MBH Group

H1 2023 results

Investor Presentation

31st August 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 H1 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 H1 2023 Report.

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Executive summary

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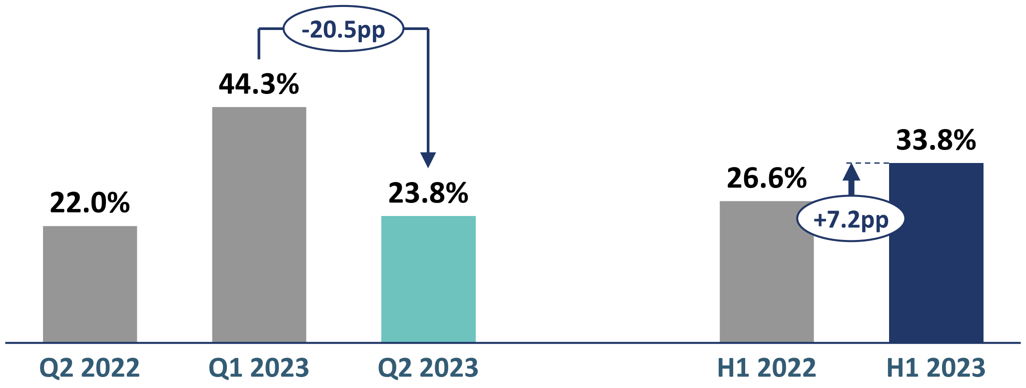
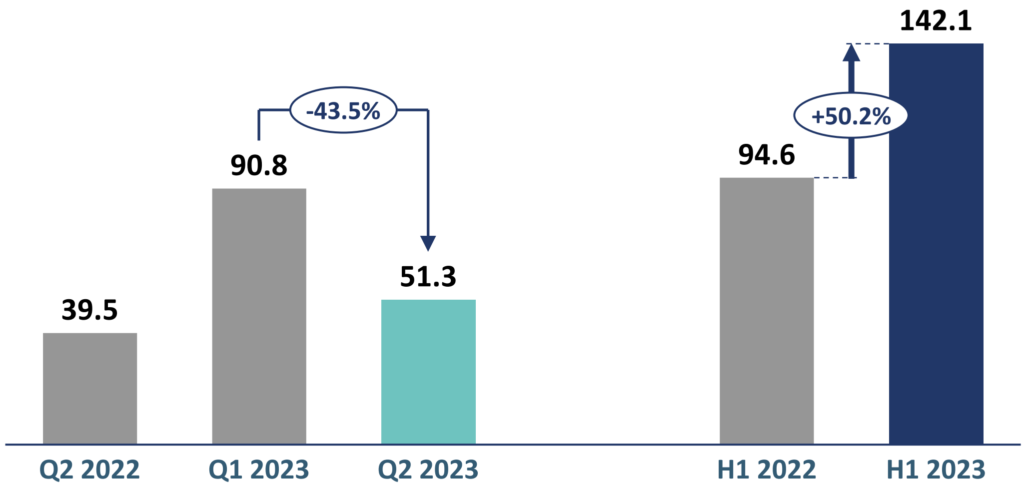
Strong profit growth with H1 adjusted profits increasing more than 50% y/y

Adjusted ROE (%)

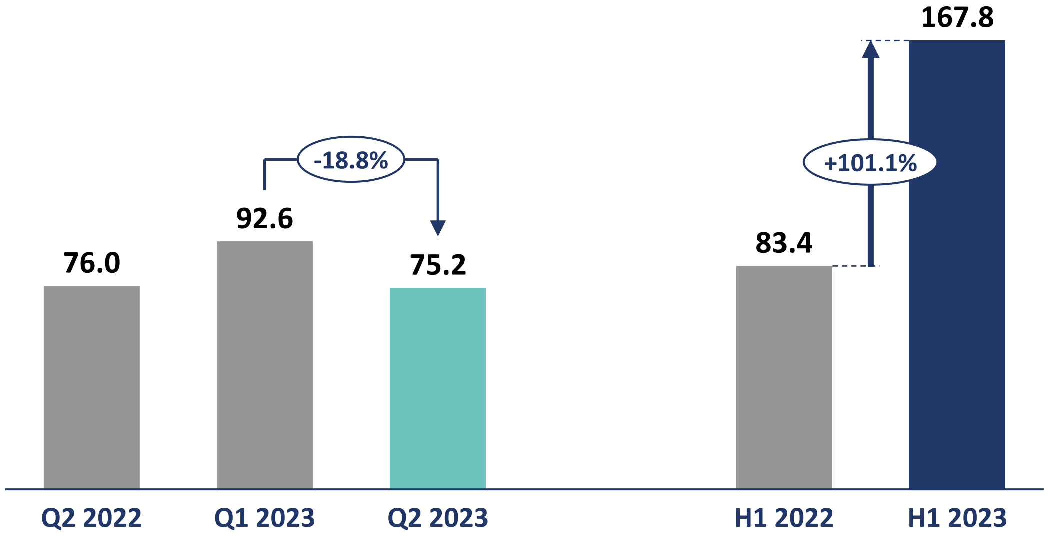


- **Outstanding adjusted return on equity,** reaching **33.8%** in H1 2023**,** driven by strong revenue margins and cost efficient operations during the period.
- **HUF 142.1 bn adjusted profit after tax** (+50.2% y/y) in H1, reflecting the increased profitability levels of the Group. The decrease in Q2 over Q1 was driven by the risk costs booked in the period, related to modification loss recognised for the extension of the interest rate cap and moratorium (HUF 16 bn), and methodology harmonization and macro parameters update (HUF 19.0 bn).
- **Total comprehensive income for H1** doubled over the year to **HUF 167.8 bn** (+101.1% y/y).

Adjusted PAT (HUF bn)



Adjusted TOCI (HUF bn)



Business environment

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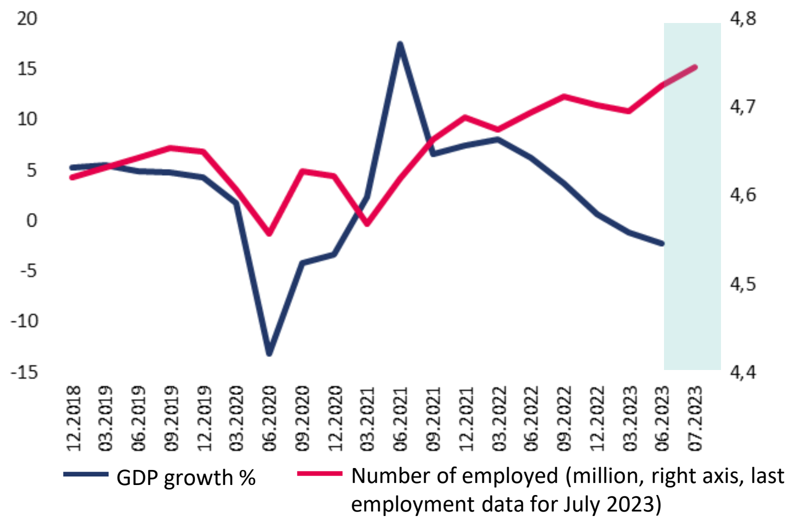
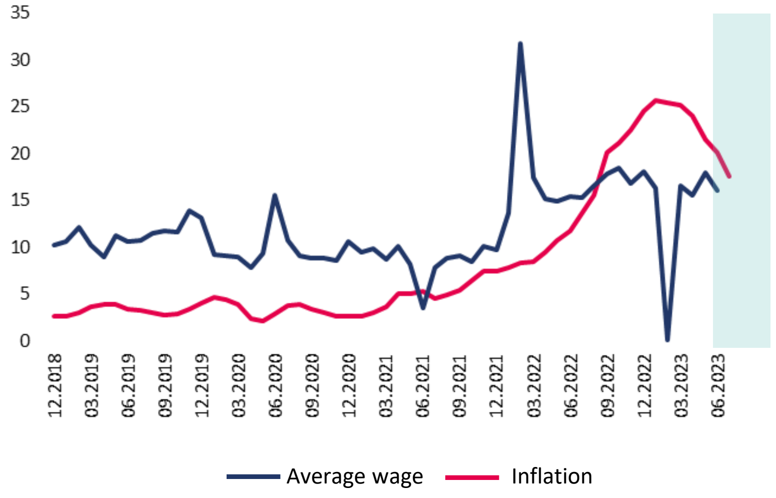
Inflation is falling as expected, employment at new high in Q2

- Hungary's GDP decreased by 2.4% (y/y) in the 2nd quarter of 2023. We expect growth to gather steam in H2.
- As expected, inflation decreased to 17.6% in July from 20.1% in June. The increase in food prices moderated and the prices of durable consumer goods decreased due to strengthening forint. After more visible decrease in H2, we estimate annual average inflation at 17.5% 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 5 million people).
- The EUR/HUF exchange rate start to decline in the summer again due to deteriorating international environment, 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 remained on a declining path in the second quarter, and corporate deposits also declined substantially. The stock of loans, however, mildly increased in the former, and roughly stagnated in the latter segment.

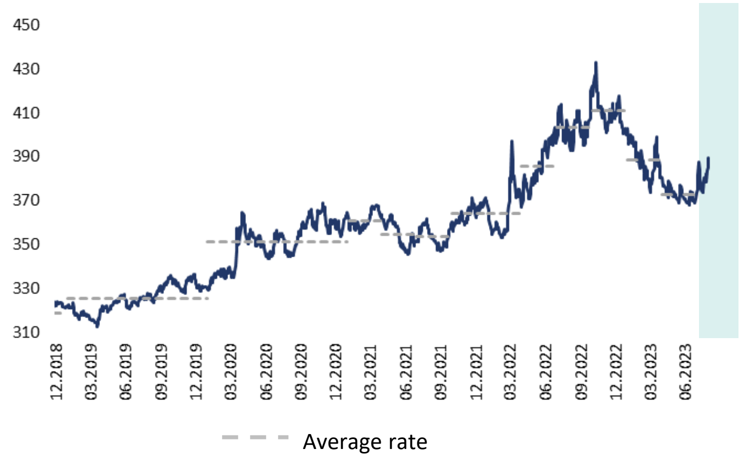
GDP growth (y/y%) and employment



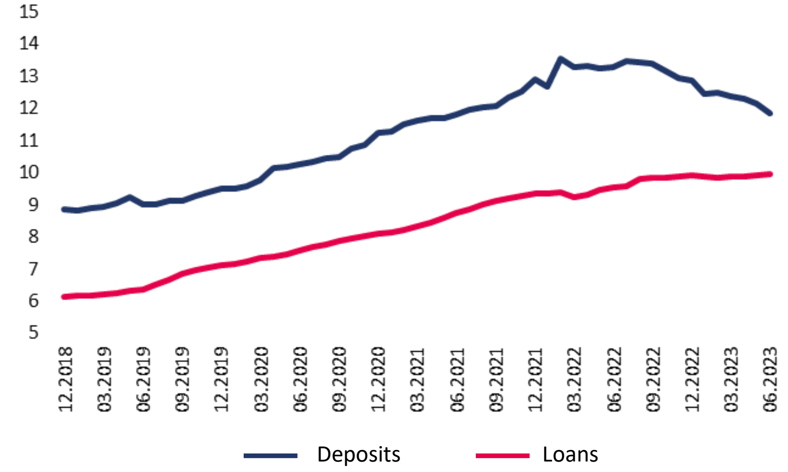
Average inflation and wage growth* (y/y %)



