Q2 2022
MKB Group

Investor Presentation

Budapest, 29 August 2022

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

For definition and calculation methodology of alternative performance measurement indicators pleaser refer to Q2 2022 Flash Report chapter 4.1. – Financial indicators.

This presentation is to support the understanding of the underlying financial performance of MKB Group and it is a close and inseparable part of the Q2 2022 Flash Report.

Strategic aspiration

The merger of the MBH Group's members will result in an integrated universal bank providing a comprehensive range of products to both retail and corporate customers, as well as playing a key role in the Hungarian economy

Strategic aspiration of Magyar Bankholding

Strong basis

- Owners of Budapest Bank, MKB Bank and MTB contributed their respective shares as a contribution in kind to MBH.
- Strategy of MBH and the 5 years Business plan was approved by the Board of MBH.
- New management was appointed at MBH in order to ensure centralized management.

Merger process

Formulation of an integrated bank by 2023 with the purpose of maximizing synergies:

- Merger of MKB and Budapest Bank and Takarékbank becomes subsidiary of the merged bank is already accomplished.
- Integration and the merger process of the subsidiaries is continuous.

Digital solutions

Creating an advanced banking technology background, atmosphere and digital channels in Central Eastern Europe. Introducing flexible and fast product solutions, which can be combined with each other.

Expansion

After the integration process, the Magyar Bankholding would expand its presence in the region through acquisitions. Looking for targets not only in the banking space, but also looking for fintech companies, digital and ecosystem actors.

National champion

National Champion positioning by serving all customer segments while maintaining local community values.

ESG Commitments & Strategy

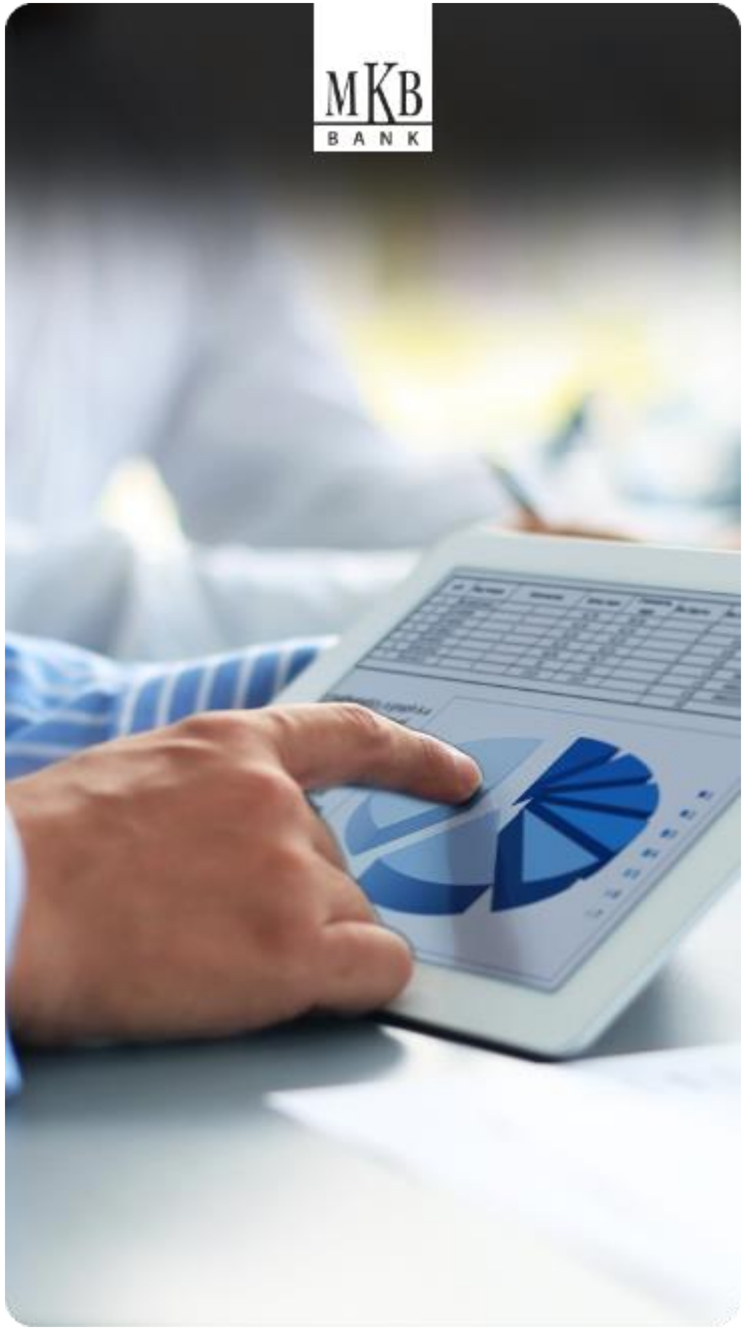
ESG strategy of Magyar Bankholding

Vision	The Hungarian Bankholding for a sustainable future	
Strategic objectives	Partner in sustainable finances	Responsible Corporation

Pillars

- Sustainability as a business opportunity and sustainability education
- Taking ESG risks into account in risk decisions
- Becoming a carbon neutral bank
- Corporate governance, transformation and transparency
- Employee welfare and change in approach

Digitalization



MKB BANK

Introduction and methodology

Executive Summary – Methodology

M&A Process

- The Board of Directors and the shareholders of Magyar Bankholding Zrt. approved a merger plan of its banking subsidiaries MKB Bank, Budapest Bank and the Takarék Group (“Merging Banks”) in March 2021 based on which the merger of the banks is expected to be completed by 2023 (“Merger”).
- **As a significant milestone** in the planned multi-step integration process, **the legal merger of the MKB Bank Nyrt**. as the acquiring company **and Budapest Bank and Magyar Takarék Bankholding**, **holding company of the Takarék Group**, as the merging companies, **took place on 1 April 2022.** As a result of this step Takarék Group also became a fully consolidated subsidiary of MKB Bank.
- After a successful bidding process, **MKB Group signed a contract to acquire Sberbank’s portfolio** comprising a **total exposure of HUF 330 bn**. The transfer of the loan portfolio took place on 1 August 2022.

Basis of preparation of the historic financial information

Basis of preparation of the historic financials presented in this document:

- **Consolidated financials for reporting periods starting from Q2 2022:** MKB Bank reports consolidated financial figures of Merging Banks
- **Pro Forma Group financials for reporting periods from Q1 2021 to Q1 2022:** the pro forma information is for information purposes only and by its nature relates to a hypothetical situation, illustrating what the effect of the Merger would have been had it been implemented at an earlier date.
- The pro forma information **presents the consolidated financial position of MKB Bank and its consolidated subsidiaries as at the presented end of periods, assuming that the Merger was completed on 1 January 2021** thus these pro forma financials differ from the actual historical financial position or result of MKB Bank.
- The pro forma information comprises the pro forma consolidated balance sheet, income statement, segment reporting’s, presented KPI’s and capital adequacy information of the Merging Banks.
- For principles and steps in preparing pro forma financial statements, please refer to Exemption Document page 32.
- Aiming to present a comparable market position, the acquired Sberbank portfolio was already included in addition on pages detailing market position and loan portfolio overview.

Highlights of H1 2022

Executive Summary – KPIs

Financial Performance

- MKB Group had a successful H1 in financial terms due to the increasing interest environment and increasing interest margin. **The adjusted profit after tax reached HUF 106.5 bn in H1 2022, achieving a 41.5% increase (+HUF 31.2 bn y/y) in comparison to H1 2021.**
- The adjusted **GOI of HUF 215.1 bn**, was mainly **driven by the net interest income** (HUF +76.0 bn y/y) and the slight increase of the **net fee income** (HUF +5.0bn y/y). **Increasing net interest margin was in line with the rising interest rate environment.**
- In an environment of rising inflation and increasing energy prices, **GAE increased in H1 by 11.1% y/y.** Attributable to wage inflation, PEREX increased by 12.1% in H1 y/y, while OPEX increased by 13.9% mainly due to price inflation and energy prices and change in methodology.
- However, **due to strict cost control, the operation of MKB Group became more cost-efficient in H1 2022, achieving a CIR of 43.9%**, which is **6.2%-pt lower compared to H1 2021**
- **Risk cost release of HUF 0.7 bn was realized in H1 2022 despite of the expiry of moratoria, driven by the risk cost releases of Q1 as a result of prudent portfolio management.**
- MKB Group remained highly profitable in H1 2022, achieving an adjusted **ROAE of 30.0% (+8.0%-pt q/q).**

Financial performance indicators (H1)

(⇩ y/y ; q/q ⇧)

		y/y	q/q
PAT	HUF 106.5 bn	↑ 41.5%	↑ 34.0%
GOI	HUF 215.1 bn	↑ 26.8%	↑ 23.6%
TOCI	HUF 95.3 bn	↑ 59.0%	↑ -
GAE	-HUF 94.4 bn	↑ 11.1%	↑ 15.7%
ROAE	29.96%	↑ 0.0%-pt	↑ 8.0%-pt
Risk cost	HUF 0.7 bn	-83.6%	-
CAR	16.99%	↑ 0.1%-pt	↓ -0.6%-pt
CIR	43.88%	↓ -6.2%-pt	↓ -2.9%-pt

Highlights of H1 2022

Executive Summary – KPIs

Business Performance

- Total assets slightly decreased to HUF 10.190 bn in Q2 2022, due to the decrease in financial assets.
- **As a result of the merger of MKB Bank and Budapest Bank, synergies were already realized, as Budapest Bank had a traditionally strong market position in various segments, especially in corporate.** The clients of the merged banks now have access to a unified, but broader range of products, which the merged bank aims to further optimize in order to **realize additional synergies**.
- Due to increasing interest rates, slowing loan market and effect of the moratorium the net customer loans stalled in Q2 2022. MKB Group continued to actively participate in state stimulus programs and MKB Group was also one of the first banks, who made the Széchenyi Card MAX program's products available to its customers. **MKB Group after the merger retained its leading market position in every segment.**
- **MKB Bank, after the merger could successfully not just maintain but acquire new customer deposits, which grew by 16.6% during the last 12 months,** mainly attributable to the improving saving capability of both corporate and household segments due to the moratorium as well as NBH and government measures. **LTD ratio decreased further as a result of stagnating loan portfolio but continuously expanding deposit base.**
- The RWA/TA ratio slightly increased to 39.1% (3.0%-point increase q/q) due to the significant decrease of financial assets and securities.
- Total equity increased by 2.3% compared to the Q1 2021 due to the increasing net income, resulting in a **CAR of 17.0%** (+0.1%-pt y/y)**, which provides strong capital position for the merger process and to perform the Sberbank acquisition.**

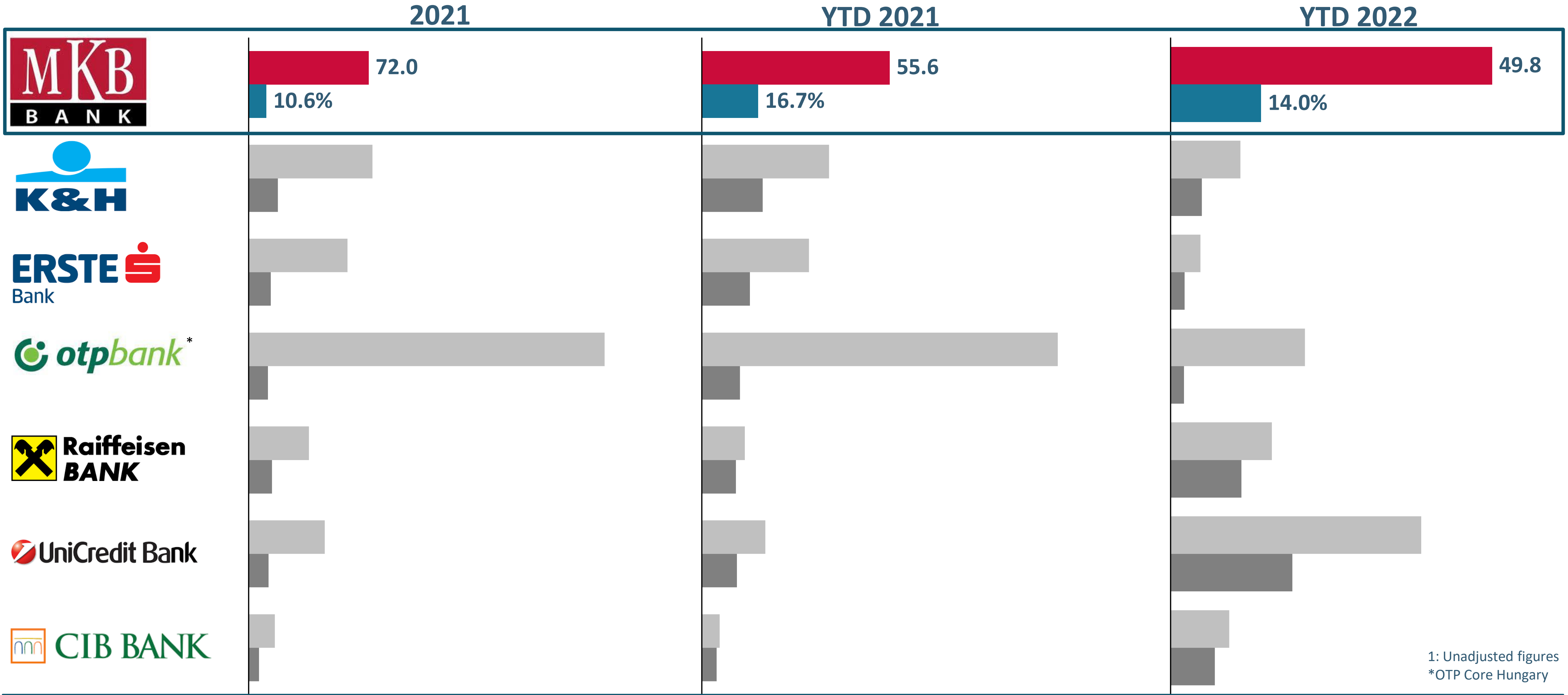
Business performance indicators (H1)

(⇩ y/y q/q ⇧)

		y/y	q/q
ASSETS & LIABILITIES	HUF 10,189.7 bn	12.3%	-1.0%
EQUITY CAPITAL	HUF 727.8 bn	7.0%	2.3%
NET CUSTOMER LOAN	HUF 4,472.9 bn	12.4%	0.4%
CUSTOMER DEPOSIT	HUF 6,267.5 bn	16.6%	1.3%
RWA/TA	39.08%	-1.0%	3.0%
Risk%	-0.03%	0.3%-pt	0.4%-pt
GOI/RWA	11.40%	1.8%-pt	2.0%
LTD	74.04%	-2.7%-pt	-0.5%-pt
DPD90+	3.75%	0.0%-pt	0.3%-pt

Extra banking tax decreased profitability of the banking sector in Q2 2022, and still MKB managed to keep its banking operation profitable

Executive Summary – Competition PAT & ROE[1]

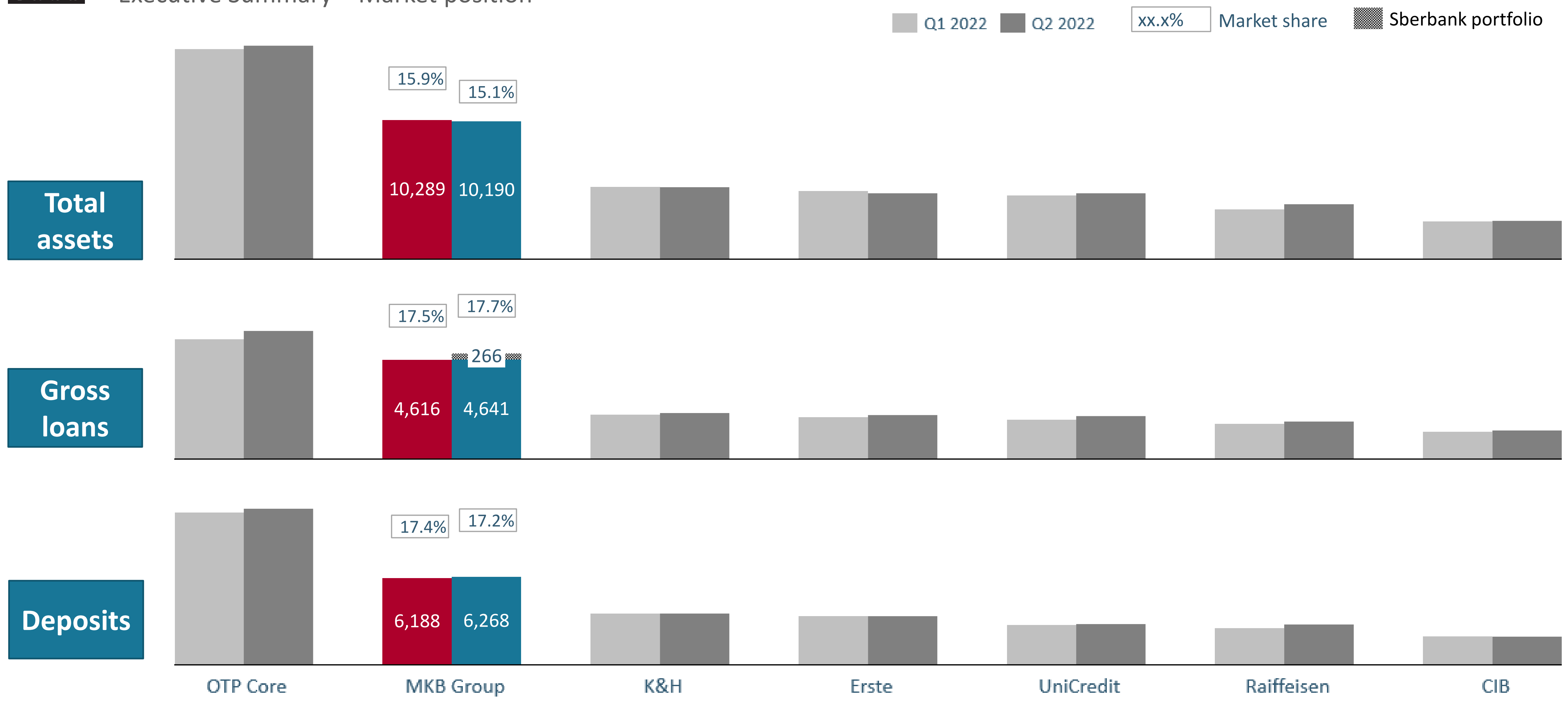


1: Unadjusted figures
*OTP Core Hungary

Sources:
- 2021 and YTD 2021 data: companies' annual reports
- YTD 2022 data are preliminary figures based on Banking Groups' Q2 flash reports (converted to HUF). Please note estimated figures might differ from the actual audited numbers.

After the merger of the Banks, MKB Group became the second largest financial group in Hungary

Executive Summary – Market position



Sources:

- Q1 2022 data: companies' annual reports
- Q2 2022 data are preliminary figures based on Banking Groups' Q2 flash reports (converted to HUF). Please note estimated figures might differ from the actual audited numbers.

Business highlights – Key highlights by business lines

Business highlights

Standard Business

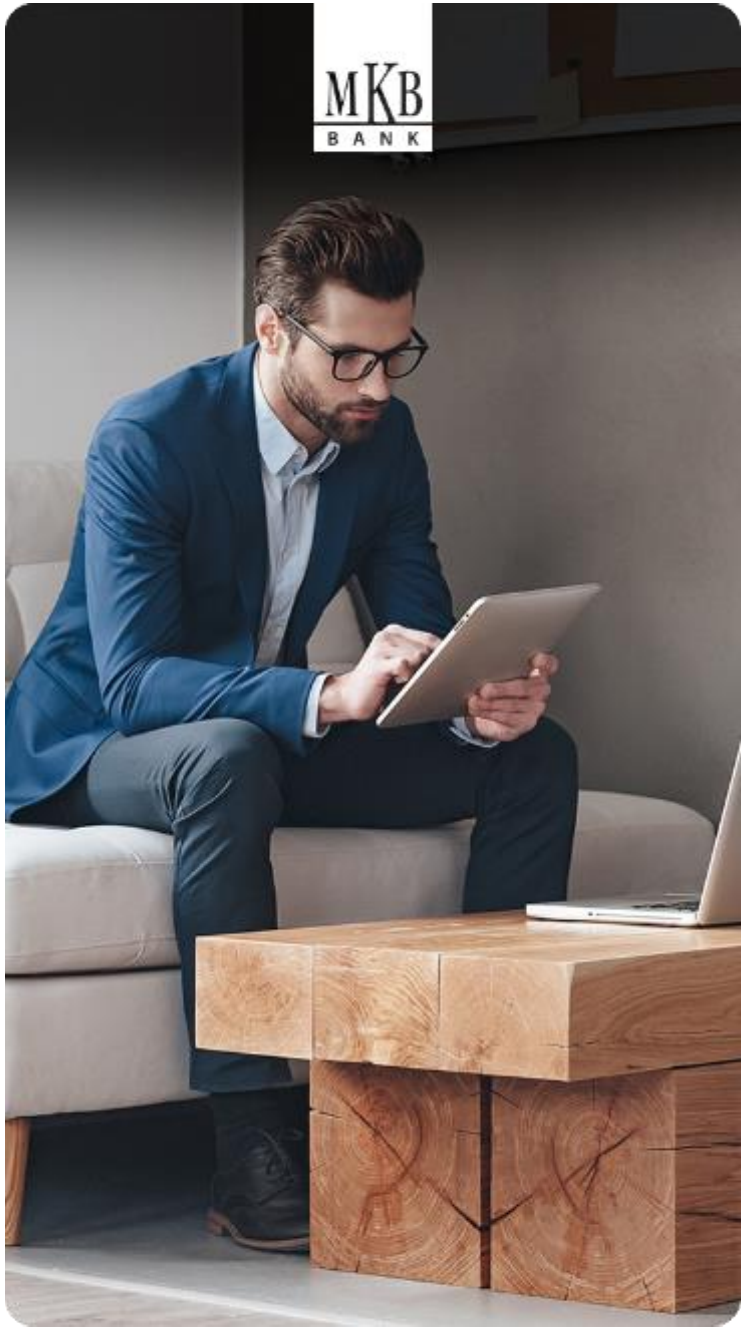
- **As a result of the merger, the product and service offering was consolidated and became available to all customers of the merging banks.** The basis of MKB Bank's branch network development strategy is the continuous improvement of the level of customer service, in which ensuring the most efficient and convenient customer service plays a prominent role.
- The mortgage loan portfolio increased to HUF 892.2 billion (+6.2% y/y). The gross loan portfolio decreased slightly by HUF 3.5bn q/q, due to preparation of the merger process. As the interest rates continued to rise in Q2 2022, MKB Bank decided to **raise interest on 5-year and 10-year mortgage loans** by also keeping the market position set in its business strategy in mind, providing a milder increase in interest rates compared to reference rates.
- **Despite of the merger, the trust of clients strengthened towards the bank, resulting in an increase of HUF 368.0 y/y (+13.9%) in standard business deposit volume** leading to HUF 3,014 bn at Jun 2022.
- The ending of Széchenyi Card Program GO! in 2022 Q2, played a prominent role. Since the start of the program, MKB's customers claimed around HUF 400 billion. MKB was also one of the first banks, who made also the **Széchenyi Card MAX program**'s products available to its customers.

