DOCUMENTS OF THE ANNUAL GENERAL MEETING OF MBH BANK NYRT.

TO BE HELD ON

29 APRIL 2024

Date and time of the General Meeting:	**29 April 2024, 10:00 a.m.**
Venue of the General Meeting:	**Headquarters of MBH Bank Nyrt., 2nd floor, Ballroom** (1056 Budapest, V. Váci u. Váci utca 38.)
The procedure for holding the General Meeting:	physical attendance

Important notice

"Hungarian language is the official and registered language of MBH Bank Plc's („the Issuer") disclosures pursuant to the relevant legal and stock-exchange rules. The present English translation has been prepared on a voluntary basis, with the best care and intention of the Issuer to inform English speaking investors, however, in the event of any controversy between the Hungarian and English version, the authentic Hungarian version shall prevail."

AGENDA OF THE GENERAL MEETING

1. **Report of the Board of Directors on business activities for 2023; the Company's financial statements for 2023 prepared according to the International Financial Reporting Standards: separate financial statements and separate management report, consolidated financial statements and consolidated management report; report of the Audit Committee and Supervisory Board; Audit report; decisions on the allocation of profits, dividend payment and performance remuneration for 2023**

   1.1. Report of the Board of Directors on business activities for 2023

   1.2. Proposal of the Board of Directors for the approval of the separate financial statements and the separate management report of the Company for the year 2023 prepared in accordance with International Financial Reporting Standards

   1.3. Proposal of the Board of Directors for the approval of the consolidated financial statements and the consolidated management report of the Company for the year 2023 prepared in accordance with International Financial Reporting Standards

   1.4. Proposal of the Board of Directors for the appropriation of the profit after tax for 2023 and the payment of dividends

   1.5. Report of the Audit Committee on the Company's 2023 separate financial statements and separate management report prepared in accordance with International Financial Reporting Standards and on the proposed appropriation of profit and the 2023 consolidated financial statements and consolidated management report prepared in accordance with International Financial Reporting Standards

   1.6. Report of the Supervisory Board on the Company's 2023 separate financial statements and separate management report prepared in accordance with International Financial Reporting Standards and on the proposed appropriation of profit and the 2023 consolidated financial statements and consolidated management report prepared in accordance with International Financial Reporting Standards

   1.7. Auditor's Report on the Audit of the Company's 2023 Separate Financial Statements prepared in accordance with International Financial Reporting Standards

   1.8. Auditor's Report on the Audit of the Company's 2023 Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards

   1.9. Decisions on performance remuneration for 2023

2. **Approval of the Report of the Board of Directors on the business policy of the Company for 2024**

3. **Opinion vote required under Act LXVII of 2019 (Hrsztv.) on the Remuneration Policy prepared pursuant to that act**

4. **Adoption of the 2023 Corporate Governance Report**

5. **Granting a hold-harmless warrant to the members of the Board of Directors and the Supervisory Board of the Company and the legal predecessor Takarékbank Zrt.**
6. **Election of the statutory auditor and determination of their remuneration for the year 2024, approval of the appointment of the person responsible for the audit and determination of the material terms of the contract to be concluded with the auditor**
7. **Establishment of the remuneration of the members of the Board of Directors, Supervisory Board and Audit Committee**
8. **Authorisation of the Board of Directors to acquire treasury shares**
9. **Amendment of the Articles of Association of the Company**
10. **Election of a member of the Board of Directors**
11. **Election of a member of the Audit Committee**

The Board of Directors and Supervisory Board of MBH Bank Nyrt have examined and discussed the proposals for the general meeting and recommended the contents of the general meeting proposals to be presented to the General Meeting.

1. AGENDA ITEM

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES FOR 2023; THE COMPANY'S FINANCIAL STATEMENTS FOR 2023 PREPARED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS: SEPARATE FINANCIAL STATEMENTS AND SEPARATE MANAGEMENT REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT; REPORT OF THE AUDIT COMMITTEE AND SUPERVISORY BOARD; AUDIT REPORT; DECISIONS ON THE ALLOCATION OF PROFITS, DIVIDEND PAYMENT AND PERFORMANCE REMUNERATION FOR 2023

1.1. AGENDA ITEM

REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS ACTIVITIES IN 2023

MANAGEMENT REVIEW AND ANALYSIS[1]

1. HISTORY OF MBH BANK NYRT.

MBH Bank's stability is based on the combined knowledge and experience of three Hungarian financial institutions with a long history, Budapest Bank, MKB Bank and Takarékbank.

On May 15, 2020, MTB Magyar Takarékszövetkezeti Bank and MKB Bank signed a Memorandum of Understanding to establish a joint financial holding company - Magyar Bankholding - in which the two financial institutions entered with equal ownership. On 26 May, 2020, Budapest Bank also joined the strategic cooperation.

Magyar Bankholding was established to carry out the merger and transformation of Budapest Bank, MKB Bank and Takarék Group as a domestically owned financial holding company. The company started its effective operations on 15 December 2020, after the major shareholders of the three banks transferred their bank shares to the joint holding company with the approval of the Hungarian National Bank, thus creating Hungary's second largest banking group.

On 15 December 2021, the General Meeting of MKB Bank and the highest decision-making bodies of Budapest Bank and Magyar Takarék Bankholding, which owns the Takarék Group, approved the merger timetable for the merger of Budapest Bank, MKB Bank and Magyar Takarék Bankholding. As a first step, on 31 March 2022, the two member banks of the banking group, Budapest Bank and MKB Bank merged with Budapest Bank being merged into MKB Bank.

The merged bank continued to operate under the name of MKB Bank until 30 April 2023, when Takarékbank joined, and since 1 May 2023 it has continued to operate under the name of MBH Bank, with a single brand name and image.

The bank group aims to implement customer-centred, competitively priced, internationally leading digital solutions, products and services, building on the combined strengths, values and best practices of the three strong domestic commercial banks. The integration of the three member banks is unique not only in Hungary, but also in the financial market of the region, mainly due to its complexity and size.

MBH Group is a very stable, strong and dominant player in the Hungarian financial sector. Currently, it is the second largest bank group in Hungary in terms of total assets and also has

[1] In the next chapter of the financial statement, we assess and analyze the financial situation of the Bank and the results of the activities in order to give the reader an overview of the financial situation and the results for 2023. The following analyses are based on the separate financial statements of MBH Bank prepared in accordance with the International Financial Reporting Standards ("IFRS") for 2023 to the accounting date of 31 December 2023, audited by the registered auditors of the PwC Auditing Ltd. Accordingly, the following analysis focuses on the performance of the Bank. Separate financial statements prepared in accordance with the IFRS requirements will be presented separately.

the largest branch and ATM network. The bank group is a market leader in number of areas, including lending to corporate customers and the micro, small and medium-sized enterprise sector, which has key importance to the national economy, serving agricultural and private banking clients, and in the leasing market.

2. OPERATIONAL ENVIRONMENT

The international and domestic economic developments continued to be affected by the military conflict between Russia and Ukraine in 2023, which broke out in February 2022, and the conflict in the Middle East that started last October had a significant impact. Due to the latter, the prolonged conflict in Israel increased the oil's risk premium, which partly curbed the decrease in crude oil prices in the last quarter of 2023. In addition, since late December, some merchant ships bounded for Israel were attacked, as a result of which some ships can only safely carry goods around Africa, which could increase inflation risks in Europe in 2024 and potentially cause disruptions in supply chains.

Meanwhile, developed economies have struggled to fight inflation last year, which has and could lead to high interest rates and put the brakes on economic growth. Although preliminary data suggests that the euro zone economy avoided technical recession last year, the weak growth dynamic (or recession in case of our main external trading partner, Germany) was a significant drag on the Hungarian economy: In the fourth quarter of 2023, domestic GDP stagnated compared to the same period last year, while the economic output of 2023 was 0.9% lower year-on-year according to raw (unadjusted) data.

The year 2023 was characterised by disinflationary trends, i.e. moderation in inflation. Last year, base effects, moderation in demand, the emergence of a wider range of price corrections and competition-enhancing measures for food, and the fading price increases for durable goods, reflecting the strengthening of the forint, were beneficial for the decline in inflation. The base effects reflect the fact that international commodity and energy prices fell back to 2021 levels in 2023 in most cases. The pace of disinflation has been partly moderated by the addition to the base of the gasoline price freeze, which was lifted in December 2022, as well as by the September increases in the prices of gambling and some public transport fares, as well as the emergence of a price-wage spiral in some service sectors. Despite the factors holding back the decline in the CPI, the annual rate of inflation in December was better than analysts' expectations at 5.5%, with the year-on-year average money inflation stood at 17.6%.

National Bank of Hungary (hereinafter: „NBH”) has tightened interest rates sharply over 2022, raising the base rate from 2.4% to 13%, but the effective interest rate actually rose to 18% through the restructuring of the asset base. In May 2023, the Monetary Council began its cycle of rate cuts, which continued so far and contributed to the policy rate being converged to the base rate by September 2023. By the end of 2023, the base rate had fallen to 10.75%; the rate cut was facilitated by a steeper-than-expected fall in inflation in the second half of last year, a spectacular improvement in the external balance and a more favourable global investor mood towards the end of the year.

According to the January release of the Ministry of Finance, the central budget cash deficit in 2023 was HUF 4,593.4 billion, 135% of the revised estimate. The cash balance of the budget is worsened by the fact that in 2023, pre-financing of EU tenders exceeded the payments received from the EU, without that cash deficit would have been HUF 573 billion lower. The fiscal picture is also affected by indirect acquisitions of public assets. The deficit is also influenced by the burden of household utility expense subsidies for the protection of the population. Based on the financial accounts, the budget could reach an accrual deficit of around 6.5% of GDP in 2023. The reduction in the debt-to-GDP ratio could continue despite the large government deficit, with the ratio falling to close to 72% by the end of 2023, thanks to the large part to strong nominal GDP growth.

A surplus of EUR 410 million was generated in the current account in the third quarter of 2023, showing a significant improvement of EUR 5 billion compared to a year earlier. Including the capital account, the net external financing position (surplus), seasonally adjusted, amounted to EUR 760 million, an improvement of EUR 5.1 billion compared to a significant deficit a year earlier. Reflecting the improvement in the external balance, the goods balance reached a surplus of EUR 298 million. The improvement in the goods balance was partly due to improving terms of trade as energy prices fell, and partly to falling domestic demand through a reduction in imports. The current account deficit could drop from 8.2% of GDP in 2022 to 0.1% in 2023.

The credit institutions sector had an outstanding year in 2023 in terms of profit after tax: preliminary data show that domestic banks reported profits of over HUF 1,370 billion, almost HUF 900 billion higher than in 2022, and a return on equity of over 20%. Two factors played a key role in the improvement compared to 2022. The interest income was almost HUF 500 billion higher, although this was largely achieved passively, namely by banks placing their free liquidity in NBH high interest paying deposit instruments. In fact, without the interest received on the liquidity held with the NBH, no improvement would have occurred. Although the margins between lending and deposit rates widened, the interest rate ceilings on the former resulted in substantial revenue shortfalls. Another factor behind the improvement was the evolution of risk costs. In net terms, more than HUF 400 billion less impairment and provisions were needed in 2023 than a year earlier, as the previously assumed deterioration in the loan portfolio did not materialise and the non-performing portfolio ratio even declined. While inflation has led to an increase in banks' operating costs, this has been broadly offset by an improvement in fee and commission income and other operating income (difference between received and paid dividend, trading profit, etc.). All in all, therefore, the banking sector has shown an outstanding performance of its domestic operations in 2023, not only in terms of profit after tax, but also in terms of key efficiency indicators (cost/income ratio, net interest margin, etc.). However, a significant part of the income improvement is not sustainable; a meaningful correction is expected in the declining yield environment.

3. THE CONSOLIDATED PERFORMANCE OF MBH GROUP IN 2023

The consolidated total assets of the Bank increased by 4.6% to HUF 11,107.0 billion by the end of 2023. The stock of customer loans measured at amortised cost amounted to HUF 4,390.4 billion, while the stock of customer deposits reached HUF 6,957.1 billion. Profit after tax increased by HUF 92.0 billion to HUF 183.2 billion.

The Bank's financial and business fundamentals were strengthened further, including capitalization, liquidity, funding structure, balance sheet structure and the performance of its business lines.

Key figures (HUF million)	**31.12.2023**	**31.12.2022**	**change (%)**	**change**
Total assets	11,107,048	10,614,422	4.6%	492,626
Financial assets measured at amortised cost	7,689,462	7,377,255	4.2%	312,207
o/w net client loans	4,390,428	4,342,801	1.1%	47,627
Financial liabilities valued at amortized costs	9,789,825	9,416,275	4.0%	373,550
o/w client deposits	6,957,100	6,574,357	5.8%	382,743
Equity	1,023,371	808,736	26.5%	214,635
Profit/Loss before tax	221,876	103,390	114.6%	118,486
Profit/loss for the year	183,190	91,168	100.9%	92,022
Total comprehensive income	241,103	95,930	151.3%	145,173

4. PERFORMANCE OF THE INDIVIDUAL BUSINESS LINES[2]

Retail clients

On 30 April the merger of MKB Bank Plc. and Takarékbank Ltd. was completed, and from 1 May the new credit institution continued its activities under the name of MBH Bank Plc.

The merger process, which lasted for more than two years, has thus been completed, creating Hungary's second largest credit institution in pure Hungarian ownership.

At the same time, the bank card portfolio of MBH Investment Bank Ltd. (former MTB Magyar Takarékszövetkezeti Bank Ltd.) was transferred to MBH Bank Plc., which, as the acquiring credit institution, replaced the former issuer in terms of the bank card portfolio.

In retail account products, the focus was on supporting the achievement of business objectives and digital developments. The account sales channel was further expanded through the MBH Bank Digital kiosks and, thanks to a successful tender, through a contract between the Bank and Diákhitel Központ Ltd. On the bank card side, there have been several developments and measures to support the use of digital channels and to enhance customer convenience. Google's own mobile payment solution, Google Pay, has been made available to MBH Bank customers for all Mastercard and Visa retail debit and credit cards.

In August 2023, the Bank launched, first in the Hungarian financial market, the Mastercard Touch Card, an accessible bank card for blind and partially sighted people. The Touch Card debit and credit cards have notches on the side to help distinguish between the cards and how to insert them into the card reader.

In 2023, the premium services of the Go! Platinum credit card were further enhanced with exclusive benefits from Müpa Budapest. On August 1, 2023, MBH Bank was the first card issuer in Hungary to introduce the Mastercard Touch Card feature. The Go! credit card was the first credit card to offer this new feature and throughout the year it was continuously extended to partner-issued credit cards.

Among savings and investment solutions, investment funds were particularly popular in 2023. The Bank met customer needs primarily through wide range of products offered by MBH Fund Manager. Short bond funds combining high return potential with flexible investment horizons were particularly popular among the investment funds, with portfolios multiplying during the year. The total assets under management in private investment funds in the banking group increased by 47.6% compared to 2022. From May 2023, newly-issued MBH bonds with multiple maturities became available to retail customers, and these schemes were also popular with savers.

[2] The source of individual market data: NBH (National Bank of Hungary), KAVOSZ, BAMOSZ (Association of Hungarian Investment Funds and Asset Management Companies), Exim Bank, MFB (Hungarian Development Bank), MBH's own calculation

The merger in May 2023 brought a significant change in MBH Bank's mortgage lending, with the range of loans and services sold being consolidated across the branch network. The renewal of the product portfolio in line with the ESG strategy also played an important role in this process, within the framework of which the Green Certified Consumer Friendly Home Loan was introduced from 1 April 2023, while the MBH ECO Home Loan for green credit purposes was made available with renewed terms from 1 May 2023.

MBH Bank voluntarily joined the APR cap as of 9 October 2023, setting the interest rates for market-rate home loans at a level within the set limit and further reducing the interest rates for those loans in line with the January 2024 amendment of the cap.

In 2023, the government's capping of loan rates continued to provide assistance to customers in payment difficulties. A government decree of 30 November 2023 extended the interest rate freeze until 30 June 2024, until which date customers can repay their mortgages on favourable terms.

The Bank is well-prepared for the restructuring of the Home Support Programme, with the new CSOK (Family Home Purchase Subsidy) Plus loan and the modified conditions of the Village CSOK and the Baby Loan schemes being available in the Bank's product range from 1 January 2024. As a retail bank, MBH Bank aims to serve its customers with the full range of state subsidies.

In order to strengthen its market position, the Bank has launched a Baby Loan promotion throughout the year and has priced the 10-year mortgage loan in the TOP3. Mortgage loans closed the year with a market share of 10%, while the all-purpose mortgage closed the year with a market share of 15%.

Personal loan sales were supported by the Group's active campaign and sales activities. Overall, the volume of new disbursements increased to HUF 72.5 billion, making MBH Bank an even more dominant player in the unsecured lending market, included in the personal loan segment.