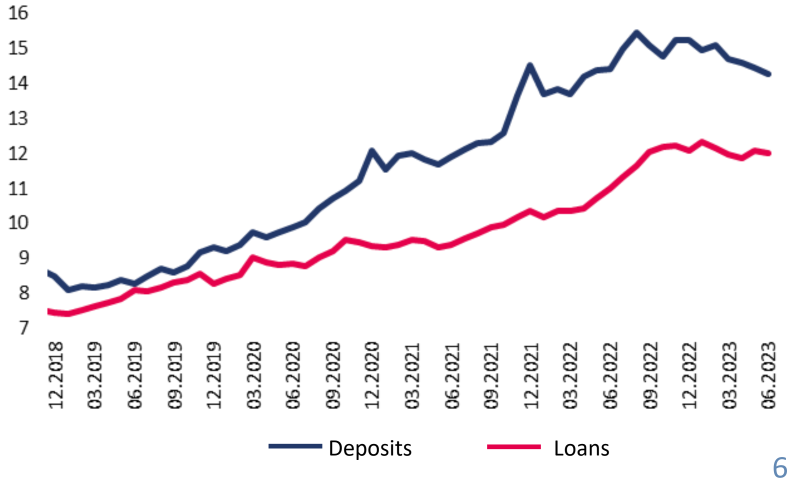
EUR/HUF rate



Household volumes (HUF thous. bn)



Corporate volumes (HUF thous. bn)

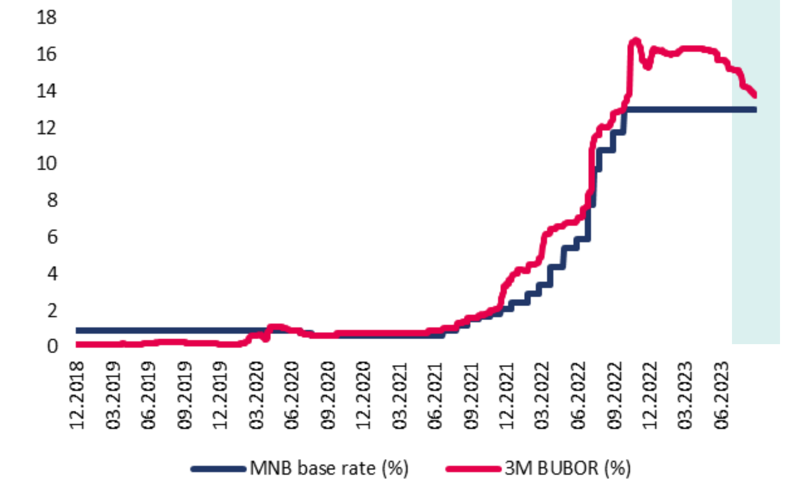


* Febr. wage growth data was affected by the payment of the 'service premium' (the so-called 'firearms money') for the army and the law enforcement personnel corresponding to six-month salary in February 2022

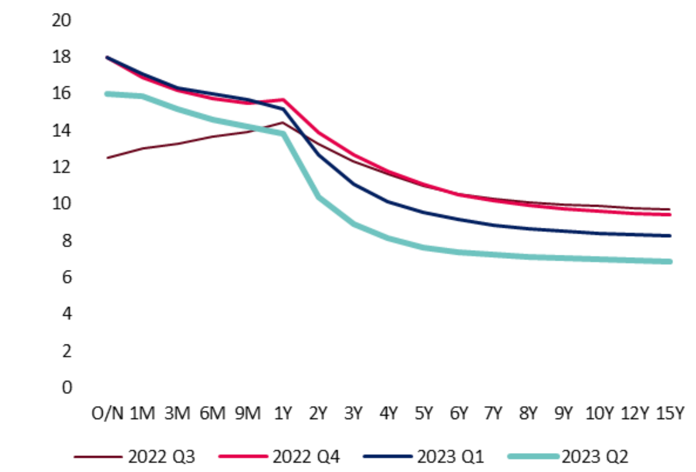
Further improvement in inflation and risk perceptions opened the way towards the normalization of the interest rate environment

- The key internal factors monitored by the central bank showed further improvement, while global risk assessment deteriorated slightly in August, so the door remained open for interest rate cuts, allowing a further 100 basis point reduction in the one-day deposit quick tender rate (which is thus reduced from 15% to 14% in August). We still expect gradual convergence of the interest rate conditions of one-day tenders to the base rate in September, and then we forecast 10.5% 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 compared to the previous quarter.
- GDMA benchmark yields showed a mixed picture: the short end of the curve showed a further moderate decline from Q1, while the long end of the curve showed little change and remained slightly above 7% level.

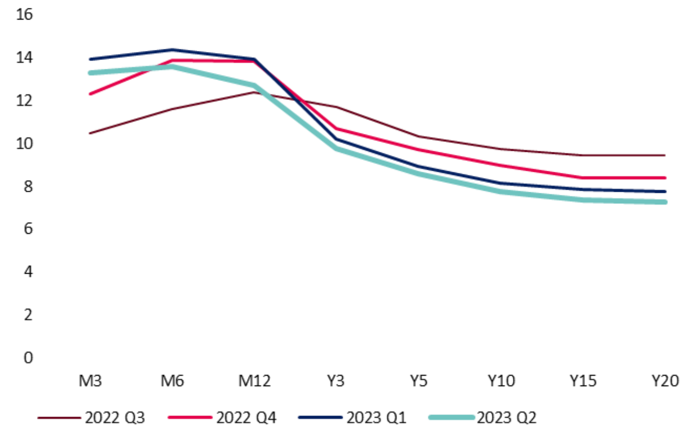
MNB base rate and 3M BUBOR (%)



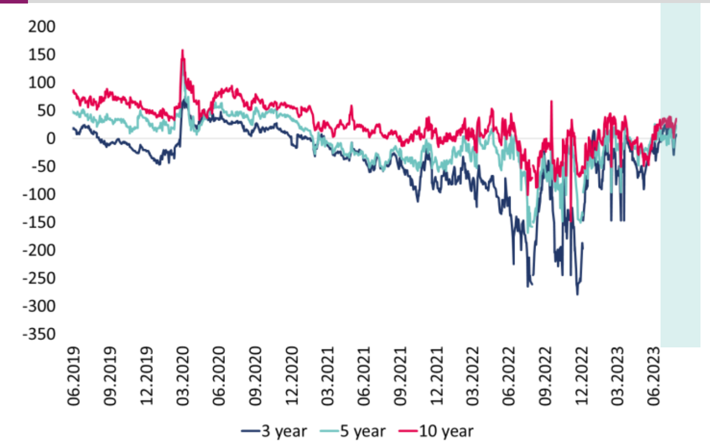
SWAP yield curves (%)



GDMA benchmark yields (%)



GDMA-SWAP spread (%-pts)



Financial performance

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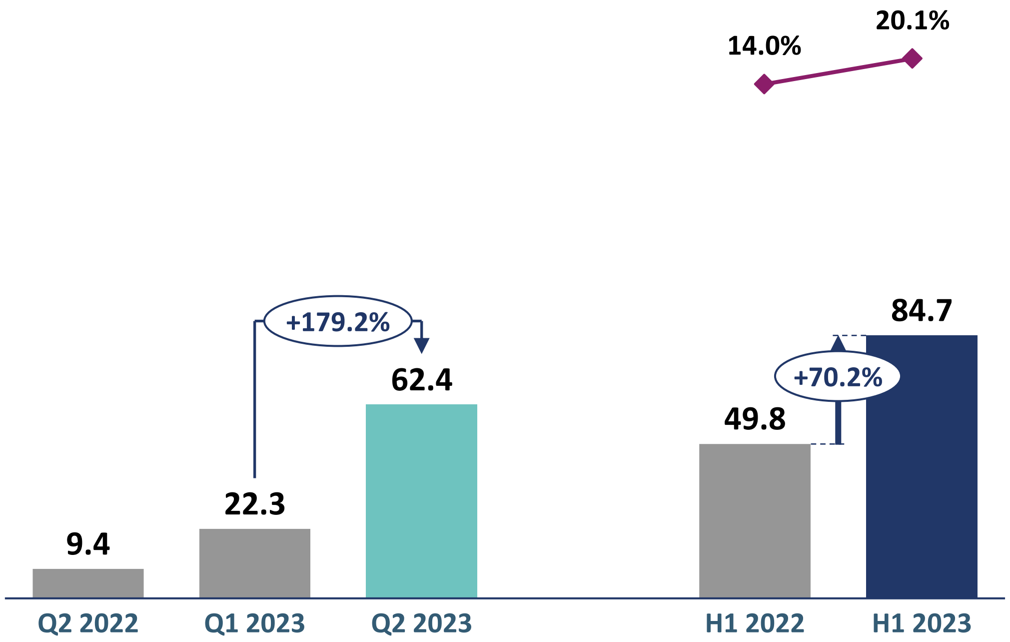
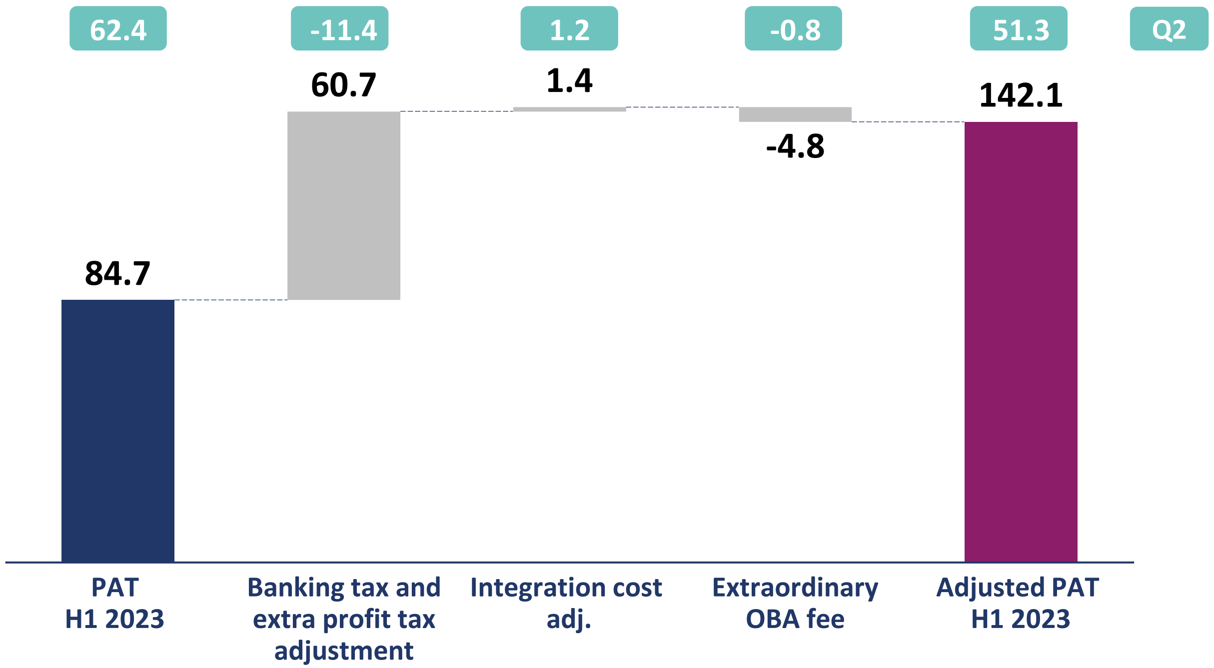
Accounting profits increased to HUF 84.7 bn; extra profit tax and banking tax are the main adjustments on PAT in H1 2023

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



H1 2023 adjusted Profit after tax breakdown (HUF bn)



- **Accounting profit after tax** in Q2 2023 was HUF 62.4 bn. The increase in the second quarter is primarily due to banking tax and extra profit tax paid in Q1. H1 accounting profit after tax amounted to HUF 84.7 bn, which is over 70% higher than H1 2022.

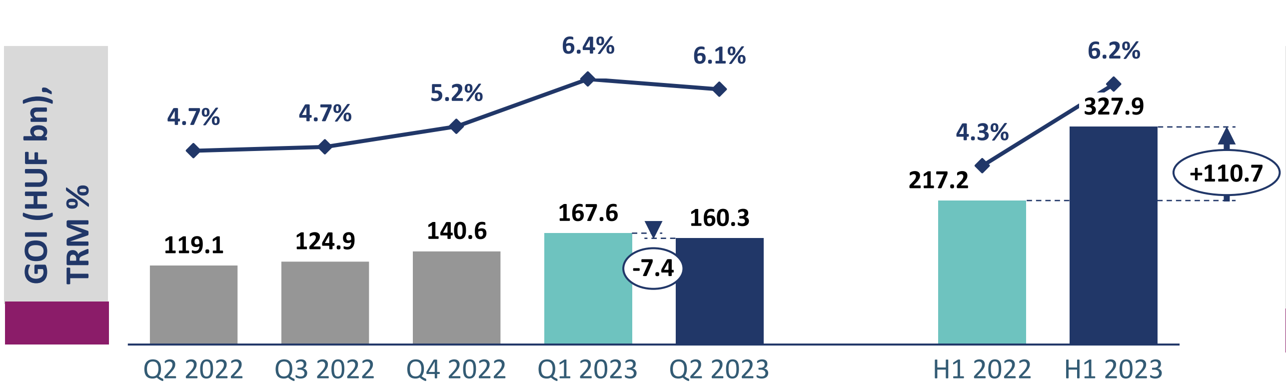
In order to provide better understanding and comparable views of the underlying financial performance, MBH Group uses adjustments in this report.