Non-standard business

- As a result of the **merger of MKB Bank and Budapest Bank**, **synergies were already realized**, as Budapest Bank had a traditionally strong market position in the corporate segment as well. The clients of the merged banks now have access to a unified, but **broader range of products**, which the merged bank aims to further optimize in order to realize additional synergies.
- Despite a foreseeable macroeconomic downturn, **demand for corporate credit remained stable during the second quarter of 2022**. MKB Bank continued to actively participate in subsidized and refinanced economic stimulus programs, as well as in loan guarantee programs, including the renewed "**Széchenyi Program**" - where its market share reached 15% - and the **EXIM refinancing scheme** with a 8.9% market share of the total disbursement volume in Q2 2022.
- In 2022, the bank also considered the small and medium-sized enterprise (SME) clientele as a key segment, in which increasing product penetration played a central role, leading to a **12% increase in loan volumes provided to medium-sized enterprises**, which is comparable to increases in **the large corporate and the agricultural loan portfolio which increased annually 16% and 19% respectively.**

Subsidiaries & partners

- **Leasing:** In the first half of 2022, the MKB Leasing Group was among the two largest players on the Hungarian leasing market, **managing to keep its leading market share** despite of the stagnating car financing leasing market driven by inventory shortage.
- **Insurance:** MKB Bank has entered into a strategic cooperation agreement with CIG Pannónia Group, leading to MKB's insurance product offerings consisting solely of CIG Pannónia's products. Starting from Q2 new life insurance products became available to customers in MKB's branch network. As a step of the strategic cooperation, the travel insurance products related to bank cards and credit cards previously issued by MKB Bank will be provided by CIG Pannónia.
- **Asset management:** In Q3 2022, the merger of asset management companies within MKB Group will take place, allowing further synergies.



Macroeconomic outlook - uncertainties remained in the economy

Business Environment - Outlook

Geopolitical impacts

- The **Russian-Ukrainian conflict**, which erupted at the end of February, **continued in the second quarter**, with no ceasefire agreement between the two sides. **Uncertainty over the war** and fears of a possible further escalation **are weighing heavily on growth prospects**.
- The war, and the **European and US sanctions imposed in response**, are **causing supply problems for raw materials and parts in many areas**, creating barriers to supply chains. This is leading to **significant price increases in strategically important industries (e.g., energy, agriculture, manufacturing)**. The conflict is also made worse due to demand and supply mismatches, that already existed before the war. As raw materials and energy commodities are built into the price of many goods, there is a **general and broad inflationary pressure on the economy.**
- As the heating season approaches, **fears about gas supplies have intensified**, with some actors expecting a complete shutdown of Russian gas supplies. This would create a critical supply problem in Europe, with a **significant growth casualty** due to the restrictions.

Inflationary pressure and monetary measures

- **Inflationary pressures continued to intensify in the second quarter**, both at domestic and in international markets. In the euro area, inflation was 8.6% at the end of June, while in the US the annual CPI index rose to 9.1%. In Hungary, the inflation was already at 11.7% in June, and it is expected to rise further. **Central banks have begun to tighten significantly to counter the extreme inflation**.
- The **Fed** continued the cycle of interest rate hikes that started in March, with policy rates rising by a total of 125 basis points in two steps in the second quarter. **Balance sheet tightening also started in the US**. Driven by international risk avoidance and stronger monetary actions by the Fed, **the US dollar continued to strengthen against the euro** during the quarter.
- In June, the **ECB** ended its traditional asset purchase programme (APP), and in **July a cycle of interest rate hikes started** in the euro area. In addition to inflation, the monetary tightening is also intended to tackle the weakening euro.
- The outlook is increasingly clouded by high inflation, soaring energy and commodity prices, and geopolitical tensions. **In the US, the economy contracted** both in the first and second quarter, pushing the country into a technical recession. In contrast, **the eurozone expanded by 0.7% in the quarter**, so the first half of the year remained strong for the eurozone.

Changes in the Hungarian regulation and legislation

Business Environment – Changes in legislation

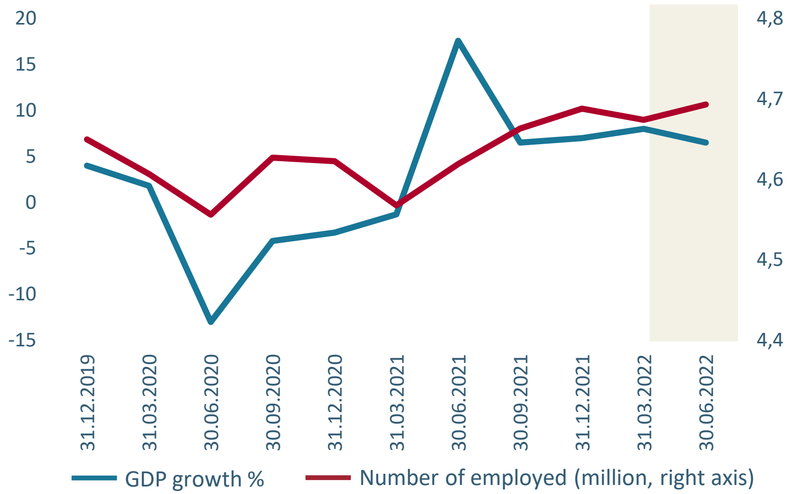
#	Macro changes
1	**Extraprofit tax in the banking sector:** The government declared in July 2022 that the banking sector will be required to pay an additional 10% and 8% of its net income in 2022 and 2023, respectively, which is a significant setback to the sector.
2	**Increasing utility prices:** Coming into force in August 2022, the government partially stopped subsidizing natural gas and electricity consumption, which is expected to result in higher utility spendings for a portion of households. As per government calculations, the price increases will only impact (¼) of households. This is estimated to shape the real estate market, as well as the retail sector and ability to take on loans and their solvency on current ones.
3	**Increasing fuel prices for company-used vehicles:** The fixed fuel price of HUF 480 / will only be available to private individuals as of 30 July 2022 resulting in a more expensive usage of company cars (except for taxies and agricultural vehicles). The fleet owned by the Bank will suffer from the absence of discounts, while the increased costs in logistic-heavy sectors may impact their competitiveness and solvency.
4	**Baby loan and „CSOK”:** The government decided to keep the subsidized lending schemes of baby loan and CSOK, which is expected to partially enhance the willingness to take up these subsidized loans in the retail sector.
5	**Moratoria for the agricultural sector:** The government allows Moratoria in relation to the investment loans and overdrafts of agricultural businesses starting from 1 September 2022 until 31 December 2023. As MKB Bank has the largest exposure to the agricultural segment in the Hungarian market, a lower profitability in this segment is expected for this period.
6	**Change in the KATA scheme:** As per new „KATA” legislation coming into force on 1 September 2022, private individuals who choose to belong under this scheme can now only receive income from another private individual (and not companies). With the eligibility criteria of this beneficial taxing becoming more strict, the ability of the retail sector to take on loans is estimated to decrease due to increased tax payment liabilities.

Despite positive economic developments, rising inflationary pressures and geopolitical uncertainties have moderated economic growth

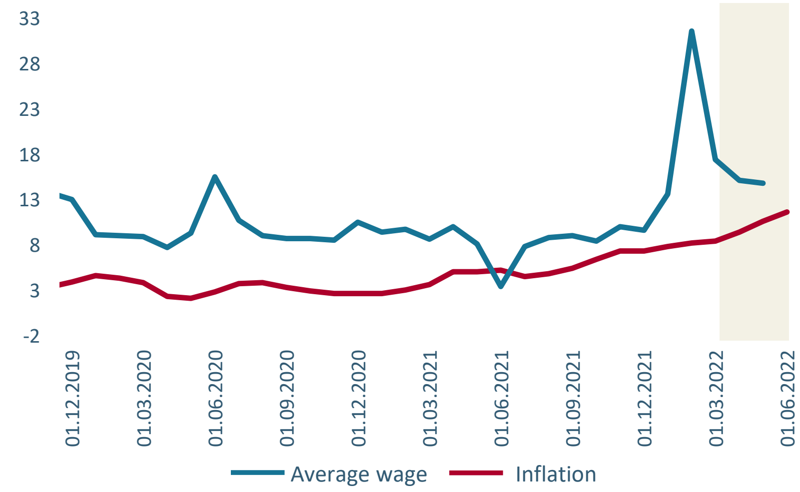
Business Environment - Macroeconomics

- In the second quarter of 2022, employment continued to expand by 19 000 people, with GDP growth at 6.5% (y/y) in this period.
- Despite the continued monetary tightening, annual inflation stood at 11.7% at the end of June, with core inflation even higher. The EURHUF exchange rate reached a new historical low in the second quarter, fluctuating between 367 and 403 HUF/EUR during the quarter.
- While corporate deposits rose, household savings were almost flat in the second quarter of 2022.

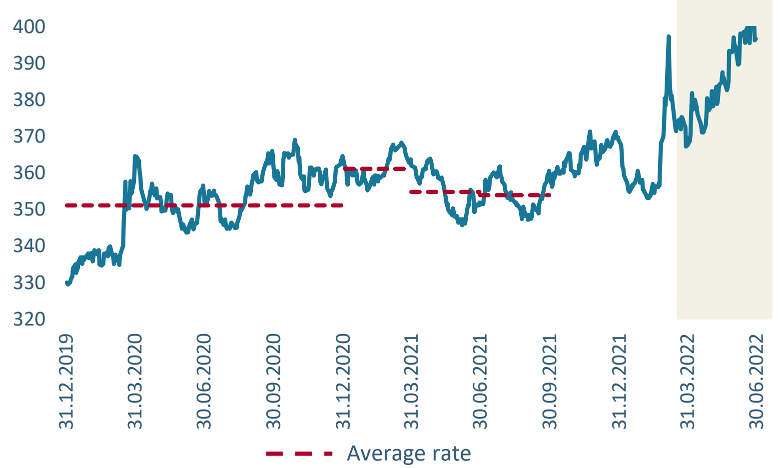
GDP growth (y/y%) and employment



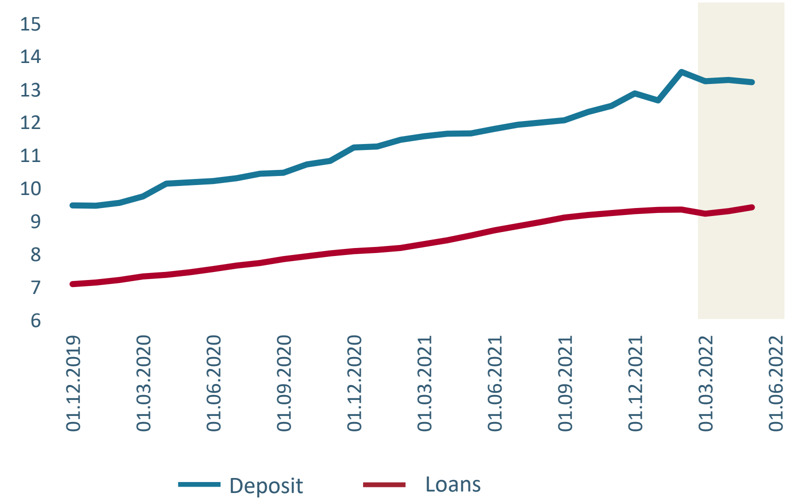
Average inflation and wage growth (y/y %)



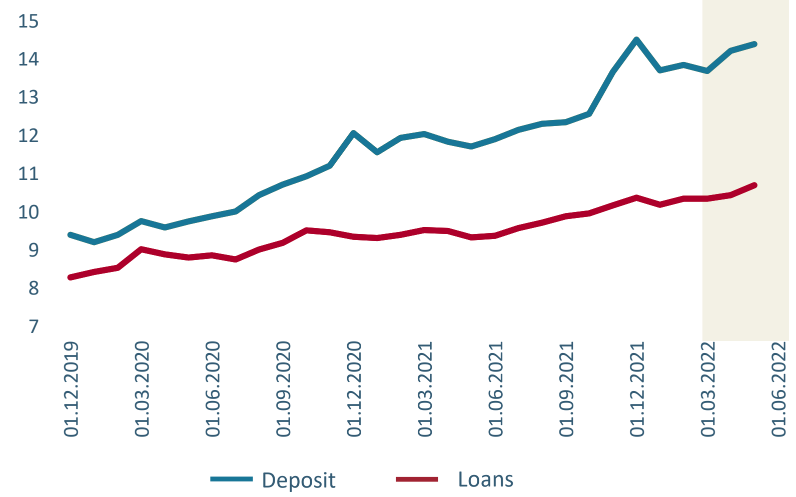
HUF/EUR rate



Household volumes (HUF, thous. bn)



Corporate volumes (HUF, thous. bn)

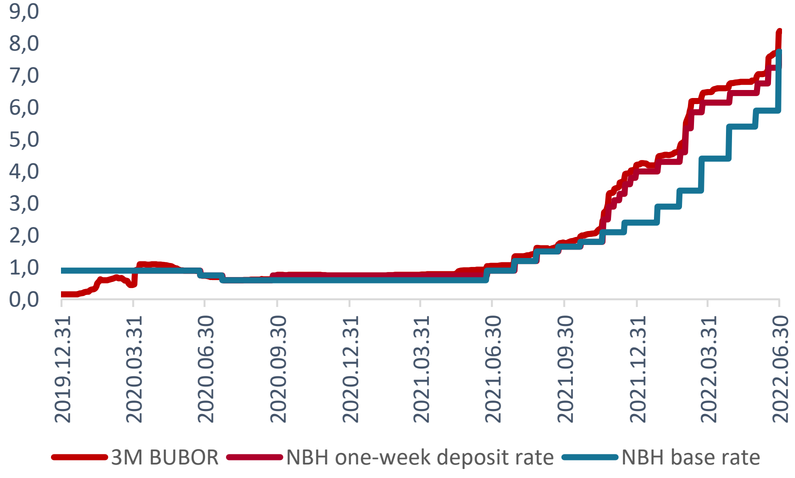


Due to high inflation monetary tightening continued and intensified in Q2 2022

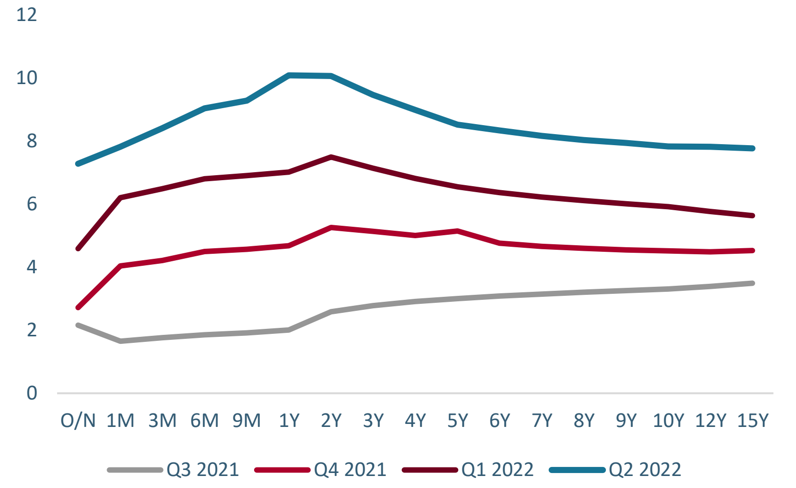
Business Environment - Macroeconomics

- With inflationary pressures and upside risks continuing to build, the National Bank of Hungary (NBH) has continued and intensified the cycle of monetary tightening that started in the summer of 2021. The base rate rose from 4.4% at the end of March to 7.75% in the second quarter. At the end of June, the NBH closed the base rate and the one-week deposit rate. According to the central bank's communication, the cycle of rate hikes could last until inflation rises in Hungary (the peak is expected in the autumn months).
- The rising central bank deposit rate led to changes in the SWAP yield curve, which rose by around 200 basis points at both the short and long ends during the quarter. The ÁKK benchmarks also rose, but shorter maturities have seen more modest increases in recent months.

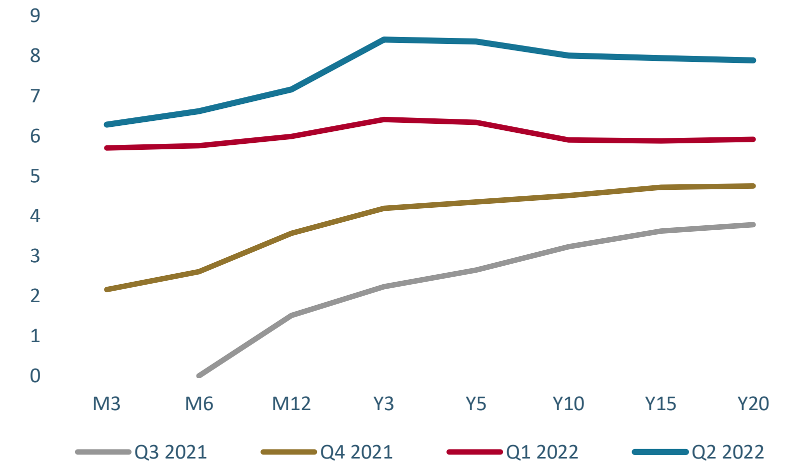
NBH rates and 3M BUBOR (%)



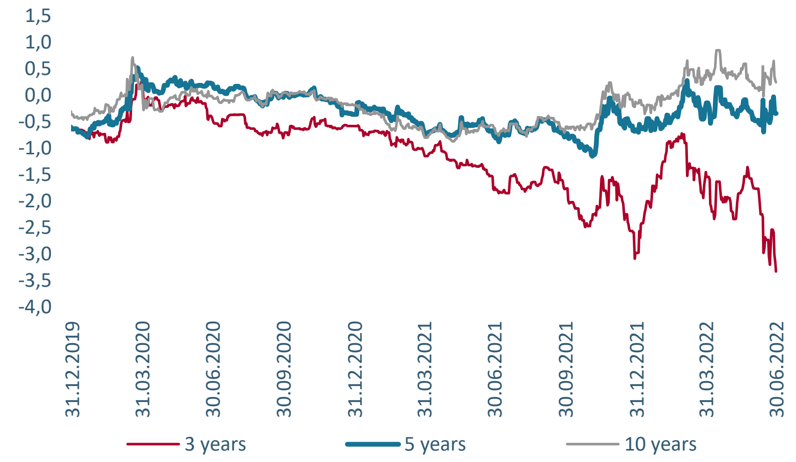
SWAP yield curves (%)

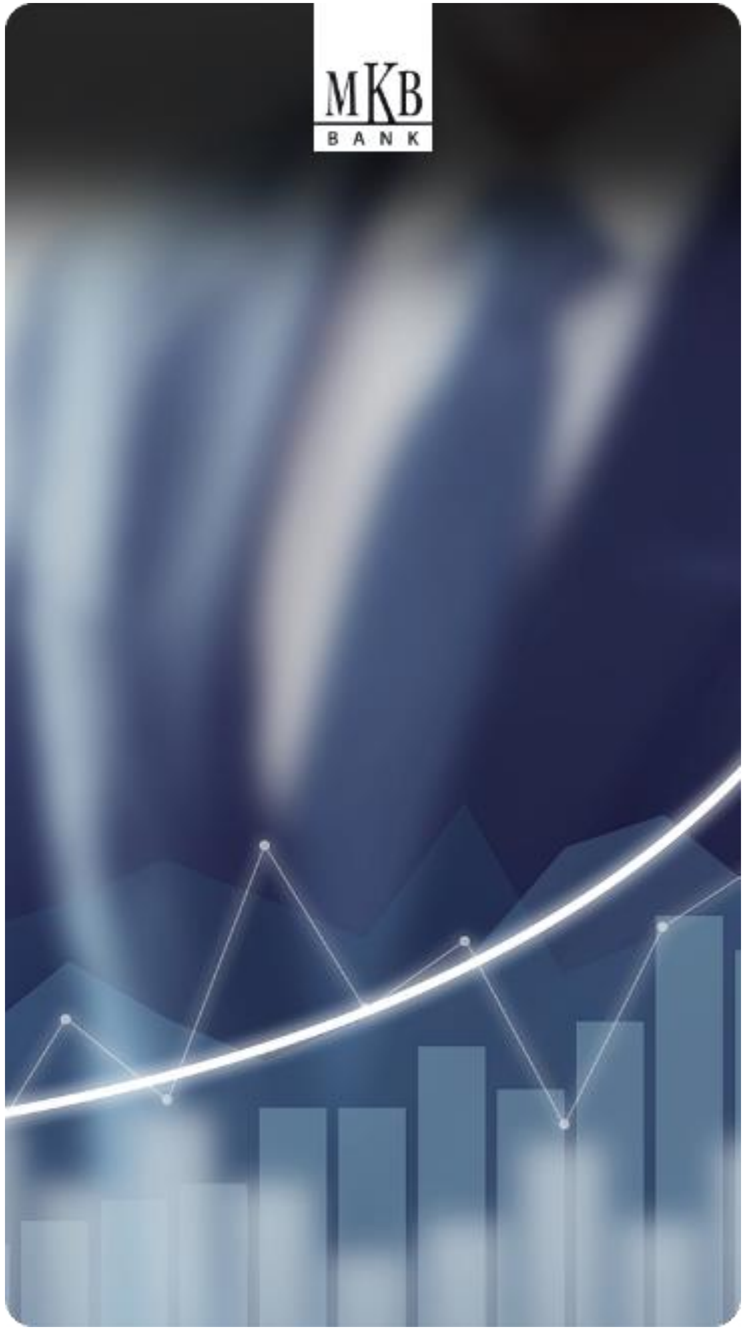


Government bond benchmark yields (%)



Government bond yield - SWAP spread (%-pts)

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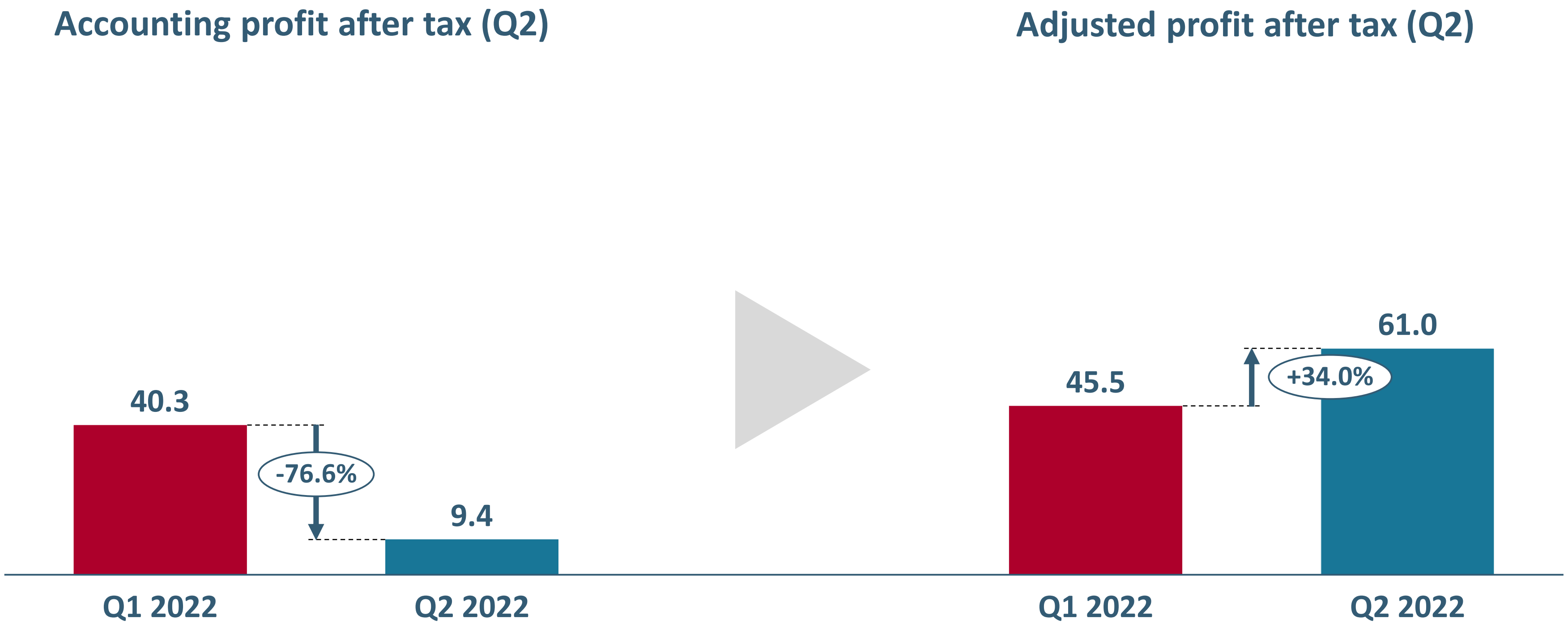
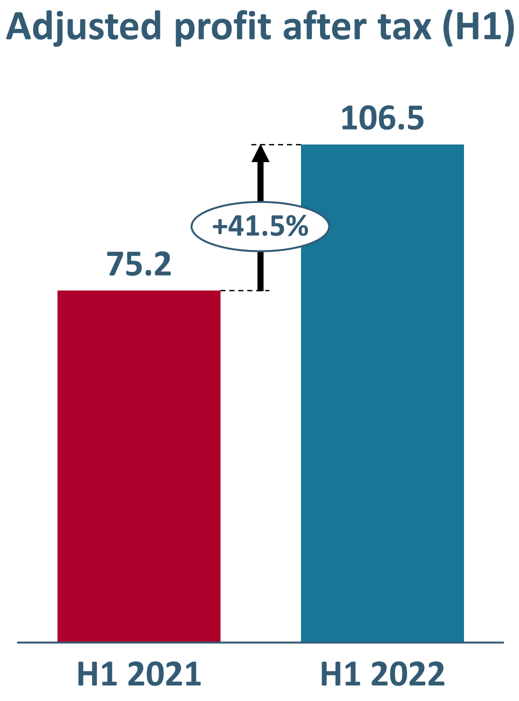
Decrease in pro-forma accounting profit due to the extra banking tax, however significant increase in adjusted profit after tax

