



Takarék Mortgage Bank Plc.

Half-year financial report for the first half of 2019

Budapest, 15 August, 2019

I. SUMMARY CONSOLIDATED FIGURES AND TREND OF KEY PERFORMANCE INDICATORS

in HUF million	30/06/2018	31/12/2018	30/06/2019	30/06/2019/ 30/06/2018	30/06/2019/ 31/12/2018
Main balance sheet items					
Total assets	616,844	754,515	710,520	15.2%	-5.8%
<i>from discontinued operations</i>	0	0	492,073		
Refinanced loans	87,556	105,296	111,314	27.1%	5.7%
Loans (gross)	350,998	385,209	436,028	24.2%	13.2%
<i>from discontinued operations</i>	0	0	365,898		
Mortgage bonds	184,165	215,079	211,767	15.0%	-1.5%
Senior unsecured bonds	7,651	6,004	0	-100.0%	-100.0%
Customer deposits	292,836	304,333	314,696	7.5%	3.4%
<i>from discontinued operations</i>	0	0	314,696		
Shareholders' equity	52,099	55,235	57,732	10.8%	4.5%

in HUF million	H1 2018	H2 2018	H1 2019	H1 2019 / H1 2018	H1 2019 / H2 2018
Main P/L items					
Net interest income*	717	1,076	793	10.6%	-26.3%
Net interest margin*	0.70%	0.96%	0.70%	0.0%-pt	-0.3%-pt
Net fee and commissions income*	-3	-117	-41	-	-64.9%
Operating income net*	1,076	5,342	1,828	70.0%	-65.8%
Provision for impairment on loans losses*	717	2,390	143	-80.0%	-94.0%
Operating cost*	-1,665	-1,785	-1,363	-18.1%	-23.6%
Cost to income ratio*	154.8%	33.4%	74.6%	-80.2%-pt	41.2%-pt
Cost/income ratio w/o special banking tax*	124.8%	34.1%	71.0%	-53.8%-pt	36.9%-pt
Profit from continuing operation before income taxes	127	5,947	608	-	-89.8%
Profit from continuing operation after income taxes	206	5,787	621	201.8%	-89.3%
Profit from discontinued operation	3,557	-2,963	1,124	-68.4%	-
Profit for the period	3,762	2,824	1,745	-53.6%	-38.2%
Profit after tax w/o special banking tax	4,600	2,444	2,161	-53.0%	-11.6%
EPS - continuing operation	0.37 Ft	104.84 Ft	11.57 Ft	-	-89.0%
EPS - discontinued operation	33.79 Ft	-27.69 Ft	10.68 Ft	-68.4%	-
Return on Average Assets (ROAA)*	0.20%	5.17%	0.55%	0.4%-pt	-4.6%-pt
Return on Average Equity (ROAE)*	0.81%	21.39%	2.22%	1.4%-pt	-19.2%-pt
ROAA w/o special banking tax*	0.45%	5.07%	0.63%	0.2%-pt	-4.4%-pt
ROAE w/o special banking tax*	1.83%	21.00%	2.55%	0.7%-pt	-18.5%-pt

*excluding discontinued operations

II. REPORT ON THE FIRST HALF-YEAR RESULTS OF TAKARÉK MORTGAGE BANK GROUP IN 2019

The report of TakaréK Mortgage Bank Public Co Plc. for the first half-year of 2019 is based on the data of the consolidated balance sheet and profit and loss account prepared according to the International Financial Reporting Standards (IFRS). The Group performed the analysis of its operation based on the consolidated, audited figures as of 31 December 2018, non-audited figures as of June 30 2018, June 30 2019. The transition from IAS 17 to IFRS 16 and its effect – in accordance with the standards – was transferred to the opening equity.

Takarék Commercial Bank Ltd., subsidiary of TakaréK Mortgage Bank Plc. (hereinafter referred to as "Takarék Mortgage Bank Group" or "Group"), according to the Act LIX of 2006, the amount specified as a special tax on financial institutions for the year 2019 – as required by IFRS – fully accounted in the first half of the year, as the amount determined by this law is not disputed and must be paid by the Group till the end of 2019.

In the second half of 2019 the shares of TakaréK Commercial Bank Ltd – upon approval of General Assembly to be held on August 27 2019 – will be sold to MTB Bank of Hungarian Savings Cooperatives Ltd. by TakaréK Mortgage Bank Public Co Plc., therefore the subsidiary is shown as discontinued operations in the consolidated balance sheet of June 30 2019, and in the consolidated profit and loss accounts of June 30 2018, December 31 2018, June 30 2019. Accordingly in the consolidated profit and loss account the continuing operation rows contain the result of TakaréK Mortgage Bank Public Co Plc. eliminating the operations with TakaréK Commercial Bank Ltd.

1. Summary of the achievements of the past period

In line with the integration strategy **Takarék Mortgage Bank Plc.** is focusing on its core business, thus the profit from continued operations (result of Mortgage Bank from relations with Commercial Bank is eliminated) is presented separately, which was HUF 621 million in the first half of 2019. The profit from discontinued operations, that is the subsidiary to be sold, **Takarék Commercial Bank Ltd.**, was HUF 1,124 million. So **both companies closed the first six months of 2019 with positive results**, and **the Group's consolidated profit** after tax according to IFRS amounted to HUF 1,745 million gains in the reporting period.

Loan activities

By the end of the first half of 2019, the consolidated **refinanced loan stock** (excluding intercompany refinancing) has **increased from the end of year 2018 from the amount of HUF 105.3 billion to HUF 111.3 billion**. The number of refinanced loan transactions were 20,201 at the end of June 2019.

The total refinanced loan stock is distributed among 10 banks also in 2019.

Regarding to the introduction of the mortgage funding adequacy ratio (MFAR) on 1 April 2017 (NBH Regulations 20/2015 and 6/2016), initially commercial banks had to have a compliance with the minimum level of 15%, which rose to 20% from October 2018. **The mandatory MFAR will rise up to 25% from 1 October 2019**, and therefore, **significant refinancing activity is expected in the next period** with further growth in the refinanced stock amount.

In the first half of 2019 HUF 27.4 billion retail and HUF 48.8 billion corporate loans have been disbursed on consolidated level; the former figure lower by 5% compared to the same – ending with record high amount of disbursement – period of 2018, while corporate loans increased by 90%. During the first half of the year the volume of corporate loans disbursement grew by 12%, while the volume of retail disbursement grew by 41% compared to the second half of 2018. There is an increase also in mortgage-backed general purpose loans,

and personal loans, the latter disbursements was higher with HUF 1.394 billion in the first half of 2019 than in the same period of the previous year, which means an increase of 59%.

The consolidated **gross amount of customer loans** was HUF 436 billion on the 30 June 2019, which is more by 13.2% compared to the end of the previous year (HUF 385.2 billion) and it increased 24.2% year-on-year.

In the first half of 2019 the volume of non-performing loans (stage 3) decreased by HUF 2.5 billion thanks to the receivables sold from the retail collateral loans, of this, HUF 1.1 billion was related to the continuing operations. NPL ratio on consolidated level declined from 5.8% to 2.5% by 30 June 2019. Based on IFRS 9 the coverage of non-performing loans has not changed significantly compared to the year end of 2018.

Savings

The consolidated deposit amount of the Group was HUF 314.7 billion at the end of June 2019, which is 7.5% higher than one year ago, while 3.4% more than it was at the end of last year.

On annual basis the stock of corporate deposits increased by 17.5%, while that of households decreased by 6.4%. The combined stock of deposits grew by HUF 10.4 billion compared to the end of 2018, of which HUF 7.4 billion is due to decrease in household deposits, while HUF 17.8 billion increased in corporate deposits. On annual basis, though, the decrease in household deposits (HUF 7.9 billion) was more than offset by the growth of corporate deposits in amount of HUF 29.7 billion.

Looking only at sight deposits, their stock markedly increased on either annual or semi-annual terms. In case of household customers, the increase on annual basis was HUF 23.5 billion (39.5%), from which HUF 14.9 billion was realised in the last half year. The escalation is even more impressive in corporate segment, where the growth was HUF 43.4 billion (46.5%) on year-to-year basis, and was mainly realized in the first half of 2019.

The total amounts of assets of the consolidated Takarék Mortgage Group according to IFRS was HUF 710.6 billion on the 30 June 2019, which is 5.8% lower (by HUF 44 billion) than it was six month ago, and 15.2% higher (by HUF 93.7 billion) than it was at the end of June 2018.

Issued mortgage bonds

The domestic mortgage bond market has been more vigorous compared to the first three months of the year in terms of the issued volume. Besides Takarék Mortgage Bank and UniCredit Mortgage Bank also Erste Mortgage Bank entered the market again as issuer. **Gross issue volume** was HUF 39.1 billion in Q2 2019 (**HUF 41.7 billion in H1 2019**), of which the volume of mortgage bonds issued by **Takarék Mortgage Bank** reached HUF 10.6 billion (**27% of the total issued amount in the period**). 66% of total issued mortgage bonds positioned in the 5-year maturity segment, nearly 30% in the 5 to 7-year maturity segment, and only 4% in the 9-year or longer maturities. In terms of issuers' **activity Takarék Mortgage Bank maintained its practice to enter the market with a monthly or more frequent basis**. Takarék Mortgage Bank organized one auction each months in April and June, while two tenders took place in May. The issue of fixed coupon mortgage bonds still dominated the auctions on the market, albeit TMB successfully placed floating rate mortgage bonds with a total amount of HUF 4.1 billion in the examined period.

Takarék Mortgage Bank Co. Plc. decided that – taking advantage of synergies in the Group – the credit rating of the mortgage bonds issued by Takarék Mortgage Bank rated by Moody's Investors Service Ltd. was terminated unilaterally by Takarék Mortgage Bank as of 31 March 2019 and the credit rating of such mortgage bonds **will be serviced by the S&P Global Ratings**. S&P Global Ratings assigned „BBB” foreign and local currency ratings to Takarék Mortgage Bank Co. Plc's mortgage covered bond program and all outstanding covered bond issuances on 28 March 2019. The outlook on the covered bond ratings was set as 'stable'.

