



# MBH Bank Nyrt.

## **Flash Report on 4Q 2023 results**

Budapest, 28 March 2024

## Table of Contents

1	MBH Group 4Q 2023 Results – overview .....	3
2	Management Report on the 4Q 2023 Results of MBH Group.....	10
2.1	P&L development .....	10
2.1.1	Adjusted profit after taxation .....	11
2.1.2	Total comprehensive income .....	11
2.1.3	Net interest income .....	11
2.1.4	Net fee and commission revenues.....	12
2.1.5	Profit/loss on financial transactions (FX and FV result) .....	12
2.1.6	Other results.....	12
2.1.7	Operating expenses.....	12
2.1.8	Risk costs .....	13
2.1.9	Corporate income tax.....	13
2.2	Balance sheet .....	14
2.2.1	Loans .....	15
2.2.2	Securities .....	15
2.2.3	Financial assets.....	15
2.2.4	Deposits and C/A.....	15
2.2.5	Interbank liabilities.....	15
2.2.6	Issued debt securities.....	15
2.2.7	Capital.....	16
2.2.8	Off-balance sheet exposures to customers.....	16
2.3	Capital adequacy .....	16
2.4	Presentation of business segment results.....	17
2.4.1	Corporate and institutional customers .....	17
2.4.2	Retail customers.....	20
2.4.3	Leasing.....	22
2.4.4	Investment services and Treasury activities .....	24
2.5	ESG strategy of MBH Group .....	26
2.6	Awards and recognitions .....	28
3	Financial figures .....	31
3.1	Correction factors FY 2023 .....	31
3.2	Consolidated, non-audited financial statements of the MBH Group according to IFRS.....	33
3.2.1	Income statement .....	33

3.2.2	Balance sheet .....	34
3.2.3	Shareholders' assets.....	35
3.3	Individual, non-audited financial statements of MBH Bank Nyrt. according to IFRS.....	36
3.3.1	Income statement .....	36
3.3.2	Balance sheet .....	37
3.3.3	Shareholders' assets.....	38
3.4	Other information .....	39
4	Annexes .....	41
4.1	Financial indicators.....	41
4.1.1	Adjusted KPIs on profit&loss.....	41
4.1.2	KPIs on profit&loss as in financial statement (unadjusted) .....	42
4.1.3	Volume KPIs.....	43
4.2	Summary of the methodology underlying the 4Q 2023 report .....	44
4.3	Abbreviations .....	46

# 1 MBH GROUP 4Q 2023 RESULTS – OVERVIEW

## Main components of P&L and balance sheet, key performance indicators

Main components of P&L (in HUF million)	Period					YTD		
	4Q 2022	3Q 2023	4Q 2023	P/P	Y/Y	FY 2022	FY 2023	Y/Y
<b>TOCI accounting (Total Comprehensive Income)</b>	<b>30,620</b>	<b>100,077</b>	<b>30,638</b>	<b>-69.4%</b>	<b>0.1%</b>	<b>95,930</b>	<b>241,104</b>	<b>151.3%</b>
Other comprehensive income	15,793	3,856	28,373	635.9%	79.7%	4,763	57,912	1116.0%
<b>Consolidated Profit after tax (accounting)</b>	<b>14,827</b>	<b>96,221</b>	<b>2,264</b>	<b>-97.6%</b>	<b>-84.7%</b>	<b>91,168</b>	<b>183,192</b>	<b>100.9%</b>
<b>Profit after tax accounting (including BB 1Q 2022 results)*</b>	<b>14,827</b>	<b>96,221</b>	<b>2,264</b>	<b>-97.6%</b>	<b>-84.7%</b>	<b>107,413</b>	<b>183,192</b>	<b>70.5%</b>
Adjustments total on PAT	5,468	-3,337	5,505	-	0.7%	50,433	59,594	18.2%
<b>Adjusted TOCI</b>	<b>36,088</b>	<b>96,740</b>	<b>36,142</b>	<b>-62.6%</b>	<b>0.2%</b>	<b>156,196</b>	<b>300,698</b>	<b>92.5%</b>
Adjusted Other comprehensive income (OCI)	15,793	3,856	28,373	635.9%	79.7%	-1,650	57,912	-3610.6%
<b>Adjusted Consolidated Profit after tax</b>	<b>20,295</b>	<b>92,884</b>	<b>7,769</b>	<b>-91.6%</b>	<b>-61.7%</b>	<b>157,845</b>	<b>242,786</b>	<b>53.8%</b>
<b>Profit before tax (adjusted)</b>	<b>9,549</b>	<b>106,811</b>	<b>15,092</b>	<b>-85.9%</b>	<b>58.1%</b>	<b>159,420</b>	<b>287,366</b>	<b>80.3%</b>
Gross Operating Income (adjusted)	140,558	162,408	165,002	1.6%	17.4%	482,653	655,324	35.8%
Net Interest Income (adjusted)	135,678	140,510	140,932	0.3%	3.9%	421,820	569,579	35.0%
Net Fee Income (adjusted)	22,636	24,315	26,446	8.8%	16.8%	83,110	93,796	12.9%
Net Other Income (adjusted)	-17,756	-2,416	-2,376	-	-86.6%	-22,277	-8,050	-63.9%
General Administrative Expenses (adjusted)	-79,599	-68,007	-87,746	29.0%	10.2%	-243,206	-280,580	15.4%
Provision for losses on loans (adjusted)	-51,410	12,410	-62,165	-600.9%	20.9%	-80,028	-87,378	9.2%
Main components of Balance sheet (in HUF million)	Volumes at the end of period					YTD average		
	4Q 2022	3Q 2023	4Q 2023	P/P	Y/Y	FY 2022	FY 2023	Y/Y
<b>Total Assets</b>	<b>10,614,422</b>	<b>10,736,577</b>	<b>11,107,048</b>	<b>3.5%</b>	<b>4.6%</b>	<b>10,455,082</b>	<b>10,556,865</b>	<b>1.0%</b>
Customer Loans (net)	4,761,318	4,788,413	4,901,416	2.4%	2.9%	4,589,167	4,724,766	3.0%
Customer Loans (gross)	5,028,251	5,018,947	5,170,578	3.0%	2.8%	4,764,385	4,967,745	4.3%
Provision for Customer loans	-266,933	-230,534	-269,161	-	0.8%	-175,217	-242,979	38.7%
Deposits & C/A	6,574,357	6,524,301	6,957,100	6.6%	5.8%	6,307,450	6,405,655	1.6%
Subordinated debt	88,887	108,882	108,341	-	21.9%	90,850	109,823	20.9%
Shareholders' Equity	808,736	992,982	1,023,371	3.1%	26.5%	731,584	905,890	23.8%
KPIs based on adjusted and unadjusted PAT (%)	Period					YTD		
	4Q 2022	3Q 2023	4Q 2023	P-P	Y-Y	FY 2022	FY 2023	Y-Y
<b>ROAE (Return on Average Equity - accounting)</b>	7.6%	40.8%	0.9%	-39.9%-pt	-6.7%-pt	12.4%	20.2%	7.8%-pt
<b>ROAE (Return on Average Equity - adjusted)</b>	10.4%	39.4%	3.1%	-36.3%-pt	-7.3%-pt	21.4%	26.7%	5.3%-pt
<b>ROMC (Return on Minimum Capital - adjusted)</b>	15.8%	68.1%	5.3%	-62.8%-pt	-10.6%-pt	30.7%	44.9%	14.2%-pt
<b>ROAA (Return on Average Assets - adjusted)</b>	0.8%	3.5%	0.3%	-3.2%-pt	-0.5%-pt	1.5%	2.3%	0.8%-pt
<b>TRM (Total Revenue Margin - adjusted)</b>	5.2%	6.1%	6.0%	-0.1%-pt	0.8%-pt	4.6%	6.2%	1.5%-pt
<b>CIM (Core income margin - adjusted)</b>	5.9%	6.2%	6.1%	-0.1%-pt	0.2%-pt	4.9%	6.2%	1.4%-pt
<b>NIM (Net Interest Margin - adjusted)</b>	5.0%	5.3%	5.2%	-0.1%-pt	0.1%-pt	4.1%	5.4%	1.3%-pt
<b>NFM (Net Fee Margin - adjusted)</b>	0.8%	0.9%	1.0%	0.1%-pt	0.1%-pt	0.8%	0.9%	0.1%-pt
<b>C/TA (Cost to Total Assets - adjusted)</b>	3.0%	2.6%	3.2%	0.7%-pt	0.3%-pt	2.3%	2.6%	0.3%-pt
<b>CIR (Cost Income Ratio - adjusted)</b>	56.6%	41.9%	53.2%	11.3%-pt	-3.5%-pt	50.4%	42.8%	-7.6%-pt
<b>Risk% (Risk cost rate - adjusted)</b>	2.0%	-1.0%	4.2%	5.2%-pt	2.2%-pt	1.0%	1.2%	0.2%-pt
<b>GOI/RWA (RWA efficiency - adjusted)</b>	13.6%	15.4%	14.7%	-0.7%-pt	1.1%-pt	12.3%	15.4%	3.2%-pt
<b>EPS (Earning Per Share - adjusted)</b>	0.3	0.3	0.3	0.0	0.0	0.3	0.3	0.0
Volume KPIs (%)	Period					YTD		
	4Q 2022	3Q 2023	4Q 2023	P-P	Y-Y	FY 2022	FY 2023	Y-Y
Provision/Total Assets	2.5%	2.1%	2.4%	0.3%-pt	-0.1%-pt	2.5%	2.4%	-0.1%-pt
<b>CAR (Capital Adequacy Ratio)</b>	19.7%	21.2%	22.1%	0.9%-pt	2.4%-pt	19.7%	22.1%	2.4%-pt
RWA/Total Assets	38.9%	39.4%	42.6%	3.2%-pt	3.6%-pt	38.9%	42.6%	3.6%-pt
<b>LTD (Loan to Deposit)</b>	76.5%	76.9%	74.3%	-2.6%-pt	-2.2%-pt	76.5%	74.3%	-2.2%-pt
DPD90+ rate**	1.8%	2.1%	1.9%	-0.2%-pt	0.0%-pt	1.8%	1.9%	0.0%-pt

\* Legal merger of Magyar Bankholding Zrt's two member banks, i.e. Budapest Bank Zrt. and MBH Bank Nyrt. took place on 31st March 2022. Since MBH Bank's 1Q 2022 accounting profit does not include the 1Q profits/losses of Budapest Bank, the profit and loss data are presented in 2022 on the basis of modelled data, adjusted with the profits and losses of Budapest Bank, for comparability.

\*\* There was a methodological change from 3Q 2022.

The report is based on "Adjusted" figures presenting the indicators of the underlying business performance, the list of correction factors is included in Chapter 3.1. In order to comprehensive present the financial performance of the MBH Group, all data in the report and in the investor presentation are - unless otherwise indicated - alternative performance measurement indicators (Alternative Financial Indicator - APM).

For definition and calculation methodology of alternative performance measurement indicators used to depict the underlying business performance please refer to the Report for 4Q 2023 chapter 4.1 – Financial indicators.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

2023 was an extremely important milestone for MBH Banking Group, which completed a unique merger process and became an unavoidable player in the domestic banking sector.

During the year, the Bank Group further strengthened its already strong domestic Group position through successful acquisitions, which both reinforce the Bank's market position in terms of customer numbers and stock and support the wider availability of MBH Bank's products through new distribution channels.

Despite the many challenges it faced in 2023, MBH Bank Group achieved an excellent result for the year, with robust profitability, strong cost efficiency despite a high inflation environment, stable capital adequacy and liquidity positions, coupled with sound portfolio quality.

**In 4Q 2023 the following main factors were instrumental:**

- **Successful international MREL bond issuance:** MBH Bank's **first international MREL-eligible bond** was the subject of extraordinary interest on 11 October 2023. The transaction, which was originally planned for a total issue size of EUR 300 million under the newly established EUR 1.5 bn bond programme, received strong interest, with offers of approximately EUR 600 million in nominal value, of which **the Bank finally accepted offers of EUR 350 million in nominal value**, more than half of which from international capital market participants. 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.
- **Establishment of MBH Investment Bank:** on 6 November 2023, MBH Bank established an independent investment bank to provide investment services. MBH Investment Bank's mission is to provide its clients with services at the forefront of the international investment market in the most direct and flexible way possible, without compromise, and is therefore pioneering innovative digital banking solutions.
- 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.** The closing of the transaction is on 27 March 2024, subject to obtaining the necessary regulatory approvals.
- Based on Section 3.2.2 (m) of the Articles of Association, the Board of Directors of MBH Bank Plc. decided on 15 December 2023 with its Resolution No. 162/2023 to **pay interim dividend** of HUF 21,609,484,875 to the shareholders of the Company. The Supervisory Board approved the decision of the Board of Directors by way of its Resolution No. 43/2023. Based on the above, the gross interim dividend per ordinary share with a nominal value of HUF 1,000 is HUF 67. Pursuant to the Board of Directors' Resolution, the first date of payment of the interim dividend (E day) is 12 January 2024.
- Inflation peaked at 25.7% at the beginning of the year and gradually moderated to 5.5% by the end of December, putting pressure on costs.
- **Benchmark one-day deposit tender interest rate** was cut from 13% to 10.75% in the 4Q.
- **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%.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

- **Voluntary interest ceiling:** due to the reduction of the central bank's base interest rate, a voluntary interest ceiling was introduced for newly disbursed loans from October 9, 2023, to stimulate lending. Regarding newly contracted corporate working capital loans, the rate will decrease from the originally determined level of 12.5% to 9.9%, while residential housing loans will be available at a maximum APR of 7.3% from January 1, 2024. According to the government's communication, after the central bank's base interest rate drops to single digit, it will be possible to remove the interest rate cap on business loans of SMEs and revise the interest rate cap on home loans.
- The Government supports the continuation of **Gábor Baross Reindustrialization Loan Program** in 2024 and the increase of the total amount to HUF 1,200 bn.