Adjusted Profit After Tax

Q/Q development of after-tax profit (HUF bn)



Y/Y development of adj. PAT (HUF bn)



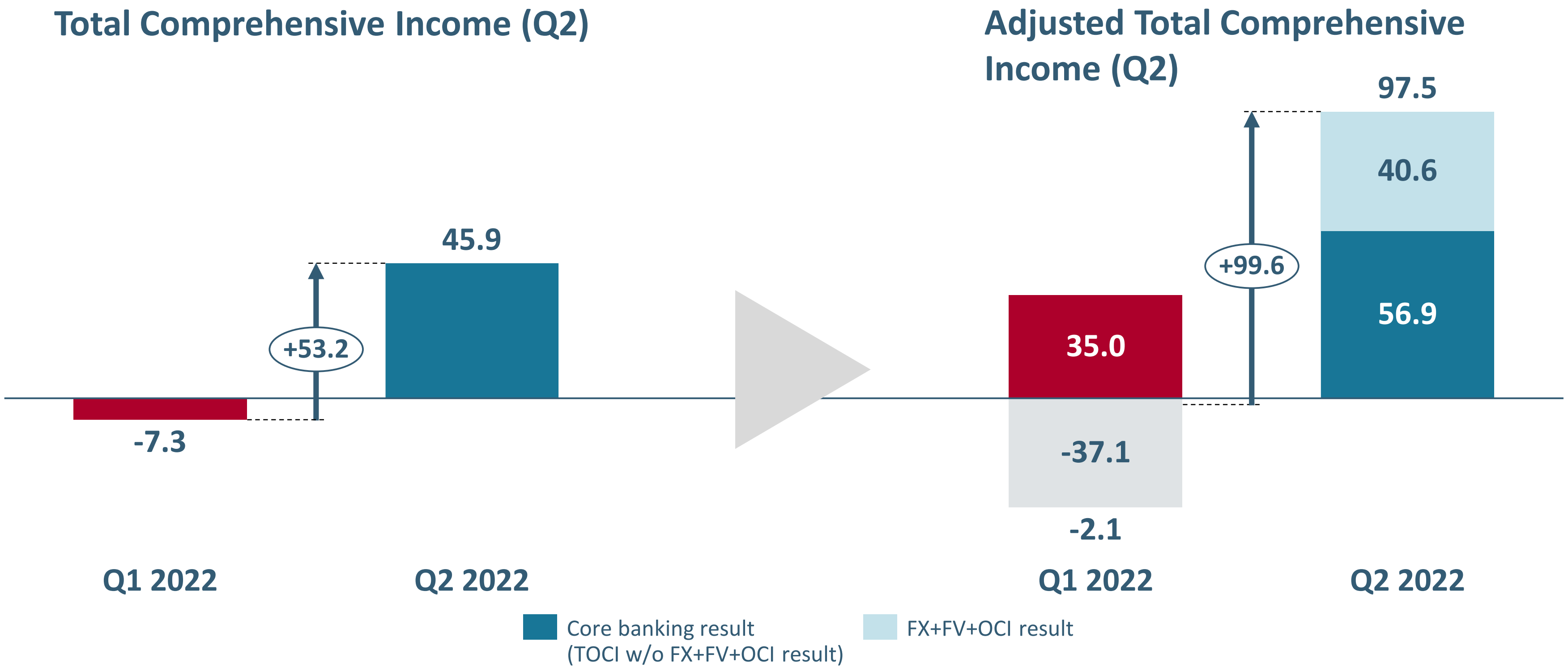
- **Accounting profit after tax in Q2 2022 was 76.6% lower than in the previous quarter mainly due to the extra profit tax adjustment of HUF 30.6 bn.**
- Adjusted profit after tax for Q2 2022, however, exhibited an q/q increase of 34.0% which was driven mainly by the growing core income and the increased operating efficiency evidenced by decreased cost-to-income ratio, as well as by the sustaining stable portfolio quality and prudent portfolio management.
- The total adjusted net income generated by MKB for the first half of 2022 totaled HUF 106.5 bn, increased by 41.5% y/y compared to H1 2021, reflecting the increased profitability of the Group.

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

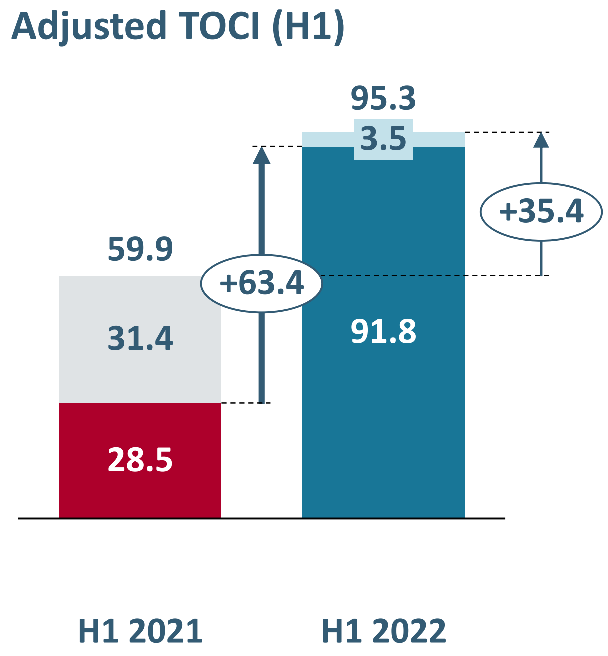
Core banking income attributed mainly (HUF 91.8bn) to the Adjusted TOCI for H1 2022

Adjusted Profit After Tax - TOCI

Q/Q development of TOCI (HUF bn)



Y/Y dev. of adj. TOCI (HUF bn)



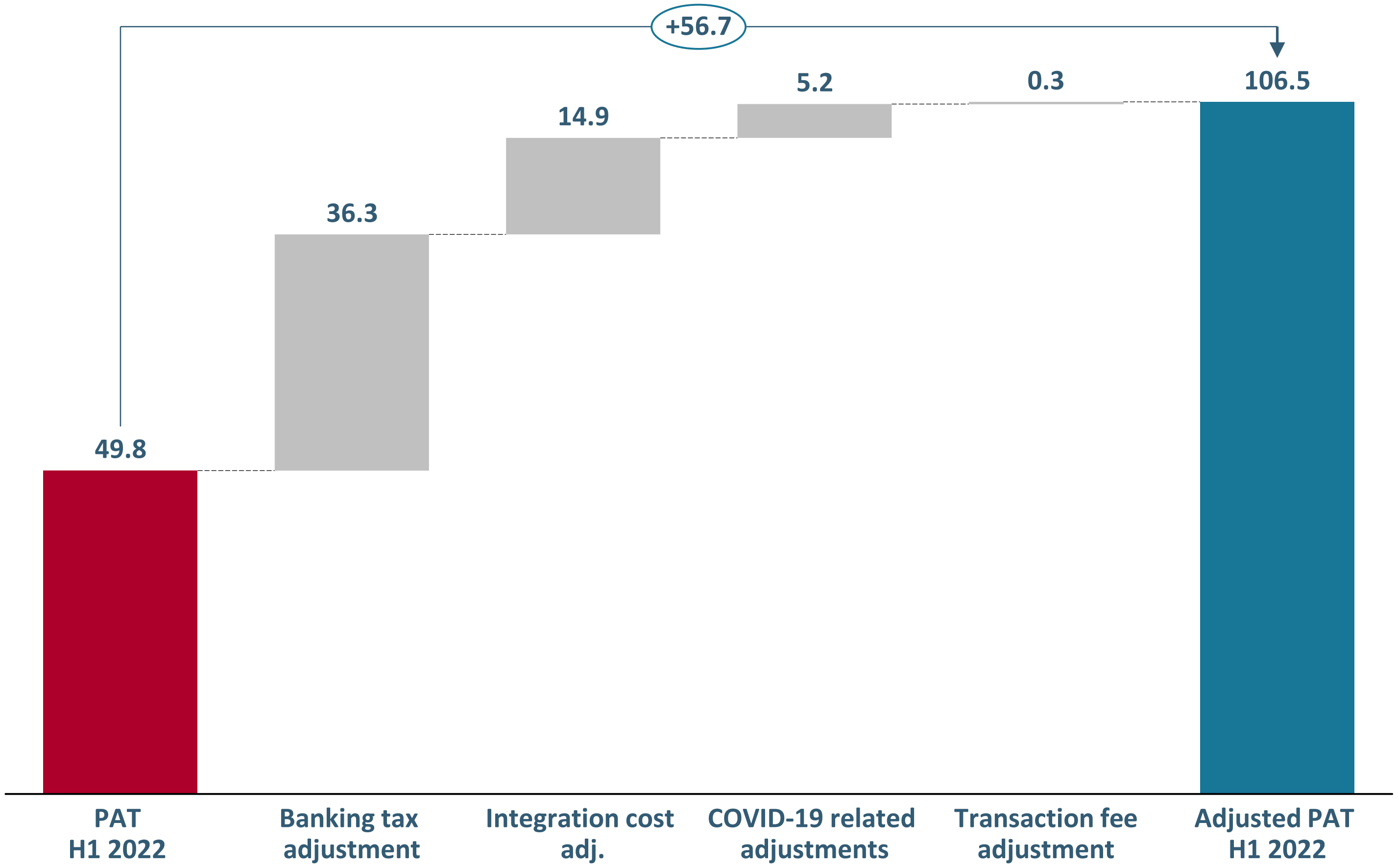
- **MKB Group's Adjusted Total Comprehensive Income for Q2 2022 was HUF 97.5 bn**, significantly outperforming previous quarter's result (+HUF 99.6 bn q/q). Within TOCI, the core banking result increased by HUF 21.9 bn (+62.6% q/q), **demonstrating a well-balanced income structure of the Group.**
- The sum of FV, FX and OCI results in Q2 2022 amounted to HUF 40.6 bn, showing a significant improvement compared to the HUF 37.1bn loss in the previous quarter. This result was mainly attributable to the outstanding accomplishment of the Treasury desks who also managed to keep risks on a moderate level at the same time.

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

Adjustment of extra-profit tax represent the most significant PAT adjustment in H1

Adjusted Profit After Tax - Adjustments

Q2 2022 adjusted Profit after tax breakdown (HUF bn)



In order to foster understanding of the underlying financial performance, MKB Group uses adjustments in its Flash reports.

- **Banking tax adjustment totaling HUF 36.3 bn** includes adjustments related to the normalization of banking tax between quarters to better reflect the periodic performances, as well as an adjustment of HUF 30.6 bn related to the extra profit special tax
- **Integration cost adjustment** comprises of integration expenses in relation to the merger of MKB Bank, Budapest Bank and Takarékbank.
- **Covid-19 adjustments applied to eliminate** the distortion effect of the pandemic.
- **Transaction fee adjustment** related to the normalization of transaction fee between quarters.

Please note, from Q1 2022 the Banking tax is only normalized and allocated throughout the year to better reflect the periodic performances and not adjusted from the accounting PAT as it was in previous years.

HUF 106.5 bn adjusted PAT in H1 2022 was mostly driven by the increase in Net interest income

Financial Performance – P&L

ADJUSTED P&L (HUF bn)	MKB BANK									MKB pre-merger	
	2021			2022			Δ%	Δ%	Δ%	2021	2022
	Q2	Q2 (Y)	FY	Q1	Q2	Q2 (Y)	Y/Y (Y)	Y/Y	Q/Q	FY	Q1
Net operating income	**36.5**	**84.6**	**155.8**	**52.4**	**68.3**	**120.7**	**42.7%**	**86.9%**	**30.3%**	**84.2**	**29.6**
Gross operating income	**78.7**	**169.6**	**338.6**	**96.2**	**118.9**	**215.1**	**26.8%**	**51.1%**	**23.6%**	**132.3**	**42.3**
Net interest income	51.5	96.4	200.6	75.4	96.9	172.4	78.9%	88.4%	28.6%	53.8	25.2
Net fee and commission income	17.4	33.3	71.7	18.0	20.4	38.4	15.1%	17.3%	13.3%	24.8	5.5
Other operating income	9.9	39.9	66.2	2.8	1.6	4.3	-89.1%	-84.0%	-43.0%	53.7	11.7
FX and FV result	13.8	46.7	85.0	10.5	4.1	14.6	-68.7%	-70.1%	-60.9%	65.1	14.9
Other income	-3.9	-6.8	-18.8	-7.8	-2.5	-10.3	50.3%	-35.0%	-67.3%	-11.4	-3.2
General admin. expenses	**-42.1**	**-85.0**	**-182.8**	**-43.7**	**-50.6**	**-94.4**	**11.1%**	**20.1%**	**15.7%**	**-48.1**	**-12.7**
Provisions and impairments [1]	**-0.5**	**0.8**	**-21.3**	**1.1**	**-0.3**	**0.7**	**-5.6%**	**-34.5%**	**-**	**-2.0**	**3.4**
Banking tax	**-1.6**	**-2.0**	**-5.4**	**-4.1**	**-1.4**	**-5.4**	**174.6%**	**-16.3%**	**-66.5%**	**-3.4**	**-1.4**
Adjusted PBT	**34.4**	**83.4**	**129.0**	**49.4**	**66.6**	**116.0**	**39.1%**	**93.5%**	**34.7%**	**78.8**	**31.7**
Corporate income tax	-4.0	-8.2	-9.9	-3.9	-5.6	-9.6	16.7%	39.4%	42.5%	-4.3	-2.7
Adjusted PAT	**30.4**	**75.2**	**119.1**	**45.5**	**61.0**	**106.5**	**41.5%**	**100.7%**	**34.0%**	**74.5**	**29.0**
Adjustments total on PAT [2]	9.8	19.6	47.1	5.2	51.5	56.7	189.0%	426.7%	895.5%	14.5	5.5
Profit after tax (PAT, unadjusted)	**20.6**	**55.6**	**72.0**	**40.3**	**9.4**	**49.8**	**-10.5%**	**-54.2%**	**-76.6%**	**60.0**	**23.5**
Revaluation on AFS financial assets (OCI)	-3.4	-15.3	-28.9	-47.6	36.5	-11.2	-27.1%	-	-	-20.0	-12.7
Total Comprehensive Income (unadjusted)	**17.2**	**40.3**	**43.1**	**-7.3**	**45.9**	**38.6**	**-4.2%**	**166.6%**	**-**	**40.0**	**10.8**
Adjustments total on TOCI	9.8	19.6	47.1	5.2	51.5	56.7	189.0%	426.7%	895.5%	14.5	5.5
Total Comprehensive Income	**27.0**	**59.9**	**90.2**	**-2.1**	**97.5**	**95.3**	**59.0%**	**260.9%**	**-**	**54.5**	**16.3**

[1] Includes provision for losses on loan, as well as other provisions and impairments

[2] The 3.1. chapter of the Flash report contains the list of adjustments

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

Value creation for shareholders with ROAE of 33.89% in Q2 2022

Financial Performance – KPIs

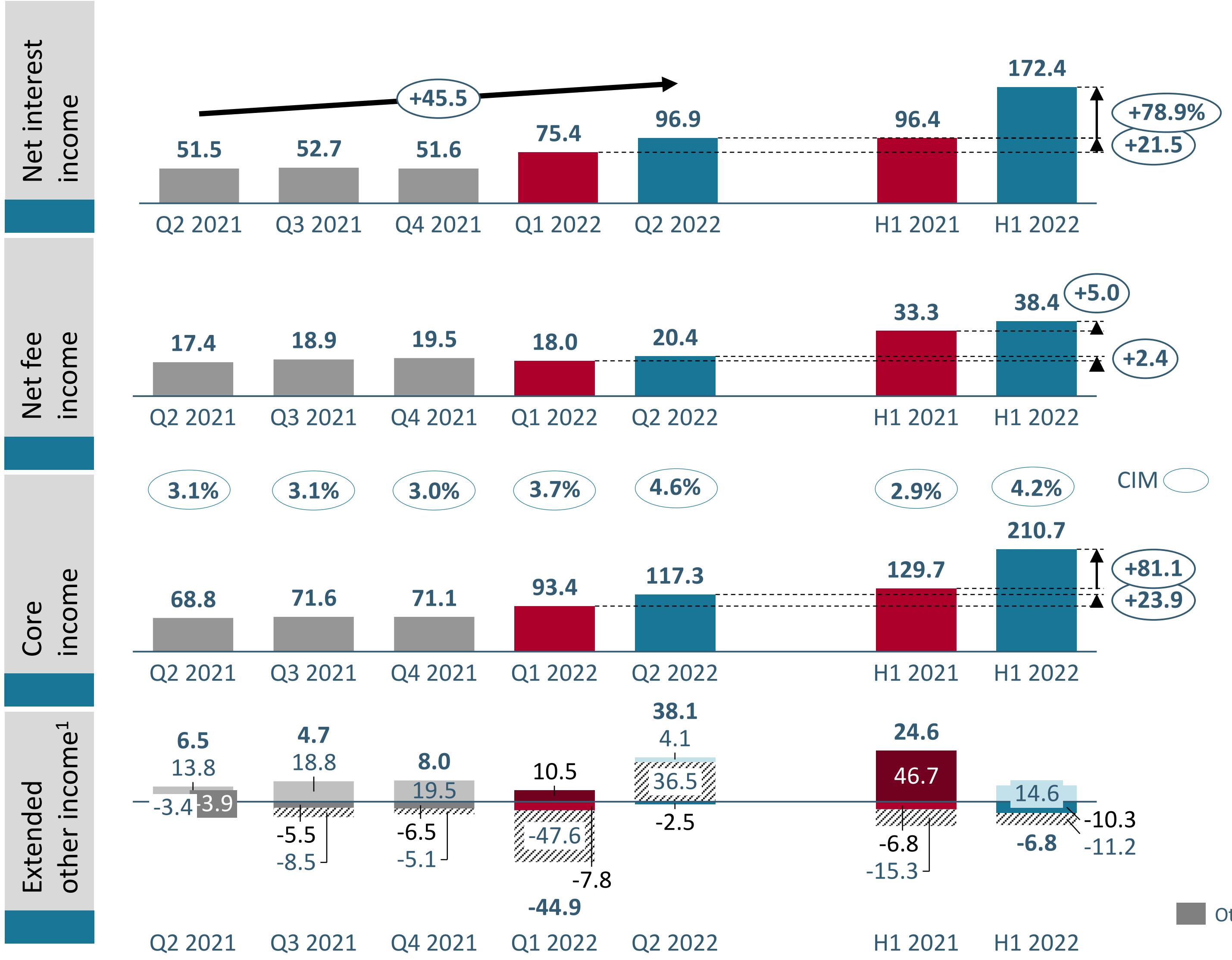
KPIs based on adjusted PAT (HUF bn)	MKB BANK									MKB pre-merger	
	2021			2022			Δ%-p	Δ%-p	Δ%-p	2021	2022
	Q2	Q2 (Y)	FY	Q1	Q2	Q2 (Y)	Y-Y (Y)	Y-Y	Q-Q	FY	Q1
Profitability											
TRM - Total Revenue Margin	3.52%	3.82%	3.71%	3.84%	4.65%	4.25%	0.43%	1.13%	0.81%	4.33%	4.76%
NIM - Net Interest Margin	2.30%	2.17%	2.20%	3.01%	3.79%	3.40%	1.23%	1.49%	0.78%	1.76%	2.83%
NFM - Net Fee Margin	0.78%	0.75%	0.79%	0.72%	0.80%	0.76%	0.01%	0.02%	0.08%	0.81%	0.61%
CIM - Core Income Margin	3.08%	2.92%	2.98%	3.73%	4.58%	4.16%	1.24%	1.50%	0.85%	2.57%	3.44%
Efficiency											
CIR - Cost-to-Income Ratio	53.56%	50.11%	53.99%	45.49%	42.57%	43.88%	-6.23%	-10.99%	-2.91%	36.38%	30.01%
C/TA - Cost-to-Total Assets	1.89%	1.91%	2.00%	1.75%	1.98%	1.86%	-0.05%	0.09%	0.23%	1.58%	1.43%
ROAE - Return on Average Equity	18.10%	22.55%	17.54%	25.93%	33.89%	29.96%	7.41%	15.79%	7.96%	31.83%	45.45%
ROMC - Return on Minimum Capital Required	23.28%	29.14%	22.65%	34.51%	47.81%	41.05%	11.91%	24.53%	13.29%	47.65%	68.11%
Risk% - Risk Cost Ratio	-0.09%	-0.22%	0.13%	-0.22%	0.15%	-0.03%	0.19%	0.24%	0.37%	0.14%	-1.08%
Equity share information											
EPS - Earning Per Share (HUF, annualized)	390.4	483.3	382.6	584.6	783.5	684.1	200.7	393.2	198.9	744.6	1,159.5

- Net interest margin continued to increase, reaching 3.79% in Q2 2022, with a growth of 0.78%p q/q and 1.49%p y/y, reflecting the rising interest rate environment and MKB Group's ability to pass on the increasing cost of funding.
- The Cost-to-Income ratio of 42.57% exhibits significant decreases compared both to Q1 2022 and to FY 2021, reflecting the increasing income generating capability improving operating efficiency of MKB Group.
- MKB Group generated an impressive return of 33.89% on average equity for Q2 2022, which demonstrates MKB's outstanding ability of creating added value for its shareholders.