Adjustments for H1 2023 are the following:

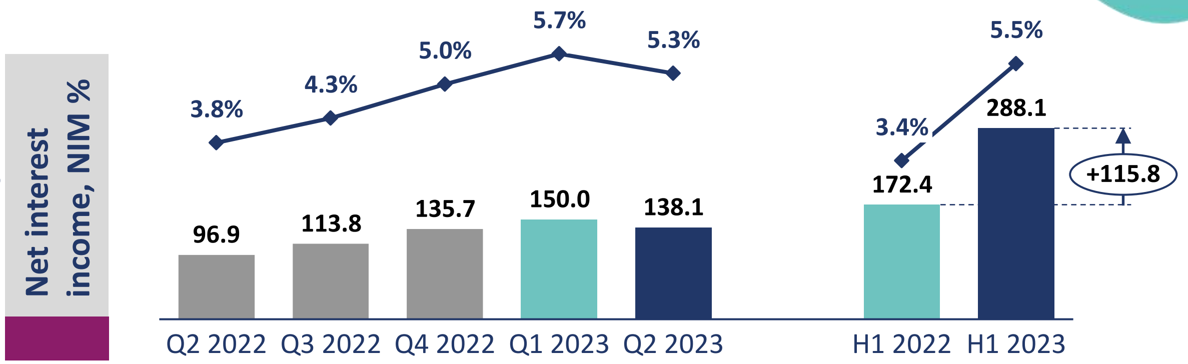
- **Banking tax and extra profit tax** adjustment totalling HUF 60.7 bn
- **Integration cost adjustment** comprises of MBH Bank and Takarékbank merger related expenses
- **Adjustment on extraordinary OBA fee:** HUF 4,8 bn Sberbank bankruptcy related extra fee was returned in Q1 2023

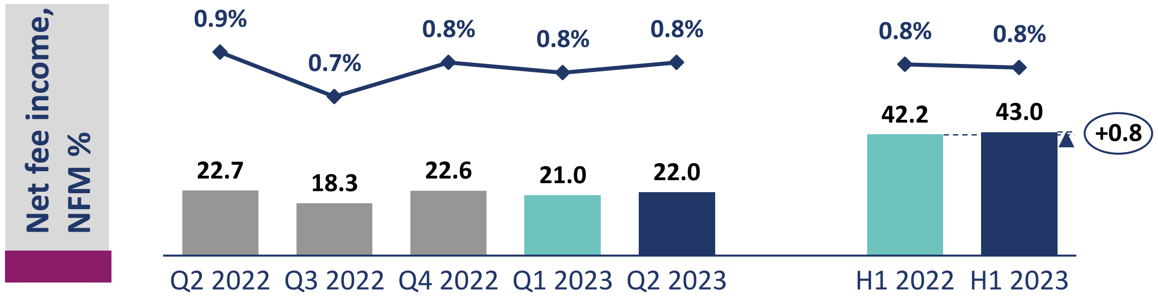
*Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis, including BB 2022 Q1 results

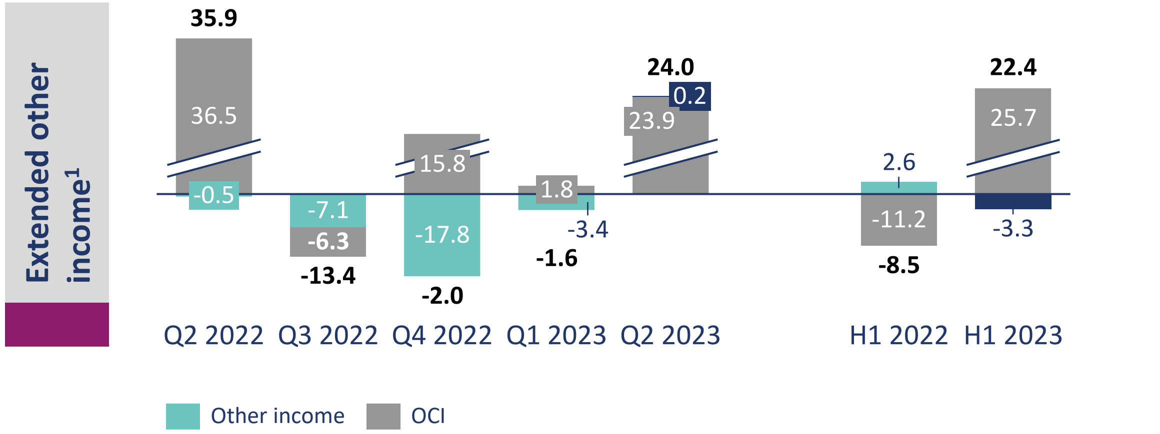
MBH Group's gross income grew by HUF 110.7 bn y/y, driven by the growth in net interest income



- **Gross Operating Income reached HUF 160.3 bn (HUF -7.4 bn p/p, HUF +41.2 bn y/y) in Q2 2023,** which is **up by 34.6%** compared to the same quarter last year, mainly driven by the growth in NII. The growth rate moderated in Q2 due to changes in the yield environment and reserve requirement ratio.
- **Net interest income reached HUF 138.1 bn in Q2 2023 (+42.4% y/y).** The quarterly decline in interest income (-8.0% p/p) is explained by the i) changes in the reserve requirements, ii) the increase in the client interest expense margin and iii) the increased weight of interbank funding in the context of a decrease in customer deposits.
- **Net fee & Commission income was HUF 43.0 bn in H1 2023 (+2.0% y/y) and HUF 22.0 bn in Q2 2023 (+4.8% p/p),** quarterly growth driven mainly by the increasing turnover and number of customer transactions.
- **Extended other income totalled HUF 24.0 bn in Q2 2023** with the p/p changes being driven by volatile money market conditions through other comprehensive income (OCI) and results of financial transactions.





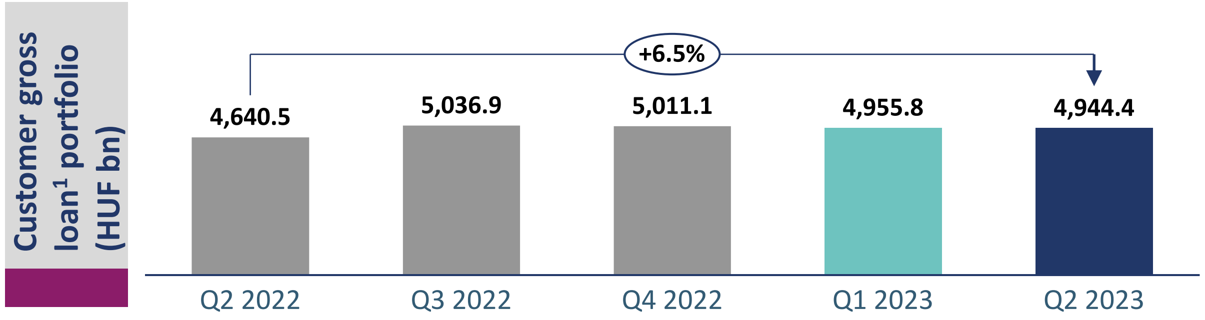


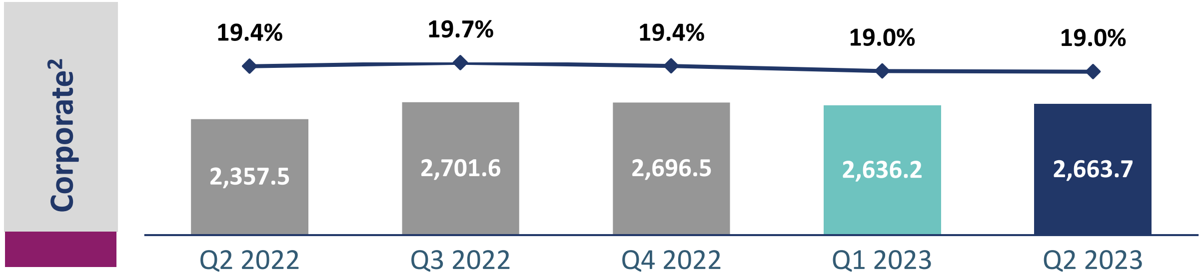
[1] Other income + FX + FV + OCI

Note: Merged Bank's financials for periods prior to Q2 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 corporate and leasing loan volumes in Q2 2023





MBH's gross loans decreased during the second quarter by 0.2% (HUF -11.5 bn). Corporate loans increase in Q2 (HUF +27.5 bn p/p).

Retail Loans:

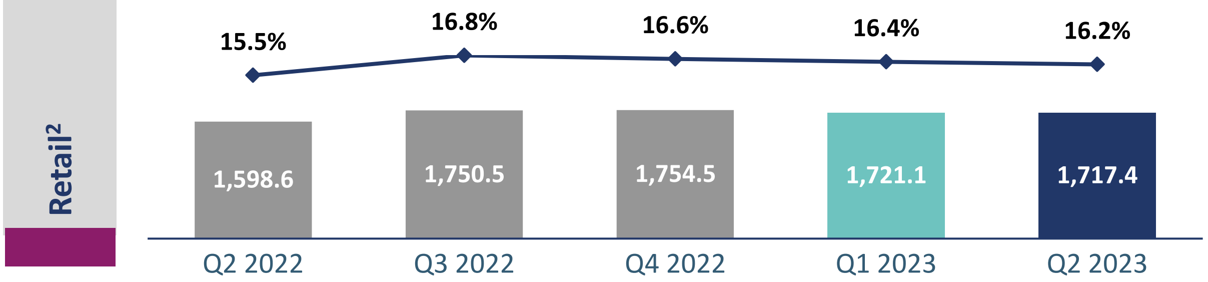
- **Total retail loans portfolio** decreased in Q2 2023 due to the apparent decrease in demand for loans, p/p cut was 0.2%.

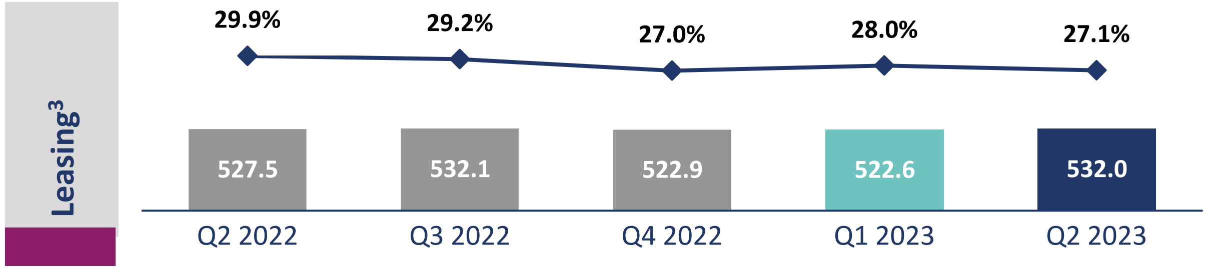
Corporate Loans:

- **Corporate business** increased by 1.0% during Q2 **on loan portfolio, reaching HUF 2,663.7 bn at the end of June 2023.**

Leasing:

- MBH Group **leasing portfolio** amounted to HUF 532.0 bn as of 30 June 2023, HUF 9.4 bn (+1.8% p/p) higher compared to Q1 2023.