#### The main performance indicators of 2023:

- **HUF 11,107 bn total assets** (+4.6% y/y; +3.5% p/p) partially supported by the boosting deposit portfolio (+6.6% p/p), gross loan (+3.0% p/p) and securities portfolio (+2.3% p/p).
- **HUF 242.8 bn adjusted profit after taxes (+53.8% y/y)** in FY 2023 and exceptionally high **26.7% adjusted ROE** (33.1% based on adjusted total comprehensive income), **mainly driven** by increasing net interest income in FY 2023.
- **15.4% y/y cost increase, C/I of 42.8% in FY 2023.**
- **HUF 87.4 bn risk cost** (provisions and other impairments) was charged in FY 2023, HUF 62.2 bn charge in 4Q, mainly driven by the increase in risk costs – mostly due to impairment charges as a result of PD and rating changes (the NPL rate actually improved).
- **Sound capital position: 22.1% capital adequacy and 20.3% CET1 ratio** at the end of 4Q, significantly above the regulatory requirement.

#### Main business events/developments in 4Q 2023:

- **Retail segment:**

Stagnating gross loan portfolio (-1.1% y/y) and up 1.3% p/p.

In retail savings and investment products in 4Q, short bonds, long bonds, and mixed investment funds were particularly popular among investment funds. During the quarter the subscription of own bonds was successfully realized in several phases for the retail clients.

The Bank was prepared in time for the modification of the Home Support Program, the new CSOK Plusz loan, the Falusi CSOK with modified conditions and the Babaváró loan are available in the Bank's product portfolio since 1 January 2024.

- **Corporate segment:**

5.6% y/y increase in loan portfolio, 14.2% y/y increase in deposit volumes.

In the SZKP MAX+ programme which has been launched in January 2023 and is still running, MBH Bank has a 25% market share<sup>1</sup> of the number of loan applications in the Corporate business line, including micro and small companies.

<sup>1</sup> KAVOSZ

In the Baross Gábor Reindustrialisation Loan Programme, a total of HUF 1,000 bn loan has become available in euros as well as in forints at a fixed low interest rate. The majority of the facility was allocated to working capital loans. The Bank's customers also requested a significant amount of these products. MBH Bank's market share in the BGH scheme was 21%<sup>2</sup>.

- **Leasing segment:**

Leasing volume of MBH Group amounted to HUF 559.8 bn at the end of 2023 which means an increase of 7.1% compared to 4Q 2022.

The leasing group has a national network and a market share of more than 25%<sup>3</sup> based on the newly placed, aggregated leasing stock, making it the number one player in the leasing market.

MBH Group's **unadjusted** total comprehensive income was HUF 241.1 bn (HUF +135.3 bn y/y) in FY 2023, as a result of y/y increasing other comprehensive income (FY 2023: HUF 57.9 bn, HUF +59.6 bn y/y and profit after tax (FY 2023: HUF 183.2 bn, HUF +75.8 bn y/y). The unadjusted total comprehensive income (TOCI) in 4Q grew by HUF 0.02 bn y/y, as a result of a HUF 12.6 bn decrease y/y in the accounting profit after taxes and a HUF 12.6 bn y/y growth in the other comprehensive income (OCI).

In FY 2023 the **adjusted** total comprehensive income (TOCI) was HUF 300.7 bn (HUF +144.5 bn y/y), including HUF +59.6 bn profit adjustment. The adjusted profit after tax was HUF 242.8 bn (HUF +84.9 bn y/y), adjusted other comprehensive income amounted to HUF 57.9 bn (HUF +59.6 bn y/y) in FY 2023.

**Total assets** amounted to HUF 11,107.0 bn (+3.5% p/p; +4.6% y/y) by the end of 2023. The Group's customer **deposits portfolio** was HUF 6,957.1 bn by the end of 4Q (HUF +432.8 bn p/p; HUF +382.7 bn y/y). **Gross customer loans** portfolio increased to HUF 5,170.6 bn (+3.0% p/p), the annual up is HUF -142.3 bn. Securities portfolio together with trading portfolio increased by 13.2% y/y (+2.3% p/p). In FY 2023 the loans to deposits ratio slightly decreased to 74.3% (-2.6%-pt p/p) by the end of the period. The **shareholders' equity** increased from HUF 993.0 bn at the end of 3Q 2023 to HUF **1,023.4 bn**. Capital adequacy ratio was steadily high, at 22.1% (+2.4%pt y/y), while MBH Group's adjusted return on shareholders' equity (ROE) was 26.7% (the unadjusted ROE was 20.2%) in FY 2023. ROE on adjusted total comprehensive income reached 33.1% compared to 21.2% in 2022.

### Post-closing events:

*Post-closing events cover the period until 15 March 2024.*

- **Changes in the Bank's management:** The Extraordinary General Meeting elected Dr. Árpád Kovács as a member of the Supervisory Board and Audit Committee from 14 March 2024 to 31 December 2025, but not earlier than the date on which the authorising resolution issued by the National Bank of Hungary concerning the Supervisory Board and Audit Committee member is received by the company and the Supervisory Board and Audit Committee member accepted his election in writing, following the resignation of Dr. Péter Magyar as a member of the Supervisory Board and the Audit Committee, based on his resignation dated 10 February 2024.
- **Interim dividend payment procedure of MBH Bank Plc.** Based on Section 3.2.2 (m) of the Articles of Association, the Board of Directors of MBH Bank Plc. (decided on 15 December 2023 with its Resolution No. 162/2023 (15 December) (the 'Resolution') to pay interim dividend of HUF

<sup>2</sup> EXIM

<sup>3</sup> Hungarian Leasing Association

21,609,484,875 to the shareholders of the Bank. The Supervisory Board approved the decision of the Board of Directors by way of its Resolution No. 43/2023 (15 December). Based on the above, the gross interim dividend per ordinary share with a nominal value of HUF 1,000 is HUF 67. The amount of the gross interim dividend actually payable to a shareholder is calculated by multiplying the number of shares held by the shareholder by the gross interim dividend per share, rounded up to the nearest whole forint amount in accordance with the rounding rules. The Resolution designated the Board of Directors to determine the date of payment of the interim dividend within the framework set by the Articles of Association. Pursuant to the Board of Directors' Resolution, the first date of payment of the interim dividend (**E day**) was **12 January 2024**.

- **BET introduction:** The Budapest Stock Exchange Plc. introduced into exchange trading the dematerialised, registered, EUR 350,000,000 and 8.625 per cent. Senior Preferred Fixed-to-Floating Callable Notes due 2027, tranche number 1, in an amount of 350,000 securities with a face value of EUR 1,000 giving a total face value of EUR 350,000,000 issued by MBH Bank Plc. as of 16 February, 2024.
- Within the framework of **GINOP Plusz**, HUF 910 bn in EU funding is expected to be announced in the coming months. 2 priorities: business development HUF 450 bn (most of which is repayable at 0%, with interest) and increasing labor market activity (budget amount of HUF 460 bn).
- **Reduce interest margin:** Commercial banks voluntarily undertake the new corporate HUF loan agreements (including current account, working capital and investment loans for which the disbursement will start this year) in the first 6 months of the term, the interest margin above BUBOR is reduced to 0%. The promotional period lasts from February 1 to May 1, 2024.
- **Base rate cut:** MNB has cut the base rate by 100 basis points to 9.0% effective from February 27, 2024.

### Macroeconomic outlook and financial indicators of the Hungarian banking sector:

Due to the prolonged Israeli conflict, the risk premium of oil has increased, partially hindering the decrease in crude oil prices in the last quarter of 2023. In addition, starting from the end of December, Houthi rebels in the Red Sea began targeting commercial ships heading towards Israel, resulting in some ships having to navigate around Africa to safely transport goods. This could increase inflationary risks in Europe in 2024 and potentially disrupt supply chains.

The Russian-Ukrainian war and the steep rise in energy, commodity, and food prices as a result have significantly slowed down the eurozone economy since the second half of 2023. However, an acute energy crisis has been avoided, and energy prices have sharply declined since the end of 2022, easing concerns about a potential recession. The eurozone economy showed stagnation in the fourth quarter, with annual growth reaching 0.1%. The United States GDP grew at an annualized rate of 3.3% in the fourth quarter, demonstrating that despite high interest rates, the US economy has not significantly slowed down. In January 2024, the IMF raised its expectations for global economic growth in 2024 to 3.1%, representing a 0.2 percentage point change from its October forecast.

During 2024 inflation eased from its multi-decade peak until November, then rose in December both in the USA and the eurozone. Regarding potential rate cuts by the Fed, we expect the first easing step to be announced in the second quarter of 2024, followed by additional rate cuts every quarter. The ECB signaled cautious stance and would keep its benchmark rate unchanged, with potential room for rate cuts expected no earlier than mid-2024.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon



In the fourth quarter of 2024, the Hungarian economy's performance was unchanged on both annual and quarterly basis. Due to weak performance in industry and some services sectors, annual GDP in 2023 decreased by 0.7% compared to 2022.

Regarding the composition of the year, following a weak performance in the first half of 2023, a rebound has started from the third quarter due to lower energy prices, weaker base effects, and improved performance in subsectors. This turnaround was supported by the bouncing back and strong performance of agriculture. Investment was dampened by high interest rates and reduced government spending, although significant inflows of FDI may partially offset this. Lower energy prices support domestic and pan-European prospects, yet the Ukrainian war and slowing internal and external demand due to high global interest rates cast a shadow over them.

In the second half of 2023, net exports further supported growth as import volumes continued to decrease, partly due to lower domestic demand. Despite weak external demand, exports remain a moderate positive factor, this trend is expected to continue in 2024, but to a lesser extent.

The release and gradual arrival of EU funds totalling 12.2 bn euro, representing a third of EU funds, can provide stimulus for growth. Additionally, the commissioning of manufacturing capacities in the investment phase supports both the industry and growth. The projected dynamic growth this year is further supported by postponed consumption and potentially increased investments due to expected lower interest rates. Investments may be particularly robust in 2025, as significant industrial developments, including the start of production at BMW and CATL factories, are planned. The construction and potential test operation of BYD also contribute to growth, laying the groundwork for a slightly accelerated growth in 2025 compared to this year.

Employment figures continue to be at its peak, with 37 000 new jobs created in the domestic primary labour market in a year. The number of public sector workers decreased by 7 thousand and the number of people moving abroad increased by 8 thousand compared to the same period last year, bringing the total number of employed persons in the economy to 4,740 thousand based on the latest three-month average. The employment rate remains at a historically high level, with 74.9% of the population aged 15-64 working in the latest quarter, compared with 75.0% in the previous quarter and 74.7% in the same period of the previous year. In December, the unemployment rate according to international methodology was 4.2%.

In December 2023, inflation moderated to 5.5%, reaching a two-and-a-half-year low from the previous month's 7.9% annual price increase. The average inflation rate for the year was 17.6%. The process continues to be driven materially by base effects, with the steep rise in energy prices in the household market in 2022 being eliminated from the base and the reverse of the surge in food a year earlier (rate of increase slowing below 5%). Contributing to the substantial moderation in inflation, the increase in prices of durable goods slowed slightly, partly due to the strengthening of the forint and partly due to slowing demand. Additionally, fuel prices decreased compared to the high base from a year ago, partially offsetting the ongoing significant price increases in services.

However, the increase in prices of alcohol and tobacco products, as well as the observed price hikes in many services, partially offset the downward trend in inflation. Despite the early-year excise tax increase on fuels, the annual inflation rate for this year could still be 4.1%.

According to the Ministry of Finance's January 2024 report, the budget deficit in 2023 was 4,593.4 bn forints, which is 135% of the 2023 estimate. The budget's cash flow balance was worsened by the fact that pre-financing of EU grants in 2023 exceeded payments received from the EU, without which the deficit would have been lower by 573 bn forints. The budgetary picture is also affected by indirect acquisitions of public assets. The high deficit is also influenced by the utility support provided to the

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

population. According to the Ministry of Finance's end-2023 macroeconomic forecast, the budget would have an accrual deficit of 5.9% of GDP in 2023.

In 2020, due to high financing needs and reserves replenishment, including the inclusion of Eximbank, the government debt reached 79.3% of GDP. However, from 2021, decreasing financing needs and a significantly increasing nominal growth trajectory put it back on a declining path, reducing the debt ratio to 73.3% in 2022. By the end of 2023, it could drop close to 72%, thanks to, among other factors, strong nominal GDP growth.

There was a 410-million-euro surplus in the current account in the third quarter of 2023, marking a significant improvement of 5 bn euro compared to the same period last year. Including the capital account, the net external financing position (surplus), seasonally adjusted, amounted to 760 million euro (an improvement of 5.1 bn euro compared to a significant deficit a year earlier) and 1.5% of quarterly GDP. Reflecting the improvement in the trade balance, there was a 298-million-euro surplus in the goods balance. The improvement in the goods balance was partially driven by the appreciation of the forint due to the fall in energy prices and partly by falling domestic demand, contributing to the decline in imports. Following the 8.2% GDP ratio deficit in 2022, the current account deficit is expected to decrease to 0.1% in 2023.

By the end of 2023, most of the key external and internal factors monitored by the MNB showed further improvement or stabilization, maintaining Hungary's favorable risk assessment. In response to the continued rapid decline in inflation, the Monetary Council decided to cut the policy rate by 75-75 basis points at its October, November and December policy meetings, bringing the base rate down to 10.75% by the end of the year. However, we expect a slower return to the inflation target, anticipated around 2025, with the interest rate reduction cycle slowing down towards the end of the first half of 2024. The central bank considers necessary to maintain a positive real interest rate, and we maintain our view that the base rate will fall to 6% by the beginning of Q3 2024 and remain there until the end of the year, reflecting cautious stance of MNB.