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

Further increase in core income was mainly attributable to the rising interest rate environment

Financial Performance – P&L



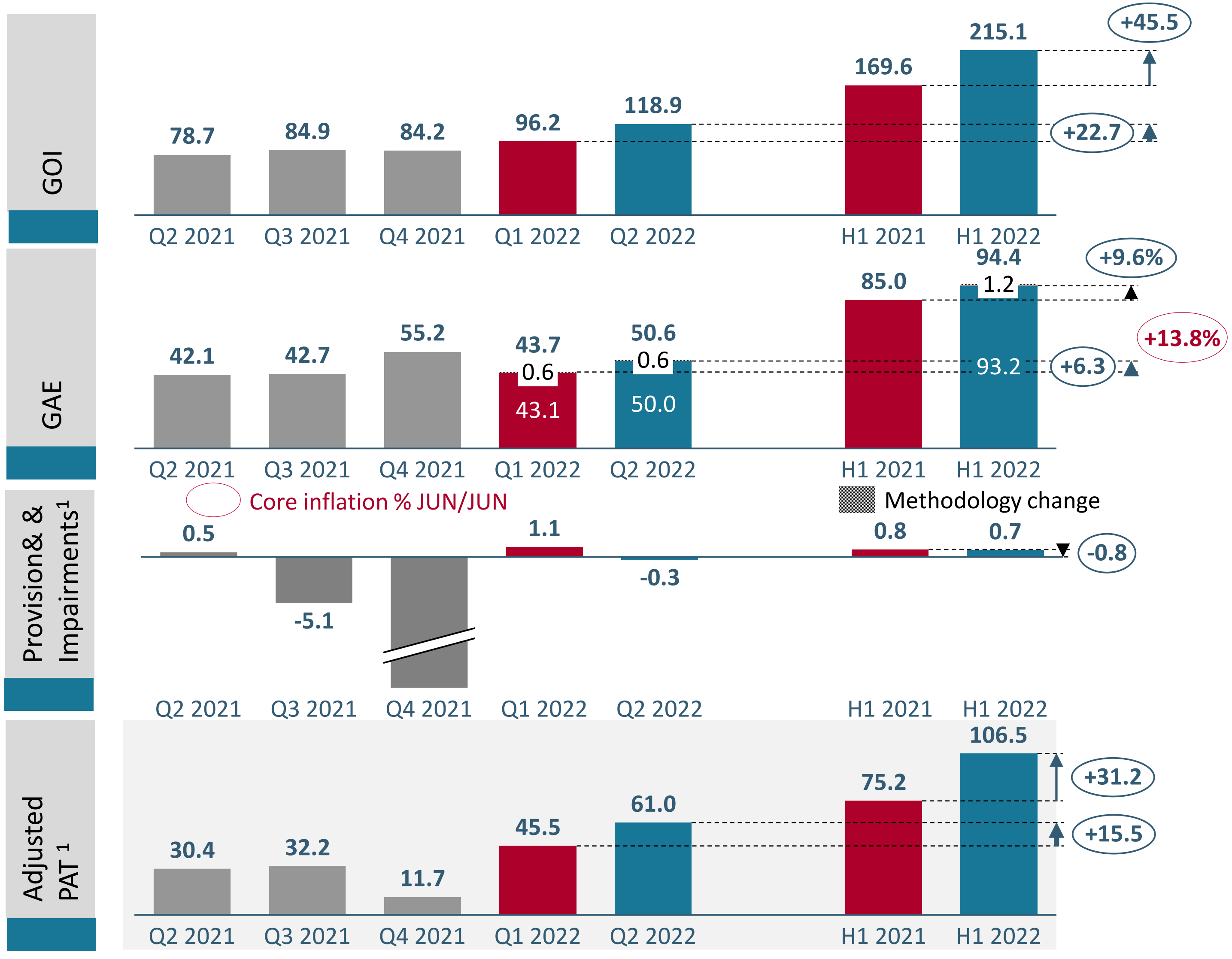
[1] Other income + FX + FV + OCI

- **Net interest income reached HUF 96.9 bn in Q2 2022 (+28.6% q/q, +88.4% y/y),** which is a substantial growth that was mainly driven by the rising interest rate environment, coupled with the continuously intensifying ALM activities (investing in securities and trading financial assets) while keeping risks at moderate levels.
- **Net fee & Commission income reached HUF 20.4 bn in Q2 2022 (+13.3% q/q, +17.3% y/y)** after a slight decrease driven by seasonality effect in the first quarter of the year.
- **Consequently, MKB's Core income amounted to HUF 117.3 bn in Q2 2022 (+25.6% q/q; +70.5% y/y),** while the core income margin, which experienced a steep increase of 0.7 percentage point compared to Q1 2022, has been showing a sustainable long-term upward trend.
- **Extended other income totaled HUF 38.1 bn in Q2 2022** with the q/q changes being driven by volatile money market conditions through OCI and FV & FX results.

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

Increasing customer related income together with improving operating efficiency contributed to substantial accumulated PAT

Financial Performance – P&L



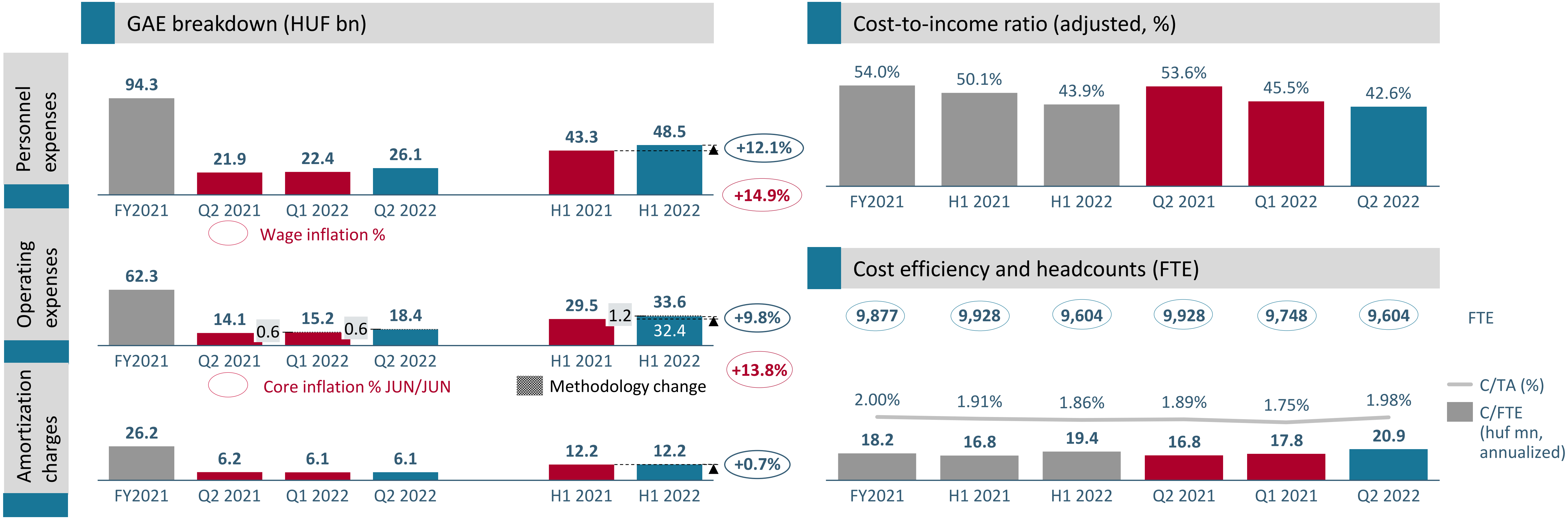
- **The Gross Operating Income of MKB has been increasing in every quarter, reaching HUF 118.9 bn (+HUF 22.7 bn q/q, +HUF 40.2 bn y/y) in Q2 2022,** which shows more than 50% growth compared to the same quarter last year. This continuous growth reflects the long-term operating profitability and efficiency of the Group.
- **HUF 50.6 bn (+HUF 6.9 bn q/q, +HUF 8.5 bn y/y) General Administrative Expense in Q2**: the 20.1% y/y increase was driven mainly by the increasing PEREX as a result of wage inflation and the rising inflation pressure. Methodology change was resulted by the change in common VAT group, which resulted a lower TAX deduction.
- **Due to strict cost control the H1 2022 adjusted GAE increased by 9.6%, which is lower than the 13.8% core inflation.**
- **The total amount of provisions and impairments of HUF 0.3 bn in Q2 2022** has an almost a neutral impact on the profitability of the Group, reflecting the constantly stable loan quality.
- **HUF 61.0 bn adjusted Profit after tax in Q2 2022.**

1 Includes provision for losses on loan, as well as other provisions and impairments

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

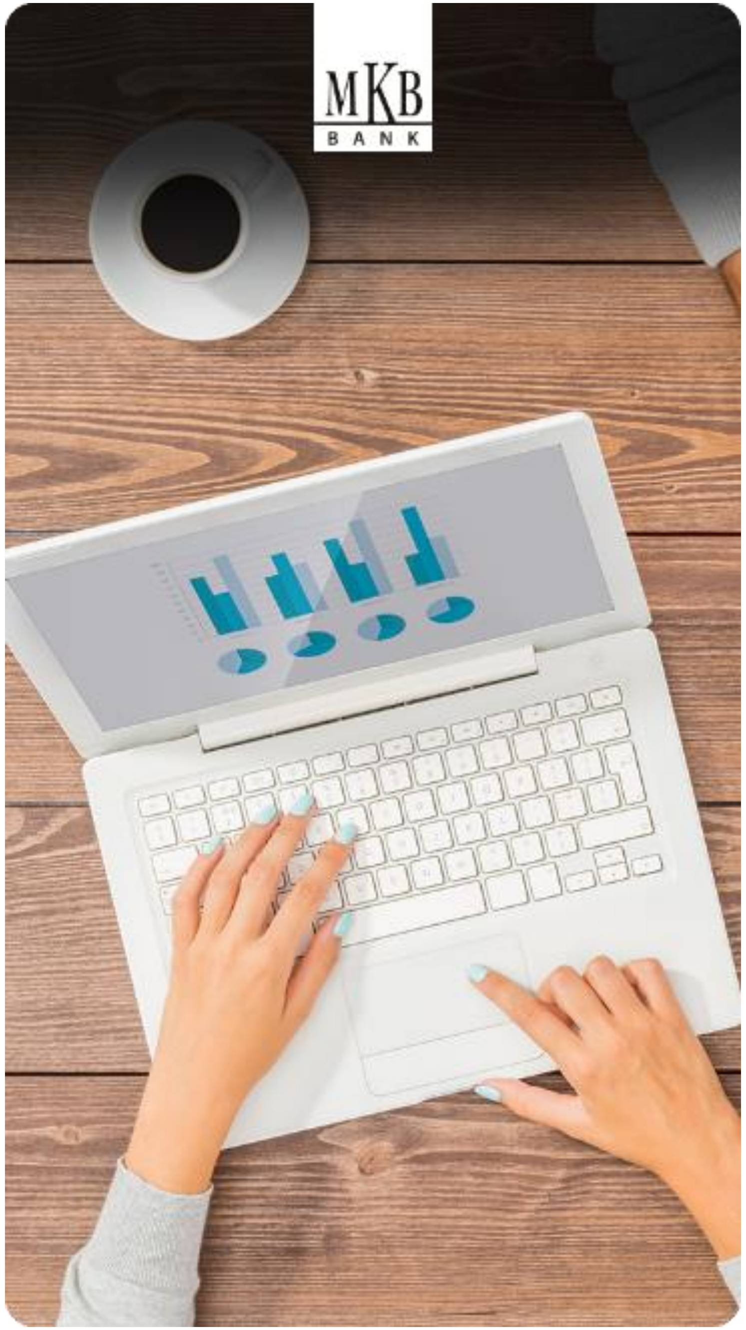
CIR ratio could decrease to 42.6% despite intensifying inflation pressure

Financial Performance – P&L Cost



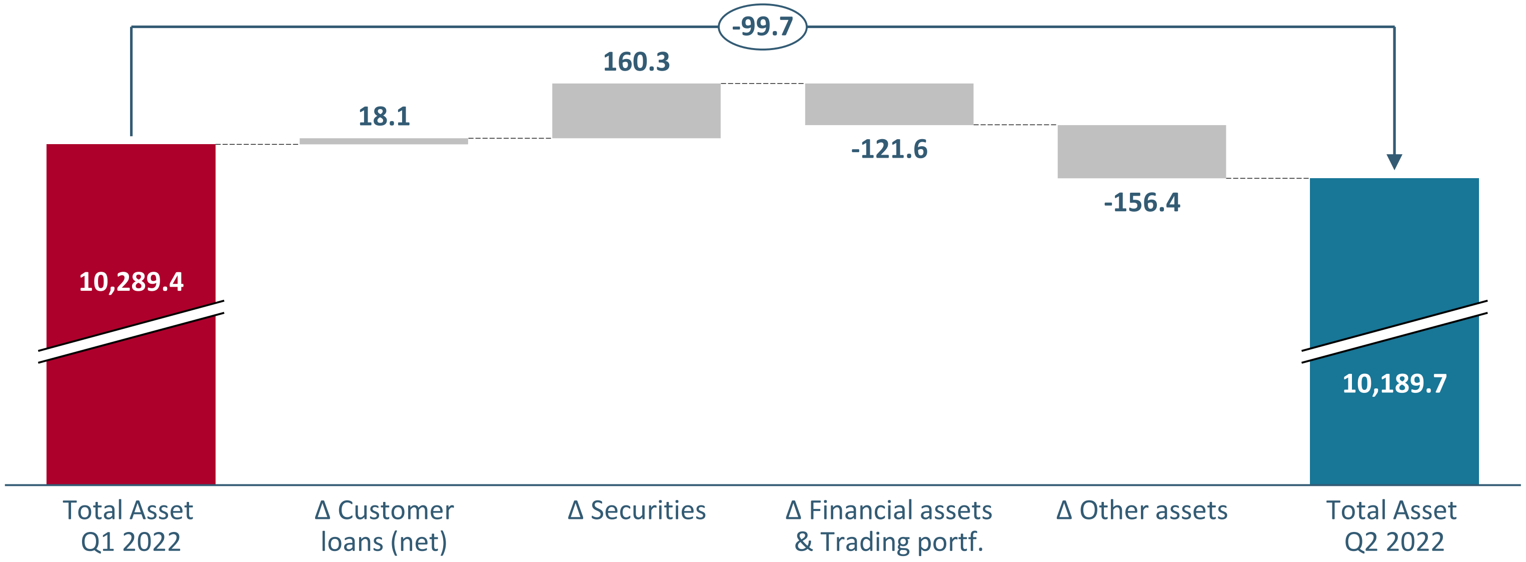
- Adjusted CIR of 42.6% shows a significant decreases of 11.0%p y/y as a result of the strict cost control measure, the realization of merger synergies, as well as the considerable increases in core income.
- Personnel expenses in H1 2022 grew by HUF 5.2 bn compared to H1 2021 (+12.1% y/y), which was driven mainly by the effect of wage inflation.
- **H1 2022 OPEX without methodology change increased by HUF 2.9 bn (+9.8% y/y), driven by the intensifying inflation and increasing energy prices.**
- **Due to strict cost control, both PEREX and OPEX increased on a lower pace compared to the inflation.**
- The amount of amortization charges, which was HUF 6.1 bn in Q2 2022, has been remaining stable throughout the last periods

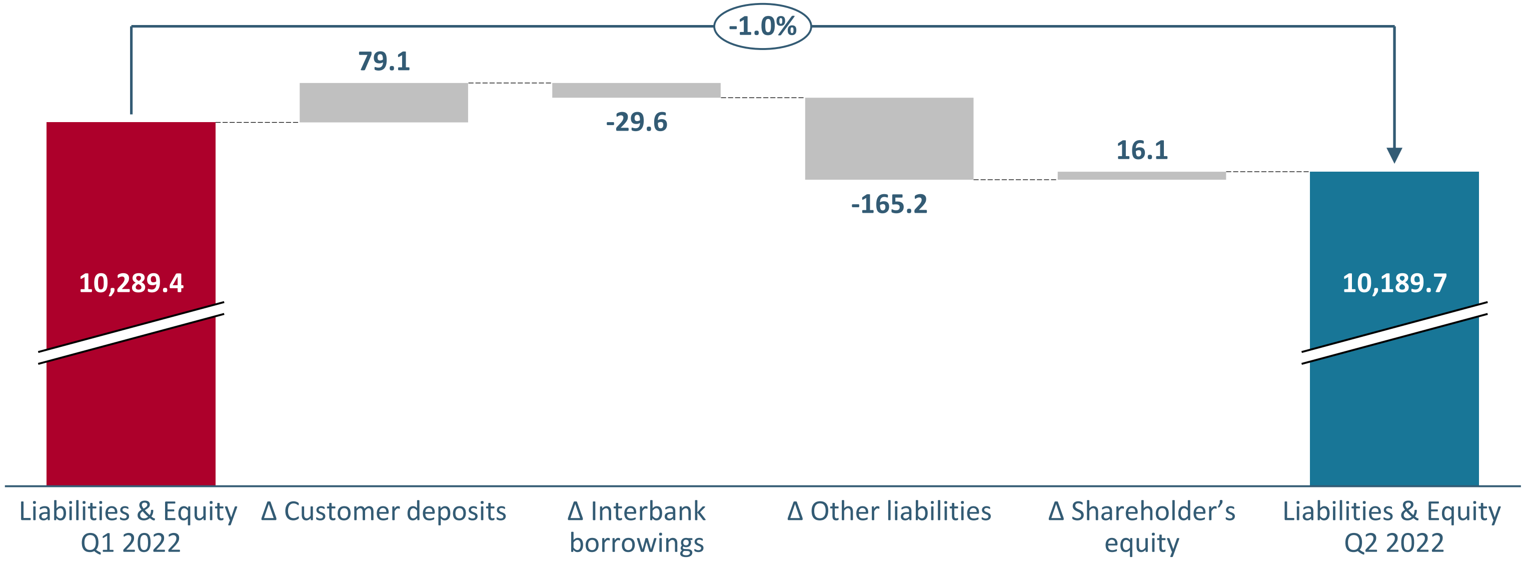
Note: Merged Bank's financials for periods prior to Q2 2022 are calculated on a pro-forma basis



Customer deposit could increase by HUF 79.1 bn even during MKB Bank merger

Assets & Liabilities





- **MKB Group's total assets decreased by 1.0% q/q,** resulting in HUF 10.2 trillion by the end of Q2 2022. The shrinking was mainly driven by the macroeconomic downturn in Q2, which resulted in a decreasing amount of financial assets and stable net loan portfolio.
- The increasing net customer loans and deposits demonstrates the fulfillment of MKB Bank's growth ambitions in addition to the merger.
- Other liabilities decreased by -HUF 165.2 bn q/q.
- Customer deposits increased in a steady pace during Q2 2022 by HUF 79.1 bn compared to Q1.
- The remaining excess liquidity was invested in securities, leading to a q/q growth of HUF 160.3 bn.
- Financial assets & Trading portfolio decreased by HUF 121.6 bn in Q1.
- **Shareholders' equity** increased by HUF 16.1 bn, contributing the sustainingly strong capital position of the Group.

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

After the merger MKB Bank became the 2nd largest bank in Hungary by total assets

Assets & Liabilities

STATEMENT OF BALANCE SHEET (HUF) bn	MKB BANK						MKB pre-merger			BB	MTB
	2021		2022		Δ%	Δ%	2021		2022	2022	2022
	Q2	Q4	Q1	Q2	Y/Y	Q/Q	Q2	Q4	Q1	Q1	Q1
Financial assets	1,854.4	2,342.5	1,838.0	1,634.0	-11.9%	-11.1%	374.8	893.4	1,093.7	537.5	751.1
Trading portfolio	111.0	193.9	337.6	420.1	278.5%	24.4%	48.1	107.4	181.0	25.7	0.0
Securities	2,848.6	2,689.1	3,120.8	3,281.1	15.2%	5.1%	1,379.2	1,000.7	1,177.3	745.7	1,480.3
Loans and advances to customers (net)	3,979.3	4,260.7	4,454.8	4,472.9	12.4%	0.4%	1,140.0	1,215.3	1,242.7	1,210.2	1,789.4
Loan and advances to customers (gross)	4,124.2	4,428.7	4,615.7	4,640.5	12.5%	0.5%	1,184.0	1,263.6	1,287.6	1,261.9	1,851.2
Allowance for loan and lease losses	-144.9	-168.0	-160.9	-167.6	15.7%	4.2%	-44.0	-48.3	-44.9	-51.6	-61.9
Other assets	277.7	260.0	538.1	381.7	37.5%	-29.1%	92.1	97.3	102.6	61.1	116.7
TOTAL ASSETS	**9,071.0**	**9,746.2**	**10,289.4**	**10,189.7**	**12.3%**	**-1.0%**	**3,034.1**	**3,314.2**	**3,797.3**	**2,580.2**	**4,137.5**
Interbank liabilities	2,392.0	2,149.3	2,456.6	2,427.0	1.5%	-1.2%	842.3	711.4	952.6	744.2	1,102.5
Customer deposits	5,373.0	6,218.8	6,188.4	6,267.5	16.6%	1.3%	1,840.9	2,216.1	2,217.5	1,572.0	2,382.1
Debt securities issued	*322.9*	*337.3*	*373.2*	*377.1*	16.8%	1.0%	*43.0*	*45.1*	*45.6*	*40.0*	*308.2*
Other liabilities	*303.1*	*348.8*	*559.4*	*390.3*	28.8%	-30.2%	*72.6*	*91.8*	*321.1*	*42.0*	*69.1*
Shareholders' equity	680.0	692.0	711.7	727.8	7.0%	2.3%	235.3	249.8	260.5	181.9	275.7
TOTAL LIABILITIES AND EQUITY	**9,071.0**	**9,746.2**	**10,289.4**	**10,189.7**	**12.3%**	**-1.0%**	**3,034.1**	**3,314.2**	**3,797.3**	**2,580.2**	**4,137.5**
Off-Balance sheet customer items (gross)	**1,350.1**	**1,422.9**	**1,489.9**	**1,609.0**	**19.2%**	**8.0%**	**503.8**	**539.5**	**572.4**	**393.6**	**537.7**
LTD - Loan-to-Deposit ratio	76.8%	71.2%	74.6%	74.0%	-2.7%-p	-0.5%-p	64.3%	57.0%	58.1%	80.3%	77.7%
Secutities ratio	32.1%	28.0%	30.9%	32.6%	0.5%-p	1.7%-p	45.9%	30.3%	31.3%	28.9%	35.8%
Allowance for losses/ Total assets	-1.6%	-1.7%	-1.6%	-1.6%	0.0%-p	-0.1%-p	-1.4%	-1.5%	-1.2%	-2.0%	-1.5%
RWA/TA - RWA/Total assets	40.0%	37.9%	36.1%	39.1%	-1.0%-p	3.0%-p	35.9%	33.8%	30.2%	41.9%	42.0%
CAR - Capital adequacy ratio	16.8%	18.4%	17.6%	17.0%	0.1%-p	-0.6%-p	17.8%	22.0%	20.3%	18.0%	15.1%
LCR	187.7%	315.7%	287.6%	257.9%	70.1%-p	-29.7%-p	137.8%	184.6%	136.5%	251.4%	135.4%
NSFR	131.1%	136.6%	132.1%	128.8%	-2.2%-p	-3.3%-p	128.2%	141.1%	136.4%	124.1%	122.9%

- The growth of total assets during the last 12 months was mainly driven by the customer deposits portfolio (+16.6% y/y), serving as a solid source of financing for the MKB group.
- Although total assets decreased during Q2 2022 (-1.0% q/q), customer deposits still grew in a stable rate (1.3% q/q)
- The need for interbank financing decreased in Q2 2022 significantly (-1.2% q/q).
- MKB Bank had a strong yearly increase of customer loan volumes (+12.4% y/y) exceeding the market, however macroeconomic downturn in Q2 2022 resulted in a stagnating loan volumes (0.4% q/q).
- **Loan-to-deposit ratio has continued its long-term decreasing trend, standing at 74.0% at the end of Q2 2022**
- The level of LCR (257.9%) and NSFR (128.8%) ratios are well above the regulatory minimum, assuring stable liquidity position of MKB Bank.

