

MBH Bank Plc.

**Planned inaugural Senior
Preferred issuance on
international markets**

October 2023

MBH BANK



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The forward-looking statements in this Presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, and the Company may not achieve or accomplish these expectations, beliefs or projections. Neither the Company, nor any of its members, directors, officers, agents, employees or advisers intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this Presentation.

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This Presentation is an advertisement for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). A prospectus prepared pursuant to the Prospectus Regulation will be published and will be made available at [International issues \(mbhbank.com\)](https://www.mbhbank.com).

Section I. Overview and key strategic priorities

Section II. Macroeconomic overview

Section III. Financial & Business performance

Section IV. Capital position and MREL adequacy

Section V. Overview of the Transaction

Appendix



Section I.

Overview and key strategic priorities

A UNIQUE TRIPLE MERGER – BUILDING A NEW NATIONAL CHAMPION



BUDAPEST BANK



TAKARÉKBANK

Merger 1 | 31 March 2022



TAKARÉKBANK


Merger 2 | 30 April 2023
Name change | 1 May 2023

MBH
BANK



Bringing together three institutions with long traditions and complementary know-how and business profiles





Urban Retail and SME segments

BB was established, focusing on SMEs

BB was purchased by General Electric

The bank became state-owned




Corporate and private banking

MKB Bank was founded to manage the foreign trade transactions, focusing on large corporates

MKB was acquired by Bayerische Landesbank

MKB acquired by the Hungarian state and a restructuring/reorganization was initiated

MKB shares introduced on the Budapest Stock Exchange and ownership structure was changed



Agriculture, country-side retail and SME

After multiple transformations, the saving cooperatives were established in the 1950's

Takarék Mortgage Bank started its operation in 1998

Integration of saving cooperatives: Takarék Group was established

Establishment of joint Takarékbank: merger of Takarékbank, Saving cooperatives and FHB Bank

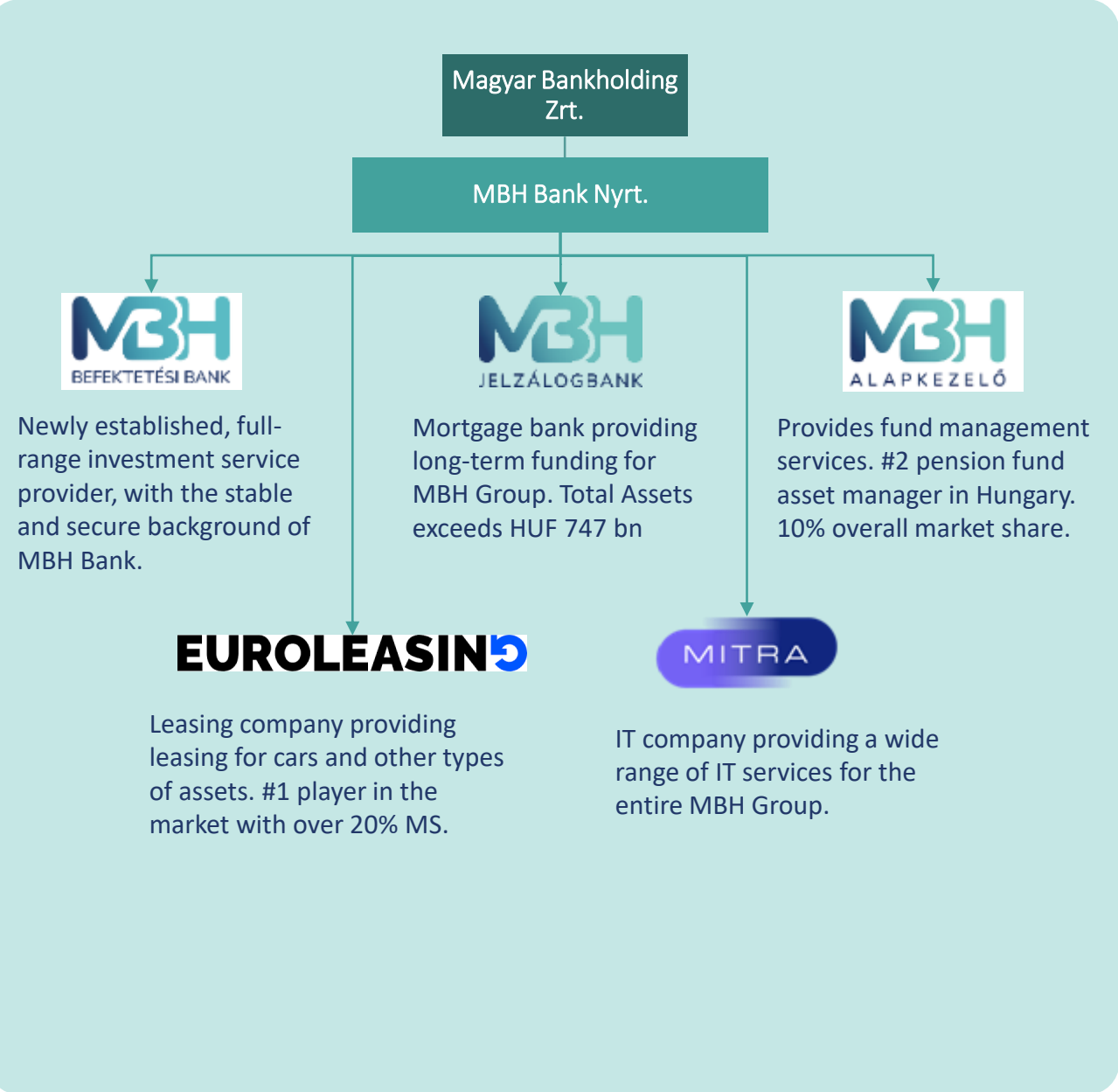


Successful merger of MKB Bank Nyrt. and Budapest Bank Zrt. under MKB's umbrella

Successful merger of MKB Bank Nyrt. and Takarék Group

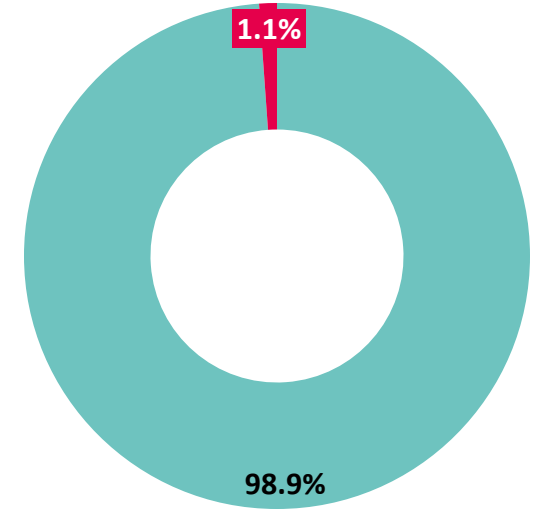
New brand name has been introduced: "MBH Bank"

MBH Group and ownership structure



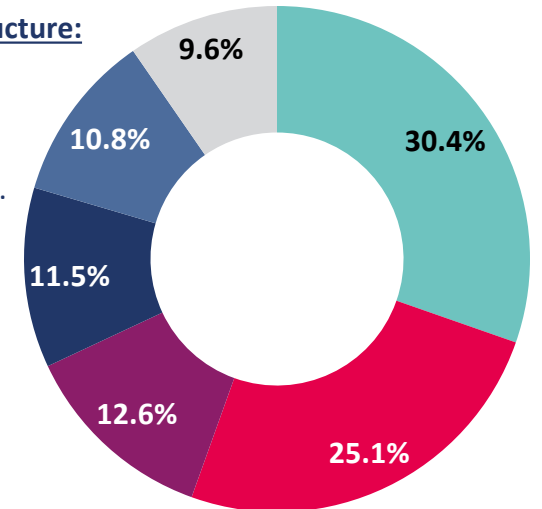
MBH Bank ownership structure:

- Magyar Bankholding Zrt.
- Free float



Magyar Bankholding Zrt. ownership structure:

- Corvinus Nemzetközi Befektetési Zrt.
- Magyar Takarékszövetkezet Zrt.
- Magyar Takarékszövetkezet Holding Zrt.
- METIS Magántőkealap
- Blue Robin Investments S.C.A.
- Others



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



Key role in the domestic banking sector as the second largest player in the Hungarian market



Market leader across multiple customer and product segments: **corporate lending, agro-business, leasing**



Diversified client base **servicing ~1.5 million** private individuals and **~400 thousand** business customers



Broadest country-wide network coverage with over 500 branches and 800 ATMs



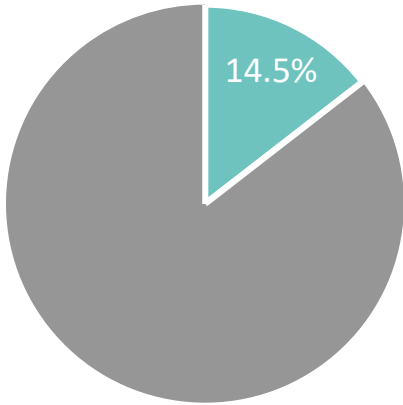
Strong underlying profitability and capital position: adjusted **ROE of 33.8%** and **CIR: 38.1%** in 2023 H1, with 19.7% total capital adequacy and 79% loan-to-deposit ratio



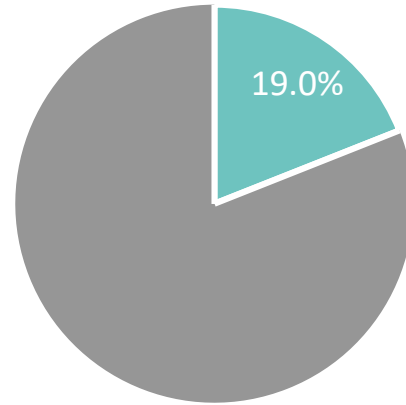
Strong market shares across all main products