Main P&L items

Net interest income was HUF 793 million in the first six months of 2019, 10.6% higher than a year before. The net interest margin to average total assets (NIM) was 0.7% in the first half of 2019 which was the same figure as in the same period of the previous year (annual rate). The index shows the net interest result from continued activity of Mortgage Bank eliminating income of Commercial Bank, which compared to previous half year didn't change significantly.

The net fee and commission income – eliminating the result of transactions with TakaréK Commercial Bank – was HUF -41 million in the first half of 2019, which is less by HUF 38 million than a year ago.

The main reason of decrease in fees and commission income in amount of HUF 64 million is the termination of new loans disbursements, while fees and income expenses were lower by HUF 26 million due to that servicing fees paid to TakaréK Kereskedelmi Bank on the existing portfolio is reported in operating expenses on Group level.

Operating costs amounted to HUF 1,363 million in the first half of 2019, compared to HUF 1,665 million in the same period of 2018. **The cost incurred were lower by 18.1%** compared to the same period of previous year, which is due to the implementation of the strategy plan by taking better advantage of synergies.

Personnel costs amounted HUF 142 million and decreased by 54.7% compared to the first half of 2018, which is due to decreasing headcounts.

Thanks to the increased efficiency the costs related to business activities decreased by 9.3%, to HUF 1,144 million.

The volume of risk costs (impairment and credit losses) amounted to HUF 143 million positive result in the first half of 2019, this means a decrease compared to the second half of 2018. The release of impairment is the result of selling a part of the non-performing loan portfolio, some deals managed to leave the impaired category by maturing ordinary way, and also the volume of underperforming (stage 2) portfolio is decreased. The volume of impairments decreased to HUF 2.5 billion at Mortgage Bank level (continued activity), due to selling and maturing of the portfolio.

As a significant item special banking tax decreased the profit by HUF 416 million **in the first six months of 2019. The Group's consolidated profit after tax (under IFRS methodology) amounted to HUF 2.161 million** in the first half of 2019 excluding the special banking tax.

Capital position

The National Bank of Hungary – in accordance with the request from the Integrational Organization of Cooperative Credit Institutions (SZHISZ), the MTB Bank of Hungarian Savings Cooperatives Ltd. (MTB), TakaréK Mortgage Bank and TakaréK Commercial Bank – issued resolution H-EN-I-36./2017 ruling to grant exemption for the Group from the individual and subconsolidated compliance obligations.

The total own funds of the Integrational Organization of Cooperative Credit Institutions amounted over HUF 255 billion at the end of June 2018, while its capital adequacy ratio was 16,57%.

Performance of TakaréK Mortgage Bank shares

In terms of capitalisation, TakaréK Mortgage Bank was ranked 8th in the "Premium" category listed companies on June 30, 2019, similarly as in the end of March 2019. It represented 0.56% of the aggregate capitalisation of the BSE Premium category shares compared to the 10th rank and the 0.57% contribution end-2018. TakaréK Mortgage shares' capitalization reached HUF 44.1 billion at the end of June 2019, decreased by HUF

1 billion from HUF 45.08 billion compared to the end of March 2019, however it was the same as at the end of 2018.

Takarék Mortgage Bank's weight in the BUX index was 0.14% at the end of June 2019, the same as at the end of March 2019 comparing to 0.16% weight at the end of December 2018. In BUMIX, which is the index of shares of mid- and small-cap companies, its weight decreased to 2.19% at end of the second quarter of 2019 from 2.36% at the end of December 2018.

The price of Takarék Mortgage Bank's shares closed at HUF 668 on June 28, 2019 compared to the closing price of HUF 683 as of March 29, 2019 and HUF 669 on December 31, 2018. In the second quarter, Takarék Mortgage Bank's share price fluctuated between HUF 634 and 712 vis-a-vis the range of HUF 631-718 in the previous quarter.

The market turnover of Takarék Mortgage Bank' shares diminished significantly in the second quarter of 2019, as it was only HUF 304 million compared to HUF 845 million of the first quarter of 2019. Average daily turnover was HUF 5.8 million compared to HUF 13.6 million in the first quarter and HUF 23.5 million in the last quarter of 2018.

2. Strategy, strategic goal and outlook of the Group

The strategy of Takarék Mortgage Bank and Takarék Commercial Bank is an inseparable element of the integrated strategy of the Takarék Group. In the first half of 2019 the two banks made further steps in accomplishing their parts laid down in the Group's Integration Strategy accepted in 30 November 2018.

The main goal of the Takarék Group remains the creation of an integrated financial group, which has unified processes and unified presence, and which offers modern, top-quality services to its clients. There were many steps made in this direction in the past years. The central functions of the Integration are performed solely by the MTB, as Takarék Jelzálogbank passed on its control functions to MTB already in 2017. MTB also performs the control functions of the Integration's affiliated companies, including fund management, leasing, factoring and central debt collection. Furthermore, the Group's division for money and capital market transactions as well as managing securities accounts is also part of MTB; Takarék Kereskedelmi Bank continues to perform investment services only as an agent of MTB. MTB, in fact, is the new name of the former Bank of Hungarian Savings Cooperatives Ltd, which was introduced in the first half of 2019, following the integration process within the Group entering into a new phase. In May 2019 by the merger of B3 Takarék, the Pannon Savings Bank, the Mohácsi Savings Bank and the business related portfolio of MTB a new, universal commercial bank was formed within the Group. In order to keep an already well established brand, this new bank inherited the former Takarékbank name. Into this Bank the remaining eleven cooperative credit institutions just as the Takarék Kereskedelmi Bank will be incorporated at the end of 2019.

In the process of updating and supplementing the Group's strategy in a rolling manner, the main aim of the Integration remained the deepening of the synergies between Group members, making use of tighter cooperation and thus improving the Integration's overall competitiveness.

Strategy of Takarék Mortgage Bank

Based on its own strategy, as of April 2018 Takarék Jelzálogbank discontinued disbursing retail loans directly. It still considered previously presented loan applications and in case of positive evaluation it extended the loans, while it also kept in its book the already existing portfolio. However, the function of extending new retail loans were taken over by Takarék Kereskedelmi Bank.

Performing just pure mortgage bank functions the Takarék Jelzálogbank exclusively focuses on issuing mortgage bonds as well as refinancing loans for the Group's members and other partner institutions. It is the

second largest issuer of mortgage bonds in the Hungarian market and is a refinancing partner for more than 10 large and medium-sized financial institutions beyond the TakaréK Group. It pursues to retain its top status by offering competitively priced deals. In this it continues to be assisted by still favourable market and business environment tendencies. Especially the still ongoing boom in the real estate market and the further tightening of the mortgage funding adequacy ratio (MFAR). Also pointing toward the pure mortgage bank profile is the fact that the TakaréK Jelzálogbank – upon approval of General Assembly to be held on 27 August 2019 – will sell its ownership share in TakaréK Kereskedelmi bank within the TakaréK Group in the remainder of 2019.

Strategy of TakaréK Commercial Bank

The large universal commercial bank of the Integration represents the Group mainly in bigger cities and in Budapest, competing with the country's large banking groups. It complements the Integration's cooperative credit institutions especially in the corporate segment, as it is able to cross-sell products among corporate clients and can also organize syndicated loan contracts. The Bank has primary role in serving large corporate clients, to develop competitive servicing profile and to cooperate in creating new, standard products and services available for all the clients of the TakaréK Group.

As part of the upgraded Integration Strategy, at the end of 2019 TakaréK Kereskedelmi Bank is going to be merged into the new TakaréKbank, which thus becomes the only universal commercial bank of the TakaréK Group. Based on its long-term strategy as well as on the widest branch network in the country, TakaréKbank will be a definitive member of TakaréK Group and the Hungarian bank sector.

Trend of market environment

In the first half of 2019 the Hungarian economy expanded at a 5% annual rate, which, similarly to the previous two years, was primarily boosted by strong domestic demand. Gross fixed capital formation increased by close to 18% in the first half of the year, getting contribution from investments in the manufacturing sector, but also from the outstanding growth in the construction sector. Within the latter, residential real estate developments hit a decade-high growth. Supported by above-10% wage growth and continued – albeit slightly slowing towards 1% – increase in employment, private consumption also increased dynamically, reaching 4.5% growth on annual terms in the first half of 2019. Due to the strengthening of domestic demand there was also marked growth in the household credit segment. New disbursements in the first half of 2019 were 18% higher than in the same period of 2018, within which the growth of mortgage-backed loans reached 12.5%. In the case of non-financial corporations, however, there was a minor decrease in the volume of new credit contracts, yet, even this was enough to realize a more than HUF 1,200 billion growth in the outstanding stock of corporate credit from the middle of 2018 to the middle of 2019.

Real estate activity, which is highly influential in the development of the mortgage debt market segment, remained strong in the first half of 2019: although due to technical reasons there was minor decrease in the number of newly built flats, the commercial real estate segment, the industrial real estate segment and the office segment performed well. The number of newly built flats in the first half of the year was 1% lower than a year ago, but this was due to exceptionally low deliverance in the second quarter caused by technical, rather than economic reasons. Indeed, the number of building permits point to markedly increased activity in the second half of the year. However, in the non-residential real estate segment the steeply declining vacancy rates clearly point to ongoing boom. The share of idle office space dropped to 6.3% by the end of the second quarter in Budapest reaching an all-time low, and the same goes for industrial real estates with the vacancy rate just above 2%, and retail real estates with the vacancy rate below 2%. In the mortgage bond segment there was no growth in the first half of 2019: mortgage banks obviously made use of the MNB's active participation in the market in the second half of 2018 and made the necessary preparations for the tightening in mortgage funding adequacy requirements. Due to the continued growth in the volume of mortgage-backed

loans and a further tightening in mortgage funding adequacy requirements (the current 20% minimum threshold for the Mortgage Funding Adequacy Ratio will be raised to 25% as of October 2019), however, the mortgage bond market will very likely pick up again in the second half of 2019.