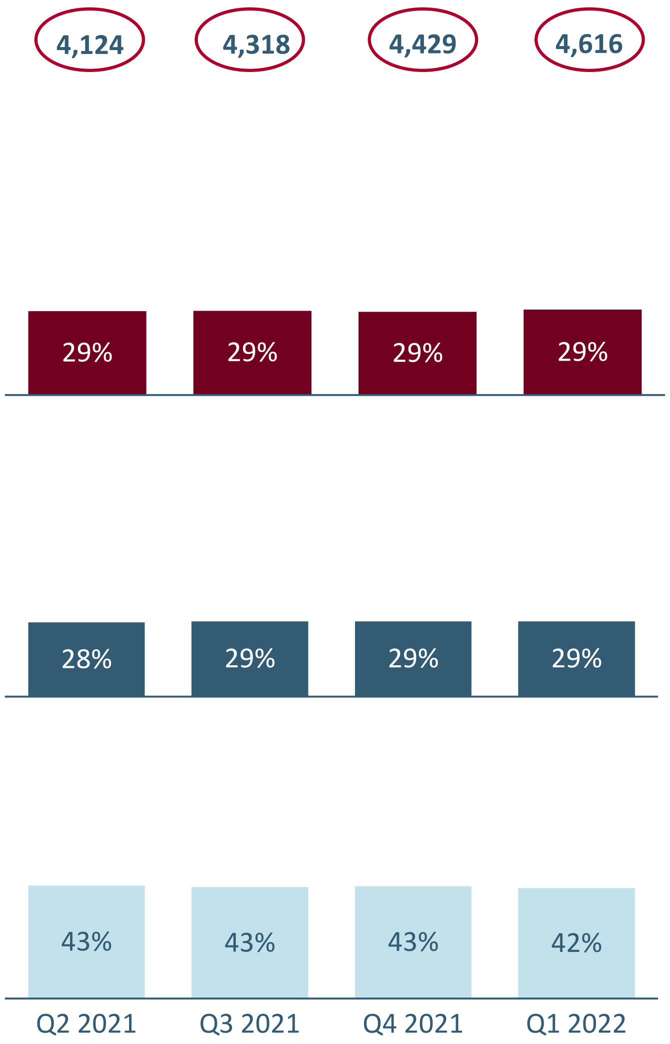
Note: Merged Bank’s financials for periods prior to Q2 2022 are calculated on a pro-forma basis


MKB
BANK

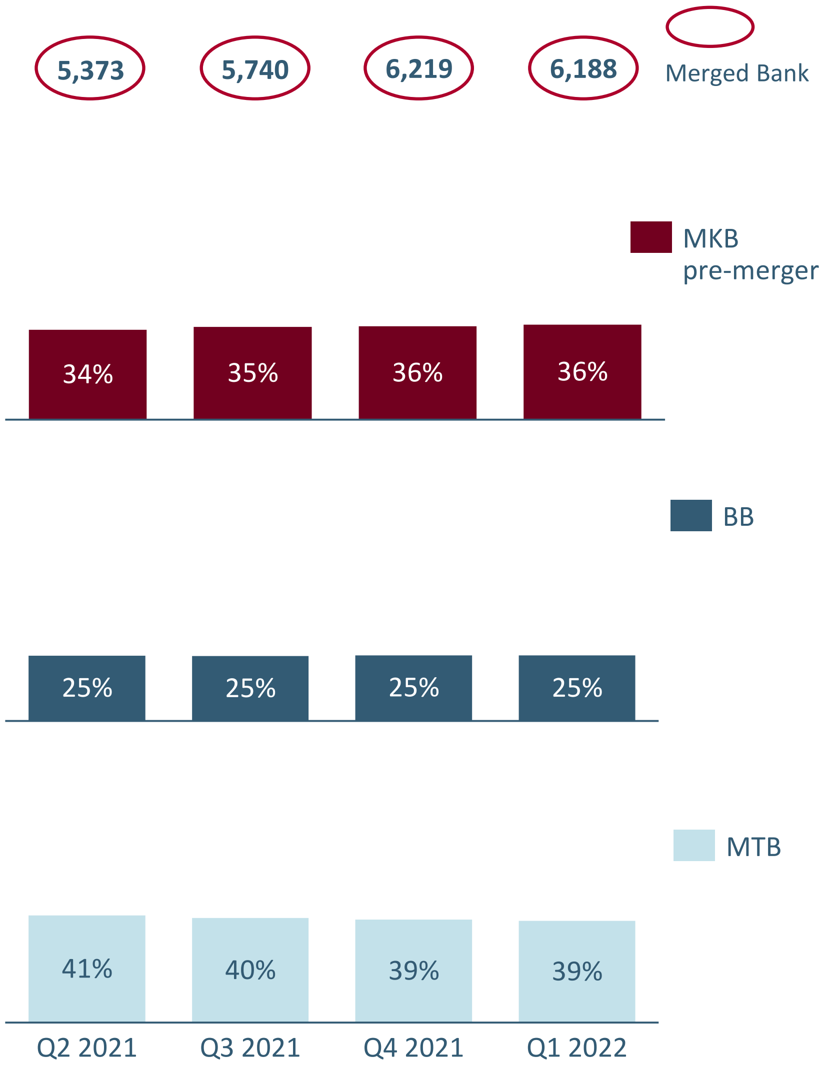
Historical development of loan and deposit portfolios of the three merging banks

Business Performance – Loans & Deposits Overview

Gross loan portfolio (HUFbn)



Customer deposit portfolio (HUFbn)



MKB Pre-merger

- The loan portfolio of MKB pre-merger represents 29% share in the total merged MKB Bank's gross loan portfolio, while customer deposit 36%.
- **MKB Core had a strong position in corporate lending, private banking, leasing and fund management businesses**

BB Group

- The loan portfolio of Budapest Bank represents 29% share in the total merged MKB Bank's gross loan portfolio, while customer deposit 25%.
- **BB had advanced urban retail banking and micro/SME capabilities**

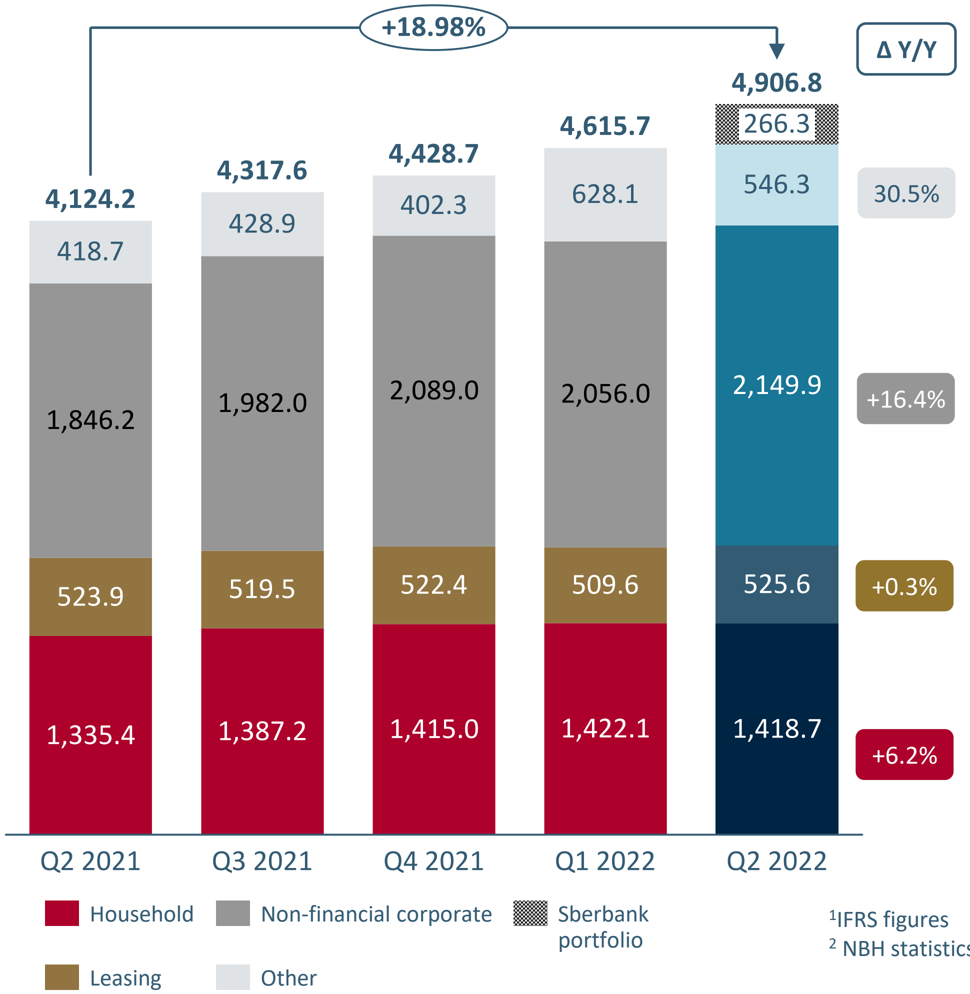
MTB Group

- The loan portfolio of MTB Group represents 42% share in the total merged MKB Bank's gross loan portfolio, while customer deposit almost 40%.
- **MTB had a leading position in the rural, agricultural and micro/SME segments**

Overview of the loan portfolio of the Merged MKB Bank

Business Performance – Overview

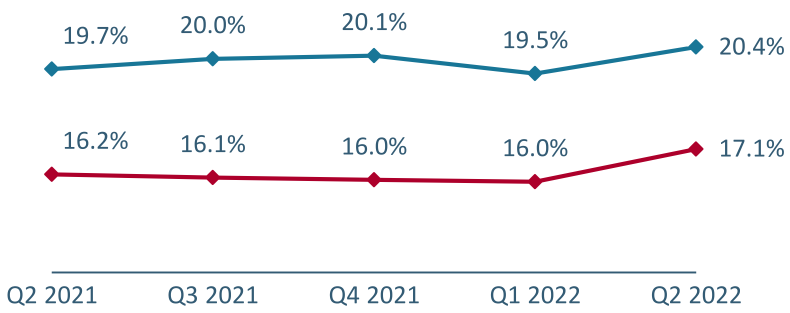
Development of gross loan[1] portfolio (HUFbn)



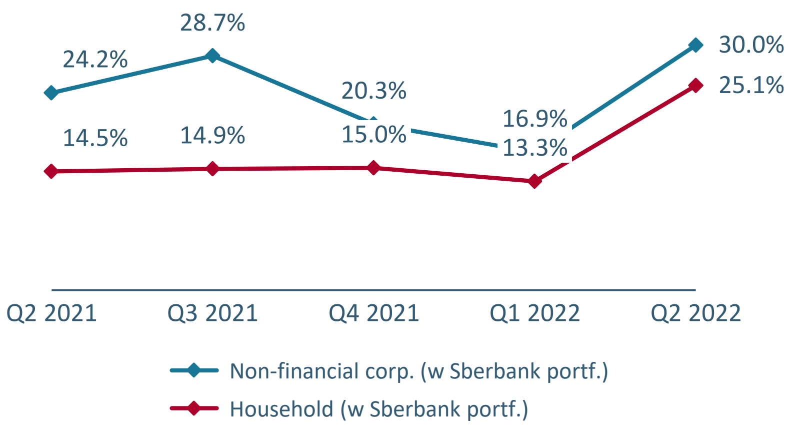
[1]IFRS figures
[2] NBH statistics

Market shares[2] (%)

Gross loan portfolio



New loan contracted amount & acquisition (HUF bn)



Please note: The segments are formed according to the requirements to be used in the reports prepared for NBH. As the purchase of Sberbank's loan portfolio is in process, the respective portfolio is included in MKB's Q2 volumes for indicative purposes to comprehensively reflect the Group's position

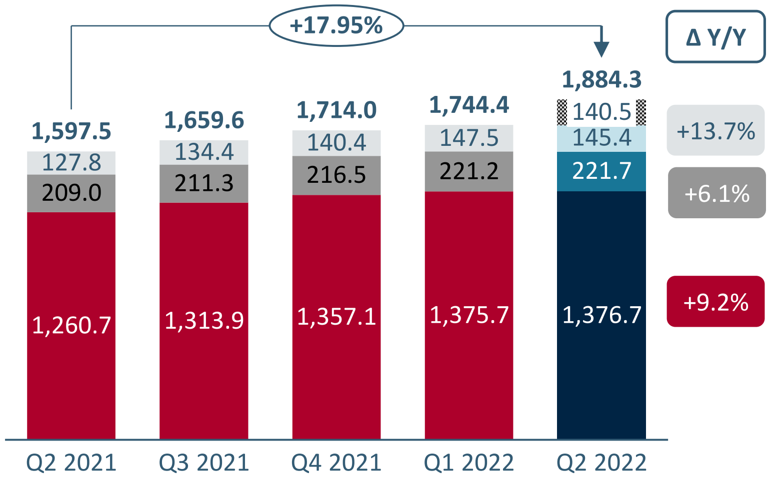
Figures presented on the page already include the effect of the purchased Sberbank portfolio, unless stated otherwise.

- **The total amount of MKB's gross loan,** despite the unfavorable economic environment, **continued its long-term growth during the second quarter of the year, generating a y/y increase of 19.0% (+HUF 782.6) and a q/q increase of 6.3% (HUF 291.1)**
- **The corporate segments** (without Sberbank) has experienced an impressive growth with the volume of loans provided to non-financial corporations increased by 16.4% (+HUF 303.6 bn y/y) compared to Q2 2021, exceeding HUF 2.1 trillion by the end of Q2 2022.
  - This growth was driven mainly by the Group continuous active participation in subsidized and refinanced economic stimulus programs, as well as in loan guarantee programs.
- **The portfolio of loans provided to households** (without Sberbank) experienced a slight decline of 0.2% compared Q1 2022, however on an annual basis, it grew by 6.2%.
- The market share of MKB loans have increased in both the household and the corporate segment, attributable to the acquisition of the Sberbank portfolio.

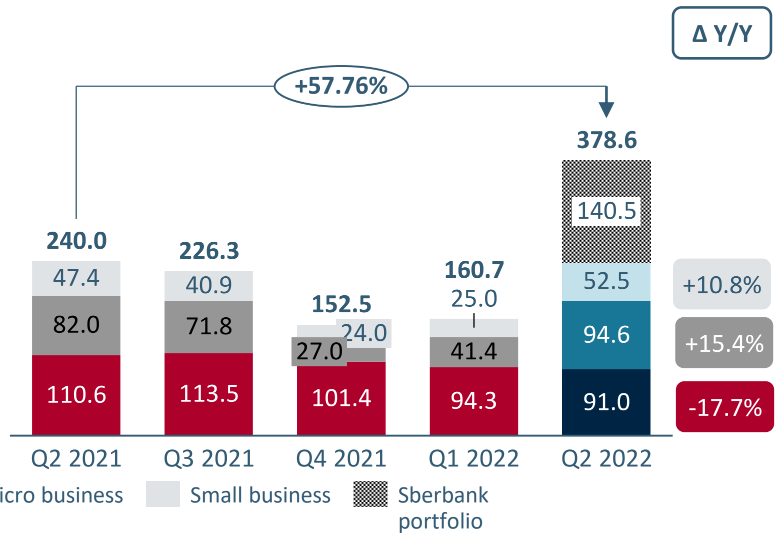
The Standard business segment’s gross loan portfolio increased by 18.0% altogether with the Sberbank portfolio

Business Performance – Standard Business - Loans

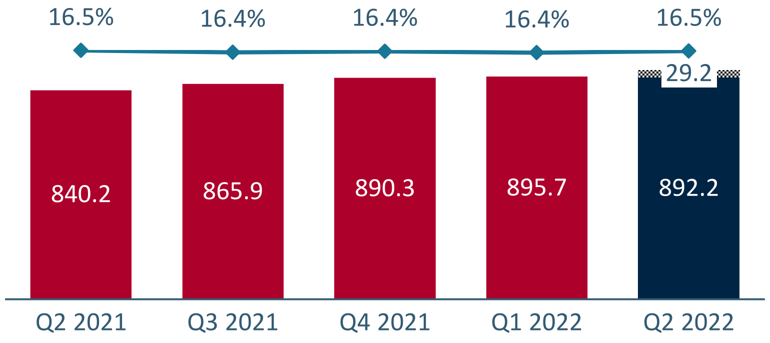
Standard business loans – Gross volume (HUFbn)



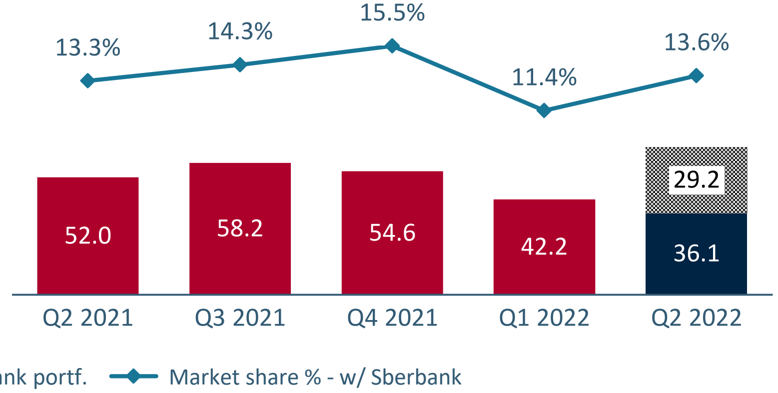
Standard business loans – New loan contracted amount & acquisition (HUFbn)



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



Retail mortgage loans – New loan contracted amount & acquisition (HUFbn) and market shares (%)



Figures presented on the page already include the effect of the purchased Sberbank portfolio, unless stated otherwise.

Retail (Mass & Premium):

- Business loan volumes organically increased by HUF 116.0 bn y/y (+9.2%) in the retail segment. Between Q1 2022 and Q2 2022 however, loan volumes stagnated, attributable to the slowing loan market.
- **The volume of new loan contracted & acquisition increased by 57.8% y/y taking the Sberbank acquisition into account.**
- The volume of retail mortgage loans steadily grew on a y/y basis by HUF 81.1 bn, while the Sberbank acquisition broke its stagnating trend on a q/q basis. Market share of retail mortgage loans increased by 0.1 %-pp.
- **The volume of retail mortgage loan contracted & acquisition** amounted to HUF 65.2 bn in Q2 2022, altogether with the Sberbank portfolio, exhibiting an increase of HUF 23.1 bn q/q.

Micro and small business:

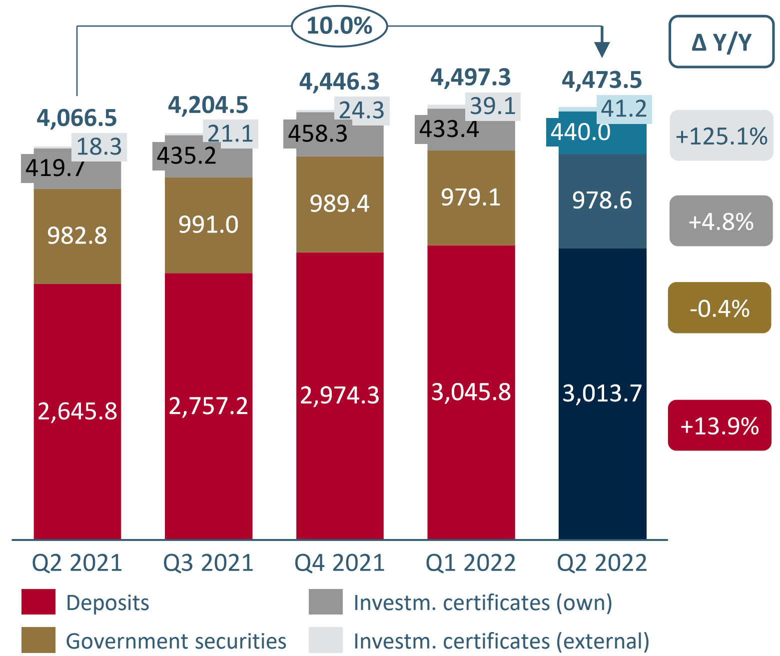
- The segment organically grew by HUF 30.2bn y/y, in which Széchenyi Card Program GO! played a prominent role.
- Besides maintaining stable business operations; business support and product development functions were established on a group level and the sales organization corresponding to the new structure was set up.

Please note: Segmentation presented on charts in this section is based on internal business segmentation of MKB Bank, which differs from the segmentation of the Hungarian National Bank (NBH) presented on previous slides.
Retail mortgage market share is presented based on NBH’s secured market.