■ MBH Bank, H1 2023

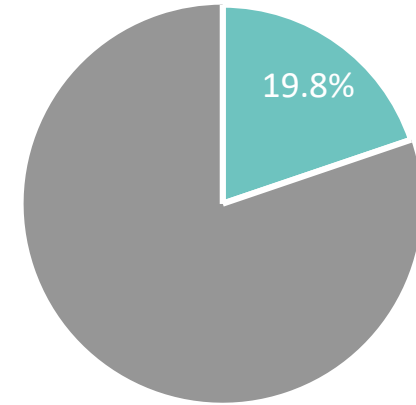
Total assets



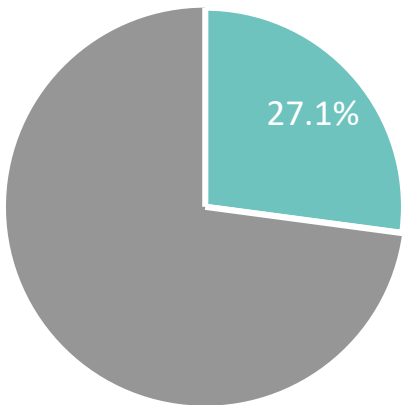
Corporate loans



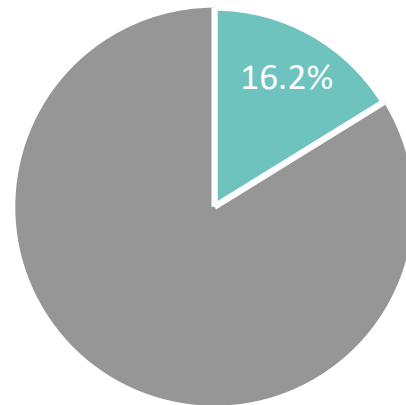
Corporate deposit



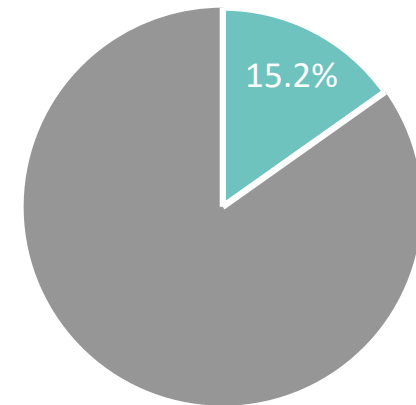
Leasing volume



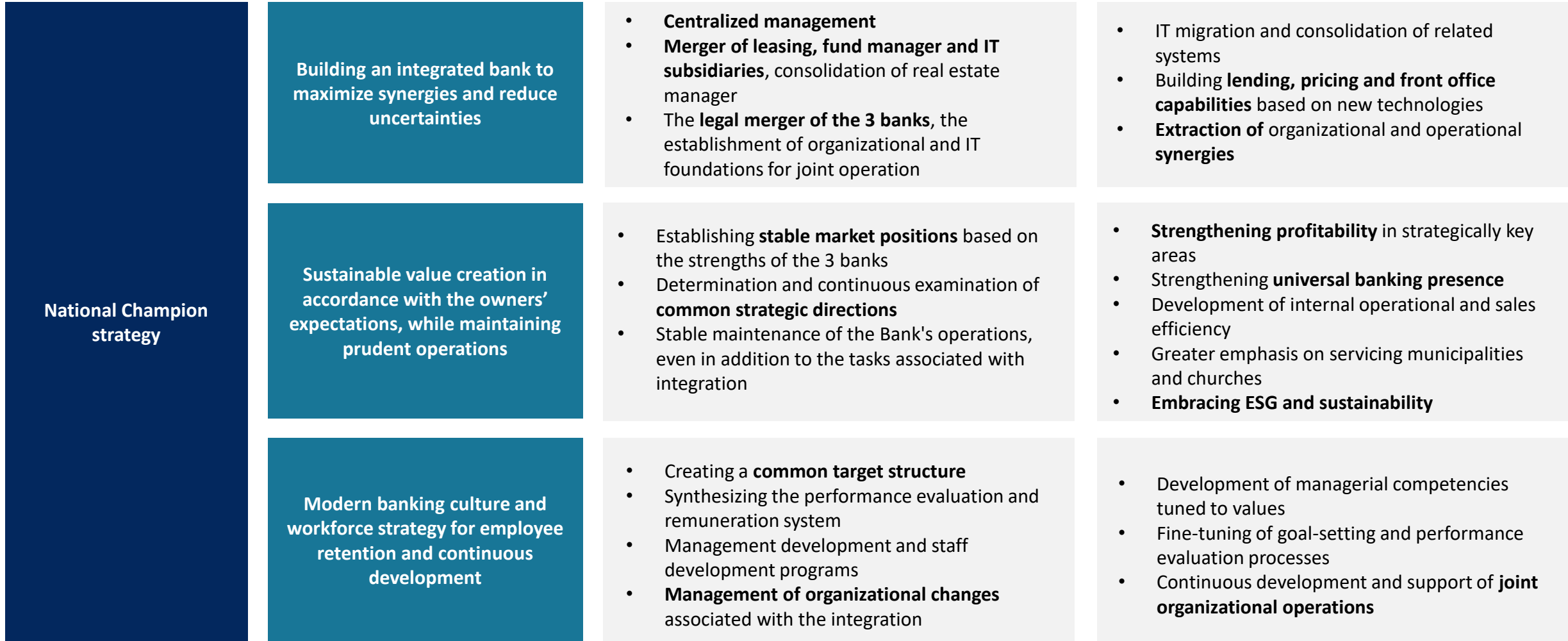
Retail loans



Retail deposit

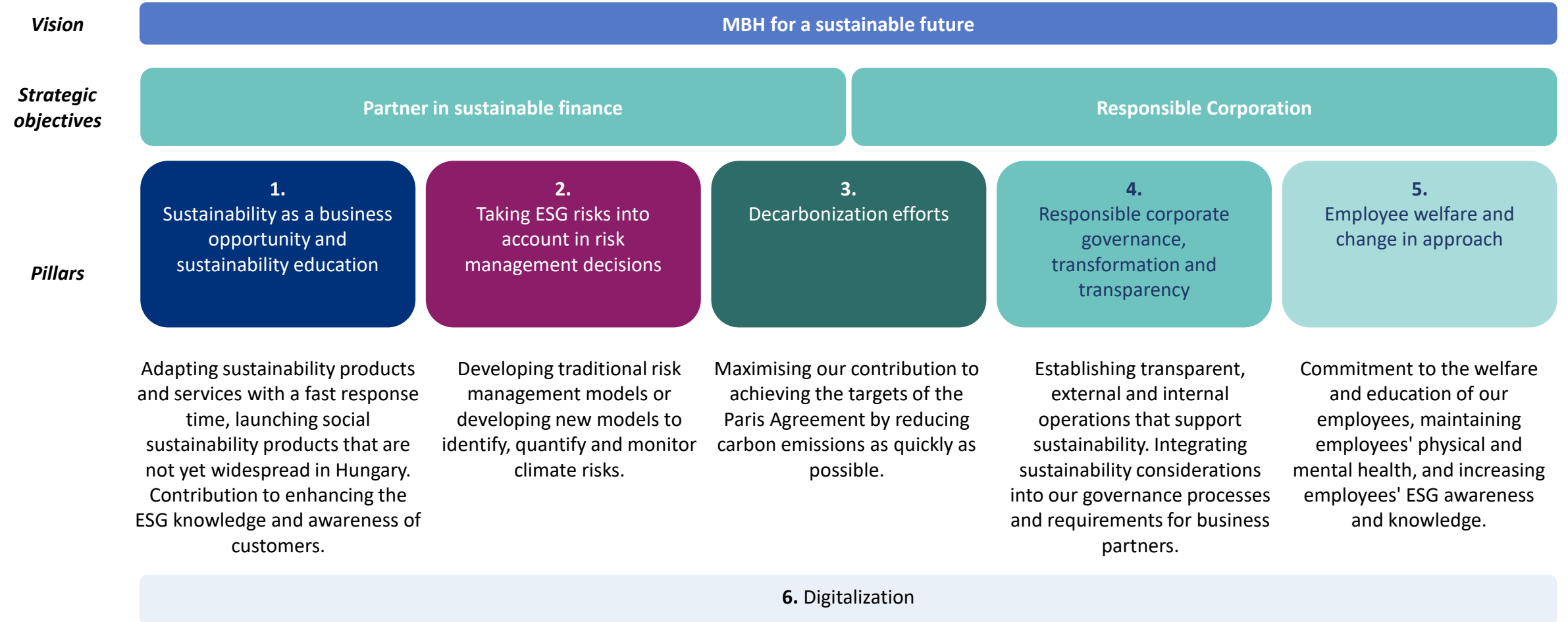


MBH will follow its 3-pillar approach towards achieving a National Champion position



Our sustainable vision, strategic objectives and pillars

MBH’s vision is to become the leader 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

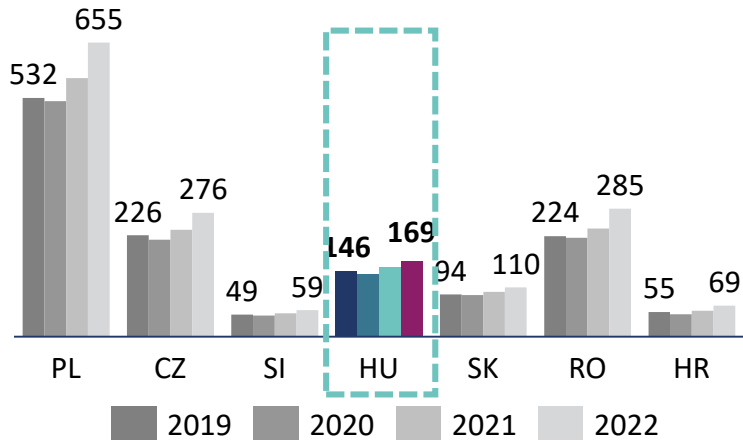


Section II.

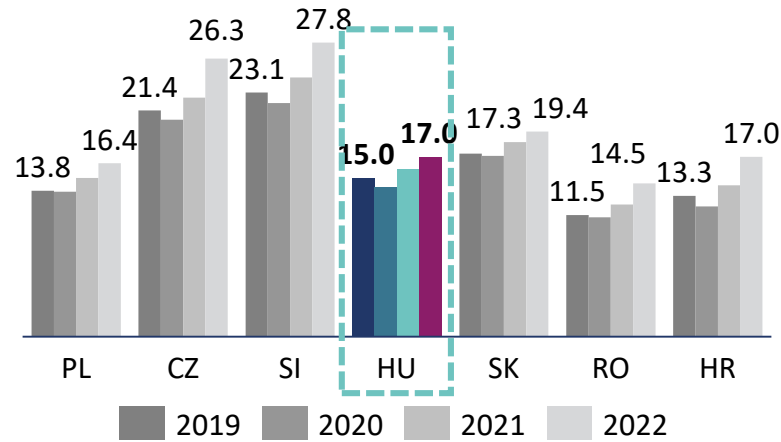
Macroeconomic overview

Hungarian macro environment in line with the region

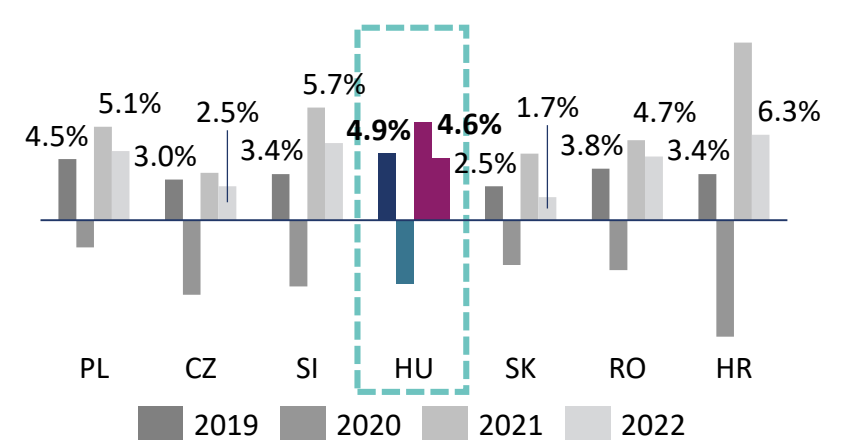
Nominal GDP (EUR bn), 2019-2022



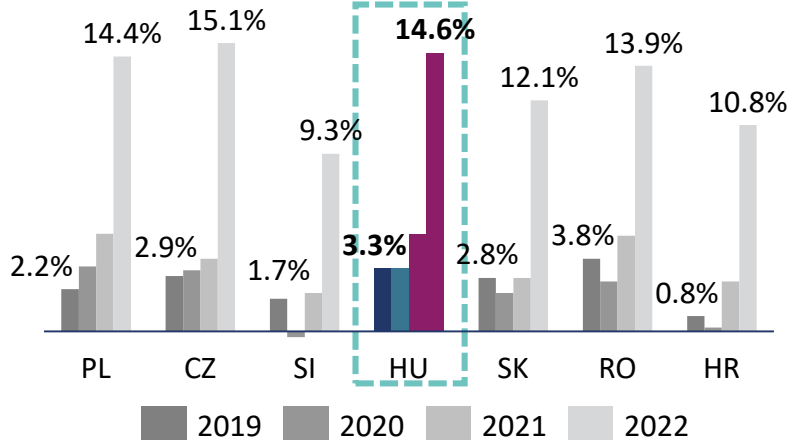
Nominal GDP/Capita (EUR k), 2019-2022



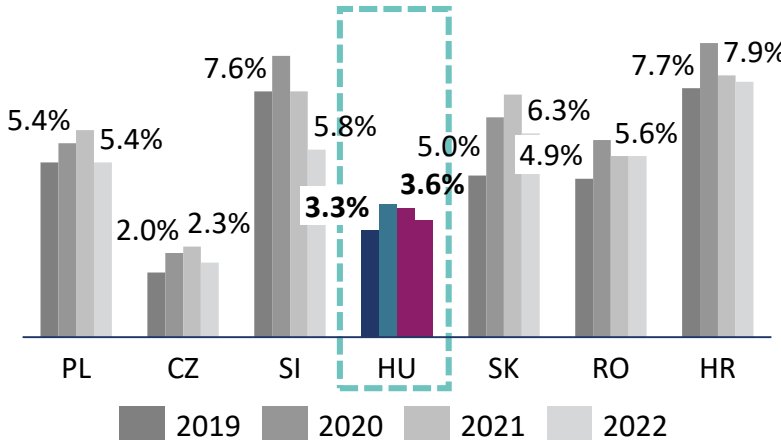
Real GDP Growth (%), 2019 - 2022



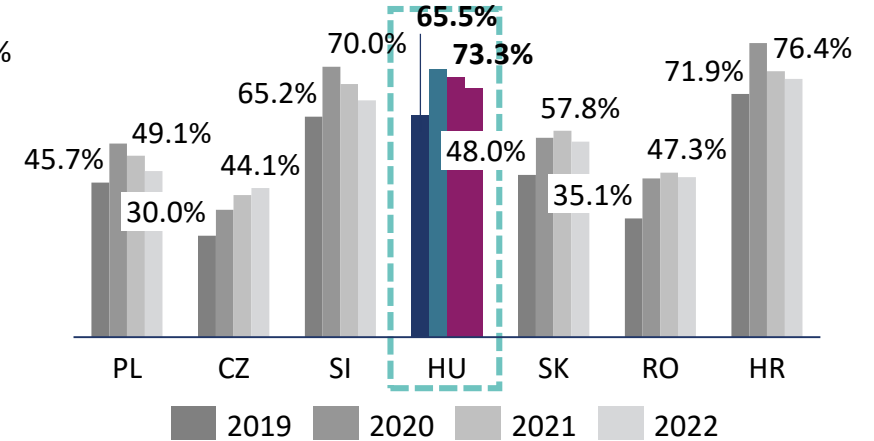
Change in Consumer Price Index (%), 2019 - 2022



Recorded unemployment (%), 2019 - 2022

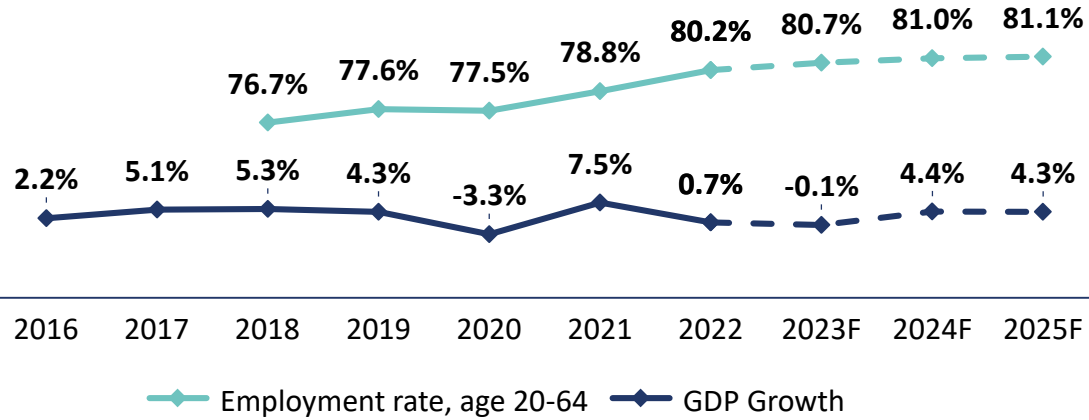


Public debt-to-GDP (%), 2019 - 2022



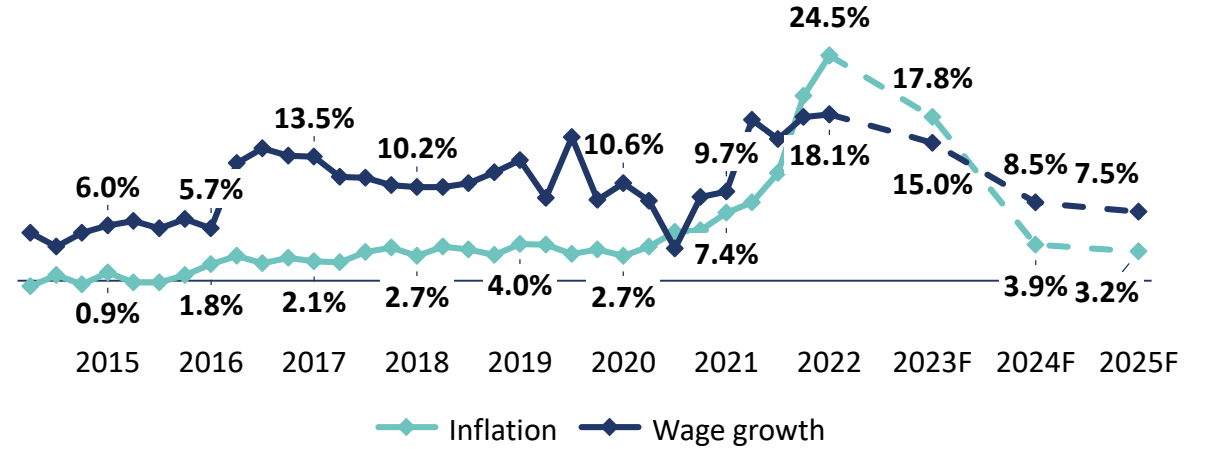
Inflation is falling as expected, employment at new highs