3. Main activities and subsidiaries' performance

Own lending

Volume of gross loans of the Group amounted to HUF 436 billion as of 30 June 2019, increased by 13.2% compared to the previous half year's figure (HUF 385.2 billion), while year-on-year the increase was 24.2%. Share of FX based loans in total outstanding loan portfolio was 14.7%, which is higher than the rate 12.4% on the end of 2018 and 10% of a year before. The share of FX loans within retail loans has declined steadily and decreased to 0.25% on 30 June 2019.

Share of retail loans within the loan portfolio decreased significantly, it was 48.9 % (57.8 % on 30 June 2018). Volume of retail loans decreased slightly (-1.1%) compared to the end of December 2018, while increased by HUF 10.2 billion (or by 5%) year-on-year.

in HUF million	30/06/2018	31/12/2018	30/06/2019	30/06/2019/ 31/12/2018	30/06/2019/ 30/06/2018
Retail loans	202,858	215,404	213,058	-1.1%	5.0%
Housing loans	113,233	134,292	147,135	9.6%	29.9%
General purpose mortgage loans	78,249	67,127	49,748	-25.9%	-36.4%
Personal loans	10,330	13,062	15,340	17.4%	48.5%
Loans to employees	1,047	923	835	-9.5%	-20.2%
Corporate loans	148,139	169,805	222,970	31.3%	50.5%
Corporate loans	148,139	169,805	222,970	31.3%	50.5%
Loans gross total	350,997	385,209	436,028	13.2%	24.2%
Loan Impairment	-14,713	-12,615	-11,059	-12.3%	-24.8%
Loan portfolio reported	336,285	372,594	424,969	14.1%	26.4%
Refinanced mortgage loans	87,556	105,296	111,314	5.7%	27.1%

In the first half of 2019 HUF 27.4 billion retail and HUF 48.8 billion corporate loans have been disbursed; the former figure lower by 5% compared to the same – ending with record high amount of disbursement – period of 2018, while corporate loans increased by 90%. During the first half of the year the volume of corporate loans disbursement grew by 12%, while the volume of retail disbursement grew by 41% compared to the second half of 2018.

In the first 6 months of 2019 the volume of disbursed housing loans decreased by 22% compared to the same period of 2018. The disbursement was the lowest in the second half of last year due to long lead times between loan approval and disbursement that resulted a drop in acquisitions by partners. During this period the disbursements barely exceeded HUF 2 billion per month. From February 2019 a growth can be seen in loan activities, which reached its peak in May (amount of HUF 5,2 billion). The rate of acquisitions by partners has reached –moreover exceeded whit 1 percentage point– the value of the same period of 2018. There is an increase also in disbursement of housing loans, and personal loans, the latter disbursements was higher in the first half of 2019 than in the same period of the previous year, which means an increase of 59%. Related to consumer loans, in the retail segment the used framework loan stock (overdraft+ credit card) is stagnating, while an expansion is shown in the corporate segment. The used stock of overdrafts and revolving loans is higher by 67% than in the same period of 2018.

In case of Non-Refundable Family Home Creating Benefit ('CSOK') 20,000 loan applications had been approved from the introduction in June 2015 until the end of April 2019, from which the number of disbursed loans was 19,009 with a total volume of HUF 56 billion. Clients also submitted loan applications besides CSOK in 30% of all cases, but this rate has dropped significantly in the last year.

Refinancing

By the end of the first half of 2019, the consolidated refinanced loan stock (excluding intercompany refinancing) has increased from the end of year 2018 from the amount of HUF 105,22 billion to HUF 111,22 billion. The number of refinanced credit transactions were 20,201 on June 30 2019. The total refinanced loan stock is distributed among 10 banks also in 2019.

Regarding to the introduction of the mortgage funding adequacy ratio on 1 April 2017 (NBH Regulations 20/2015 and 6/2016), initially commercial banks had to have a compliance with the minimum level of 15%. The mandatory MFAR will rise up to 25% from 1 October 2019, and therefore, significant refinancing activity is expected in the next period with further growth in the refinanced stock amount.

Takarék Commercial Bank

According to IFRS the volume of of gross loans of Takarék Commercial Bank amounted to HUF 365,9 billion on the 30 June 2019, which is 35.2% growth on a year-on-year basis. Gross loans represent 69.9% of total assets. Volume of corporate loans was HUF 216.0 billion at the end of the second quarter, rising 31.8% from the end of 2018. Corporate loans have a share of 41.0% in the total loan portfolio.

Interest bearing liabilities – including also intra-group data – amounted to HUF 485.6 billion at the end of June, accounting for 92.8% of total liabilities. While this is a fall of 5.1% on a semi-annual basis, on annual basis it is a growth of 22.9%. Within this stock the share of client deposits amounts to 65.4% (with a volume of HUF 317.4 billion in accordance with IFRS), while the rest (i.e. HUF 168.2 billion) is in the form of interbank deposits, which cover refinancing from Takarék Mortgage Bank and also from the National Bank of Hungary (NBH) through its Funds for Growth lending scheme.

The stock of deposits increased by 7.5% compared to first half year 2018, while it increased by 3.4% from end of 2018. Household deposits shrank 6.1% compared to the end of last year. The volume of sight deposits was HUF 216.3 billion, representing 68.2% of all deposits. The main reason behind the shrinking stock of deposits is the protracted low level of interest rates and the impact of retail government bonds, which mostly affected term deposits, whereas the stock of sight deposits even increased.

At the end of June 2019 Takarék Commercial Bank managed 197.5 thousand household and 12.2 thousand corporate accounts. Compared to a year ago there was a slight decrease in the number of household current accounts and the number of cards issued to households were also on a decline. Meanwhile, the number of accounts managed through the Hungarian Post Office (as partner) has risen to 75.6 thousand.

The net interest income of Takarék Commercial Bank (transactions with Takarék Mortgage Bank are eliminated) increased by 5.4% in the first half of 2019 compared to the same period of 2018. Net income from fees and commission (transactions with Takarék Mortgage Bank eliminated) in the first half of 2019 was HUF 2.5 billion nearly the same as the first half of 2018. Operating costs in the first six months of 2019 were 1.0% lower than in the same period of 2018.

Organisational changes and headcount

As of 30th June 2019, the consolidated full-time equivalent (FTE) headcount was 701.2, which meant a decrease by 114.4 employees compared to the same period of last year (815.6), but compared to the amount

at the end of 2018 (723.6) it decreased by 22.4 employees. The most significant contribution to the decrease recognised during one year was made by TakaréK Commercial Bank with 81.4 employees. The reduction in the number of employees was based on the objectives of TakaréK Mortgage Bank strategy, which means as from 2019, the bank has been purely functioning as mortgage banking. As planned, TakaréK Mortgage Bank transferred its business, mortgage-based lending functions to TakaréK Commercial Bank, and the Group management tasks and Group server infrastructure to MTB.

Headcounts of the Group members were as follows:

	30/06/2018	31/12/2018	30/06/2019	30/06/2019/ 30/06/2018	30/06/2019/ 31/12/2018
Takarék Mortgage Bank Plc.	35.6	25.9	16.0	-55.1%	-38.4%
Takarék Commercial Bank Ltd.*	766.6	697.7	685.2	-10.6%	-1.8%
Hungarian Card Ltd.**	13.5	0	0	-100.0%	-
Takarék Mortgage Bank Consolidated	815.6	723.6	701.2	-12.6%	-3.1%

*Related to discontinued operation

**The company was sold in second half of 2018

Changes in key position

General Assembly of TakaréK Mortgage Bank held on 25 April 2019 elected Deloitte Könyvvizsgáló és Tanácsadó Kft. the auditor of TakaréK Mortgage Nyrt. in 2019 as well. The registered auditor in charge is Gábor Molnár, deputy auditor Zoltán Mádi-Szabó.

Post-balance sheet date events

MTB Bank of Hungarian Savings Cooperatives Co. Ltd. based on the no. 7/R3/2019. decision – made by the General Assembly on the 25th of July 2019 – has approved that MTB Co. Ltd. will purchase each 42,173 pieces of the „A” type ordinary shares of TakaréK Commercial Bank Ltd. held by TakaréK Mortgage Bank Co Plc. at a price of its nominal value 100,000 HUF – total 30,461,207,451 HUF – maximum 722,292 HUF per share. As well as approved that MTB Co. Ltd. will purchase 21,000 pieces of the „B” type ordinary shares of TakaréK Commercial Bank Ltd. held by TakaréK Mortgage Bank Co Plc. at a price of its nominal value 10,000 HUF – total 30,461,207,451 HUF – maximum 72,229 HUF per share.

MTB Bank of Hungarian Savings Cooperatives Co. Ltd. based on the no. 8/R3/2019. decision -made by the General Assembly on the 25th of July 2019- has approved that MTB Co. Ltd. will purchase each 15,572,668 pieces of the „A” type ordinary shares of TakaréK Mortgage Bank Co Plc. held by all the Cooperative Credit Institutions at a price of its nominal value 100 HUF – total 11,101,443,564 HUF – maximum 712,88 HUF per share. As well as approved that MTB Zrt. will purchase each 12,536,270 pieces of the „B” type preference shares of TakaréK Mortgage Bank Co Plc. held by all the at a price of its nominal value 100 HUF – total 8,936,856,158 HUF – maximum 712,88 HUF per share. By the decision it has been approved as well that MTB Zrt. will purchase each 2,507,254 pieces of the „C” type ordinary shares of TakaréK Mortgage Bank Co Plc. held by all the at a price of its nominal value 1,000 HUF – total 17,873,712,315 HUF – maximum 7128,8 HUF per share.