The euro exchange rate moved between 376 and 388 forints in 4Q.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

## 2 MANAGEMENT REPORT ON THE 4Q 2023 RESULTS OF MBH GROUP

### 2.1 P&L development

MBH Group								
Consolidated, IFRS P&L (in HUF million)	Period					YTD		
	4Q 2022	3Q 2023	4Q 2023	P/P	Y/Y	FY 2022	FY 2023	Y/Y
<b>TOCI accounting (Total Comprehensive Income)</b>	<b>30,620</b>	<b>100,077</b>	<b>30,638</b>	<b>-69.4%</b>	<b>0.1%</b>	<b>95,930</b>	<b>241,104</b>	<b>151.3%</b>
Other comprehensive income	15,793	3,856	28,373	-	79.7%	4,763	57,912	1116.0%
<b>Profit after tax (accounting)</b>	<b>14,827</b>	<b>96,221</b>	<b>2,264</b>	<b>-97.6%</b>	<b>-84.7%</b>	<b>91,168</b>	<b>183,192</b>	<b>100.9%</b>
<b>Profit after tax (BB 1Q 2022 results)*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>16,245</b>	<b>0</b>	<b>-100.0%</b>
<b>Profit after tax accounting (including BB 1Q 2022 results)*</b>	<b>14,827</b>	<b>96,221</b>	<b>2,264</b>	<b>-97.6%</b>	<b>-84.7%</b>	<b>107,413</b>	<b>183,192</b>	<b>70.5%</b>
<b>Adjustments total on PAT</b>	<b>5,468</b>	<b>-3,337</b>	<b>5,505</b>	<b>-265.0%</b>	<b>0.7%</b>	<b>50,433</b>	<b>59,594</b>	<b>18.2%</b>
Banking tax and extra profit tax	0	469	4,676	-	-	43,456	65,891	51.6%
Extra OBA fee expenses	4,756	0	0	-	-100.0%	4,756	-4,756	-200.0%
Integration costs	712	581	829	42.6%	16.4%	2,221	2,845	28.1%
Badwill	0	-4,387	0	-100.0%	-	0	-4,387	-
<b>Adjusted TOCI</b>	<b>36,088</b>	<b>96,740</b>	<b>36,142</b>	<b>-62.6%</b>	<b>0.2%</b>	<b>156,196</b>	<b>300,698</b>	<b>92.5%</b>
Adjusted Other comprehensive income (OCI)	15,793	3,856	28,373	-	79.7%	-1,650	57,912	-3610.6%
<b>Adjusted Profit after tax</b>	<b>20,295</b>	<b>92,884</b>	<b>7,769</b>	<b>-91.6%</b>	<b>-61.7%</b>	<b>157,845</b>	<b>242,786</b>	<b>53.8%</b>
<b>Adjusted Profit before tax</b>	<b>9,549</b>	<b>106,811</b>	<b>15,092</b>	<b>-85.9%</b>	<b>58.1%</b>	<b>159,420</b>	<b>287,366</b>	<b>80.3%</b>
<b>Gross Operating Income (adjusted)</b>	<b>140,558</b>	<b>162,408</b>	<b>165,002</b>	<b>1.6%</b>	<b>17.4%</b>	<b>482,653</b>	<b>655,324</b>	<b>35.8%</b>
<b>Net Interest Income (adjusted)</b>	<b>135,678</b>	<b>140,510</b>	<b>140,932</b>	<b>0.3%</b>	<b>3.9%</b>	<b>421,820</b>	<b>569,579</b>	<b>35.0%</b>
Interest Income (adjusted)	275,181	310,215	307,020	-1.0%	11.6%	741,726	1,216,647	64.0%
Interest Expense (adjusted)	-139,503	-169,705	-166,088	-2.1%	19.1%	-319,906	-647,069	102.3%
<b>Net Fee Income (adjusted)</b>	<b>22,636</b>	<b>24,315</b>	<b>26,446</b>	<b>8.8%</b>	<b>16.8%</b>	<b>83,110</b>	<b>93,796</b>	<b>12.9%</b>
<b>Net Other Income (adjusted)</b>	<b>-17,756</b>	<b>-2,416</b>	<b>-2,376</b>	<b>-1.7%</b>	<b>-86.6%</b>	<b>-22,277</b>	<b>-8,050</b>	<b>-63.9%</b>
FX and FV result	-10,144	-186	4,198	-	-141.4%	8,146	-1,785	-121.9%
Other Income (adjusted)	-7,612	-2,230	-6,574	194.8%	-13.6%	-30,423	-6,265	-79.4%
<b>General Administrative Expenses (adjusted)</b>	<b>-79,599</b>	<b>-68,007</b>	<b>-87,746</b>	<b>29.0%</b>	<b>10.2%</b>	<b>-243,206</b>	<b>-280,580</b>	<b>15.4%</b>
Personnel Expenses (adjusted)	-35,930	-35,183	-44,242	25.7%	23.1%	-119,130	-141,576	18.8%
Operating Expenses (adjusted)	-35,003	-26,259	-30,721	17.0%	-12.2%	-94,953	-105,872	11.5%
Amortisation and depreciation (adjusted)	-8,666	-6,565	-12,782	94.7%	47.5%	-29,122	-33,132	13.8%
<b>Provisions (adjusted)</b>	<b>-51,410</b>	<b>12,410</b>	<b>-62,165</b>	<b>-</b>	<b>20.9%</b>	<b>-80,028</b>	<b>-87,378</b>	<b>9.2%</b>
Banking tax	0	0	0	-	-	0	0	-
<b>Corporate income tax (adjusted)</b>	<b>10,746</b>	<b>-13,927</b>	<b>-7,323</b>	<b>-47.4%</b>	<b>-168.1%</b>	<b>-1,575</b>	<b>-44,580</b>	<b>2730.6%</b>
<b>KPIs based on adjusted PAT (%)</b>								
<b>ROAE (Return on Average Equity - adjusted)</b>	<b>10.4%</b>	<b>39.4%</b>	<b>3.1%</b>	<b>-36.3%-pt</b>	<b>-7.3%-pt</b>	<b>21.4%</b>	<b>26.7%</b>	<b>5.3%-pt</b>
<b>ROAA (Return on Average Assets - adjusted)</b>	<b>0.8%</b>	<b>3.5%</b>	<b>0.3%</b>	<b>-3.2%-pt</b>	<b>-0.5%-pt</b>	<b>1.5%</b>	<b>2.3%</b>	<b>0.8%-pt</b>
<b>TRM (Total Revenue Margin - adjusted)</b>	<b>5.2%</b>	<b>6.1%</b>	<b>6.0%</b>	<b>-0.1%-pt</b>	<b>0.8%-pt</b>	<b>4.6%</b>	<b>6.2%</b>	<b>1.5%-pt</b>
<b>CIM (Core income margin - adjusted)</b>	<b>5.9%</b>	<b>6.2%</b>	<b>6.1%</b>	<b>-0.1%-pt</b>	<b>0.2%-pt</b>	<b>4.9%</b>	<b>6.2%</b>	<b>1.4%-pt</b>
<b>NIM (Net Interest Margin - adjusted)</b>	<b>5.0%</b>	<b>5.3%</b>	<b>5.2%</b>	<b>-0.1%-pt</b>	<b>0.1%-pt</b>	<b>4.1%</b>	<b>5.4%</b>	<b>1.3%-pt</b>
<b>NFM (Net Fee Margin - adjusted)</b>	<b>0.8%</b>	<b>0.9%</b>	<b>1.0%</b>	<b>0.1%-pt</b>	<b>0.1%-pt</b>	<b>0.8%</b>	<b>0.9%</b>	<b>0.1%-pt</b>
<b>C/TA (Cost to Total Assets - adjusted)</b>	<b>3.0%</b>	<b>2.6%</b>	<b>3.2%</b>	<b>0.7%-pt</b>	<b>0.3%-pt</b>	<b>2.3%</b>	<b>2.6%</b>	<b>0.3%-pt</b>
<b>CIR (Cost Income Ratio - adjusted)</b>	<b>56.6%</b>	<b>41.9%</b>	<b>53.2%</b>	<b>11.3%-pt</b>	<b>-3.5%-pt</b>	<b>50.4%</b>	<b>42.8%</b>	<b>-7.6%-pt</b>
<b>Risk% (Risk cost rate - adjusted)</b>	<b>2.05%</b>	<b>-1.01%</b>	<b>4.24%</b>	<b>5.2%-pt</b>	<b>2.2%-pt</b>	<b>1.0%</b>	<b>1.21%</b>	<b>0.2%-pt</b>

\* Legal merger of Budapest Bank Zrt. and MKB Bank Nyrt. took place on 31st March 2022. Since MBH Bank's 1Q 2022 accounting profit does not include the 1Q profits/losses of Budapest Bank, the profit and loss data are presented in 2022 on the basis of modelled data, adjusted with the profits and losses of Budapest Bank, for comparability.

The presentation of financials in this report is based on Total Comprehensive Income ("TOCI"), which is an IFRS category aimed at presenting the economic impact for the given period by incorporating "fair value through other comprehensive income" (FVTOCI) results. Based on the fact that MBH Bank holds a large securities portfolio, part of which is valued against capital (FVTOCI), and hedges its interest risk position with IRS transactions, TOCI figures should only be used to evaluate the results.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

**In FY 2023 and in 4Q the adjusted profit after tax of MBH Group amounted to HUF 242.8 bn and HUF 7.8 bn** respectively. Partially driven by the other comprehensive income in 4Q (HUF 28.4 bn) the FY 2023 adjusted total comprehensive profit amounted to HUF 300.7 bn (HUF +144.5 bn y/y).

The (adjusted) **ROAE** was 26.7% (+5.3%-pt y/y) as a result of outstanding PAT. ROE on adjusted total comprehensive income reached 33.1% compared to 21.2% in 2022.

The increase in the core income was also driven by rising **net interest income** (HUF +147.8 bn, +35.0% y/y). The composition of MBH group's assets allowed for exploiting the market potential using its excess liquidity. The adjusted **total revenue margin** (TRM) increased significantly by 1.5%-pt y/y to 6.2%.

HUF 87.4 bn **provisions and impairments** were charged in FY 2023, in 4Q 2023 HUF 62.2 bn were charged, mainly driven by the increase in risk costs – mostly due to impairment charges as a result of PD and rating changes (the NPL rate actually improved) and other risk cost. The adjusted risk cost rate was 1.2%.

**Operating expenses** increased by 15.4% below inflation year-on-year, however the **cost-to-income** ratio for FY 2023 fell to 42.8% (-7.6%-pts y/y) driven by rising revenues.

### 2.1.1 Adjusted profit after taxation

Because of the HUF 7.8 bn **adjusted consolidated profit after tax** in 4Q, MBH Group's profit amounted to HUF 242.8 bn (HUF +84.9 bn y/y) in FY 2023.

**Adjustments** amounted to HUF +59.6 bn in FY 2023, relating primarily to the special tax on the extra profit, the banking tax, and the reimbursement of the extraordinary OBA fee due to Sberbank bankruptcy, badwill arising from the consolidation of Duna Bank and one-off integration costs.

### 2.1.2 Total comprehensive income

MBH Group's **accounting** (unadjusted) **total comprehensive income** (TOCI) in 2023 amounted to HUF 241.1 bn.

The unadjusted TOCI was HUF 135.3 bn higher than in FY 2022 (including the 1Q 2022 results of merged Budapest Bank).

The HUF 36.1 bn 4Q **adjusted total comprehensive income** (HUF -60.6 bn p/p) was a result of the HUF 7.8 bn profit after tax and the HUF 28.4 bn other comprehensive income (OCI). The 4Q adjusted total comprehensive income increased by HUF 0.05 bn y/y. The adjusted total comprehensive income in FY amounted to HUF 300.7 bn (HUF 144.5 bn y/y), boosting TOCI mostly driven by further increasing net interest income.

### 2.1.3 Net interest income

MBH Group's cumulated **net interest income** was HUF 569.6 bn in FY 2023 (HUF +147.8 bn y/y), the 35.0% y/y upturn is due to the growth ALM portfolio, the favourable yield environment and the portfolio quality. Interest income was unchanged on a quarterly basis (+0.3% p/p), with the increase in liquid portfolio offsetting the quarterly decline in short interest rates.

**The interest income for FY 2023** amounted to HUF 1,216.6 bn (HUF +474.9 bn, +64.0% y/y). The interest income in 4Q decreased by HUF 3.2 bn (-1.0% p/p) compared to 3Q (+11.6% y/y). Growing

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

securities portfolio (+13.2% y/y) and favourable yield environment both supported incomes but the main driver of the interest income increase was that MBH group successfully exploited the market potential using its excess liquidity to generate interest income amid rapid interest rate hike.

The **interest expense** amounted to HUF 647.1 bn in FY 2023, the HUF 327.2 bn (+102.3%) y/y increase was driven by market yields and high customer- and interbank deposit portfolio.

The **net interest margin (NIM)** was 5.2% in 4Q (+0.11%-pt y/y) because increase in total assets. The yearly accumulated ratio was 5.4%, up significantly by 130 bps year-on-year.

#### 2.1.4 Net fee and commission revenues

The **net fee and commission income** was HUF 93.8 bn in FY 2023 (+12.9% y/y). The commission income for 4Q increased by HUF 2.1 bn (+8.8% p/p), relative to the preceding quarter mainly due to higher transaction fees and seasonally higher fees collected on the increased volume of customer.

#### 2.1.5 Profit/loss on financial transactions (FX and FV result)

In FY 2023 the **profit on financial transactions** amounted to HUF -1.8 bn, 121.9% (HUF -9.9 bn) less year-on-year.

As a result of falling yields, the exchange and revaluation result was HUF 4.2 bn (HUF +4.4 bn p/p) in 4Q, while the OCI effect due to revaluation of the fixed rate government securities portfolio was HUF 28.4 bn (HUF +24.5 bn p/p; HUF +12.6 bn y/y). The quarterly **net revaluation result and exchange rate gain** – as a result of the two impacts – was HUF 32.6 bn.

#### 2.1.6 Other results

The tax and/or regulatory fees and commission expenses of MBH Group are recognized under other profit/loss: levy, OBA and IPF fees and other revenues/expenses of ordinary business operation. Other results was HUF -6.3 bn in FY 2023 (HUF +24.2 bn y/y), and HUF -6.6 bn (HUF -4.3 bn p/p, HUF +1.0 bn y/y) in 4Q.

#### 2.1.7 Operating expenses

MBH Group's **operating expenses** were HUF 280.6 bn in FY 2023 (4Q: HUF 87.7 bn, +29.0% p/p, +10.2% y/y). On year/year basis, operating expenses increased below inflation (+15.4% y/y; HUF +37.4 bn), the **cost-to-income** ratio for the year fell to 42.8% (-7.6%-pts y/y) driven by rising revenues.

The **personnel expenses** amounted to HUF 44.2 bn in 4Q 2023, increased by 25.7% compared to previous quarter mostly due to seasonality. 18.8% y/y increase in FY 2023 PEREX (HUF 141.6 bn) is primarily the impact of wage inflation.

The number of employees of MBH Group at the end of December 2023 was 8,837.8 FTE (-636.4 FTE; -6.7% y/y).

**Other operating expenses** in 4Q 2023 were HUF 30.7 bn (2023: HUF+105.9 bn; +11.5% y/y). The y/y increase was mostly driven by high inflation.