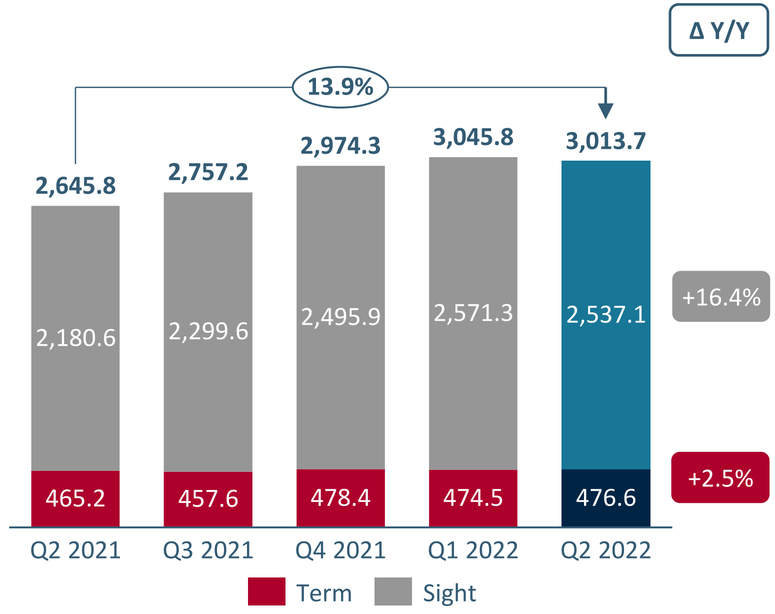
Clients' savings increased by 10% annually, mainly driven by sight deposit

Business Performance – Standard Business – Deposits and Savings

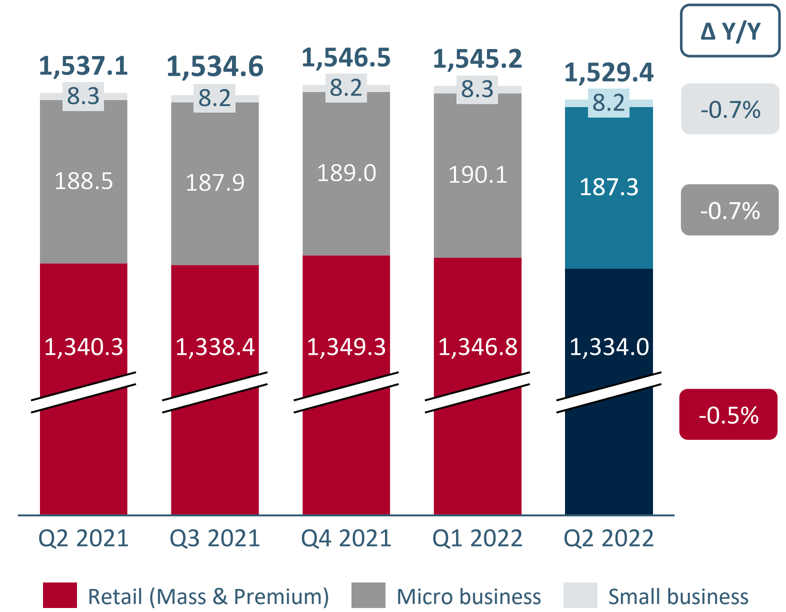
Standard business – Client savings (HUFbn)



Standard business – Client deposits by type (HUFbn)



Standard business – Number of active clients (thousands)

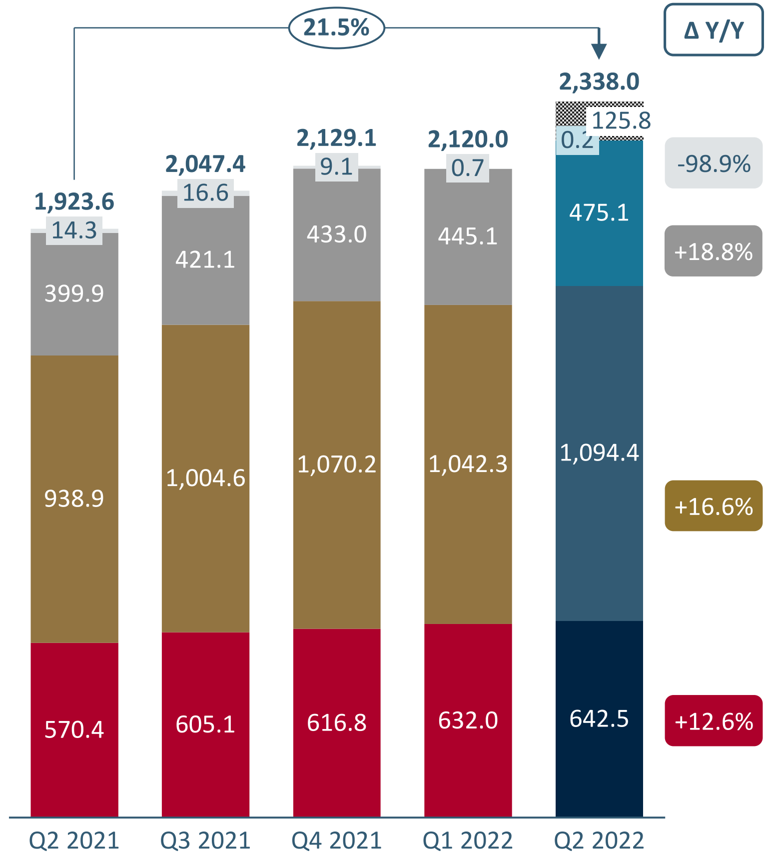


- **Standard business segment savings** increased by **10.0% y/y (+HUF 407.0 bn)**. With the increasing inflationary pressure in H1 2022, savings of the retail segment decreased by a small extent of HUF 23.8 bn. Bank deposits were the main driver of growth and in addition, government securities remained a popular saving direction, however its balance stagnated in the last period.
- **Client deposits increased by 13.9% on an annual basis** (+HUF 368.0 bn y/y), **driven by the growth of sight deposits.** Sight deposit accounts for around 84% of the total standard business portfolio in Q2. **Despite the deposit portfolio decreased by 1.1% q/q in Q2, the portfolio structure also shifted towards the term deposits.**
- **MKB had over 1.5 million active clients within its standard business line.**

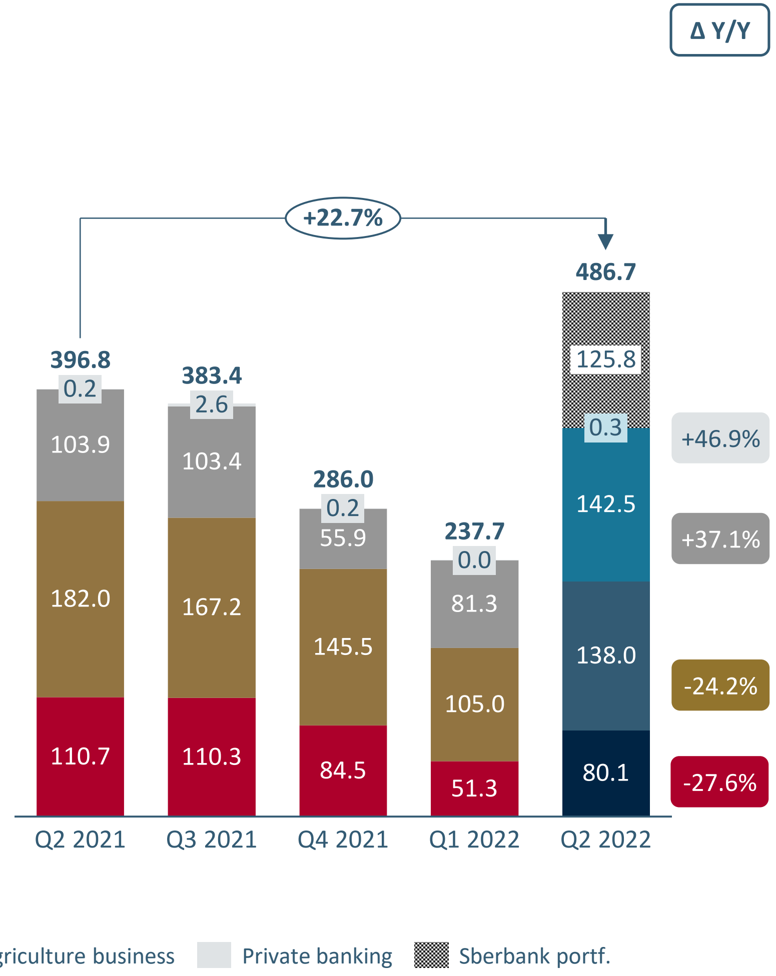
The Non-standard business segment's gross loan portfolio increased by 21.5% altogether with the Sberbank portfolio

Business Performance – Non-standard Business – Loans

Non-standard business – Gross loan portfolio (HUFbn)



Non-standard business – New loan contracted amount & acquisition (HUFbn)



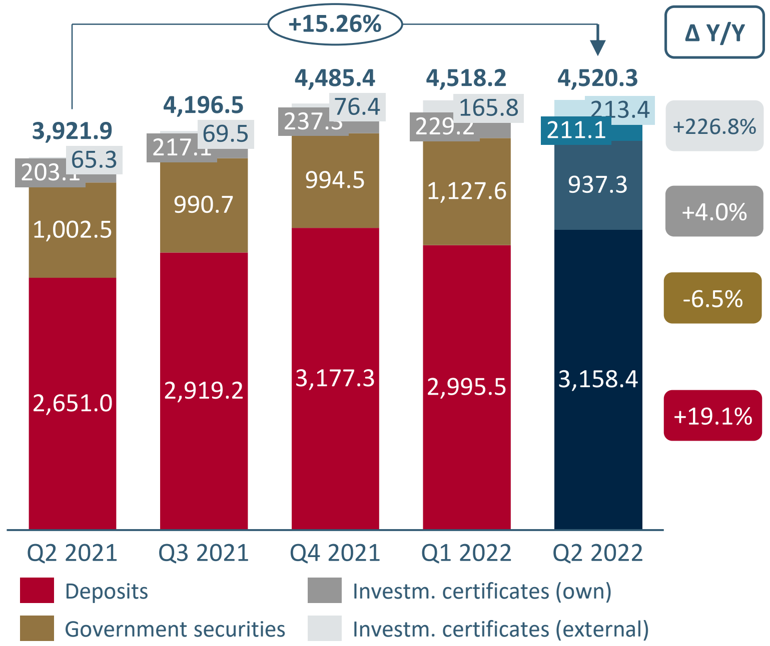
Figures presented on the page already include the effect of the purchased Sberbank portfolio, unless stated otherwise

- **The non-standard business grew by 21.5% during the last one year in term of loans provided to customers, reaching HUF 2,338.0 bn at the end of Q2 2022.**
- **Significant growths were experienced in all non-standard segments, except for the private banking** which mostly consist run-off lombard loan portfolio.
- **Agribusiness**, as one of the strategic focus segments of MKB, has been growing most rapidly with organically increases of 18.8% y/y and 6.7% q/q, reaching HUF 475.1 bn of outstanding loans at the end of Q2 2022.
- **Large business segment**, which accounts for around 50% of the total non-standard business loans, grew by **16.6%** organically compared to the same period last year, reaching HUF 1,094.4 bn.
- The amount of loans provided to medium-sized businesses was at HUF 642.5 bn at the end of Q2 2022, amounting to an organically increased of 12.6% y/y. This segment has been a key segment of the Group with increasing product penetration playing a central role.
- Thanks to the traditionally close cooperation between MKB Bank and Eximbank, customers can benefit from EXIM's financing sources. MKB Bank reached 8.91% market share of all refinanced disbursement in Q2 2022.

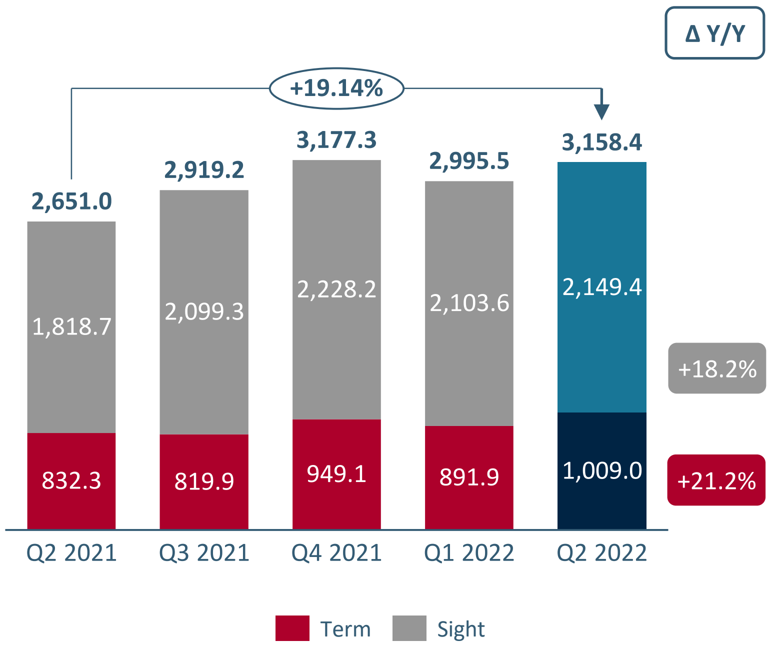
Clients' savings increased by 15% annually, mainly driven by deposit

Business Performance – Non-standard Business – Deposits and Savings

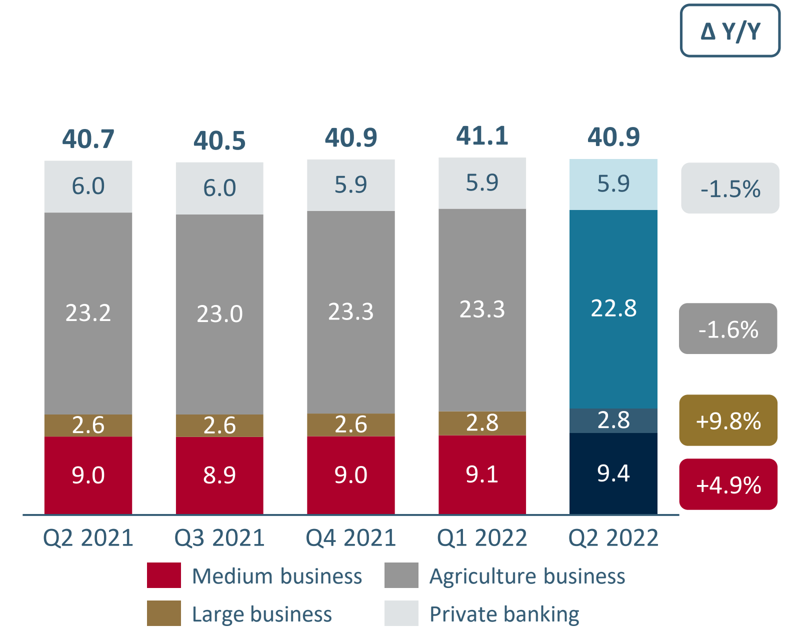
Non-standard business – Client savings (HUFbn)



Non-standard business – Client deposits by type (HUFbn)



Non-standard business – Number of active clients (thousands)



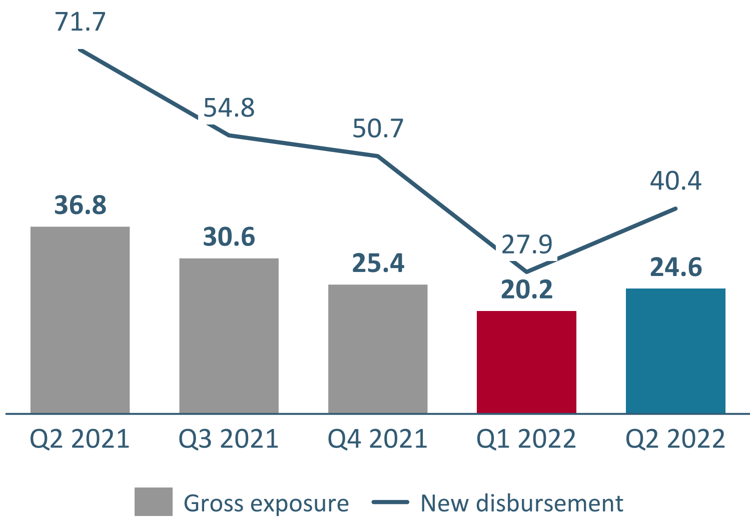
- Non-standard business savings in total increased by 15.3% y/y (+HUF 598.4 bn y/y), driven by the growth of 19.14% in deposits supported by the government programs and partially by the moratorium induced lack of repayment.
- Term deposit accounts for around 30% of the total non-standard business portfolio and increased by 21.2% compared to Q2 2021 (+176.7 bn y/y). The amount of sight deposits collected from non-standard business customers also showed a notable y/y growth of 18.2% (+ HUF 330.7 bn y/y).
- MKB had 40.9 thousand active clients within its non-standard business line, representing an increase of 200 clients y/y despite the competitive market.


MKB
BANK

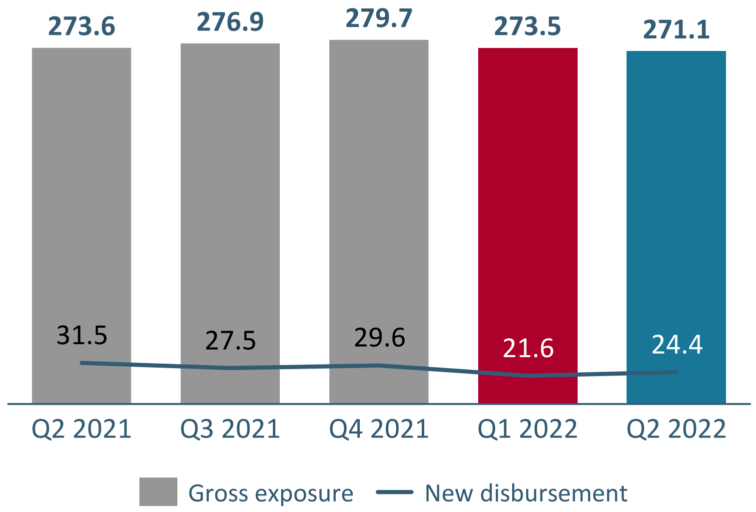
Strengthening market position in the segment has been one of the goals of MKB Leasing Group

Business Performance – Leasing Segment

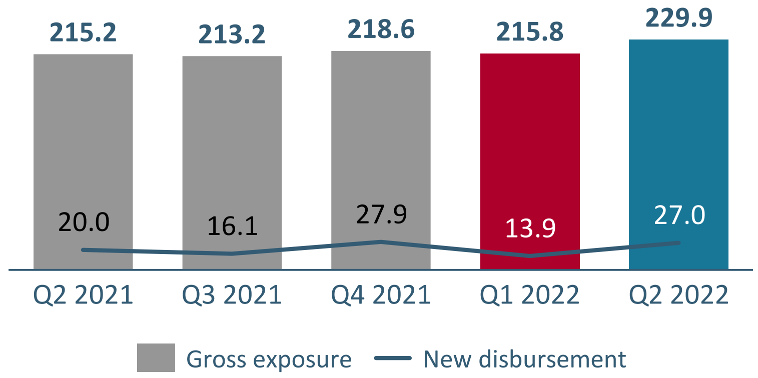
Inventory financing (HUF bn)



Retail car financing (HUF bn)



Wholesale, agricult. & machine fin. (HUF bn)

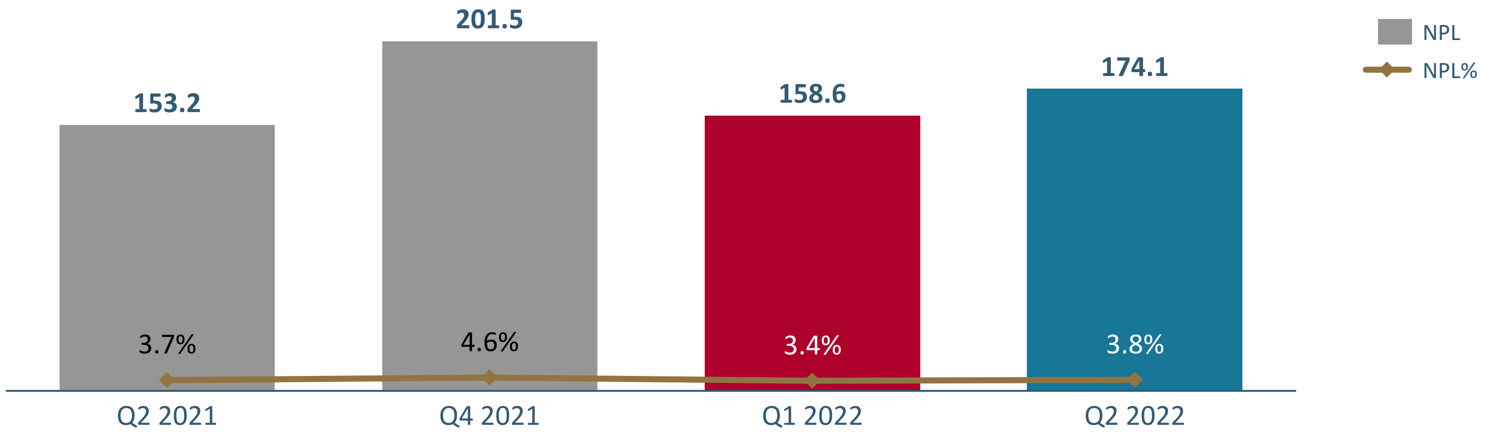


- The gross volume of inventory financing lease was HUF 24.6 bn at the and of Q2 2022 which, although HUF 12.2 bn lower than Q2 2021 (-33.1% y/y), showed a q/q increase of HUF 4.4 bn (+21.8% q/q).
- The stock of retail car financing was HUF 271.1 bn (-0.9% y/y and -HUF 2.5 bn y/y). The amount of new disbursements was HUF 24.4 bn in Q2 2022, showing an increase of 12.8% compared to the previous quarter.
- The stock of wholesale, agricultural and machine financing was HUF 229.9 bn at the end of the quarter, representing an increase of 6.8% y/y. New disbursements amounted to HUF 27.0 bn in Q2 2022, which, besides being the second highest quarterly volume (only after the record Q4 2021) since the beginning of 2021, showed a q/q increase of 94.2% compared to Q1 2022. Strengthening its market position in the segment has been one of the goals of MKB Leasing Group for 2022.

Increased NPL% due to the merger-related harmonization, while risk costs release for H1 2022 as a result of adequate risk management

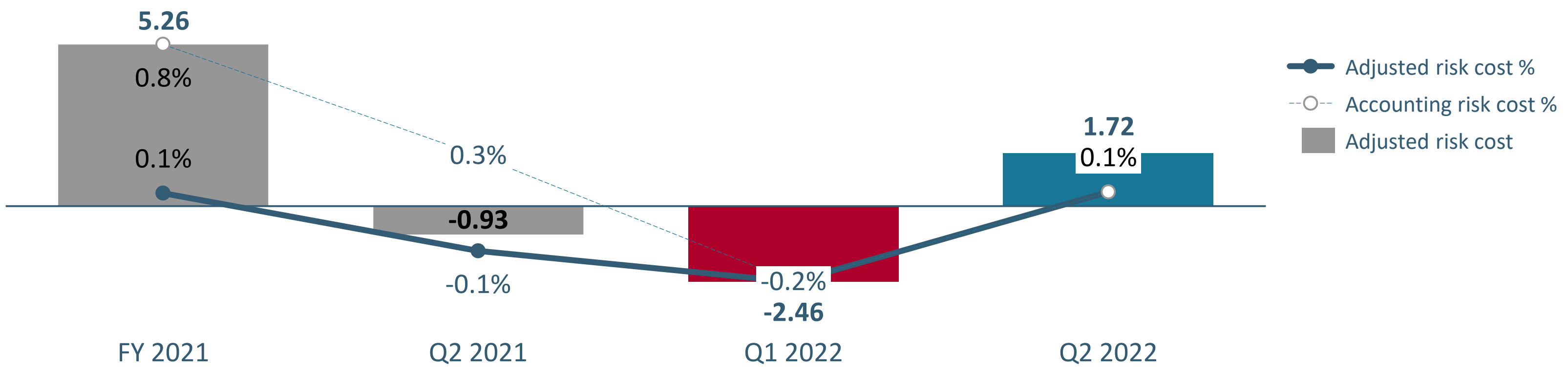
Portfolio Quality Performance - Risk

NPL exposures (HUF bn), NPL ratio (%) [1]



	Q2 2021	Q4 2021	Q1 2022	Q2 2022
Retail NPL%	3.7%	4.6%	4.9%	5.3%
Corporate NPL%	2.7%	3.8%	3.9%	4.0%
Leasing NPL%	2.3%	2.5%	2.5%	2.3%

Adjusted risk cost (HUF bn) and rate (%)



- The amount of NPL loans increased to HUF 174.1 bn at the end of Q2 2022, which showed an increase of HUF 15.5 bn (+9.8% q/q) compared to Q1 2022.
- NPL% ratio also increased to 3.8% from the level of 3.4% in the previous quarter. These increases were mainly caused by the merger-related harmonization processes that took place in April and the increase of retail NPL volume.
- HUF 1.72 bn of risk cost was incurred in Q2 2022. Consequently, the total amount of risk cost for the first half of 2022 was at a negative level of -HUF 0.7 bn, due the HUF 2.46 bn risk cost release in Q1 2022.
- Direct NPL coverage increased from 55.0% to 57.0% during Q2.