GDP Growth and employment rate (%), 2016 – 2025F



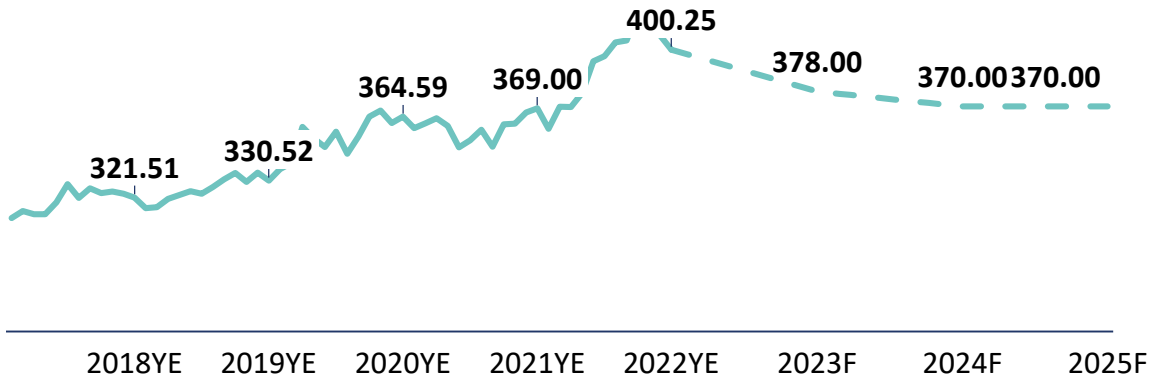
Source : Bloomberg & Hungarian Central Statistical Office (historical data), MBH Bank (forecast)

Inflation and wage growth (%), 2015YE – 2025F



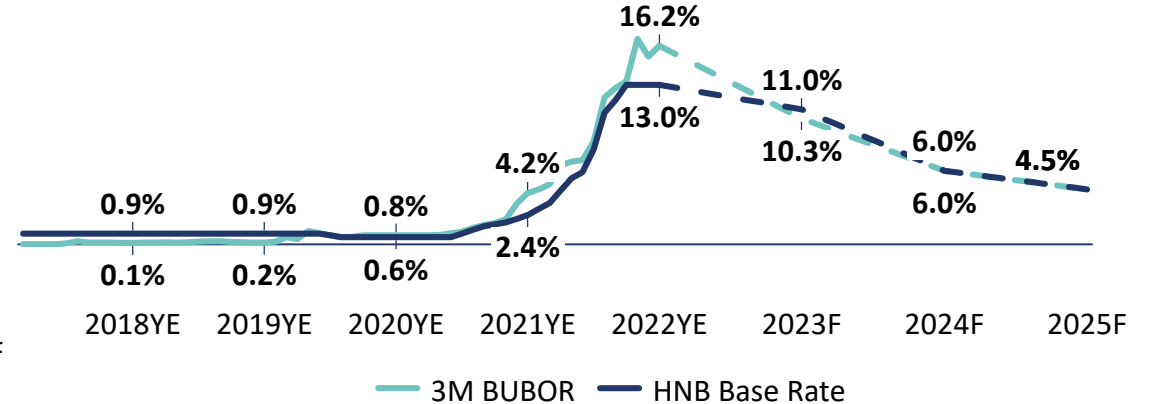
Source : Hungarian Central Statistical Office (historical data), MBH Bank (forecast)

EUR/HUF Exchange rate, 2018 YE – 2025F



Source : MNB (historical data), MBH Bank (forecast)

MNB Base Rate and 3M BUBOR, 2018YE – 2025F

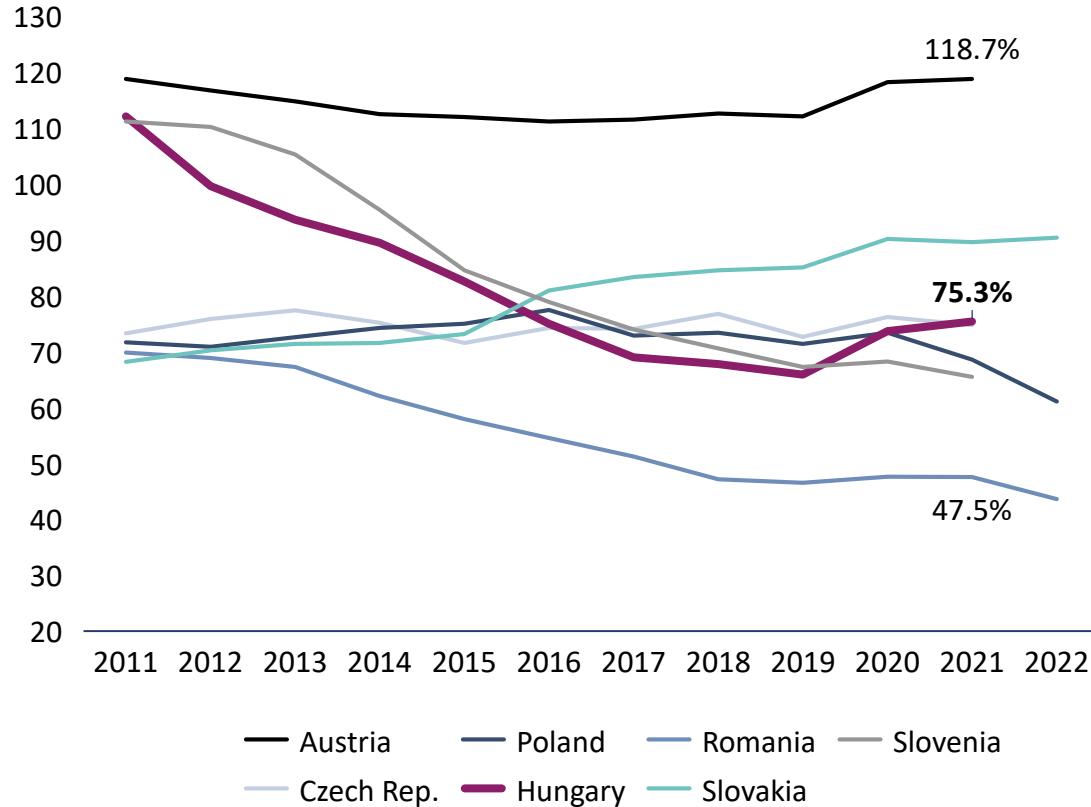


Source : MNB (historical data), MBH Bank (forecast)

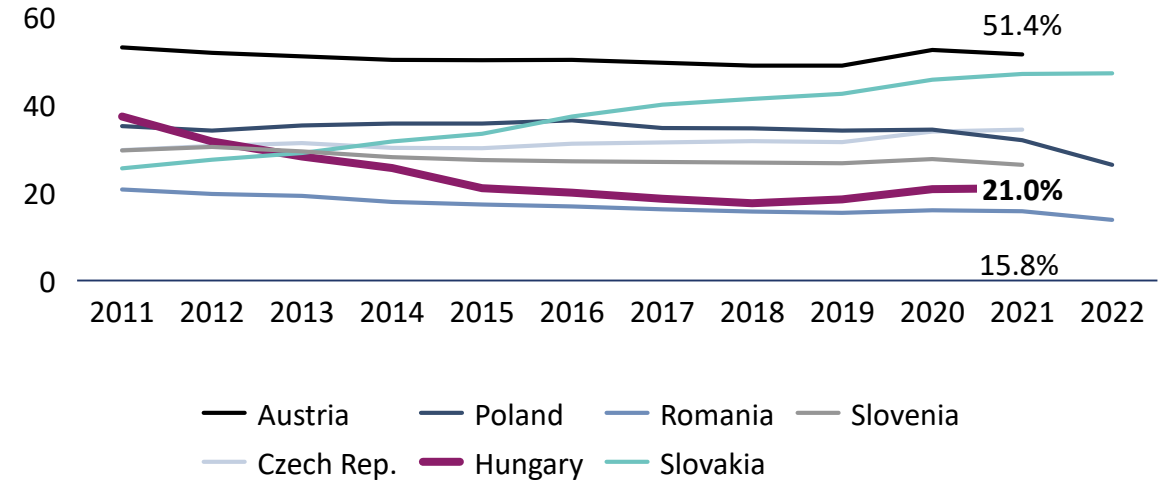
* Feb. wage growth data was affected by the payment of the 'service premium' (the so-called 'firearms money') for the army and the law enforcement personnel corresponding to six-month salary in February 2022

There is room for higher retail loan penetration

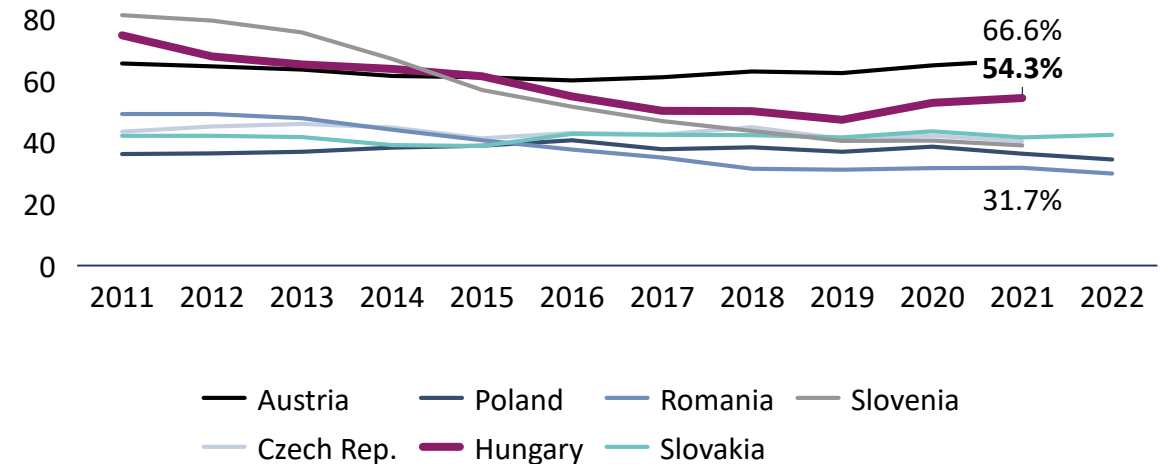
Private sector - debt to GDP ratio (%), 2011-2022



Private sector - debt to GDP ratio (Retail, %), 2011-2022



Private sector - debt to GDP ratio (Corporate, %), 2011-2022



• Considering the debt to GDP ratio, the Hungarian banking sector has further potential for financing, especially within the retail segment.