**Depreciation** in 4Q 2023 amounted to HUF 12.8 bn (2023: HUF 33.1 bn). FY 2023 cost compared to the same period of the previous year increased by 13.8% due to the provisioning and the developments during the year.

### 2.1.8 Risk costs

The adjusted credit risk cost was HUF 62.2 bn (charge) in 4Q 2023 (FY 2023: HUF 87.4 bn), mainly driven by the increase in risk costs – mostly due to impairment charges as a result of PD and rating changes (the NPL rate actually improved) and other risk cost.

The quality of the portfolio does not justify an increase in the impairment coverage on non-moratorium stocks.

The **NPL closing portfolio** was HUF 174.7 bn at the end of 4Q 2023, decreased by HUF 34.4 bn during the quarter (-16.5%-pt p/p). **IFRS-based NPL ratio** decreased to 3.4%. The **direct NPL coverage** was 54.9%.

### 2.1.9 Corporate income tax

In FY 2023 HUF 38.7 bn unadjusted **corporate income tax expense** was recorded, as a result of HUF 9.5 bn current corporate income tax expense, HUF 5.8 bn deferred tax expense, HUF 20.3 bn local business tax and HUF 3.1 bn innovation contribution.

The adjustments in the flash report had a tax effect of HUF 5.9 bn therefore the **adjusted corporate income tax** was HUF 44.6 bn expense.

## 2.2 Balance sheet

MBH Group					
Adjusted balance sheet (in HUF million)	4Q 2022	3Q 2023	4Q 2023	P/P	YTD
<b>Financial assets</b>	<b>1,511,019</b>	<b>1,238,103</b>	<b>1,516,889</b>	<b>22.5%</b>	<b>0.4%</b>
Trading portfolios - Assets	439,069	328,158	271,995	-17.1%	-38.1%
Securities	3,453,313	3,822,720	3,909,840	2.3%	13.2%
<b>Loans and advances to customers/Customer Loans (net)</b>	<b>4,761,318</b>	<b>4,788,413</b>	<b>4,901,416</b>	<b>2.4%</b>	<b>2.9%</b>
Loans and advances to customers/Customer Loans (gross)	5,028,251	5,018,947	5,170,578	3.0%	2.8%
Retail business segment	1,760,546	1,718,478	1,741,069	1.3%	-1.1%
Corporate business segment	2,690,400	2,684,568	2,840,531	5.8%	5.6%
Leasing	522,911	560,351	559,822	-0.1%	7.1%
Other	54,394	55,550	29,156	-47.5%	-46.4%
Provision for Customer loans	-266,933	-230,534	-269,161	16.8%	0.8%
<b>Total other assets</b>	<b>449,703</b>	<b>559,182</b>	<b>506,908</b>	<b>-9.3%</b>	<b>12.7%</b>
Investments in jointly controlled entities and associates	83,531	112,211	118,725	5.8%	42.1%
Intangibles, property and equipment	169,158	171,811	191,667	11.6%	13.3%
Other assets	197,014	275,159	183,252	-33.4%	-7.0%
<b>Total Assets</b>	<b>10,614,422</b>	<b>10,736,577</b>	<b>11,107,048</b>	<b>3.5%</b>	<b>4.6%</b>
<b>Interbank liabilities</b>	<b>2,447,407</b>	<b>2,411,825</b>	<b>2,153,789</b>	<b>-10.7%</b>	<b>-12.0%</b>
<b>Deposits &amp; C/A</b>	<b>6,574,357</b>	<b>6,524,301</b>	<b>6,957,100</b>	<b>6.6%</b>	<b>5.8%</b>
Retail business segment	2,762,562	2,463,069	2,647,836	7.5%	-4.2%
Corporate business segment	3,494,100	3,648,439	3,989,987	9.4%	14.2%
Other	317,694	412,793	319,277	-22.7%	0.5%
Issued debt securities	379,725	474,981	629,241	32.5%	65.7%
Other liabilities	404,198	332,488	343,547	3.3%	-15.0%
<b>Shareholders' Equity</b>	<b>808,736</b>	<b>992,982</b>	<b>1,023,371</b>	<b>3.1%</b>	<b>26.5%</b>
<b>Total Liabilities &amp; Equity</b>	<b>10,614,422</b>	<b>10,736,577</b>	<b>11,107,048</b>	<b>3.5%</b>	<b>4.6%</b>
Loan commitments given	1,154,318	1,178,188	1,204,082	2.2%	4.3%
Financial guarantees given	107,237	124,214	101,220	-18.5%	-5.6%
Other Commitments given	255,330	283,072	296,502	4.7%	16.1%
<b>Customer off Balance items</b>	<b>1,516,885</b>	<b>1,585,474</b>	<b>1,601,804</b>	<b>1.0%</b>	<b>5.6%</b>

The balance sheet of the MBH Group is presented on the basis of consolidated financial statements prepared according to IFRS.

MBH Group's **total assets** amounted to HUF 11,107.0 bn by the end of 4Q 2023 (HUF +370.5 bn; +3.5% p/p), with a yearly increase of HUF 492.6 bn (+4.6% y/y). The 4Q growth on the asset side was mainly driven by **expanding customer loan portfolio and securities**, while on liabilities side due to the **increasing capital and customer deposit portfolio**.

**Loan portfolio** increased by HUF 151.6 bn in 4Q (+3.0% p/p), within this, the performance of the corporate business was dominant.

The change in the **deposit portfolio** was significantly influenced by market developments, with the stock rising to HUF 6 957.1 bn at the end of 4Q 2023. The 4Q increase was mainly driven by a growth in the corporate segment.

**Loan-to-deposit ratio** reached 74.3%, 2.2%-pts lower than in the same period of the previous year (-2.6%-pts p/p). **LCR** (152.5%) and **NSFR** (133.7%) ratios are well above the regulatory minimum.

**Shareholders' equity** increased to HUF 1 023.4 bn (+3.1% p/p; +26.5% y/y). The **22.1% capital adequacy ratio** at the end of the period, significantly exceeded the regulatory minimum requirements. **20.3% CET1 ratio**.

### 2.2.1 Loans

**Gross loans** increased by 3.0% (HUF +151.6 bn p/p) compared to the previous quarter, while year-on-year loans the growth reached 2.8% y/y (net: 2.9% y/y).

The **retail business** positively supported the development of the loan portfolio on quarterly basis. Gross customer loans increased by 1.3% (p/p), mainly driven by the private individuals segment, to HUF 1,741.1 bn at the end of December. The 1.1% (y/y) decrease in the portfolio reflects the impact of the re-segmentation.

**Corporate** gross loan portfolio increased by 5.8% (p/p) during the quarter, reaching HUF 2,840.5 bn at the end of 4Q 2023.

The leasing portfolio increased by 7.1% y/y (-0.1/p/p).

**Provisions for customer loans** was 16.8% higher than at the end of the previous quarter, while the year-on-year increase reached 0.8%.

### 2.2.2 Securities

In a changing inflation and yield environment, the popularity of different securities is undiminished, and this is reflected in the performance of the portfolio.

Securities portfolio together with trading portfolio increased by HUF 456.5 bn (+13.2%) y/y, and as a result, the **portfolio of securities** amounted to HUF 3,909.8 bn at the end of 4Q 2023 (+2.3% p/p).

### 2.2.3 Financial assets

The **portfolio of financial assets** increased by HUF 278.8 bn during the quarter (+22.5%), while the year-on-year growth was HUF 5.9 bn (+0.4% y/y) due to higher deposits with the MNB. Thus, the stock stood at HUF 1 516.9 bn at the end of the period.

### 2.2.4 Deposits and C/A

**Customer deposit portfolio** amounted to HUF 6,957.1 bn (+6.6% p/p) at the end of the quarter. The quarterly increase was mainly driven by the rise in deposits in the **corporate segment** (+9.4% p/p), **Retail deposit portfolio** increased by HUF 184.8 bn (+7.5% p/p), reaching HUF 2,647.8 bn at the end of the quarter.

On an annual basis, customer deposit portfolio grew by 5.8%, with a positive contribution from the corporate segment (+14.2% y/y). However, the retail segment's stock declined year-on-year (-4.2% y/y).

### 2.2.5 Interbank liabilities

The portfolio of **interbank liabilities** amounted to HUF 2,153.8 bn (HUF -258.0 bn p/p; HUF -293.6 bn y/y) at the end of 4Q 2023. The decrease was primarily due largely due to a decline in loans from other credit institutions, interbank deposits and liabilities from repo transactions.

### 2.2.6 Issued debt securities

The stock of issued debt securities increased by 32.5% (HUF +154.3 bn p/p) over the quarter to HUF 629.2 bn at the end of 4Q 2023 (HUF +249.5 bn y/y), largely driven by an increase in the stock of other issued debt securities.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon



In October, the Bank issued senior preferred bonds with a nominal value of EUR 350 million in order to comply with the MREL requirements under the EUR 1.5 billion international bond programme approved by the CSSF (Commission de Surveillance du Secteur Financier) on 2 October 2023 by decision C-029273.

In addition, during Q4 2023, the Bank announced four subscription periods for the placement of senior bonds, mainly sold to retail customers, during which a total of HUF 18,622,374,000 and EUR 8,916,800 bonds were placed. These issues were partly made under the old HUF 300 billion domestic issuance programme of the Bank and partly under the new HUF 400 billion domestic issuance programme approved by Decision H-KE-III-813/2023 of NBH dated 29 November 2023. In addition, in the context of the performance-related remuneration scheme of its remuneration policy, the Bank issued two subordinated discount bonds in December 2023 with a total nominal value of HUF 1,039,710,000.

### 2.2.7 Capital

MBH Group's **capital amounted to HUF 1 023.4 bn** at the end of 2023.

Capital accumulation continued both in p/p and y/y terms: +3.1% and +26.5% respectively, significantly increasing the shock absorbing capabilities of the Bank.

### 2.2.8 Off-balance sheet exposures to customers

MBH Group's **off-balance sheet exposure** was HUF 1,601.8 bn at the end of 4Q 2023, corresponding to a 1.0% (HUF +16.3 bn p/p) increase on a quarterly basis (+5.6%; HUF 84.9 bn y/y). The year-on-year growth was attributable to an increase in the volume of loan commitments given (+4.3% y/y) and other commitments given (16.1% y/y).

## 2.3 Capital adequacy

The capital adequacy of MBH Bank Group remains strong, with a **capital adequacy ratio (CAR)** of **22.1%** at the end of 4Q 2023 (+240 bps y/y), and **CET1** ratio of **20.3%**. The capital adequacy ratio significantly exceeds the regulatory minimum requirements, thus providing a convenient capital buffer for the Group's operations.

In Q4 2023, T1 capital increased by 19.0%, mainly due to the (audited) interim result included in regulatory capital and the IFRS9 discount. However, T2 capital decreased by 4.2% over the quarter (+16.1% y/y).

The growth in RWA (HUF +596.7 bn) in 2023 was parallel with the gross loan increase, resulting in HUF 4,729.4 bn volume.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

## 2.4 Presentation of business segment results

*In this chapter, MBH Group's customer portfolio and market share are presented by segments. The segments are formed according to the requirements used in the reports prepared for the National Bank of Hungary (HNB), and the portfolios are presented accordingly.*

### 2.4.1 Corporate and institutional customers

Relying on its traditional strengths, MBH Bank's strategic goal is to further develop and build a strong corporate business line. The business line focuses on local knowledge, professional service, consulting-based sales and the provision of innovative solutions.

MBH Bank provides comprehensive business solutions and advice to its customers, sets up comprehensive loan schemes if necessary and satisfies special financial customer needs. MBH Bank is able to provide efficient and unique solutions to all players in the corporate segment.

In line with its strategy, MBH Bank continued to play a key role in the introduction of economic incentive programs and their delivery to customers. The significantly rising interest rate environment generated more demand in Széchenyi Card Programmes and Baross Gábor Reindustrialisation Loan Programme than ever before, there was particularly high demand for working capital and current account loans.

MBH Bank Group remained an active participant in the continually renewed Széchenyi Card Programme. In the SZKP MAX+ programme which has been launched in January 2023 and is still running, MBH Bank has a 25%<sup>4</sup> market share of the number of loan applications in the Corporate business line, including micro and small companies.

MBH Bank has traditionally maintained close ties with Eximbank to enable customers to benefit from EXIM financing sources. In the Baross Gábor Reindustrialisation Loan Programme, a total of HUF 1,000 bn loan has become available in euros as well as in forints at a fixed low interest rate. The majority of the facility was allocated to working capital loans. The Bank's customers also requested a significant amount of these products. MBH Bank's market share in the BGH scheme was 21%<sup>5</sup>. In order to provide flexible and comprehensive services to its customers, the Bank continues to actively participate in all subsidised loan programmes announced by Eximbank, including the Baross Gábor Reindustrialisation Investment Loan Programme Plus, which will continue in 2024.

In 2023, there was strong demand for subsidised loan products compared to market-rate loans thanks to surging demand, as opposed to market-rate loans, given that these products offer a much lower interest burden for companies, thus significantly improving the domestic and international competitiveness of domestic businesses.

Among the corporate loans, the portfolio of non-financial enterprises (based on the segmentation as per the HNB's statistics requirements) amounts to HUF 2,449.3 bn, 6.7% higher than in the previous quarter, while on an annual basis the change was 4.4% (HUF +102.5 bn).

The gross loan portfolio of large non-financial corporations increased by HUF 143.9 bn to HUF 769.0 bn (+23.0% p/p). The loan portfolio of medium-sized enterprises stagnated during the quarter, it reached to HUF 1,114.0 bn (-0.1% p/p).

<sup>4</sup> KAVOSZ

<sup>5</sup> EXIM

The non-financial corporate deposit portfolio (based on the segmentation as per the HNB's statistics requirements) increased by 9.4% y/y to HUF 3,210.0 bn (HUF +258,2 bn p/p).

## Agricultural clients

### Merger and organisational structure:

As a result of the merger processes, the Business Line has also developed unified customer service processes, products and risk management principles. This has created the largest unified agri-food business in the domestic banking market, which has continued the customer service principles and best practices already established in its predecessors.