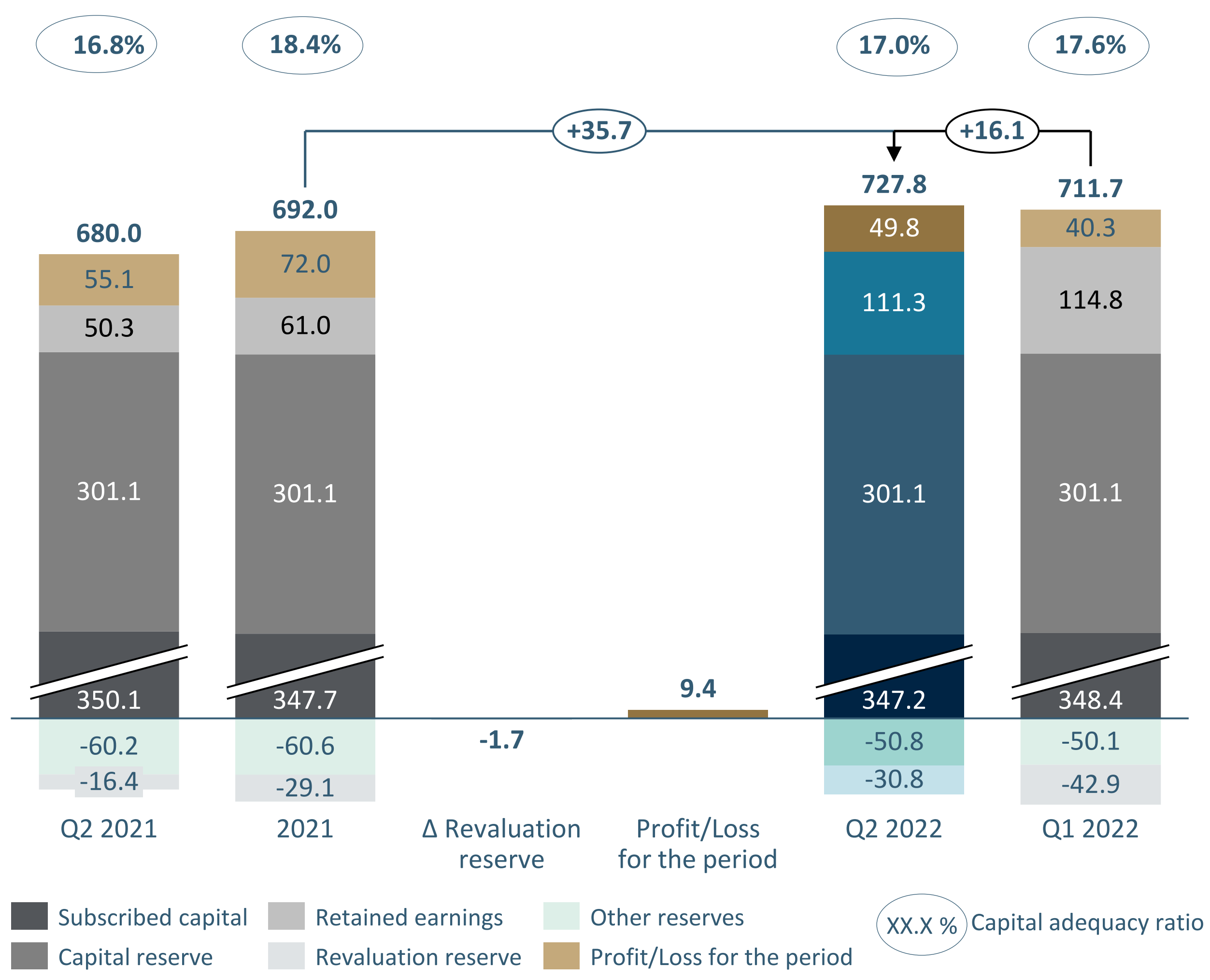
[1] According to IFRS, held for sale and FVTP portfolio is not included.

Capital position

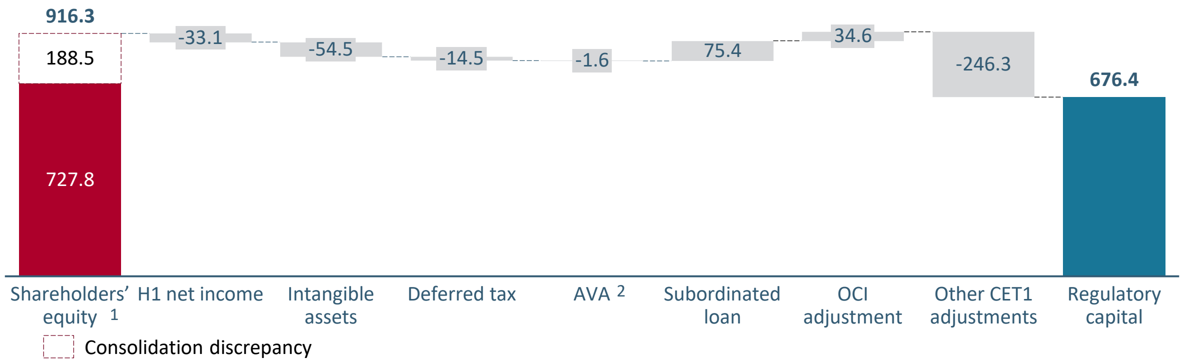
Shareholders’ equity increased by HUF 35.7 bn since the end of FY2021

Capital Position

Shareholders’ Equity (HUF bn)



Regulatory Capital formulation (HUF bn)



[1]Equity under IFRS and prudential consolidation differ due to differences in the range of firms included in the calculation

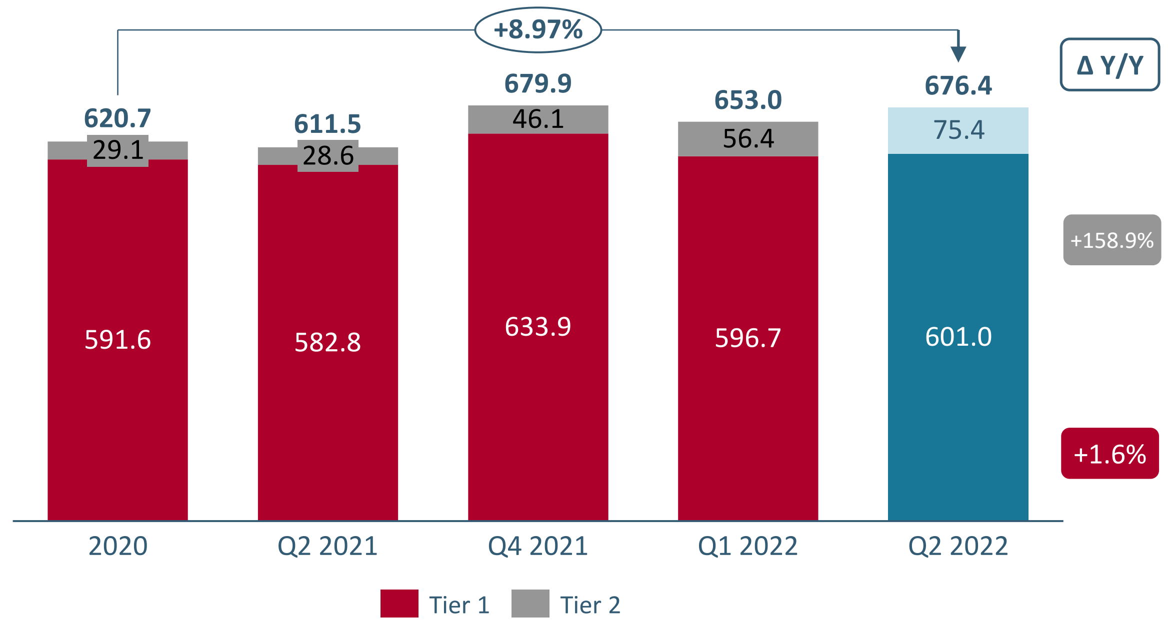
[2] AVA = Asset value adjustments – CRR specification

- The capital position of MKB Bank remained strong y/y supported with a Capital Adequacy Ratio increase of 0.2% points. Q2 however showed a decline of 0.6% points in CAR between Q1 2022 and Q2 2022
- Retained earnings increased by HUF 61.0 bn during the last 1 year as a resulted of high profitability, which ensures the Group’s solid dividend-paying capability and sustainable capital position.
- Capital position underpins the 2022 business growth and supports the implementation of the MBH goals
- The strong capital position also strengthened MKB’s shock absorbing capacity
- MKB Group’s unadjusted total comprehensive income was HUF 45.9 bn in Q2 2022

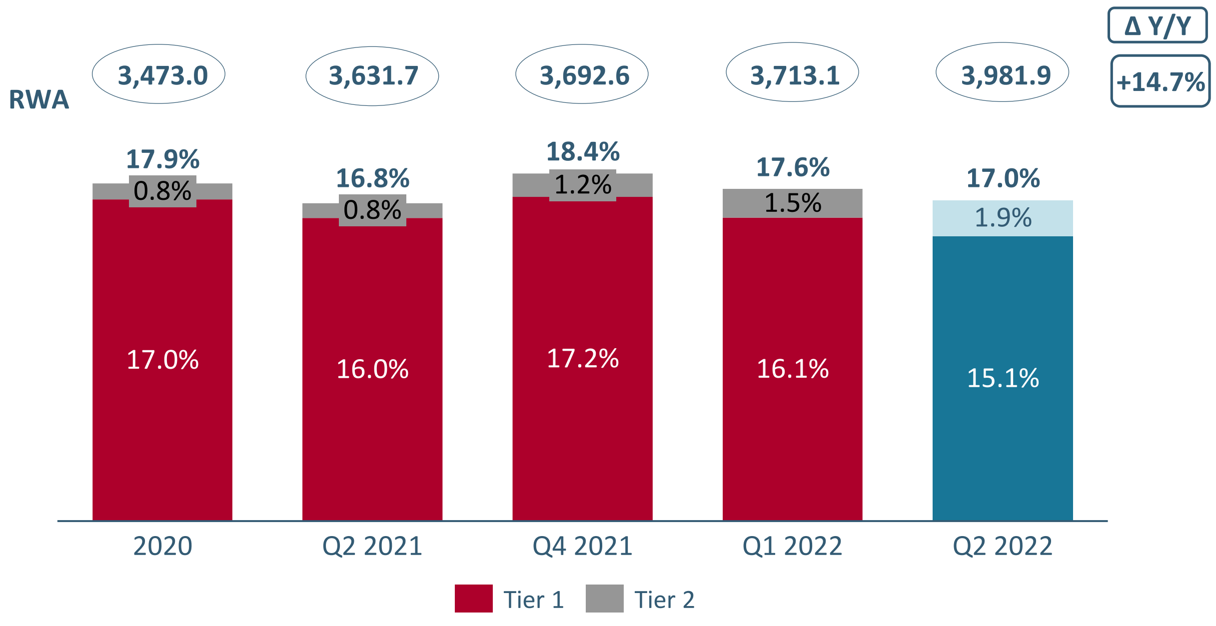
Steadily strong capital position despite macroeconomic uncertainties

Capital Position

Development of Regulatory Capital (HUF bn)



CAR (%) and Total RWA (HUF bn)

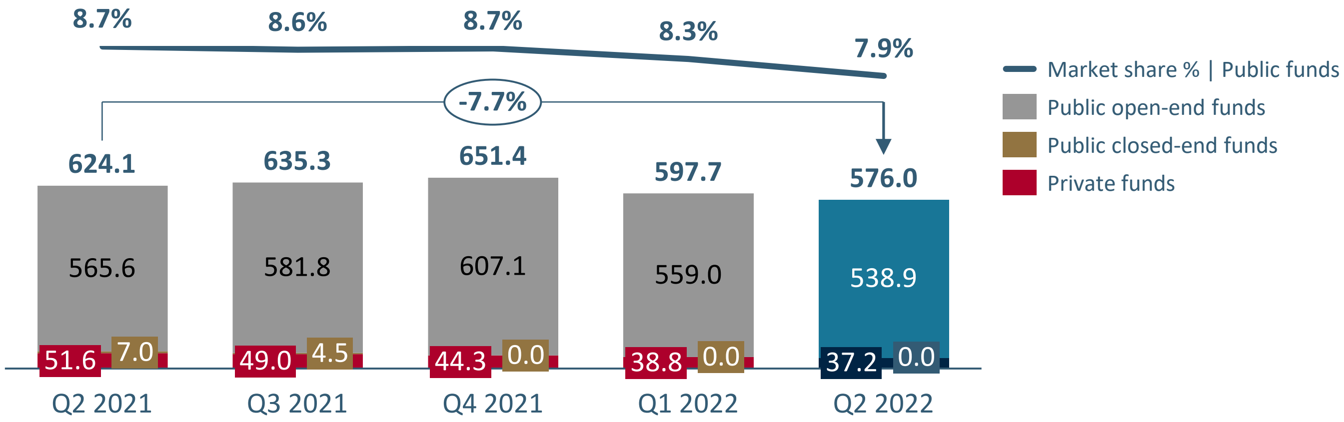


- MKB's capital position stayed strong despite the prolonged effect of COVID-19 and the macroeconomic uncertainty caused by the Russia-Ukraine war. The Capital adequacy ratio of 17.0% in Q2 2022, although showed a slight decrease of 0.6%p compared to the previous quarter due to the challenging business environment, however improved by 0.2%p relative to Q2 2021.
- Additional HUF 20bn T2 instrument was issued in Q2 to maintain the strong capital position of MKB Bank.
- Despite the decrease in MKB's loan portfolio, the amount of RWA increased by HUF 268.9 bn q/q between Q1 2022 and Q2 2022, which was driven mainly by merger-related methodological change which led to an increase of HUF 105 bn in operating-risk RWA , as well as by increase of cca. HUF 170 bn in credit-risk RWA caused by, inter alia, FX changes, increased interbank portfolio, IFRS discount.

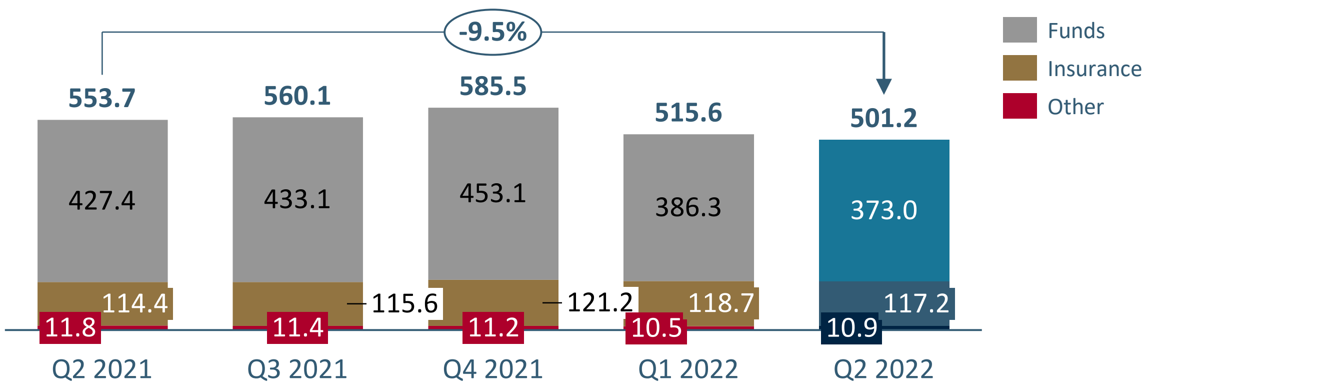
Asset Managements

Annexes – Strategic Partners' Performance

Breakdown of investment fund (HUF bn)



Breakdown of managed portfolios (HUF bn)



- Due to the merger of MKB Bank and Budapest Bank on 31.03.2022, Budapest Asset Management became 100% owned by MKB Bank.
- **Public funds market share of aggregated asset management company was 7.9% and the total AUM was HUF 576.0bn at the end of Q2 2022**, which decreased by 7.7% y/y. The aggregated Asset Management company has maintained its market position in the past year in terms of AUM.
- The value of the public open-end funds slightly decreased to HUF 538.9 bn due to unfavorable market movements and strong outflow from the funds.
- The public open-end funds consist HUF 100 billion net asset value of the 3 funds distributed in the Czech Republic.
- The last public closed-end fund was closed by the end of 2021.
- AUM of the managed portfolios declined by 9.5% q/q to HUF 501.2 bn in Q2 mainly because of unfavorable market movements and one of the pension funds with significant assets was removed from the portfolio in Q1 2022.

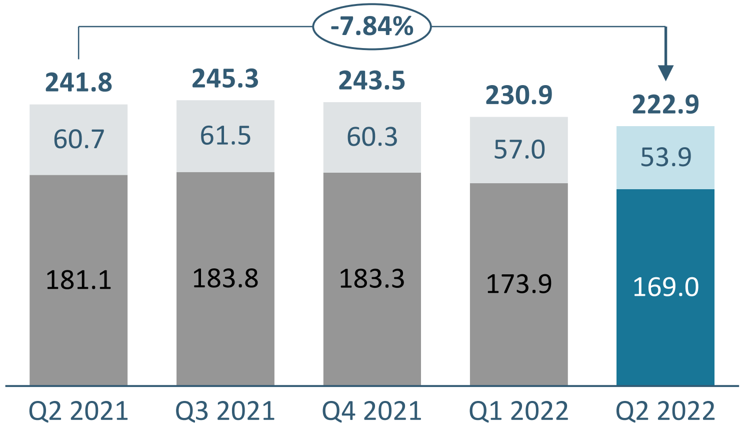
Note: Merger of the Asset Management companies will take place in Q3 2022, therefore Pro Forma aggregated financials are presented to better reflect MKB Bank's Asset management business segment

MKB BANK

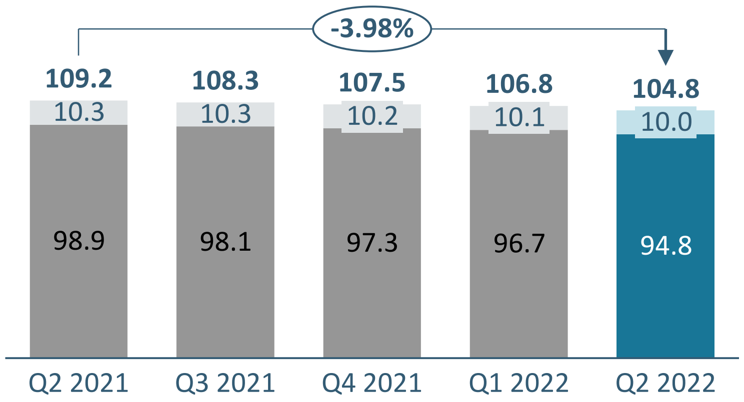
Pension & Health Funds

Annexes – Strategic Partners' Performance

Pension Funds – Total AUM (HUF bn)



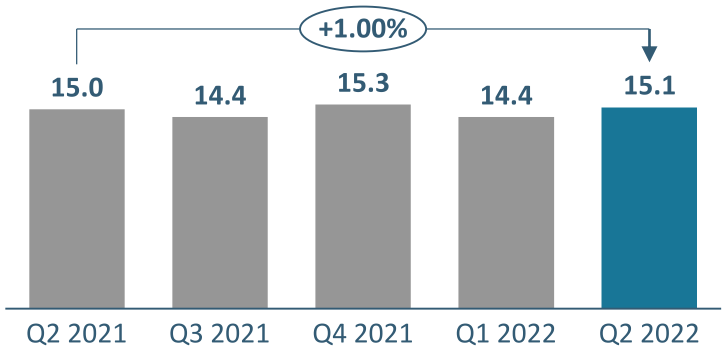
Pension Funds – Number of member (ths)



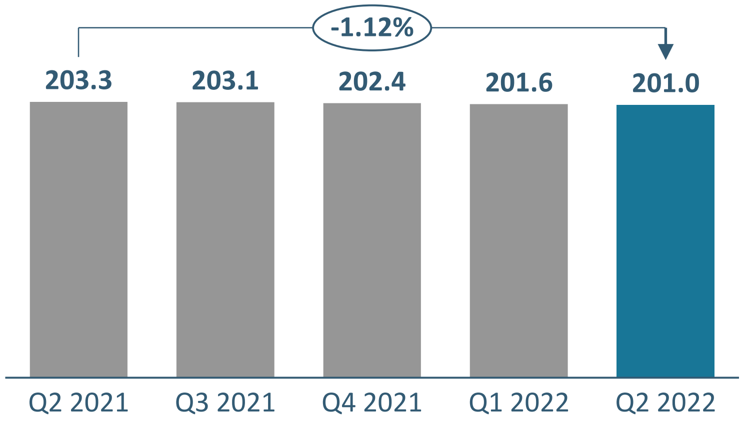
Voluntary pension fund   Private pension fund

- MKB Group in total had nearly 95,000 members and HUF 169 bn of assets under management in its Voluntary pension funds at the end of Q2 2022.
- Private pension fund consist more than 10,000 members and HUF 53.9bn AUM at the end of Q2 2022.

Health Funds – Total AUM (HUF bn)



Health Funds – Number of members (ths)

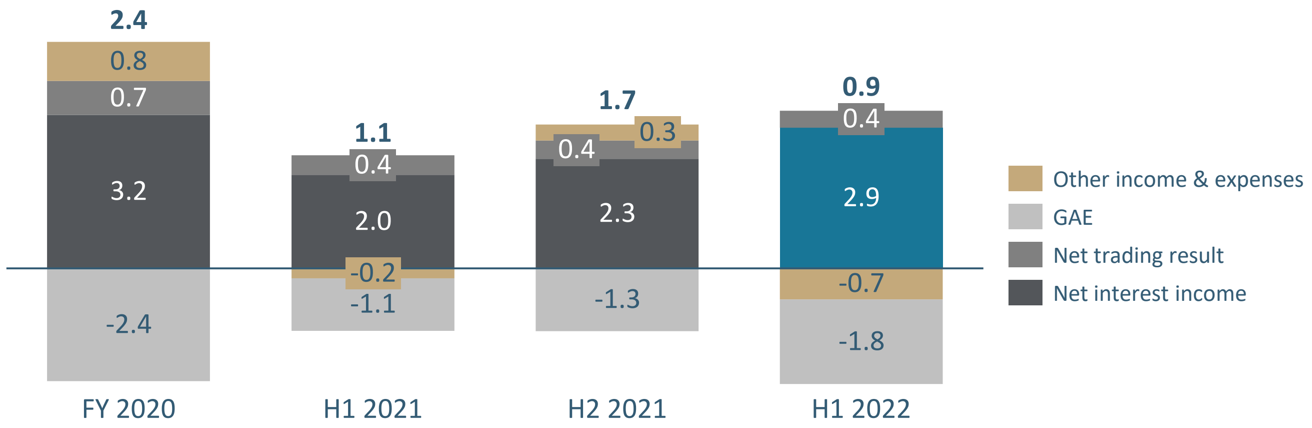


- The MKB-Pannónia Health and Voluntary Health and Mutual Aid Fund's assets increased by 5.1% q/q after a slight decrease in Q1, reaching HUF 15.1 bn at the end of Q2 2022. This showed a y/y increase of 1.0% compared to Q2 2022.
- The number of members remained stable above 201 thousand.