III. ANALYSIS OF TAKARÉK MORTGAGE BANK PLC.'S CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

1. P&L structure

in HUF million	H1 2018	H2 2018	H1 2019	H1 2019 / H1 2018	H1 2019 / H1 2018
Interest income	4,365	5,329	4,384	0.5%	-17.7%
Interest expense	-3,648	-4,252	-3,591	-1.5%	-15.5%
Net interest income	717	1,076	793	10.6%	-26.3%
Fees and commissions income	220	163	156	-29.1%	-4.2%
Fees and commissions expense	-223	-280	-197	-11.5%	-29.6%
Net fees and commissions	-3	-117	-41	-	-64.9%
Foreign exchange gains, net	42	-37	12	-70.9%	-
Fair value adjustment	-126	2,170	1,037	-	-52.2%
Gain on securities, net	802	764	71	-91.1%	-90.6%
Net financial (trading) result	718	2,897	1,120	56.0%	-61.3%
Other operating income	196	1,412	422	115.8%	-70.1%
Other operating expenses	-552	73	-466	-15.6%	-
o/w special banking tax	-259	105	-93	-64.2%	-
Other results	-357	1,485	-44	-87.6%	-
Total non-interest income (with net fees)	359	4,266	1,035	188.4%	-75.7%
Net operating income	1,076	5,342	1,828	70.0%	-65.8%
Provision for impairment on loan losses	717	2,390	143	-80.0%	-94.0%
Personnel expenses	-314	-99	-142	-54.7%	44.1%
Banking operation cost	-1,261	-1,649	-1,144	-9.3%	-30.6%
Depreciation	-85	-32	-74	-14.0%	131.1%
Other tax payable	-4	-5	-3	-24.1%	-42.3%
Operating costs	-1,665	-1,785	-1,363	-18.1%	-23.6%
Profit from continuing operation before income taxes	127	5,947	608	-	-89.8%
Income taxes	78	-161	13	-83.3%	-
Profit from continuing operation after income taxes	206	5,787	621	201.8%	-89.3%
Profit from discontinued operation	3,557	-2,963	1,124	-68.4%	-
Profit for the period	3,762	2,824	1,745	-53.6%	-38.2%
Profit for the period w/o special banking tax	4,600	2,444	2,161	-53.0%	-11.6%

In the first half of 2019 the profit from continued activity (result of Mortgage Bank from relations with Commercial Bank is eliminated) was HUF 621 million and the amount of discontinued activity (subsidiary to be sold) was HUF 1,124 million. The Group's consolidated profit after tax according to IFRS amounted to HUF 1,745 million gains in the first six months of 2019.

During the first six months of the year, the special tax on financial institutions in amount of HUF 416 million (total continued and discontinued activity) was charged as a significant one-off item. The profit after taxation without banking tax was a gain of HUF 2,161 million.

Net interest income

Net interest income was HUF 793 million in the first six months of 2019, 10.6% higher than a year before, and it showed 26.3% decrease compared to the end of 2018 (HUF 1.1 billion). The net figure of the first half of 2019 consist of the balance of HUF 4.4 billion interest income (0.5% higher year-on-year, and 17.7% lower compared to second half of 2018) and HUF 3.6 billion interest expense (1.5% lower year-on-year, 15.5% lower compared to second half of 2018).

Breakdown of interest income and expenses:

	H1 2018	H2 2018	H1 2019	H1 2019 / H1 2018	H1 2019 / H2 2018
Net interest income	717	1,076	793	10.6%	-26.3%
Interest income	4,365	5,329	4,384	0.5%	-17.7%
Loans	2,128	2,386	1,610	-24.4%	-32.5%
Refinancing	804	877	973	21.0%	10.9%
Mortgage bond interest subsidy	643	643	430	-33.1%	-33.1
Supplementary interest subsidy	156	139	117	-25.2%	-16.5
Securities and interbank activities	252	521	277	10.0%	-46.9%
Swap transactions	379	760	957	152.7%	25.9%
Other interest income	3	2	22	-	-
Interest expenses	-3,648	-4,252	-3,591	-1.5%	-15.5%
Bonds issued	-3,320	-3,833	-3,245	-2.3%	-15.4%
Interbank activities	-15	-17	-9	-35.8%	-43.1%
Derivatives	-313	-402	-341	9.0%	-15.2%
Other interest expense	-1	0	3	-	-

The net interest margin to average total assets (NIM) was 0.7% (annual rate) in the first half of 2019 which is same than in same half period of the previous year. The index shows the net interest result from continued activity of Mortgage Bank eliminating income of Commercial Bank, which compared to previous year didn't change significantly.

Net fee and commission income

The net fee and commission income – eliminating the result of transactions with TakaréK Commercial Bank – was HUF -41 million in the first half of 2019, which is less by HUF 38 million than a year ago.

The main reason of decrease in fees and commission income in amount of HUF 64 million is the termination of new loans disbursements, while fees and income expenses were lower by HUF 26 million due to that servicing fees paid to TakaréK Kereskedelmi Bank on the existing portfolio is reported in operating expenses on Group level.

Compared to last half year the account management fees related to lending and has reduced by 14.0%, while fees from payment has declined by 20.8% the result.

In the first half of 2019 total revenues from fees and commissions amounted to HUF 156 million. This is 29.1% less compared to the first half of 2018. 60.0% of revenues from fees and commissions came from income fees related to lending (excluding the transaction tax) and 28.8% connected to commission from payment.

Total expenditures on fees and commissions were HUF 197 million in the first half of 2019, a decrease of 11.5% compared to the same period of last year.

Net result of financial transactions

In the first six months of 2019, the profit from financial transactions was HUF 1,120 million, which is significantly higher than the profit in the same period of the previous year (HUF 718 million).

In H1 2019, the result from foreign exchange differences was HUF 12 million gain, that is unfavourable than the result of the same period of the previous year (HUF 42 million gain).

In H1 2019, the change in the value of financial instruments reported at fair value through P&L was HUF 1,037 million gain, which is significantly higher than the HUF 126 million loss in H1 2018. The growth is due to the positive fair value difference recognized on the special Interest Rate Swap transactions with monetary policy purpose ("MIRS transactions"). In case of MIRS transactions the underlying transactions are fixed rate government securities and other fixed rate assets, which are measured at amortized cost or through other comprehensive income. Since the economic hedge is not 1-1 hedging relationship the accounting of hedging relationship has not been introduced, but the position can not be regarded as an open position in economic terms. In the first half of 2019, hedge accounting has been introduced, therefore changes in the fair value appears through hedge accounting.

In the first half of 2019, the security transactions resulted HUF 71 million profit as opposed to HUF 802 million in the same period of the previous year is a significant fall.

Other operating income and expenditure

In the first half-year of 2019, the net operating income was HUF 44 million net expenditure, arising from HUF 422 million incomes and HUF 466 million expenditures.

Special banking tax amounted to HUF 93 million in the first six months of 2019, other statutory and voluntary funds, and membership fees of SZHISZ amounted to HUF 127 million.

Impairments on loan losses

The volume of risk costs (impairment and credit losses) amounted to HUF 143 million positive result in the first half of 2019, this means a decrease compared to the second half of 2018. The release of impairment is the result of selling a part of the non-performing loan portfolio, some deals managed to leave the impaired category by maturing ordinary way, and also the volume of underperforming (stage 2) population is decreased. The volume of impairments decreased to HUF 2.5 billion at Mortgage Bank level (continued activity), due to selling and maturing of the portfolio.

Operating costs

Operating costs amounted to HUF 1,363 million in the first half of 2019, compared to HUF 1,665 million in the same period of 2018. The cost incurred were lower by 18.1% compared to the same period of previous year, which is due to the implementation of the strategy plan by taking better advantage of synergies.

Personnel costs amounted HUF 142 million and decreased by 54.7% relative to the first half of 2018, which is due to decreasing headcounts.

Thanks to the increased efficiency the costs related to business activities decreased by 9.3%, to HUF 1,144 million.

Depreciation in the first half of 2019 was lower by HUF 11 million, other taxes also narrowed by HUF 1 million compared to the same period in 2018.

In annual forecast of costs should be considered the decision of the General Meeting of MTB of July 25, 2019, according to which 51% share of TakaréK Commercial Bank will be transferred from the Mortgage Bank's ownership to MTB in the second half of 2019.

2. Balance Sheet

in HUF million	30/06/2018 (consolidated)	31/12/2018 (consolidated)	30/06/2019 (consolidated)	30/06/2019 (continued+ discontinued)	30/06/2019/ 30/06/2018	30/06/2019/ 31/12/2018
Cash	2,783	3,157	2,821	0	1.4%	-10.6%
Due from banks & NBH	58,735	63,737	61,774	1,887	5.2%	-3.1%
Financial assets at fair value through other comprehensive income	113,355	192,142	90,400	31,779	-20.3%	-53.0%
Financial assets available for sale at fair value	113,355	192,142	90,400	31,779	-20.3%	-53.0%
Fair value of derivative financial assets	5,120	3,962	5,019	4,128	-2.0%	26.7%
Investment in associates and jointly controlled companies	87,556	105,296	111,314	111,314	27.1%	5.7%
Refinanced mortgage loans	350,998	385,209	436,028	70,129	24.2%	13.2%
Loans and advances	-14,713	-12,615	-11,059	-2,533	-24.8%	-12.3%
Impairment on loans	2,696	2,171	2,984	183	10.7%	37.5%
Tangible assets	1,071	388	368	365	-65.6%	-5.0%
Goodwill and other intangible assets	9,243	11,069	10,871	1,195	17.6%	-1.8%
Other assets	0	0	0	492,073	0	0
Assets of discontinued operations	2,783	3,157	2,821	0	1.4%	-10.6%
Total Assets	616,844	754,515	710,520	710,520	15.2%	-5.8%
Liabilities total	564,744	699,280	652,789	652,789	15.6%	-6.6%
Interbank borrowings	66,662	156,659	104,671	15,493	57.0%	-33.2%
Mortgage bonds	184,165	215,079	211,767	211,767	15.0%	-1.5%
Bonds issued	7,651	6,004	0	0	-100.0%	-100.0%
Deposits	292,836	304,333	314,696	0	7.5%	3.4%
Fair value of derivative financial liabilities	2,842	2,371	2,225	791	-21.7%	-6.1%
Leasing liability	0	0	889	21	-	-
Other liabilities	10,588	14,835	18,538	1,975	75.1%	25.0%
Liabilities of discontinued operations	0	0	0	422,741	-	-
Shareholders' equity	52,099	55,235	57,732	57,732	10.8%	4.5%
Subscribed capital	10,849	10,849	10,849	10,849	0.0%	0.0%
Share premium	27,926	27,926	27,926	27,926	0.0%	0.0%
Treasury shares	-207	-207	-207	-207	0.0%	0.0%
Other reserves	913	1,672	2,438	2,438	166.9%	45.8%
Retained earnings	-4,166	-4,166	2,464	2,464	-	-
Non-controlling interest	14,070	12,517	13,199	13,199	-6.2%	5.4%
Profit attributable to equity holders	2,715	6,644	1,063	1,063	-60.8%	-84.0%
Total liabilities and shareholders' equity	616,844	754,515	710,520	710,520	15.2%	-5.8%

