% in 2023.
- Employment rose to new historical high in mid-2023, while due to increasing number of people returning to the labour market, the activity also reached record level (reaching almost 5 million people).
- The Hungarian forint showed some volatility during the third quarter, but the improvement in Hungary's external balance conditions remains strong. Our forecast is 378 for EUR/HUF rate for the end of 2023.
- Retail deposits stagnated in 3Q, but corporate deposits increased marginally. The stock of loans, however, mildly increased in the former, and roughly stagnated in the latter segment.

## GDP growth (y/y%) and employment

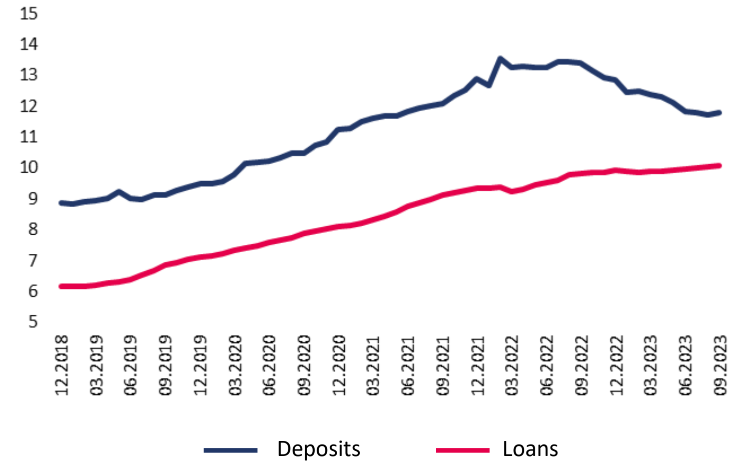



## Average inflation and wage growth* (y/y %)

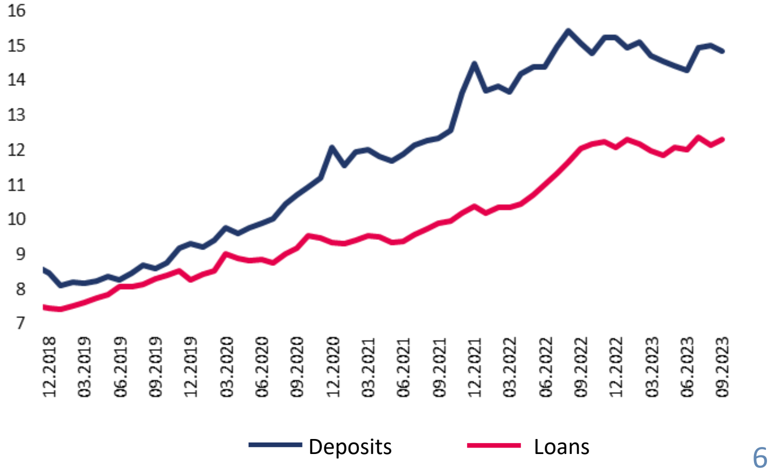



## EUR/HUF rate


## Household volumes (HUF thous. bn)




## Corporate volumes (HUF thous. bn)



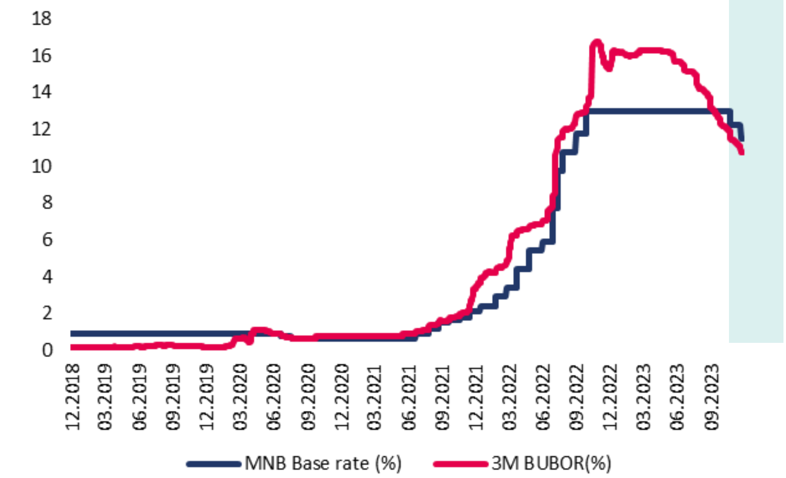



* Febr. wage growth data was affected by the payment of the 'service premium' (the so-called 'firearms money') for the army and the law enforcement personnel corresponding to six-month salary in February 2022

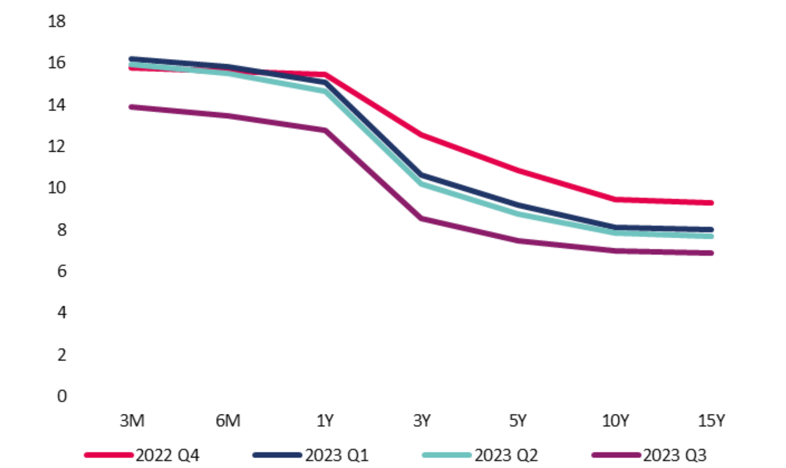
# Monetary policy entered a new phase in September

- The key internal factors monitored by the central bank showed further improvement, while global risk assessment deteriorated slightly in September. The one-day deposit rate was aligned with the base rate at 13%, therefore the normalisation of the extraordinary interest rate environment introduced in October 2022 has been concluded. We forecast 11% base rate at the end of 2023.
- Improving risk, interest rate environment and declining inflation has led to changes in SWAP yield curve: the entire curve shifted lower in 3Q compared to the previous quarter.
- GDMA benchmark yields showed a mixed picture: the short end of the curve showed a further substantial decline from 2Q, while the long end of the curve showed only moderated decline and remained slightly above 7% level.

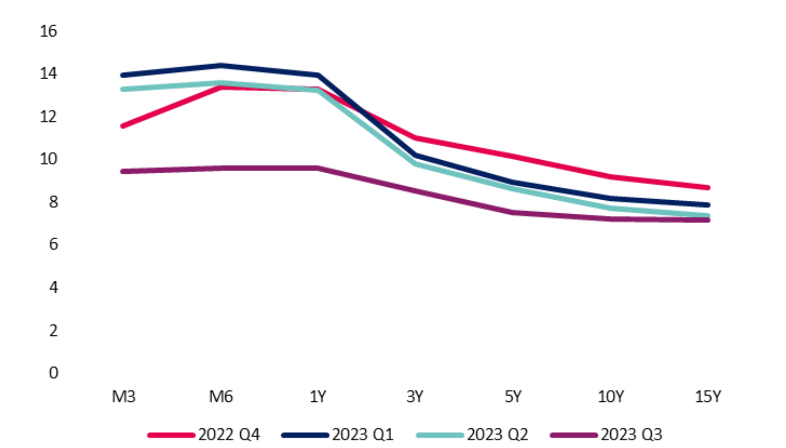
## MNB base rate and 3M BUBOR (%)




## SWAP yield curves (%)




## GDMA benchmark yields (%)




## GDMA-SWAP spread (%-pts)

# Financial performance

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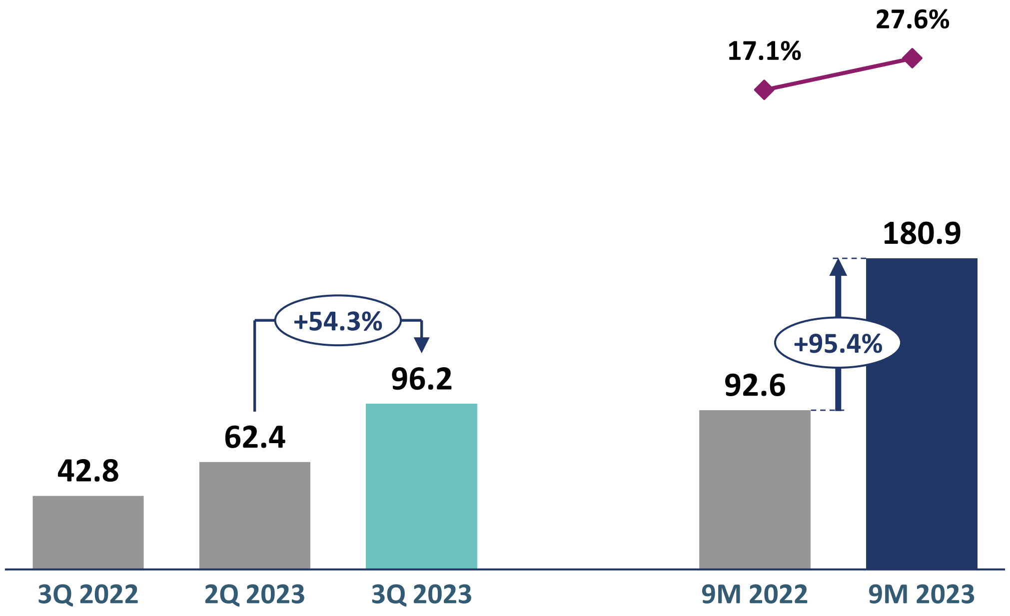
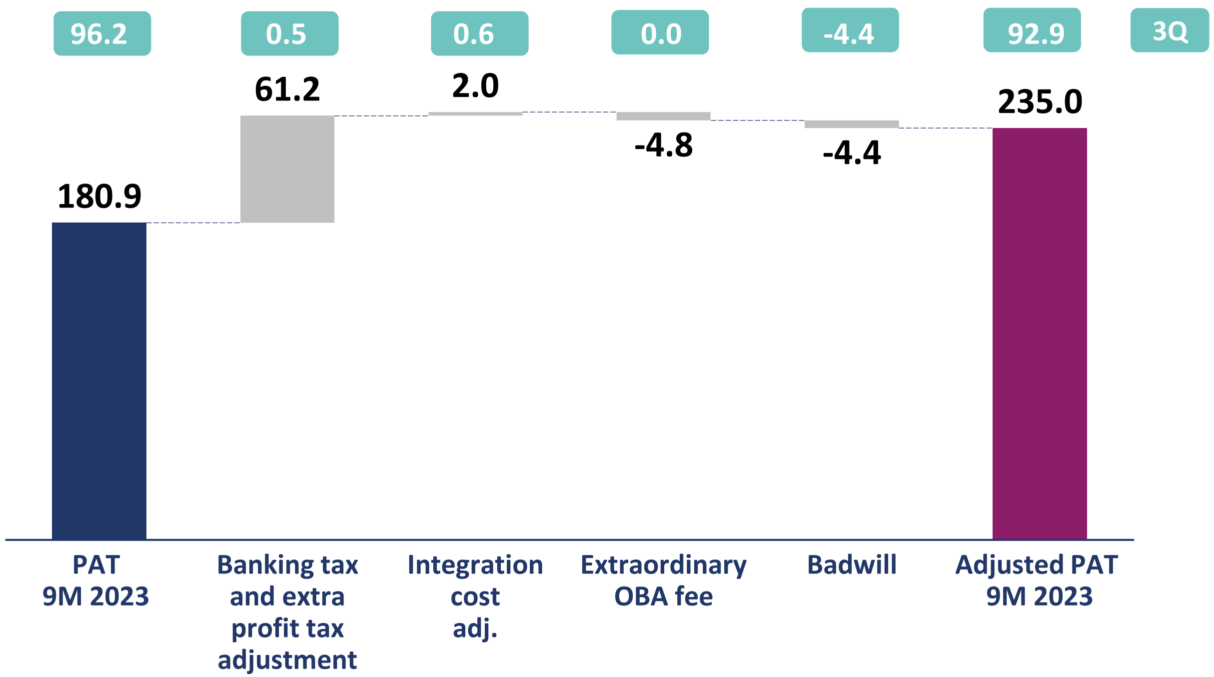
# Accounting profits increased to HUF 180.9 bn; extra profit tax and banking tax are the main adjustments on PAT in 9M 2023

## Accounting profit after tax*(HUF bn), ROE (%) p/p and y/y changes




## 9M 2023 adjusted Profit after tax breakdown (HUF bn)




- **Accounting profit after tax** in 3Q 2023 was HUF 96.2 bn. The increase in the third quarter was primarily driven by the strong net interest income and risk costs release due to the reclassification of customers returning from moratorium to performing loans.
- 9M accounting profit after tax amounted to HUF 180.9 bn, which is over 95% higher than 9M 2022.