The Bank's approach to financing the sector is based on a value chain approach to the food industry, and therefore the segmentation principles have not changed, in that the business continues to include agriculture and food, as well as other agribusiness clients, including primarily grain traders, integrators and input material traders. The single MBH Bank will continue to serve its clientele with dedicated colleagues specialised in financing the agri-food value chain. The business line therefore serves a clientele of all sizes, engaged in the given activity, with segmentation based on client size: segmentation is based partly on sales revenues and partly on production characteristics.

The business line is organised in a separate, flat structure with a central management structure with a small number of staff, and the main organisational unit, the agricultural region. MBH Bank has retained the 'Agrárcentrum' sub-brand, which was already well established in the predecessor organisation, and following the merger the business line is now embodied in the MBH Agrárcentrum sub-brand, which is also the name of the locations nationwide providing loans to customers. In addition, the agribusiness and large agri-food clientele are served by a specialised centralised service unit. In addition, leasing and factor financing, advisory services on tenders and insurance activities, which the Bank provides to its clients through cooperating partners, play an important role in serving the agri-food sector.

### Market environment and business results:

In 2023, complex macroeconomic and sectoral developments determined the business performance of the business line:

- The drought in 2022 resulted in a loss of circa HUF 1,000 bn in revenues in agriculture, the knock-on effects of which continued to affect farmers' day-to-day liquidity in 2023.
- From 2022 onwards, input-output prices were temporarily disrupted by various specific shocks, the after-effects of which were also felt in 2023.
- Production costs in the arable sectors were still affected by the rise in input prices, depending on the timing of purchases, and sales prices felt significantly in 2023. The prices on the domestic market were also hit by a significant increase in transport costs in Europe.
- Thus, despite a much more favourable rainfall situation than in 2022, producers realised zero or minimal returns on most crops. The winners in 2023 were the livestock sectors and feed producers.
- At the end of the value chain, the food industry faced significantly weakening consumer demand due to falling real wages.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

- The investment tenders for the new EU support cycle (Rural Development Programme) have not yet been launched.
- The financing needs were mainly for intra-year, day-to-day operation and production financing. Small and medium sized enterprises reported investment loan requests mainly under the ASZB (Agricultural Széchenyi Investment Loans) scheme, while larger ones applied for investment loans under the Baross Gábor programme.
- Long-term financing needs at market rates were moderate compared to previous periods.
- According to the available interim data<sup>6</sup>, the loan portfolio of the banking market increased slightly in agriculture, decreased in the food sector and stagnated overall.

The annual operating results of the Agri-Food Business Line were within the range of market factors:

- Loans under management in the Business Unit increased slightly in 2023, leaving its market share practically unchanged according to the available interim data (around 25% in agriculture and food industry<sup>7</sup>).
- The business line achieved a higher than planned growth rate (well into double digits) in terms of customer deposits.
- Strengthened market leading position in the main agricultural loan products of the Széchenyi Programme (see below).
- Strong focus on exploiting synergies with cooperating partners (leasing, insurance, application writing and advisory services, factoring) to strengthen cross-selling.

#### **The main commitments affecting the business line's activities:**

The business line's key partnership with the Rural Credit Guarantee Foundation (AVHGA) was further strengthened:

- The dominant market position stabilised for products guaranteed by AVHGA.
- In the Agricultural Széchenyi Card Programme, four out of five transactions are financed by MBH Bank's agricultural business line, while the Bank also has a market-leading share<sup>8</sup> (over 50% in both volume and number of transactions) in the Agricultural Széchenyi Investment Loans.
- From 2023, Dávid Hollósi, head of the business line, has been helping to further develop the cooperation as a member of the Supervisory Board of AVHGA.

In 2023, he took over the chairmanship of the Agricultural Working Committee of the Hungarian Banking Association. The programme was proposed and adopted with the aim of ensuring that the Banking Association participates more effectively in the preparation of professional decisions affecting agriculture.

In 2023, the autumn regional customer events were held, with the addition of a large corporate agribusiness customer event.

<sup>6</sup> 2023/Q3-NBH, Ministry of Agriculture

<sup>7</sup> KSH, TEÁOR

<sup>8</sup> AVHGA

## 2.4.2 Retail customers

In retail account products, the focus remained in 4Q on supporting the realization of business plans, MBH Bank launched several activities aiming to acquire new clients or to activate existing clients.

In retail savings and investment products in 4Q, short bonds, long bonds, and mixed investment funds were particularly popular among investment funds. During the quarter the subscription of own bonds was successfully realized in several phases for the retail clients.

In the field of home loan products, several action was made related to pricing, risk rules and processes to support the realization of loan disbursement and market share objectives. MBH Bank voluntarily joined the institution of APR cap from 9 October 2023, and set the interest rate of home loans with market conditions at 8.5% and applied further 85-100 bp interest rate cuts for these loans according to the January 2024 modification of the cap to 7.3%.

The Bank was prepared in time for the modification of the Home Support Program, the new CSOK Plusz loan, the Falusi CSOK with modified conditions and the Babaváró loan are available in the Bank's product portfolio since 1 January 2024.

From 1 October 2023, the Bank continued the cash back promotion for the Baby Loan.

Personal loan sales were supported by the Group's active campaigning and sales activities. Globally the volume of new loans reached 72.5 bn HUF, this result makes MBH Bank an even more important key player of the unsecured loan market including personal loan.

In Q4 2023, credit card sales by partners overperformed the plans. Outstanding sales results were achieved in the year-end period in Media Markt and Euronics stores.

The closing volume of retail deposits (based on segmentation according to the HNB's statistics criteria) was HUF 1,782.4 bn, which means an increase of 2.9% p/p.

By the beginning of the last quarter of 2023, the merger was fully completed, with all its operational and technical background, aftermath and preparation of colleagues for the sale. The focus has shifted to sales, with the primary objective of increasing market share. Meanwhile, the market started to recover, making it even more challenging to increase the share of strategic products in a rising market. In mortgage products, the intermediary channel became a viable sales tool, resulting in a significant increase in the volume of outsourced products and the share of the channel within the bank.

MBH Bank currently works with a total of 75 credit intermediaries 9 retail partners.

The volume of MBH Group's retail loans (based on segmentation according to the HNB's statistics criteria) at the end of 4Q 2023 amounted to HUF 1,558.8 bn, which represents an increase of HUF 2.5 bn compared to the previous quarter. On a year-on-year basis, there was a decrease of HUF 1.9 bn caused by a fall in mortgage-backed loans.

The closing portfolio of secured loans amounted to HUF 900.2 bn at the end of the quarter (HUF -25.1 bn y/y, HUF -2.5 bn p/p). The portfolio of consumer and other unsecured loans increased by 3.7% compared to 4Q 2022, thus amounting to HUF 658.7 bn at the end of the period (+23.2 bn y/y).

Group insurances reached 72% growth in fourth quarter of 2023 compared to the same period of the previous year, from which PPI was the main driver with a result of 207% compared to Q4 last year.

In individual life insurances, the annual portfolio premium more than doubled (211%) compared to the same period of the previous year in case of regular premium insurance, while in case of one-time fee insurances the increase was 189% for the whole Banking group.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

The recovery of the mortgage market resulted in the increase of home insurance sales, thus the portfolio premium volume reached 155% of the previous year's same period.

From November 2023, group travel insurance for one way became available via MBH Bank App for the clients of all the three member banks, this product was specifically developed for this platform by our partner.

In November 2023, a one-way group travel insurance product was made available to all three former member bank customers through a completely new channel, the MBH Bank App, which was developed specifically for this platform with the help of our insurance partner CIG Pannónia Biztosító.

The number of premium clients continued to increase in the fourth quarter, the Bank closed the quarter with 33,600 premium clients, the amount of managed assets increased to 780 bn HUF (8,7% increase compared to the previous quarter). Investment penetration rate of the portfolio is 82% with a steadily growing trend. The diversification of investment portfolios continued on product level, the share of investment funds reached 47.2% in the portfolio.

### **Micro and small business segment:**

Between 29 September and 3 October 2023, the entire portfolio of the predecessor Budapest Bank's corporate clients was migrated into MBH Bank's IT system.

The IT migration affected 60,000 corporate clients and contributes to the Bank's ability to serve its clients with modern banking services, efficiently with unified processes.

In 2023, the demand for government-subsidised loans to boost the economy among Micro and Small Enterprise customers remained unbroken. The MAX+ scheme of the Széchenyi Card programme was the most popular in that segment. The vast majority of the loans extended to businesses through these schemes were the driving force behind lending in that segment throughout the year.

The MAX+ program has seen an increase in demand for liquidity loans, which is expected to continue into 2024.

The competitiveness of the loans funded by the bank has continued to weaken in a rising interest rate environment, further widening the cost difference between fixed subsidized and variable market rate loans.

In addition to the merger work, there was a strong focus on improving loan servicing processes in 2023.

Within non-financial corporations, the loan portfolio of microenterprises stood at HUF 465.2 bn (-10.3% p/p; -4.2% y/y) at the end of the period.

### **MFB Points**

In 2023, MBH Bank's main task was to complete the end-of-cycle tasks for the EU-sourced repayable financial instruments available in the MFB 2014-2020 funding cycle. The end-of-cycle tasks included the management of outstanding transactions, settlement of working capital loans, project closure site visits, project closures. MBH Bank successfully completed all the tasks.

In addition to the end-of-cycle tasks, during the year, nearly HUF 135 bn of new loans were disbursed through MBH Bank's branches dedicated as MFB Points.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

In the year 2023, MBH Bank has successfully applied for funding for the MFB Pont Plus corporate network during the EU financial cycle 2021-2027. The first 74 branches of the new MFB Pont Plus network were opened by the end of the year.

### **Branch network**

With the merger process completed in April 2023, MBH Bank has the largest branch network in the country.

The bank will continue to operate with a unified and completely renewed image, gradually developing and modernising its network of 400 branches. By the end of the year, MBH Bank's new branding features were introduced in all operating branches and completely new branches were opened. The branches have been redesigned to reflect changing customer needs, providing more space for discrete advice. A separate space is now allocated to premium banking and mortgage lending advice in the larger branches.

Further innovation and digitalisation has been achieved with the installation of unique video-banking units in 7 higher education institutions, assisting the younger generation to bank and open accounts online. The Digital Kiosk capsule provides full accessibility with a modern, innovative look.

MBH Bank has mobile bank branches that are unique in the market. These mobile units provide local access to banking services for people living in small communities.

In addition to the branch's new look, the back-office systems have also undergone a major overhaul, with a focus on a customer-centric redesign of workflows and service. A unified customer call system has been rolled out across the branch network and online branch appointment booking has been made available, minimising the time customers spend waiting in the branch.

In terms of central systems, the Bank's new unified cashier system has been implemented. This development has made it easier and simpler for branch colleagues to manage money in the branch, thus enabling them to serve customers more quickly in their daily cash transactions.

To enhance the customer experience, a new unified mobile app for the entire customer base was created and successfully introduced at the end of 2023.

In addition to system developments, the Bank has made it a priority to standardise processes and train branch network staff.

One of the major successes of the last quarter of 2023 was that, as a result of the open EU procedure, EU-funded loan programmes for micro, small and medium-sized enterprises for the 2021-2027 financing cycle would become available exclusively in selected branches of MBH Bank and Granit Bank. The new network, called MFB Pont Plus, will continue to provide professional administration of easily accessible loan programmes tailored to the needs of customers.

## **2.4.3 Leasing**

### **Euroleasing**

The consolidated MBH Group includes the dominant operators of the domestic leasing market, Euroleasing Ltd., Budapest Lízing Ltd. and Euroleasing Inगतlan Ltd.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

As an important step in the merger process, from the first day of 2022, Euroleasing Ltd., Budapest Leasing Ltd., Euroleasing Ingatlan Ltd., and MBH Bank's car financing segment (Budapest Autó) continue to operate in the same management structure, in a coordinated and integrated manner.

The leasing group has a national network and a market share of more than 25 percent based on the newly placed, aggregated leasing stock – all showing the importance of this step. After the integration, new loan and leasing services will primarily be provided by Euroleasing Ltd., while contracts concluded before January 1, 2022 will continue to be managed by the original leasing companies or their legal successors

### **Car financing activity**

The leasing group has become a key operator in the vehicle financing segment of the leasing market. Starting from the fourth quarter of 2021, the introduction of the different, subsidized KAVOSZ Széchenyi Leasing had a stimulating effect on the financing market, which drove a significant number of commercial vehicle buyers towards the financing market in 2023.

The high interest rates reduced the demand for financing last year, at the same time rising prices had a negative effect on the sales market.

In 2023, new car sales volumes were slightly below the previous year, while the car finance leasing market grew significantly, as car prices increased. The growth of the financing market was also supported by a turnaround in interest rates and significant sales support from importers and dealers, mainly in the form of interest rate subsidies in addition to price support.

On 27 February 2023, Euroleasing Ltd. and RCI Services Llc. signed a partnership agreement under the leasing company will become the official domestic financier of the Renault, Dacia and Alpine brands from 1 March 2023, providing financing solutions under the name Mobilize Financial Services.

### **Asset financing activity**

The leasing group has a dominant market position in the asset financing leasing market and achieved a leading position with a significant market share in its two most significant segments, the financing of agricultural equipment and commercial vehicles.

Every third investment in agricultural equipment financed through leasing and every fifth purchase of commercial vehicles financed through leasing was carried out with the support of Euroleasing in 2023. Excellent partnerships with the largest agricultural machinery dealers, limit-oriented service to returning customers and efficient cross-selling within the banking group have contributed significantly to increasing market share and maintaining market leadership.

State support programs (EXIM, KAVOSZ) had a significant impact on the asset financing market segment, and the Euroleasing group remains clearly the most important player in the leasing market in terms of the intermediation of subsidised transactions.

The deterioration in the economic environment was transmitted to the asset finance market through a contraction in investment appetite and demand in the second half of the year. This decline in demand is expected to continue to be adequately cushioned by government economic stimulus programmes and sales support solutions from manufacturers/distributors.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon



### **Changes in the economic environment affecting the leasing group**

In 2022 the management of the leasing group's members was significantly influenced by several regulatory factors. These are the extra-profit tax extended to financial enterprises, and the Government's Decree No. 292/2022 issued on August 8, 2022. (VIII.8.) payment moratorium for the period between September 1, 2022 and December 31, 2023 for agricultural farmers' credit and loan contracts, as well as financial leasing contracts.