Continuing to achieve the targets set last year with CIG Pannónia Insurance, in 2023 we took further steps to increase the product range, related processes and sales efficiency. As a result of the bank merger in May, the travel insurance products related to the former MTB Ltd. issued debit cards were modified as of 1 May 2023. The group insurance contracts for travel abroad previously concluded with Allianz Hungária Ltd. and SIGNAL IDUNA Biztosító Ltd. have been terminated by the bank, both for the built-in and optional insurance, and then the travel insurance related to the cards concerned are and will be provided by CIG Pannónia Biztosító.

The BajTárs accident insurance product has been renewed as of 15 June 2023, offering a higher-level service package and more extended cover. There was a change in limits and a new element of indexation helps to maintain the real value of the sums insured.

In November 2023, a group travel insurance product for one trip, specifically designed for this platform with the help of our insurance partner, became available to all three former member bank customers through a completely new channel, the MBH Bank App.

In the premium segment, we have extended the new unified value proposition to the merged Takarékbank; we now operate the new service model in the Premium Service branches to enhance customer experience and work more efficiently. The portfolio grew by 47% in 2023.

In February 2023, MBH Bank was awarded 1st place in the 'Premium Banking Activity of the Year 2022' category, announced by MasterCard on 16 February 2023.

Branch network

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

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

Further innovation and digitalisation has been achieved with the installation of unique video-banking units in 10 higher education institutions, assisting the younger generation to bank and open accounts online. The Digital Kiosk capsule provides full accessibility with a modern, innovative look.

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

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

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

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

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

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

Micro and small enterprise clients

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

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

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

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

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

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

MFB Points

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

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

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

Digital products and channels

In 2023, a modern and unified front-end framework was deployed on a cloud-based infrastructure to improve the customer experience, along with additional features to help shorten process lead times and make the work of service colleagues more efficient. This includes the replication of customer master records, contracts and products contained in the source systems, display of product portfolio and detailed product data, customer master deduplication, customer grouping and statistical data display.

Single Treasury System - Petak2 and PER

MBH Bank has launched it as the first new application that enables a single teller service for all three predecessor banks, for any of their customers, providing full cross-service for all customers. Like the common mobile application, the application went live on the Openshift containerised platform.

OneApp - common mobile application

Based on the predecessor Budapest Bank's mobile application, a common mobile banking application was launched that can serve the daily banking needs of customers of all three predecessor banks. With continuous feature enhancements, it covers the most used banking functions continuously, and enhancements such as the donation function have also been implemented at record speed. In addition to the functional improvements, the application has also undergone a technological overhaul, and was moved to a modern containerised platform.

University smart capsule

Since its launch in May, self-service smart capsules have already been implemented in several universities in the country and the capital city, piloting the possibility of wider use.

Unification of electronic channels, new common channels

On 1 May 2023, the full legal merger of MKB Bank and Takarékbank and the related IT developments took place, and all electronic channels received a completely new brand. The website was further developed and unified at the entire MBH level, building on the new, youthful digital brand.

In 2023, Google Pay was implemented for all cards.

Contact Center

In 2023, in line with the Takarékbank merger, the organisational hierarchy of the Contact Center was simplified The Contact Center TeleSales tasks and e-mail response handling was concentrated in one location. In Videobank, 3 member bank customer service has been reduced to 2 member bank service.

The WFM (Scheduling Call Coverage) system, Kapszula (Digital Zone) and Student Loan video shop services were introduced.

MBH SZÉP Card

Two major legislative changes were introduced in the operation of the MBH SZÉP Card in 2023:

- As of 9 January 2023, the accommodation, catering and leisure sub-accounts have been consolidated into the accommodation sub-account, from which date the accommodation sub-account continues to operate as the sole account of the SZÉP Card;
- On 1 June 2023, a one-off fee of 15%, with a minimum of HUF 100, had to be charged on the amount of and from the funds transferred to SZÉP Card accounts as benefits until 15 October 2022 and not used by 31 May 2023. In accordance with its statutory obligation, the Bank informed MBH SZÉP cardholders by 15 January 2023 about the balance of their unused funds received by 15 October 2022 and not used by the date of the information and the amount of the 15% fee calculated in advance on the unused funds.
  Then on the basis of Government Decree 381/2022 (6 October) on the use of the Széchenyi Card during the State of Danger, the payment service provider will charge a one-off fee up to and from the amount of the funds transferred to the SZÉP Card accounts as benefits and not used for at least 365 days after the transfer, on 20 March and 20 September. The fee can not be charged on funds for which a fee has already been charged and paid.

On 1 August 2023, the annual limit of HUF 450,000 for the SZÉP card benefit, which is an extra-wage benefit, was supplemented by an additional HUF 200,000 for the year 2023.

The spending opportunities were further extended by the fact that between 1 August and 31 December 2023, it was also possible to buy food with SZÉP Cards from traders who were engaged in food retail as their main activity.

By the end of 2023, the number of MBH SZÉP cardholders exceeded 260,000. Nearly HUF 33.6 billion employer contributions were transferred to them in 2023 with 819 thousand transactions. The MBH SZÉP cardholders spent nearly HUF 34.7 billion in 2023 with 5.3 million transactions. Between 1 August and 31 December 2023, the Bank's customers purchased HUF 3.7 billion worth of groceries, accounting for 24.26% of MBH SZÉP Card spending during that period.

The average annual value of funds in MBH SZÉP Card accounts was HUF 8.6 billion in 2023. Cardholders can now use their MBH SZÉP Cards for payments at nearly 40,000 points of acceptance.

Corporate and institutional customers

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

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

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

MBH Bank Group remained an active participant in the continually renewed Széchenyi Card Programme. In the SZKP MAX+ programme which has been launched in January 2023 and is still running, MBH Bank has a 25% market share[3] of the number of loan applications in the corporate business line, including micro and small companies.

MBH Bank has traditionally maintained close ties with Exim Bank to enable customers to benefit from EXIM financing sources. In the Baross Gábor Reindustrialisation Loan Programme, a total of HUF 1,000 billion loan has become available in euros as well as in forints at a fixed, low interest rate. The majority of the facility was allocated to working capital loans. The Bank's customers also requested a significant amount of these products. MBH Bank's market share in the BGH scheme was 21%[4]. In order to provide flexible and comprehensive services to its customers, the Bank continues to actively participate in all subsidised loan programmes announced by Exim Bank, including the Baross Gábor Reindustrialisation Investment Loan Programme Plus, which will continue in 2024.

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

[3] KAVOSZ
[4] EXIM Bank

Private banking

On 30 April 2023 - simultaneously with the banking transformation - the merger of MKB Private Banking and Takarékbank Private Banking was completed, as a result of which the business continued its activities as MBH Private Banking.

Each of the member bank business lines brought with them different strengths, creating one of the most dynamic private banking services in Hungary, with full national coverage and a personalised service model.

In addition to its core business, MBH Bank Private Banking is a gold supporting member of the Social Impact Investors' Association, which has a strong focus on supporting family wealth planning and its special branch, the increasingly important topic of succession planning and generational wealth preservation.

Continuing the trend of previous years, we have managed to significantly increase the volume of assets under private banking management. Taking advantage of market conditions, by developing the skills of our private banking colleagues and increasing the number of services and products available to customers, the assets under management in this business line exceeded HUF 1,200 billion, making it the private bank managing the second largest portfolio in the domestic market.

At the Private Banking 2023 Awards, MBH Private Banking (shared with Friedrich Wilhelm Raiffeisen due to the equality of votes) won first place in the "Private Banking Service Provider of the Year" category for the first time in its history. (The prize is awarded by Blochamps Capital on the basis of votes from competitors in the market.)

MBH Private Banking also won the "Business Developer of the Year" award and came second in the "Assets under Management" category, and one of our colleagues, Brigitta Barna, was awarded "Senior Private Banker of the Year".

Municipal clients

In 2023, the municipality business continued the strategy started last year, with a special focus on municipal clients. The main ambition of this area is to engage with local communities, through that MBH Bank helps to develop the economy as an engine of rural development through municipalities.

Over the past year, the business line got even closer to its clients, who are now served by a dedicated team of advisors with specific expertise in the rural metropolitan areas. In addition to serving municipal clients, the business line now also serves municipality-owned businesses, thus further exploiting synergies. The Bank maintained its second position in the overall municipal segment. By the end of 2023, thanks to a series of successful acquisitions, the municipal business line serviced the accounts of 1,225 municipalities and their member institutions (primary education establishments, kindergartens, crèches, etc.).

A measure of its success is the fact that several cities with county status also chose MBH Bank as their account managing partner. In addition to a significant increase in the number of customers, the deposit portfolio also expanded, reaching nearly HUF 200 billion, and the loan portfolio reached HUF 40 billion. As a result of its complex servicing model, the business unit joined the financing of Esco projects and played a key role in successfully serving a number of water utility customers.

Churches

In May 2023, the special unit serving church customers was established. MBH Bank currently serves nearly 2,000 church customers.

In 2023, active cooperation began with the highest level departments of all three historical churches (Hungarian Catholic Bishops' Conference, Hungarian Reformed Church, National Office of the Evangelical Lutheran Church in Hungary).

The savings portfolio managed by MBH Bank amounted to nearly HUF 76 billion.

MBH Bank is actively involved in the everyday life of church organisations, by assuming social responsibility and supporting and sponsoring various events.

The future goal of the special unit is to further expand its current business relations with these churches through strategic agreements.

Agricultural clients

Merger and organisational structure:

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

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

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

Market environment and business results:

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

- The drought in 2022 resulted in a loss of circa HUF 1,000 billion in revenues in agriculture, the knock-on effects of which continued to affect farmers' day-to-day liquidity in 2023.
- From 2022 onwards, input-output prices were temporarily disrupted by various specific shocks, the after-effects of which were also felt in 2023.
- Production costs in the arable sectors were still affected by the rise in input prices, depending on the timing of purchases, and sales prices felt significantly in 2023. The prices on the domestic market were also hit by a significant increase in transport costs in Europe.
- Thus, despite a much more favourable rainfall situation than in 2022, producers realised zero or minimal returns on most crops. The winners in 2023 were the livestock sectors and feed producers.
- At the end of the value chain, the food industry faced significantly weakening consumer demand due to falling real wages.
- The investment tenders for the new EU support cycle (Rural Development Programme) have not yet been launched.
- The financing needs were mainly for intra-year, day-to-day operation and production financing. Small and medium sized enterprises reported investment loan requests mainly under the ASZB (Agricultural Széchenyi Investment Loans) scheme, while larger ones applied for investment loans under the Baross Gábor programme.
- Long-term financing needs at market rates were moderate compared to previous periods.
- According to the available interim data[5], the loan portfolio of the banking market increased slightly in agriculture, decreased in the food sector and stagnated overall.

[5] 2023/Q3-NBH, Ministry of Agriculture

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

- Loans under management in the Business Unit increased slightly in 2023, leaving its market share practically unchanged according to the available interim data (around 25% in agriculture and food industry[6]).
- The business line achieved a higher than planned growth rate (well into double digits) in terms of customer deposits.
- Strengthened market leading position in the main agricultural loan products of the Széchenyi Programme (see below).
- Strong focus on exploiting synergies with cooperating partners (leasing, insurance, application writing and advisory services, factoring) to strengthen cross-selling.

The main commitments affecting the business line's activities:

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

- The dominant market position stabilised for products guaranteed by AVHGA.
- In the Agricultural Széchenyi Card Programme, four out of five transactions are financed by MBH Bank's agricultural business line, while the Bank also has a market-leading share[7] (over 50% in both volume and number of transactions) in the Agricultural Széchenyi Investment Loans.
- From 2023, Dávid Hollósi, head of the business line, has been helping to further develop the cooperation as a member of the Supervisory Board of AVHGA.

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

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

[6] KSH, TEÁOR
[7] AVHGA

5. TREASURY AND INVESTMENT SERVICES (MARKETS)

Treasury

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

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

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

ALM & Liquidity service

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

Sales

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

Corporate Finance

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

Intermediary currency exchange

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

Investment services

Investment services - sales

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

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

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

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

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

Margin-type speculative deals remained very popular with customers.

Investment Products and Services Management

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

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

- The MBH Group continued to strengthen in certificate issuance, issuing a total of 16 certificates denominated in three currencies.
- MBH Bank issued 9 HUF-denominated and 4 EUR-denominated own bonds.
- As of November 2023, MBH Group has introduced a single pricing harmonisation for investment services and the Wealth Management Platform, which will provide a broad digital advisory platform for its clients.
- In line with MBH Group's commitment to digital development, MBH Group is developing the MBH Netbroker and MBH Mobilbroker platforms, which were nominated by the

Budapest Stock Exchange for the Online Hungarian Stock Trading Platform of the Year Award in 2023.

- In line with its ESG strategy, in the last quarter of 2023, the Bank renewed its MiFID questionnaire, adding an ESG preference module to assess the ESG preferences of the Bank's clients together with their investment objectives.
- It strengthened the MBH Group's choice of investment funds. The Group has more than 14 Fund Managers and over 300 investment funds available to its clients in the most popular asset classes, ensuring that specific product groups are always available, in line with the current market and economic environment, and a diversified portfolio.

Depositary services, sales

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

6. ACQUISITION ACTIVITY

MBH Duna Bank

During 2023, the acquisition of the direct majority stake in Duna Takarék Bank Ltd. was completed, and the Győr-based financial institution is now part of MBH Bank Plc. with 98.46% direct ownership of MBH Bank. Duna Takarék Bank Ltd. operates as an independent credit institution under the name MBH Duna Bank Ltd. as of 1 December 2023

MBH Duna Bank Ltd. initiated the accession of the credit institution to the Central Organisation of Integrated Credit Institutions and informed MBH Investment Bank Ltd., a member of the MBH Banking Group, as the business management organisation. MBH Duna Bank Ltd. joined the Central Organisation of Integrated Credit Institutions on 1 August 2023.

Fundamenta-Lakáskassza

The Bank has signed a share purchase agreement with Bausparkasse Schwäbisch Hall AG (Germany) and with Bausparkasse Wüstenrot AG (Austria) as well as with Wüstenrot & Württembergische AG (Germany) in order to purchase a total of 76.35% stake of **Fundamenta-Lakáskassza Lakás-takarékpénztár Ltd**. The closing of the transaction is expected in the first half of 2024, subject to obtaining the necessary regulatory approvals. The acquisition represents a significant growth, adding 480,000 customers, HUF 530 billion in loans and HUF 570 billion in deposits, and significantly increasing the Bank's share of the retail savings and housing lending markets. In addition, Fundamenta's strong distribution network will make MBH Bank's products available through new channels and to an even wider extent.

7. SUBSIDIARIES/STRATEGIC COOPERATION AND PARTNERS

In addition to its own range of banking products and services, MBH provides the services of its subsidiaries and partners too. The objective of the Bank is to preserve, increase the market position of its subsidiaries, to deepen cooperation within the group, and to continually strengthen ancillary financial services.

SUBSIDIARIES[8]

Euroleasing

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

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

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

Car financing activity

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

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

[8] Source: Hungarian Leasing Association, BAMOSZ

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

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

Asset financing activity

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

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

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

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

Changes in the economic environment affecting the leasing group

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

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

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

MBH Befektetési Alapkezelő Ltd.

Following the merger in autumn 2022, the year 2023 will see the consolidation of the product portfolios of the two former Fund Managers. In addition to the mergers and restructuring, two new funds were launched during the year.

As of 31 December 2023, the Fund Manager managed a total of HUF 2,144 billion in net assets under management, representing a market share of 10.64%. Within this, it invests HUF 1,451 billion in 67 investment funds and 2 private equity funds and manages assets totalling HUF 693 billion for 9 funds, 3 insurance companies and 5 other customers in the context of portfolio management. MBH Fund Management is ranked second among pension fund asset managers (in terms of assets under management).

MBH Fintechlab

For MBH Fintechlab, the year 2023 was all about adapting to a changing environment and evolving. In 2023, the brand name stood for both the MBH Inkubátor Llc. and the Business Innovation area of the Standard Servicing business line. The MBH Fintechlab will make a major contribution to the establishment of digital capabilities in banking, the conscious development of innovation maturity and the exploitation of its business potential. The venture capital investment and the innovation management capability are the pillars of MBH Fintechlab's strategy.

During the year, MBH Fintechlab made 3 new investments in the framework of the implementation of the incubator tender of the National Research, Development and Innovation Office and provided member loans to 3 existing portfolio companies. In addition, its portfolio companies recorded a number of successes in growth. MBH Fintechlab successfully closed one full and one partial exit during the year, and verbal agreement was reached on another full exit, which will be completed in Q1 2024.

Continuing from the previous year, the subsidiary once again managed several events. Within the Fintech Factory competition, mentor meetings were organised on a monthly basis, where the founders of the portfolio companies had the opportunity to get to know each other and share their experiences and discuss their questions with each other and the mentors.