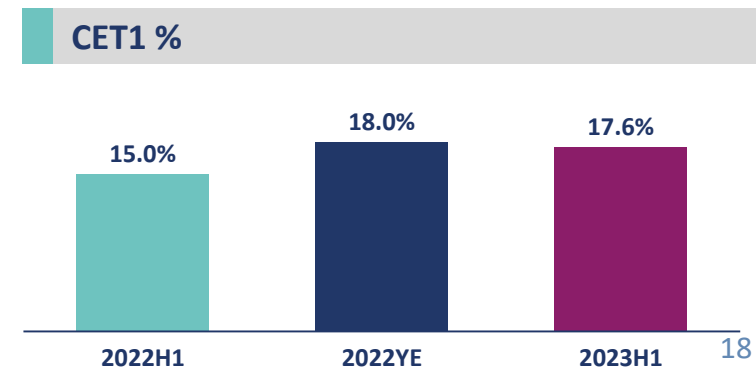
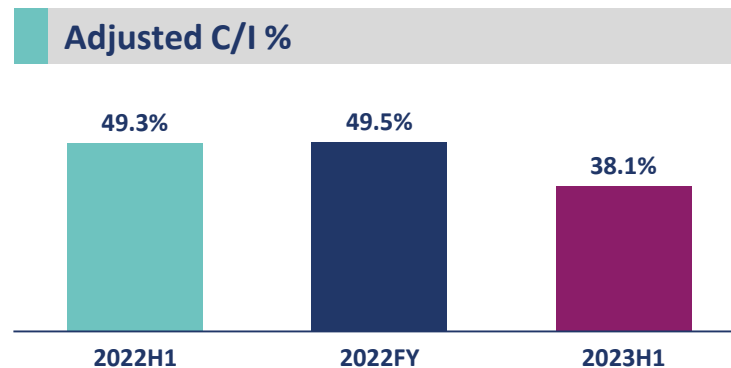
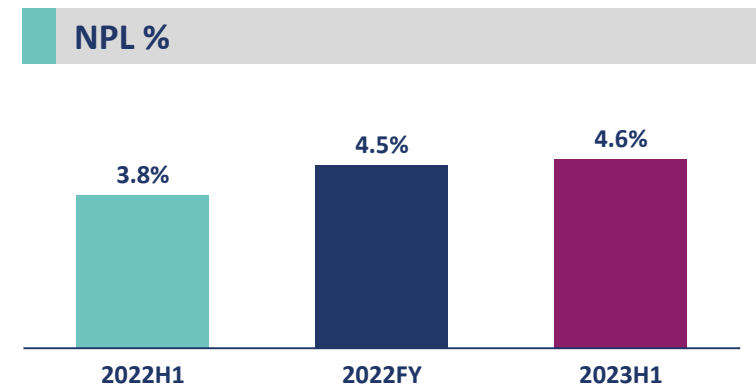
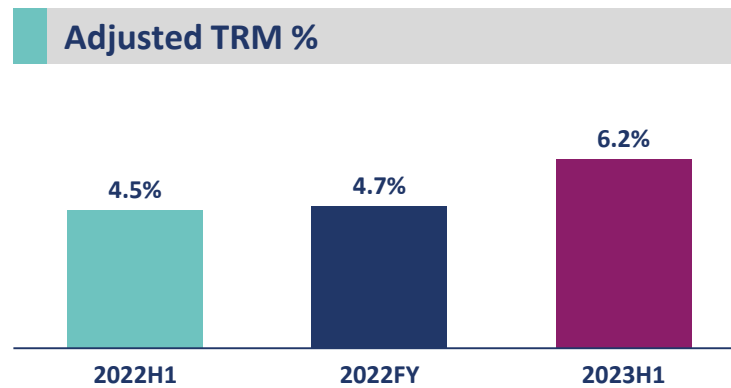
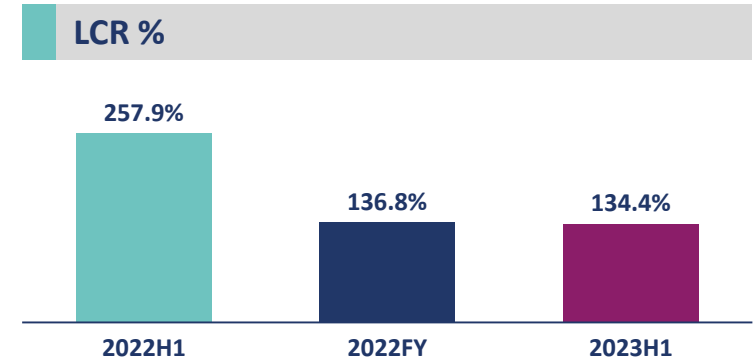
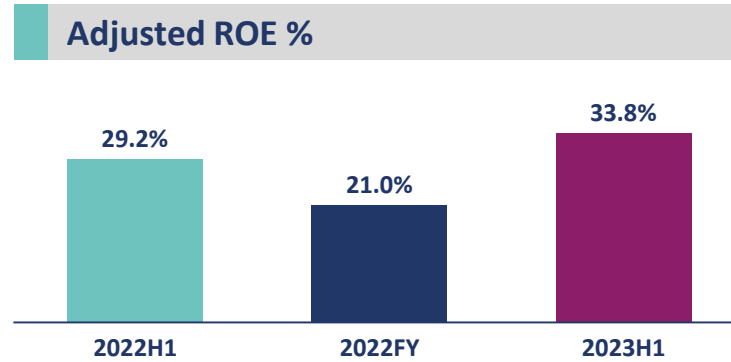
Source: Eurostat

Section III. Financials



Outstanding financial performance with stable capital and liquidity levels

- **Outstanding ROE** reaching **33.8%** in H1 2023 on an adjusted basis, driven by strong revenue margins and cost efficient operations during the period
- **Growth of 0.7%-pts y/y** adjusted **total revenue margin (TRM)** to 6.2% in H1 2023, mostly driven by further increasing net interest income
- Strong cost control, with growth – 14.3% y/y increase – well below inflation, and achieving a **C/I ratio of 38.1% for H1 2023** on an adjusted basis.
- Liquidity remaining at comfortable levels, with **LCR above 130%** and loan-to-deposits below 80%
- **NPL rate being relatively constant** compared to 2022 FY
- **Stable CET1 of 17.6%** and CAR of 19.7% in H1 2023



Reflection of mergers in financial statements

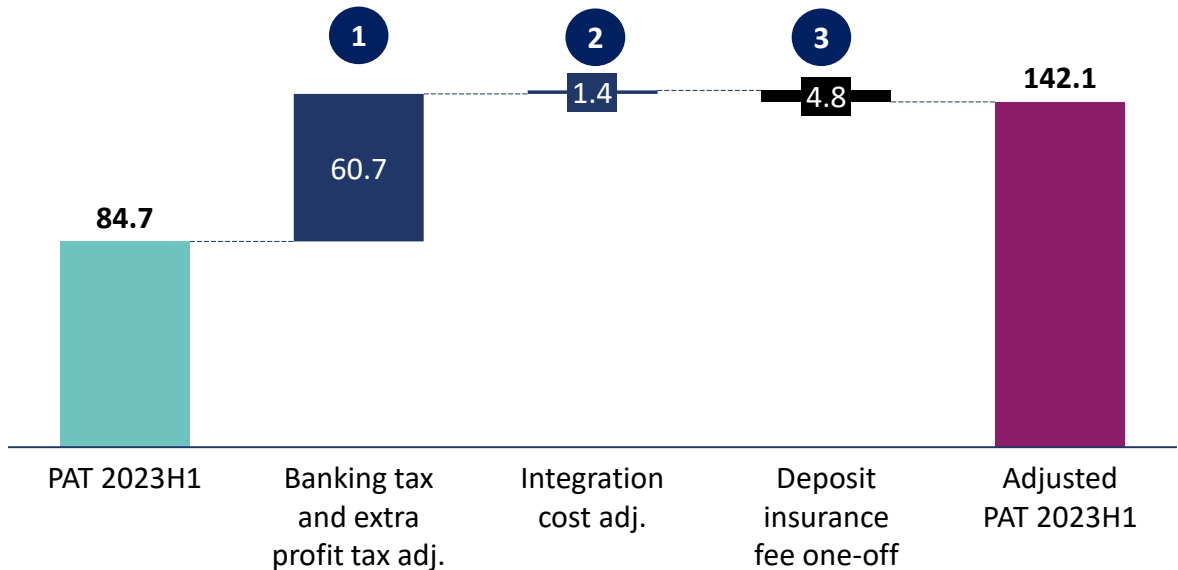
Consolidated Financial Statements MBH Bank Nyrt.*	FS - 2022H1		FS - 2022FY		FS - 2023H1	
	<i>BS</i>	<i>P&L</i>	<i>BS</i>	<i>P&L</i>	<i>BS</i>	<i>P&L</i>
MKB Group	included	1 - 6 months	included	1 - 12 months	included	1 - 6 months
BB Group	included	4 - 6 months	included	4 - 12 months	included	1 - 6 months
Takarék Group	included	4 - 6 months	included	4 - 12 months	included	1 - 6 months

*before 1 May, 2023 MKB Bank Nyrt.

P&L – we apply management adjustments to better reflect the underlying financial performance

ADJUSTED P&L (HUF bn)	2022 H1	2022 YE	2023 H1	Δ% Y/Y (H1)
Net operating income	77,8	208,9	203,1	160,9%
Gross operating income	153,6	413,9	327,9	113,5%
Net interest income	121,7	372,2	288,1	136,8%
Net fee and commission income	27,7	69,2	43,0	55,2%
Other operating income	4,2	-27,5	-3,3	-
Operating expense	-75,7	-205,0	-124,8	64,8%
Impairments or reversal on financial and non-financials instruments	-0,2	-76,3	-37,6	24556,2%
Banking tax	0,0	0,0	0,0	-
Adjusted PBT	77,7	132,6	165,5	113,0%
Corporate income tax	-6,3	0,6	-23,3	267,7%
Adjusted PAT	71,3	133,2	142,1	99,2%
Revaluation on AFS financial assets (OCI)	-4,7	4,8	25,7	-
Adjusted Total Comprehensive Income	66,6	137,9	167,8	151,9%
Adjustments total on PAT	37,8	42,0	57,4	51,8%
Banking tax and extraprofit tax	36,5	35,0	60,7	66,7%
Integration costs	1,4	2,2	1,4	4,2%
Deposit insurance fee one-off impact	0,0	4,8	-4,8	-
Profit after tax (PAT, unadjusted)	33,5	91,2	84,7	152,7%
Total Comprehensive Income (unadjusted)	28,8	95,9	110,4	283,6%

2023H1 Adjusted Profit After Tax Breakdown (HUF bn), 2023H1



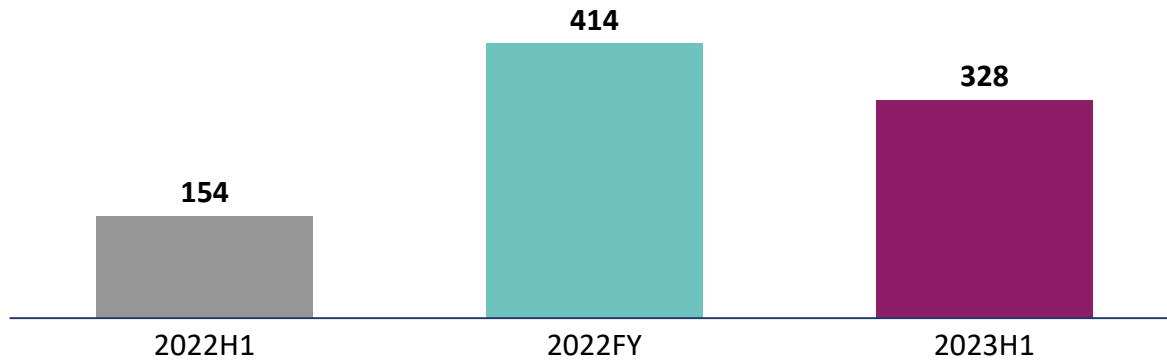
1 The most significant adjustment made between the adjusted and audited accounting P&L results is the removal of the effect of taxes specific to the banking sector, amounting to HUF 60.7 bn in 2023H1.

2 Furthermore, the removal of integration costs of HUF 1.4 bn reflected an additional upwards adjustment between audited accounting and adjusted P&L.

3 Finally, adjusted PAT for 2023H1 was lowered by HUF 4.8 bn related to an extraordinary income from the deposit insurance fee (reclaiming earlier contributions related to the dissolution of Sberbank).

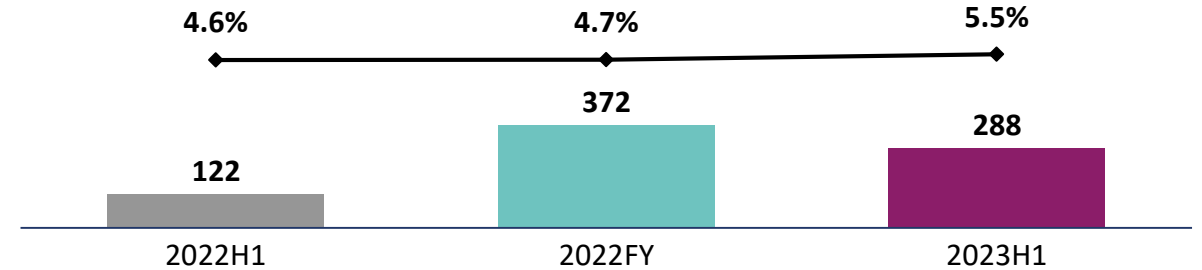
MBH Group's core income grew significantly as interest rate hikes allowed for outstanding interest incomes

Adjusted total gross operating income (HUF bn), 2022H1 – 2023H1

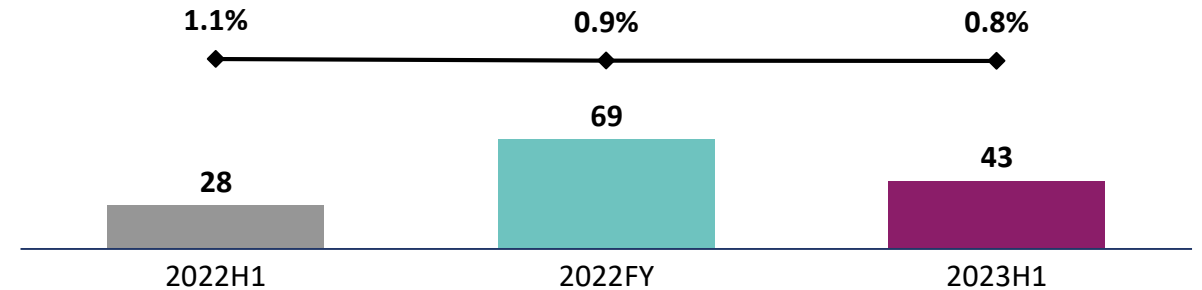


- **Total gross operating income was HUF 328 bn (HUF +174 bn y/y) in the first half of 2023**, driven by the merger and the significant growth in net interest income due to an increasing interest rate environment.
- **Net interest income** reached HUF 288 bn (~70% of the 2022 full year results). Growth in the second half of the year is expected to moderate due to changes in reserve requirements, increase in client interest expense margin and an increased share of interbank funding. **The adjusted net interest margin reached 5.5% by the first half of 2023.**
- **Net fee & Commission income** was HUF 43.0 bn in H1 2023, with stable fee margins.
- Filtering out the merger's impact, **total gross operating income still increased by HUF 111 bn (+51%) y/y in 2023 H1.**