The group has devoted considerable attention to the follow-up and monitoring of the portfolios of customers who have exited previous moratoriums or are in moratorium in order to reduce potential losses.

The considerable diversification of the group's financing portfolio played an important role in countervailing the negative external effects, the development of which is an important pillar of the company's strategy.

## **2.4.4 Investment services and Treasury activities**

### **Treasury**

The Treasury made good use of the market opportunities provided by the main exchange rate movements during the year, and had a successful year from a business perspective, while maintaining risk exposures low.

The Treasury Trading area effectively managed short-term interest rate positions arising from counterparty positions and also made good use of the business opportunities arising from the monetary policy tools.

The Bank was an active participant in the bond market, with a significant share in the auctions of the ÁKK (Government Debt Management Agency) as primary dealer.

### ***ALM & Liquidity service***

In terms of operational liquidity management, the business unit continuously adapted to the changing monetary environment and fully executed the money market transactions necessary for the smooth functioning of the bank's payment flows.

### ***Sales***

In the merger process, the banking group completed a number of important milestones which had a significant impact on the work of Treasury Sales. The corporate migration that took place in the last quarter should be stressed as a result of which customers of the former Budapest Bank were able to benefit from a wider range of products and new electronic services.

### ***Corporate Finance***

In addition to the renewal of the Bank's bond issuance framework, the Bank completed nearly 30 domestic bond issues. Last year's main task was to coordinate the international EUR 1.5 bn bond programme of MBH Bank Nyrt, and to assist in the placement of EUR 350 million senior preferred bonds with a nominal value of EUR 1.5 bn, which met the MREL requirements. In addition to its activities in the debt securities market, the unit was also involved in an IPO transaction during the previous year.

### ***Intermediary currency exchange***

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

As the pandemic has passed, new companies have entered the market to exchange money. Temporarily closed exchange offices have reopened and new branches have opened among the Bank's partners. The exchange rate fluctuations during the year, which were well above average, led to a significant turnover of intermediaries doing business with the Bank.

### ***Investment services***

#### ***Investment services - sales***

In 2023, secondary sales in the retail government bond market were particularly active. The DTB (Discount Treasury Bill) turnover declined due to the very sharp fall in yields.

The underwriting of MBH Bank's own bonds and, at the same time, secondary market sales were of particular importance, with the Bank being able to underwrite a significant volume of bonds during the year.

MBH Bank's foreign currency bonds were also traded in high demand. The MREL bond maturing in 2027 is now available on the secondary market at a net price of almost 106%.

Increased equity market volatility in the last quarter has had an impact and the Bank has seen a visible improvement in both domestic and foreign equity sales.

Foreign exchange products continued to be one of the strongest contributors to turnover and income figures at year-end. The Bank's options turnover continued to grow, with thousands of options contracts concluded during the year.

Margin-type speculative deals remained very popular with customers.

### ***Investment Products and Services Management***

During the year, MBH Bank successfully maintained its position as one of the largest securities distribution networks in the country. On 6 November 2023, MBH Befektetési Bank Zrt. was established and commenced effective operations as a member of the MBH Group, but now operates in the market as a separate bank specialised in investment products and services.

As of the end of 2023, in addition to the MBH Group's network of intermediaries, securities brokerage activities were pursued in 35 additional branches operated by companies and banks. The MBH Group maintained its sub-distribution agreements for the distribution of retail government securities, which are used by a number of Investment Service Providers such as SPB Befektetési Zrt, HOLD Alapkezelő Zrt, Granit Bank Zrt, Equilor Alapkezelő Zrt and Concorde Értékpapír Zrt. In line with the investment services strategy, several major projects and tasks have been implemented in the Bank:

- The MBH Group continued to strengthen in certificate issuance, issuing a total of 16 certificates denominated in three currencies.
- MBH Bank issued 9 HUF-denominated and 4 EUR-denominated own bonds.
- As of November 2023, MBH Group has introduced a single pricing harmonisation for investment services and the Wealth Management Platform, which will provide a broad digital advisory platform for its clients.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

- In line with MBH Group's commitment to digital development, MBH Group is developing the MBH Netbroker and MBH Mobilbroker platforms, which were nominated by the Budapest Stock Exchange for the Online Hungarian Stock Trading Platform of the Year Award in 2023.
- In line with its ESG strategy, in the last quarter of 2023, the Bank renewed its MiFID questionnaire, adding an ESG preference module to assess the ESG preferences of the Bank's clients together with their investment objectives.
- It strengthened the MBH Group's choice of investment funds. The Group has more than 14 Fund Managers and over 300 investment funds available to its clients in the most popular asset classes, ensuring that specific product groups are always available, in line with the current market and economic environment, and a diversified portfolio.

### ***Depository services, sales***

The institutional depository services increased the client base during the year by acquiring additional mandates. In addition, as a result of the business processes of the existing client base, the growth in the portfolio significantly exceeded the value of the assets added through new portfolios. The business unit continued to actively support banking transactions requiring specialised depository expertise, often related to a different client base than institutional entities using depository services).

## **2.5 ESG strategy of MBH Group**

MBH Bank has won "Hungary Best ESG Bank" award! This year, the professional jury of the CFI.co – Capital Finance International organization awarded MBH for its outstanding performance in the ESG field.

The London-based business journal's CFI.co Awards are awarded annually to professionals and organisations who make a significant contribution to economic development and add value to all stakeholders.

In its evaluation, the jury emphasized that MBH Bank:

- It carries out sustainability activities that go beyond legal requirements.
- Management decisions take ESG risk factors into account to reduce carbon emissions and contribute to climate policy goals.
- It prioritises the personal and professional development of its employees.
- He created the MBH Forest, thereby reducing its own carbon dioxide emissions and drawing attention to the protection of our environment.

MBH Bank's sustainability vision goes beyond legislative compliance to inspire and amplify action. MBH Bank frames sustainability as a business opportunity through ongoing educational outreach. It factors ESG risks across management decisions to reduce carbon emissions and contribute towards climate targets.

Green finance supports projects with positive environmental impacts, particularly in the areas of energy consumption and efficiency as well as energy modernisation of residential properties. An automatic ESG assessment is conducted for all clients using EBRD heatmap data and special company

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

databases. Additional customer-supplied data could improve the ESG risk rating by one level — if the company holds ESG certifications, its revenues align with green EU taxonomy, its activity supports environmental objectives and its energy consumption derives from renewable sources.

As a responsible corporate citizen and top-rated employer, MBH Bank integrates transparent and ethical governance processes across internal and external operations. The bank prioritises the personal and professional development of its workforce, from employees' physical and mental health to their ESG awareness and knowledge.

A third of MBH employees have been with the bank for more than a decade. Women represent 70 percent of the MBH workforce and a third of the top management team.

MBH Bank encourages volunteerism among staff — and it leads by example. Its primary corporate citizenship goals aim to increase financial literacy, support socio-economic community development as well as protect and preserve the environment.

In 2023, the MBH Forest was created, initially by planting 10,000 trees (to be repeated every year) to start offsetting the Bank's own emissions and to raise customer awareness of the importance of nature conservation.

### **Pillar 3:**

The Pillar 3 Table 1 - **Indicators of potential risk of climate change adaptation: Credit quality of exposures by sector, by emission volume and by remaining maturity** has been published (the other tables will be published in 2024 for the reference date of 31/12/2023 in accordance with Implementing Regulation 2022/2453).

The purpose of the Table is to show the exposures that are more exposed to the risks that may affect the institution as a result of the transition to a low-carbon and climate resilient economy.

The table shows the size, credit quality and residual maturity of exposures by sector. The sectoral classification is based on the NACE codes of the nomenclature of economic activities, according to the main activity of the counterparties. In particular, the table provides details for Sections A-H and L, which include the oil, gas, mining and transport sectors as significant contributors to climate change.

[https://www.mbhbank.hu/sw/static/file/MBHBankPrudencialisCsoportCRRszerintinyilvanossagrahoz\\_atal20230630.xlsx](https://www.mbhbank.hu/sw/static/file/MBHBankPrudencialisCsoportCRRszerintinyilvanossagrahoz_atal20230630.xlsx)

### **Green Transition Path – Bank of the Sustainable Future**

The Bank announced a comprehensive ESG programme called "Bank of the Sustainable Future" on December 4th, at the Budapest Climate Summit. The complex, multi-year ESG programme will support the achievement of domestic climate goals and decarbonisation efforts in the coming years along three pillars (biodiversity, decarbonisation, green products).

### **Refinitiv rating:**

Refinitiv, the international rating organisation, has assessed the Bank's ESG activities. The organisation defined MBH Bank's sustainability performance according to the criteria of international ESG rating standards, which resulted in an excellent B+ (71.2 points) rating on the scale defined by the organisation.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

## 2.6 Awards and recognitions



**Association for Women's Career Development in Hungary**  
Best Workplace for Women



**Figyelő TOP200**  
Financial Enterprise of the Year



**ESG Awards: Employee Engagement Program of the Year** Of The Year



**Visa Awards**

- Visa #1 Issuer 2023
- Visa #1 Special Award 2023



**CSR Hungary Awards**

- Best CSR Program (Common Causes-Common Responsibility) category for its joint work with Hungarian Interchurch Aid
- Well Done Special Award



**HRKOMM Awards**

- Open Minded Companies Award 2023 – For conscious management of generational diversity: Category winner
- The Arrival Experience – HR Campaigns by Employee Lifecycle: Gold category
- Intergenerational Communities – HR Campaigns by Employee Life Cycle: Bronze

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

**CSR Excellence Awards 2023**

**CSR Excellence Awards:** Corporate CSR activities winning tender



**JVSZ, Companies for the Future Award 2024:**

The best ecosystem builder special award - BUPA

**Business Program of the Year**



**Bank of the Year MasterCard 2023:**

Business Program of the Year 2023: 1st place

**CSR Initiative of the Year**



**Bank of the Year MasterCard 2023:**

CSR Initiative of the Year 2023: 3rd place

**Cyber Security Education Campaign of the Year**



**Bank of the Year MasterCard 2023:**

Cyber Security Education Campaign of the Year: 3rd place

## Declaration

MBH Bank Nyrt. (hereinafter Bank) issues the following declaration in relation to its report on the 4Q 2023 results (Flash Report):

The Bank declares that the Flash Report has been prepared in compliance with the applicable accounting regulations. The Flash Report, prepared according to the best knowledge and information of the experts and decision-making managers of the Bank concerned reflects a true and fair view of the assets and liabilities, financial position and profit and loss of the Bank as securities issuer and the consolidated companies, furthermore the 4Q 2023 financial statements give a fair view of the position, development and performance of the Bank, disclosing the risks and the factors of uncertainty.

No independent audit report has been prepared for the Flash Report.

Budapest, 28 March 2024

MBH Bank Nyrt.

Mr Zsolt Barna, dr.  
Chairman Chief Executive

Mr Péter Krizsanovich  
Deputy Chief Executive Officer  
for Strategy and Finances

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

### 3 FINANCIAL FIGURES

#### 3.1 Correction factors FY 2023

in HUF million	FY 2023 Accounting Report	Structure corrections	Business corrections					Adjusted PAT
			Banking tax	Extra profit tax	Extra OBA fee	Badwill	Integration costs	
Interest income	1,204,710	11,937	0	0	0	0	0	1,216,647
Interest expense	-639,153	-7,916	0	0	0	0	0	-647,069
<b>Net interest income</b>	<b>565,557</b>	<b>4,021.54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>569,579</b>
Net income from commissions and fees	139,441	-45,645	0	0	0	0	0	93,796
Results from financial instruments	2,654	-4,439	0	0	0	0	0	-1,785
Other operating income / (expense), net	6,189	-361	7,216	0	-19,309	0	0	-6,265
Impairments and provisions for losses	-70,640	-11,918	0	0	0	-4,821	0	-87,378
Dividend income	0	0	0	0	0	0	0	0
Share of jointly controlled and associated comp	-2,256	2,256	0	0	0	0	0	0
Operating expenses	-419,069	56,086	9,613	55,579	14,083	0	3,127	-280,581
<b>Profit / (Loss) before taxation</b>	<b>221,876</b>	<b>0</b>	<b>16,829</b>	<b>55,579</b>	<b>-5,226</b>	<b>-4,821</b>	<b>3,127</b>	<b>287,365</b>
Income tax expense / (income)	-38,686	0	-1,515	-5,002	470	434	-281	-44,580
<b>PROFIT/ (LOSS) FOR THE YEAR</b>	<b>183,190</b>	<b>0</b>	<b>15,314</b>	<b>50,577</b>	<b>-4,756</b>	<b>-4,387</b>	<b>2,845</b>	<b>242,786</b>
<i>Other comprehensive income</i>	<i>57,913</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>57,912</i>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>241,103</b>	<b>0</b>	<b>15,314</b>	<b>50,577</b>	<b>-4,756</b>	<b>-4,387</b>	<b>2,845</b>	<b>300,698</b>

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon



in HUF million	FY 2023 Report	Structure corrections			Adjusted BS structure
		Liabilities	Assets		
		Customer deposits and other liabilities reclassification	Customer loans and other assets reclassification	Cash reserves and interbank loans reclassification	
<b>Total Assets</b>	<b>11,107,048</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,107,048</b>
Cash reserves	81,300			289	81,589
Loans and advances to banks	1,435,589			-289	1,435,300
Trading portfolio	274,637				274,637
Securities	3,907,197				3,907,197
Loans and advances to customers	4,901,416		0		4,901,416
Other assets	196,587		-72		196,516
Investments in jointly controlled entities and associates	118,725				118,725
Intangibles, property and equipment	191,595		72		191,667
<b>Total liabilities and equity</b>	<b>11,107,048</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,107,048</b>
<b>Total liabilities</b>	<b>10,083,678</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,083,678</b>
Amounts due to other banks	2,153,789				2,153,789
Deposits and current accounts	6,957,100				6,957,100
Derivate financial liabilities	146,963				146,963
Other liabilities and provisions	196,584				196,584
Issued debt securities	629,241				629,241
<b>Shareholders' Equity</b>	<b>1,023,371</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,023,371</b>
Share capital	322,530				322,530
Reserves	700,841				700,841