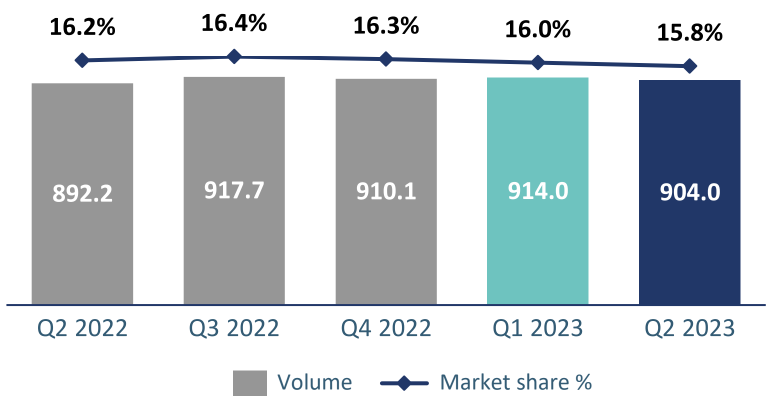




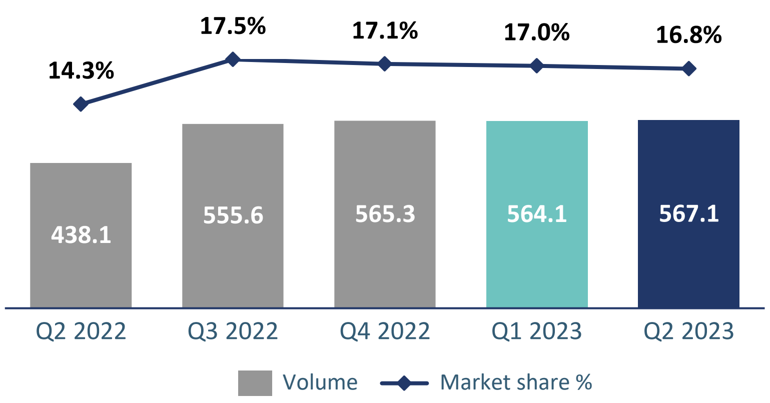
[1]IFRS figures;
[2] Portfolio: Business volumes, Market share: HNB segmentation, household and non-financial corporate
[3] Leasing market share: partially based on internal estimates

Increasing corporate overdrafts and retail unsecured loans portfolio

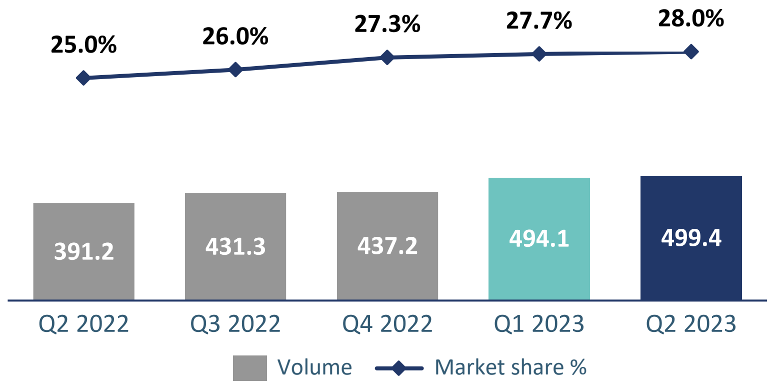
Retail mortgage loans – Gross volume (HUF bn) and market share (%)



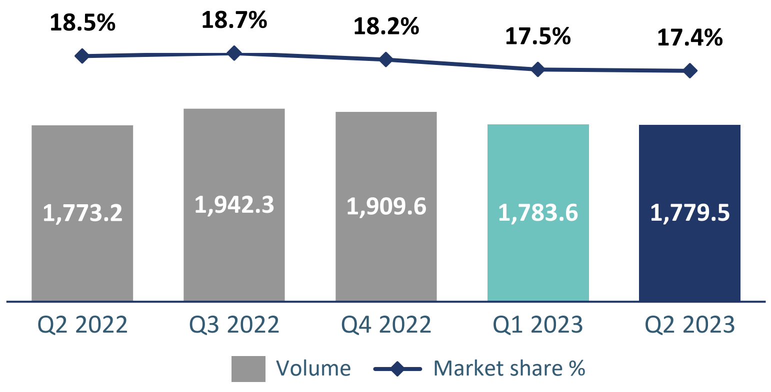
Retail unsecured loans – Gross volume (HUF bn) and market share (%)



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



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



Retail:

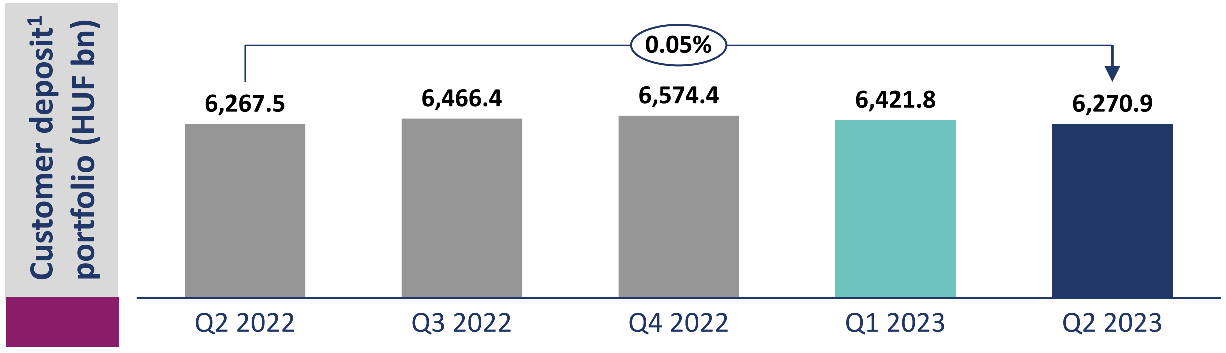
- Decreasing of **Retail mortgage loan** volume (HUF -10.0bn p/p) was affected by the market slow-down. Market share of retail mortgage loans was 15.8%.
- **Unsecured loan volumes increased moderately** in Q2 2023.

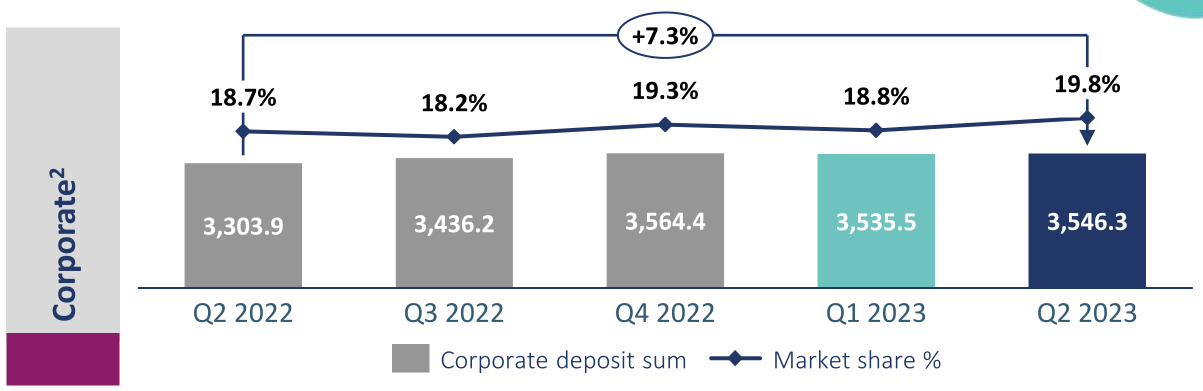
Non-financial Corporate:

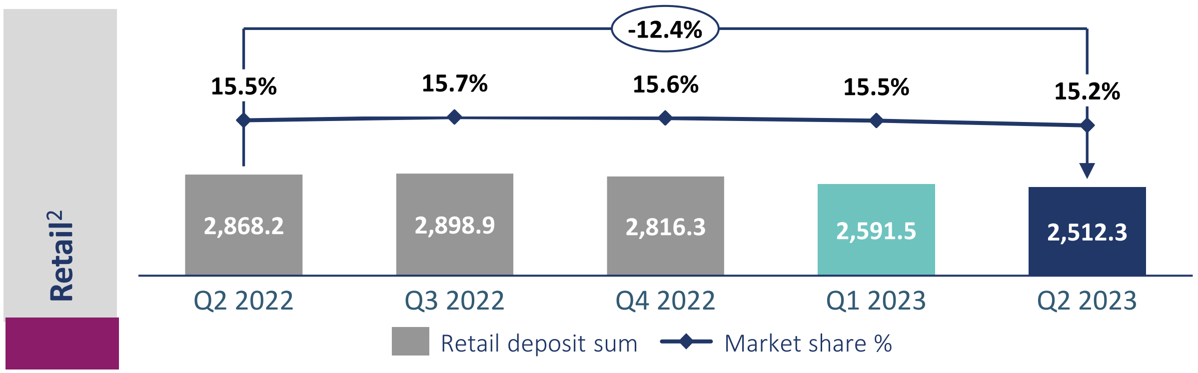
- **Overdrafts** amounted to HUF 499.4 bn (HUF +108.2 bn y/y) in Q2. Market share of corporate overdrafts continued to grow (+0.3% p/p).
- **Other loans increased by 0.4% y/y** (+HUF 242.3 bn y/y), supported by the government programs, in Q2 it decreased slightly (HUF -4.1 bn). Market shares are stable in the period.

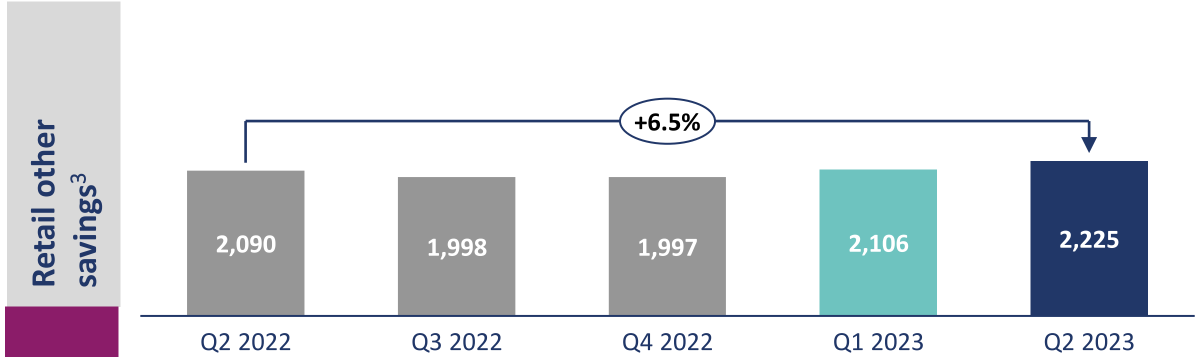
Please note: Retail segmentation presented on charts in this section is based on internal business segmentation of MBH Bank. Non-financial corporate segmentation is based on HNB' segmentation. Market share is presented based on HNB's secured market.

Customer deposit portfolios continue to be affected by the economic environment in Q2









Change in deposit volumes were significantly influenced by market processes.

Corporate Deposits:

- **Corporate business deposits increased by 7.3% y/y** (+HUF 242.3 bn y/y), supported by the government programs and partially by the moratorium induced lack of repayment. Q2 increase of 0.3% (HUF +10.8 bn p/p) is mainly due to growth in large corporate deposits. **Market share of corporate deposits increased to 19.8%.**
- Share of term deposit increased by 67.3% compared to Q2 2022 (+694.4 bn y/y) and reached almost 50%.