As of 30 June 2019, the Group's IFRS based consolidated total assets amounted to HUF 710.5 billion, which is 5.8% (HUF 44 billion) less than as at the end of previous year; and 15.2% higher than the same period of previous year.

On the asset side the volume of financial assets at fair value through other comprehensive income decreased by HUF 101.7 billion or 53.0%, meanwhile the refinanced loans increased by HUF 6 billion and 5.7% compared to the end of previous year.

Loans increased by HUF 50.8 billion, or 13.2% compared to the end of previous year. Growth can be observed at the fair value of derivative transactions, it increased by HUF 1 billion.

Liabilities decreased by 6.6% compared to the end of previous year. Compared to the same period in 2018 interbank liabilities reduced more than one-third, balance of issued bonds ceased, because 100% of the stock is held by TakaréK Commercial Bank Ltd., while the volume of mortgage bonds decreased by 1.5%. Besides, the deposits increased by HUF 10.4 billion in the last six months (3.4%).

Shareholders' equity increased by HUF 2.5 billion, 4.5% during the first half year of 2019, and increased by 10.8% year-on-year. Compared to the same period of last year, shareholder's equity change is due to the positive consolidated result attributable to equity holders (HUF 3.9 billion) realised in the second half of 2018 and the also positive result of attributable to equity holders of first half of 2019 in amount of HUF 1.1 billion

Interest earning assets

The Group's interest earning assets decreased from HUF 737.1 billion as of 31 December 2018 to HUF 691.9 billion as of 30 June 2019. Interest earning assets contributed 97.4% to the total assets.

NBH and other interbank lending decreased from HUF 63.8 billion as of the end of December 2018 to HUF 61.8 billion as of 30 June 2019, which however is 5.2% more compared to the volume of HUF 58.8 billion in the same period of the previous year. The proportion of this item in interest earning assets increased from 8.65% at the end of 2018 to 8.93% by the end of first half of 2019.

The value of Group's financial assets at fair value through other comprehensive income (FVTPL) decreased from HUF 192.1 billion as of 31 December 2018 to HUF 90.4 billion by 30 June 2019. The value of securities was HUF 113.3 billion in the same period of 2018 compared to it the stock declined by 20.3%. At the end of H1 2019, securities at fair value through other comprehensive income contributed 13.07% to interest earning assets.

Loans

As of 30 June 2019, volume of loans was 24.2% higher year-on-year, and increased by 13.2% on half year basis. In the first half of 2019 the impairment for loan losses amounted to HUF 11.1 billion, which is 12.3% lower than on 31 December 2018 and 24.8% lower compared to 30 June 2018 in connection with the drop of volume of non-performing loans.

Refinancing loans increased by 5.7% to HUF 111.3 billion in the last half year, while there was a 27.1% growth related to this item over the last year. As of 30 June 2019, contribution of refinanced loans and gross own lending was 77.5% of interest earning assets; this rate was 70.7% a year before.

Portfolio quality

In the first half of 2019 the volume of non-performing loans (stage 3) decreased by HUF 2.5 billion thanks to the receivables sold from the retail collateral loans, of this, HUF 1.1 billion was related to the activity to be continued. NPL ratio declined from 5.8% to 2.5% by 30 June 2019. Based on IFRS 9 the coverage of non-performing loans has not changed significantly compared to the year end of 2018.

Other assets

Tangible assets amounted to HUF 2.9 billion as of 30 June 2019 and increased by HUF 288 million year-on-year and increased by HUF 813 million in the last half year. A significant part of the growth connected to introduction of IFRS 16 standard, are showed HUF 875 million right of used assets compared to the year end of 2018. By the end of June in 2019, intangibles amounted to HUF 368 million, which declined to one third of

the value a year ago because of the impairment (HUF 825 million) accounted to the intangibles of the subsidiary sold in 2018 (Hungarian Card Services Ltd.) and decreased by HUF 20 million or 5.0% compared to the 31 December 2018 figure.

Other assets amounted to HUF 10.9 billion as of 30 June 2019, increased by 17.6% (HUF 1.6 billion) year-on-year. Deferred tax assets reached HUF 900 million, and value of real estates reported as inventory was HUF 76 million.

Interest-bearing liabilities

The volume of interest-bearing liabilities decreased from HUF 682.1 billion from December 31, 2018 data to HUF 632 billion on 30 June 2019 data, which means a 89.0% proportion rate on the total assets. A year earlier, the overwhelming majority of the interest-bearing liabilities held 53.1% of the deposits, and by the end of the first half of 2019, the ratio barely changed, it has decreased to 49.8%. The share of issuing securities fell from 34.8% to 33.5% in interest-bearing liabilities over a year period till the 30th of June 2019, meanwhile this proportion was 32.4% at the end of year 2018.

Interbank funds

By the end of June 2019 the amount of HUF 104.7 billion interbank funds has decreased by HUF 52 billion compared to end of last year's amount, while an annual growth of 57% can be observed. The share of interbank borrowings in interest-bearing liabilities was 16.6% on 30 June 2019.

CMBs issued

The domestic mortgage bond market has been more vigorous compared to the first three months of the year in terms of the issued volume. Besides TakaréK Mortgage Bank and UniCredit Mortgage Bank also Erste Mortgage Bank entered the market again as issuer. Gross issue volume was HUF 39.1 billion (HUF 41.7 billion in H1 2019) in Q2 2019, of which the volume of mortgage bonds issued by TakaréK Mortgage Bank reached HUF 10.6 billion (27% of the total issued amount in the period). 66% of total issued mortgage bonds positioned in the 5-year maturity segment, nearly 30% in the 5 to 7-year maturity segment, and only 4% in the 9-year or longer maturities. In terms of issuers' activity TakaréK Mortgage Bank maintained its practice to enter the market with a monthly or more frequent basis. TakaréK Mortgage Bank organized one auction each months in April and June, while two tenders took place in May. The issue of fixed coupon mortgage bonds still dominated the auctions on the market, albeit TMB successfully placed floating rate mortgage bonds with a total amount of HUF 4.1 billion in the examined period.

TMB issued the a new, close to 5 year maturity series of covered bonds in the form of auction with the participation of the whole four members consortium at the end of March 2019. The TJ24NF02 covered bond series has an annual 3% coupon, the maturity date is January 10, 2024. It was the first and very successful covered bonds auction on the domestic market after the termination of the covered bond purchasing program of the National Bank of Hungary. Total bids reached HUF 6.36 billion, and the TMB decided to issue HUF 2.256 billion at an average yield of 2.09%, 52 bps over tbenchmark government bond yield.

TMB remained very active in the capital market in the second quarter of 2019. It organized the auction of the first tap of TJ24NV01 floating interest rate covered bond series in April. The coupon of the instrument is based on the 3M BUBOR (+70 bps). TMB publicly offered a volume of HUF 1.5 billion, while the buying interest of the market was fourfold at HUF 5.9 billion. However, based on the price level of the placed bids, the bank finally accepted only HUF 2 billion.

The Bank organized two auctions in May. First, it offered the fourth tap of the FJ28NF1 covered bond series to investors. Offered amount was set at HUF 1.5 billion from the originally 10 years tenor, fixed, 2.6% annual

coupon covered bond, while investors placed twice as much bids. As a result, the Bank accepted HUF 1.5 billion at an average yield of 3.75% (government bond benchmark +74 bps). The Bank offered HUF 5 billion from the second tap of TJ24NF02 covered bonds at the end of May. Investors' demand reached HUF 8.5 billion, but Bank issued only HUF 1.5 billion at an average yield of 2.16% (government bond benchmark +51 bps).

The offered volume of the second tap of TJ24NV01 floating interest rate covered bond was HUF 2 billion at the end of June. The total amount of valid bids exceeded HUF 3 billion, but the Bank accepted HUF 2.08 billion at an average price of 99.561% which corresponds to the level of 3M BUBOR +78 bps.

As a result of the above, TMB raised HUF 12.843 billion funds in the first half of 2019, exclusively in the form of covered bond issuances.

TMB bought back partially two series on January 24, 2019 (with the settlement date of January 28, 2019). From the FJ21NV01 and FJ22ZF01 covered bonds series HUF 500 million and EUR 1.823 million volumes were bought back respectively in the secondary market. The Bank bought back EUR 2.55 million from the FJ22ZF01 covered bond series in the second quarter of 2019.

As a result, the total volume of the partially buyback of covered bonds reached the HUF 500 million and the EUR 4.373 million in H1 2019.