In addition, the company launched a Fintech Startup training course in English at the Budapest Business University, where students of finance at the university had the opportunity to develop a financial innovation idea with the help of our colleagues and mentors.

In 2023, the School of Innovation's financial innovation apprenticeship programme continued, for which 210 applications were received. Over the course of five months, participants were introduced to financial innovation trends and methodologies, participated in hands-on workshops and professional community events, divided into six professional topics. The training covered topics such as technology trends shaping the future of banking, how fintech giants work and design thinking. The training prepared them to be able to collaborate with fintech companies in their respective business areas and to integrate fintech solutions, improving the speed of response to customer needs. Our Artificial Intelligence training programme on the potential banking applications of Generative AI was a huge success, with hundreds of participants so far and more than 700 colleagues requesting access to the closed banking Chat GPT system.

Last year, the innovation management activity was launched in the Business Innovation area, where a total of 9 external fintech solutions were validated along the banking business needs, including the Péntech B2B BNPL solution from one of the start-up companies in our investment portfolio, with which MBH Fintechlab closed a successful test project, and the Book-keepie bookkeeper selecting platform, which was integrated into the BUPA SME ecosystem. However, the integration of the other solutions has been significantly delayed due to workloads related to restructuring and migration, and innovative solutions will be adapted to the new banking strategy and QBR in the future.

Solus Capital Venture Capital Fund Management

Solus Capital Venture Capital Fund Management Ltd. continued its investment activity in the start-up ecosystem in 2023 too.

The Solus I Venture Capital Fund is a fund jointly financed by the Specialization Venture Capital Program (GINOP 8.1.3/B-17) and MBH Group and its strategic partners as private investors. By the end of 2023, the Solus I Venture Capital Fund has invested more than HUF 11.2 billion (HUF 344 million in 2023) in SMEs applying innovative and smart technologies.

The investment portfolio of Solus I Venture Capital Fund consisted of 27 companies at the end of 2023.

Solus II Venture Capital Fund is a fund operating within the framework of the Digital Venture Capital Programme (GINOP 8.2.7-18), co-financed by MBH Group as a private market investor. By the end of 2023, Fund invested close to HUF 7 billion in micro-, small- and mid-sized enterprises that focus on digitalization. The portfolio consisted of 21 companies at the end of 2023. In 2023, the Fund made 4 new investment decisions and disbursed a total of nearly HUF 2 billion during the year, including existing elements in the portfolio.

At the end of 2023, the primary investment period set out in the Intermediary Agreement for the Funds has ended, and the Manager will focus its attention on increasing the value of the portfolio elements, estabilising their liquidity where necessary, and on successful exits during the remaining life of the Funds.

On the growth side, the biggest challenges for portfolio companies were entering domestic and foreign markets, product validation and finding the next round of capital. In the latter case, there is a shrinking venture capital market, with investors looking for more mature companies.

On the resource side, the challenge was rising labour costs due to increased inflationary pressures. Given the negative economic impact, the Fund Manager focused on capitalisation and stabilisation of potent companies during the year.

The Fund Manager's prudent approach has included the recognition of impairments on several occasions during the year by reviewing the carrying value of less successful companies. At the same time, the past year has seen the emergence of a financially sound portfolio of companies that are close to break-even and have growth potential, and which the Fund Manager intends to continue to support in every way possible in the hope of achieving significant returns.

MBH Investment Bank Ltd.

Created in May 2023 through a merger, which was unique in the European banking market, MBH Bank is today one of the largest financial institutions in the region, both in terms of the number of clients and assets. The merger of MKB Bank, Budapest Bank and the Takarék Group has created a new much larger bank of scale and scope: the complementary product range and professional competences of the predecessors were combined in a new, unified framework, creating a new quality in the Hungarian banking sector.

The banking group's highly diversified product portfolio is marketed through MBH Investment Bank. The new investment-focused financial institution offers customers all the benefits of the merger of the three predecessors: investment expertise across a wide range of sectors and asset categories, a branch network accessible from anywhere in the country and a broad range of securities available through a single service.

MBH Investment Bank's mission is to provide its clients with services at the forefront of the international investment market in the most direct and flexible way possible, without compromise, and is therefore pioneering innovative digital banking solutions. Thanks to innovative service paths and methods based on web and mobile technology, MBH Investment Bank enables its clients to manage their finances anytime and anywhere, without constraints and limitations.

MBH Mortgage Bank Plc.

MBH Mortgage Bank Co. Plc. as FHB Land Credit and Mortgage Bank started its operation in 1998. The first specialized mortgage credit institution created the basis of the mortgage lending business operating with mortgage bank background in the Hungarian banking market, actively participated in the establishing the legal environment of mortgage banking operations, developed its strategy and built up its customer base, and made mortgage-based financing available with mortgage bonds available in the country. On both the asset and liability side, the Bank has developed a gradually refining product range, in line with the changing market environment, which is well adapted to both capital market conditions and client needs.

The Bank's profile has been clarified since 2018, which is in line with the long-term goals of MBH Group, it operates as a refinancing mortgage bank, consequently its main activities are refinancing mortgage loans for members of MBH Group and third-party partner banks outside the group, as well as issuing mortgage bonds.

As a member of the Group, the Bank's new name was changed to MBH Mortgage Bank Co. Plc. with effect from 1 May 2023.

The Bank actively participates in the statistical, legal and capital market groups of the Hungarian Banking Association and the European Mortgage Federation/European Mortgage Bond Council (EMF - ECBC).

The main owner of the Bank is MBH Investment Bank Ltd.

MBH Duna Bank Ltd.

On 1 October 2013, the Győr-based Duna Savings Cooperative, founded in 1960 in Halászi (which was established in 2008 by the merger of the Halászi and Esztergom Savings Cooperatives), was transformed into a private limited company, DUNA TAKARÉK BANK Ltd.

From 01.12.2023, it will continue its activities under the name MBH Duna Bank, with a renewed image, as a member of the MBH Group, but operating independently.

The credit institution serves its customers in 14 branches in four counties (Győr-Moson-Sopron, Komárom-Esztergom, Fejér and Pest).

Takarék Faktorház Ltd.

Takarék Faktorház Ltd. is a fully-owned subsidiary of MBH Befektetési Bank, its primary activity was business factoring until 2022, transferred its business portfolios to MBH Bank in 2023. The sale of the Company is in progress.

Takinfo Llc.

Takinfo Llc. is a subsidiary of MBH Investment Bank, in which it holds 52.38% of shares, its primary activities were the development and management of information technology systems, the trade of information technology assets and software and service activity. The Company transferred its activities and clients to MITRA Ltd. (formerly: Takarékinfo), its assets consist of real estate property.

MITRA Informatikai Ltd.

MITRA Informatikai Ltd. (formerly: Takarékinfo Központi Adatfeldolgozó Ltd.) is a company majority-owned by MBH Bank Plc., in which MBH Investment Bank Ltd. holds a direct 2.45% stake, the main activity of which is the provision of IT services (primarily to the Bank Group, the members of Integration) and the operation and development of systems. The Company was established on 1 September 2022 by the merger of Takarékinfo, MKB Digital Ltd. and Euro-Immat Llc.

Takarék Ingatlan Ltd.

Takarék Ingatlan Ltd. is a wholly-owned direct subsidiary of MBH Investment Bank, whose main task is to develop and continuously provide real estate valuation, real estate brokerage, real estate marketing and real estate management activities, as well as real estate energy certification and real estate services in line with the strategy and business interests of the MBH Investment Banking Group and the former Takarékbank, which is no longer part of the Group. In the context of the consolidation of the collateral management activities, the management of the valuation activities of the collateralised real estate assets has been insourced to MBH Bank Plc., and the Company is no longer performing its related activities, and is therefore in the process of being fully deconsolidated.

MBH Szolgáltatások Ltd.

Takarékbank established TIHASZ Takarék Ingatlanhasznosító Ltd. on 4 October 2019 with a share capital of HUF 50 million with the purpose of allocating the real estate properties of the cooperative integration related to banking into this company, which, as its core function, would manage these real properties and lease them to Takarékbank Ltd.

As a result of multiple capital increases by way of transfers (of real estate), the share capital of TIHASZ Takarék Ltd. reached approximately HUF 25.8 billion during 2020, while by the end of 2022 it reached HUF 26.1 billion.

On 25 September 2020, MTB Ltd. purchased from Takarékbank 23,419 pieces of series "A" ordinary shares in TIHASZ Takarék Ingatlanforgalmazó Ltd. (for a total bidding price of HUF 23,419 million).

During 2022, the liquidation of the former property management company Hajdú-Rent Llc. va, fully owned by Takarékbank (acquired after the merger of the savings cooperatives), was completed, as a result of which the ownership share Takarékbank Ltd. in the company stands at 9.21%.

TIFOR Ltd. was merged with TIHASZ Ltd. on 31 December 2022, along with two other MKB subsidiaries with real estate profiles - into TIHASZ Ltd., which took the name MBH Szolgáltatások Ltd. as of 1 May 2023.**MBH DOMO Llc.**

MBH DOMO Llc. was established in May 2023 as a subsidiary of MBH Bank. On 28 June 2023, a sale and purchase agreement was signed for the development of a significant real estate development, which allowed the construction of new headquarters for the Company and the MBH Bank Group to begin.

The sale and purchase process of the new headquarters project has been completed and the visual plans for the new MBH Bank headquarters have been finalised. In line with the Group's objectives, the new headquarters will meet all social, employee and ESG requirements, and will be designed as a building complex that will integrate into the urban landscape and provide community functions.

8. STRATEGIC COOPERATION AND PARTNERS[9]

MBH Gondoskodás Pension Fund

MBH Gondoskodás Pension Fund is one of Hungary's leading pension funds. The Voluntary segment of the Fund offers a decades-long, efficient savings instrument to nearly 69,000 customers within the MBH Group's comprehensive investment solutions. As of 31 December 2023, the voluntary branch closed the year with an asset of HUF 159.9 billion. Owing to the continuous communication and financial awareness education in recent years, the individual's willingness to save is increasingly outweighed by the employer's commitment.

The private branch of MBH Gondoskodás Pension Fund closed 2023 with nearly 3,400 members and HUF 22.8 billion in assets, while the proportion of members paying membership fees remained well above the 70% statutory requirement.

The uninterrupted, stable and prudent operation of the Fund for more than 25 years has been facilitated by a well-prepared fund and asset management professional support and the desire for continual development.

The simple, interest tax-free product, which can be used in many ways even in the active years, can be tailored to the return expectations and risk-bearing capacity of the customers. To more fully satisfy the needs of the members, the fund continuously expands its services portfolio to allow product benefits to be used. The implementation of distributing customer savings between diverse portfolios as well as the introduction of a new, fifth fund portfolio were successfully implemented in the voluntary branch of the fund in 2023. Customers investing in their future with the MBH Gondoskodás Pension Fund can take advantage of the combined benefits of impressive balanced yields even over 10 and 15 years and low cost levels due to expert asset management. The funds can be used through a flexible range of services.

[9] Source: National Association of Voluntary Funds

In the framework of the digital renewal of the MBH Gondoskodás Pension Fund, the development of the Member Portal supporting customer service and electronic administration was also prepared, in line with the already modernised web interface. The new, streamlined and more transparent interface is expected to be available to members to manage their savings as early as 2024. In addition to digital improvements, the focus of business development has been on continuous activation, customer outreach, and the search for new and innovative solutions and their incorporation into daily operations to continuously increase customer satisfaction.

MBH Gondoskodás Health Fund

MBH Gondoskodás Health Fund is a market leading health fund in Hungary, which provides a wide range of services to more than 198 thousand members and had HUF 17.7 billion in assets as of 31 December, 2023. For nearly 26 years, the name of the Fund has been synonymous for its customers with the widest possible range of health-supporting and cost-reducing services available. The assets of the health fund, which can be spent on the needs of the whole family in almost every life situation and can be supplemented with a 20% tax allowance, can be widely used, from maternity through private health care expenses to supporting elderly care. In the case of preventive expenses and a two-year fixed-term deposit, the state provides an additional 10% tax allowance to customers, which can be used for a wide variety of products and services at its more than 18,500 partners using conventional payment methods or at nearly 9,700 contracted card acceptance service providers.

During 2023, the Fund also upgraded and launched a modernised version of the Member Portal and the mobile app as part of a complex process in line with the redesign of its website last year. One important result of the Portal redesign is that the previously outdated interface can now be accessed from any device, such as a mobile phone or tablet, with full functionality and a high user experience.

It is a novelty that the mobile application of the Fund, in contrast to the previously limited usability, now includes almost all the functions and data display of the Member Portal and almost all online administration options.

The positive result of 2023 is that the Fund closed the year with an increasingly dynamic member contribution activity as a result of a strengthened business approach. It has also successfully developed products with an external partner in response to growing health awareness. The Fund, in partnership with CIG Pannónia Insurance, offers a full range of health insurance products, from diagnostic tests to hospitalisation cover.

Health insurance is thus available from January 2023 as a tax-advantaged corporate benefit option - financed through the Fund - to serve not only individual customers but also employers.

In 2023, in addition to the above steps, easier subscription management for electronic administration has been implemented, and the modernisation of the account processing process continued in a complex project, developing online account submission, which can contribute to making account settlement smoother.

Budapest Voluntary Pension Fund

The Budapest Voluntary Pension Fund manages the pension savings of nearly 20 thousand members, amounting to HUF 45.5 billion. While the Fund's contributions were close to the previous year's level, its investment performance was also outstanding, with both portfolios achieving returns of over 20%. The web-based customer service system facilitates efficient information for members, while the online login interface provides a fast and convenient service for new customers. The low-cost investment, backed by tax relief and interest tax exemption, offers flexible savings for which MBH Fund Manager provides the investor expertise as a professional asset manager.

Budapest Private Pension Fund

The Budapest Private Pension Fund has a membership of 6,300 people and assets under management amounted to nearly HUF 44 billion on 31 December 2023. Members' savings increased significantly during the year thanks to excellent investment performance. All three portfolios achieved returns above 20%, with two of them even exceeding 25%. Members' willingness to pay membership fees is high, so in 2023, the proportion of paying members was still well above the statutory 70%. As a result of early payments, this legal condition is already met for the full calendar year 2024. The Fund now operates on a voluntary basis, with the aim of significantly increasing its members' pension savings in the long term at a low cost.

9. FINANCIAL PERFORMANCE

Statement of the consolidated financial situation

	31.12.2023	31.12.2022	change (%)	change
Assets				
Cash and cash equivalents	**1,347,889**	**1,361,315**	**-1.0%**	**-13,426**
Financial assets measured at fair value through profit or loss	**756,308**	**819,718**	**-7.7%**	**-63,410**
Loans and advances to customers mandatorily at fair value through profit or loss	510,988	418,517	22.1%	92,471

Securities held for trading	2,621	49,923	-94.7%	-47,302
Securities mandatorily at fair value through profit or loss	47,516	24,869	91.1%	22,647
Derivative financial assets	195,183	326,409	-40.2%	-131,226
Hedging derivative assets	**73,652**	**164,338**	**-55.2%**	**-90,686**
Financial assets measured at fair value through other comprehensive income	**912,538**	**630,845**	**44.7%**	**281,693**
Securities	912,538	630,845	44.7%	281,693
Financial assets measured at amortised cost	**7,689,462**	**7,377,255**	**4.2%**	**312,207**
Loans and advances to banks	106,544	179,088	-40.5%	-72,544
Loans and advances to customers	4,390,428	4,342,801	1.1%	47,627
Repurchase assets	17,918	1,070	-	16,848
Securities	3,010,864	2,781,620	8.2%	229,244
Other financial assets	163,708	72,676	125.3%	91,032
Fair value change of hedged items in portfolio hedge of interest rate risk	**3,159**	**(51,678)**	**-**	**54,837**
Investments in subsidiaries and associates	**55,169**	**49,599**	**11.2%**	**5,570**
Property, plant and equipment	**120,501**	**98,345**	**22.5%**	**22,156**
Intangible assets	**71,094**	**70,511**	**0.8%**	**583**
Income tax assets	**13,540**	**24,981**	**-45.8%**	**-11,441**
Current income tax assets	276	453	-39.1%	-177
Deferred income tax assets	13,264	24,528	-45.9%	-11,264
Other assets	**62,367**	**69,039**	**-9.7%**	**-6,672**
Assets held for sale	**1,369**	**154**	**-**	**1,215**
Total assets	**11,107,048**	**10,614,422**	**4.6%**	**492,626**

Financial liabilities measured at fair value through profit or loss	**152,581**	**278,203**	**-45.2%**	**-125,622**
Derivative financial liabilities	129,944	235,877	-44.9%	-105,933
Financial liabilities from short positions	22,637	42,326	-46.5%	-19,689
Hedging derivative liabilities	**17,018**	**1,365**	**-**	15,653
Financial liabilities measured at amortised cost	**9,789,825**	**9,416,275**	**4.0%**	**373,550**

Amounts due to banks	2,027,667	2,378,471	-14.7%	-350,804
Amounts due to customers	6,957,100	6,574,357	5.8%	382,743
Repurchase liabilities	11,767	-	-	11,767
Issued debt securities	520,901	290,838	79.1%	230,063
Subordinated debt	108,341	88,887	21.9%	19,454
Other financial liabilities	164,049	83,722	95.9%	80,327
Provisions	**31,240**	**22,623**	**38.1%**	**8,617**
Income tax liabilities	**16,985**	**15,483**	**9.7%**	**1,502**
Current income tax liabilities	15,354	12,378	24.0%	2,976
Deferred income tax liabilities	1,631	3,105	-47.5%	-1,474
Other liabilities	**76,028**	**71,737**	**6.0%**	**4,291**
Total liabilities	**10,083,677**	**9,805,686**	**2.8%**	**277,991**
Equity				
Share capital	322,530	321,699	0.3%	831
Share premium	348,894	313,947	11.1%	34,947
Retained earnings	44,754	32,592	37.3%	12,162
Other reserve	51,066	32,552	56.9%	18,514
Profit for the year	176,679	88,942	98.6%	87,737
Accumulated other comprehensive income	36,465	(21,357)	-	57,822
Equity attributable to owners of the parent company	**980,388**	**768,375**	**27.6%**	**212,013**
Non-controlling interest	**42,983**	**40,361**	**6.5%**	**2,622**
Total equity	**1,023,371**	**808,736**	**26.5%**	**214,635**
Total liabilities and equity	**11,107,048**	**10,614,422**	**4.6%**	**492,626**

Based on 2023 year-end data, the total assets of the Bank increased by HUF 492.6 billion compared to 2022 year-end and amounted to HUF 11,107.0 billion as of December 31, 2023.