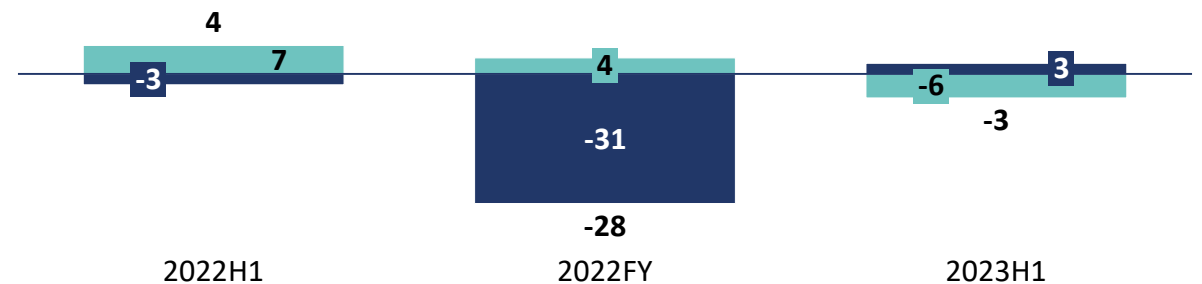
Adjusted net interest income (HUF bn) and Adjusted net interest margin (%) 2022H1 – 2023H1



Adjusted net profit from fees and commissions (HUF bn) and adjusted net fee and commission margin (%), 2022H1 – 2023H1

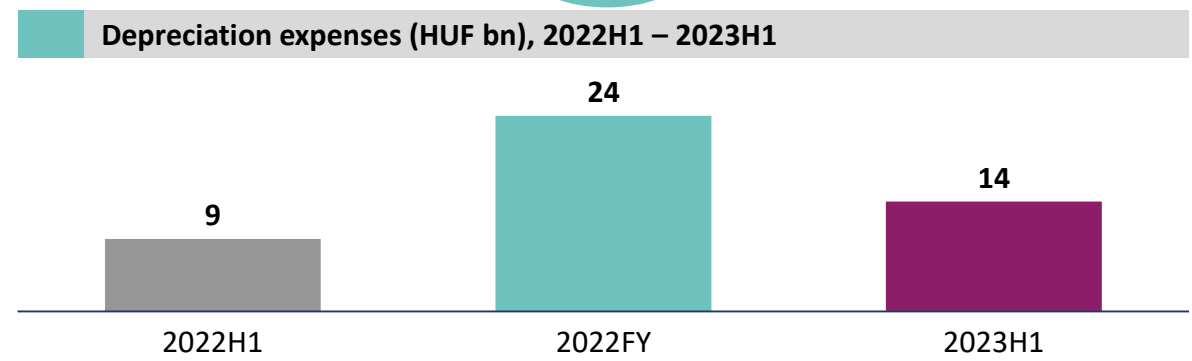
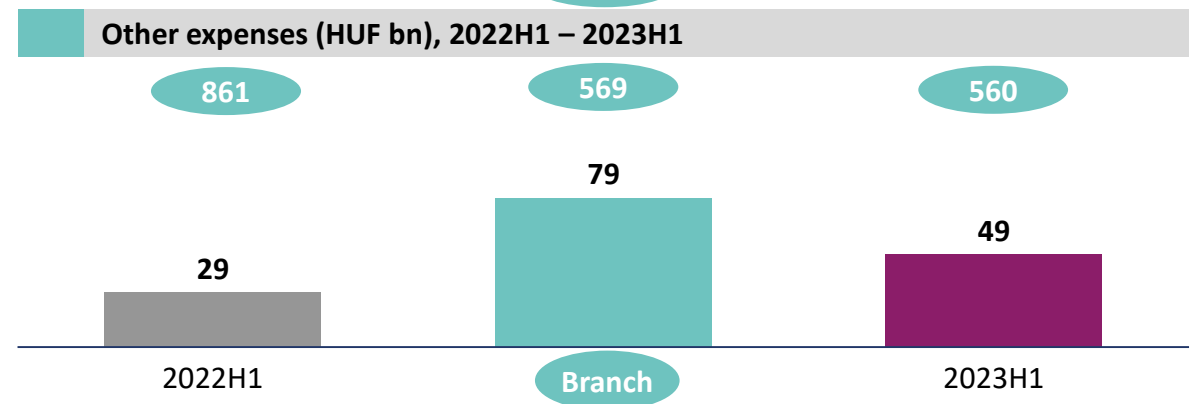
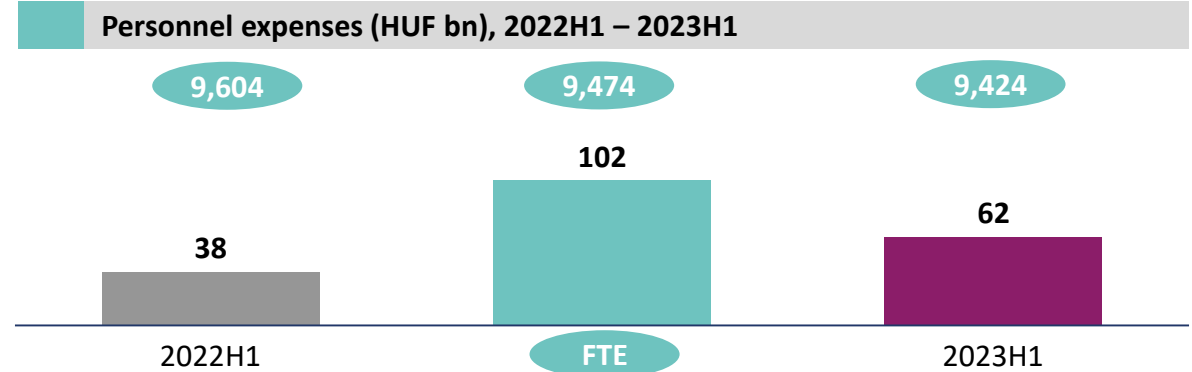
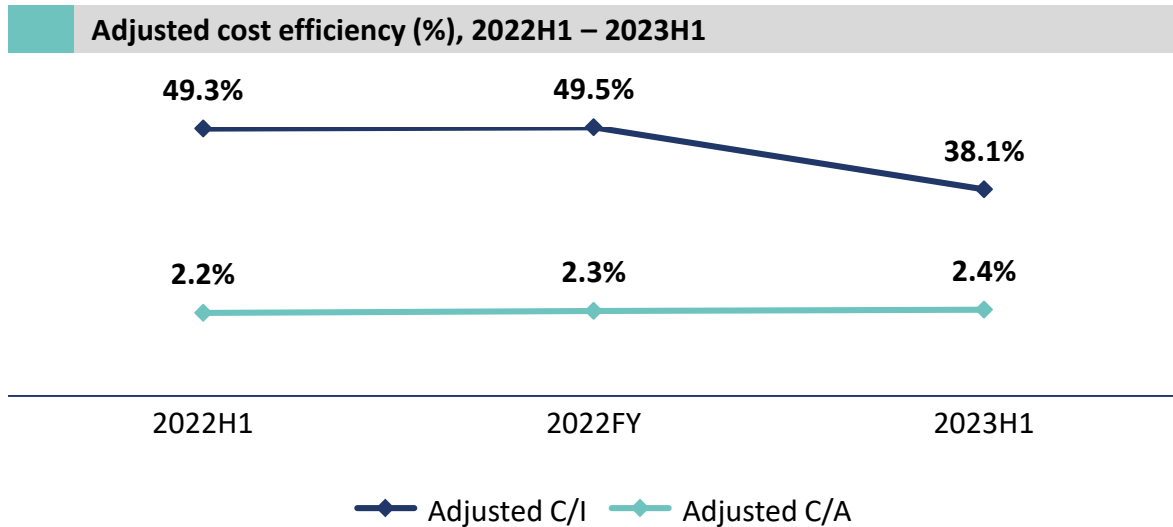
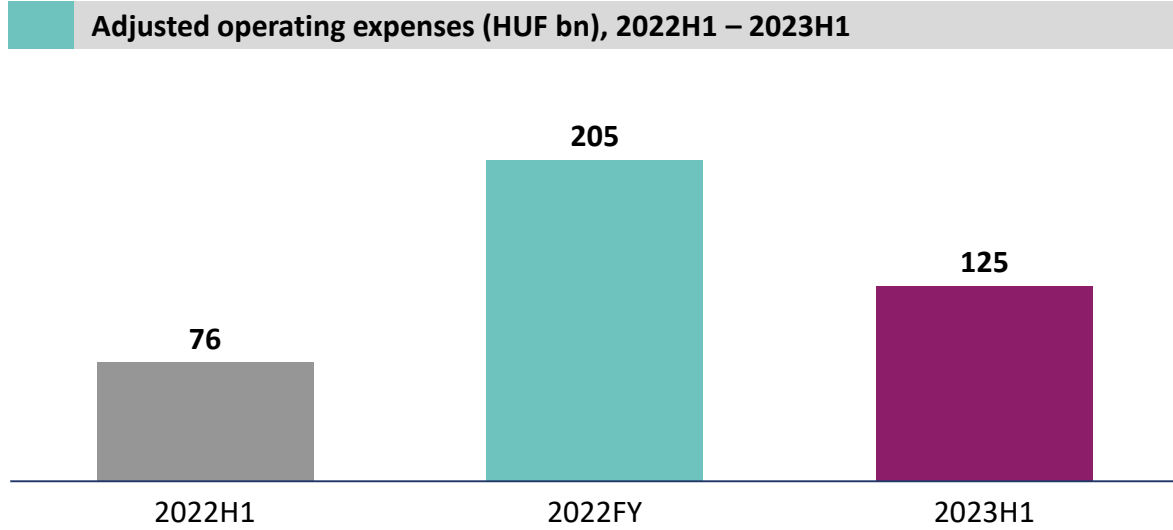


Adjusted² extended other income (HUF bn), 2022H1 – 2023H1



¹ Other income + FX + FV + OCI; ² The sum of Adjusted results from financial instruments and Adjusted other operating income / (expense)
 General Note: Unless stated otherwise, all numbers presented in the P&L section are adjusted numbers reflecting the Management accounting view.

YoY cost increase is below the level of inflation

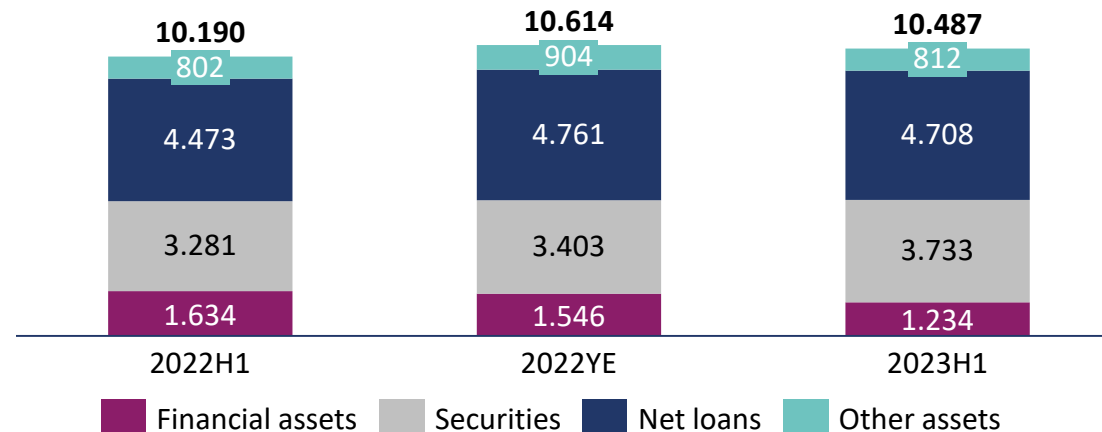


General Note: Unless stated otherwise, all numbers presented in the P&L section are adjusted numbers reflecting the Management accounting view.

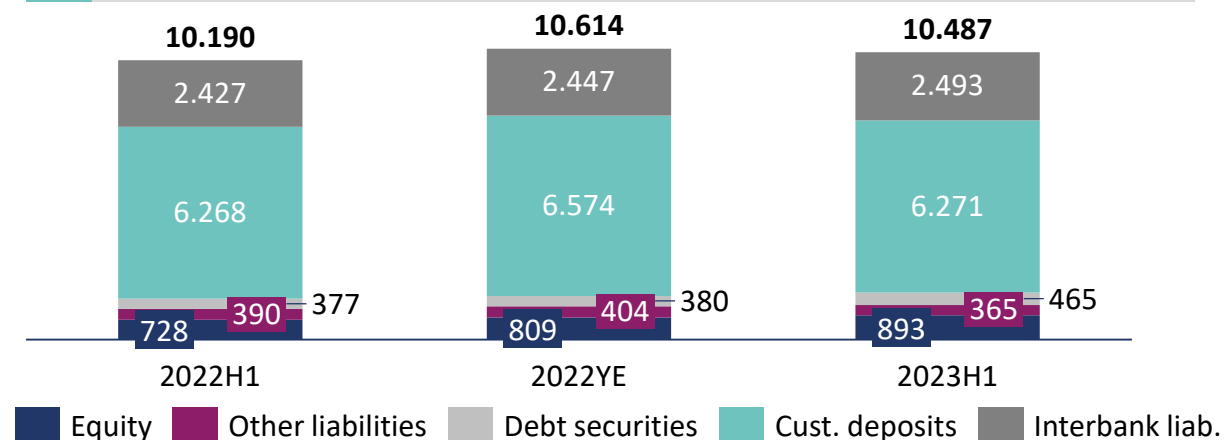
Balance Sheet details

STATEMENT OF BALANCE SHEET (HUF bn)	2022 H1	2022 YE	2023 H1	H/H
Financial assets	1 634,0	1 545,5	1 234,1	-24,5%
Trading portfolio	420,1	489,0	341,1	-18,8%
Securities	3 281,1	3 403,4	3 733,0	13,8%
Loans and advances to customers (net)	4 472,9	4 761,3	4 708,3	5,3%
Loan and advances to customers (gross)	4 640,5	5 028,3	4 956,8	6,8%
Allowance for loan and lease losses	-167,6	-266,9	-248,5	48,3%
Other assets	381,7	415,2	470,7	23,3%
TOTAL ASSETS	10 189,7	10 614,4	10 487,2	2,9%
Interbank liabilities	2 427,0	2 447,4	2 493,1	2,7%
Customer deposits	6 267,5	6 574,4	6 270,9	0,05%
Debt securities issued	377,1	379,7	465,0	23,3%
Other liabilities	390,3	404,2	365,2	-6,4%
Shareholders' equity	727,8	808,7	893,0	22,7%
TOTAL LIABILITIES AND EQUITY	10 189,7	10 614,4	10 487,2	2,9%