Retail Deposits:

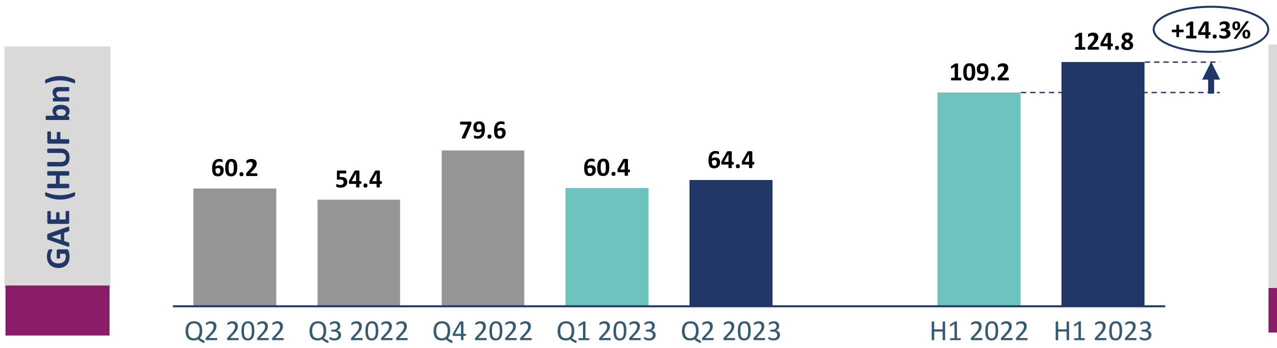
- **Retail deposits** decreased by HUF 356.0 bn y/y (mainly sight deposits). Macroeconomic effects hinders the saving capabilities of retail customers resulting in a decrease of 3.1% in Q2 2023.

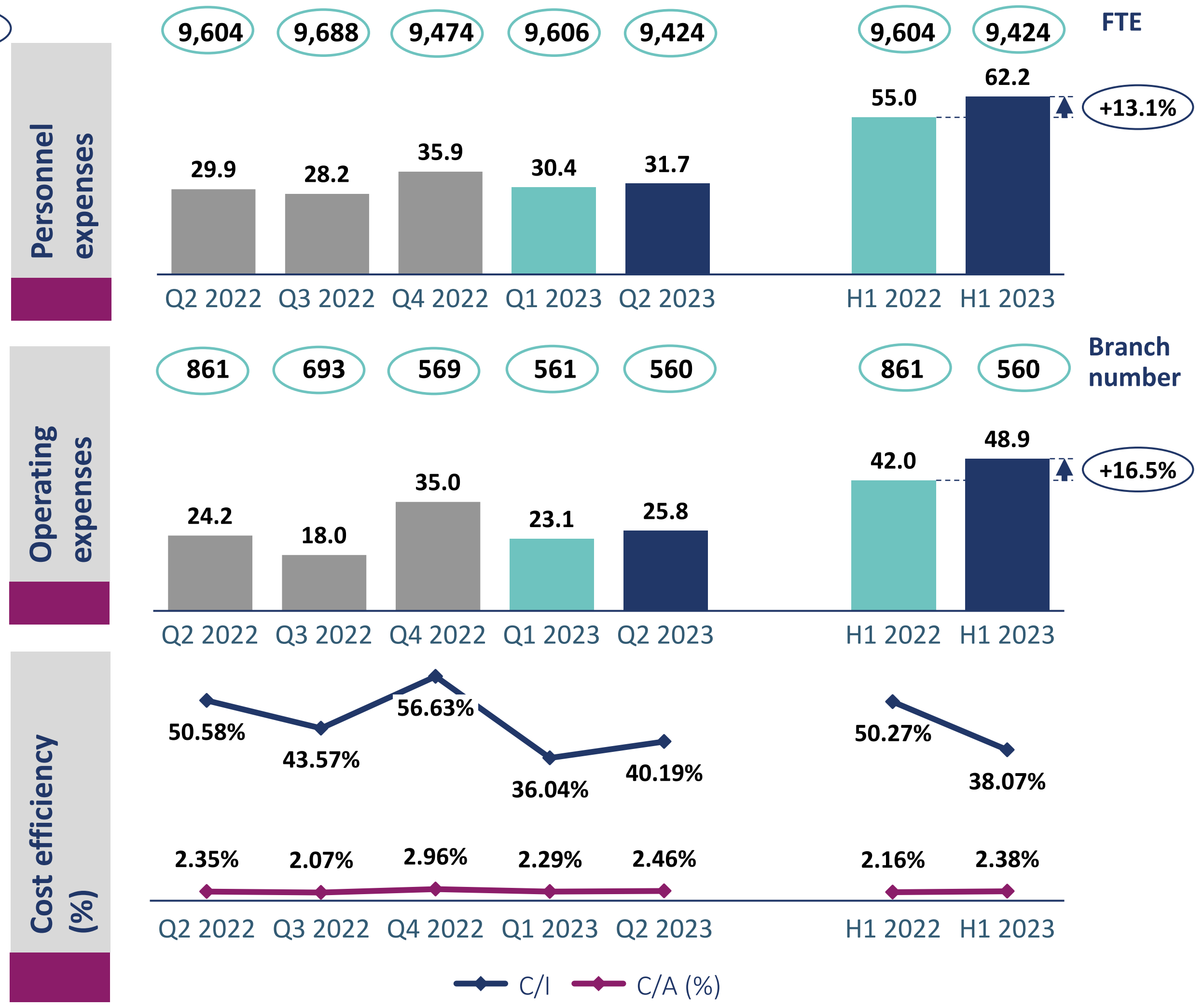
Retail other savings:

- **Retail savings in other instruments increased by over HUF 130 bn** compared to Q2 2022, and HUF 120 bn compared to Q1 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

Y/Y +14.3% cost increase below the level of inflation

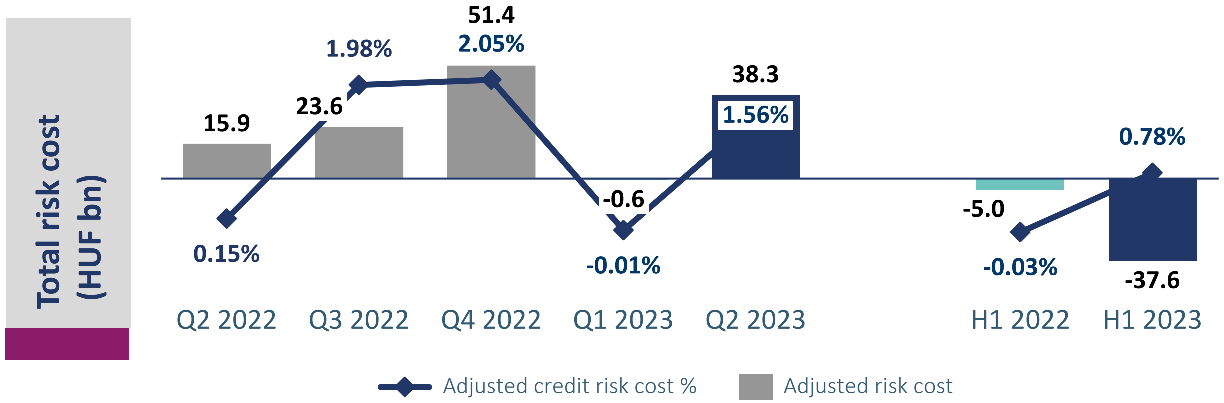




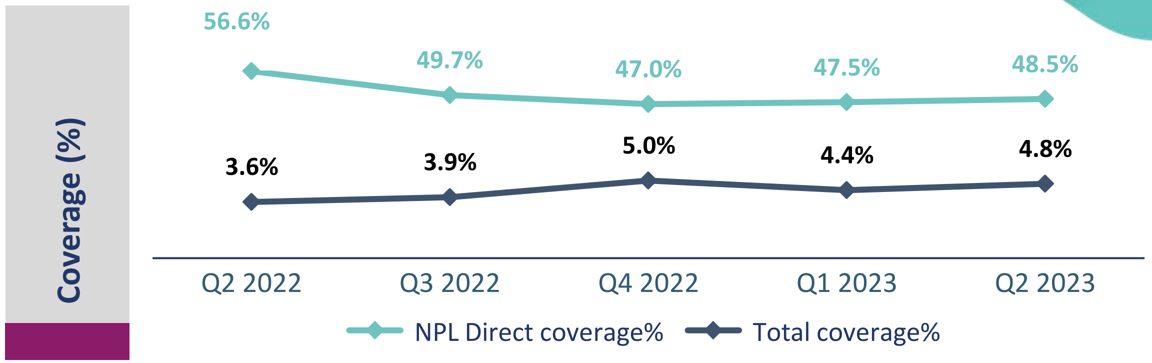
- **Adjusted C/I was 38.1% in H1** which is a significant, 12.2%pts y/y decrease. Increasing cost levels were mitigated by rapid income growth.
- **Personnel expenses increased by HUF 1.3 bn (+4.3%) p/p.** Y/Y growth (+13.1%) was driven by wage inflation (resulted mainly in the increase of base salary), which was partially offset by the savings resulted from the decrease in the headcount (-1.9% y/y).
- **H1 2023 OPEX increased by HUF 6.9 bn (+16.5% y/y).** The y/y increase was driven by high inflation and volume effects.
- C/A rate was 2.4% (+22 bps y/y) in H1 2023, due to lower average total assets.

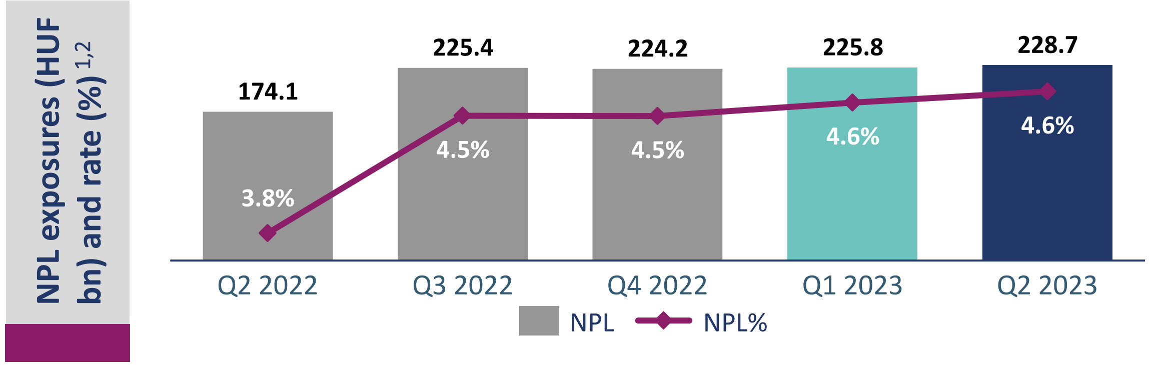
Note: Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis

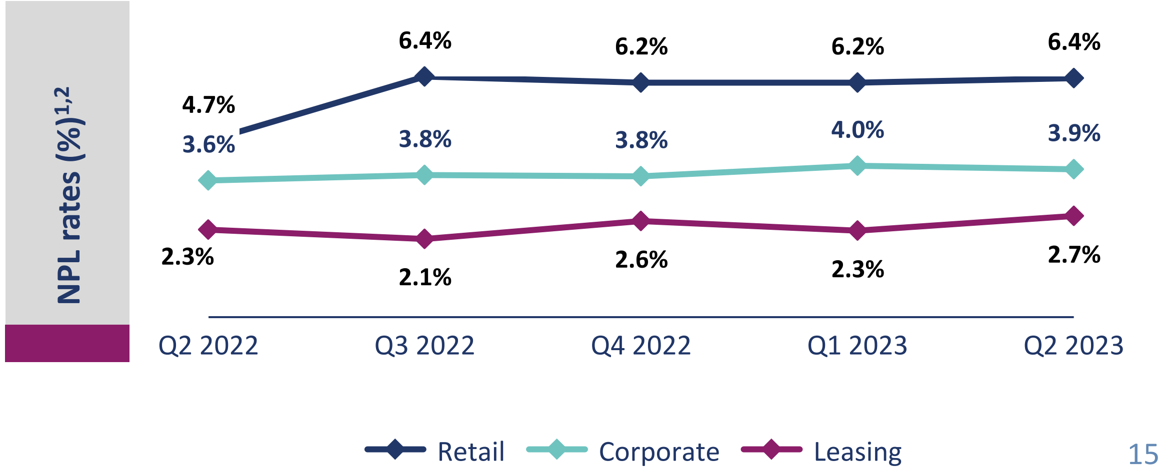
Stable portfolio and coverage rates



- The amount of NPL loans was HUF 228.7 bn at the end of Q2 2023, increased by HUF 2.8 bn (+1.3% p/p) over the period.
- The **total amount of risk cost** in Q2 2023 was HUF 38.3 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 19.0 bn).
- **NPL% ratio is 4.6% in Q2,** didn't change over the period.
- Retail NPL volumes increased in Q2, NPL% ratio reached at 6.4%.
- Corporate NPL loan volume was HUF 105.0bn at the end of Q2 2023, which showed a decrease of HUF 1.4 bn (-1.3% p/p) compared to previous quarter due to an individual case. NPL% ratio dropped to 3.9% in Q2 2023.