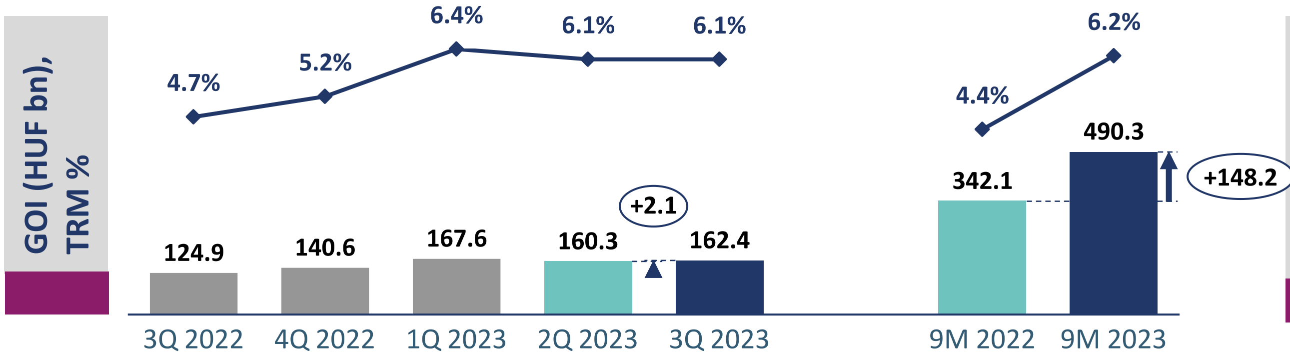
**In order to provide better understanding and comparable views of the underlying financial performance, MBH Group uses adjustments in this report.**

Adjustments for 9M 2023 (after tax) are the following:

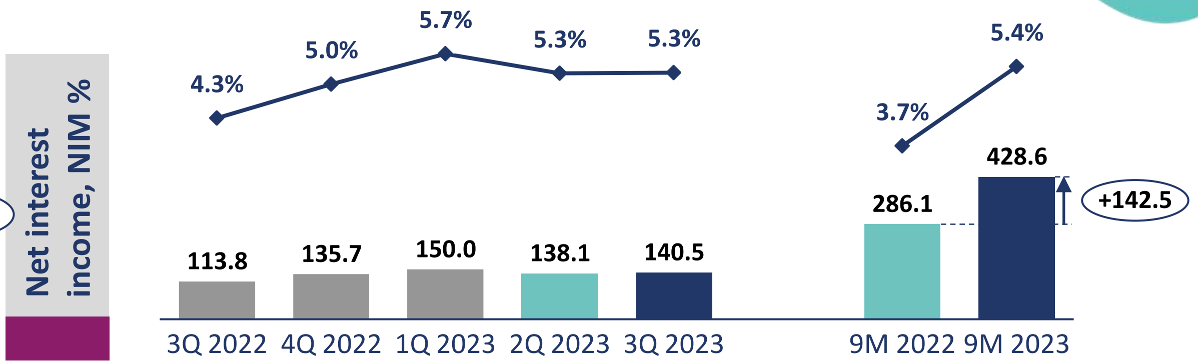
- **Banking tax and extra profit tax** adjustment totalling HUF 61.2 bn
- **Integration cost adjustment** comprises of MBH Bank and Takarékbank merger related expenses
- **Adjustment on extraordinary OBA fee:** HUF 4,8 bn Sberbank bankruptcy related extra fee was returned in 1Q 2023
- **Badwill** impact related to the acquisition of Duna Takarék Bank Zrt.

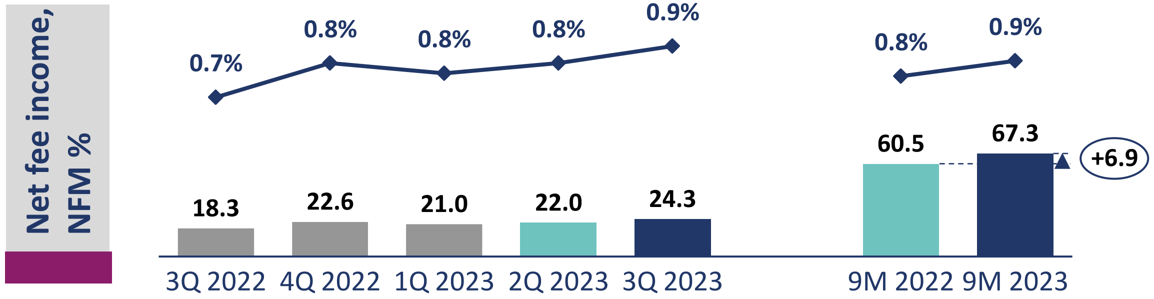
*Merged Bank's financials for periods prior to 2Q 2022 are calculated on a pro-forma basis, including BB 1Q 2022 results

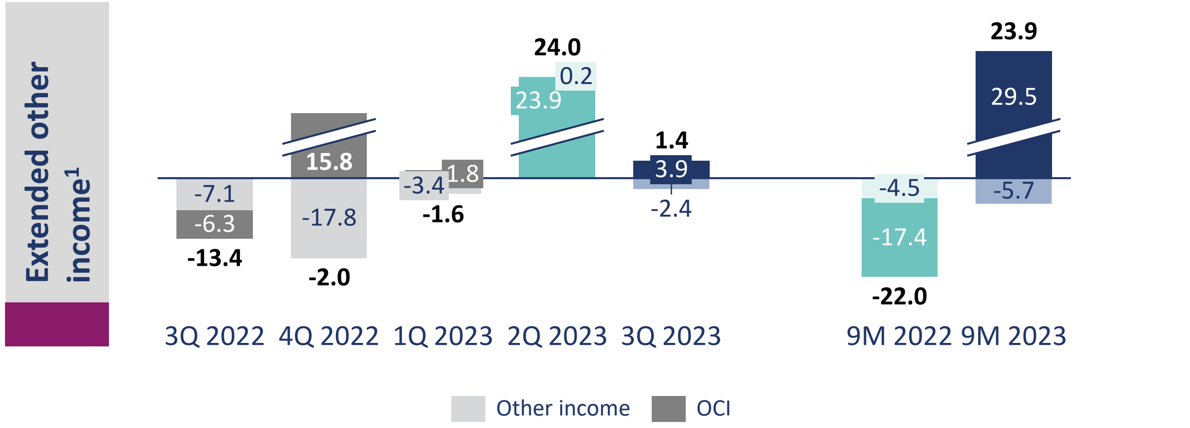
# MBH Group's gross income grew by HUF 148.2 bn y/y, driven by the growth in net interest income




- **Gross Operating Income reached HUF 162.4 bn (HUF +2.1 bn p/p, HUF +37.5 bn y/y) in 3Q 2023,** which is **up by 30.0%** compared to the same quarter last year, mainly driven by the growth in NII.
- **Net interest income reached HUF 140.5 bn in 3Q 2023 (+23.5% y/y).** The quarterly growth in interest income (+1.7% p/p) is explained by the increase in the liquid portfolio, which offset a quarterly decline in short interest rates.
- **Net fee & Commission income was HUF 67.3 bn in 9M 2023 (+11.4% y/y) and HUF 24.3 bn in 3Q 2023 (+10.4% p/p),** quarterly growth driven mainly by the increasing turnover and higher transaction fees.
- **Extended other income totalled HUF 1.4 bn in 3Q 2023** with the p/p changes being driven by volatile money market conditions through other comprehensive income (OCI) and results of financial transactions.



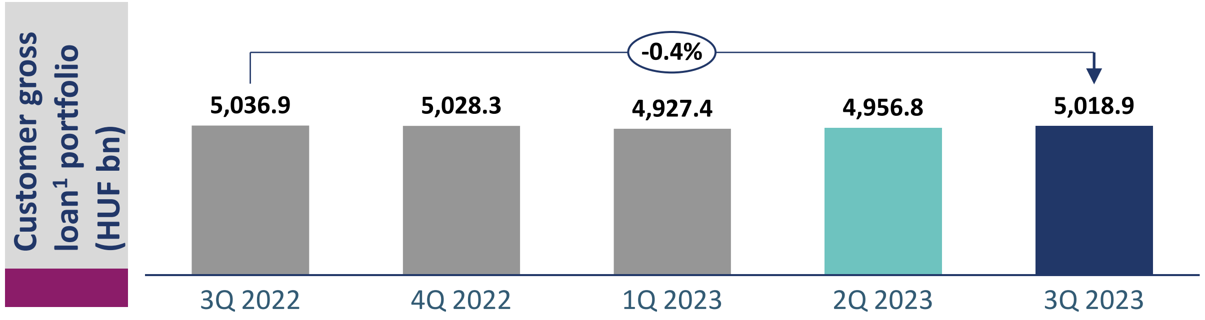



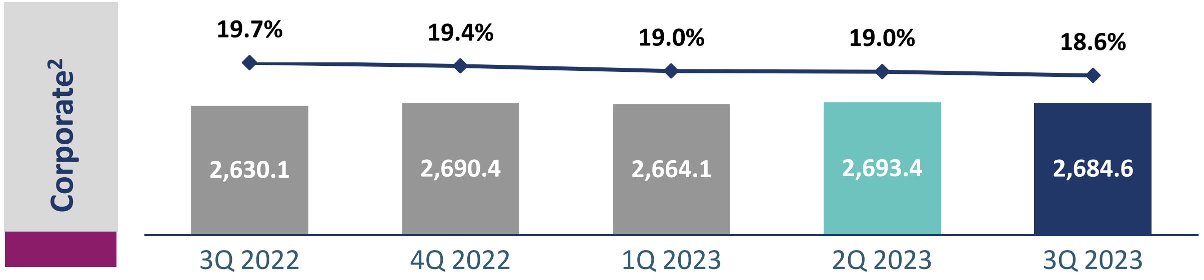

[1] Other income + FX + FV + OCI

Note: Merged Bank's financials for periods prior to 2Q 2022 are calculated on a pro-forma basis

Results of client FX conversion have been reclassified to net fee & commissions from other income retrospective.

# Increasing loan portfolio reflects the impact of aquisition of Duna Takarék Bank in 3Q 2023




**MBH's gross loans increased during the third quarter by 1.3% p/p (HUF +62.1 bn).** The growth also reflects the impact of aquisition of Duna Takarék Bank.

**Retail Loans:**

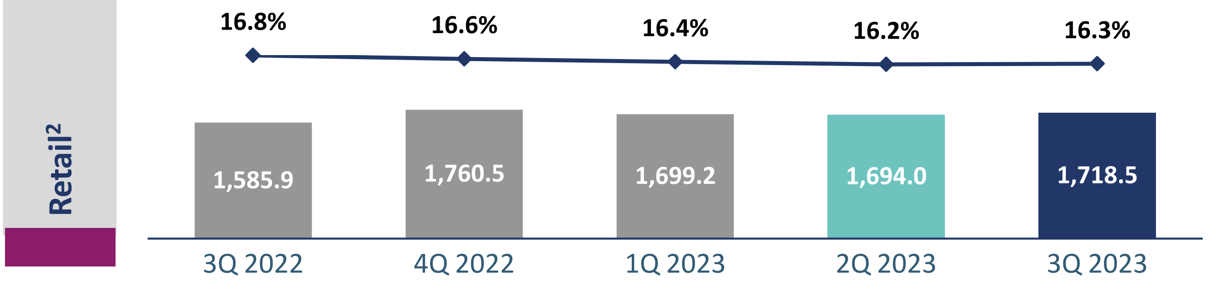
- **Total retail loans portfolio** increased in 3Q 2023, p/p up was 1.4%. Market shares minimally increased in 3Q 2023.