Breakdown of total assets (HUF bn), 2022H1 – 2023H1

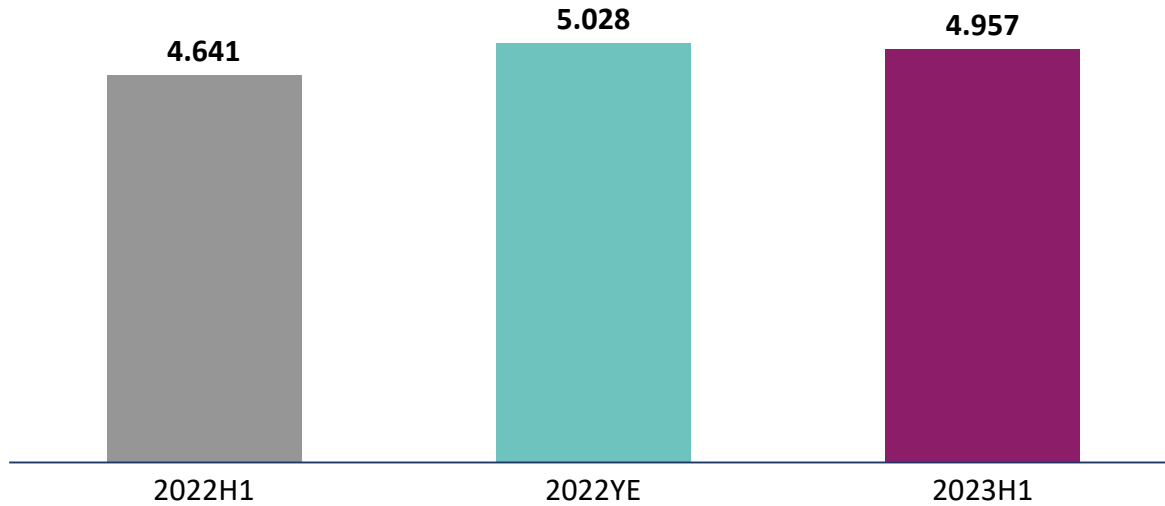


Breakdown of total liabilities and equity (HUF bn), 2022H1 – 2023H1



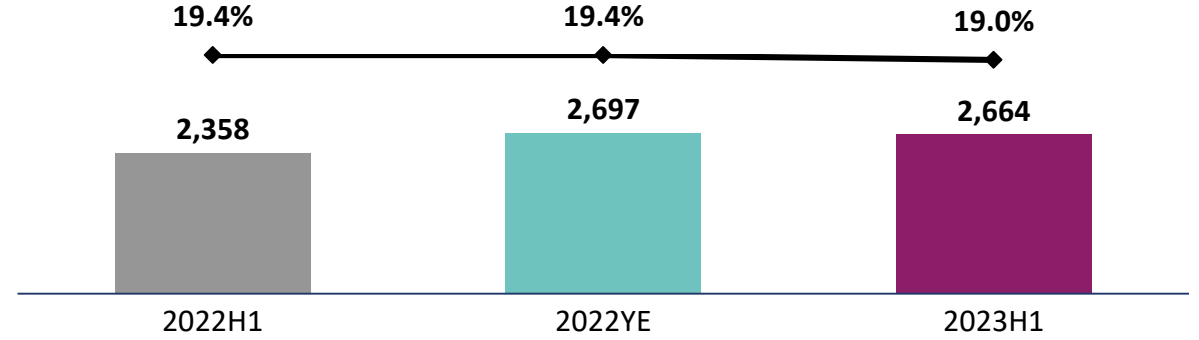
Increasing corporate and leasing loan volumes in Q2 2023

Customer gross loan portfolio (HUF bn), 2022H1 – 2023H1

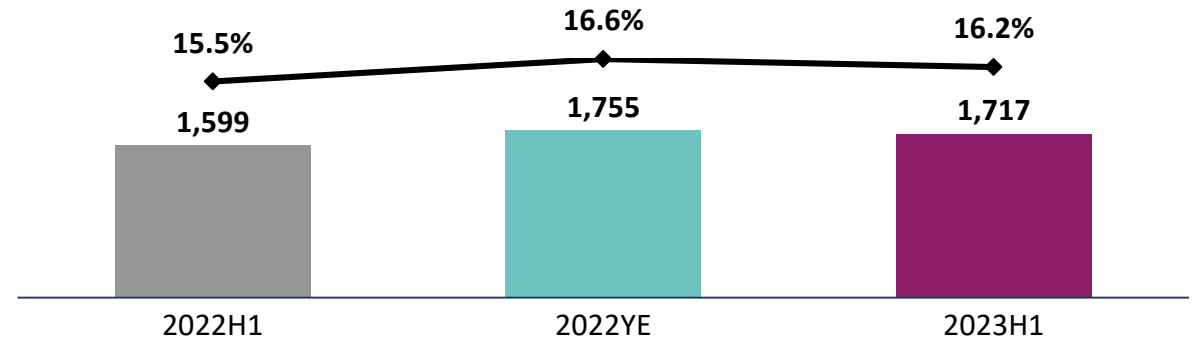


- In a challenging market environment, **MBH's gross loans volume slightly decreased compared to 2022 year end**, with similar trends in both retail and corporate business lines, while growth in the leasing book.
- **Corporate gross loans** ended the period at HUF 2,664 bn, with a dominant market share of 19%.
- **Gross loans to retail customers** reached HUF 1,717 bn, resulting in 16.2% market share, similar to the market positions as of 2021 yearend.
- MBH Group's **leasing portfolio grew by HUF 9 bn** in 2023 to HUF 532 bn as of 30 June 2023, with a market leading position of a 27.1% market share.

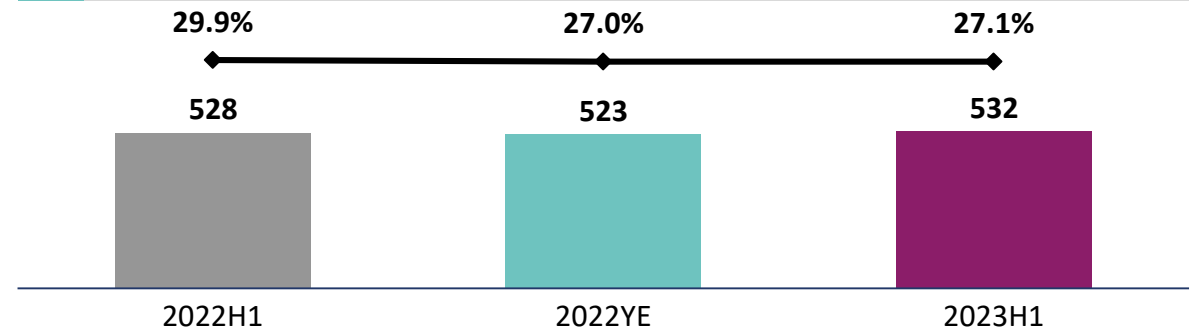
Corporate gross loan² portfolio (HUF bn) and market share (%), 2022H1 – 2023H1



Retail gross loan portfolio (HUF bn) and market share (%), 2022H1 – 2023H1



Leasing gross loan portfolio (HUF bn), 2022H1 – 2023H1

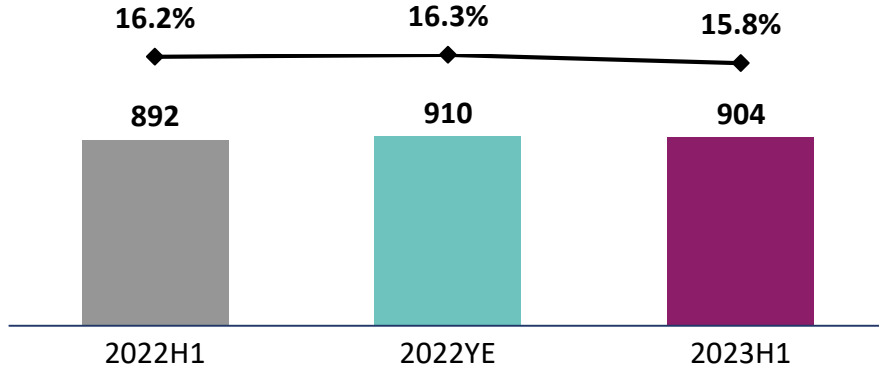


¹IFRS figures; ² Portfolio: Business volumes, Market share: MNB segmentation.

Please note that retail, corporate, and leasing loans do not sum to the total customer loans due to the presence of other loans not shown here separately.

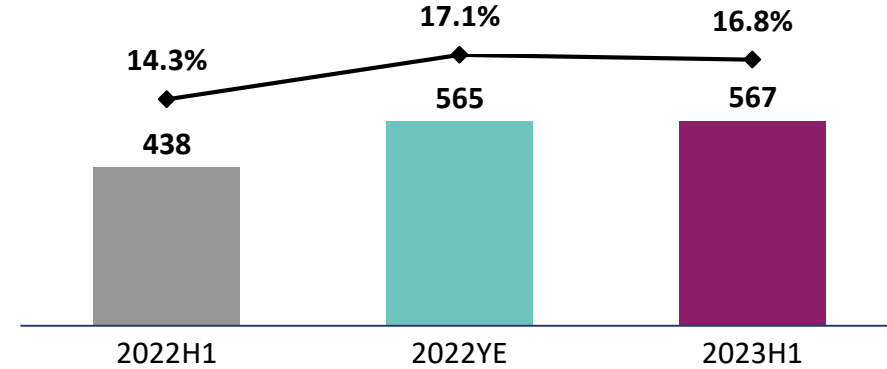
Stable retail and corporate lending footprint in all main products

Retail mortgage loans – Gross volume (HUF bn) and MS (%), 2022H1 – 2023H1



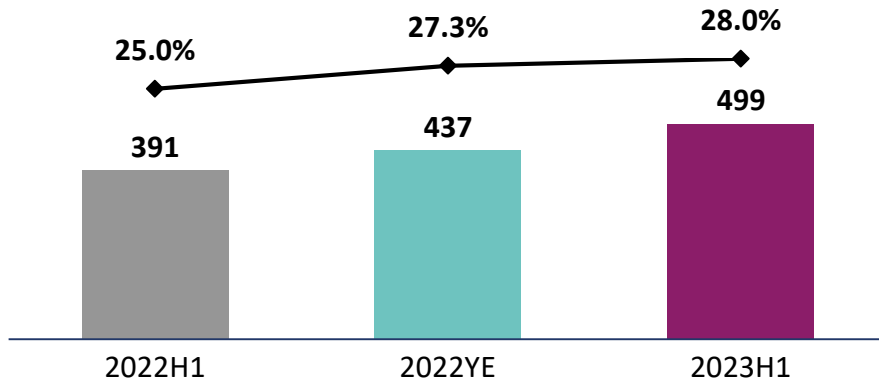
- **Retail mortgage loan volumes** (HUF -6.0bn) were affected by the market slow-down in 2023. Market share hovers around 16%.

Retail unsecured loans – Gross volume (HUF bn) and MS (%), 2022H1 – 2023H1



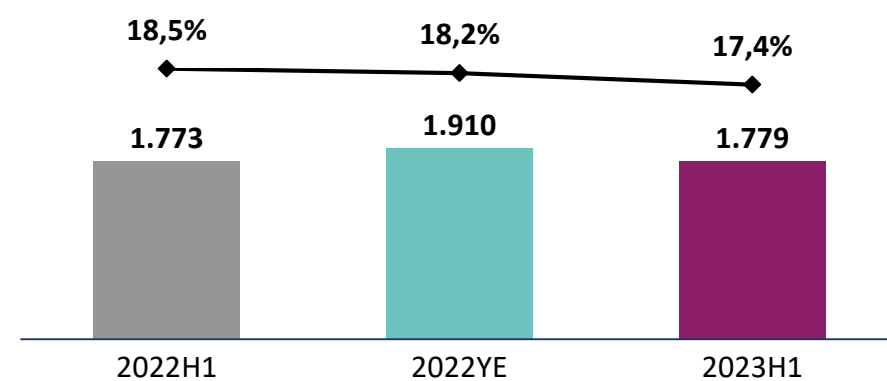
- **Unsecured loan volumes** remained constant in the first half of 2023 achieving a market share of ~17%.

Non-financial corp. overdraft – Gross volume (HUF bn) and MS (%), 2022H1 – 2023H1



- **Overdrafts** amounted to HUF 499.4 bn (HUF +62 bn compared to 2022YE) as of the end of H1 23. Market share of corporate overdrafts continued to grow to 28%.

Non-financial corp. other loans – Gross vol. (HUF bn) and MS (%), 2022H1 – 2023H1

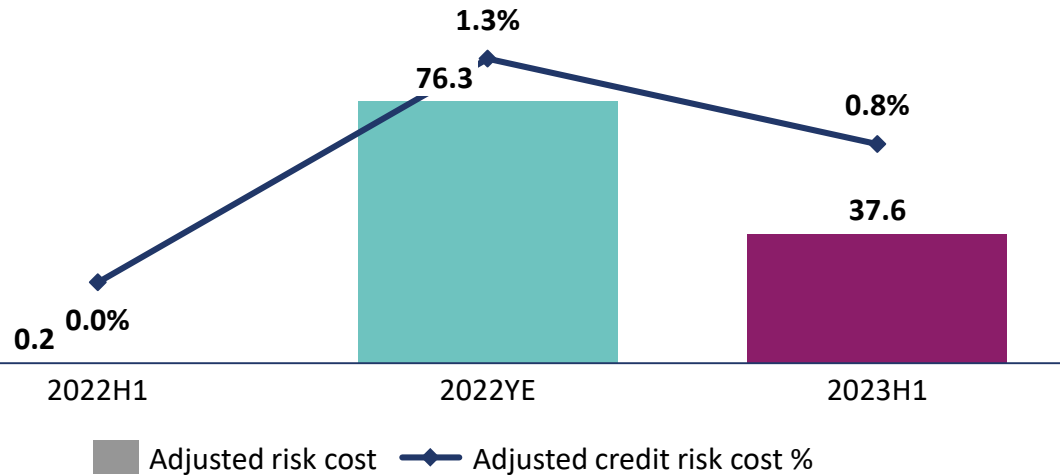


- **Other corporate loans** decreased to HUF 1,779 bn as a drop in investments. Market shares were at 17.4%.