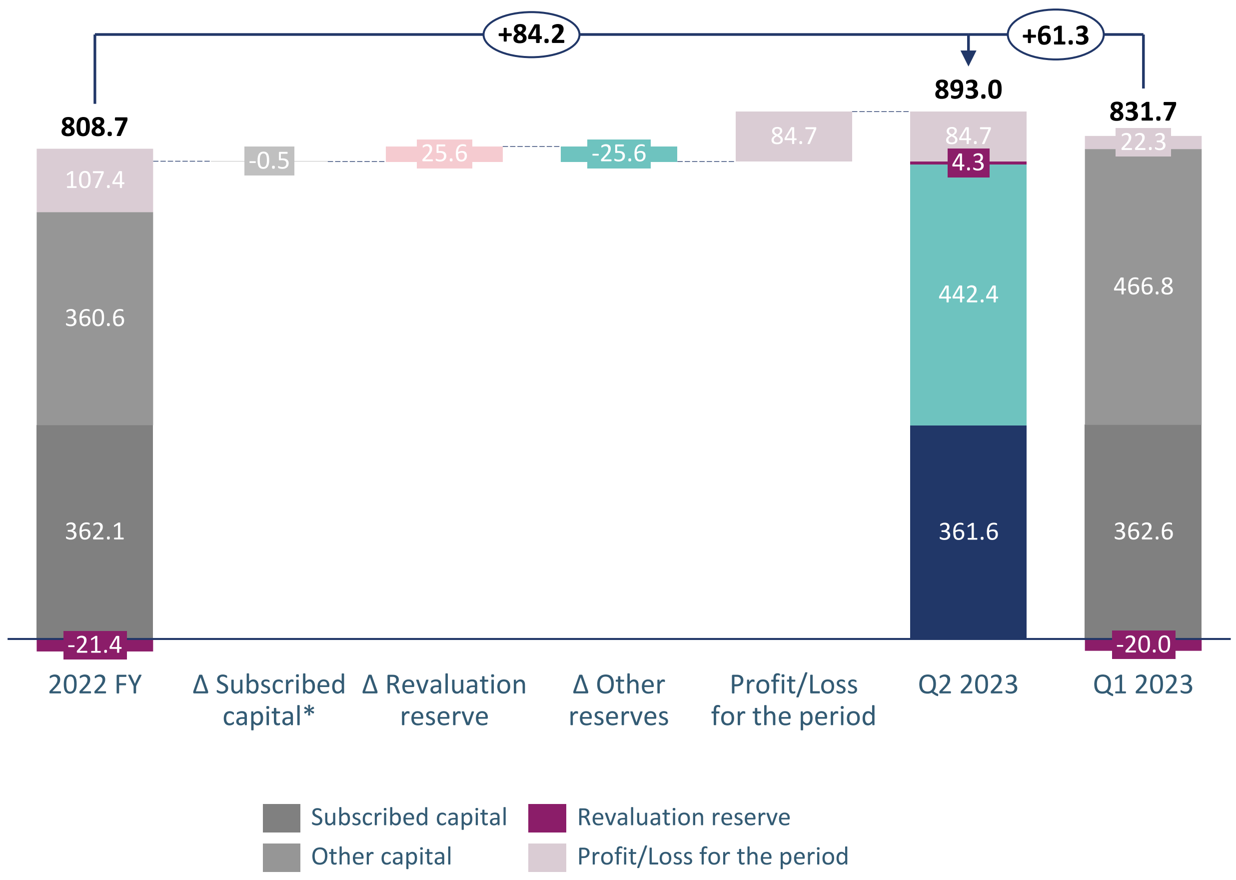




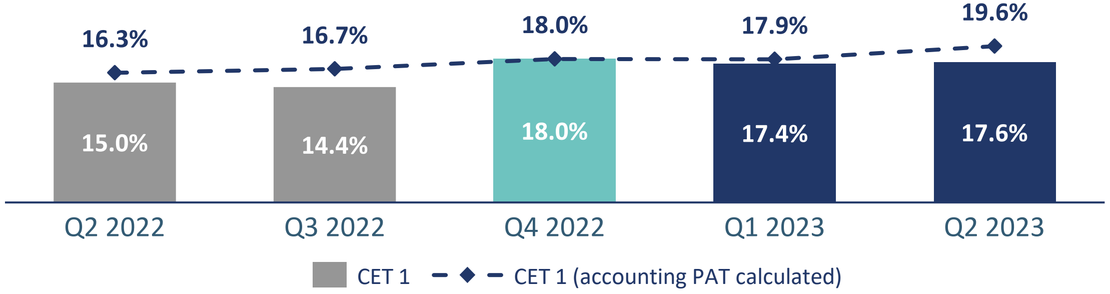
[1] According to IFRS, held for sale and FVTPL portfolio is not included. [2] Please note, from 3Q 2022 figures have been calculated by new methodology.

Stable capital position – 17.6% CET1 in Q2 2023

Shareholders' Equity (HUF bn)



CET1 (%)



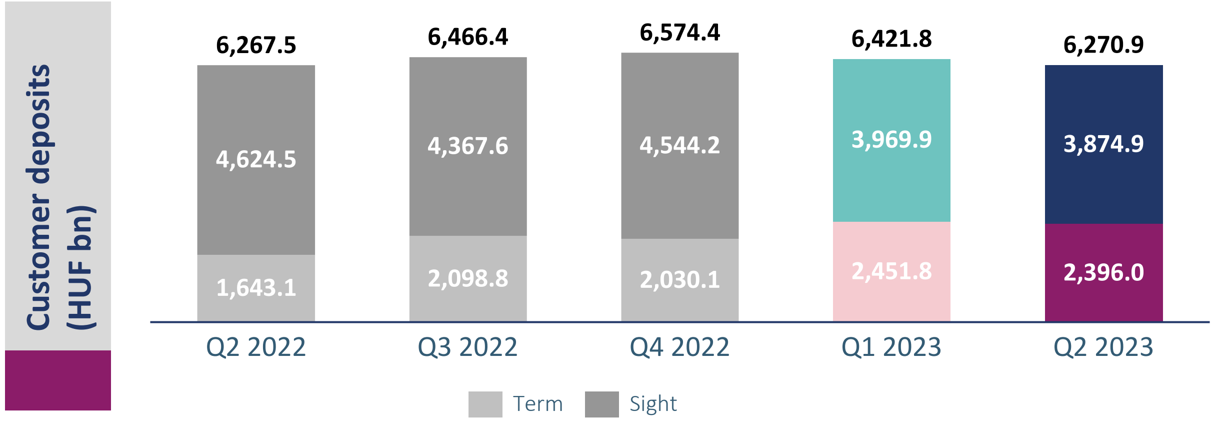
Regulatory Capital and Total RWA (HUF bn)

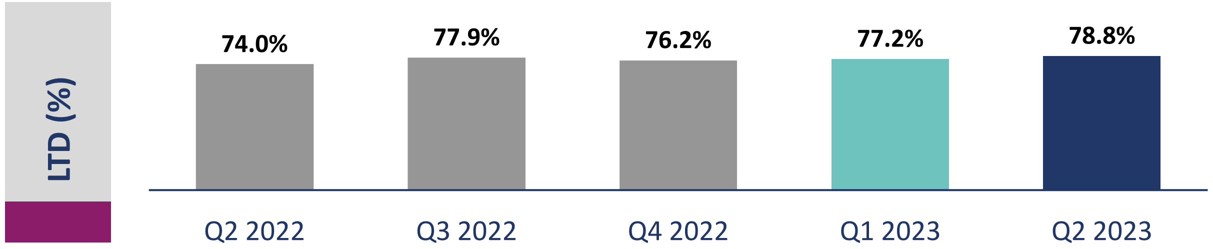
in HUF bn	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Regulatory Capital	**676.4**	**669.4**	**816.0**	**808.3**	**826.3**
Tier 1	601.0	593.3	743.0	713.4	736.9
Tier 2	75.4	76.2	73.0	94.9	89.4
RWA	**4,004.4**	**4,107.1**	**4,132.7**	**4,105.5**	**4 198.5**

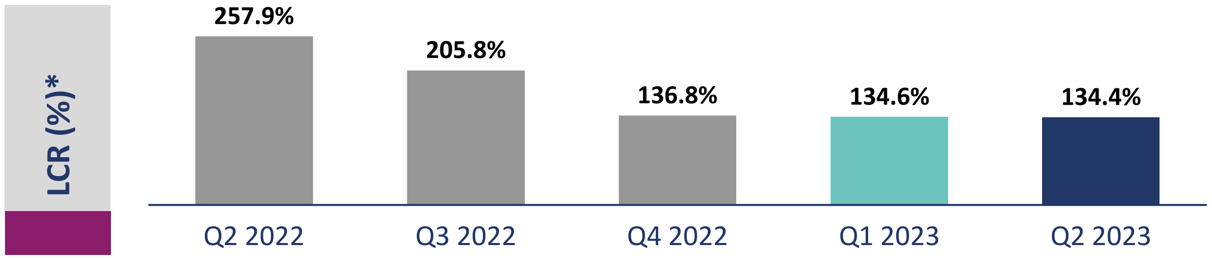
- Positive H1 2023 (accounting) profit – despite of extra profit tax paid – continued capital accumulation (+HUF 84.2 bn) increasing the shock absorbing capabilities of the Bank.
- Stable capital position **19.7% capital adequacy ratio and 17.6% CET1 ratio.**
- T1 Capital increased by 3.3% p/p, due to growth of capital reserve and IFRS9 discount. Otherwise, T2 Capital reduced by movement in the EUR/HUF exchange rate and by the purchase of investment units in T2 subordinated bonds. As a result of these, there was no significant change in CAR.

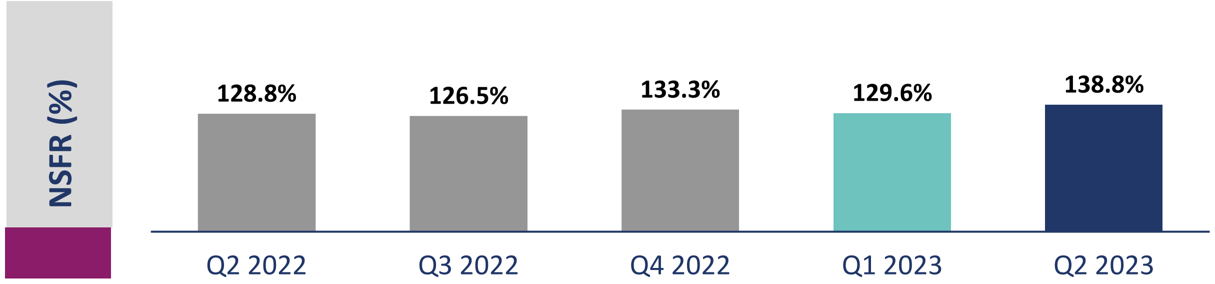
* Subscribed capital includes Non-controlling interest