There were no maturities in the first quarter of 2019. In April 2019, the FJ19NF01 series matured with a volume of HUF12.6 billion and two senior unsecured bonds matured in a value of HUF 5.128 billion (FK19NF01) and EUR 5 million (FK19NF02).

HUF 211.8 billion book value of mortgage bonds as of 30 June 2019 decreased by 1.5% or HUF 3.3 billion from figures of year end 2018 (HUF 215.1 billion).

in million HUF	31/12/2018		30/06/2019	
	Book value	Nominal value	Book value	Nominal value
Non-listed mortgage bonds				
Fixed	16,480	16,449	10,134	19,470
Listed mortgage bonds				
Fixed	183,897	181,987	187,893	183,612
Floating	10,067	10,072	13,740	13,659
Total	210,445	208,508	211,767	206,741
Accrued interest	4,634			
Mortgage bonds Total	215,079	208,508	211,767	206,741

Bonds issued

The book value of bonds issued decreased to zero HUF by 30 June 2019, compared to 31 December 2018 (HUF 6 billion) as the low interest rate environment offered opportunities to financing at favourable rate instead of maturing bonds and 100% of the outstanding bonds issued by the TakaréK Mortgage Bank were owned by the TakaréK Commercial Bank as of 30 June 2019.

in million HUF	31/12/2018		30/06/2019	
	Book value	Nominal value	Book value	Nominal value
Listed bonds				
Fixed	5,835	5,786	0	0
Total	5,835	5,786	0	0
Accrued interest	169	0	0	0
Bonds Total	6,004	5,786	0	0

Mortgage bonds collateral¹

The net value of ordinary collateral of mortgage bonds issued by TakaréK Mortgage Bank amounted to HUF 288.6 billion as of 30 June 2019 (HUF 236.5 billion of capital and HUF 52.1 billion of interests), 7.2% more than the HUF 269.2 billion as of 31 December 2018 (HUF 19.4 billion) and 20.8% above the figure of 30 June 2018 (HUF 49.8 billion).

in HUF million	30/06/2018	31/12/2018	30/06/2019
Outstanding mortgage bonds			
Face value	180,824	222,451	220,805
Interest	18,890	32,607	29,169
Total	199,714	255,058	249,974
Value of the regular collateral			
Principal	197,352	222,731	236,480
Interest	41,489	46,533	52,134
Total	238,841	269,264	288,614
Value of assets involved as supplementary collateral			
Government and Hungarian Development Bank bonds	22,865	36,252	27,435
Total	22,865	36,252	27,435

As of 30 June 2019, the net present value of ordinary collateral was HUF 277.2 billion and the present value of mortgage bonds were HUF 238.3 billion. The present value of collateral exceeded that of outstanding CMBs not yet repaid with a ratio of 116.32%.

The ratio of the net amount of net ordinary and supplementary collateral principal to unpaid nominal value of outstanding mortgage bonds was 117.75%, the net amount of net ordinary and supplementary collateral interest to the unpaid interest on outstanding mortgage bonds was 192.17 % on June 30, 2019. The collateral value of real estate covering ordinary collateral was HUF 802.1 billion on 30 June 2019, compared to the amount of 31 December 2018 (HUF 798.8 billion) it didn't grow significantly. The loan coverage ratio (LTV) on normal collateral was 29.3% on 30 June 2019.

Deposits

The consolidated stock of deposits of the Group was HUF 314.7 billion at the end of June 2019, which is 7,5% higher than one year ago, while 3.4% more than it was at the end of last year.

On annual basis the stock of corporate deposits increased by 17.5%, while that of households decreased by 6.4%. The combined stock of deposits grew by HUF 10.4 billion compared to the end of 2018, of which HUF 7.5 billion is due to decrease in household deposits, while HUF 17.7 billion increased in corporate deposits. On annual basis, though, the decrease in household deposits (HUF 7.9 billion) was more than offset by the growth of corporate deposits in amount of HUF 29.7 billion.

Looking only at sight deposits, their stock markedly increased on either annual or semi-annual terms. In case of household customers, the increase on annual basis was HUF 23.5 billion (39.5%), from which HUF 14.9

¹ Non-consolidated data of TakaréK Mortgage Bank Plc. only, according to HAS as of 30 June 2018 and 31 December 2018

billion was realised in the last half year. The escalation is even more impressive in corporate segment, where the growth was HUF 43.4 billion (46.5%) which was largely realized in the first half of 2019.

Other liabilities

Takarék Mortgage Bank reported provisions related to contingent and future liabilities in amount of HUF 4.2 billion among other liabilities of HUF 18.5 billion, of which the most significant items are related to the following events:

- The Bank made provision for off-balance liabilities during 2018. On 30 November 2018, the General Meeting of MTB Magyar Takarékszövetkezeti Bank Zrt. adopted the Takarék Group's new business strategy for the period 2019-2023. Due to this Bank present HUF 459 million provisions for the organization changes.
- In 2018, Takarék Mortgage Bank expressed its willingness to change of some IT systems and update the used IT system, due to new business strategy. For to contractual obligations, which are part of the existing contract, the Bank has set up provision of HUF 1.989 million.

As of June 2019, the amount of liabilities due to the early repayment of loans amounted to HUF 883 million. The amount of tax liabilities was HUF 644.2 million and the accruals amounted to HUF 1,528 million at the end the first half of the year. Other liabilities include HUF 5,521 million card settlement account liabilities from MTB.

Shareholders' equity

The share capital of the Group grew from HUF 55.2 billion from 31 December, 2018 to HUF 57.7 billion to 30 June 2019, on annual basis HUF 5.6 billion growths was observed. Among the elements of equity, the Group showed HUF 13.2 billion as non-controlling interests. The accumulated profit attributable to equity holders amounted to HUF 1.1 billion at the end of June 2019.

Capital position

The Hungarian National Bank – in accordance with the request from the Integrational Organization of Cooperative Credit Institutions (SZHISZ), the MTB Bank of Hungarian Savings Cooperatives Co. Ltd. (MTB), Takarék Mortgage Bank and Takarék Commercial Bank – issued resolution H-EN-I-36./2017 ruling to grant exemption for the Group from the individual and subconsolidated compliance obligations.

The total own funds of the Integrational Organization of Cooperative Credit Institutions amounted over HUF 255 billion at the end of June 2018, while its capital adequacy ratio was 16.57%.

DECLARATION

The management report for the first half of 2018 of TakarékJelzálogbank Nyrt. (Takarék Mortgage Bank Plc.) is based on consolidated, non-audited IFRS financial statements. The effect of the transition from IAS 39 to IFRS 9 – according to the standard – has been recognised in the opening retained earnings as at 1 January 2018, the effect of the introduction of IFRS 16 – according to the standard – has been recognised in the opening retained earnings as at 1 January 2019.

Takarék Jelzálogbank Nyrt. hereby declares that the half-year financial statement was made in good faith and gives a true and fair view of the issuer financial position, profit and losses and does not conceal any fact or information which is relevant for the assessment of the position.

Takarék Jelzálogbank Nyrt. hereby declares that the half-year financial statements of the year 2019 have been prepared in accordance with the applicable accounting standards and its best knowledge.

The half-year financial statements give a true and fair view of assets, liabilities, financial position and loss of the issuer and its consolidated affiliates, furthermore the half-year financial statements give a fair view of the position, development and performance of the issuer and its consolidated affiliates, disclosing the risks and the factors of uncertainty.

Budapest, 15 August, 2019

Dr. Gyula Nagy
Chief Executive Officer

Attila Mészáros
Deputy-CEO

Consolidated Financial Statements of Takarék Mortgage Bank Plc. prepared in accordance with International Financial Reporting Standards (IFRS)

The consolidation fully applies to Takaré Commercial Bank Ltd., Hungarian Card Service Ltd. was sold in the second half of 2018, so it was consolidated in the first half of 2018. Therefore the consolidated balance sheet as of June 30 2018 includes also the balance sheet value of these companies after the consolidation effects, but the balance sheet data as of 31 December 2018 and 30 June 2019 after the transaction are not included the data of Hungarian Card Service Ltd., only the data of the two companies. Because of the expected sale of Takaré Commercial Bank Ltd. in the second half of 2019, this subsidiary is reported in the line of discontinued operation. The profit/loss of the sold company is reported in the result of discontinued operation in the Income statement of 30 June 2018, 31 December 2018, 30 June 2019 in order to ensure the comparison. The data of Takaré Mortgage Bank Plc. are reported in the lines of continuing operations, but the operations related to the discontinued company were consolidated. Takaré Commercial Bank Ltd. in consequence of approved sell is reported in the line of the discontinued operations in the balance sheet of 30 June 2019, in the line of continuing operations the assets and liabilities of Takaré Mortgage Bank Plc. are reported, but the operations related to the discontinued company have been consolidated yet.