Please note: Segmentation presented on charts in this section is based on internal business segmentation of MBH Bank. Retail market share is presented based on MNB's secured market.

Stable portfolio and coverage rates

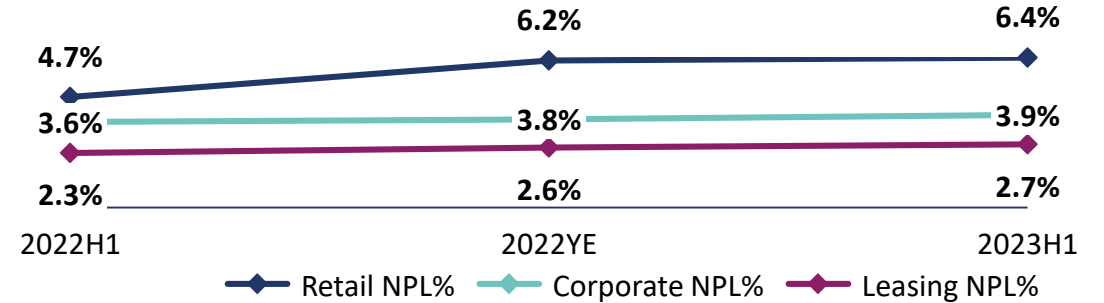
Adjusted risk cost (HUF bn) and adjusted risk cost rate (%), 2022H1 – 2023H1



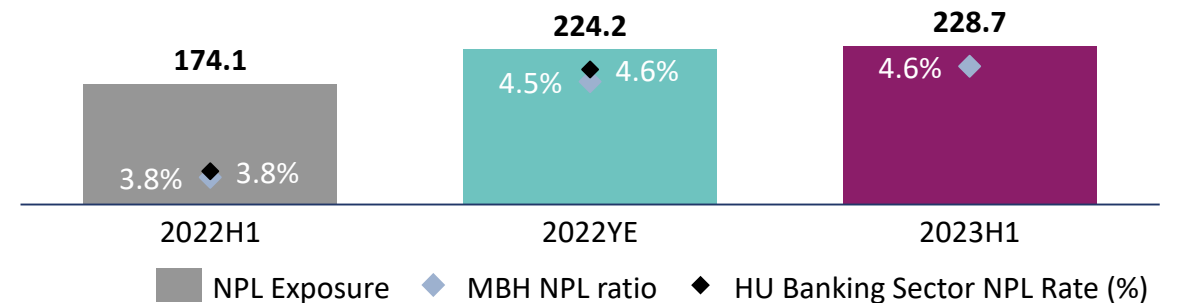
- The **total amount of adjusted risk cost** in H1 2023 was a HUF 37.6 bn charge, reflecting the impairment charge and modification loss recognised for the interest rate cap and moratorium extended until the end of the year (HUF 16.5 bn), impairment on NPLs (HUF 2.8 billion) and merger-related methodology harmonization and macro parameters update (HUF 18.3 bn).
- The amount of NPL loans was HUF 228.7 bn at the end of H1 2023, increased by HUF 54.5 (+ 31.3% y/y) over one year.
- NPL% ratio remained relatively constant around 4.5 % - 4.6% between FY22 and H123

¹ According to IFRS, held for sale and FVTPL portfolio is not included.

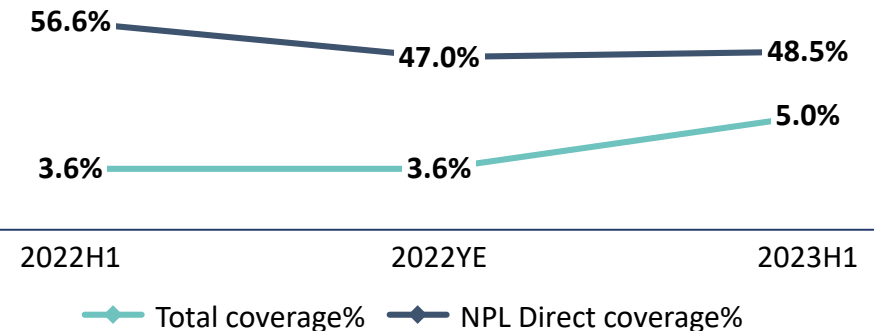
NPL rates by segment (%)^{1,2}, 2022H1 – 2023H1



NPL exposures (HUF bn) and overall NPL rate (%)¹, 2022H1 – 2023H1

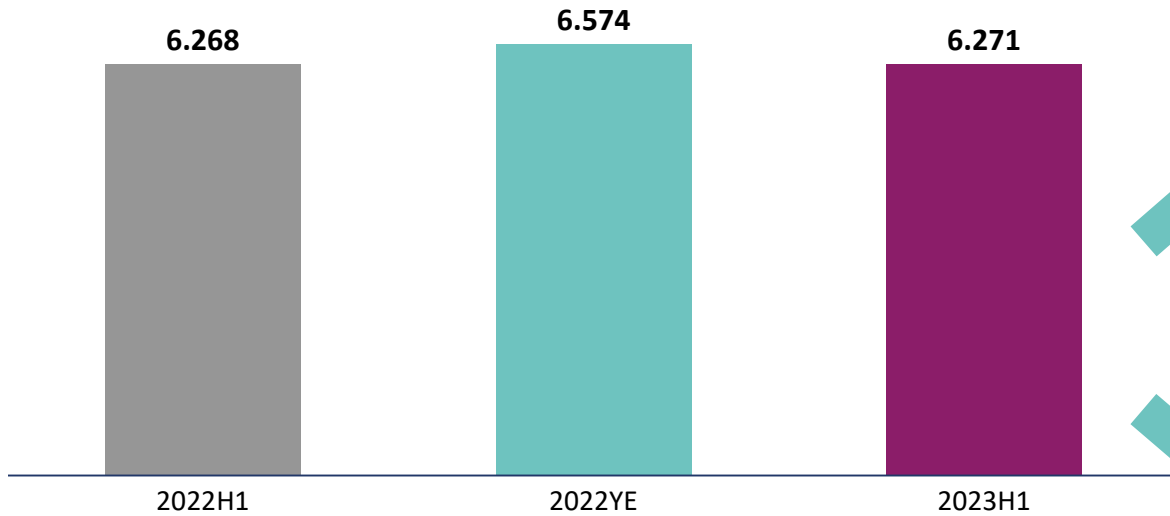


Total Coverage and NPL Direct Coverage (%), 2022H1 – 2023H1

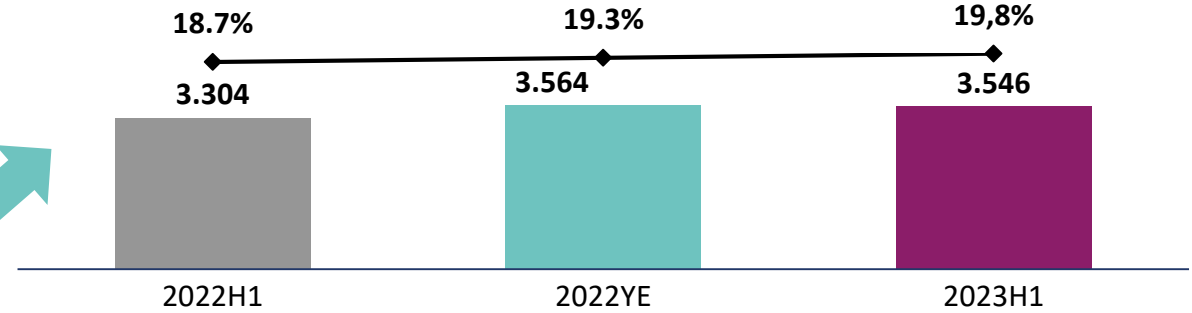


Deposits still affected by the economic slowdown in 23H1

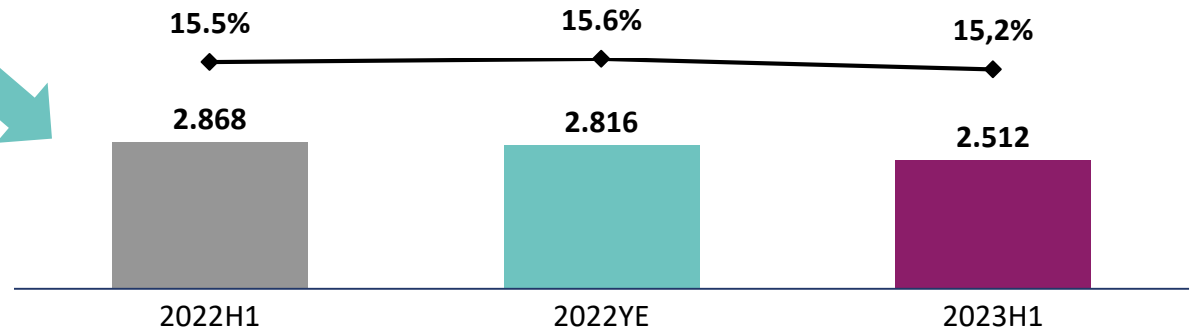
Customer¹ deposit portfolio (HUF bn), 2022H1 – 2023H1



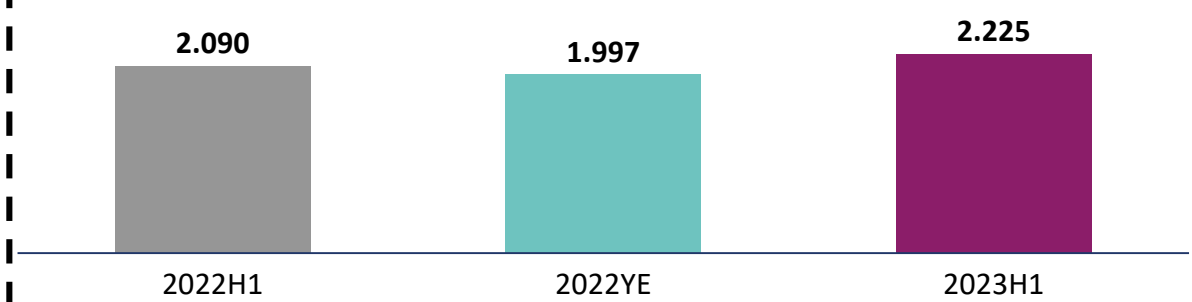
Corporate² deposit portfolio (HUF bn) and MS (%), 2022H1 – 2023H1



Retail² deposit portfolio (HUF bn) and MS (%), 2022H1 – 2023H1



Retail other savings³ portfolio (HUF bn), 2022H1 – 2023H1



- Changes in deposit volumes in 2022 – 2023H1 were significantly influenced by market processes.
- Despite the difficult market circumstances **corporate business deposits remained unchanged** compared to 2022YE at HUF 3.546 bn at 2023 H1, with market share increasing to close to 20%.
- **Retail deposits** decreased by HUF 304.0 bn in 2023 H1, driven by the macro environment and customers channelling their savings into other instruments.
- **Retail savings in other instruments increased by over HUF 228 bn** compared to YE 2022, mainly driven by growth in investment funds.

¹IFRS figures; ² Portfolio: Business volumes, Market share: MNB segmentation; ³Private individuals and Private Banking savings; other savings include securities accounts and shares, other securities.

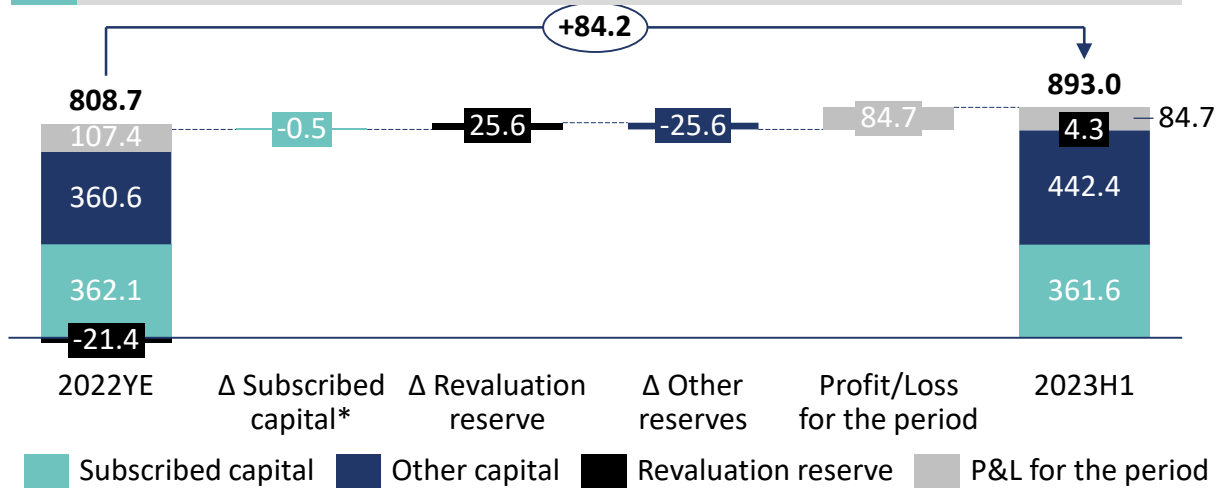
Please note that corporate and retail deposits do not sum to the total customer deposit portfolio due to the presence of other deposits not shown here separately.