Sustainable liquidity ratios









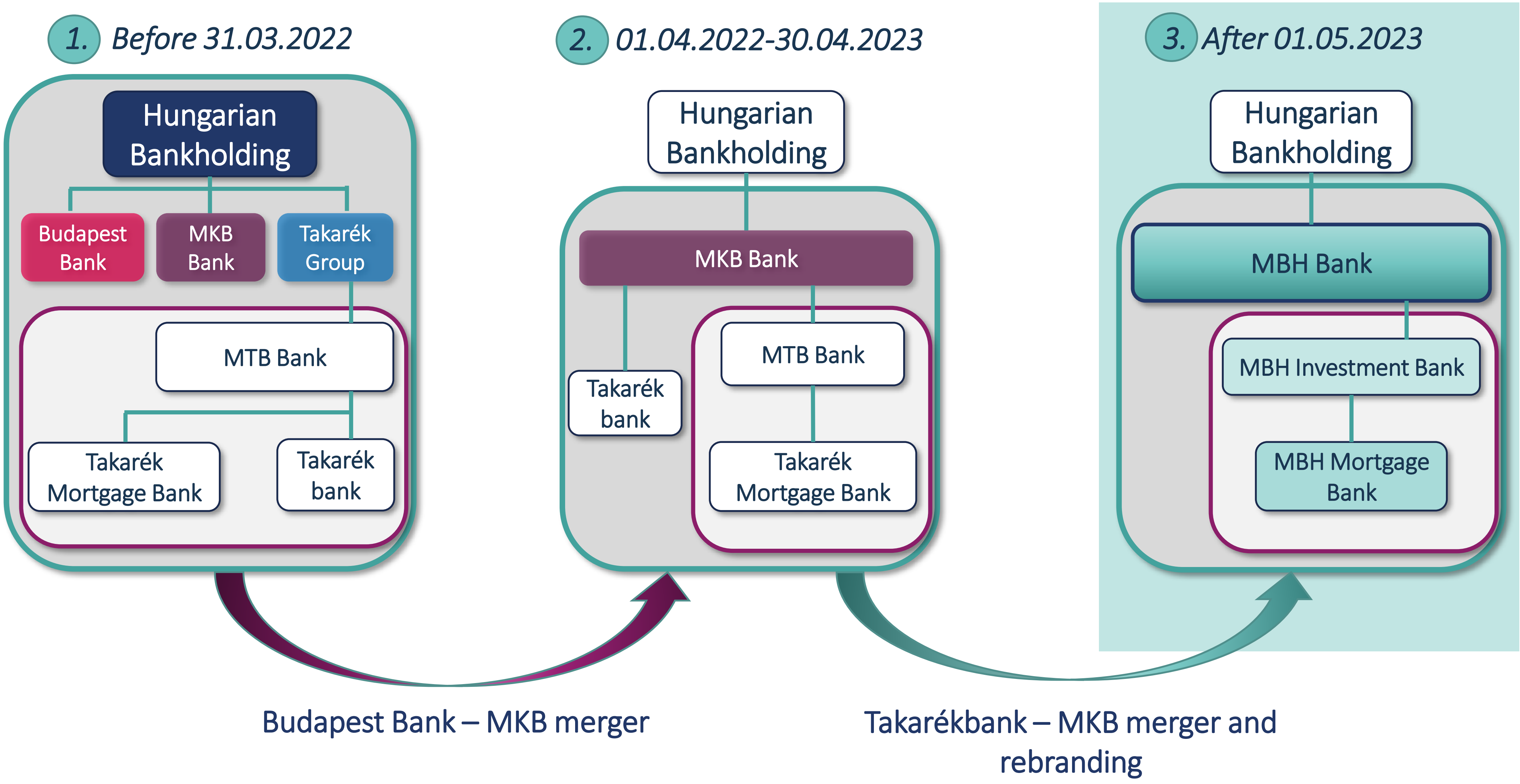
- **Customer term deposits decreased by 2.3%** (HUF -57.6 bn) **p/p.** Share of term deposits reached almost 40% in Q2 2023. Sight deposits showed a decrease of 2.3% (HUF -93.3bn p/p).
- Increase in **LTD** (up to 78.8%) is the result of a moderate decline in deposits and slightly higher loan portfolio.
- **NSFR** 138.8%, **LCR** 134.4% in Q2 2023, significantly above the regulatory minimum.

* LCR in Q1 2023 was recalculated.

Additional information

MBH BANK

The merger was successfully completed on the 1st of May



New, unified brand, MBH Bank launched

The merged banks continue their operations under the new brand name of MBH Bank from 1st May 2023

Key role in the domestic banking sector under the new unified brand and image as the **second largest player** in the Hungarian market

Market leader across multiple customer and product segments (corporate lending, agro-business, leasing)

Largest physical footprint with over 500 branches and 800 ATMs across the country

Serving ~1.5 million private individual and **~400 thousands** business **customers**

The strategy of the unified bank is based on three main pillars

Key Market Player strategy

Building an **integrated bank** to maximise synergies and reduce uncertainties

- Efficient organisational and IT basis for the joint operation of the merged 3 banks via IT migration and consolidation of related systems
- Building lending, pricing and front-end capabilities based on new technologies
- Exploiting organisational and operational synergies

Sustainable value creation in line with ownership expectations by managing banking market risks

- Building stable market positions based on the strengths of the 3 banks
- Maintaining stable banking operations despite the challenges of integration
- Strengthening profitability in key strategic areas
- Improving internal operational and sales efficiency

Modern banking culture and workforce strategy to retain and continuously develop employees

- Management and staff development programmes
- Managing the organisational changes that come with integration
- Developing values-aligned leadership competences
- Continuous development and support of joint organisational operations

ESG –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

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.

2. Taking ESG risks into account in risk management decisions

Developing traditional risk management models or developing new models to identify, quantify and monitor climate risks.

3. Decarbonization efforts

Maximising our contribution to achieving the targets of the Paris Agreement by reducing its carbon emissions as quickly as possible.

4. Responsible corporate governance, transformation and transparency

Establishing transparent, external and internal operations, that support sustainability. Integrating sustainability considerations into our governance processes and requirements for business partners.

5. Employee welfare and change in approach

Commitment to the welfare and education of our employees, maintaining employees' physical and mental health, and increasing employees' ESG awareness and knowledge.

6. Digitalization

Awards and Recognitions

Most Loved Workplaces Award

MBH Bank is ranked in **Newsweek's** annual list of the **„Global Top100 Most Loved Workplaces".**

HR Best

Our digital preboarding solution came first at **HRBest**, HR Fest's HR solutions competition, in the category of '**Digital Employee Experience**'.

Klasszis Award

Privátbankár recognised **MBH Fund Management** with four „**Klasszis 2023**" awards, among them the '**Emerging Fund Manager of the Year**' award.

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Zynthernship Award

The **MBH Start** internship programme won two silver medals at the **Zynternship Awards,** in the „**Talent Starter**" category.

Zöld Kerék Award

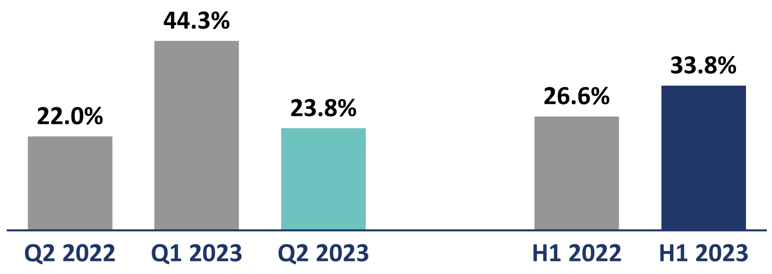
By **incorporating ESG aspects into product development**, MBH Bank was recognised with **„Zöld Kerék Award" by IFUA Horváth.**

Annexes

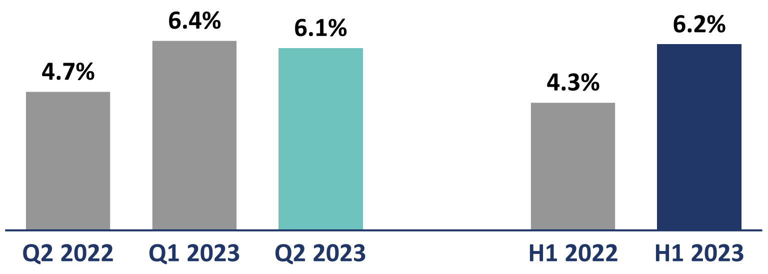
MBH BANK

Key ratios overview (adjusted)

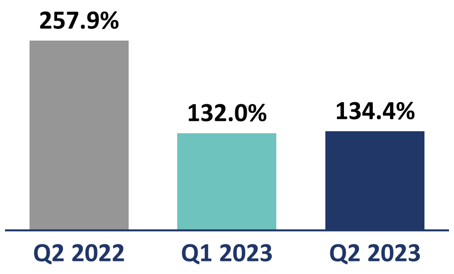
ROE %



TRM %

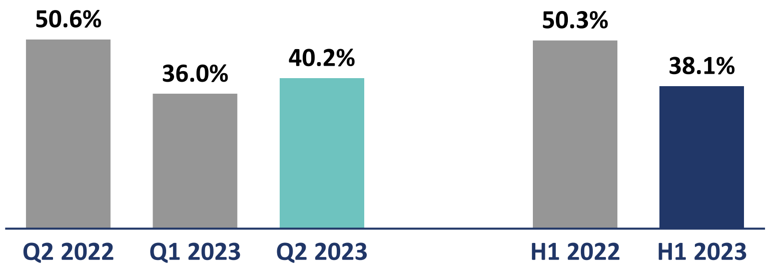


LCR %

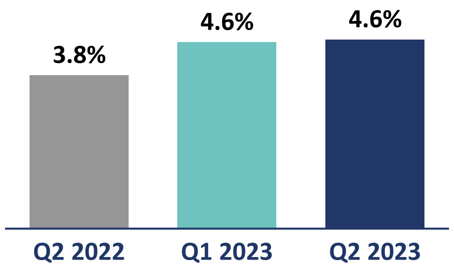


- **Outstanding ROE** reaching **33.8%** in H1 2023**,** driven by strong revenue margins and cost efficient operations during the period
- **Growth of 2.0%-pts y/y** adjusted **total revenue margin (TRM)** to 6.2%, mostly driven by further increasing net interest income
- Strong cost control, with growth – 14.3% y/y increase – well below inflation, and achieving a **C/I ratio of 38.1% for H1 2023.**
- Although **risk cost margin** increased to **0.78%**, it is well within the planned levels and coupled with stable portfolio quality, **NPL rate being constant** compared to Q1 2023
- Liquidity remaining at comfortable levels, with **LCR above 130%** and loan-to-deposits below 80%
- **Stable CET1 of 17.6%** and CAR of 19.7%