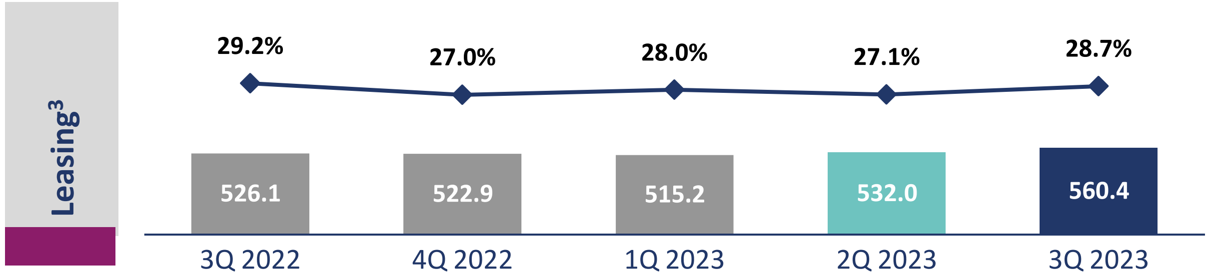
**Corporate Loans:**

- **Corporate business** decreased by 0.3% during 3Q **on loan portfolio, reaching HUF 2,684.6 bn at the end of September 2023.**

**Leasing:**

- MBH Group **leasing portfolio** amounted to HUF 560.4 bn as of 30 September 2023, HUF 28.4 bn (+5.3% p/p) higher compared to 2Q 2023.



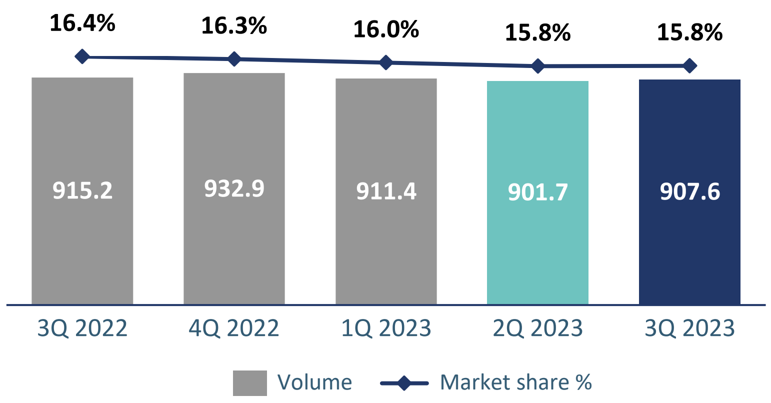




[1]IFRS figures;
[2] Portfolio: Business volumes, Market share: HNB segmentation, household and non-financial corporate
[3] Leasing market share: partially based on internal estimates
Note: In 2023 3Q, a customer re-segmentation has been applied retrospectively from 1 January 2023.

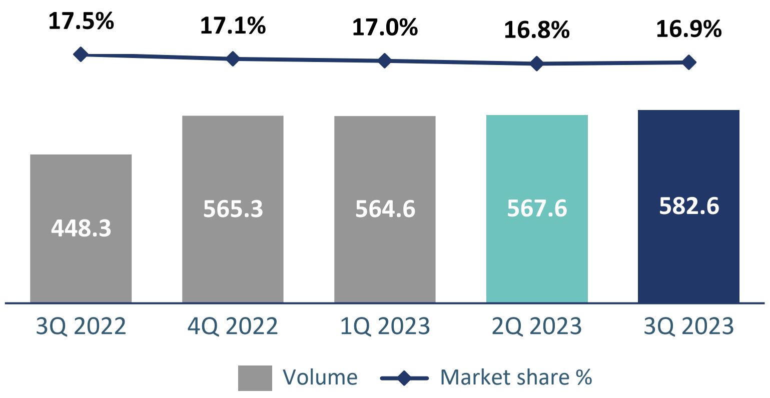
Market share %

# Increasing corporate overdrafts and retail unsecured loans portfolio

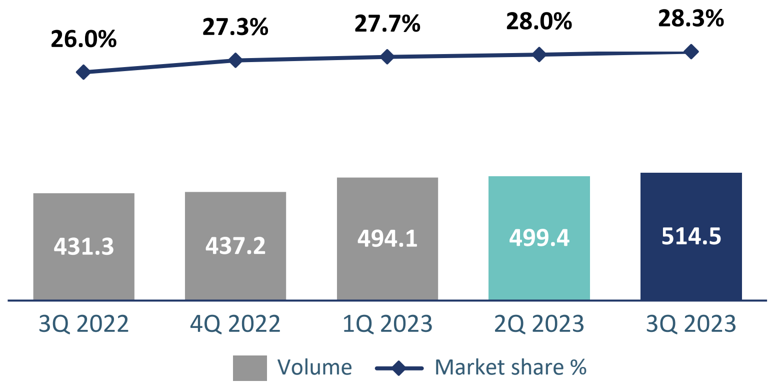
### Retail mortgage loans – Gross volume (HUF bn) and market share (%)



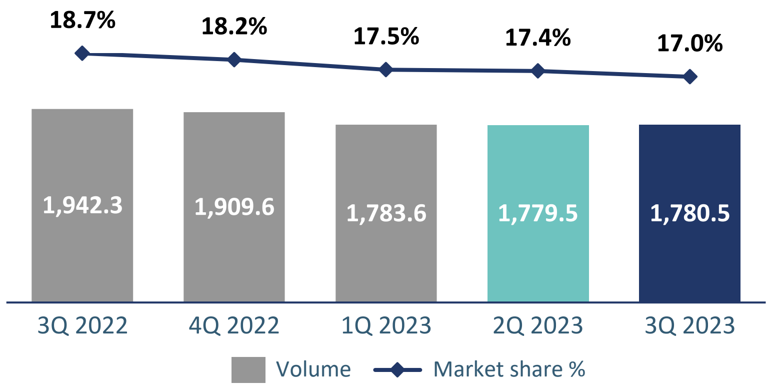

### Retail unsecured loans – Gross volume (HUF bn) and market share (%)




### Non-financial corporate overdraft – Gross volume (HUF bn) and market share (%)




### Non-financial corporate other loans – Gross volume (HUF bn) and market share (%)




**Retail:**

The acquisition of Duna Takarék Bank had a positive impact on the development of **Retail loans**.

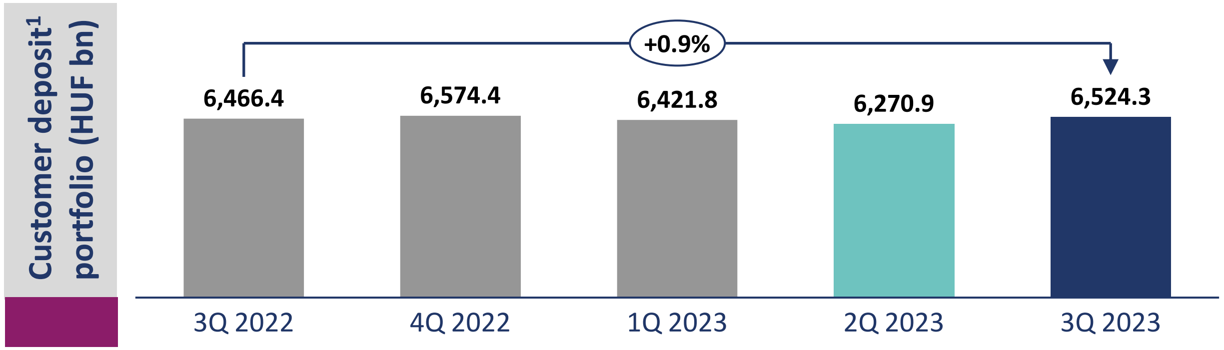
- Increasing of **Retail mortgage loan** volume was 0.7% (HUF +5.9 bn p/p). Market share of retail mortgage loans reached 15.8%.
- **Unsecured loan volumes increased** in 3Q 2023 (+2.7%) due to growth of baby loans.

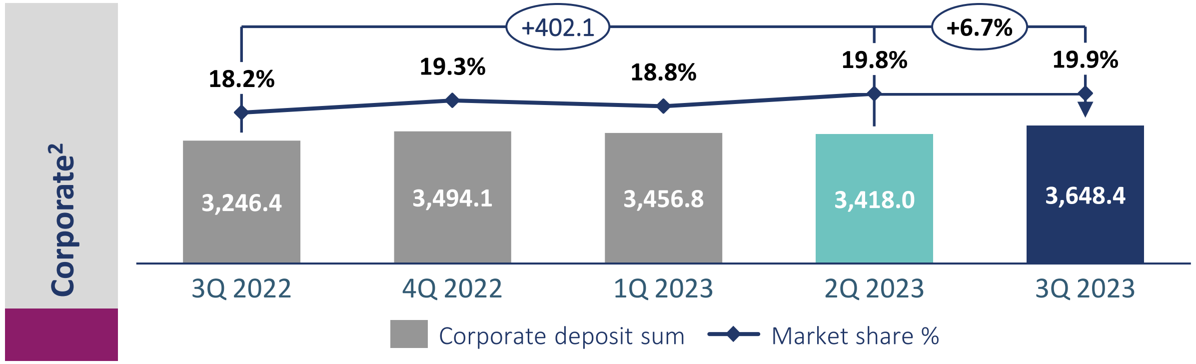
**Non-financial Corporate:**

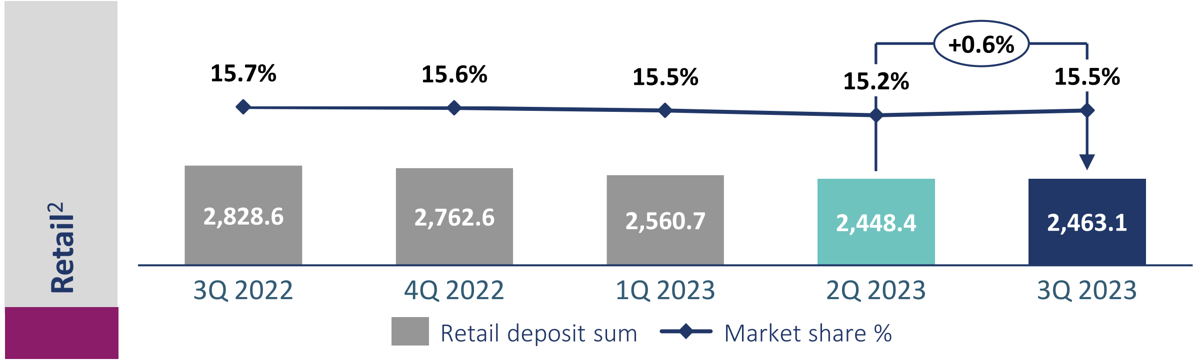
- **Overdrafts** amounted to HUF 514.5 bn (HUF +83.2 bn y/y) in 3Q. Market share of corporate overdrafts continued to grow (+0.3% p/p).
- **Other loans decreased by 8.3% y/y** (HUF +1.0 bn p/p) in 3Q. Market share was 17.0% in the period.

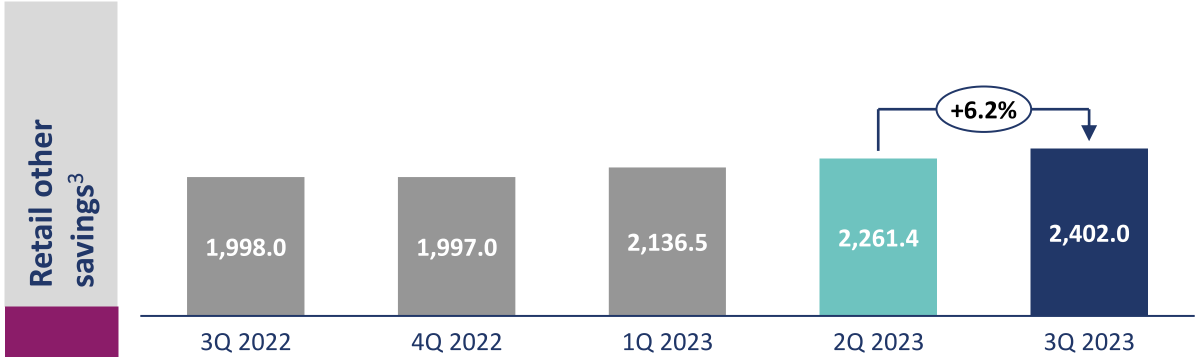
Please note: Retail segmentation presented on charts in this section is based on internal business segmentation of MBH Bank. Non-financial corporate segmentation is based on HNB' segmentation.
Market share is presented based on HNB's secured market.
Note: In 2023 3Q, a customer re-segmentation has been applied retrospectively from 1 January 2023.