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

## 3.2 Consolidated, non-audited financial statements of the MBH Group according to IFRS

### 3.2.1 Income statement

in HUF million	FY 2022	FY 2023
Interest and similar to interest income	678,949	1,204,710
Interest and similar to interest expense	(313,222)	(639,153)
<b>Net interest income</b>	<b>365,727</b>	<b>565,557</b>
Net income from commissions and fees	104,429	139,441
Results from financial instruments	32,146	2,654
Other operating income / (expense), net	888	7,126
(Impairment) / Reversal on financial and non-financial instruments	(93,176)	(75,461)
Dividend income	3,432	1,628
Operating expense	(310,056)	(419,069)
<b>Profit before taxation</b>	<b>103,390</b>	<b>221,876</b>
Income tax income / (expense)	(12,222)	(38,686)
<b>PROFIT FOR THE YEAR</b>	<b>91,168</b>	<b>183,190</b>
Other comprehensive income	4,762	57,913
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>95,930</b>	<b>241,103</b>

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

**3.2.2 Balance sheet**

in HUF million	YE 2022	YE 2023
<b>Assets</b>		
Cash and cash equivalents	1,361,315	1,347,889
<b>Financial assets measured at fair value through profit or loss</b>	<b>819,718</b>	<b>756,308</b>
Loans and advances to customers mandatorily at fair value through profit or loss	418,517	510,988
Securities held for trading	49,923	2,621
Securities mandatorily at fair value through profit or loss	24,869	47,516
Derivative financial assets	326,409	195,183
<b>Hedging derivative assets</b>	<b>164,338</b>	<b>73,652</b>
<b>Financial assets measured at fair value through other comprehensive income (Securities)</b>	<b>630,845</b>	<b>912,538</b>
<b>Financial assets measured at amortised cost</b>	<b>7,377,255</b>	<b>7,689,462</b>
Loans and advances to banks	179,088	106,544
Loans and advances to customers	4,342,801	4,390,428
Repurchase assets	1,070	17,918
Securities	2,781,620	3,010,864
Other financial assets	72,676	163,708
<b>Investments in subsidiaries and associates</b>	<b>49,599</b>	<b>55,169</b>
<b>Intangible assets, Property, plant and equipment</b>	<b>168,856</b>	<b>191,595</b>
<b>Other assets</b>	<b>42,496</b>	<b>80,435</b>
<b>Total assets</b>	<b>10,614,422</b>	<b>11,107,048</b>
<b>Liabilities</b>		
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>278,203</b>	<b>152,581</b>
<b>Financial liabilities measured at amortised cost</b>	<b>9,416,275</b>	<b>9,789,825</b>
Amounts due to banks	2,378,471	2,027,667
Amounts due to customers	6,574,357	6,957,100
Repurchase liabilities	0	11,767
Issued debt securities	290,838	520,901
Subordinated debt	88,887	108,341
Other financial liabilities	83,722	164,049
<b>Hedging derivative liabilities</b>	<b>1,365</b>	<b>17,018</b>
<b>Provisions</b>	<b>22,623</b>	<b>31,240</b>
<b>Other liabilities</b>	<b>87,220</b>	<b>93,013</b>
<b>Total liabilities</b>	<b>9,805,686</b>	<b>10,083,677</b>
<b>Equity</b>		
Share capital	321,699	322,530
Reserves	487,037	700,841
<b>Total equity</b>	<b>808,736</b>	<b>1,023,371</b>
<b>Total liabilities and equity</b>	<b>10,614,422</b>	<b>11,107,048</b>

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

**3.2.3 Shareholders' assets**

in HUF million	Share capital	Share premium	Retained earnings	Other reserves	Accumulated other comprehensive income	Non-controlling interests	Total equity
<b>On 1 January 2022</b>	100,000	21,729	134,553	17,040	(23,569)	-	249,753
Profit/ (loss) for the year	-	-	88,942	-	-	2,226	91,168
Other comprehensive income for the year	-	-	-	-	4,664	98	4,762
<b>Total comprehensive income</b>	-	-	88,942	-	4,664	2,324	95,930
Share issue and share premium	85,982	122,239	-	-	-	-	208,221
Dividend	-	-	(4,300)	-	-	-	(4,300)
General reserve for the year	-	-	(6,463)	6,463	-	-	-
Changes from business combination - Budapest Bank, Magyar Takarékbankholding merger	135,717	169,979	(88,101)	9,049	(2,452)	37,125	261,317
Other increases and decreases from business combinations	-	-	(3,097)	-	-	912	(2,185)
<b>Transactions with owners</b>	<b>221,699</b>	<b>292,218</b>	<b>(101,961)</b>	<b>15,512</b>	<b>(2,452)</b>	<b>38,037</b>	<b>463,053</b>
<b>At 31 December 2022</b>	<b>321,699</b>	<b>313,947</b>	<b>121,534</b>	<b>32,552</b>	<b>(21,357)</b>	<b>40,361</b>	<b>808,736</b>
<b>At 1 January 2023</b>	<b>321,699</b>	<b>313,947</b>	<b>121,534</b>	<b>32,552</b>	<b>(21,357)</b>	<b>40,361</b>	<b>808,736</b>
Profit/ (loss) for the year	-	-	176,679	-	-	6,511	183,190
Other comprehensive income for the year	-	-	-	-	57,554	359	57,913
<b>Total comprehensive income</b>	-	-	176,679	-	57,554	6,870	241,103
Dividend	-	-	(25,093)	-	-	-	(25,093)
General reserve for the year	-	-	(11,832)	11,832	-	-	-
Changes from business combination - Takarékbank Zrt. merger	831	34,947	(39,578)	6,682	-	(3,108)	(226)
Other increases and decreases from business combinations	-	-	(277)	-	268	(1,140)	(1,149)
<b>Transactions with owners</b>	<b>831</b>	<b>34,947</b>	<b>(76,780)</b>	<b>18,514</b>	<b>268</b>	<b>(4,248)</b>	<b>(26,468)</b>
<b>At 31 December 2023</b>	<b>322,530</b>	<b>348,894</b>	<b>221,433</b>	<b>51,066</b>	<b>36,465</b>	<b>42,983</b>	<b>1,023,371</b>

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

### 3.3 Individual, non-audited financial statements of MBH Bank Nyrt. according to IFRS

#### 3.3.1 Income statement

in HUF million	FY 2022	FY 2023
Interest and similar to interest income	497,677	1,108,219
Interest and similar to interest expense	(282,000)	(673,563)
<b>Net interest income</b>	<b>215,677</b>	<b>434,656</b>
Net income from commissions and fees	58,476	103,993
Results from financial instruments	33,752	(5,010)
Other operating income / (expense), net	(517)	5,128
(Impairment) / Reversal on financial and non-financial instruments	(56,974)	(71,442)
Dividend income	4,023	6,086
Operating expense	(190,307)	(331,548)
<b>Profit before taxation</b>	<b>64,130</b>	<b>141,863</b>
Income tax income / (expense)	507	(23,547)
<b>PROFIT FOR THE YEAR</b>	<b>64,637</b>	<b>118,316</b>
Other comprehensive income	3,693	51,283
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>68,330</b>	<b>169,599</b>

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

**3.3.2 Balance sheet**

in HUF million	YE 2022	YE 2023
<b>Assets</b>		
<b>Cash and cash equivalents</b>	1,081,158	1,305,409
<b>Financial assets measured at fair value through profit or loss</b>	476,909	720,727
Loans and advances to customers mandatorily at fair value through profit or loss	182,875	490,802
Securities held for trading	8,434	1,017
Securities mandatorily at fair value through profit or loss	18,017	37,736
Derivative financial assets	267,583	191,172
<b>Hedging derivative assets</b>	142,874	73,012
<b>Financial assets measured at fair value through other comprehensive income (Securities)</b>	428,520	906,612
<b>Financial assets measured at amortised cost</b>	4,823,478	7,578,461
Loans and advances to banks	448,627	456,886
Loans and advances to customers	2,565,343	4,272,323
Repurchase assets	9,080	34,533
Securities	1,772,915	2,655,843
Other financial assets	27,513	158,876
<b>Investments in subsidiaries and associates</b>	424,367	262,074
<b>Intangible assets, Property, plant and equipment</b>	81,931	92,601
<b>Other assets</b>	9,541	69,725
<b>Total assets</b>	<b>7,468,778</b>	<b>11,008,621</b>
<b>Liabilities</b>		
<b>Financial liabilities measured at fair value through profit or loss</b>	196,728	141,377
<b>Financial liabilities measured at amortised cost</b>	6,417,607	9,763,018
Amounts due to banks	1,965,931	2,324,268
Amounts due to customers	4,207,025	6,850,774
Repurchase liabilities	73,429	68,752
Issued debt securities	12,906	254,068
Subordinated debt	88,887	113,679
Other financial liabilities	69,429	151,477
<b>Hedging derivative liabilities</b>	158	17,018
<b>Provisions</b>	13,977	30,794
<b>Other liabilities</b>	47,296	75,782
<b>Total liabilities</b>	<b>6,675,766</b>	<b>10,027,989</b>
<b>Equity</b>		
Share capital	321,699	322,530
Reserves	471,313	658,102
<b>Total equity</b>	<b>793,012</b>	<b>980,632</b>
<b>Total liabilities and equity</b>	<b>7,468,778</b>	<b>11,008,621</b>

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

**3.3.3 Shareholders' assets**

in HUF million	Share capital	Share premium	Retained earnings	Other reserve	Accumulated other comprehensive income	Total equity
<b>On 1 January 2022</b>	<b>100,000</b>	<b>21,729</b>	<b>123,681</b>	<b>17,040</b>	<b>(23,569)</b>	<b>238,881</b>
Profit/ (loss) for the year	-	-	64,637	-	-	<b>64,637</b>
Other comprehensive income for the year	-	-	-	-	3,693	<b>3,693</b>
<b>Total comprehensive income for the year</b>	-	-	<b>64,637</b>	-	<b>3,693</b>	<b>68,330</b>
Issue of share capital and share premium	85,982	122,239	-	-	-	<b>208,221</b>
Dividend	-	-	(4,300)	-	-	<b>(4,300)</b>
General reserve for the year	-	-	(6,463)	6,463	-	-
Increase / decrease due to the merger	135,717	169,979	(28,763)	9,049	(4,102)	<b>281,880</b>
<b>At 31 December 2022</b>	<b>321,699</b>	<b>313,947</b>	<b>148,792</b>	<b>32,552</b>	<b>(23,978)</b>	<b>793,012</b>
Profit/ (loss) for the year	-	-	118,316	-	-	<b>118,316</b>
Other comprehensive income for the year	-	-	-	-	51,283	<b>51,283</b>
<b>Total comprehensive income</b>	-	-	<b>118,316</b>	-	<b>51,283</b>	<b>169,599</b>
Dividend	-	-	(25,093)	-	-	<b>(25,093)</b>
General reserve for the year	-	-	(11,832)	11,832	-	-
Increase / decrease due to the merger	831	34,947	6,952	6,682	(6,299)	<b>43,113</b>
<b>On 31 December 2023</b>	<b>322,530</b>	<b>348,894</b>	<b>237,135</b>	<b>51,066</b>	<b>21,006</b>	<b>980,631</b>

\*Due to the application of uniform accounting policy principles, the general reserve is separated in the other reserve.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

### 3.4 Other information

#### Consolidated companies

Name of Company	Country of incorporation	Brief description of activities	MKB's share of ownership, total, according to Credit Institutions Act (%)	MKB's share of voting right, total (%)
MBH DOMO Kft.	Hungary	Renting and operating of own or leased real estate	100.00	100.00
MBH Befektetési Alapkezelő Zrt.	Hungary, Czech Republic	Fund management	75.54	75.54
Budapest Lízing Zrt.	Hungary	Financial leasing	100.00	100.00
Euroleasing Ingatlan Zrt.	Hungary	Other credit granting	100.00	100.00
Budapest Eszközfinanszírozó Zrt.	Hungary	Renting and leasing of other machinery, equipment and tangible goods	100.00	100.00
MBH Ingatlanfejlesztő Kft.	Hungary	Renting and operating of own or leased real estate	100.00	100.00
Euroleasing Zrt.	Hungary	Financial leasing	100.00	100.00
MBH Bank MRP Szervezet	Hungary	Entity operating based on the ESOP Act	100.00	100.00
MBH Befektetési Bank Zrt.	Hungary	Credit institution, investment and Treasury services	80.56	100.00
MBH Duna Bank Zrt.	Hungary	Other monetary intermediation services	98.46	98.46
MBH Jelzálogbank Nyrt.	Hungary	Issuance of mortgage bonds, refinancing of mortgage loans	48.46	48.53
Takarék Faktorház Zrt.	Hungary	Other credit granting	100.00	100.00
Takinfo Kft.	Hungary	Formerly: computer facilities management activities, now only operation and utilisation of real estates	52.38	52.38
TAKARÉK Ingatlan Zrt.	Hungary	Management of real estate on a fee or contract basis	100.00	100.00
MBH Blue Sky Kft.	Hungary	Asset management (holding)	100.00	100.00
MITRA Informatikai Zrt.	Hungary	Data processing, hosting and related activities	96.47	96.47
MBH Szolgáltatások Zrt.	Hungary	Renting and operating of own or leased real estate	100.00	100.00
Magyar Strat-Alfa Befektetési Zrt.	Hungary	Buying and selling of own real estate Renting and operating of own or leased real estate	50.00	50.00

#### List and presentation of owners with more than 5% participation (31.12.2023)

Name	Number of shares	Ownership share (%)	Voting rights (%)
Hungarian Bankholding Ltd.	318 883 966	98.87%	98.87%