Section IV.

Capital position and MREL adequacy

Strong and steady capital position

Evolution of shareholder's equity (HUF bn), 2022 YE – 2023 H1

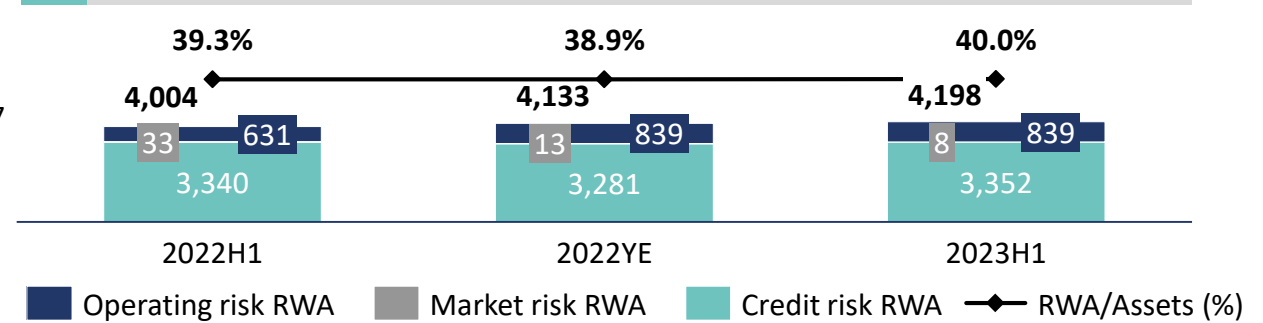


Expected evolution of capital requirements (%), 2023H1 – 2024H1

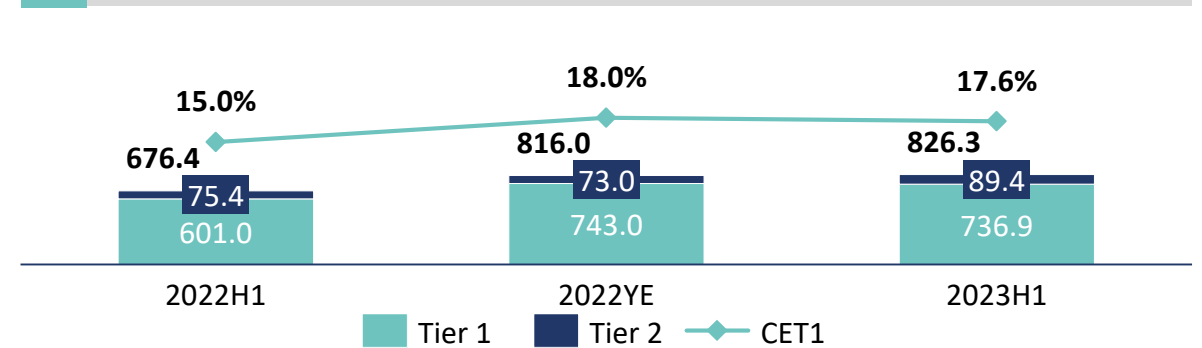
Capital requirements (%)	2023	2024	2024
	June - A	Jan - F	June - F
Basel minimum level	8.0%	8.0%	8.0%
SREP add-on	3.0%	3.0%	3.0%
CCoB	2.5%	2.5%	2.5%
CCyB*	0.0%	0.0%	0.5%
OSII	0.5%	1.0%	1.0%
P2G	1.0%	1.0%	1.0%
Capital Adequacy Ratio	15.0%	15.5%	16.0%
Management buffer	1.5%	1.5%	1.5%
Target capital adequacy	16.5%	17.0%	17.5%

* CCyB based on the published schedule for the banking sector by the MNB

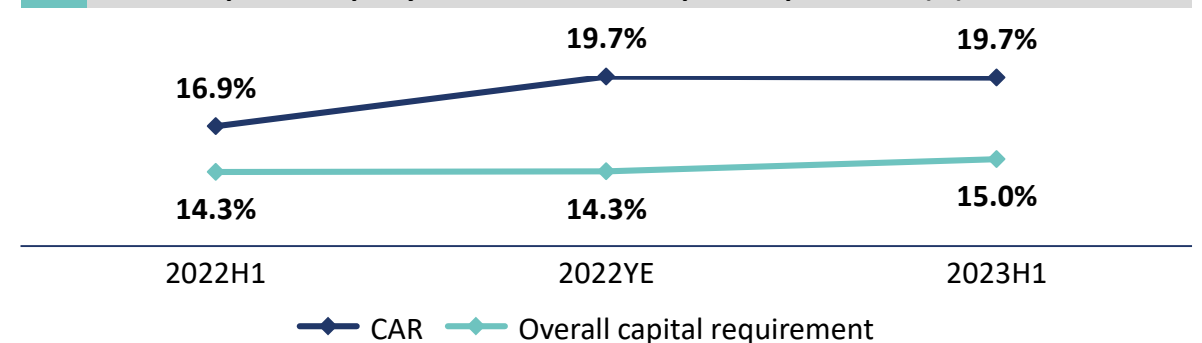
RWA Breakdown (HUF bn), 2022 H1 – 2023 H1



Own funds (Regulatory Capital) evolution (HUF bn), CET1 ratio (%) '22H1 – '23H1

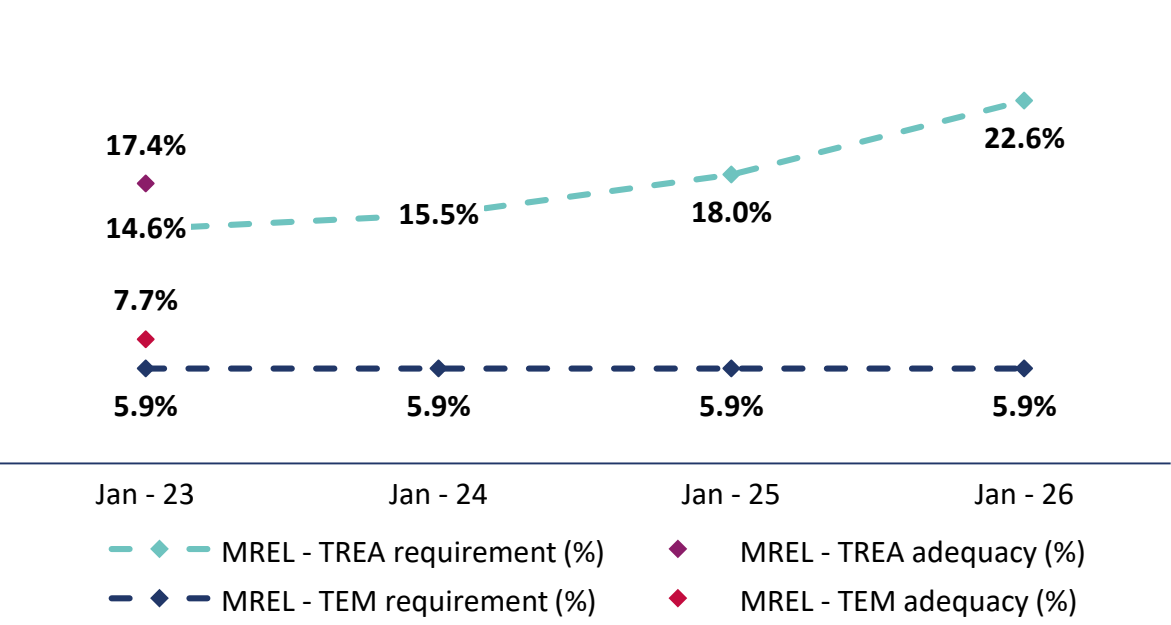


Actual capital adequacy ratio and overall capital requirement (%), 22H1 – 23H1

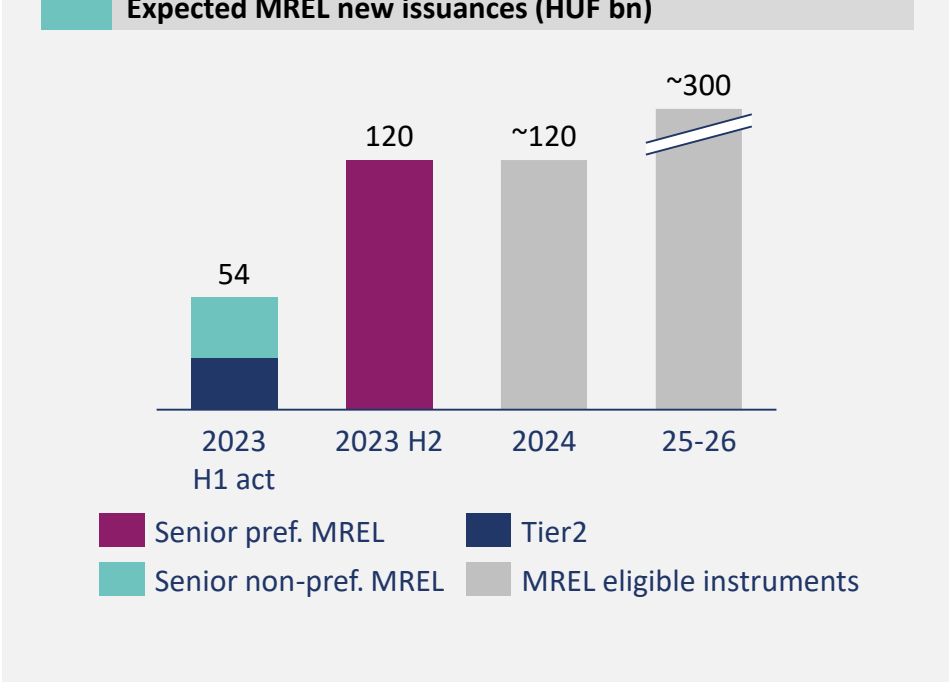


MREL requirements and adequacy – planned issuances

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	%
Total Risk Exposure Amount (TREA)	13.5%
Total Exposure Measure (TEM)	5.0%
Total Liabilities and Own Funds (TLOF)	8.0%

We plan to meet the requirements with building up

- additional 0.3% and 0.5% management buffers for TREA and TEM, and
- additional management buffer of 0.3% in 2024 and 0.5% from 2025 onwards for TLOF as well

Section V. Overview of the Transaction

Key terms of the first bond issuance under the EMTN Programme

Issuer	MBH Bank Nyrt.
Issuance type	Senior preferred (MREL eligible)
Issuer's deposit Rating	Baa3
Issue Rating	Ba2
Issue Amount	Expected EUR 300mn
Issue Tenor	4NC3
Issue Coupon	[...] % Fixed Rate, payable annually until the Optional Redemption Date (Fixed Rate Period). If not redeemed on the Optional Redemption Date, 3M EURIBOR + [...] % (issue spread over EUR midswap) Floating Rate, payable quarterly until the Maturity Date (Floating Rate Period).
Issue Currency	EUR
Issue Min. Denomination	EUR100,000 + EUR 1,000
Documentation	Under the Issuer's EUR 1,500,000,000 Euro Medium Term Note Programme dated 2nd October 2023
Listing	Luxembourg Stock Exchange's regulated market
Arranger	Citi
Joint Bookrunners	Citi, Erste Group, ING, UniCredit, MBH Bank

Appendix



Key milestones of the merger of MKB Bank, Budapest Bank and Takarékbank

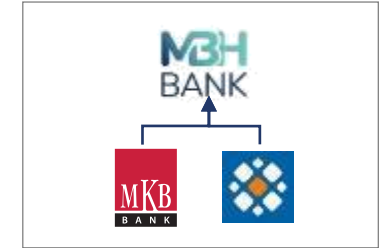
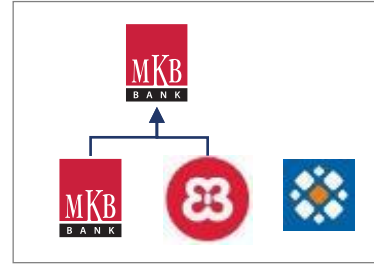
Strategic cooperation was formed between BB, MKB and Takaréék Group **to establish a joint financial holding company** (Magyar Bankholding) **to examine and prepare the opportunity of the establishment of a new banking group**

Major owners of BB, MKB and Takaréék Group contributed their bank shares to Magyar Bankholding, thus Hungary's 2nd largest banking group has been established

Group strategy 2021-2025 (business strategy, IT strategy, operating model, financial model), and **Merger implementation plan has been approved**

Legal merger of MKB, BB and Hungarian Takaréék Bankholding (owner of Takaréék Group) **as MKB**. **Takaréékbank became the subsidiary of MKB** and operates as a separate legal entity

Legal merger of MKB and Takaréékbank to create MBH Bank



May 2020

15 Dec 2020

Mar/Aug 2021

31 Mar 2022

1 May 2023



The merger was driven by a 2-year long Transformation Program, consisting of 50 projects and had a dedicated deputy CEO-level leader

Extract of topics covered in the Transformation Program "Merger Project"



Business

- Unified product offering and cross-selling
- Integrated branch and CC front-end
- Branch network merging, etc.



Operations

- Consolidation of operations
- Common payment transactions
- Unified process ticketing, etc.



Risk

- Credit risk management
- Risk management control
- Debt collection



Finance

- Follow-up of synergy initiatives
- Umbrella ledger and ERP
- Joint ALM and liquidity management, etc.



Information Technology

- IT infrastructure harmonization
- Digital Channels unification
- Corporate Customer IT Migration, etc.



Rebranding & Communication

- Rebranding to MBH Bank (and subsidiaries)
- Internal and external communication



Legal and Prudential

- Legal preparation of the merger
- Corporate governance and regulation, etc.



HR

- Unification of incentive and performance management
- Centralization of HR services, HR core system replacement, etc.

Investor relations

Email: investorrelations@mbhbank.hu

Phone: 0036-1-268-8004

<https://www.mbhbank.hu/investor><https://www.mbhbank.com/investor-relations>