# Customer deposit portfolio increased in 3Q




**Change in deposit volumes were significantly influenced by increase in corporate deposits and aquisition of Duna Takarék Bank portfolio.**

**Corporate Deposits:**

- **Corporate business deposits increased by 12.4% y/y** (+HUF 402.1 bn y/y), supported by the government programs, and partially by the moratorium induced lack of repayment. 3Q increase of 6.7% (HUF +230.4 bn p/p) is due to the impact of resegmentation and aquisition of Duna Takarék Bank portfolio. **Market share of corporate deposits was 19.9%.**
- Volume of term deposit increased by 69.6% compared to 3Q 2022 (+810.5 bn y/y) and their share reached more than 50%.

**Retail Deposits:**

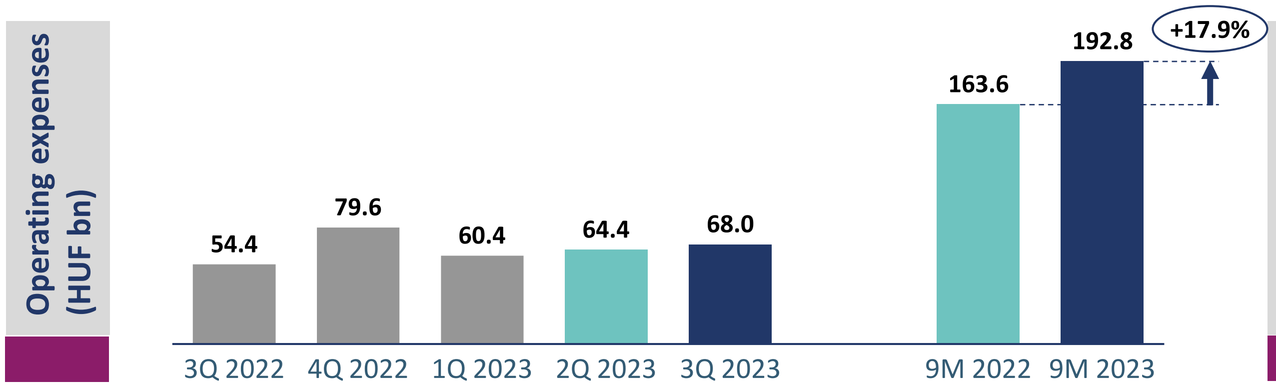
- **Retail deposits** decreased by HUF 365.5 bn y/y (mainly sight deposits). Despite macroeconomic effects hinders the saving capabilities of retail customers, an increase of 0.6% (HUF +14.6 billion p/p) was realized in 3Q 2023.

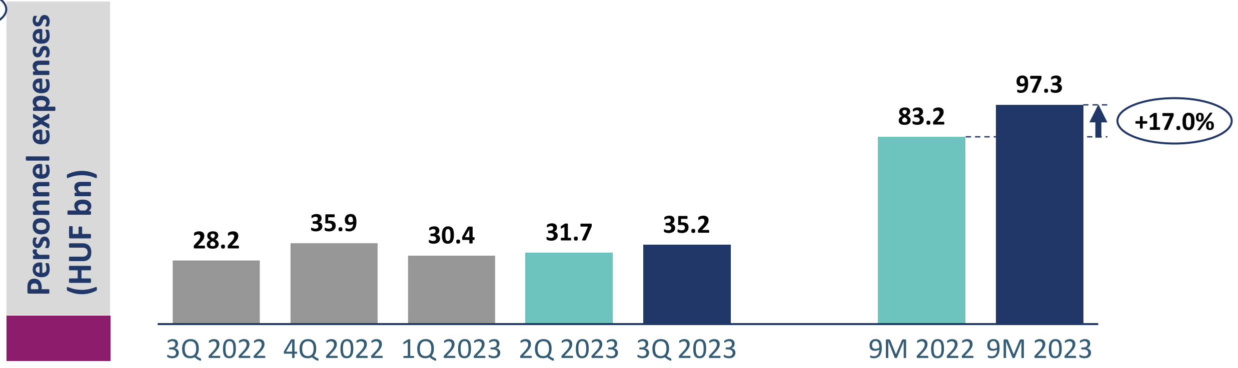
**Retail other savings:**

- **Retail savings in other instruments increased by over HUF 404.0 bn** compared to 3Q 2022, and HUF 140.6 bn compared to 2Q 2023, mainly driven by investment funds.

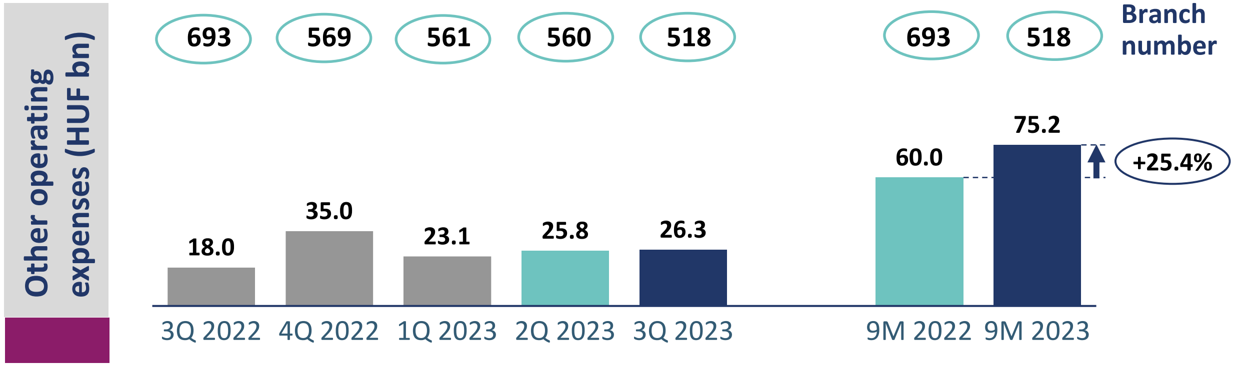
[1]IFRS figures; [2] Portfolio: Business volumes, Market share: HNB segmentation
[3]Private individuals and Private Banking savings; other savings include securities accounts and shares, other securities
Note: In 2023 3Q, a customer re-segmentation has been applied retrospectively from 1 January 2023. Fund management’s deposits have been retroactively reclassified from the Corporate segment to the Other segment.

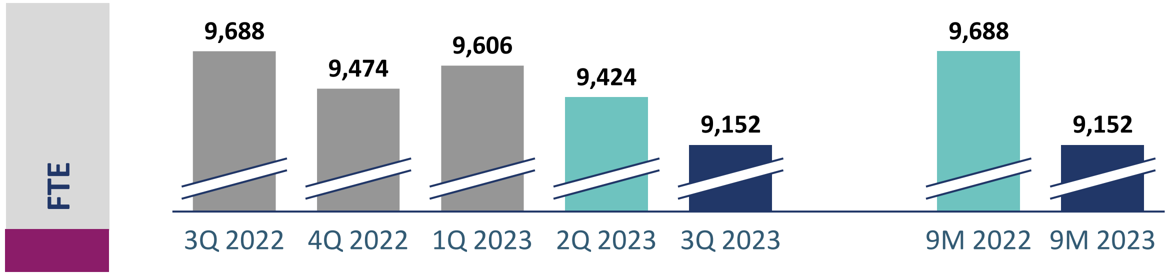
# Expanding income offset the effects of increasing cost due to inflation rate hike, resulting in improved C/I ratio in 9M

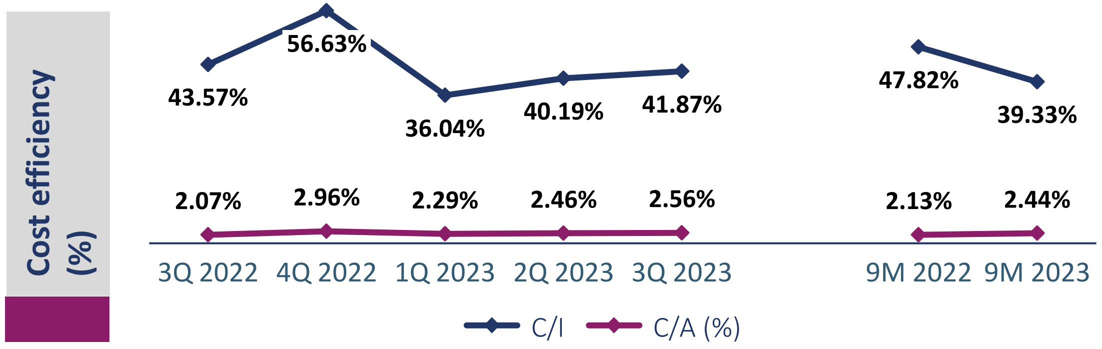



- **Adjusted C/I was 39.3% in 9M** which is a significant, 8.5%-pts y/y decrease. Increasing cost levels were mitigated by rapid income growth.
- **Personnel expenses in 3Q increased by HUF 3.5 bn (+10.9%) p/p** mostly as a result of the group-level salary increase implemented in July. Y/Y growth of total PEREX (+17.0%) was driven by wage inflation and the impact of standardising cafeteria payments at group level.
- **9M 2023 OPEX increased by HUF 15.2 bn (+25.4% y/y).** The y/y increase was mostly driven by high inflation.
- **C/A rate was 2.4% (+32 bps y/y)** in 9M 2023, due to costs increasing faster over the period than average total assets.



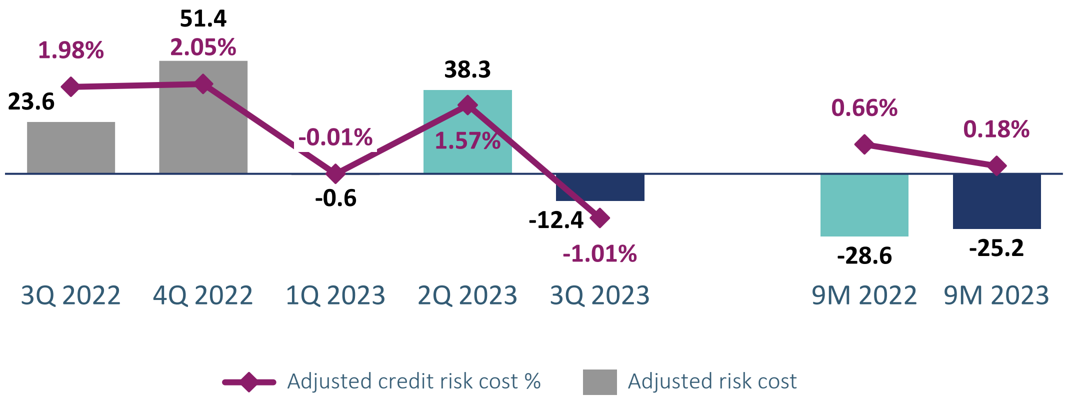






Note: Merged Bank’s financials for periods prior to 2Q 2022 are calculated on a pro-forma basis

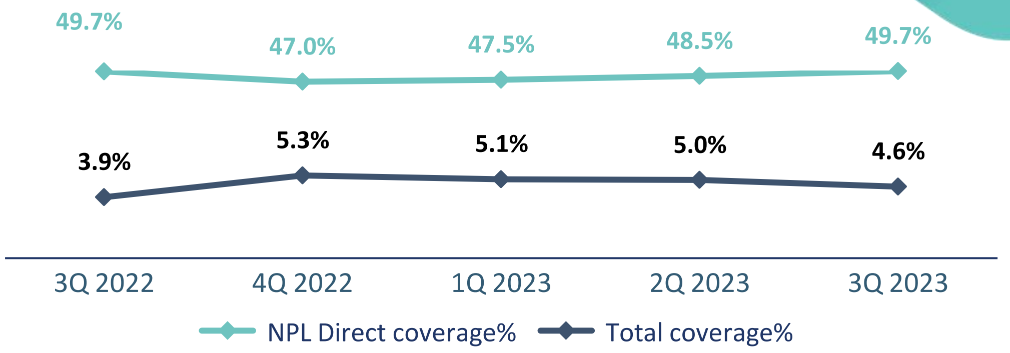
# Stable portfolio and coverage rates, decreasing NPL exposures

Total risk cost (HUF bn)

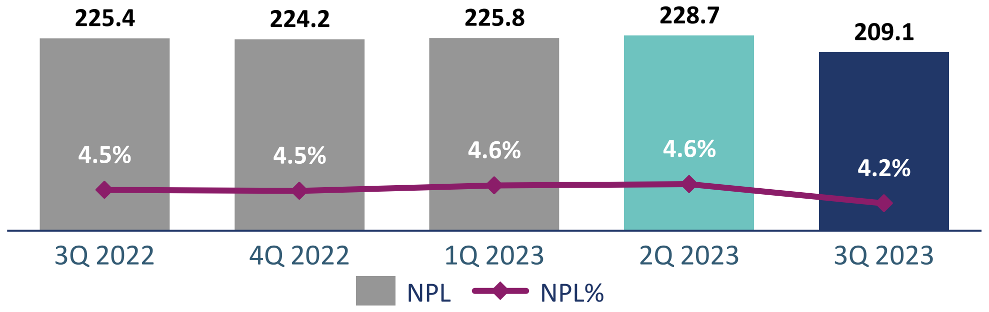



- The amount of NPL loans was HUF 209.1 bn at the end of 3Q 2023, decreased by HUF 19.6 bn (-8.6% p/p) over the period, due to the reclassification of customers recovering from moratorium to performing loans.
- The **total amount of risk cost** in 3Q 2023 was HUF 12.4 bn release due to improvement of portfolio.
- **NPL% ratio is 4.2% in 3Q,** dropped over the period.
- Retail NPL loan volume was HUF 93.7 bn at the end of 3Q 2023, which showed a significantly decrease of HUF 15.7 bn (-14.4% p/p) compared to previous quarter due to the reclassification of retail customers recovering from moratorium to performing loans. NPL% ratio dropped to 5.6% in 3Q 2023.
- Corporate NPL volumes decreased in 3Q, NPL% ratio reached at 3.7%.