Consolidated Income Statement

(consolidated, audited data as of 31 December 2018, and non-audited data as of 30 June 2018 and 30 June 2019 according to IFRS)

in HUF million	H1 2018	H2 2018	H1 2019	H1 2019 / H1 2018	H1 2019 / H2 2018
Interest income	4,365	5,329	4,384	0.5%	-17.7%
Interest expense	-3,648	-4,252	-3,591	-1.5%	-15.5%
Net interest income	717	1,076	793	10.6%	-26.3%
Fee and commission income	220	163	156	-29.1%	-4.2%
Fee and commission expense	-223	-280	-197	-11.5%	-29.6%
Net fee and commission income	-3	-117	-41	-	-64.9%
Profit/(Loss) from FX transactions	42	-37	12	-70.9%	-
Change in fair value of financial instruments	-126	2,170	1,037	-	-52.2%
Gains from securities	802	764	71	-91.1%	-90.6%
Net trading result	718	2,897	1,120	56.0%	-61.3%
Other operating income	196	1,412	422	115.8%	-70.1%
Other operating expense	-552	73	-466	-15.6%	-
Net other operating result	-357	1,485	-44	-87.6%	-
Operating income	1,076	5,342	1,828	70.0%	-65.8%
Provision for impairment on loan losses	717	2,390	143	-80.0%	-94.0%
General and administrative expense	-1,665	-1,785	-1,363	-18.1%	-23.6%
Profit/(Loss) before tax	127	5,947	608	-	-89.8%
Income tax benefit/(expense)	78	-161	13	-83.3%	-
Profit from continuing operation after income taxes	206	5,787	621	201.8%	-89.3%
Profit from discontinued operation	3,557	-2,963	1,124	-68.4%	-
Profit/(Loss) for the period	3,762	2,824	1,745	-53.6%	-38.2%
Basic EPS (yearly)	0.37 HUF	104.84 HUF	11.57 HUF	-	-89,0%
Diluted EPS (yearly)	33.79 HUF	-27.69 HUF	10.68 HUF	-68.4%	-

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Consolidated Comprehensive Income Statement	H1 2018	H2 2018	H1 2019	H1 2019 / H1 2018	H1 2019 / H2 2018
Profit/(Loss) for the period	3,762	2,824	1,745	-53.6%	-38.2%
Change in cash-flow hedge reserve	-20	45	-5	-72.2%	-
Change in fair value of financial assets at fair value through other comprehensive income	-1,087	719	504	-	-29.8%
FX translation reserve	0	0	0	-	-
Deferred tax effect for other comprehensive income	100	-69	-45	-	-34.7%
Other comprehensive income/(loss) for the period net of taxes	-1,007	695	454	-	-34.7%
Total comprehensive income/(loss) for the period, net of income taxes	2,755	3,519	2,199	-20.2%	-37.5%

Consolidated Financial Position

(consolidated, audited data as of 31 December 2018, and non-audited data as of 30 June 2018 and 30 June 2019 according to IFRS)

in HUF million	Jun 30, 2018	Dec 31, 2018	Jun 30, 2019	30/06/2019/ 30/06/2018	30/06/2019/ 31/12/2018
Cash on hand	2,783	3,157	0	-100.0%	-100.0%
Due from banks & NBH	58,735	63,737	1,887	-96.8%	-97.0%
Securities at fair value through other comprehensive income	113,355	192,142	31,779	-72.0%	-83.5%
Derivative financial assets	5,120	3,962	4,128	-19.4%	4.2%
Refinanced mortgage loans	87,556	105,296	111,314	27.1%	5.7%
Loans and advances to consumers	350,998	385,209	70,129	-80.0%	-81.8%
Impairment on loans	-14,713	-12,615	-2,533	-82.8%	-79.9%
Tangible assets	2,696	2,171	183	-93.2%	-91.6%
Goodwill and other intangible assets	1,071	388	365	-65.9%	-5.8%
Deferred tax asset	770	679	304	-60.5%	-55.3%
Other assets	8,473	10,390	891	-89.5%	-91.4%
Assets of discontinued operations	0	0	492,073	-	-
Total assets	616,844	754,515	710,520	15.2%	-5.8%
Due to banks	66,662	156,659	15,493	-76.8%	-90.1%
Issued securities	185,036	214,389	205,533	11.1%	-4.1%
Mortgage bonds	177,385	208,385	205,533	15.9%	-1.4%
Bonds	7,651	6,004	0	-100.0%	-100.0%
Deposits from customers	292,836	304,333	0	-100.0%	-100.0%
Derivative financial liabilities	2,842	2,371	791	-72.2%	-66.6%
Financial liabilities at fair value through profit or loss	6,780	6,693	6,234	-8.0%	-6.9%
Finance lease liabilities	0	0	21	-	-
Deferred tax liability	0	0	177	-	-
Provisions	5,781	3,988	564	-90.2%	-85.9%
Other liabilities	4,808	10,847	1,235	-74.3%	-88.6%
Liabilities of discontinued operations	0	0	422,741	-	-
Total liabilities	564,744	699,280	652,789	15.6%	-6.6%
Share capital	10,849	10,849	10,849	0.0%	0.0%
Share premium	27,926	27,926	27,926	0.0%	0.0%
Treasury shares	-207	-207	-207	0.0%	0.0%
Cash-flow hedge reserve	-11	28	0	-100.0%	-100.0%
Other reserves	924	1,644	2,438	163.7%	48.3%
Retained earnings	-4,166	-4,166	2,464	-	-
Minority interest	14,070	12,517	13,199	-6.2%	5.4%
Balance sheet profit	2,715	6,644	1,063	-60.8%	-84.0%
Total shareholders' equity	52,099	55,235	57,732	10.8%	4.5%
Total liabilities and shareholders' equity	616,844	754,515	710,520	15.2%	-5.8%

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Statement of Financial Position of discontinued operations

(non-audited data as of 30 June 2019 of discontinued operations - eliminated the consolidation effect)

in HUF million	30/06/2019
Cash	2,821
Due from banks & NBH	59,888
Financial assets at fair value through other comprehensive income	58,621
Derivative financial assets	891
Loans and advances to customers	365,898
Loan impairment	-8,527
Tangible assets	2,801
Goodwill and other intangible assets	3
Other assets	9,676
Total Assets of discontinued operation	492,073
Due to banks	89,178
Deposits from customers	314,696
Derivative financial liabilities	1,435
Leasing liability	868
Other liabilities	16,564
Total liabilities of discontinued operation	422,741

Statement of Profit or Loss of discontinued operations

(audited data as of 31 December 2018, non-audited data as of 30 June 2018, 30 June 2019 of discontinued operations - eliminated the consolidation effect)

in HUF million	2018 H1	2018 H2	2019 H1
Interest income	6,647	7,389	7,552
Interest expense	-394	-745	-963
Net interest income	6,254	6,644	6,590
Fee and commission income	3,860	3,948	3,876
Fee and commission expense	-1,301	-1,346	-1,329
Net fee and comission income	2,559	2,602	2,547
Profit/(Loss) from FX transactions	160	215	155
Change in fair value of financial instruments at fair value through profit or loss	3,678	-2,720	-37
Gains from securities	316	-34	1,482
Net trading result	4,155	-2,540	1,600
Other operating income	1,244	2,522	1,486
Other operating expense	-2,805	-2,455	-3,253
o/w special banking tax	-579	276	-323
Other results	-1,562	67	-1,766
Total non-interest income (with net fees)	5,152	129	2,381
Total net income	11,406	6,773	8,971
Provision for impairment on loan	-1,706	-643	-1,713
Personnel expenses	-2,774	-2,858	-2,857
Administrative costs	-2,989	-6,096	-2,572
Cost of business activity	-111	-130	-103
Deprecation	-75	-95	-406
Other tax payable	-13	-14	-13
Operating expense	-5,962	-9,193	-5,950
in HUF million	2018 H1	2018 H2	2019 H1
Profit/(Loss) before tax	3,738	-3,064	1,308
Income tax benefit/(expense)	-181	100	-186
Profit from continuing operation after income taxes	3,557	-2,964	1,123
Profit for the period w/o special banking tax	4,136	-3,239	1,446

Cash Flow Statement

(consolidated, audited data as of 31 December 2018, and non-audited data as of 30 June 2018 and 30 June 2019 according to IFRS)

in HUF million	30 June 2018	31 December 2018	30 June 2019
Cash flow from operating activities			
Profit for the period from continuing operation	206	5,992	621
Profit for the period from discontinued operation	3,557	594	1,124
Profit for the period	3,763	6,586	1,745
<i>Non cash adjustments to net profit from:</i>			
Depreciation and amortization	146	287	479
Impairment of tangible assets	-	656	-
Release of provision for losses	-3,718	-5,923	-2,147
Release of other provision	-	-1,686	852
Gain/(loss) on tangible assets derecognized	112	119	18
Gain/(loss) on intangible assets derecognized	20	284	1
Impact of adopting IFRS 16 „Leases”	-	-	14
Capitalized interest on loans and advanced to customers at amortised cost and fair value	419	567	430
Fair value adjustment of derivatives	-2,962	-2,236	-1 231
Fair value adjustment on financial liabilities at fair value through profit or loss, other than derivatives	87	186	266
Operating profit/(los) before change in operating assets	-2,132	-1,160	427
<i>Decrease/(Increase) in operating assets:</i>			
Securities at fair value through profit or loss	46,651	46,651	-
Securities at fair value through other comprehensive income	-34,148	-112,281	102,536
Refinanced mortgage loans	-10,959	-28,699	-6,018
Loans and advances to customers at amortized cost and at fair value	-24,195	-58,553	-51,249
Other assets	-2,263	-4,052	198
Deposits from customers	-36,417	-24,920	10,363
Due to banks	-111,283	-124,246	-73,020
Other liabilities	-490	5,131	2,941
Net cash flow from operating activities	-175,237	-302,129	-13,823
Cash flow from investing activities			
Proceeds from sales of tangible assets	17	272	434
Purchase of tangible and intangible assets	-87	-202	-50
Net cash outflow from investing activities	-70	70	384
Cash flow from financing activities			
Proceed from issued securities	42,721	157,570	12,762

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Principal repayment on issued securities	-34,955	-120,636	-22,343
Repayment of long term loans	143,962	246,922	21,032
Repayment of leasing liabilities	-	-	-311
Net cash outflow from financing activity	151,730	283,856	11,140
Decrease in cash and cash equivalents	-23,576	-18,203	-2,299
Opening balance of cash and cash equivalents	85,097	85,097	66,894
Closing balance of cash and cash equivalents	61,521	66,894	64,595
Breakdown of cash and cash equivalents:			
Cash on hand	2,783	3,157	2,821
Balances with National Bank os Hungary	2,527	2,073	20,321
Due from banks with a maturity of less than 90 days	56,211	61,664	41,453
Closing balance of cash and cash equivalents	61,521	66,894	64,595
<i>Supplementary data</i>			
<i>Income tax paid</i>	-314	-709	-354
<i>Interest received</i>	11,038	23,557	12,830
<i>Interest paid</i>	-5,227	-8,462	-10,005