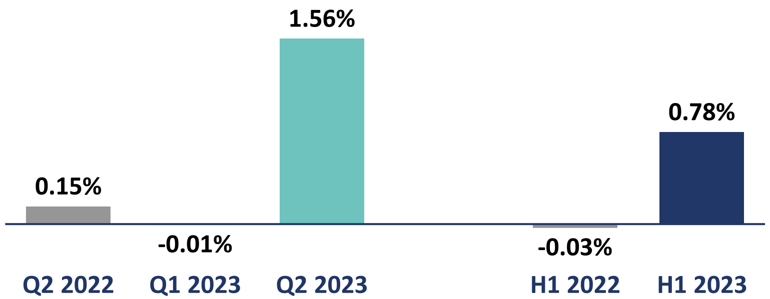
C/I %



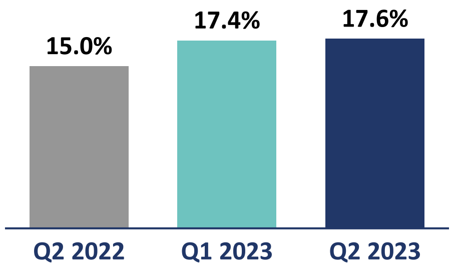
NPL %



Risk cost %



CET1 %



Adjusted P&L

ADJUSTED P&L (HUF bn)	2021 FY	2022 Q2	2022 Q2 (Y)	2022 FY	2023 Q1	2023 Q2	2023 Q2 (Y)	Δ% Y/Y (Y)	Y/Y	Q/Q
Net operating income	**138.5**	**58.9**	**108.0**	**239.4**	**107.2**	**95.9**	**203.1**	**88.0%**	**62.9%**	**-10.6%**
Gross operating income	**341.9**	**119.1**	**217.2**	**482.7**	**167.6**	**160.3**	**327.9**	**51.0%**	**34.6%**	**-4.4%**
Net interest income	200.7	96.9	172.4	421.8	150.0	138.1	288.1	67.2%	42.4%	-8.0%
Net fee and commission income	72.0	22.7	42.2	83.1	21.0	22.0	43.0	2.0%	-2.9%	4.8%
Other operating income	69.2	-0.5	2.6	-22.3	-3.4	0.2	-3.3	-	-	-
General admin. expenses	**-203.4**	**-60.2**	**-109.2**	**-243.2**	**-60.4**	**-64.4**	**-124.8**	**14.3%**	**6.9%**	**6.6%**
Provisions and impairments	**-48.7**	**-15.9**	**-5.0**	**-80.0**	**0.6**	**-38.3**	**-37.6**	**649.5%**	**141.3%**	**-**
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**	**43.0**	**103.0**	**159.4**	**107.9**	**57.6**	**165.5**	**60.7%**	**33.9%**	**-46.6%**
Corporate income tax	-6.4	-3.5	-8.4	-1.6	-17.1	-6.3	-23.3	178.3%	79.6%	-63.2%
Adjusted PAT	**83.4**	**39.5**	**94.6**	**157.8**	**90.8**	**51.3**	**142.1**	**50.2%**	**29.9%**	**-43.5%**
Adjustments total on PAT	11.4	30.1	44.8	50.4	68.5	-11.0	57.4	28.1%	-	-
Profit after tax (PAT, unadjusted)	**72.0**	**9.4**	**49.8**	**107.4**	**22.3**	**62.4**	**84.7**	**70.2%**	**560.5%**	**179.2%**
Revaluation on AFS financial assets (OCI)	-28.9	36.5	-11.2	-1.6	1.8	23.9	25.7	-	-34.5%	1227.6%
Total Comprehensive Income (unadjusted)	**43.1**	**45.9**	**38.6**	**105.8**	**24.1**	**86.3**	**110.4**	**185.9%**	**87.8%**	**257.3%**
Adjustments total on TOCI	11.4	30.1	44.8	50.4	68.5	-11.0	57.4	28.1%	-	-
Total Comprehensive Income	**54.5**	**76.0**	**83.4**	**156.2**	**92.6**	**75.2**	**167.8**	**101.1%**	**-1.0%**	**-18.8%**

[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
Note: Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis

Balance sheet

STATEMENT OF BALANCE SHEET (HUF bn)	2021 Q4	2022 Q2	2022 Q4	2023 Q1	2023 Q2	Y/Y	Q/Q
Financial assets	2,342.5	1,634.0	1,545.5	1,315.8	1,234.1	-24.5%	-6.2%
Trading portfolio	193.9	420.1	489.0	409.3	341.1	-18.8%	-16.7%
Securities	2,689.1	3,281.1	3,403.4	3,564.6	3,733.0	13.8%	4.7%
Loans and advances to customers (net)	4,260.7	4,472.9	4,761.3	4,740.0	4,708.3	5.3%	-0.7%
Loan and advances to customers (gross)	4,428.7	4,640.5	5,011.1	4,955.8	4,944.4	6.5%	-0.2%
Allowance for loan and lease losses	-168.0	-167.6	-249.8	-215.8	-236.1	40.8%	9.4%
Other assets	260.0	381.7	415.2	417.0	470.7	23.3%	12.9%
TOTAL ASSETS	**9,746.2**	**10,189.7**	**10,614.4**	**10,446.8**	**10,487.2**	**2.9%**	**0.4%**
Interbank liabilities	2,149.3	2,427.0	2,447.4	2,361.3	2,493.1	2.7%	5.6%
Customer deposits	6,218.8	6,267.5	6,574.4	6,421.8	6,270.9	0.1%	-2.3%
Debt securities issued	*337.3*	*377.1*	*379.7*	*383.5*	*465.0*	23.3%	21.3%
Other liabilities	*348.8*	*390.3*	*404.2*	*448.5*	*365.2*	-6.4%	-18.6%
Shareholders' equity	692.0	727.8	808.7	831.7	893.0	22.7%	7.4%
TOTAL LIABILITIES AND EQUITY	**9,746.2**	**10,189.7**	**10,614.4**	**10,446.8**	**10,487.2**	**2.9%**	**0.4%**
Off-Balance sheet customer items (gross)	**1,422.9**	**1,609.0**	**1,516.9**	**1,594.1**	**1,540.1**	**-4.3%**	**-3.4%**

Note: Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis

Adjusted KPIs

KPIs based on adjusted PAT and Balance Sheet (HUF bn)	2021 FY	2022 Q2	2022 Q2 (Y)	2022 FY	2023 Q1	2023 Q2	2023 Q2 (Y)	Δ%-p Y-Y (Y)	Δ%-p Y-Y	Δ%-p Q-Q
Profitability										
TRM - Total Revenue Margin	3.75%	4.65%	4.29%	4.65%	6.37%	6.12%	6.25%	1.96%	1.47%	-0.24%
NIM - Net Interest Margin	2.20%	3.79%	3.40%	4.06%	5.70%	5.28%	5.49%	2.09%	1.49%	-0.42%
NFM - Net Fee Margin	0.79%	0.89%	0.83%	0.80%	0.80%	0.84%	0.82%	-0.01%	-0.04%	0.04%
Efficiency										
C/I - Cost-to-Income Ratio	59.49%	50.58%	50.27%	50.39%	36.04%	40.19%	38.07%	-12.21%	-10.39%	4.15%
ROAE - Return on Average Equity	12.28%	21.96%	26.62%	21.44%	44.28%	23.81%	33.79%	7.17%	1.85%	-20.47%
Equity share information										
EPS - Earning Per Share (HUF, annualized)	267.8	507.7	607.7	511.6	1,139.0	643.9	891.4	283.7	136.1	-495.1
Volume KPIs										
LTD - Loan-to-Deposit ratio	71.2%	74.0%	74.0%	76.2%	77.2%	78.8%	78.8%	4.8%-p	4.8%-p	1.7%-p
Secutities ratio	28.0%	32.6%	32.6%	32.5%	34.3%	35.7%	35.7%	3.1%-p	3.1%-p	1.5%-p
Allowance for losses/ Total assets	-1.7%	-1.6%	-1.6%	-2.4%	-2.1%	-2.3%	-2.3%	-0.6%-p	-0.6%-p	-0.2%-p
RWA/TA - RWA/Total assets	37.9%	39.3%	39.3%	38.9%	39.3%	40.0%	40.0%	0.7%-p	0.7%-p	0.7%-p
CAR - Capital adequacy ratio	18.4%	16.9%	16.9%	19.7%	19.7%	19.7%	19.7%	2.8%-p	2.8%-p	0.0%-p
CET1	17.2%	15.0%	15.0%	18.0%	17.4%	17.6%	17.6%	2.5%-p	2.5%-p	0.2%-p
LCR	315.7%	257.9%	257.9%	136.8%	134.6%	134.4%	134.4%	-123.4%-p	-123.4%-p	-0.2%-p
NSFR	136.6%	128.8%	128.8%	133.3%	129.6%	138.8%	138.8%	9.9%-p	9.9%-p	9.2%-p
Portfolio quality										
Stage 1 gross loans	3,488	3,829	3,829	3,694	3,711	3,805	3,805	-24	-24	94
Stage 2 gross loans	786	638	638	1,110	1,034	934	934	296	296	-100
Stage 3 gross loans	154	174	174	207	211	206	206	32	32	-5

Unadjusted KPIs

KPIs based on unadjusted PAT (HUF bn)	2021 FY	2022 Q2	2022 Q2 (Y)	2022 FY	2023 Q1	2023 Q2	2023 Q2 (Y)	Δ%-p Y-Y (Y)	Δ%-p Y-Y	Δ%-p Q-Q
Profitability										
TRM - Total Revenue Margin	3.71%	4.65%	4.24%	4.58%	6.53%	6.16%	6.35%	2.11%	1.51%	-0.38%
NIM - Net Interest Margin	2.20%	3.79%	3.40%	4.06%	5.70%	5.28%	5.49%	2.09%	1.49%	-0.42%
NFM - Net Fee Margin	0.79%	0.80%	0.75%	0.72%	0.71%	0.93%	0.82%	0.07%	0.13%	0.22%
Efficiency										
C/I - Cost-to-Income Ratio	60.90%	51.55%	51.54%	51.69%	35.28%	40.79%	37.94%	-13.60%	-10.76%	5.51%
C/TA - Cost-to-Total Assets	2.26%	2.40%	2.19%	2.37%	2.30%	2.51%	2.41%	0.22%	0.11%	0.21%
ROAE - Return on Average Equity	10.60%	5.25%	14.00%	14.59%	10.89%	28.93%	20.14%	6.14%	23.68%	18.03%
Equity share information										
EPS - Earning Per Share (HUF, annualized)	233.3	122.4	319.7	348.2	280.2	782.3	531.3	211.6	659.9	502.1

Merged Bank’s financials for 2022 and 2021 are calculated on a pro-forma basis, including BB 2022 Q1 results

Unadjusted and adjusted P&L

P&L Q2 2023 (HUF bn)	Unadjusted P&L	Adjusted P&L
Net operating income	**95.4**	**95.9**
Gross operating income	**161.1**	**160.3**
Net interest income	138.1	138.1
Net fee and commission income	24.3	22.0
Other operating income	-1.3	0.2
FX and FV results	-1.9	0.4
Other income	0.6	-0.3
General admin. expenses	**-65.7**	**-64.4**
Provisions and impairments	**-38.3**	**-38.3**
Banking tax	**12.6**	**0.0**
PBT	**69.7**	**57.6**
Corporate income tax	-7.4	-6.3
PAT	**62.4**	**51.3**
OCI	23.9	23.9
TOCI	**86.3**	**75.2**

Changes in the regulatory environment and post closing events

#	Changes in Q2
1	**The regulation on extra profit tax of credit institutions has been amended:** from July 1st the tax will be based on 50% of the pre-tax profit adjusted for special taxes, the rate will be tiered.
2	**Interest rate cap and extra profit taxes:** according to the government decisions announced on 11 May, interest rate cap applied to households and SMEs will be extended till 31 December. In addition, the payment obligation remains for all special taxes that have already been introduced, but the amount of some of them may be reduced.
3	**Debt cap rules:** the Central Bank, in the light of the inflationary processes and wage dynamics of recent years, from 1 July 2023 decided on raising the income threshold allowing higher debt-to-income ratio (HUF 500 ths → HUF 600 ths), as well as the threshold of the exception rule for small loans from the applicability of the debt cap (HUF 300 ths → HUF 450 ths).
4	**Increasing the weight of securities in funds:** As of 1 July 2023, bond funds, equity funds and balanced funds must have a minimum 60% weighting of securities in their portfolios. The aim is to shift as much of the funds' investments as possible from bank deposits to government securities.
5	**Szocho:** During the state of emergency, persons are liable 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 and Baby expecting subsidy:** The rules for home building subsidies have changed fundamentally. Home building subsidies will only be available in small towns and villages from January 1, 2024. From January 1, 2024, the maximum age of the applicant wife will change to 30 years. Until December 31, 2024, however, if the wife is over 30 but has not yet turned 41 and proves her pregnancy, the married couple may still be entitled to the subsidy. The amount of the subsidy will increase from HUF 10 million to HUF 11 million.
7	**SZÉP card:** A one-time benefit of maximum of HUF 200,000 transferred to the employee until December 31 is considered a non-salary benefit. Payment initiated with the SZÉP Card can also be used for the purchase of food (cold food) sold by the merchant until December 31, 2023.
8	**Policy rate cut:** MNB has cut the overnight deposit rate by 100 basis points to 15% effective from 26 July 2023 and then by 100 basis points to 14% effective from 30 August 2023.
9	**Minimum reserve ratio:** The NBH, 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.
10	**Strengthening liquidity management:** the MNB expects the LCR ratio to be calculated on a daily basis, without any meaningful estimation, below the 140% level, and to have the tools and funding to ensure that the institution can quickly manage the risks that arise. It is also recommended that the warning and intervention levels in the recovery plan be increased to a minimum level of 120%.
11	**Moody's rating:** Moody's affirmed the Baa3/P-3 long- and short-term deposit ratings of MBH Bank Plc. on 7 August 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

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Disclaimer

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