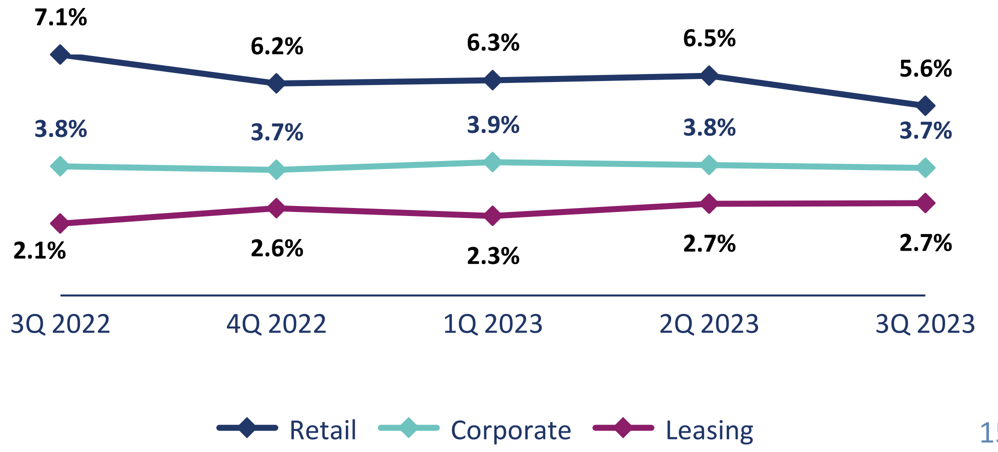
Coverage (%)




NPL exposures (HUF bn) and rate (%) [1,2]



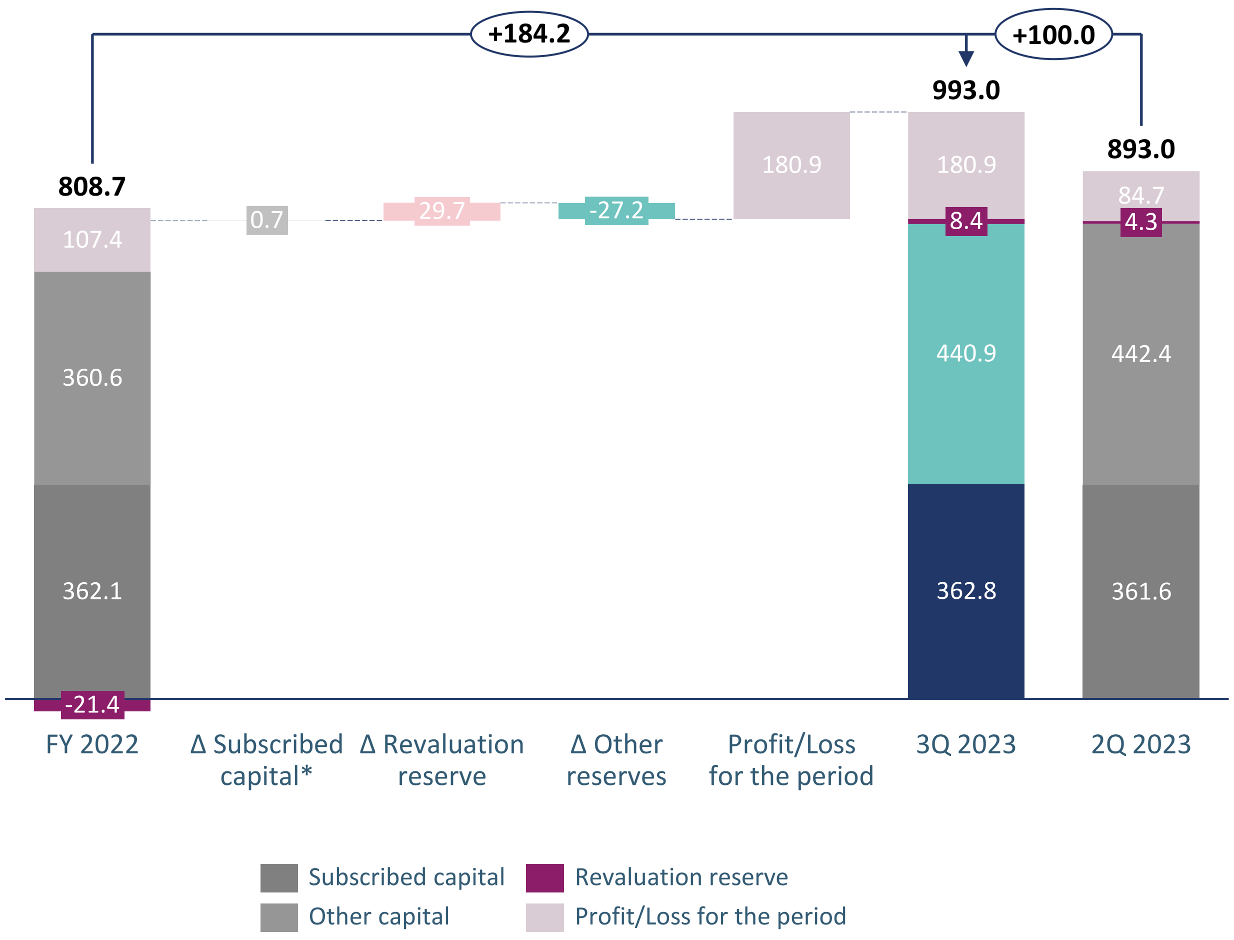

NPL rates (%) [1,2]



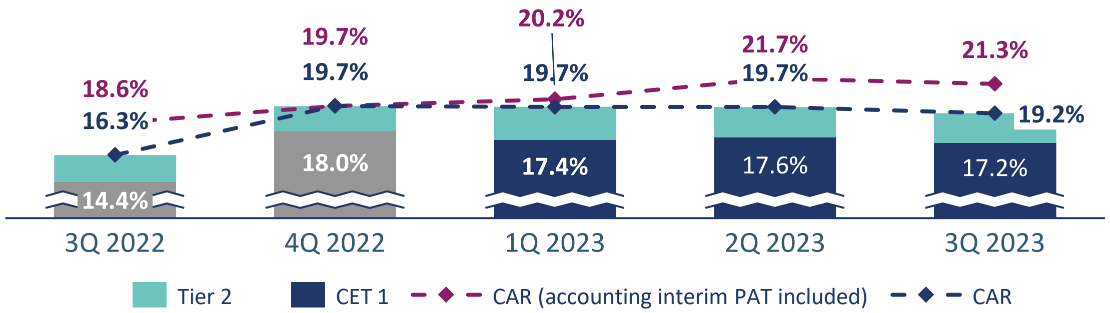

[1] According to IFRS, held for sale and FVTPL portfolio is not included. [2] Please note, from 3Q 2022 figures have been calculated by new methodology.

# Stable capital position – 17.2% CET1 in 3Q 2023

## Shareholders' Equity (HUF bn)




## Capital Adequacy (%)




## Regulatory Capital and Total RWA (HUF bn)

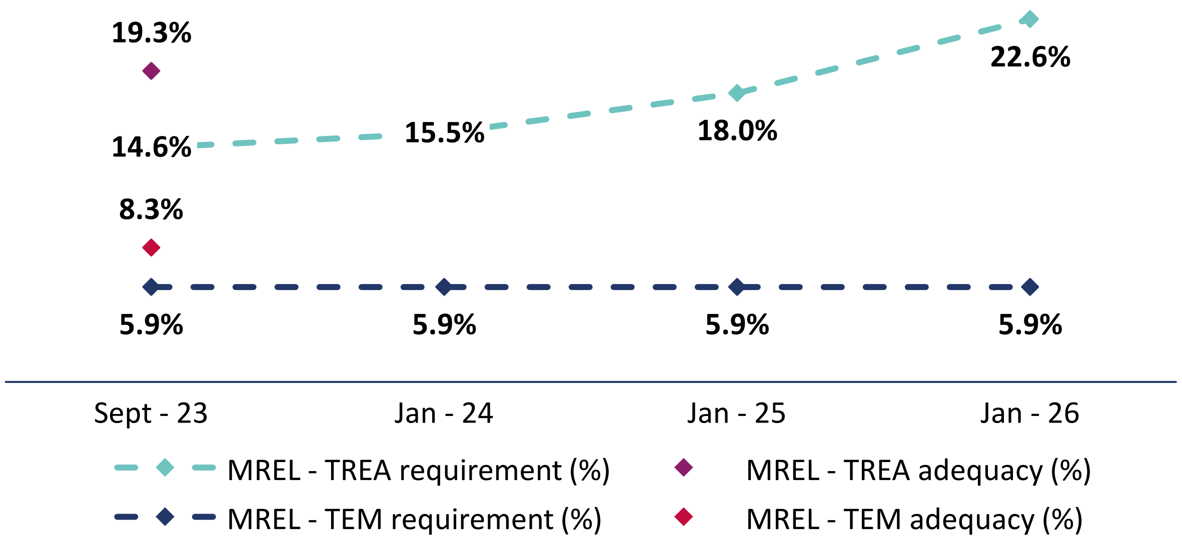
| in HUF bn | 2022 3Q | 2022 4Q | 2023 1Q | 2023 2Q | 2023 3Q |
|---|---|---|---|---|---|
| **Regulatory Capital** | **669.4** | **816.0** | **808.3** | **826.3** | **820.7** |
| Tier 1 | 593.3 | 743.0 | 713.4 | 736.9 | **732.2** |
| Tier 2 | 76.2 | 73.0 | 94.9 | 89.4 | **88.5** |
| **RWA** | **4,107.1** | **4,132.7** | **4,105.5** | **4 198.5** | **4 267.1** |

- Positive 9M 2023 (accounting) profit – despite of extra profit tax paid – continued capital accumulation (+HUF 184.2 bn) increasing the shock absorbing capabilities of the Bank.
- Stable capital position **19.2% capital adequacy ratio and 17.2% CET1 ratio.**
- T1 Capital decreased by 0.6% p/p minimally. The decrease in T2 capital was caused by a gradual increase in depreciation, partly offset by the effect of the EUR/HUF exchange rate change. As a result of these, CAR decreased minimally in 3Q.