Cash and cash-equivalent assets amounted to HUF 1,347.9 billion, showing a decrease of HUF 13.4 billion compared to the end of the previous year.

Loans and advances to credit institutions decreased by HUF 72.5 billion compared to the end of the previous year, to HUF 106.5 billion.

The stock of securities measured at amortised cost increased by HUF 229.2 billion compared to the end of the preceding year, reaching HUF 3,010.9 billion. By the end of 2023, the stock of loans and advances to customers amounted to HUF 4,390.4 billion at the end of the period.

The stock of financial assets at fair value through profit or loss decreased by 7.7% to HUF 756.3 billion at the end of the period.

Financial assets at fair value through other comprehensive income increased by 44.7% to HUF 912.5 billion at the end of 2023.

The amount of assets qualified as held for sale and that of discontinued operations increased by HUF 1.2 billion compared to end the of 2022.

Other assets are HUF 6.7 billion lower at the end of 2023 compared to the end of the previous year.

Compared to the end of 2022, investments in subsidiaries, jointly controlled entities and associates decreased to HUF 5.6 billion.

During the reporting period, the stock of liabilities to credit institutions decreased by HUF 350.8 billion, reached HUF 2,027.7 billion. The aggregate sum of client deposits and current accounts were HUF 6,957.1 billion, increased by HUF 382.7 billion compared to the end of the previous year.

Derivative financial liabilities recorded among liabilities decreased by 44.9%, it amounted HUF 129.9 billion at the end of 2023.

The stock of other liabilities increased by HUF 4.3 billion and provisions also increased by HUF 8.6 billion during the year.

The total equity reached HUF 1,023.4 billion at the end of 2023.

Statement of profit or loss and other comprehensive income

	01.01.2023.- 31.12.2023.	01.01.2022.- 31.12.2022.	Change (%)	Change
Interest and similar to interest income	**1,204,710**	**678,949**	**77.4%**	**525,761**
Interest income using effective interest rate method	780,138	471,917	65.3%	308,221
Other interest income	424,572	207,032	105.1%	217,540
Interest and similar to interest expense	**(639,153)**	**(313,222)**	**104.1%**	**-325,931**
Interest expense using effective interest rate method	(388,040)	(159,870)	142.7%	-228,170
Other interest expenses	(251,113)	(153,352)	63.7%	-97,761
Net interest income	**565,557**	**365,727**	**54.6%**	**199,830**
Income from fees and commissions	**188,872**	**142,020**	**33.0%**	**46,852**
Expense from fees and commissions	**(49,431)**	**(37,591)**	**31.5%**	**-11,840**
Net income from commissions and fees	**139,441**	**104,429**	**33.5%**	**35,012**
Results from financial instruments	**2,654**	**32,146**	**-91.7%**	**-29,492**
Results from financial instruments measured at fair value through profit or loss, net	(72,105)	118,163	-	-190,268
Results from financial instruments measured at fair value through other comprehensive income, net	2,784	(35,924)	-	38,708
Results from financial instruments measured at amortized cost, net	(2,414)	1,655	-	-4,069
Results from hedge accounting, net	24,248	(5,288)	-	29,536
Exchange differences result, net	50,141	(46,460)	-	96,601
(Impairment) / Reversal on financial and non-financial instruments	**(75,461)**	**(93,176)**	**-19.0%**	**17,715**
(Impairment) / Reversal on financial instruments held for credit risk management	(58,618)	(65,005)	-9.8%	6,387

Provision (loss) / gain	(357)	(3,379)	-89.4%	3,022
Modification (loss) / gain on financial instruments	(14,449)	(23,222)	-37.8%	8,773
(Impairment) / Reversal on investments in subsidiaries and associates	(1,680)	(6)	-	-1,674
(Impairment) / Reversal on other financial and non-financial instruments	(357)	(1,564)	-77.2%	1,207
Dividend income	**1,628**	**728**	**123.6%**	**900**
Operating expense	**(419,069)**	**(310,056)**	**35.2%**	**-109,013**
Other income	**25,776**	**13,317**	**93.6%**	**12,459**
Other expense	**(21,215)**	**(10,536)**	**101.4%**	**-10,679**
Negative goodwill recognised in profit or loss	**4,821**	**-**	**-**	**4,821**
Investments in jointly controlled entities and associates	**(2,256)**	**2,704**	**-**	**-4,960**
Result from assets held for sale	**-**	**(1,893)**	**-**	**1,893**
Profit before taxation	**221,876**	**103,390**	**114.6%**	**118,486**
Income tax income / (expense)	**(38,686)**	**(12,222)**	**216.5%**	**-26,464**
PROFIT FOR THE YEAR	**183,190**	**91,168**	**100.9%**	**92,022**
Of which profit or (loss) of the owners of the parent company	*176,679*	*88,942*	98.6%	87,737
Of which profit or (loss) of the non-controlling interest	*6,511*	*2,226*	192.5%	4,285
Other comprehensive income				
Items that may be reclassified to profit or loss	**53,202**	**4,972**	**-**	**48,230**
Hedging instruments (unmarked items)	*(333)*	*457*	-	-790
Revaluation on financial assets measured at fair value through other comprehensive income	*58,303*	*3,917*	-	54,386

Income tax relating to items that will be reclassified	*(4,768)*	*598*	-	-5,366
Items that may not be reclassified to profit or loss	**4,711**	**(210)**	**-**	**4,921**
Fair value changes of equity instruments measured at fair value through other comprehensive income	*4,711*	*(210)*	-	4,921
Income tax relating to items that will not be reclassified	-	-	-	0
Other comprehensive income for the year net of tax	**57,913**	**4,762**	**-**	**53,151**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**241,103**	**95,930**	**151.3%**	**145,173**

*A change of more than +/- 300% compared to the previous year cannot be interpreted, marked with "-".

In 2023, net interest income showed a HUF 199.8 billion increase compared to the previous year mainly due to a favourable change in the market interest rate environment.

Net income from fees and commissions increased by HUF 35.0 billion in 2023 compared to the previous year.

The profit on financial instruments decreased by HUF 29.5 billion, reached HUF 2.7 billion in 2023.

Impairment and provisioning showed a total of HUF 75.5 billion in the relevant period, decreased by HUF 17.7 billion in the financial year compared to the previous year. The largest part of this is the impairment of financial instruments held for credit risk management due to moratorium and stage reclassifications.

Major items leading to the HUF 109.0 billion increase of operating expenses are the increased wages and IT costs and the paid extraprofit tax.

MBH Banking Group's consolidated profit before tax amounted to HUF 221.9 billion and its profit after tax to HUF 183.2 billion in 2023, significantly exceeding the previous year's performance.

10. THE RISK POSITION OF MBH GROUP

MBH's risk management is governed by the Hungarian and EU legislation in force and additional supervisory regulations. MBH Bank performs the governance functions of the MBH banking group and defines for its members the mandatory internal rules and guidelines related to prudent risk taking and risk management.

The Bank considers prudent risk-taking to be a core value, and its risk management and risk control activities are performed in accordance with the principles laid down in the Risk Strategy. The Bank's risk management is subject to several levels of control, the most important of which are ultimate control at the level of the Board of Directors (some specific and identified risk decisions require the approval of the Supervisory Board), independent control separate from the risk-taking areas, and appropriate measurement, diversification, monitoring and reporting of risks. The Bank continued to comply with the regulatory requirements throughout 2023.

The merger processes in the banking group had a significant impact on the risk situation of Bank Group in 2023. As a result of the merger with Takarékbank on 30 April 2023 and the acquisition of Duna Takarék Bank Ltd. on 29 September 2023, the Bank's risk exposure increased during the year in line with the change in business volume.

Risk Strategy

MBH's Group level Risk Strategy defines the scope of risks that can be taken consideration and the risk management and measurement tools to be applied, as well as the general risk-taking principles and rules to be followed by the Bank.

In its operations, Banking Group strives to maintain a risk culture that ensures the identification, measurement and management of emerging risks in accordance with the risk appetite. Internal policies, strategies, regulations and guidelines, communication and employee training are the primary means of ensuring a corresponding risk culture.

The primary objectives of the Banking Group's risk management activities are to protect the Banking Group's financial strength and reputation and to contribute to the use of capital for competitive business activities that enhance shareholder value.

The Banking Group's risk appetite should be consistent with the financial resources available to cover potential losses. In order to ensure this, the Group calculates on standalone and group level the current and future economic capital requirements for the quantifiable types of risk, as well as the capital requirements under Pillar 1.

Bank is primarily exposed to credit, liquidity, market and operational risks.

Credit risk

In 2023, in addition to the merger with Takarékbank Ltd. and the migration of Budapest Bank Ltd.'s corporate portfolios, the main drivers of credit risk changes were the Russian-Ukrainian war, the geopolitical and economic situation, the end of the payment moratorium and the agricultural moratorium until 31 December 2023, as well as changes in the methodologies applied to both the corporate and retail portfolios.

The impact of moratoria and interest cap on credit risk management:

In line with the NBH's expectations, the staging logic for customers participating in the general credit moratorium and the agricultural moratorium has been standardised at MBH Group level by adding the following to the normal processes:

- Transactions that have been included in the general moratorium and have been classified as restructured are subject to the default recovery rules based on the default status in force, and to a 6-month probationary period for retail clients and 24 months for corporate clients. During the probationary period, restructured transactions shall not be assigned a rating higher than Stage 2.
- Customers entering an agricultural moratorium are classified as Stage 2 or above, but if the client has previously been in moratorium for at least 9 months, they are classified as Stage 3. They can only be placed in Stage 1 on the basis of individual monitoring after a declaration has been made and taken into account. Individual derogations from the application of Stage 3 and Stage 2 classification are possible and must in all cases be supported by detailed objective evidence.

For customers with a retail interest rate cap, the Group examined the monthly repayment increases without the cap and applied a minimum Stage 2 rating for changes deemed to be significant.

The Group has updated the macro parameters for the entire portfolio using the latest parameters available in the NBH Inflation Report. The updated risk parameters have also been implemented in the lifetime ECL calculation.

Given that no new information on the ability of customers to pay has emerged during the moratorium period and that the repayments of customers affected by the interest rate freeze are lower than those in the contracts, it is necessary to take into account the uncertainties about the ability and willingness of debtors to pay. In addition, NBH expects that the risk arising from modelling uncertainty needs to be mitigated.

In determining the management overlay, the Group has considered the following aspects:

- For customers entering an agrarian moratorium, the models are not aware of the agrarian moratorium and therefore the willingness and ability to pay may contain a hidden high probability of default.

In summary, the Group's current modelling and impairment methodology, using the credit risk management methods and process additions detailed above, provides the opportunity to develop risk profiles that are well-defined from a customer management perspective and to establish adequate risk provisions to cover expected future credit losses.

Market risk

Market risks include interest rate risk and foreign exchange risk arising from all banking activities. Banking Group keeps its market risks low by means of an appropriate limit system and in-process controls.

Interest rate risk:

Interest rate risk arises from the fact that changes in interest rates affect the value of a financial instrument. A credit institution is also exposed to interest rate risk if the amounts of its maturing or repricing assets, liabilities and off-balance sheet instruments are not consistent with each other in a given period. Banking Group measures interest rate risk by performing sensitivity tests on an ongoing basis. In addition, the impact of adverse interest rate scenarios is continuously measured and limited through the application of stress tests. Interest rate risks are managed through an appropriate composition of the securities and derivatives portfolio and through the consistency of other assets and liabilities in the bank's books.

Management of currency risk

The Group aims to keep its exposure to foreign exchange risk low by maintaining open foreign exchange positions up to the limit set in the banking book.

Foreign exchange risk arising in the course of core banking activities is managed by the Bank in the course of its operations, depending on market conditions. The Bank also performs VAR calculations and stress tests to measure foreign exchange risk.

Liquidity and solvency risks

The Group analyses liquidity risks with a number of indicators and mitigates them with limits, the most important of which are based on regulatory indicators (LCR, NSFR, required reserve ratio) and stress tests relevant to liquidity. In addition, the Group operates an early warning system for the timely detection of liquidity disturbances, which is presented to the Asset and Liability Committee and to management without delay in the case of an alert and on a regular basis during normal operations.

Operational risk

The Group continues to manage operational risk primarily through internal policies, rules of procedure and the operation of built-in control mechanisms in line with defined supervisory requirements. MBH's Group Level Operational Risk Management Policy and Operational Risk Management Rules set out the methodology for the operational risk management framework tools used by the Banking Group.

The operational risk loss data collection is based on uniform definitions and limits. The Bank promotes the recognition and identification of operational risks with internal training.

The adequacy of key risk indicators (KRIs) is reviewed by the Banking Group every year, several KRIs were modified in 2023 and new group level KRIs defined by MBH were implemented.

The Group conducts operational risk self-assessments for its key activities and uses scenario analysis to assess the impact of events that occur infrequently but could result in severe losses if they were to occur.

The Group's operational risk events and the results of operational risk monitoring are reported on a quarterly basis.

With regard to operational risk, the Banking Group's management attaches great importance to feedback. An essential aspect is the implementation and monitoring of the effectiveness of the measures taken to eliminate operational risks.

11. DEVELOPMENT PROSPECTS, EXPECTATIONS AND PLANS FOR 2024

2023 was an eventful year for MBH Bank, it was the year of integration, the year in which the bank completed a merger process unique in Europe and became an unavoidable player in the domestic banking sector. 2023 was a very important milestone for the Group, but in a sense only a chapter in its strategy.

From 2024 MBH Bank will focus on further exploiting synergies, increasing efficiency and developing improvements to support strong business expansion, with a focus on making processes and service even more customer-centric.

MBH Bank's vision is positioning itself as a national champion, serving all customer segments, while maintaining local community values.

Key strategic objectives of the bank:

- To create the most modern bank in Hungary, offering a value proposition beneficial to all Hungarian citizens and businesses.
- To maintain the largest branch network in the country, which allows for quality, value-based customer service, with efficiency is a primary concern.
- To build an innovative organisation and a modern corporate culture with a strong focus on staff.
- To actively contribute to the development of the Hungarian economy by supporting segments of national economic importance, such as SMEs, the agricultural sector and young people, while maintaining a commitment to local communities.
- Outstanding profitability supported by synergies and capital position.
- Setting a growth-based financial path with significant earnings, an efficient capital course and major cost reductions.

Overall, MBH Bank's main objective is to be a national champion with strong positions in all market segments, to maintain its current market leadership in key segments such as corporate lending, agricultural finance and leasing, and to be able to go public and thus expand internationally, ensuring superior return on equity for its shareholders.

The economic environment and the financial sector

A combination of negative and positive risk factors could result in an economic growth rate of 3.5% in 2024, supported mainly by a recovery in industry and growth from new capacities, as well as a recovery in services, including trade and consumption-related industries. In addition, the low base in 2023 is also supportive.