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Statement of Shareholders' Equity

(consolidated, audited data as of 1 January 2018 and 1 January 2019, and non-audited data as of 30 June 2019 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Change in fair value of securities at fair value through other comprehensive income	Non-controlling interest	Retained earnings	Shareholders' Equity
1 January 2018	10,849	-207	27,926	460	5	1,267	12,828	-2,796	50,332
IFRS 9 adjustment								-1,370	-1,370
1 January 2018 - Opening	10,849	-207	27,926	460	5	1,267	12,828	-4,166	48,962
Transfer to general reserve	-	-	-	186	-	-	-	-186	-
Profit for the year	-	-	-	-	-	-	1,242	2,520	3,762
Other comprehensive income	-	-	-	-	-16	-989	-	-	-1,005
30 June 2018	10,849	-207	27,926	646	-11	278	14,070	-1,832	51,719
1 January 2018	10,849	-207	27,926	460	5	1,267	12,828	-2,796	50,332
IFRS 9 adjustment								-1,370	-1,370
1 January 2018 - Opening	10,849	-207	27,926	460	5	1,267	12,828	-4,166	48,962
Transfer to general reserve	-	-	-	252	-	-	-	-252	-
Profit/(Loss) for the year	-	-	-	-	-	-	-311	6,897	6,586
Other comprehensive income	-	-	-	-	23	-335	-	-	-312
31 December 2018	10,849	-207	27,926	712	28	932	12,517	2,479	55,236
IFRS 16 adjustment	-	-	-	-	-	-	-	-14	-14
1 January 2019 - Opening	10,849	-207	27,926	712	28	932	12,517	2,465	55,222
Profit/(Loss) for the year	-	-	-	-	-	-	681	1,063	1,744
Other comprehensive income	-	-	-	-	-28	794	-	-	766
30 June 2019	10,849	-207	27,926	712	-	1,726	13,198	3,528	57,732

Off-balance Sheet items – Commitments

(consolidated non-audited data as of 30 June 2018 and 30 June 2019 and audited data as of 31 December 2018 according to IFRS)

millió forintban	30 June 2018	31 December 2018	30 June 2019
Commitments			
Guarantees	5,436	5,413	6,725
Undrawn commitments	67,253	99,446	112,359
Total	72,689	104,859	119,084

Transactions with related parties

(consolidated, non-audited data as of 30 June 2018 and 30 June 2019 according to IFRS)

in HUF million	Transactions between Takaréék Mortgage Bank and owners with significant influence	
	30 June 2018	30 June 2019
Due from banks	49,916	-
Refinanced mortgage loans	-	-
Fair value of derivatives	-	1,246
Other assets	239	389
Total assets	50,155	1,634
Due to banks	38,971	13,025
Issued securities	-	3,606
Financial liabilities at fair value through profit and loss	-	256
Other liabilities	458	3
Total liabilities	39,429	16,890
	30 June 2018	30 June 2019
Interest income	375	-
Interest expense	-297	-275
Net interest income	78	-275
Fees and commission income	63	-
Fees and commission expense	-78	-
Net fees and commissions	-15	-
Profit/(loss) from foreign exchange transactions	352	-
Net trading result	352	-
Other operating income	39	-
Other operating expense	-	-375
Operating profit	453	-650
Credit loss expense	-	-
General and administrative expense	-152	-
Profit for the year	302	-650

For the purpose of the financial statements, related parties include all the enterprises that directly or indirectly through one or more intermediaries are controlled by the reporting enterprise (this includes parents and subsidiaries) and key management personnel, including the member of the Board and Supervisory Board.

Related parties have the power of control over or have a significant influence in decisions relating to finance and operation of another enterprise. The Group enters into transactions with associated parties under market conditions. In the above report transactions between Takaréék Mortgage Bank and owners with influential share are presented

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Data forms relating to the structure of shares and the group of owners

Ownership structure, participation and voting rates (as at 30 June 2019)

Description of owner	Total equity ¹						Listed series ¹					
	At the beginning of actual year			End of actual period			At the beginning of actual year			End of actual period		
	% ²	% ³	Qty	%	%	Qty	%	%	Qty	%	%	Qty
Series "A" shares listed on BSE												
Domestic institution/company	52.56	52.73	57,069,304	52.54	52.66	56,998,571	52.56	52.73	57,069,304	52.54	52.66	56,998,571
Foreign institution/company	0.02	0.02	20,576	0.02	0.02	23,492	0.02	0.02	20,576	0.02	0.02	23,492
Domestic individual	3.47	3.47	3,759,643	3.51	3.51	3,797,598	3.47	3.47	3,759,643	3.51	3.51	3,797,598
Foreign individual	0.06	0.06	60,400	0.01	0.01	12,410	0.06	0.06	60,400	0.01	0.01	12,410
Treasury shares	0.23	0.00	253,601	0.23	0.00	253,601	0.23	0.00	253,601	0.23	0.00	253,601
Government held owner ⁴	4.45	4.46	4,832,225	4.45	4.46	4,832,225	4.45	4.46	4,832,225	4.45	4.46	4,832,225
Other	0.00	0.00	4,261	0.08	0.08	82,113	0.00	0.00	4,261	0.08	0.08	82,113
Series total	60.84	60.74	66,000,010	60.84	60.74	66,000,010	60.80	60.74	66,000,010	60.84	60.74	66,000,010
Series "B" shares non-listed on BSE												
Domestic institution/company	13.05	13.09	14,163,430	13.05	13.09	14,163,430						
Series total	13.05	13.09	14,163,430	13.05	13.09	14,163,430						
Series "C" shares non-listed on BSE												
Domestic institution/company	26.11	26.17	2,832,686	26.11	26.17	2,832,686						
Series total	26.11	26.17	2,832,686	26.11	26.17	2,832,686						
TOTAL	100.00	100.00	82,996,126	100.00	100.00	82,996,126						

¹If the listed series is the same as the entire share capital, this must be indicated and no separation is required. If there are several series on the Stock Market, the ownership structure must be given for every series.

² Ownership share

³ The voting rights ensuring participation in decision making at the General Shareholder's Meeting of Issuer. If the ownership share and the voting rights are identical, only the ownership share column must be filled and submitted/disclosed, while the fact must be indicated!

⁴ E.g.: MNV Zrt, TB, local authorities, companies with 100% state ownership, etc.

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Number of treasury shares held in the year under review relating to listed series

	30 June 2018		31 December 2018		30 June 2019	
Takarék Mortgage Bank Plc.	253,601	0.23%	253,601	0.23%	253,601	0.23%

Owners with more than 5% ownership relating to listed series (as at 30 June 2019)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)
MTB Zrt.	no	35,234,090	53.38
Fókusz Takarékszövetkezet	no	8,620,534	13.06
Takarékbank Zrt.	no	6,952,134	10.53
Magyar Nemzeti Vagyonkezelő Zrt.	no	4,832,225	7.32
Takarék Zártkörű Befektetési Alap	no	3,808,180	5.77
Total		59,447,163	90.06

Owners with more than 5% ownership relating to total equity (as at 30 June 2019)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)
MTB Zrt.	no	37,186,682	36.98
Fókusz Takarékszövetkezet	no	9,510,370	10.00
Takarékbank Zrt.	no	7,359,402	7.35
Tiszántúli Takarékszövetkezet	no	3,905,232	9.00
Magyar Nemzeti Vagyonkezelő Zrt.	no	4,832,225	4.45
Total		62,793,911	67.78

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Data forms related to the organisation and operation of the issuer

Changes in the headcount (number of persons) employed by Takaréék Mortgage Bank and the subsidiaries

	30/06/2018	31/12/2018	30/06/2019
Takarék Mortgage Bank Plc.	35,6	25,9	16,0
Consolidated	35,6	25,9	16,0

Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 30 June 2019)

Type ¹	Name	Position	Beginning of mandate	End/ termination of mandate	No. of shares held
BoD	Vida József	Chairman	30/11/2016	30/11/2021	0
BoD	dr. Nagy Gyula	Member, CEO	26/04/2017	30/11/2021	0
BoD	Mészáros Attila	Member	30/11/2016	30/11/2021	0
BoD	Soltész Gábor Gergő	Member	30/11/2016	30/11/2021	0
BoD	Hegedűs Éva	Member	18/10/2018	30/11/2021	0
SB/AB	dr. Harmath Zsolt	Chairman	02/01/2017	02/01/2022	0
SB/AB	Görög Tibor	Member	15/10/2018	02/01/2022	0
SB	dr. Kovács Mónika	Member	02/01/2017	02/01/2022	0
SB/AB	Pórfy György	Member	02/01/2017	02/01/2022	0
SB	dr. Gődör Éva	Member	01/08/2018	02/01/2022	0
SB	dr. Reiniger Balázs	Member	02/01/2017	02/01/2022	0
TOTAL No. of shares held by management:					0

¹ Employee in a strategic position (SP), Member of the Board of Directors (BoD), member of the Supervisory Board (SB), member of Audit Board (AB)

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Information and disclosures in 2019

Important information and disclosures issued by the the Group fall into the following categories:

- Events relating to Group operation (banking announcements, changes in the Rules of Operation)
- Interim management reports, annual reports
- Information in relation to mortgage bonds (offerings and repurchase, updating of the domestic and international mortgage bond issues program, value of mortgage bonds and their cover)
- Month end information about the amount of issued capital and the voting rights
- Proposals submitted to the AGM (Annual General Meeting) and invitation to the AGM
- Invitation and proposals submitted to the Extraordinary General Meeting
- Shareholders' announcements

Announcements, information and disclosures published by Takaréék Mortgage Bank are available at the following sites:

www.bet.hu

www.kozzetetelek.hu

www.takarek.hu