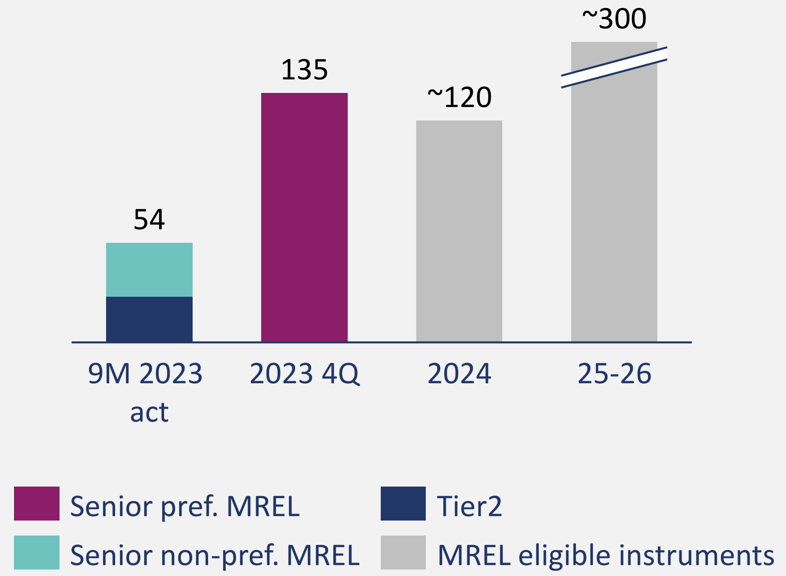
* Subscribed capital includes Non-controlling interest

# MREL requirements and adequacy

## Regulatory MREL requirements: TREA (%) and TEM (%) 2023 Jan – 2026 Jan




## Expected MREL new issuances (HUF bn)

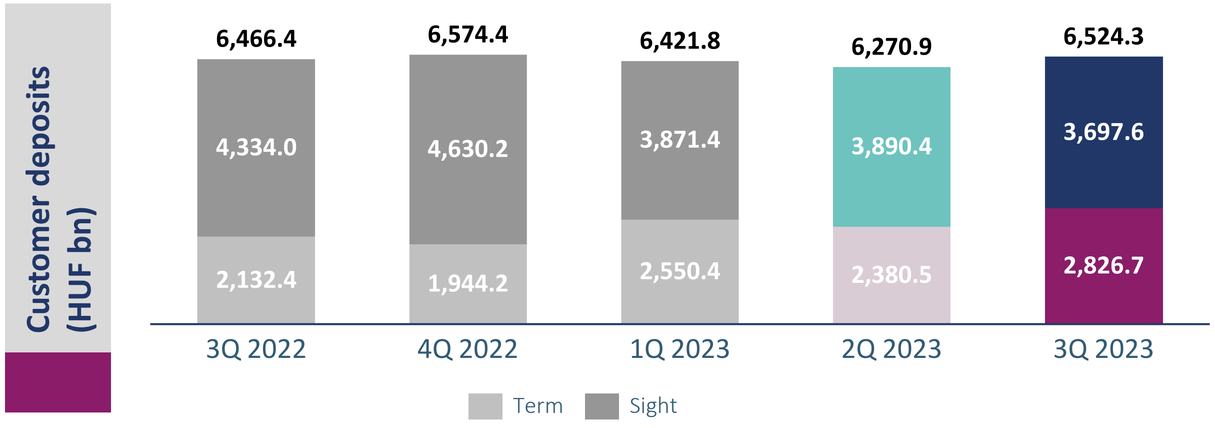


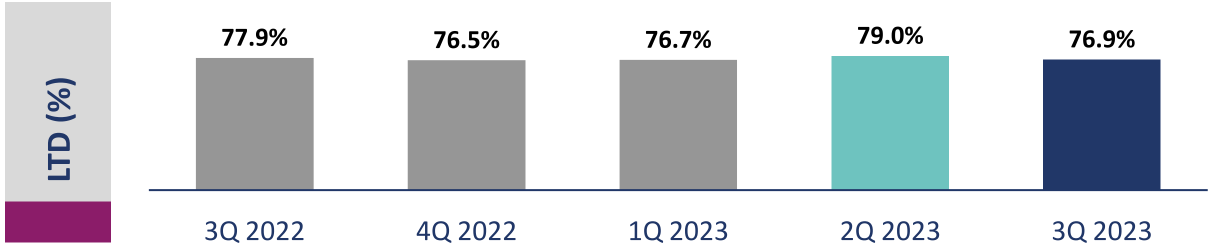

## Subordinated MREL requirements from 16.12.2024

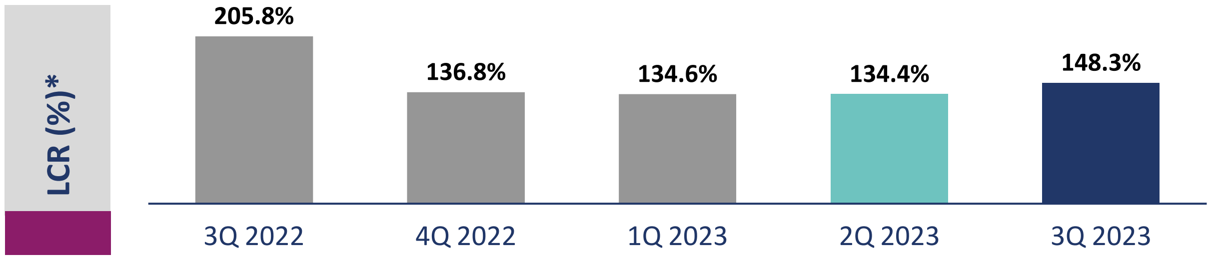
| Subordinated MREL requirements | % |
|---|---|
| TREA | *13.5%* |
| TEM | *5.0%* |
| TLOF | *8.0%* |

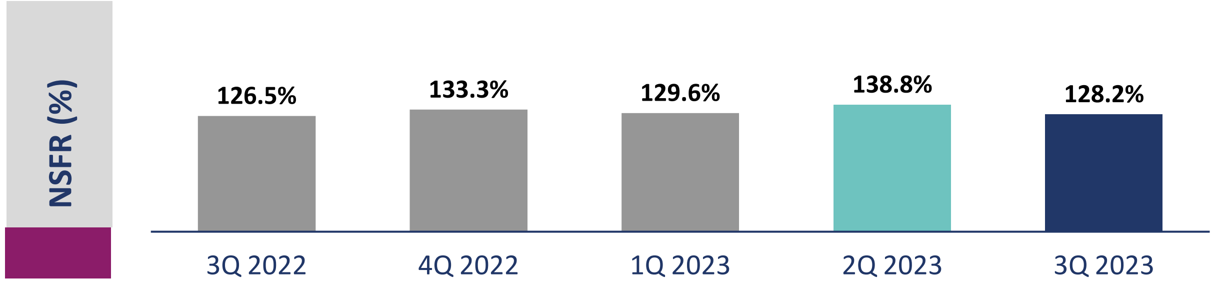
- **Currently, we forecast that ~30% of the issuance planned for 2024-2026 will be through instruments that helps to fulfil the subordination requirement.**
- **We plan to meet the requirements by ensuring a minimum buffer of at least 50 basis points for all target measures.**

# Sustainable liquidity ratios




- **Customer term deposits increased by 18.7%** (HUF +446.2 bn) **p/p.** Share of term deposits reached almost 45% in 3Q 2023. Sight deposits showed a decrease of 5.0% (HUF -192.8bn p/p).
- Decrease in **LTD** (down to 76.9%) is the result of an increase in deposits and slightly higher loan portfolio.
- **NSFR** 128.2%, **LCR** 148.3% in 3Q 2023, significantly above the regulatory minimum.

* LCR in 1Q 2023 was recalculated.
Note: In 2023 Q3, a customer re-segmentation has been applied retrospectively from 1 January 2023.


# Additional information

MBH BANK

# Successful international MREL bond issuance

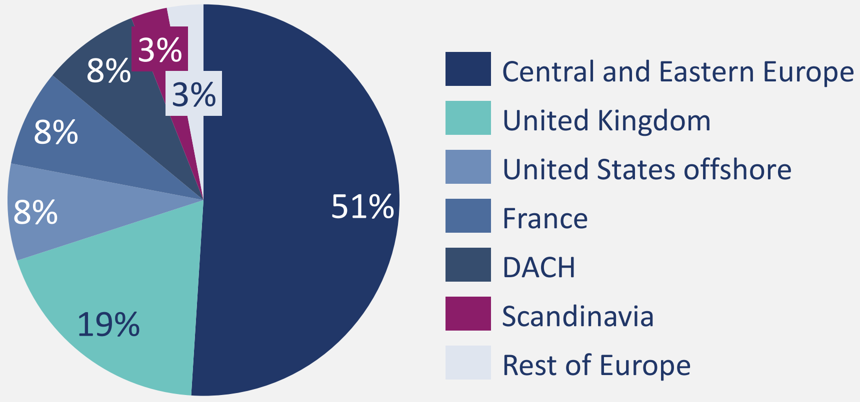
## EUR 350mn 4NC3 Senior Preferred Bond

- **MBH Bank successfully closed its debut international bond issue** in mid-October.
- The transaction, initially planned for EUR 300 million, was carried out under the Bank's newly established **EUR 1.5 billion EMTN Programme.**
- Through an extensive roadshow with dozens of meetings, **the Bank was able to attract large interest for this inaugural issue.**
- Investors submitted bids for a total of around EUR 600 million, of which the Bank **accepted EUR 350 million**.
- The **yield of the issue ended up at 8.625%,** 37.5 basis points below the 9% IPT level.
- The transaction, which marks **the first step of MBH Bank** in the **international capital markets**, with around 50% of the bonds held outside of the Central and Eastern European region, is planned to be followed by further issuances.

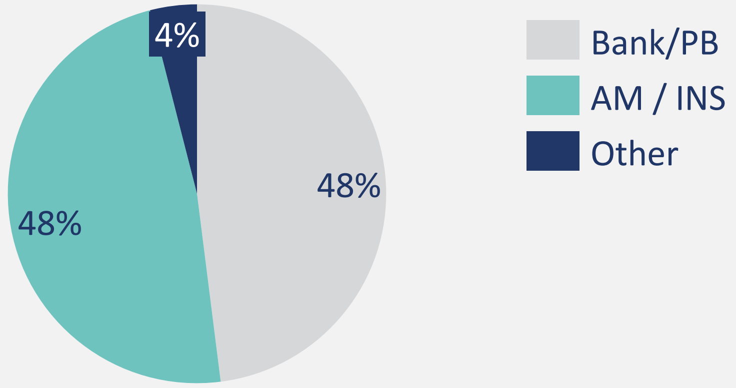
### KEY TERMS

| | |
|---|---|
| Issuer | MBH Bank Nyrt. |
| Issue rating | Ba2 (Moody's) |
| Format | Unsubordinated and unsecured, Senior Preferred |
| Settlement Date | 19 October 2023 |
| Maturity Date | 19 October 2027 |
| Optional Redemp. Date | 19 October 2026 |
| Issue Size | EUR 350mn |
| Coupon / Yield | 8.625% (MS+513.5 bps.) |
| ISIN | XS2701655677 |
| Listing | Luxembourg Stock Exchange |
| Distribution | RegS only |
| Bookrunners | Citi, ING, UniCredit, Erste Group, MBH Bank |

### DISTRIBUTION BY GEOGRAPHY




### DISTRIBUTION BY INVESTOR TYPE



# MBH Bank acquires a majority share in Fundamenta building society

**MBH Bank Plc. entered into an agreement to acquire 76.35% share in the building society, Fundamenta-Lakáskassza Ltd.**

- The acquisition of Fundamenta will enable MBH Group to build a **comprehensive savings and real estate lending ecosystem** that will further strengthen its market positions.
- The real **winners of the transaction will be the customers** of the two credit institutions, who in the long run will **have access to a wider range of products and services through more channels.**
- After the transaction concludes, **Fundamenta** will continue to operate as a **consolidated subsidiary of MBH Bank, as a separate entity with its own brand name and management.**
- The transaction **is expected to close in H1 2024,** subject to obtaining all necessary regulatory approvals.

The acquisition represents significant growth for MBH Bank:

+ 480k customers,

+ HUF 530 billion in loans and

+ HUF 570 billion in deposits.