After a weak performance in the first half of last year, a positive turnaround started from the third quarter of 2023, thanks to the spill over from lower energy prices, a weaker base effect and an improvement in the performance of some sub-sectors compared to the previous quarters, supported by a rebound and good performance of agriculture. The investment component has been dampened by high interest rates and a moderation in public investment, but this could be partly offset by significant FDI inflows. The domestic and pan-European outlook is supported by energy prices that have stabilised at a significantly lower level than in the past, but is overshadowed by slowing domestic and external demand due to the war in Ukraine and high global interest rates. On the positive side, industry's domestic order books continued to rise in November - while exports fell slightly for two months - with new manufacturing capacity gradually contributing to the increase. Net exports also continued to support the growth outlook in the second half of 2023, after import volumes continued to decline, partly due to lower domestic consumption. Exports remained a moderately positive factor despite weak external demand, and the same positive export effect will persist in 2024, but to a much lesser extent.

From the beginning of this year, the growth-boosting role of EUR 10.2 billion of unlocked and gradually phased-incoming EU funds, representing a third of EU funds, could also support the industry and broader economic growth, as well as the commissioning of manufacturing capacity in the investment phase. The expected replacement of deferred consumption and the likely pick-up in investment as interest rates ease point in the same direction. The latter could be particularly strong in 2025, as a number of major manufacturing developments are scheduled to be put into operation, including BMW and the first CATL factory - and the construction and possible trial run of BYD will also support growth - partly underpinning a slight acceleration in growth in 2025 compared to this year.

Rising prices for alcohol and tobacco products, as well as continued price increases at a large number of service providers, will dampen the downward momentum of inflation, but overall, despite the increase in excise duties on fuel earlier this year, the annual inflation rate could drop to 4.1% this year. We expect the indicator to fall below the 4% top of the central bank's target range for the first time in Q3, but the extent of repricing decisions taken by market participants in the first two months of the year could carry risks. The latest inflation data confirm previous expectations of continued disinflation and allow monetary policy to continue the easing cycle and to cut interest rates at the current pace. One identifiable risk in the process is whether the tight labour market and the 15% and 10% increases in wage minima since last December - and the resulting upward shift in the overall wage scale - will provide meaningful support to demand and consumption through real wage growth, and whether companies will be able to reflect the still sharply rising wage costs into their prices. Furthermore, fuel prices, also a significant inflation item, are at risk from the impact of further oil output cuts announced by OPEC to 'stabilise' prices and a possible further escalation of the conflict in the Middle East, although base effects are currently helping to drive the index lower.

Disinflation is likely to continue in 2024, and the vulnerability of the domestic economy is also expected to be further reduced through the external position, so the base rate cut could continue at the current pace in the coming months. However, we expect the return to the inflation target to be slower, and we expect that only in 2025, with the rate cut cycle shifting to a slower pace after the first half of 2024. The central bank sees the need to maintain a positive real interest rate, confirming our expectation that the base rate could fall to 6% by the beginning of Q3 of 2024 and remain fixed at that level until the end of the year, keeping in mind the prudence motive.

In a declining yield environment, the banking system could realise lower net interest income than last year, but we expect an improvement in net fee and commission income as lending picks up (we expect a jump in new contract volumes, especially in the retail segment). However, this could be somewhat offset by an increase in operating costs, and risk costs could also rise from last year's low level, especially if concerns about the ability/reliance of debtors to repay arise following the lifting of interest rate freezes. All in all, therefore, we expect a correction in 2024 towards a return on equity of 10%, which we believe to be sustainable in the longer term, in terms of the expected profits for the banking system.

12. ENVIRONMENTAL PROTECTION

Although the Group does not pursue business or non-profit activities related to environmental protection, it strives to ensure an environmentally conscious workplace, maintains and cares for the natural vegetation and ornamental plants in its direct environment. It pursues to apply energy-saving solutions during its operation. In its internal trainings it emphasises the importance of energy and environmentally conscious corporate and employee behaviour.

13. HUMAN RESOURCES POLICY

The full-time equivalent employment of MBH Bank Group at the end of 2023 was 8.838, below the same figure in 2022 (2022: 9.474).

Talent management at MBH Banking Group:

The MBH Group places great emphasis on training employees and nurturing talent, supporting the development of professional knowledge and skills through a wide range of educational programmes. The following programmes were launched for colleagues:

Digitised and gamified pre-boarding programme:

The programme focuses on colleagues who are in the pre-entry period after accepting offer of the Bank. The solution, available online, supports new talent engagement in the pre-joining period; we not only accompany prospective employees on their journey until their onboarding day, but also maintain a positive experience while providing them with ongoing engagement.

Fusion programme:

The next step in the talent retention activities in 2023 was the award-winning Fusion programme. Fusion is one of Hungary's largest internship programmes, currently hosting nearly 300 talented students aged 19-25 from across the country. For trainees, the Bank Group is usually the first milestone at the start of their career. During the programme they gain relevant work experience, which provides us with a solid pool of young talent. The internship programme is designed to give more than just work experience: through their own onboarding processes, with dedicated HR colleagues to guide university students through their professional work and development.

Ambassador Academy:

The MBH Group's Ambassador Academy is an innovative tool to introduce new values and associated behaviours and leadership tools, a new culture roadmap and an innovative tool to retain talent and sustain engagement, with around 100 participants. It is a change management initiative, with members working together to ensure engagement across talent, teams and the delivery of information to all colleagues. With high-profile on- and offline sessions focusing on different change-related topics, the initiative has been very enthusiastically received. They work together on some elements of the culture programme in joint workshops, for example they created the questions for the organisation-wide heart rate measurement, which was relevant and customised so it was really about colleagues.

Leadership Academy:

Leadership Academy is an integral part of preparing managers for the transition to the new way of banking. The leadership training programme is modular and supports the continuous development of talented leaders through a variety of solutions and topics (inspiring leadership, heterogeneous cross-generational teams, transparent leadership, motivating leadership, etc.). A specific programme supports the training of newly appointed managers.

The retention programmes focus on colleagues with specialist skills, as retention is key (Key Employee Programme), and equally focus on those with a consistently high performance and excellent attitude (High Performer Retention Programme).

MBH Bank's 2022 talent management programme was recognised with a special award by the Joint Ventures Association in 2023.

<u>Work-life balance at MBH Bank:</u>

At MBH Bank, flexible working is a core element of the HR strategy and an important component of improving the employee experience.

As part of its HR strategy, MBH Bank aims to increase the share of atypical employment. In addition, the company aims to make working from home available to as many employees as possible, which is why it is also continuously improving its equipment. Working from home reduces workplace stress, improves work-life balance and thus increases employee satisfaction, morale, efficiency and loyalty.

<u>Extensive fringe benefits:</u>

MBH Bank, as one of the largest banks in Hungary, has the ambition to become a market leader in the sector. All our employees have a key role to play in achieving this goal. As an employer, our main objective is to maintain a performance-based culture, but we also strengthen the commitment of our employees through our outstanding benefits system.

In addition to the Cafeteria, our fringe benefits include school and camping allowances and social assistance.

Our generational diversity programme provides support for the specific life situations of our employees. Within the framework of this programme, we offer colourful programmes and varied benefits for people starting out in their careers (Start+), parents with young children (Baby+), employees with reduced working capacity (MMM+) and colleagues preparing for retirement (Active+).

MBH Bank and health:

Health promotion and health maintenance is an important area for MBH Bank, which is emphasised in various sports and health campaigns. Providing sporting opportunities for employees in a variety of ways and promoting healthy lifestyles is being implemented on multiple fronts.

Employees have access to preferential health insurance, including diagnostic services and extended occupational health services within the Bank, seven days a week.

MBH Bank also offers hobby and recreation rooms in its buildings. Fitness menus and other special dietary meals are available in the canteens at the workplace, and restaurant services were also made available through delivery during the pandemic.

MBH Bank and sports:

MBH provides significant support to its sports association where effective professional and recreational sports work is carried out. In 2023, the association has a membership of between 580 and 620 people, including 350-365 members in the various sports sections, a significant increase of more than 40% compared to the previous year.

Our sports sections are: squash, volleyball, fishing, go-kart, dragon boat, cycling, running, table tennis, men’s and women’s football, hiking, bowling, boxing, basketball, throwing sports, swimming, wall climbing, spartan/crossfit, kayak-canoe and SUP, target shooting, dodgeball, trapshooting, triathlon, thai boxing, aerobics. In 2023, we organised several sports club in-house championships in 18 sports. 220 certificates were awarded.

In addition to sports sections support, the association also provides its members with sports equipment, logoed sportswear, sports accessories, and even individual support to sports section members on request. The Sports Association prepares our competitors in 9 sports for the annual Hungarian Banks Sports Tournament, where in 2023, the MBH Group team was hosted in Debrecen and finished 2nd again after 2005.

The runners regularly take part in large numbers in races such as the Wizzair Half Marathon and the SPAR Marathon. In team sports, the men’s football, basketball and bowling teams are top finishers in the Business Leagues. Dragon boaters have won medals in several national competitions, anglers also regularly place well, the table tennis team is supported by the training methods of two excellent NB/1 colleagues, and go-kart teams always have successful monthly meets.

Cycling section has been running a joint programme with BKK BUBI for several years, 150 SA member colleagues received annual discounted BUBI passes.

SA members in rural areas receive a recreational sports grant, which they could spend on sports facilities near their workplace or home. In 2023, 165 colleagues in 27 cities received a sports grant.

The SA considers it important that SA members can exercise regularly near all work bases, which is why we have a gym near our priority sites.

Safe working environment:

MBH Bank complies with its legal obligations by carrying out a workplace risk assessment of its headquarters and premises, including all bank branches. As the Bank is an office working environment, the risk of accidents is fortunately low. The incidence of accidents at work is therefore low and on a downward trend.

Every year, employees are required to attend mandatory training on health and safety and fire prevention. Special training material has been prepared for bank branch staff on what to do in the event of an attack on the branch. The personnel, material and organisational conditions for safe work are laid down in the Bank’s Health and Safety at Work Manual in accordance with the legal requirements.

The Bank also employs a safety and health representative on behalf of the Works Council, who is entitled to check that the requirements for safe and healthy working conditions are met.

14. SERVICES OF THE AUDITING COMPANY

The fee for the auditing company as stipulated by the relevant 2023 auditing contract is HUF 1 042 million (excluding VAT). Several assignments have been carried out during the year, and the amount of the above fee includes the remuneration for all the assignments carried out.

15. POST BALANCE SHEET DATE EVENTS

Interim dividend payment procedure of MBH Bank Plc.

Based on Section 3.2.2 (m) of the Articles of Association, the Board of Directors of MBH Bank Plc. (decided on 15 December 2023 with its Resolution No. 162/2023 (15 December) (the ‘Resolution’) to pay interim dividend of HUF 21,609,484,875 to the shareholders of the Bank. The Supervisory Board approved the decision of the Board of Directors by way of its Resolution No. 43/2023 (15 December).Based on the above, the gross interim dividend per ordinary share with a nominal value of HUF 1,000 is HUF 67. The amount of the gross interim dividend actually payable to a shareholder is calculated by multiplying the number of shares held by the shareholder by the gross interim dividend per share, rounded up to the nearest whole forint amount in accordance with the rounding rules. The Resolution designated the Board of Directors to determine the date of payment of the interim dividend within the framework set by the Articles of Association. Pursuant to the Board of Directors' Resolution, the first date of payment of the interim dividend **(E day) was 12 January 2024.**

BSE introduction

The Budapest Stock Exchange Plc. introduced into exchange trading the dematerialised, registered, EUR 350,000,000 and 8.625 percent. Senior Preferred Fixed-to-Floating Callable Notes due 2027, tranche number 1, in an amount of 350,000 securities with a face value of EUR 1,000 giving a total face value of EUR 350,000,000 issued by MBH Bank Plc. as of 16 February, 2024.

Changes in the management of MBH Bank Plc.

The Extraordinary General Meeting of MBH Bank elected Dr. Árpád Kovács as a member of the Supervisory Board and Audit Committee from 14 March 2024 to 31 December 2025 (after the relevant authorising resolution issued by the NBH), following the resignation of Dr. Péter Magyar on 13 February 2024.

Fundamenta

In November 2023 the Bank signed a share purchase agreement with Bausparkasse Schwäbisch Hall AG (Germany) and with Bausparkasse Wüstenrot AG (Austria) as well as with Wüstenrot & Württembergische AG (Germany) in order to purchase a total of 76,35% stake of Fundamenta-Lakáskassza Lakás-takarékpénztár Plc. (registered office: 1123. Budapest, 55-61., Alkotás Street, Hungary). The closing of the transaction and the date of the acquisition is 27 March 2024 which was approved by NBH after the necessary permissions.

16. CAPITAL MANAGEMENT

The Capital situation of Group was sufficient at the end of 2023. As a result of the 2023YE profit (and therefore core capital accumulation) the available core capital increased significantly. The owner of the MBH Bank is committed to maintain the bank's capital adequacy and implement all the necessary measures.

Domestic and international guidelines require the Bank to maintain certain minimum capital-to-asset ratios. These risk-based ratios are determined by allocating assets and specified off-balance sheet instruments into different weighted categories, with higher levels of capital being required for categories perceived as representing higher risk. Regulatory capital is divided into Tier 1 Capital and Tier 2 Capital. In addition to retained earnings, the Bank may raise regulatory capital by issuing several types of financial instruments to the public. These financial instruments are then classified as either Tier 1 or Tier 2, depending on the types of conditions or covenants they place upon the issuer.

As at 31 December 2023, the Group's own funds on a Basel IV IFRS basis in accordance with supervisory rules amounted to HUF 1,047 billion, an increase of HUF 231 billion compared to the end of 2022. The change in own funds was mainly driven by the following factors during the year:

- the profit for the year increased own funds
- the overall level of reserves (capital reserve, profit and loss reserve, other reserves) increased
- the value of accumulated other comprehensive income increased
- the amount of deductions from core Tier 1 capital did not change significantly
- additional capital increased due to the T2 bond issue in January 2023

The risk-weighted asset value (RWA) was HUF 4,729 billion at the end of 2023, an increase of HUF 597 billion compared to the value at the end of 2022. The increase in RWA was mainly driven by an increase in business portfolios and an increase in the operational risk capital requirement. The market risk capital requirement increased only slightly compared to year-end 2022.

The Group's capital adequacy ratio was 22.1% at the end of 2023, an increase of +2.4%pts compared to the end of 2022.

By application of capital management as a tool, the appropriate capital safety is a first priority decision making factor; therefore the bank monitors the changes of the capital elements continuously.

Legal limits defined by the Regulation (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT on prudential requirements for credit institutions and investment firms and amending Regulation (CRR):

- Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Banking Act) - CRR 395-400.§, Banking Act 302.§ large loan limit -> no excess
- Banking Act 101-102.§ total investment limit -> no excess

1.2. AGENDA ITEM

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS AND THE SEPARATEL MANAGEMENT REPORT OF THE COMPANY FOR THE YEAR 2023 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

MBH BANK NYRT.