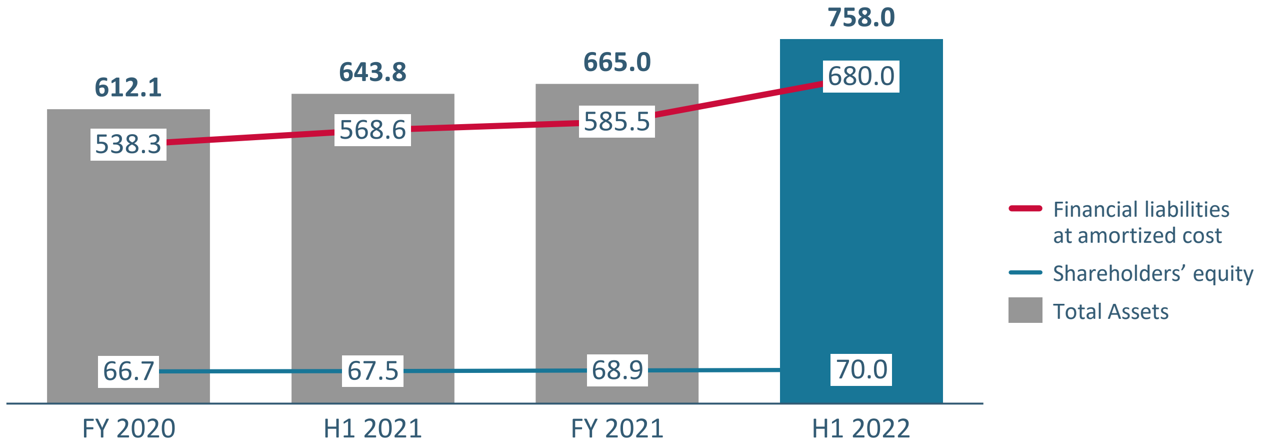
Strong performance of Takarék Mortgage Bank for H1 2022 despite the extra profit special tax charged

Annexes – Strategic Partners’ Performance

TMB – Profit after tax (HUF bn)



TMB – Total asset (HUF bn)



The Takarék Mortgage Bank reached a net income of HUF 0.9 bn for H1 2022 despite the extra profit special tax charged:

- Net interest income posted a 50.7% y/y increased compared to H1 2021, driven mainly by the continuously increasing interest income from the refinancing activity as the refinanced portfolio has been expanding. Interest income earned on the government securities portfolio also contributed significantly to the impressive growth of the net interest income.
- Operating expenses amounted HUF 1.8 bn in H1 2022, posting a significant increase of 61.4% y/y, due to the amount of extra profit tax paid (HUF 0.6 bn)

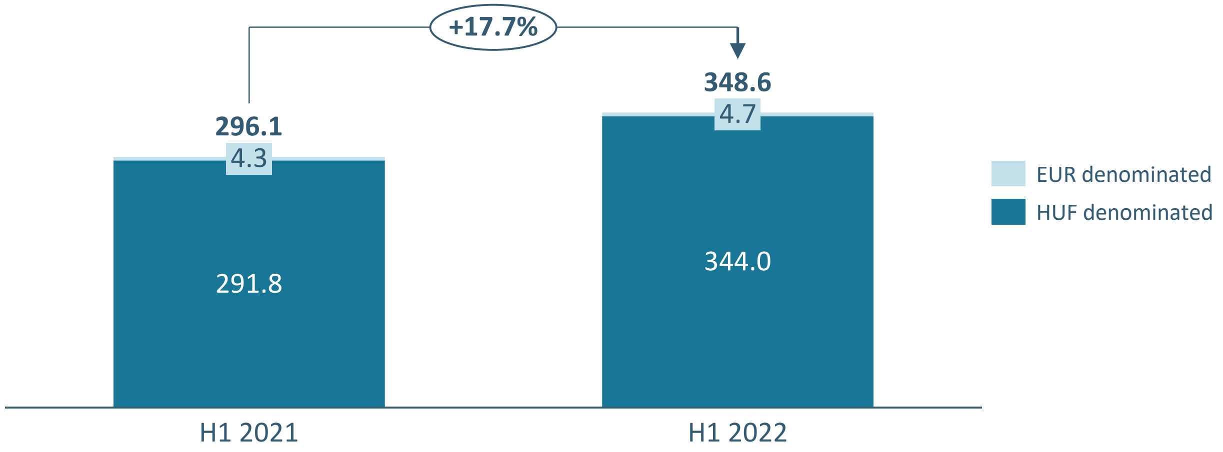
Total assets have been continuously expanding during the last one year, reaching HUF 758.0 bn at the end of H1 2022 (+17.7% y/y, +14.0% h/h):

- The increased liquidity needs for short-term maturity of the TMB were provided by the Bank Group in form of interbank deposits. Accordingly, the stock of securities also increased, since part of the funds acquired from the NBH was disposed to this asset.
- TMB actively participated in both the NBH’s Green Covered Bond Purchasing and the Covered Bond Rollover Programmes, using two times NBH’s Green Mortgage Bond Purchase Programme and four times organized issues under that of the mortgage bond rollover programme.

Takarék Mortgage Bank issued green mortgage bond under NBH's Green Mortgage Bond Purchase Programme

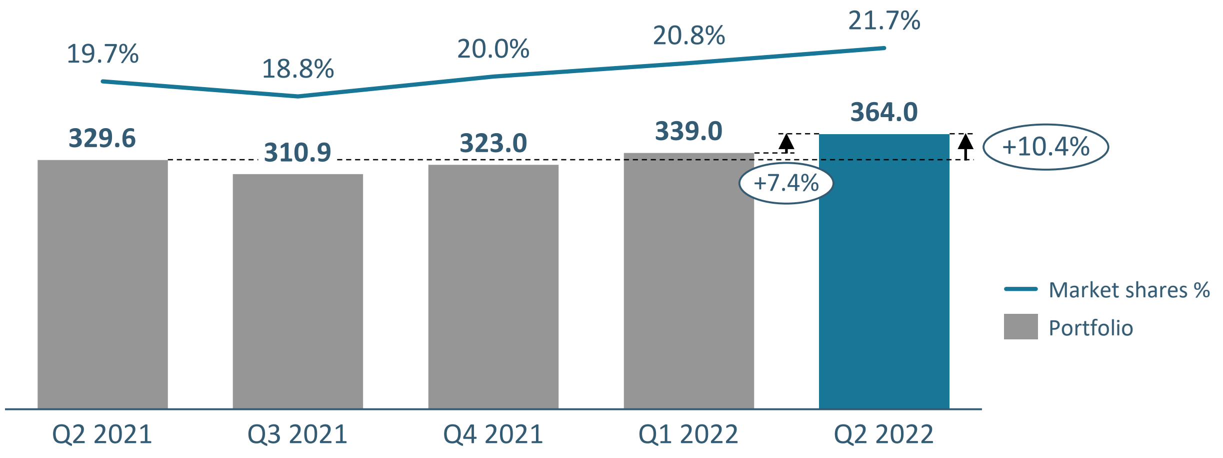
Annexes – Strategic Partners' Performance

TMB – Development of the Refinanced portfolio (HUF bn)



- **The refinanced portfolio increased by 17.7% y/y compared to H1 2021, reaching HUF 348.6 bn at the and of H1 2022 with the amount of HUF denominated loans accounting for 98.7% of the total portfolio.**

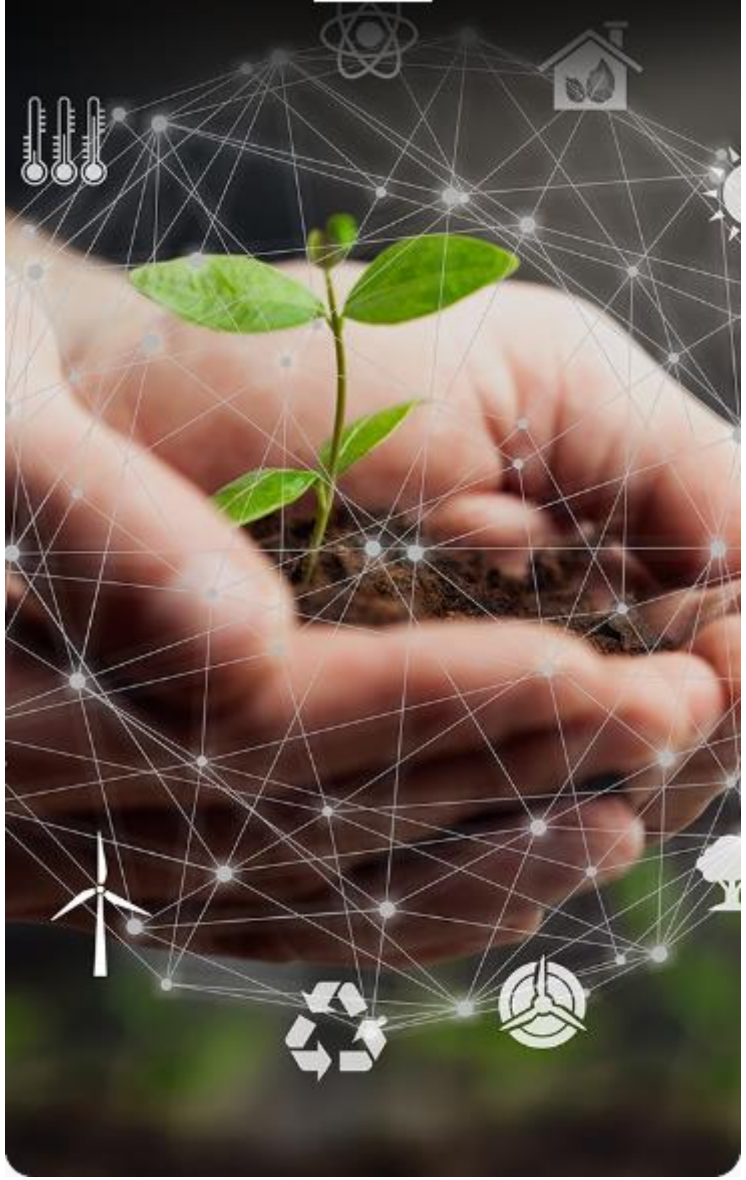
TMB – Market share[1] in the mortgage bond market (HUF bn)



[1]Source: Quarterly reports on coverage by mortgage banks as published on BSE's website

TMB's main focus is on mortgage bond issues (no unsecured bonds) with the key short-term strategic aim being the issuance of green mortgage bonds:

- The face value of mortgage bonds issued by TMB amounted to HUF 364.0 bn at the end of H1 2022 (+10.4% y/y, +7.4% q/q), retaining its second position on the Hungarian mortgage bond market with a market share of 21.7% which is the highest market share reached since Q3 2017.
- With HUF 7.4 bn issued under NBH's Green Mortgage Bond Purchase Programme during H1 2022, the total amount of outstanding green mortgage bonds of TMB at the end of H1 2022 reached HUF 12.4 bn.



Functioning and Key elements

Annexes – ESG Commitments & Strategy

The functioning of the ESG organization of Hungarian Bankholding

In order to successfully achieve the vision and strategic goals related to ESG, Hungarian Bankholding has established an ESG department within the banking group and appointed a senior manager at the level of Deputy CEO to coordinate the department and implement the sustainability strategy. It also defined the tasks for the area and proposed a reporting and review mechanism for the strategic objectives.

Tasks of the ESG organization

- Identification of climate change and other environmental risks relevant to the business strategy of Hungarian Bankholding in the short, medium and long term, in cooperation with the Risk Management unit.
- Establish ESG guidelines to support the development and integrity of environmentally, socially and governance sustainable lending activities.
- Operating an environmental management system, including measuring the environmental performance of Hungarian Bankholding and feeding the results back into processes.
- Defining the Sustainability Programme of Hungarian Bankholding, monitoring the steps taken towards the targets and KPIs set in the programme.
- Collecting and evaluating sustainability performance and data in a structured way at Hungarian Bankholding level.
- Preparation and publication of the Sustainability Report of Hungarian Bankholding.
- Defining and managing the communication strategy for the steps of Hungarian Bankholding towards its Sustainability Goals.
- Supporting the definition of ESG guidelines to be applied in Hungarian Bankholding, in cooperation with the Risk Management area.

Key elements of the ESG strategy of Hungarian Bankholding

- **Green funding**

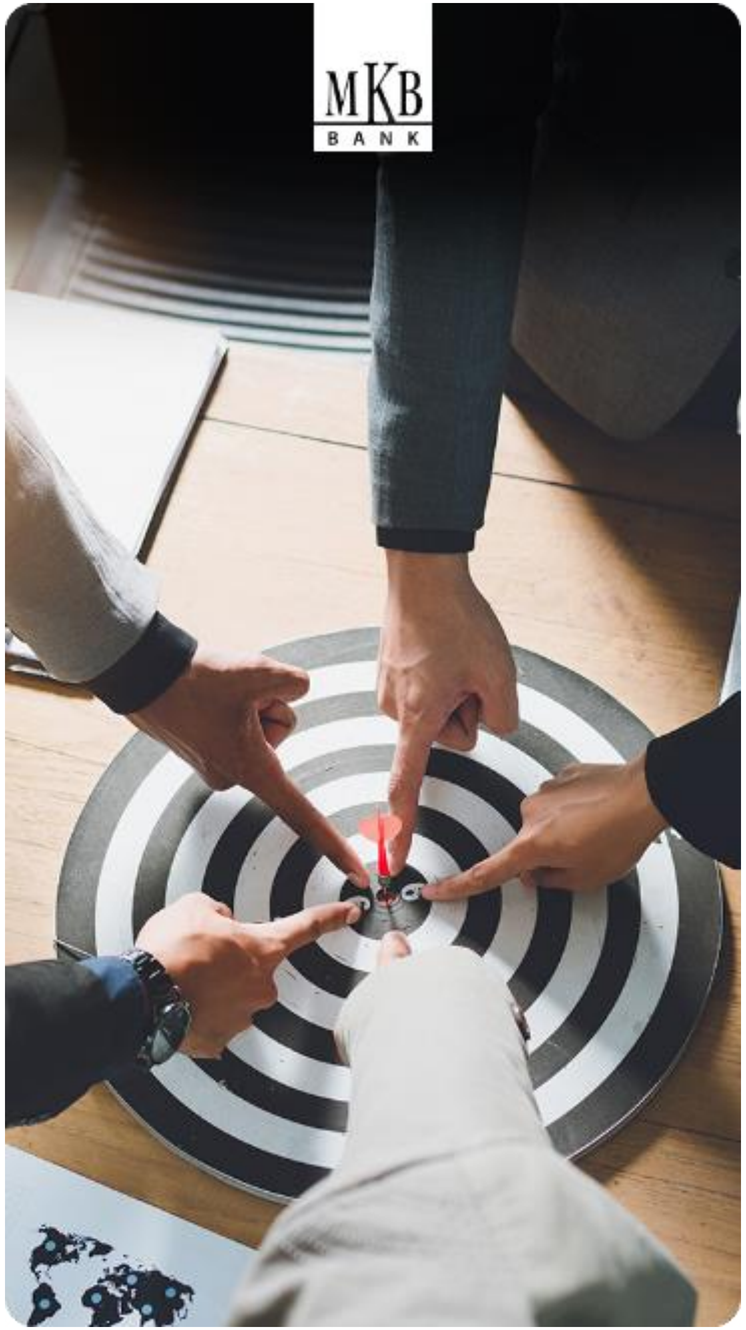
  As a major market player, the strategy of Hungarian Bankholding is to give priority to the agricultural sector, which contributes to the food security of the country, the renewable energy sector and the financing of environmentally friendly real estate in Hungary. ESG risk aspects will be given greater emphasis in the assessment of loan applications. Member banks of Hungarian Bankholding currently offer ESG investment funds and plan to increase their share.

- **Launch of accession to the UN Principles for Responsible Banking**

  Reviewing and revising policies, in particular the procurement policy, as a way of integrating sustainability considerations into internal operations. Commitment is enhanced and credible when Hungarian Bankholding joins international initiatives.

- **Taking ESG risks into account in the decision-making process**

  The Green Recommendation 5/2021 of NBH (National Bank of Hungary), along with a number of other European recommendations, set out strong requirements in the area of risk management, and preparedness for this was assessed by a self-assessment by the relevant stakeholders in autumn 2021. To address the shortcomings identified at that time, Hungarian Bankholding also prepared an action plan.



Recognised with well-established rewards

Class awards:
The investment funds of our banking group have won many awards at the Privátbankár Klasszis 2022 event

Euromoney awards:
MKB Bank received awards in six categories at Euromoney's London Awards Ceremony

Analyst awards:
Analysts of The Hungarian Bankholding won the Consensus Economics 2021 Forecast Accuracy Award for Hungary

An analyst of Hungarian Bankholding and Takarékbank won the 2021 analyst competition announced by NBH and Reuters Hungary.

Gyula Nagy Golden Hive Award:
The Banking Association recognized Dr. Gyula Nagy, CEO of Takarék Mortgage Bank with the Golden Hive Award.

Internship award:
Our internship program, Fusion, is gold-certified in the Talent Starter category of the Zynternship Awards 2022.


MKB
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Post closing events

Annexes – Post closing events

- The board of MKB Bank decided on a **dividend advance payment** to shareholders in the approximate amount **of HUF 13 bn** on 29 July 2022, which was approved by the supervisory board. According to the board decree, the starting day of dividend payment is 12 August 2022

- Changes in board and supervisory board members:
  - Dr. Géza Károly Láng resigned from the Board coming into effect on 31 August 2022.
  - János Nyemcsok resigned from being a Supervisory Board member at MKB Bank on 1 September 2022.
  - Erzsébet Beáta Bánkuti resigned from being a Supervisory Board member at MKB Bank on 31 August 2022.

- After conducting the required assessments and investigations, **MKB Bank submitted a binding offer to acquire the loan portfolio of Sberbank Hungary** from Pénzügyi Stabilitási és Felszámoló Nonprofit Kft. acting as liquidator. During the bidding process, **MKB Bank was selected as** the winner. Consequently, an agreement was signed between MKB Bank (Buyer) and Sberbank Hungary (Seller) on 26 May 2022 to purchase the Seller's portfolio including a **total exposure of HUF 330 bn. The transfer** of the loan portfolio **took place on 1 August 2022.**

Unadjusted and adjusted P&L

Annexes – Unadjusted Profit

P&L Q2 2022 (HUF bn)	MKB BANK	
	Unadjusted P&L	Adjusted P&L
Net operating income	**57.7**	**68.3**
Gross operating income	**119.1**	**118.9**
Net interest income	96.9	96.9
Net fee and commission income	20.6	20.4
Other operating income	1.6	1.6
FX and FV results	4.1	4.1
Other income	-2.5	-2.5
General admin. expenses	**-61.4**	**-50.6**
Provisions and impairments	**-15.9**	**-0.3**
Banking tax	**-31.9**	**-1.4**
PBT	**10.0**	**66.6**
Corporate income tax	-0.5	-5.6
PAT	**9.4**	**61.0**
OCI	36.5	36.5
TOCI	**45.9**	**97.5**

Unadjusted KPIs

Annexes – Unadjusted Profit

KPIs based on unadjusted PAT (HUF bn)	MKB BANK								
	2021			2022			Δ%-p	Δ%-p	Δ%-p
	Q2	Q2 (Y)	FY	Q1	Q2	Q2 (Y)	Y-Y (Y)	Y-Y	Q-Q
Profitability									
TRM - Total Revenue Margin	3.53%	3.82%	3.70%	3.82%	4.65%	4.24%	0.42%	1.13%	0.83%
NIM - Net Interest Margin	2.30%	2.17%	2.20%	3.01%	3.79%	3.40%	1.23%	1.49%	0.78%
NFM - Net Fee Margin	0.78%	0.74%	0.79%	0.70%	0.80%	0.75%	0.01%	0.02%	0.10%
CIM - Core Income Margin	3.09%	2.92%	2.99%	3.71%	4.59%	4.16%	1.24%	1.50%	0.88%
Efficiency									
CIR - Cost-to-Income Ratio	58.78%	54.57%	61.03%	51.54%	51.55%	51.54%	-3.02%	-7.23%	0.01%
C/TA - Cost-to-Total Assets	2.07%	2.09%	2.26%	1.97%	2.40%	2.19%	0.10%	0.33%	0.43%
ROAE - Return on Average Equity	12.27%	16.67%	10.60%	22.98%	5.25%	14.00%	-2.66%	-7.02%	-17.73%
ROMC - Return on Minimum Capital Required	15.78%	21.54%	13.68%	30.58%	7.40%	19.18%	-2.36%	-8.38%	-23.18%
Risk% - Risk Cost Ratio	0.30%	0.17%	0.75%	-0.22%	0.15%	-0.03%	-0.20%	-0.15%	0.37%
Equity share information									
EPS - Earning Per Share (HUF, annualized)	264.6	357.3	231.1	518.1	121.3	319.7	-37.6	-143.3	-396.8

Annexes

Abbreviations

Abbreviations

MKB, MKB Bank, MKB Group	MKB Bank Plc.
MBH, Magyar Bankholding	Hungarian Bankholding Ltd.
BB	former Budapest Bank Ltd. (prior to merger)
MTB	former MTB Bank of Hungarian Savings Cooperatives Co.Ltd. (prior to merger)
TMB	Takarék Mortgage Bank Co. Plc.
NBH	National Bank of Hungary (the central bank of Hungary)
ECB	European Central Bank
FED	Federal Reserve System
ESG	Enviromental, Social and Governance

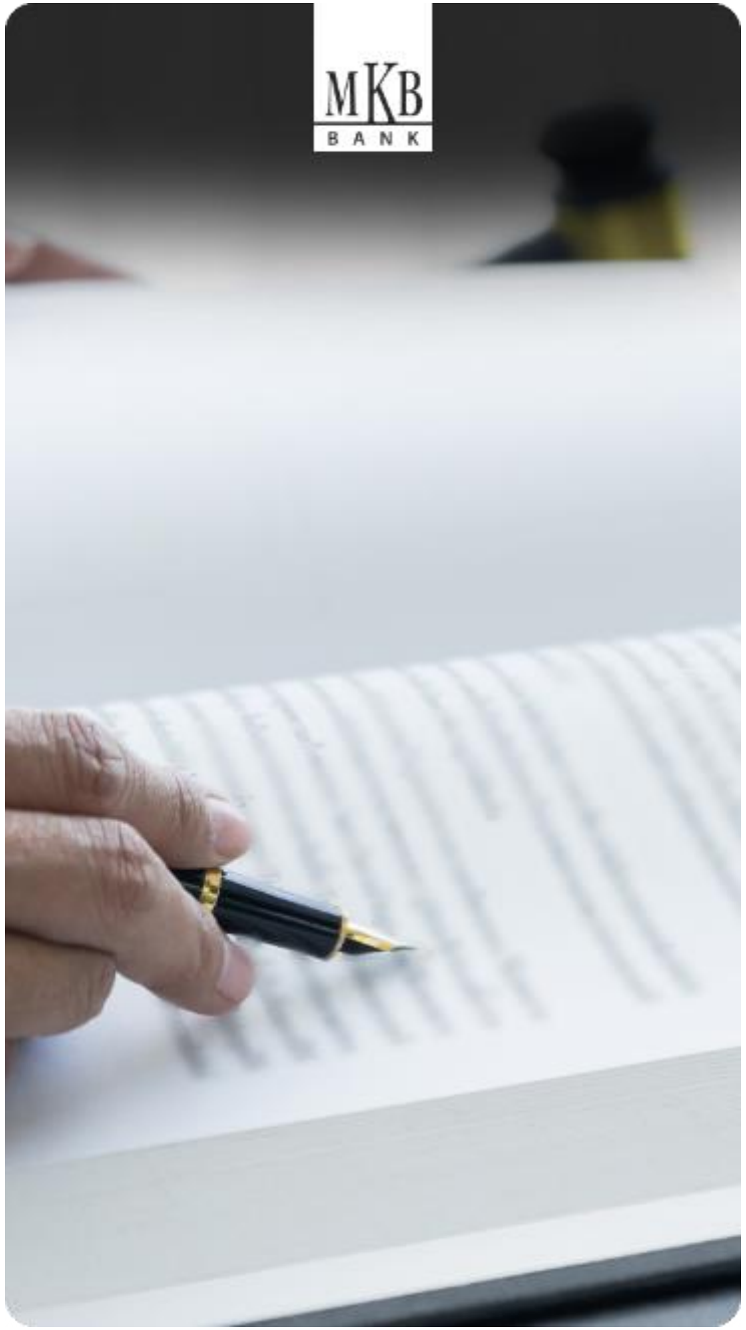
y/y	Year on year
q/q	Quarter on quarter
bp	Basis point
CAGR	Compounded Annual Growth Rate
FY	Annual data
(Y), YTD	Year to date data

PAT	Profit after tax
PBT	Profit before tax
GOI	Gross Operating Income
GAE	General Administrative Expenses
OCI	Other comprenesive income
TOCI	Total other comprenesive income
FX	FX result
FV	Revaluation result
IRS	Interest rate swap
TA	Total assets
RWA	Risk weighted assets
AFS	Available-for-sale

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

ROE, ROAE	Return on (average) equity
ROA, ROAA	Return on (average) assets
ROMC	Return on minimal capital required
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
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
AUM	Asset under management

MÁP+	Hungarian Governmental Securities+
ÁKK	Price of government bond reference yields determined daily by the National Debt Management Center (ÁKK)
NHP	FGS, Funding for Growth Scheme
KSH	Hungarian Central Statistical Office
AFR	Instant payment system implementation project to comply with NBH requirements
Hitreg	Loan registry requirements of NBH
PSD2	Payment service directive 2



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