# **MBH Investment Bank** launched

- A **new bank specialising in investment services** enters the Hungarian market
- **Faster innovation**, responsiveness, **higher quality of service** to customers - higher commission earning capacity
- Already at the launch, the foundations are set:

**200.000**
transactions

**HUF 1,900 billion**
stock under management

**240.000**
customer

**1**
knowledge centre

BEFEKTETÉSI BANK

# MBH's Strategy

MBH Bank builds its strategy on a 3 pillar vision

**Key Market Player**

serving all customer segments, while maintaining local community values

**Sustainable value creation**

managing banking market risks in line with ownership expectations

**Integrated bank**

build to maximise synergies and reduce uncertainties

**Modern banking culture and workforce strategy**

to retain and develop employees

# Sustainable vision, strategic objectives and pillars

MBH's vision is to become the leaders in establishing sustainable banking in Hungary. Two missions were identified to achieve this vision, which are supported by six pillars, with identified goals, KPIs and tools

*Vision*

**MBH for a sustainable future**

*Strategic objectives*

| Partner in sustainable finance | Responsible Corporation |
|---|---|

*Pillars*

| 1. Sustainability as a business opportunity and sustainability education | 2. Taking ESG risks into account in risk management decisions | 3. Decarbonization efforts | 4. Responsible corporate governance, transformation and transparency | 5. Employee welfare and change in approach |
|---|---|---|---|---|
| Adapting sustainability products and services with a fast response time, launching social sustainability products that are not yet widespread in Hungary. Contribution to enhancing the ESG knowledge and awareness of customers. | Developing traditional risk management models or developing new models to identify, quantify and monitor climate risks. | Maximising our contribution to achieving the targets of the Paris Agreement by reducing its carbon emissions as quickly as possible. | Establishing transparent, external and internal operations, that support sustainability. Integrating sustainability considerations into our governance processes and requirements for business partners. | Commitment to the welfare and education of our employees, maintaining employees' physical and mental health, and increasing employees' ESG awareness and knowledge. |

**6.** Digitalization

# Investment grade rating

**In 2023, MBH Bank received an investment grade Baa3 rating from Moody's, with a stable outlook**

| Rating category | Rating achieved |
|---|---|
| Long- and short-term deposit ratings | Baa3/P-3 |
| Long- and short-term Counterparty Risk Ratings (CRRs) | Baa2/P-2 |
| Adjusted / Baseline Credit Assessment (BCA) | ba3 |

- The ratings assigned by Moody's Investors Service (Moody's) to MBH Bank reflects
    - The Bank's strong competitiveness in Hungary
    - Adequate capital level
    - Solid profitability;
- Moody's also believes that the bank's strengths include:
    - Large liquidity buffers
    - Strong profit generation potential

*Last update: August 2023*

# Awards and Recognitions

## Capital Finance International

Best ESG Bank Hungary 2023

MBH Bank

## Blochamps Capital – Private Banking Hungary 2023

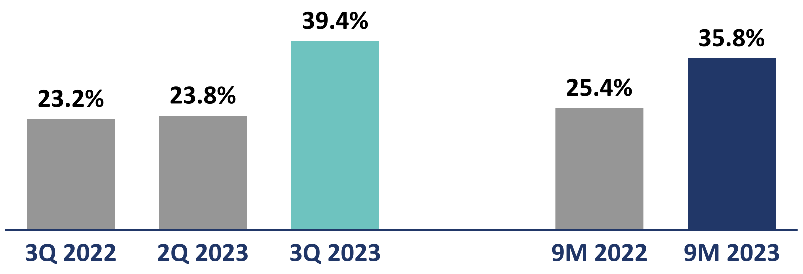
- 2023 Best Private Bank In Hungary Award – 1st place
- 2023 Best In Private Banking Service Development Award
- 2023 Asset Under Management Size Per Client Award - 2nd place
- 2023 Private Banking Professional Achievement in Hungary Award – Ildikó Murvai
- 2023 Senior Private Banker Of The Year Award – Brigitta Barna

# Annexes

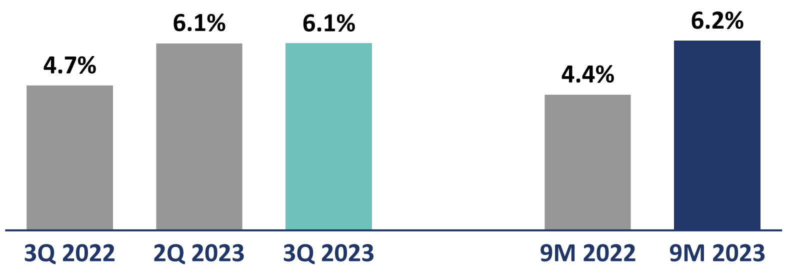
MBH BANK

# Key ratios overview (adjusted)

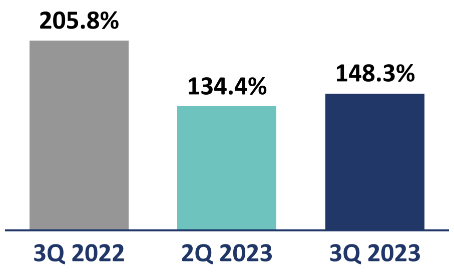
## ROE %




## TRM %

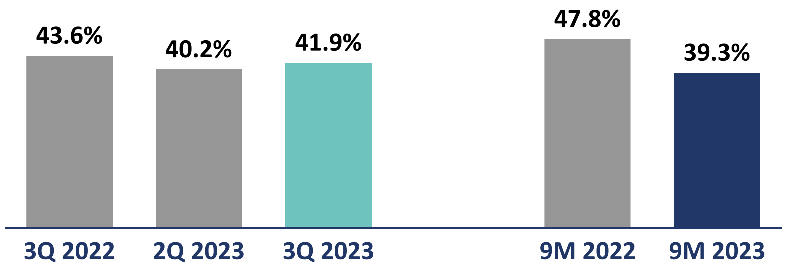



## LCR %

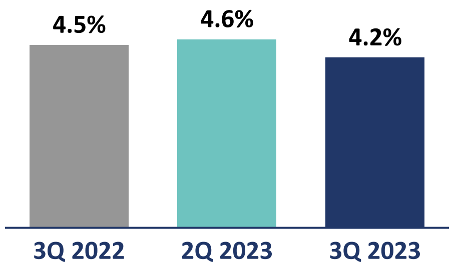



- **Distinguished ROE** reaching **35.8%** in 9M 2023**,** driven by strong revenue margins and cost efficient operations during the period
- **Growth of 1.8%-pts y/y** adjusted **total revenue margin (TRM)** to 6.2%, mostly driven by further increasing net interest income
- Cost control, with growth 17.9% y/y increase, and achieving a **C/I ratio of 39.3% for 9M 2023**
- **Risk cost margin** decreased to **0.18%**, it coupled with stable portfolio quality, **NPL rate decreasing** compared to 2Q 2023
- Liquidity remaining at comfortable levels, with **LCR above 140%** and loan-to-deposits below 80%
- **Stable CET1 of 17.2%** and CAR of 19.2%

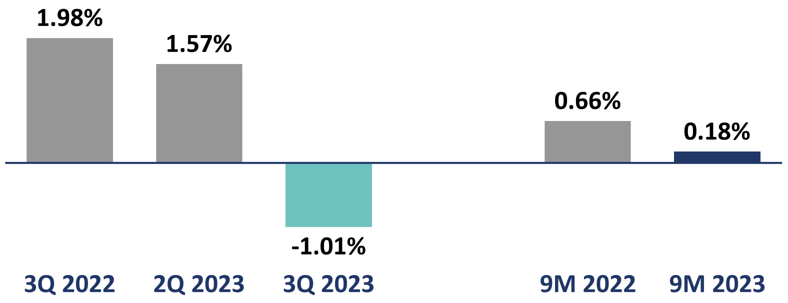
## C/I %



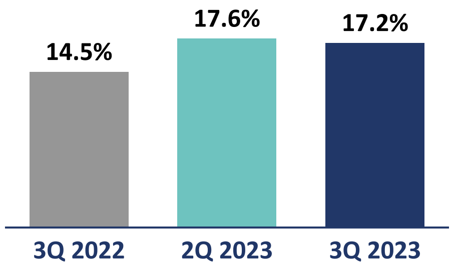

## NPL %




## Risk cost %




## CET1 %



# Adjusted P&L

| ADJUSTED P&L (HUF bn) | 2021 FY | 2022 3Q | 2022 9M | 2022 FY | 2Q | 3Q | 9M | Δ% Y/Y (Y) | Y/Y | Q/Q |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net operating income** | **138,5** | **70,5** | **178,5** | **239,4** | **95,9** | **94,4** | **297,5** | **66,7%** | **33,9%** | **-1,5%** |
| **Gross operating income** | **341,9** | **124,9** | **342,1** | **482,7** | **160,3** | **162,4** | **490,3** | **43,3%** | **30,0%** | **1,3%** |
| Net interest income | 200,7 | 113,8 | 286,1 | 421,8 | 138,1 | 140,5 | 428,6 | 49,8% | 23,5% | 1,7% |
| Net fee and commission income | 72,0 | 18,3 | 60,5 | 83,1 | 22,0 | 24,3 | 67,3 | 11,4% | 33,1% | 10,4% |
| Other operating income | 69,2 | -7,1 | -4,5 | -22,3 | 0,2 | -2,4 | -5,7 | 25,5% | -66,2% | - |
| **Operating expenses** | **-203,4** | **-54,4** | **-163,6** | **-243,2** | **-64,4** | **-68,0** | **-192,8** | **17,9%** | **25,0%** | **5,6%** |
| **Provisions and impairments** | **-48,7** | **-23,6** | **-28,6** | **-80,0** | **-38,3** | **12,4** | **-25,2** | **-11,9%** | **-** | **-** |
| **Banking tax** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **0,0** | **n/a** | **n/a** | **n/a** |
| **Adjusted PBT** | **89,8** | **46,9** | **149,9** | **159,4** | **57,6** | **106,8** | **272,3** | **81,7%** | **127,8%** | **85,4%** |
| Corporate income tax | -6,4 | -3,9 | -12,3 | -1,6 | -6,3 | -13,9 | -37,3 | 202,4% | 253,7% | 122,0% |
| **Adjusted PAT** | **83,4** | **43,0** | **137,6** | **157,8** | **51,3** | **92,9** | **235,0** | **70,9%** | **116,3%** | **81,0%** |
| Adjustments total on PAT | 11,4 | 0,1 | 45,0 | 50,4 | -11,0 | -3,3 | 54,1 | 20,3% | - | -69,8% |
| **Profit after tax (PAT, unadjusted)** | **72,0** | **42,8** | **92,6** | **107,4** | **62,4** | **96,2** | **180,9** | **95,4%** | **124,7%** | **54,3%** |
| Revaluation on AFS financial assets (OCI) | -28,9 | -6,3 | -17,4 | -1,6 | 23,9 | 3,9 | 29,5 | - | - | -83,9% |
| **Total Comprehensive Income (unadjusted)** | **43,1** | **36,5** | **75,1** | **105,8** | **86,3** | **100,1** | **210,5** | **180,1%** | **174,0%** | **16,0%** |
| Adjustments total on TOCI | 11,4 | 0,1 | 45,0 | 50,4 | -11,0 | -3,3 | 54,1 | 20,3% | - | -69,8% |
| **Total Comprehensive Income** | **54,5** | **36,7** | **120,1** | **156,2** | **75,2** | **96,7** | **264,6** | **120,3%** | **163,9%** | **28,6%** |

[1] Includes provision for losses on loan, as well as other provisions and impairments
[2] The 3.1. chapter of the Report contains the list of adjustments

# Balance sheet

| STATEMENT OF BALANCE SHEET (HUF bn) | 2021 4Q | 2022 3Q | 4Q | 2Q | 3Q | Y/Y | Q/Q |
|---|---|---|---|---|---|---|---|
| Financial assets | 2,342.5 | 1,571.3 | 1,511.0 | 1,234.1 | 1,238.1 | -21.2% | 0.3% |
| Trading portfolio | 193.9 | 569.3 | 489.0 | 341.1 | 336.7 | -40.8% | -1.3% |
| Securities | 2,689.1 | 3,484.7 | 3,403.4 | 3,733.0 | 3,814.2 | 9.5% | 2.2% |
| Loans and advances to customers (net) | 4,260.7 | 4,839.8 | 4,761.3 | 4,708.3 | 4,788.4 | -1.1% | 1.7% |
| Loan and advances to customers (gross) | 4,428.7 | 5,036.9 | 5,028.3 | 4,956.8 | 5,018.9 | -0.4% | 1.3% |
| Allowance for loan and lease losses | -168.0 | -197.1 | -266.9 | -248.5 | -230.5 | 16.9% | -7.2% |
| Other assets | 260.0 | 421.1 | 449.7 | 470.7 | 559.2 | 32.8% | 18.8% |
| **TOTAL ASSETS** | **9,746.2** | **10,886.1** | **10,614.4** | **10,487.2** | **10,736.6** | **-1.4%** | **2.4%** |
| Interbank liabilities | 2,149.3 | 2,829.1 | 2,447.4 | 2,493.1 | 2,411.8 | -14.7% | -3.3% |
| Customer deposits | 6,218.8 | 6,466.4 | 6,574.4 | 6,270.9 | 6,524.3 | 0.9% | 4.0% |
| Debt securities issued | *337.3* | *380.0* | *379.7* | *465.0* | *475.0* | 25.0% | 2.1% |
| Other liabilities | *348.8* | *455.3* | *404.2* | *365.2* | *332.5* | -27.0% | -9.0% |
| Shareholders' equity | 692.0 | 755.3 | 808.7 | 893.0 | 993.0 | 31.5% | 11.2% |
| **TOTAL LIABILITIES AND EQUITY** | **9,746.2** | **10,886.1** | **10,614.4** | **10,487.2** | **10,736.6** | **-1.4%** | **2.4%** |
| **Off-Balance sheet customer items (gross)** | **1,422.9** | **1,586.6** | **1,516.9** | **1,540.1** | **1,585.5** | **-0.1%** | **2.9%** |