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

Data in HUF million

	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	**7**	**1 305 409**	**1 081 158**
Financial assets measured at fair value through profit or loss		**720 727**	**476 909**
Loans and advances to customers mandatorily at fair value through profit or loss	**11**	*490 802*	*182 875*
Securities held for trading	**10**	*1 017*	*8 434*
Securities mandatorily at fair value through profit or loss	**10**	*37 736*	*18 017*
Derivative financial assets	**9**	*191 172*	*267 583*
Hedging derivative assets	**9**	**73 012**	**142 874**
Financial assets measured at fair value through other comprehensive income		**906 612**	**428 520**
Securities	**10**	*906 612*	*428 520*
Financial assets measured at amortised cost		**7 578 461**	**4 823 478**
Loans and advances to banks	**8**	*456 886*	*448 627*
Loans and advances to customers	**11**	*4 272 323*	*2 565 343*
Repurchase assets	**8, 11**	*34 533*	*9 080*
Securities	**10**	*2 655 843*	*1 772 915*
Other financial assets	**12**	*158 876*	*27 513*
Fair value change of hedged items in portfolio hedge of interest rate risk	**9**	**3 159**	**(51 678)**
Investments in subsidiaries and associates	**13**	**262 074**	**424 367**
Property, plant and equipment	**14**	**45 428**	**37 725**
Intangible assets	**14**	**47 173**	**44 206**
Income tax assets		**12 238**	**17 668**
Current income tax assets	**23**	-	*49*
Deferred income tax assets	**23**	*12 238*	*17 619*
Other assets	**12**	**54 328**	**43 551**
Total assets		**11 008 621**	**7 468 778**
Liabilities			
Financial liabilities measured at fair value through profit or loss		**141 377**	**196 728**
Derivative financial liabilities	**9**	*119 620*	*188 493*
Financial liabilities from short positions	**9**	*21 757*	*8 235*
Financial liabilities measured at amortised cost		**9 763 018**	**6 417 607**
Amounts due to banks	**15**	*2 324 268*	*1 965 931*
Amounts due to customers	**16**	*6 850 774*	*4 207 025*
Repurchase liabilities	**15, 16**	*68 752*	*73 429*
Issued debt securities	**19**	*254 068*	*12 906*
Subordinated debt	**20**	*113 679*	*88 887*
Other financial liabilities	**17**	*151 477*	*69 429*
Hedging derivative liabilities	**9**	**17 018**	**158**
Provisions	**18**	**30 794**	**13 977**
Income tax liabilities		**9 344**	**5 496**
Current income tax liabilities	**32**	*9 344*	*5 496*
Other liabilities	**18**	**66 438**	**41 800**
Total liabilities		**10 027 989**	**6 675 766**
Equity			
Share capital	**21**	**322 530**	**321 699**
Share premium	**22**	**348 894**	**313 947**
Retained earnings	**22**	**118 820**	**84 155**
Other reserve	**22**	**51 066**	**32 552**
Profit for the year		**118 316**	**64 637**
Accumulated other comprehensive income		**21 006**	**(23 978)**
Total equity		**980 632**	**793 012**
Total liabilities and equity		**11 008 621**	**7 468 778**

MBH BANK NYRT.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

	Note	2023	2022
Interest and similar to interest income		**1 108 219**	**497 677**
Interest income using effective interest rate method	24	*751 186*	*336 591*
Other interest income	24	*357 033*	*161 086*
Interest and similar to interest expense		**(673 563)**	**(282 000)**
Interest expense using effective interest rate method	25	*(441 296)*	*(153 317)*
Other interest expenses	25	*(232 267)*	*(128 683)*
Net interest income		**434 656**	**215 677**
Income from fees and comissions	26	**136 192**	**77 431**
Expense from fees and comissions	26	**(32 199)**	**(18 955)**
Net fees and commissions income		**103 993**	**58 476**
Results from financial instruments	27	**(5 010)**	**33 752**
Results from financial instruments measured at fair value through profit or loss, net		*(41 976)*	*97 845*
Results from financial instruments measured at fair value through other comprehensive income, net		*2 349*	*(36 106)*
Results from financial instruments measured at amortized cost, net		*(1 760)*	*1 412*
Results from hedge accounting, net		*(4 436)*	*9 479*
Exchange differences result		*40 813*	*(38 878)*
(Impairment) / Reversal on financial and non-financial instruments	28	**(71 442)**	**(56 974)**
Expected credit (loss) on financial instruments held for credit risk management		*(54 587)*	*(34 707)*
Provision (loss) / gain		*(1 122)*	*(1 891)*
Modification (loss) / gain on financial instruments		*(13 919)*	*(10 607)*
(Impairment) / Reversal on investments in subsidiaries and associates		*(1 716)*	*(9 527)*
(Impairment) / Reversal on other financial and non financial instruments		*(98)*	*(242)*
Dividend income	29	**6 086**	**4 023**
Operating expense	30	**(331 548)**	**(190 307)**
Other income	31	**18 068**	**6 311**
Other expense	31	**(12 940)**	**(6 828)**
Profit before taxation		**141 863**	**64 130**
Income tax income / (expense)	32	**(23 547)**	**507**
PROFIT FOR THE YEAR		**118 316**	**64 637**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Hedging instruments (unmarked items)		(211)	-
Revaluation on financial assets measured at fair value through other comprehensive income		56 431	4 025
Income tax relating to items that will be reclassfied		(4 937)	(332)
Other comprehensive income for the year net of tax		**51 283**	**3 693**
TOTAL COMPREHENSIVE INCOME		**169 599**	**68 330**
Profit / (Loss) attributable to:			
Profit / (loss) for the period from continuing operation		**118 316**	**64 637**
Total comprehensive income attributable to:			
Total comprehensive income from continuing operation		**169 599**	**68 330**
Net income available to ordinary shareholders		**118 316**	**64 637**
Average number of ordinary shares outstanding (thousands)		**322 257**	**259 782**
Earnings per Ordinary Share (in HUF)	34		
Basic, Diluted		**367**	**249**

MBH BANK NYRT.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

	Note	Share capital	Share premium	Retained earnings	Other reserve	Accumulated other comprehensive income	Total equity
At 1 January 2022		**100 000**	**21 729**	**123 681**	**17 040**	**(23 569)**	**238 881**
Profit for the year		-	-	64 637	-	-	64 637
Other comprehensive income for the year		-	-	-	-	3 693	3 693
Total comprehensive income		**-**	**-**	**64 637**	**-**	**3 693**	**68 330**
Issue of share capital and share premium		85 982	122 239	-	-	-	208 221
Dividend		-	-	(4 300)	-	-	(4 300)
General reserve for the year		-	-	(6 463)	6 463	-	-
Increase / decrease due to the merger		135 717	169 979	(28 763)	9 049	(4 102)	281 880
At 31 December 2022		**321 699**	**313 947**	**148 792**	**32 552**	**(23 978)**	**793 012**
Profit for the year				118 316			118 316
Other comprehensive income for the year						51 283	51 283
Total comprehensive income		**-**	**-**	**118 316**	**-**	**51 283**	**169 599**
Dividend				(25 092)			(25 092)
General reserve for the year				(11 832)	11 832		-
Increase / decrease due to the merger	**5**	831	34 947	6 952	6 682	(6 299)	43 113
At 31 December 2023		**322 530**	**348 894**	**237 136**	**51 066**	**21 006**	**980 632**

STATEMENT OF CHANGES IN EQUITY BASED ON HUNGARIAN ACCOUNTING LAW FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

Statement of changes in equity - 31 December 2023 based on Hungarian Accounting Law	Share capital	Capital reserve	General reserve	Retained earnings and other reserve	Revaluation reserve	Netprofit / loss for the year	Total
Total equity under IFRS as adopted by the EU	**322 530**	**348 894**	**-**	**190 892**	**-**	**118 316**	**980 632**
Accumulated other comprehensive income	-	-	-	(21 006)	21 006	-	-
General reserve	-	-	50 147	(50 147)	-	-	-
Total equity under Accounting Act 114/B §	**322 530**	**348 894**	**50 147**	**119 739**	**21 006**	**118 316**	**980 632**

Statement of changes in equity - 31 December 2022 based on Hungarian Accounting Law	Share capital	Capital reserve	General reserve	Retained earnings and other reserve	Revaluation reserve	Netprofit / loss for the year	Total
Total equity under IFRS as adopted by the EU	**321 699**	**313 947**	**-**	**92 729**	**-**	**64 637**	**793 012**
Accumulated other comprehensive income	-	-	-	23 978	(23 978)	-	-
General reserve	-	-	32 552	(32 552)	-	-	-
Total equity under Accounting Act 114/B §	**321 699**	**313 947**	**32 552**	**84 155**	**(23 978)**	**64 637**	**793 012**

Reconciliation of share capital registered at registry court and share capital under IFRS as adopted by the EU	31 December 2023	31 December 2022
Share capital under IFRS as adopted by the EU	322 530	321 699
Share capital registered at the registry court	322 530	321 699
Difference	**-**	**-**

MBH BANK NYRT.

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

	Note	01.01.2023 - 12.31.2023	01.01.2022 - 12.31. 2022 Reclassified*
Cash flows from operating activities			
Profit/ (Loss) before taxation		**141 863**	**64 130**
Adjustments for			
Depreciation, amortisation and impairment	14, 33	25 194	16 455
Expected credit loss / (reversal) on financial instruments held for credit risk management	9,11	55 146	33 165
Impairment on securities, associates and other investments	10	1 020	11 045
Impairment / (Reversal of impairment) on other assets	12	(2)	244
(Reversal of provisions for) / Recognise provisions on other items	18	1 122	1 460
Revaluation of loans and advances to customers mandatorily at fair value through profit or loss	27	(48 510)	10 120
Revaluation of securities	27	(4 971)	6 855
Revaluation of issued securities	27	(1 799)	-
Other valuation differences	27	(6 378)	14 311
Non-cash adjustment on securities	10	-	
Net interest income	24,25	(434 656)	(215 678)
Dividends from shares and other non-fixed income securities	29	(6 086)	(4 023)
Foreign Exchange movement	27	(6 462)	(16 974)
Adjusted profit / (loss) before taxation:		**(284 519)**	**(78 890)**
Change in loans and advances to banks	8	254 457	(209 074)
Change in loans and advances to customers	11, 35, 36, 38	(230 221)	(385 296)
Change in securities	10	(238 353)	366 970
Change in derivative assets	9	119 464	(244 711)
Change in other assets	12	(14 361)	(19 764)
Change in amounts due to banks (short term)	15	(353 446)	617 885
Change in current and deposit accounts	16	438 688	521 192
Change in other liabilities	18	(23 082)	(66 811)
Change in derivative liabilities	9	(43 756)	122 687
Interest received	24	1 015 649	461 910
Interest paid	25	(699 223)	(268 655)
Dividends received	29	6 086	4 023
Income tax	32	(15 096)	(6 126)
Net change in assets and liabilities of operating activities		**216 806**	**894 230**
Net cash (used in)/ generated by operating activities		**(67 713)**	**815 340**
Cash flow from investing activities			
Increase of investment of group companies	13	(53 517)	(278 601)
Disposals of group companies	13	384	44
Change in cash due to business combinations	7	440 747	293 820
Purchase of PPEs and intangible assets	14,33	(24 720)	(17 372)
Disposals of PPEs and intangible assets	14,33	273	88
Purchase of securities measured at amortised cost	10	(558 973)	(863 056)
Disposals of securities measured at amortised cost	10	158 328	43 791
Net cash (used in) / generated by investing activities		**(37 478)**	**(821 286)**
Cash flow from financing activities			
Increase in issued securities	19	240 408	12 028
Decrease in issued securities	19	(43)	(1 317)
Increase in subordinated liabilities	20	24 750	-
Cash outflows due to leases	33	(9 956)	(7 848)
Change in amounts due to banks (long-term)	15	92 914	(3 825)
Issue of new shares and income from share premium		-	208 221
Dividends paid	21	(25 093)	(4 300)
Net cash (used in)/ generated by financing activities		**322 980**	**202 959**
Net increase / (decrease) of cash and cash-equivalents		**217 789**	**197 013**
Cash and cash equivalents at 1 January		**1 081 158**	**866 957**
FX change on cash and cash equivalents	7	6 462	17 188
Net cash-flow of cash and cash equivalents	7	217 789	197 013
Cash and cash equivalents at the end of period		**1 305 409**	**1 081 158**

1.3. AGENDA ITEM

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT OF THE COMPANY FOR THE YEAR 2023 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

MBH BANK NYRT.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

Data in HUF million

	Note	31 December 2023	31 December 2022
Assets			
Cash and cash-equivalents	4.10	**1,347,889**	**1,361,315**
Financial assets measured at fair value through profit or loss		**756,308**	**819,718**
Loans and advances to customers mandatorily at fair value through profit or loss	4.11	510,988	418,517
Securities held for trading	4.12	2,621	49,923
Securities mandatorily at fair value through profit or loss	4.12	47,516	24,869
Derivative financial assets	4.13	195,183	326,409
Hedging derivative assets	4.13	**73,652**	**164,338**
Financial assets measured at fair value through other comprehensive income		**912,538**	**630,845**
Securities	4.14	912,538	630,845
Financial assets measured at amortised cost		**7,689,462**	**7,377,255**
Loans and advances to banks	4.15	106,544	179,088
Loans and advances to customers	4.15	4,390,428	4,342,801
Repurchase assets	4.15	17,918	1,070
Securities	4.15	3,010,864	2,781,620
Other financial assets	4.15	163,708	72,676
Fair value change of hedged items in portfolio hedge of interest rate risk	4.13	**3,159**	**(51,678)**
Associates and other investments	4.16	**55,169**	**49,599**
Property, plant and equipment	4.17	**120,501**	**98,345**
Intangible assets	4.17	**71,094**	**70,511**
Income tax assets		**13,540**	**24,981**
Current income tax assets		276	453
Deferred income tax assets	4.9	13,264	24,528
Other assets	4.18	**62,367**	**69,039**
Assets held for sale	4.31	**1,369**	**154**
Total assets		**11,107,048**	**10,614,422**

	Note	31 December 2023	31 December 2022
Liabilities			
Financial liabilities measured at fair value through profit or loss		**152,581**	**278,203**
Derivative financial liabilities	4.13	129,944	235,877
Financial liabilities from short positions	4.19	22,637	42,326
Hedging derivative liabilities	4.13	**17,018**	**1,365**
Financial liabilities measured at amortised cost		**9,789,825**	**9,416,275**
Amounts due to banks	4.20	2,027,667	2,378,471
Amounts due to customers	4.20	6,957,100	6,574,357
Repurchase liabilities	4.20	11,767	-
Issued debt securities	4.21	520,901	290,838
Subordinated debt	4.22	108,341	88,887
Other financial liabilities	4.20	164,049	83,722
Provisions	4.23	**31,240**	**22,623**
Income tax liabilities		**16,985**	**15,483**
Current income tax liabilities		15,354	12,378
Deferred income tax liabilities	4.9	1,631	3,105
Other liabilities	4.24	**76,028**	**71,737**
Total liabilities		**10,083,677**	**9,805,686**
Equity			
Share capital		322,530	321,699
Share premium		348,894	313,947
Retained earnings		44,754	32,592
Other reserves		51,066	32,552
Profit for the year		176,679	88,942
Accumulated other comprehensive income		36,465	(21,357)
Equity of the owners of the parent company		**980,388**	**768,375**
Non-controlling interest	4.26	**42,983**	**40,361**
Total equity		**1,023,371**	**808,736**
Total liabilities and equity		**11,107,048**	**10,614,422**

MBH BANK NYRT.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

	Note	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Interest and similar to interest income		**1,204,710**	**678,949**
Interest income using effective interest rate method	4.1	780,138	471,917
Other interest income	4.1	424,572	207,032
Interest and similar to interest expense		**(639,153)**	**(313,222)**
Interest expense using effective interest rate method	4.1	(388,040)	(159,870)
Other interest expenses	4.1	(251,113)	(153,352)
Net interest income		**565,557**	**365,727**
Income from fees and commissions	4.2	**188,872**	**142,020**
Expense from fees and commissions	4.2	**(49,431)**	**(37,591)**
Net income from fees and commissions		**139,441**	**104,429**
Results from financial instruments, net		**2,654**	**32,146**
Results from financial instruments measured at fair value through profit or loss, net	4.3	(72,105)	118,163
Results from financial instruments measured at fair value through other comprehensive income, net	4.3	2,784	(35,924)
Results from financial instruments measured at amortised cost, net	4.3	(2,414)	1,655
Results from hedge accounting, net	4.3	24,248	(5,288)
Exchange differences result, net	4.3	50,141	(46,460)
(Impairment) / Reversal on financial and non-financial instruments		**(75,461)**	**(93,176)**
Expected credit loss on financial instruments held for credit risk management	4.4	(58,618)	(65,005)
Provision (loss) / gain	4.4	(357)	(3,379)
Modification (loss) / gain on financial instruments	4.4	(14,449)	(23,222)
(Impairment) / Reversal on associates and other investments	4.4	(1,680)	(6)
(Impairment) / Reversal on other financial and non financial instruments	4.4	(357)	(1,564)
Dividend income	4.5	**1,628**	**728**
Operating expense	4.6	**(419,069)**	**(310,056)**
Other income	4.7	**25,776**	**13,317**
Other expense	4.7	**(21,215)**	**(10,536)**
Gain on negative goodwill	2.44	**4,821**	**-**
Share of associated companies' profit	4.16	**(2,256)**	**2,704**
Result from assets held for sale	4.31	**-**	**(1,893)**
Profit before taxation		**221,876**	**103,390**
Income tax income / (expense)	4.8	**(38,686)**	**(12,222)**
Profit for the year		**183,190**	**91,168**
Of which profit of the owners of the parent company		*176,679*	*88,942*
Of which profit of the non-controlling interest		*6,511*	*2,226*

Other comprehensive income	Note	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Items that may be reclassified to profit or loss		**53,202**	**4,972**
Hedging instruments (unmarked items)		*(333)*	*457*
Revaluation on financial assets measured at fair value through other comprehensive income		*58,303*	*3,917*
Income tax relating to items that will be reclassified		*(4,768)*	*598*
Items that may not be reclassified to profit or loss		**4,711**	**(210)**
Fair value changes of equity instruments measured at fair value through other comprehensive income		*4,711*	*(210)*
Income tax relating to items that will not be reclassified		-	-
Other comprehensive income for the year net of tax		**57,913**	**4,762**
Total comprehensive income		**241,103**	**95,930**
Of which total comprehensive income of the owners of the parent company		*234,233*	*93,606*
Of which total comprehensive income of the non-controlling interest		*6,870*	*2,324*
Profit / (Loss) attributable to:			
Profit/(loss) for the period from continuing operation		183,190	91,168
Profit/(loss) for the period from discontinued operation		-	-
Total comprehensive income attributable to:			
Total comprehensive income for the period from continuing operation		241,103	95,930
Total comprehensive income for the period from discontinued operation		-	-
Profit for the year available to ordinary shareholders		176,679	88,942
Average number of ordinary shares outstanding (thousands)		322,257	259,782
Earnings per Ordinary Share			
Basic (in HUF)	4.32	548	342
Diluted (in HUF)	4.32	548	342