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon



## Full-time employees

FTE, end of period	31.12.2022	31.03.2023	30.06.2023	30.09.2023	31.12.2023
MBH Bank Nyrt.	4,737.63	5,170.95	8,371.01	8,141.71	7,603.77
MBH	1.25	0.00	0.00	0.00	0.00
MITRA Informatikai Zrt.	402.00	149.00	149.55	144.65	144.70
MBH Ingatlanfejlesztő Kft.	31.72	30.97	28.72	26.72	24.61
MBH DOMO Kft.	0.00	0.00	0.00	2.00	3.00
Eurolízing	347.55	346.00	347.75	350.63	350.45
Alapkezelő	42.75	40.75	44.00	43.00	44.00
Budapest Eszközfinanszírozó Zrt.	3.25	4.25	4.25	5.25	6.75
MBH Bank MRP Szervezet	2.00	2.00	2.00	2.00	2.00
MBH Duna Bank Zrt.	0.00	0.00	0.00	170.75	168.50
MBH Befektetési Bank Zrt.	414.24	407.69	386.38	356.55	411.56
Takarékbank Zrt.	3,398.60	3,342.57	0.00	0.00	0.00
MBH Jelzálogbank Nyrt.	14.23	14.23	16.20	16.50	16.50
Takarék Központi Követelésbehajtó Zrt.	0.00	0.00	0.00	0.00	0.00
Takarék Faktorház Zrt.	7.88	7.88	3.50	0.15	0.15
Takarék Ingatlan Zrt.	17.63	17.63	1.00	0.00	0.00
Euroleasing Ingatlan Zrt.	0.50	1.50	0.50	0.50	0.00
TIFOR Takarékbank Ingatlanforgalmazó Zrt.	0.00	0.00	0.00	0.00	0.00
MBH Szolgáltatások Zrt.	52.95	70.53	69.53	61.88	61.83
Takarék Központi Követelés Kezelő Zrt.	0.00	0.00	0.00	0.00	0.00
<b>MBH Group</b>	<b>9,474.18</b>	<b>9,605.95</b>	<b>9,424.38</b>	<b>9,322.28</b>	<b>8,837.82</b>

## Managers and strategic employees

Type <sup>1</sup>	Name	Position	Beginning of mandate	End/termination of mandate	Number of shares held
IT, SP	Dr. Zsolt Barna	Chairman and CEO	01.01.2021	31.12.2025	0
IT	István Sárváry	member	04.04.2022	12.31.2025	0
IT	Dr. Balázs Vinnai	member	05.04.2022	12.31.2025	0
IT	Marcell Tamás Takács	member	30.07.2020	29.07.2025	0
IT, SP	Ádám Egerszegi	member	04.04.2022	12.31.2025	0
IT, SP	Levente László Szabó	member	04.04.2022	12.31.2025	0
IT	Andrea Mager	member	01.09.2022	31.08.2024	0
FB	Dr. Andor Nagy	Chairman	04.04.2022	12.31.2025	0
FB	Zsigmond Járai	member	04.04.2022	12.31.2025	0
FB	Miklós Vaszily	member	04.04.2022	12.31.2025	0
FB	dr. Géza Láng	member	01.09.2022	12.31.2025	0
FB	Rita Feodor	member	01.09.2022	12.31.2025	0
FB	dr. Péter Magyar	member	01.09.2022	12.31.2025	0
FB, SP	Kitti Dobi	member	26.07.2021	24.07.2026	0
FB	Balázs Bechtold	member	26.07.2021	06.07.2026	0
FB	dr. Ilona Török	member	02.09.2022	31.03.2026	0
SP	Ildikó Ginzer	Deputy CEO	21.12.2016		0
SP	Ádám Egerszegi	Deputy CEO	10.12.2021		0
SP	Levente László Szabó	Deputy CEO	10.12.2021		0
SP	Péter Krizsanovich	Deputy CEO	02.02.2023		0
SP	Kitti Dobi	Deputy CEO	09.12.2021		0
SP	András Bakonyi	Deputy CEO	15.06.2023		0
SP	András Puskás	Deputy CEO	16.06.2023		0
SP	Dr. Beatrix Mészáros	Deputy CEO	10.02.2022		0

<sup>1</sup> Employee in strategic position (SP), Board of Directors member (IT), Supervisory Board member (FB)

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

## 4 ANNEXES

### 4.1 Financial indicators

#### 4.1.1 Adjusted KPIs on profit&loss

KPI	Short description	Formulation	Current cumulated figures
ROAE	Adjusted rate on average equities	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{242,786}{908,431} = 26.73\%$
ROMC	Adjusted rate on minimum capital	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{242,786}{540,665} = 44.91\%$
ROAA	Adjusted rate on average total assets	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{242,786}{10,632,832} = 2.28\%$
TRM	Adjusted total revenue margin	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{655,324}{10,632,832} = 6.16\%$
CIM	Adjusted core income margin	$\frac{\text{Annualised adjusted net interest + net fee (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(569,579 + 93,796)}{10,632,832} = 6.24\%$
NIM	Adjusted net interest income margin	$\frac{\text{Annualised adjusted Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{569,579}{10,632,832} = 5.36\%$
NFM	Adjusted net fee margin	$\frac{\text{Annualised adjusted Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{93,796}{10,632,832} = 0.88\%$
C/TA	Adjusted cost to total assets	$\frac{\text{Annualised adjusted General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{280,580}{10,632,832} = 2.64\%$
CIR	Adjusted cost-income ratio	$\frac{\text{Adjusted General Admin. Expenses (HUF bln)}}{\text{Adjusted Gross Operating Income (HUF bln)}}$	$\frac{280,580}{655,324} = 42.82\%$
Risk%	Adjusted risk cost rate	$\frac{\text{Annualised adjusted provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{60,580}{5,000,663} = 1.21\%$
GOI/RWA	Adjusted RWA efficiency	$\frac{\text{Annualised adjusted Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{655,324}{4,241,644} = 15.45\%$
EPS	Adjusted earnings per share	$\frac{\text{Annualised adjusted PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{242,786}{319} = 761.36$

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon

**4.1.2 KPIs on profit&loss as in financial statement (unadjusted)**

KPI	Short description	Formulation	Current cumulated figures
ROAE	Rate on average equities	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average equities (HUF bln)}}$	$\frac{183,192}{908,431} = 20.17\%$
ROMC	Rate on minimum capital	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average minimum capital (HUF bln)}}$	$\frac{183,192}{514,283} = 35.62\%$
ROAA	Rate on average total assets	$\frac{\text{Annualised PAT (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{183,192}{10,632,832} = 1.72\%$
TRM	Total revenue margin	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{660,550}{10,632,832} = 6.21\%$
CIM	Core income margin	$\frac{\text{Annualised net interest + net fee (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{(569,579 + 93,796)}{10,632,832} = 6.24\%$
NIM	Net interest income margin	$\frac{\text{Annualised Net Interest Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{569,579}{10,632,832} = 5.36\%$
NFM	Net fee margin	$\frac{\text{Annualised Net Fee Income (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{93,796}{10,632,832} = 0.88\%$
C/TA	Cost to total assets	$\frac{\text{Annualised General Admin. Expenses (HUF bln)}}{\text{Average Total assets (HUF bln)}}$	$\frac{283,707}{10,632,832} = 2.67\%$
CIR	Cost-income ratio	$\frac{\text{General Admin. Expenses (HUF bln)}}{\text{Gross Operating Income (HUF bln)}}$	$\frac{283,707}{660,550} = 42.95\%$
Risk%	Risk cost rate	$\frac{\text{Annualised provision for losses on loans (HUF bln)}}{\text{Average gross loans (HUF bln)}}$	$\frac{-60,580}{5,000,663} = 1.21\%$
GOI/RWA	RWA efficiency	$\frac{\text{Annualised Gross Operating Income (HUF bln)}}{\text{Average Total RWA (HUF bln)}}$	$\frac{660,550}{4,135,550} = 15.97\%$
EPS	Earnings per share, IFRS	$\frac{\text{PAT (HUF bln)}}{\text{Average number of shares (bln pcs)}}$	$\frac{183,192}{319} = 574.5$

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

### 4.1.3 Volume KPIs

KPI	Short description	Formulation	Current cumulated figures
<b>Provision/ Total Assets</b>	Provision to Total Assets	$\frac{\text{Provision for customer loans (HUF bln)}}{\text{Total Assest (HUF bln)}}$	$\frac{269,161}{11,107,049} = 2.42\%$
<b>Securities rate</b>	Securities to Total assets	$\frac{\text{Securities (HUF bln)}}{\text{Total Assest (HUF bln)}}$	$\frac{3,909,840}{11,107,049} = 35.20\%$
<b>CAR</b>	Capital adequacy ratio	$\frac{\text{Regulatory capital (HUF bln)}}{\text{Total RWA (HUF bln)}}$	$\frac{1,047,145}{4,729,404} = 22.14\%$
<b>RWA/ Total Assets</b>	Risk weighted assets to Total assets ratio	$\frac{\text{Total RWA (HUF bln)}}{\text{Total Assest (HUF bln)}}$	$\frac{4,729,404}{11,107,049} = 42.58\%$
<b>DPD coverage</b>	Rate of loans past due for more than 90 days covered by provision	$\frac{\text{Provision for customer loans (HUF bln)}}{\text{Loans past due for more than 90 days (HUF bln)}}$	$\frac{269,161}{96,862} = 277.88\%$
<b>NPL rate</b>	Rate of non-performing loans	$\frac{\text{Non-performing customer loans (HUF bln)}}{\text{Gross customer loans (HUF bln)}}$	$\frac{174,697}{5,170,578} = 3.38\%$
<b>Direct NPL coverage</b>	Rate of non-performing loans covered directly by provision	$\frac{\text{Provision for non-performing customer loans (HUF bln)}}{\text{Non-performing customer loans (HUF bln)}}$	$\frac{95,825}{174,697} = 54.85\%$
<b>Indirect NPL coverage</b>	Rate of non-performing loans covered by provision	$\frac{\text{Provision for customer loans (HUF bln)}}{\text{Non-performing customer loans (HUF bln)}}$	$\frac{269,161}{174,697} = 154.07\%$

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

## 4.2 Summary of the methodology underlying the 4Q 2023 report

Concerning comparisons to base year figures, this 4Q report and the related investment presentation are – unless otherwise indicated – based on the pro forma statement prepared by the Bank Group for year 2022.

MBH Bank prepared and published the pro forma consolidated balance sheet and profit and loss statement for 2021, as presented in the Exemption Document. The pro forma information in the balance sheet and profit and loss statements show the consolidated financial position as well as profit and loss of MBH Bank and its consolidated subsidiaries as of the reporting date of 31st December 2021, assuming the Merger had been executed on 1st January 2021.

The pro forma data and related statements are given only for information purposes; by their very nature they apply to a presumed situation and illustrate the impacts of the Merger if it had taken place at an earlier date.

Principles underlying the preparation of pro forma statements:

- It was compiled in accordance with the single consolidated accounting policy applied in business years 2021 and 2022. Consequently, it does not contain any adjustments that might stem from potential differences between accounting policies.
- The unadjusted initial information used in the preparation of the accounting statements was taken from the consolidated audited IFRS annual report of the business year ending on 31st December 2021.
- Since on 15th December 2020 Magyar Bankholding Zrt. acquired majority influence in MKB Bank, Budapest Bank and the Takaréék Group, the consolidated annual report prepared by Magyar Bankholding Zrt. for the business year 2021 includes the data of these companies as well as their subsidiaries consolidated for accounting purposes.
- Main steps of the preparation of pro forma statements

The following steps were taken into consideration during the preparation of the pro forma statements:

1. Step One: subtraction of Magyar Bankholding Zrt's individual data from its consolidated data;
  2. Step Two: elimination of consolidation steps from Magyar Bankholding Zrt's consolidated statements to generate the aggregated individual data of the new Issuer group created by the Merger.
  3. Step Three: various steps of the consolidation of the new Issuer group resulting from the Merger, i.e.
    - Capital consolidation; and
    - Intra-group debt and yield consolidation;
  4. Step Four: separate presentation of the impacts of Magyar Bankholding Zrt's additional asset contribution made simultaneously with the Merger.
- MBH Bank's 1Q 2022 accounting profit does not include the 1Q profits/losses of the merging companies. Therefore, the profit and loss data are presented on the basis of modelled pro forma data, adjusted with the profits and losses of the merging entities, for comparability.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

- For year 2021 and 1Q 2022 the items and principles used in the generation of the adjusted (normalised) profit and loss were modelled retroactively for the pro forma accounting statements in accordance with the 2Q, 3Q and 4Q 2022 principles, to ensure comparability of the adjusted profit and loss data.
- From 2Q 2022 the Consolidated Financial Data are presented including the merged banks.
- MBH Nyrt's information on its 4Q 2023 performance is based on data contained in the consolidated balance sheet and profit and loss statement prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The analysis of the Bank's activity was based on unaudited data as at 31st December 2021, audited data as at 31st December 2022 and unaudited data as at 31st December 2023.
- MBH Public Limited Company, according to the Act LIX of 2006, fully accounted the amount defined as a special tax on financial institutions for the year 2023 – as required by IFRS – in the first half of the year, as the amount determined by this law is not disputed and must be paid by the Bank till the end of 2023.
- The summary rows of the tables in the report do not necessarily sum to the subdivision rows, due to the application of the rounding formula.

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)  
**Investors' contact person:** Gergely Gózon

### 4.3 Abbreviations

MBH, MBH Bank, MBH Group	MBH Group
HNB, NBH, MNB	National Bank of Hungary (the central bank of Hungary)
y/y	Year on year
p/p	Period on period
bp	Basis point
CAGR	Compounded Annual Growth Rate
(Y), YTD	Year to date data
PAT	Profit after tax
PBT	Profit before tax
GOI	Gross Operating Income
GAE	General Administrative Expenses
OCI	Other comprehensive income
TOCI	Total other comprehensive 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
FVTOCI	Fair value through OCI
FVTPL	Fair value through P&L
FTE	Full time equivalent
NPL	Non performing loans
NPE	Non performing exposures
DPD90+	Days past due over 90 days
POCI	Purchased or Originated Credit Impaired Asset
ROE, ROAE	Return on average equity
ROMC	Return on minimum capital
ROA, ROAA	Return on average assets
C/I, CIR	Cost-to-income ratio
TRM	Total revenue margin
NIM	Net interest margin
NFM	Net fee margin
CIM	Core Income Margin
CAR	Capital adequacy ratio
LTD	Loans to deposits
EPS	Earning per share
AVA	Asset value adjustment – CRR specification
ÁKK	Price of government bond reference yields determined daily by the National Debt Management Center (ÁKK)
GDMA	Government Debt Management Agency
NHP	FGS, Funding for Growth Scheme
KSH	Hungarian Central Statistical Office
ESG	Environmental, Social, Governance

**Company name:** MBH Bank Nyrt.  
**Address:** 1056 Budapest, Váci u. 38.  
**Sector:** Other monetary activity  
**Reporting period:** 01.10.2023-31.12.2023

**Phone:** +36 (1) 268-7173  
**E-mail address:** [investorrelations@mbhbank.hu](mailto:investorrelations@mbhbank.hu)

**Investors' contact person:** Gergely Gózon