# Adjusted KPIs

| KPIs based on adjusted PAT and Balance Sheet (HUF bn) | 2021 FY | 3Q | 2022 9M | FY | 2Q | 2023 3Q | 9M | Δ%-p Y-Y (Y) | Δ%-p Y-Y | Δ%-p Q-Q |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profitability** | | | | | | | | | | |
| **TRM -** Total Revenue Margin | 3,75% | 4,74% | 4,44% | 4,65% | 6,12% | 6,12% | 6,20% | 1,76% | 1,38% | 0,00% |
| **NIM** - Net Interest Margin | 2,20% | 4,32% | 3,72% | 4,06% | 5,28% | 5,30% | 5,42% | 1,71% | 0,98% | 0,02% |
| **NFM** - Net Fee Margin | 0,79% | 0,69% | 0,79% | 0,80% | 0,84% | 0,92% | 0,85% | 0,07% | 0,22% | 0,07% |
| **Efficiency** | | | | | | | | | | |
| **C/I** - Cost-to-Income Ratio | 59,49% | 43,57% | 47,82% | 50,39% | 40,19% | 41,87% | 39,33% | -8,50% | -1,69% | 1,69% |
| **ROAE** - Return on Average Equity | 12,28% | 23,17% | 25,44% | 21,44% | 23,81% | 39,40% | 35,80% | 10,37% | 16,23% | 15,59% |
| **Equity share information** | | | | | | | | | | |
| **EPS** - Earning Per Share (HUF, annualized) | 267,8 | 551,9 | 589,1 | 511,6 | 643,9 | 1 165,1 | 982,7 | 393,6 | 613,3 | 521,2 |
| **Volume KPIs** | | | | | | | | | | |
| **LTD** - Loan-to-Deposit ratio | 71,2% | 77,9% | 77,9% | 76,5% | 79,0% | 76,9% | 76,9% | -1,0%-p | -1,0%-p | -2,1%-p |
| Secutities ratio | 28,0% | 32,5% | 32,5% | 32,5% | 35,7% | 35,6% | 35,6% | 3,1%-p | 3,1%-p | -0,1%-p |
| Allowance for losses/ Total assets | -1,7% | -1,8% | -1,8% | -2,5% | -2,4% | -2,1% | -2,1% | -0,3%-p | -0,3%-p | 0,2%-p |
| **RWA/TA** - RWA/Total assets | 37,9% | 37,7% | 37,7% | 38,9% | 40,0% | 39,7% | 39,7% | 2,0%-p | 2,0%-p | -0,3%-p |
| **CAR** - Capital adequacy ratio | 18,4% | 16,3% | 16,3% | 19,7% | 19,7% | 19,2% | 19,2% | 2,9%-p | 2,9%-p | -0,4%-p |
| **CET1** | 17,2% | 14,5% | 14,5% | 18,0% | 17,6% | 17,2% | 17,2% | 2,7%-p | 2,7%-p | -0,4%-p |
| **LCR** | 315,7% | 205,8% | 205,8% | 136,8% | 134,4% | 148,3% | 148,3% | -57,5%-p | -57,5%-p | 13,9%-p |
| **NSFR** | 136,6% | 126,5% | 126,5% | 133,3% | 138,8% | 128,2% | 128,2% | 1,7%-p | 1,7%-p | -10,6%-p |
| **Portfolio quality** | | | | | | | | | | |
| **Stage 1 gross loans** | 3 488 | 3 657 | 3 657 | 3 712 | 3 817 | 3 926 | 3 926 | 269 | 269 | 109 |
| **Stage 2 gross loans** | 786 | 1 167 | 1 167 | 1 110 | 934 | 893 | 893 | -274 | -274 | -41 |
| **Stage 3 gross loans** | 154 | 213 | 213 | 207 | 206 | 200 | 200 | -13 | -13 | -5 |

# Unadjusted KPIs

| KPIs based on unadjusted PAT (HUF bn) | 2021 FY | 2022 3Q | 2022 9M | 2022 FY | 2023 2Q | 2023 3Q | 2023 9M | Δ%-p Y-Y (Y) | Δ%-p Y-Y | Δ%-p Q-Q |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profitability** | | | | | | | | | | |
| **TRM -** Total Revenue Margin | 3,71% | 4,73% | 4,41% | 4,58% | 6,16% | 6,12% | 6,27% | 1,86% | 1,39% | -0,04% |
| **NIM** - Net Interest Margin | 2,20% | 4,32% | 3,72% | 4,06% | 5,28% | 5,30% | 5,42% | 1,71% | 0,98% | 0,02% |
| **NFM** - Net Fee Margin | 0,79% | 0,69% | 0,79% | 0,80% | 0,84% | 0,92% | 0,85% | 0,07% | 0,22% | 0,07% |
| **Efficiency** | | | | | | | | | | |
| **C/I** - Cost-to-Income Ratio | 60,90% | 43,76% | 48,68% | 51,69% | 40,79% | 42,27% | 39,36% | -9,32% | -1,49% | 1,48% |
| **C/A** - Cost-to-Total Assets | 2,26% | 2,07% | 2,15% | 2,37% | 2,51% | 2,59% | 2,47% | 0,32% | 0,52% | 0,08% |
| **ROAE** - Return on Average Equity | 10,60% | 23,10% | 17,12% | 14,59% | 28,93% | 40,82% | 27,56% | 10,44% | 17,72% | 11,89% |
| **Equity share information** | | | | | | | | | | |
| **EPS** - Earning Per Share (HUF, annualized) | 233,3 | 555,2 | 396,5 | 348,2 | 782,3 | 1 207,0 | 756,5 | 360,0 | 651,8 | 424,7 |

Merged Bank's financials for 2022 and 2021 are calculated on a pro-forma basis, including BB 1Q 2022 results

# Unadjusted and adjusted P&L

| P&L 3Q 2023 (HUF bn) | Unadjusted P&L | Adjusted P&L |
|---|---|---|
| **Net operating income** | **93.8** | **94.4** |
| **Gross operating income** | **162.4** | **162.4** |
| Net interest income | 140.5 | 140.5 |
| Net fee and commission income | 24.3 | 24.3 |
| Other operating income | -2.4 | -2.4 |
| FX and FV results | -0.2 | -0.2 |
| Other income | -2.2 | -2.2 |
| **Operating expenses** | **-68.6** | **-68.0** |
| **Provisions and impairments** | **17.2** | **12.4** |
| **Banking tax** | **-0.5** | **0.0** |
| **PBT** | **110.5** | **106.8** |
| Corporate income tax | -14.3 | -13.9 |
| **PAT** | **96.2** | **92.9** |
| OCI | 3.9 | 3.9 |
| **TOCI** | **100.1** | **96.7** |

# Changes in the regulatory environment and post-closing events

| # | Changes in 3Q |
|---|---|
| 1 | **CSOK:** The rules for home building subsidies have changed fundamentally. One of the most important changes is that home building subsidies will only be available in small towns and villages from January 1, 2024. |
| 2 | **Minimum reserve ratio:** MNB, instead of using only turn dates' balance sheets to calculate reserve requirements, will undertake a transition to a monthly average calculation basis from daily balance sheet items subject to reserve requirements by every obliged credit institution. |
| 3 | **Moody's rating:** Moody's affirmed the Baa3/P-3 long- and short-term deposit ratings of MBH Bank Plc. on 7 August 2023. |
| 4 | The **Green Capital Equity Reduction Programme** for housing has been extended, and the range of credit purposes affected by the rebate has been expanded. |
| 5 | **Szocho:** During the state of emergency, investors have to pay social contribution tax (szocho) on interest income from July 1, 2023 (does not apply to government securities and real estate fund investment certificates). |
| | **Post-closing events** |
| 6 | **CSOK Plusz:** From January 1, 2024, a subsidized loan with an interest rate of 3% can be used in cities with over 5,000 inhabitants. In the case of the birth of the second child and every subsequent child, HUF 10 million will be released from the capital. The amount of down payment required to buy a first apartment is reduced to 10%. |
| 7 | Due to the reduction of the central bank base interest rate, **a voluntary interest rate cap** was established for newly disbursed loans from October 9, 2023, to stimulate lending. From November 2, for newly contracted business working capital loans, the rate would be reduced from the originally determined level of 12% to 11.5%, while residential housing loans are available at a maximum APR of 8.5%. According to the government's promise, if the central bank's base interest rate dropped to single digits, it would be possible to remove the interest rate cap on small business loans and revise the interest rate cap on home equity loans. |
| 8 | Extraordinary interest was shown in MBH Bank's **first international, MREL-eligible bond** on October 11, 2023. The credit institution decided to issue bonds with a total nominal value of EUR 350 million based on the accepted offers. Moody's assigned (P)Ba2 local and foreign currency long-term senior unsecured Euro Medium Term Note (EMTN) programme ratings to MBH Bank Nyrt on 05 Oct 2023. |
| 9 | **Establishment of MBH Investment Bank:** on 6 November 2023, MBH Bank established an independent investment bank to provide investment services |
| 10 | The Bank has signed a share purchase agreement with Bausparkasse Schwäbisch Hall AG (Germany) and with Bausparkasse Wüstenrot AG (Austria) as well as with Wüstenrot & Württembergische AG (Germany) in order to purchase a total of 76.35% stake of **Fundamenta-Lakáskassza Lakás-takarékpénztár Zrt.** |
| 11 | In order to prevent the re-emergence of risks related to commercial real estate financing project loans, the Financial Stability Board decided to apply the **systemic risk capital buffer**, which must be created for the first time from July 1, 2024. |
| 12 | **Base rate cut:** MNB has cut the base rate by 75 basis points to 12.25% effective from 25 October 2023 and by 75 basis points to 11.50% effective from 22 November 2023. |

# Abbreviations

| | |
|---|---|
| MBH, MBH Bank, MBH Group | MBH Bank Plc. |
| NBH | National Bank of Hungary (the central bank of Hungary) |
| ECB | European Central Bank |
| FED | Federal Reserve System |
| | |
| y/y | Year on year |
| q/q, p/p | Quarter on quarter, period on period |
| bp | Basis point |
| CAGR | Compounded Annual Growth Rate |
| FY | Annual data |
| (Y), YTD | Year to date data |
| | |
| PAT | Profit after tax |
| PBT | Profit before tax |
| GOI | Gross Operating Income |
| GAE | General Administrative Expenses |
| OCI | Other comprenesive income |
| TOCI | Total other comprenesive income |
| FX | FX result |
| FV | Revaluation result |
| IRS | Interest rate swap |
| TA | Total assets |
| RWA | Risk weighted assets |

| | |
|---|---|
| Secured loans | Home Loans + Free-to-Use Mortgages |
| Unsecured loans | Personnel loans + Baby loans + Other consumer loans |
| FVTOCI | Fair value through OCI |
| FVTPL | Fair value through P&L |
| FTE | Full time equivalent |
| NPL | Non performing loans |
| DPD90+ | Days past due over 90 days |
| | |
| ROE, ROAE | Return on (average) equity |
| ROA, ROAA | Return on (average) assets |
| ROMC | Return on minimal capital required |
| C/I, CIR | Cost-to-income ratio |
| TRM | Total revenue margin |
| NIM | Net interest margin |
| NFM | Net fee margin |
| CAR | Capital adequacy ratio |
| LTD | Loans to deposits |
| EPS | Earning per share |
| AVA | Asset value adjustment – CRR specification |
| LCR | Liquidity Coverage Ratio |
| NSFR | Net Stable Funding Ratio |
| AUM | Asset under management |
| | |
| ÁKK, GDMA | Price of government bond reference yields determined daily by the Goverment Debt Management Agency |
| KSH | Hungarian Central Statistical Office |
| ESG | Enviromental, Social and Governance |

# Disclaimer

MBH BANK

# DISCLAIMER

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