MBH BANK NYRT.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

	Note	Share capital	Share premium	Retained earnings*	Other reserves	Accumulated other comprehensive income	Equity of the owners of the parent company	Non-controlling interest	Total equity
1 January 2022		**100,000**	**21,729**	**134,553**	**17,040**	**(23,569)**	**249,753**	**-**	**249,753**
Profit for the year		-	-	88,942	-	-	**88,942**	2,226	**91,168**
Other comprehensive income		-	-	-	-	4,664	**4,664**	98	**4,762**
Total comprehensive income for the year		**-**	**-**	**88,942**	**-**	**4,664**	**93,606**	**2,324**	**95,930**
Changes in treasury shares		85,982	122,239	-	-	-	**208,221**	-	**208,221**
Dividend paid		-	-	(4,300)	-	-	**(4,300)**	-	**(4,300)**
General reserve for the year		-	-	(6,463)	6,463	-	**-**	-	**-**
Increase from business combination - merger of Budapest Bank and Magyar Takarék Bankholding		135,717	169,979	(88,101)	9,049	(2,452)	**224,192**	37,125	**261,317**
Other changes in the ownership share in subsidiaries		-	-	(3,097)	-	-	**(3,097)**	912	**(2,185)**
Transactions with Owners		**221,699**	**292,218**	**(101,961)**	**15,512**	**(2,452)**	**425,016**	**38,037**	**463,053**
1 January 2023		**321,699**	**313,947**	**121,534**	**32,552**	**(21,357)**	**768,375**	**40,361**	**808,736**
Profit for the year		-	-	176,679	-	-	**176,679**	6,511	**183,190**
Other comprehensive income		-	-	-	-	57,554	**57,554**	359	**57,913**
Total comprehensive income for the year		**-**	**-**	**176,679**	**-**	**57,554**	**234,233**	**6,870**	**241,103**
Dividend paid		-	-	(25,093)	-	-	**(25,093)**	-	**(25,093)**
General reserve for the year		-	-	(11,832)	11,832	-	**-**	-	**-**
Changes from business combination – merger of Takarékbank Ltd.	2.45.2	831	34,947	(39,578)	6,682	-	**2,882**	(3,108)	**(226)**
Other changes in the ownership share in subsidiaries		-	-	(277)	-	268	**(9)**	(1,140)	**(1,149)**
Transactions with Owners		**831**	**34,947**	**(76,780)**	**18,514**	**268**	**(22,220)**	**(4,248)**	**(26,468)**
31 December 2023		**322,530**	**348,894**	**221,433**	**51,066**	**36,465**	**980,388**	**42,983**	**1,023,371**

MBH BANK NYRT.

CONSOLIDATED STATEMENT OF CASH-FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

Data in HUF million

	Note	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022*
Cash flows from operating activities			
Profit/ (Loss) before taxation		**221,876**	**103,390**
Adjustments for:			
Depreciation, amortization and impairment	4.6	35,655	27,320
Expected credit loss / (reversal) on financial instruments held for credit risk management	4.4	56,397	53 282
Impairment on securities, associates and other investments / (reversal of impairment)	4.4, 4.14, 4.15	3,901	582
Impairment / (reversal of impairment) on other assets		74	231
(Reversal of provisions for) / Recognise provisions on other items	4.23	1,382	3,379
Revaluation of loans and advances to customers mandatorily at fair value through profit or loss	4.11	(67,637)	39,410
Revaluation of securities		(9,287)	(25)
Revaluation of issued securities	4.21	(1,800)	(3,817)
Other revaluation differences	4.3	(21,736)	(88,345)
Net interest income	4.1	(565,557)	(365,727)
Dividends from shares and other non-fixed income securities	4.5	(1,628)	(728)
Negative goodwill		(4,821)	-
Foreign exchange movement		(7,174)	(22,024)
Adjusted profit / (loss) before taxation		**(360,355)**	**(253,072)**
Change in loans and advances to banks	4.15	32,506	(181,274)
Change in loans and advances to customers	4.15	(159,527)	233,747
Change in securities	4.12, 4.14	(179,967)	(89,422)
Change in derivative assets	4.13	167,855	(350,571)
Change in other assets	4.18	(14,890)	(38,394)
Change in amounts due to banks (short term)	4.20	(128,287)	320,485
Change in current and deposit accounts	4.20	383,222	209,702
Change in other liabilities	4.24	(532)	(39,251)
Change in derivative liabilities	4.13	(109,673)	154,133
Interest received	4.1	1,186,786	678,949
Interest paid	4.1	(669,618)	(313,222)
Dividends received	4.5	1,628	728
Income tax	4.8	(25,732)	(9,129)
Net change in assets and liabilities of operating activities		**483,771**	**576,481**
Net cash (used in) / generated by operating activities		**123,416**	**323,409**

	Note	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022*
Cash flow from investing activities			
Change in cash due to business combinations	2.44, 2.45	35,017	-
Change in cash due to business combination under common control	2.44, 2.45	-	441,128
Purchase of PPEs and intangible assets	4.17	(49,111)	(117,711)
Disposals of PPEs and intangible assets	4.17	317	87,847
Purchase of securities measured at amortized cost	4.15	(372,901)	(501,166)
Disposals of securities measured at amortized cost	4.15	218,883	138,294
Non-current assets held for sale	4.31	-	5,001
Net cash (used in) / generated by investing activities		**(167,795)**	**53,393**
Cash flow from financing activities			
Increase in issued securities	4.21	237,312	3,251
Decrease in issued securities	4.21	(8,936)	-
Increase in subordinated liabilities	4.22	24,529	47,634
Cash outflows due to leases	4.25	(12,985)	(8,945)
Change in amounts due to banks (long-term)	4.20	(191,048)	(138,342)
Issue of new shares and income from share premium	1	-	208,221
Dividends paid	4.29	(25,093)	(4,300)
Net cash (used in) / generated by financing activities		**23,779**	**107,519**
Net increase / (decrease) of cash and cash-equivalents		**(20,600)**	**484,321**
Cash and cash-equivalents at 1 January		**1,361,315**	**854,970**
FX change on cash and cash-equivalents		7,174	22,024
Cash reserves at the end of period		**1,347,889**	**1,361,315**

** The structure of the consolidated cash-flow statement has been changed and comparatives have been restated. For further information please see Note 2.44.*

1.4. AGENDA ITEM

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF THE PROFIT AFTER TAX FOR 2023 AND THE PAYMENT OF DIVIDENDS

Proposal of the Board of Directors for the appropriation of the profit for 2023:

	HUF million
1. Profit before taxation	141 863
2. Income tax (income)	23 547
3. Profit for the year (1.-2.)	118 316
Increase in Retained earnings	118 316

Establishment of the dividend:

Schedule of the profit reserves available for dividend:

	HUF million
1.Total equity	980 632
2.Share capital	322 530
3.Share premium	348 894
4.Other reserve	51 066
5.Accumulated other comprehensive income	21 006
Profit reserve available for dividend (1.-2.-3.-4.-5.)	237 136

Proposal to the General Meeting

Of the profit (after tax) of the current year the **Board of Directors proposes declaring HUF 24,512,251,500 dividend** (current number of shares: 322,529,625; dividend per share: HUF 76), from which HUF 21,609,484,875 interim dividend (number of shares at the time of the payment: 322,529,625, interim dividend per share: HUF 67), was paid out on 12 January 2024 on the number of shares as at the time of payment pursuant to the resolution of the Board of Directors 162/2023 (15 December). An additional dividend of HUF 9 will be paid on the shares covered by the interim dividend payment.
The starting date for dividend payments is 24 May 2024. The Company pays the dividend to shareholders by transfer from the dividend payment date.
The Dividend Turnover Date as defined in Article 5.3.2 of the Articles of Association of the Company is 16 May 2024.

	HUF million
Declared dividend (as proposed)	24 512
Decrease in Retained earnings	24 512

The remaining part of the distributable profit for the current year will be transferred to the profit reserve, from which the general reserve will be recognised according to the law.

General reserve recognition:

As required by the **Hpt.,** the **retained earnings** will be reduced by **HUF 11,831.6 million**, corresponding to 10% of the profit after taxation, to the **Other reserve**.

	HUF million
1. Generation of the general reserve	11 831,6
Decrease in Retained earnings	11 831,6

1.5. AGENDA ITEM

REPORT OF THE AUDIT COMMITTEE ON THE COMPANY'S 2023 SEPARATE FINANCIAL STATEMENTS AND SEPARATE MANAGEMENT REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ON THE PROPOSED APPROPRIATION OF PROFIT AND THE 2023 CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Audit Committee's task in assisting the Supervisory Board in its audit of the financial reporting system is to provide the Supervisory Board with an opinion on the accounts under the Accounting Act.

The Audit Committee has reviewed the report of the Board of Directors of MBH Bank Nyrt. (the Company) on its business activities for the year 2023 and the separate financial statements and the separate management report for the year 2023 prepared in accordance with International Financial Reporting Standards, which comprise the statements of financial position, income for the period, changes in equity, separate equity reconciliation and separate cash flows. The Audit Committee has also reviewed the Company's consolidated financial statements and consolidated management report for the year 2023 prepared in accordance with International Financial Reporting Standards, including the consolidated group financial statements.

The Audit Committee, having considered and based on the report of the Company's auditor, concludes that the Company has kept its books and records and prepared its separate and consolidated financial statements and management reports in accordance with the requirements of the law.

On the basis of the above, the Audit Committee recommends the adoption of the Report of the Board of Directors on the business activities for the year 2023.

Based on the above, the Audit Committee also recommends the adoption of the separate financial statements of MBH Bank Nyrt. for the year 2023 prepared in accordance with International Accounting Standards, with the following main figures:

Balance sheet total:	HUF	11 008 621	million
Profit for the year:	HUF	118 316	million
Total comprehensive income:	HUF	169 599	million

The Audit Committee recommends the adoption of the consolidated financial statements of MBH Bank Nyrt. for the year 2023 prepared in accordance with International Accounting Standards, with the following main figures:

Balance sheet total:	HUF	11 107 048	million
Profit for the year:	HUF	183 190	million
Total comprehensive income:	HUF	241 103	million

Based on the above, the Audit Committee proposes for approval the proposal of the Board of Directors for the appropriation of the profit after taxation for the year 2023 and the payment of dividends, with a dividend of HUF **24,512,251,50**0 being declared from the profit for the year, based on a total dividend of HUF 76 per share for 322,529,625 ordinary shares of Series A. The remaining part of the distributable profit is transferred to the retained earnings. Pursuant to the resolution of Board of Directors 162/2023 (15 December), interim dividend of HUF 67 per share was paid on 322 529 625 ordinary shares of series A on 12 January 2024. An additional dividend of HUF 9 will be paid on the shares covered by the interim dividend payment.

1.6. AGENDA ITEM

REPORT OF THE SUPERVISORY BOARD ON THE COMPANY'S 2023 SEPARATE FINANCIAL STATEMENTS AND SEPARATE MANAGEMENT REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ON THE PROPOSED APPROPRIATION OF PROFIT AND THE 2023 CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Report on the separate (unconsolidated) and consolidated financial statements prepared in accordance with International Accounting Standards and the appropriation of the profit after tax for the financial year ended 31 December 2023

At its meeting of 3 April 2024 the Supervisory Board discussed and proposes to the General Meeting for approval the proposals on the separate financial statements

- [10] for the year 2023 prepared in accordance with International Accounting Standards prepared by the Board of Directors on the financial year of MBH Bank Nyrt. ended on 31 December 2023,
- the consolidated financial statements for the year 2023 prepared in accordance with the International Accounting Standards
- and for the distribution of the 2023 after-tax profit

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Pursuant to the Articles of Association of MBH Bank Nyrt., the Supervisory Board checks the annual financial statements of the Company in order to comply with the statutory requirements.

In view of the above and based on the preliminary opinion of the Audit Committee, the Supervisory Board wishes to emphasize the following:

In relation the audit of the 2023 separate and consolidated financial statements, the auditor (PwC Könyvvizsgáló Kft.) performed its annual audit activities on the basis of a detailed schedule, for the mid-year audit from the middle of October 2023 to the end of December 2023 and for the year-end audit from the beginning of January 2024 to the middle of March 2024. In addition, in 2023 two interim balance sheet audits (for the cut off dates of 30.04.2023 and 30.06.2023) and on the following subject for the cut off date of 30.06.2023:

1. A review of the Company's specific interim financial information ("interim financial information") prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") for the period ended June 30, 2023, in particular IAS 34, Interim Financial Reporting ("IAS 34"), in accordance with International Standard on Review Engagements ("ISRE") Topic 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".
2. Review of the separate assessment supervisory data supply Template F01.01 ("Balance Sheet: Assets"), Template F01.02 ("Balance Sheet: Liabilities"), Template F01.03 ("Balance Sheet: Equity"), Template F02 .00 ("Income Statement"), Template F03.00 ("Comprehensive Income Statement") (together referred to as "Prudential Report") prepared as at 30.06.2023 in accordance with the requirements of Magyar Nemzeti Bank ('MNB') and Commission Implementing Regulation (EU) No 680/2014, in compliance with the International Standard on Review Engagements ('ISRE') 2410

[10] In line with Section 9/A(2) of the Accounting Act, the IFRS provisions were applied in all issues regulated under IFRS (international accounting standards promulgated in the Official Journal of the European Union by way of the procedure provided for in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards).

Review of Interim Financial Information Performed by the Independent Auditor of the Entity
3. Review of the consolidated supervisory data supply Template F01.01 ("Balance Sheet: Assets"), Template F01.02 ("Balance Sheet: Liabilities"), Template F01.03 ("Balance Sheet: Equity"), Template F02 .00 ("Income Statement"), Template F03.00 ("Comprehensive Income Statement") (together referred to as "Consolidated Prudential Report") prepared as at 30.06.2023 in accordance with the requirements of Magyar Nemzeti Bank ('MNB') and Commission Implementing Regulation (EU) No 680/2014, in compliance with the International Standard on Review Engagements ('ISRE') 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity for the scope of prudential consolidation as defined in MNB Decision H-EN-I-162/2023 (or, if it is changed, as effective at the time of the issue of our report).
4. Inspection of the content of the offer documentation for an international bond issue (EMTN programme)

For the auditors the purpose of the audit activity was to obtain reasonable assurance that the annual financial statements and the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report containing their opinion.

The audit activity is designed by the auditors to focus on the following main objectives to ensure the quality of the audit:

- A thorough and critical review of the key estimates and judgements made by Management in the preparation of the financial statements.
- A thorough understanding of the internal audit environment.
- The audit should be planned and executed in such a way that emerging issues are identified early and communicated to those charged with governance in a timely manner.

After the preparation phase, the audit started with process reviews and in-process controls, and was followed in 2023 by interim financial year reviews, an examination of the Impairment Methodology, an examination of Credit Transactions and an examination of IT systems.
Continuing the audit process in 2024, a detailed audit of the separate financial statements for 2023 was performed from January as part of the year-end review, followed by a detailed audit of the Consolidated Financial Statements for 2023.
After completing the year-end accounting closing, the auditor reviewed and tested the analytics, various valuations (e.g., loans, deposits, securities, derivatives), and examined the financial statements of the complete annual and consolidated annual reports, including the notes to the financial statements and other notes, and the year-end provisions and the non-financial statements that form part of the annual report..

The main aspects of the review included:

- Management override of internal controls (based on standards to be mandatorily audited)
- Loan interest and commission revenues (effective interest accounting)
- Impairment on receivables from customers
- Identification and presentation of related parties

- Valuation of investments (bank subsidiaries) (in separate reports)
- Fair value of loans valued at fair value
- Risk capital fund position management and assessment

Based on the audit work, the auditor has issued an unqualified, clear audit report and will prepare the Compliance report and the Separate Audit Report for the MNB and the Management Letter for MBH management.
The cooperation with the auditor was coordinated by Finance and Reporting and Bank Security.
The auditor and representatives of the Bank reconciled the auditor's findings made during the annual audit and assisted in the audit process at regular weekly (operative and higher level) meetings.

In accordance with its statutory obligations, the Supervisory Board, controls **the internal audit organisation** pursuant to Section 3.3.5.1.d of the Articles of Association, which it has fulfilled as follows:

- It has constantly **ensured** that:
    - In line with the MNB's expectations, the group should have an internal audit function that is separate from the other internal control functions and operates as a stand-alone function;
    - The internal audit should cover the following:
        - the bank and the group as a whole, all members and departments of the group, including areas with internal control functions and areas with special control functions and tasks;
        - its business area and activities, including outsourced activities, and their separate and coherent operation.
    - The internal audit regularly reviews, analyses and assesses the compliance of the design and operation of the internal control systems with legislation, other non-legislative requirements, including supervisory regulatory instruments issued by the MNB, and internal regulations, as well as the economy, efficiency and effectiveness of its operations, as defined in the group-level Internal Audit Policy and the Internal Audit Rules.
- **Governed and held to account** the internal audit unit, in the framework of which:
    - agreed beforehand and **recommended** to the Board of Directors **for adoption** the group-level policies (Internal Audit Policy and Internal Audit Code) for the internal audit function in accordance with Act CCXXXVII of 2013, which are applicable to members of the MBH Prudential Group that are subject to supervision on a consolidated basis with MBH Bank Nyrt and that also have an internal control function,
    - **adopted** the Internal Audit Unit's annual internal audit plan for 2024 and other planning documents (MBH Group Audit Universe, capacity plan, long-term plan),
    - **ensured** the appropriate quantity and quality of human resources for the internal audit unit,
    - regularly **discussed** the audit reports, reports and follow-up reports prepared by internal audit and monitored the implementation of the necessary measures,

  - continuously **monitored** and regularly **discussed** the information notes, reports and follow-up reports prepared by the internal audit unit on the internal control activities and operations of the business associations under its supervision.
- continuously **monitored** the internal auditor's reporting, implementation and status of action plans related to the inspection reports of the MNB and other external authorities,
- **learned** about the information on external inspections and fines,
- **reviewed** the decision of MBH Bank Nyrt. Remuneration Policy in the light of the findings of the internal audit unit's assessments and the EBA/MNB recommendations.

As in previous years, the Bank again made the auditor declare the independence of the auditor and the audit firm in 2023. The auditor declared that, in accordance with the provisions of Hungarian law, there is no conflict of interest and meets the statutory requirements of independence.

In addition to the auditing of the annual unconsolidated and consolidated financial statements for 2023, PwC Könyvvizsgáló Kft. és a PwC Magyarország Kft. performed (performs) the following audits/assignments:

- Audit of the interim financial statements of 30.04.2023
- Audit of the interim financial statements of 30.06.2023
- Consolidated review of 30.06.2022
  - Assessment of condensed consolidated interim financial statements prepared in accordance with IAS 34, Interim Financial Reporting
  - Assessment of the specific tables of the separate and consolidated monitoring data reporting as of 30.06.2023
  - Report on the content of the Offer Documentation for an International Bond Issue (EMTN Programme)
- IFRS update training
- Assess and analyse the sales competencies of branch network staff to increase sales efficiency
- MKBMKB SAS AML system inspection after LD2 to identify money laundering risks
- In the context of the Compliance (incl. AML) LD2 project, the need for extraordinary resources for AML testing
- In the context of the Compliance (incl. AML) LD2 project, the need for additional extraordinary resources for AML testing
- AML filtering system treshold definition and customer segmentation model development in the Compliance merger priority project
- Issue comfort letter for international bond release
- Further training for certified chartered accountants

Circumstances that compromise auditor independence have not been identified in either closed or on-going assignments. The management of the Bank has been informed of all the assignments listed. Independence from audit services has been continuously assured - assignments were performed by staff separate from the audit team.

1. Notes to the separate (non-consolidated) IFRS Financial Statemnts for 2023

On the basis of written reports received, personal discussions with members of the Board of Directors and management, as well as audits performed by the Executive Directorate for Internal Audit, the Supervisory Board determined that the 2023 separate financial statements were prepared in accordance with the Accounting Act and related legal regulations, where, in accordance with Section 9A (2) of the Accounting Act, the IFRS requirements were applied in issues regulated in IFRS (International Accounting Standards (as published in the Official Journal of the European Union based on the procedure laid down in the European Parliament and Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards).
The separate financial statements and separate management report of the Company for 2023, prepared according to the International Financial Reporting Standards (IFRS) are adopted with the following key figures:

Balance sheet total:	HUF	11 008 621	million
Profit for the year:	HUF	118 316	million
Total comprehensive income:	HUF	169 599	million

2. Appropriation of the profit for 2023

	HUF million
1. Profit before taxation	141 863
2. Income tax (income)	23 547
3. Profit for the year (1.-2.)	118 316
Increase in Retained earnings	118 316

Establishment of the dividend:

Deduction of available retained earnings available for dividend:

	HUF million
1.Total equity	980 632
2.Share capital	322 530
3.Share premium	348 894
4.Other reserve	51 066
5.Accumulated other comprehensive income	21 006
Profit reserve available for dividend (1.-2.-3.-4.-5.)	237 136

Of the profit (after tax) of the current year the **Board of Directors proposes declaring HUF 24,512,251,500 dividend** (current number of shares: 322,529,625; dividend per share: HUF 76), from which HUF 21,609,484,875 interim dividend (number of shares at the time of the payment: 322,529,625, interim dividend per share: HUF 67), was paid out on 12 January 2024 on the number of shares as at the time of payment pursuant to the resolution of the Board of Directors 162/2023 (15 December). An additional dividend of HUF 9 will be paid on the shares covered by the interim dividend payment.

The remaining part of the distributable profit for the current year will be transferred to the profit reserve, from which the general reserve will be recognised according to the law.

	HUF million
Declared dividend (as proposed)	24 512
Decrease in Retained earnings	24 512

General reserve recognition:

As required by the **Hpt.,** the **retained earnings** will be reduced by **HUF 11,831.6 million**, corresponding to 10% of the profit after taxation, to the **Other reserve**.

	HUF million
1. Generation of the general reserve	11 831,6
Decrease in Retained earnings	11 831,6

3. Notes to the Consolidated IFRS Financial Statements for 2023

Pursuant to Section 10 (2) of the Accounting Act, an entity subject to Article 4 of Regulation (EC) No 1606/2002 on the application of international accounting standards shall comply with its obligation to draw up consolidated accounts by preparing its consolidated financial statements in accordance with international accounting standards as published in the Official Journal of the European Union in the form of a Regulation.
Based on the above-mentioned regulations, the Company prepares its consolidated financial statements only in accordance with International Financial Reporting Standards (IFRS).
The consolidated financial statements and consolidated management report of the Company for 2023, prepared according to the International Financial Reporting Standards (IFRS) are adopted with the following key figures:

Balance sheet total:	HUF	11 107 048	million
Profit for the year:	HUF	183 190	million
Total comprehensive income:	HUF	241 103	million

Entities included in the consolidated group of MBH Bank Nyrt as of 31.12.2023:

- Budapest Eszközfinanszírozó Zrt.
- Budapest Lízing Zrt.
- Euroleasing Zrt.
- Euroleasing Ingatlan Zrt.
- Magyar Strat-Alfa Zrt.
- MBH Bank ESOP organisation
- MBH Befektetési Alapkezelő Zrt.

- MBH Befektetési Bank Zrt.
- MBH Blue Sky Kft.
- MBH DOMO Kft.
- MBH Duna Bank Zrt.
- MBH Ingatlanfejlesztő Kft.
- MBH Jelzálogbank Nyrt.
- MBH Mezőgazdasági Befektetési és Fejlesztési Magántőkealap
- MBH Szolgáltatások Zrt.
- MBH Vállalati Stabil Abszolút Hozamú Kötvény Befektetési Alap
- MITRA Informatikai Zrt.
- OPUS TM-1 Alap
- Retail Prod Zrt.
- Takarék Faktorház Zrt.
- Takarék Ingatlan Zrt.
- Takarék Zártkörű Befektetési Alap
- Takinfo Kft.

All entities of the Group are fully consolidated except Magyar Strat-Alfa Zrt., which is consolidated with the equity method.

4. The principal figures in the Separate (Non-consolidated) and Consolidated Annual Financial Statements as at 31 December 2023 presented by the Board of Directors are as follows:

Data in HUF million

	separate (non consolidated) IFRS			consolidated IFRS			difference consolidated-separate
	31.12.2022	31.12.2023	change	31.12.2022	31.12.2023	chenge	31.12.2023
Balance sheet total	7 468 778	11 008 621	↑	10 614 422	11 107 048	↑	98 427
Total equity	793 012	980 632	↑	808 736	1 023 371	↑	42 739
Profit before taxation	64 139	141 863	↑	103 390	221 876	↑	80 013
Profit for the year	64 637	118 316	↑	91 168	183 190	↑	64 874
Total comprehensive income	68 330	169 599	↑	95 930	241 103	↑	71 504

1.7. AGENDA ITEM

AUDITOR'S REPORT ON THE AUDIT OF THE COMPANY'S 2023 SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The independent auditor's report will be published in accordance with Act C of 2000 on accounting after the approval of the Separate Financial Statements by the General Assembly.

INDEPENDENT AUDITOR'S REPORT
(Free translation)

To the shareholders of MBH Bank Plc.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of MBH Bank Nyrt. (the "Company") included in the digital file 3H0Q3U74FVFED2SHZT16-2023-12-31-hu.zip (SHA 256 HASH algorithm value: 36D7AF4EAF3537CE88EC533BF642E4517AD3B9D0FC6C7079DC5E4B8B6D502171), for the financial year ended on 31 December 2023, which comprise the separate statement of financial position as at 31 December 2023 (in which total assets equal to total liabilities and equity are MHUF 11,008,621), the separate statement of profit or loss and other comprehensive income (in which the total comprehensive income for the year is MHUF 169,599 profit), the separate statement of changes in equity, the separate statement of cash flows for the financial year then ended and the notes to the separate financial statements comprising material accounting policy information and other explanatory information.

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2023, and of its separate financial performance and its separate cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the annual financial statements prepared in accordance with IFRS as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee dated 3 April 2024.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we also comply with further ethical requirements set out in these.

The non-audit services that we have provided to the Company, in the period from 1 January 2023 to 31 December 2023, are disclosed in note 38.1 to the separate financial statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company, its parent and its controlled entities within the EU are in accordance with the applicable laws and regulations in Hungary and that we have not provided non-audit services that are prohibited under Article 5 of Regulation of the European Parliament and Committee No 537/2014 and Subsection (1) and (2) of Section 67/A of Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality	Overall materiality applied was MHUF 8,800
Key Audit Matters	• Expected credit loss allowance on loans and advances to customers • Merger of Takarékbank Zrt. into MKB Bank Nyrt. (after the merge: MBH Bank Nyrt.) • Financing and investing transactions with related parties • Hedge Accounting

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the separate financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the separate financial statements as a whole.

Materiality	MHUF 8,800
Determination	0.9% of the separate equity
Rationale for the materiality benchmark applied	We chose separate equity as the benchmark because, in our view, it is a balanced benchmark which reflects the interests of the shareholders and of the regulator and is a generally accepted benchmark. We chose 0.9% as quantitative materiality threshold.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	*How our audit addressed the key audit matters*
Expected credit loss allowance on loans and advances to customers	
The net balance of loans and repurchase agreements to customers at amortised cost was MHUF 4,278,464 as at 31 December 2023, representing 39% of total assets. The allowance for impairment (Allowance for expected credit loss – hereinafter ECL) included in the carrying amount of loans and advances to customers is MHUF 252,356. Management disclosed related assumptions, balances and estimates in sections 4.j), 6.c) and 11 of the notes. ECL allowance is determined on the basis of subjective criteria and management is required to apply significant judgement when calculating individual and collective ECL allowances especially when considering the current uncertain economic environment. The first step in the ECL calculation is to identify whether there was significant increase in credit risk. The selected indicators will determine whether a 12-month or a lifetime ECL is calculated. In the calculation of individual ECL, the most significant uncertainty is involved in the estimation of expected future cash flows, and in probability weighting of cash-flow scenarios, where cash flows include recoveries both from collections of contractual cash flows and from collaterals. The Company applies impairment models to calculate collective ECL. These models quantify the probability of default, exposure at default and the loss given default as the primary parameters in the estimation of the recoverable amount, taking into account forward looking information – in line with the requirements of *IFRS 9 Financial instruments* standard. The modelling methodologies are developed using historical experience, which – in	We gained an understanding of the lending process from disbursement to monitoring and to the calculation of impairment, identified the main control points, and tested their operational effectiveness, including management's approval. Thereby our focus was on adaptations of methods and processes introduced to capture the increased uncertainties of the present and future environment in ECL. We performed credit review for individually significant loans on a sample basis. We checked the stage classification of the loans based on credit application and monitoring documents as well as customer-related financial and non-financial information. For a sample of individually impaired loans, we checked whether assumptions, estimations and scenario weightings applied in calculations of the recoverable amount are reasonable and whether the calculations are correct. For collective ECL we assessed whether the methodology applied by the Company was compliant with *IFRS 9 Financial instruments* with the support of our internal modelling experts. We read the validation documents, recalculated, on a sample basis, selected model parameters and the ECL. We examined the input data for the ECL allowance calculation (both historical and measurement data), indicators used to determine whether there was significant increase in credit risk and analysed the development of credit losses. To address increased estimation uncertainty, we evaluated the adequacy of credit risk parameters and models taking into consideration possible distortions of currently observed data due to state payment support programs. We also critically assessed the plausibility of expectations and estimates, that have been introduced due to aforementioned distortions.

uncertain economic conditions that currently vary across customer segments and industry sectors – can result in limitations in their reliability to appropriately estimate ECL.

A further limitation is caused by the fact that, to reduce the economic consequences of the COVID-19 pandemic and the uncertain economic and geopolitical environment, the Hungarian government maintained various loan support programs, including interest stop measures. These programs complicated a timely reflection of a potential deterioration of the loan portfolio and resulted in low observed default rates.

To address these limitations, management applied quantitative and qualitative adjustments to ECL that include the following:

- Additional criteria to assess significant increase in credit risk
- Reassessment of macroeconomic assumptions and weighting of the applied scenarios.
- Additional expert judgement based adjustment of the estimation method of ECL.

We paid considerable attention to this area during our audit due to the significance of the amounts involved and because of the subjective nature of the judgments and assumptions that management is required to make, particularly due the high level of uncertainty that can be experienced in the current economic environment.

We read sections 4.j), 6.c) and 11 of the notes to the separate financial statements to assess whether disclosures are in line with *IFRS 9 Financial instruments* and *IFRS 7 Financial instruments: Disclosures* standards.

Merger of Takarékbank Zrt. to MKB Bank Nyrt. (after the merge: MBH Bank Nyrt.)

Takarékbank Zrt. legally merged to MKB Bank Nyrt. on 30 April 2023, and continued operating under the name MBH Bank Nyrt. The merger was approved by the shareholder's resolution on 19 December 2022 and by the National Bank of Hungary in February 2023.

This transaction was classified as a "business combination under common control" by the Company and it is out of scope of *IFRS 3 Business Combinations*. The Company has accounted for the legal merger using the

We have assessed if the Company selected the appropriate accounting method and whether the predecessor values accounting method was correctly applied by the management. We reconciled the audited merged balance sheet as at 30 April 2023 to the balances as incorporated into the Company's separate financial statements.

We performed IT audit procedures on all relevant IT systems in the predecessor entities. We have assessed whether the accounting policies have been applied consistently in the separate financial

predecessor values method, prospectively, according to which assets and liabilities of the acquired entity have been transferred to the Company at their respective carrying values in their separate Financial Statements on the effective date of the legal merger. Details of the transaction are disclosed in Note 5 Merger to the separate financial statements. We paid considerable attention to this transaction because the merger was significant to our audit due to the complexity of the transaction in terms of composition of the Banking group, and in terms of new IT systems and partial migration of data between core systems.	statements. We read the disclosures made in the separate financial statements.
Financing and investing transactions with related parties The Company, in the course of its banking operations, has significant financing and investing transactions with related parties including entities belonging to the shareholders (other than state owned enterprises) that have significant influence over the parent entity and other related parties. Related party transactions are disclosed in Note 37 to the separate financial statements. We identified financing and investing transactions with related parties as a key audit matter because of risks with respect to completeness of identification of related parties, measurement of exposures in the statement of financial position and disclosures made in the separate financial statements.	We understood the process of identifying and disclosing related party transactions. We obtained company registry records and other publicly available information and compared to the listing of related parties maintained by the Company to check completeness of related parties identified. We agreed, on a sample basis, the amounts disclosed to underlying documentation and read relevant agreements. We tested, on a sample basis, the financing arrangements between the related parties along with supporting documents to evaluate the management's assertions that the transactions were at arm's length and in the ordinary course of business. We checked classification of direct and indirect investments in related parties and we tested, on a sample basis, whether the valuation of the investments are appropriate based on the respective classification method. Relating to the valuations, with the support of our internal experts, we checked whether assumptions and estimations are reasonable and whether the calculations are correct. In terms of financing transactions, we tested, on a sample basis, whether assessment of significant increase in credit risk and calculation of expected credit loss is in line with the accounting policies and general practice applied by the Company.

We inspected relevant ledgers, agreements and other information that may indicate the existence of related party financing relationships or transactions. We checked the relevant disclosures in the notes and assessed whether they are in line with IAS 24 *Related Party Disclosures* standard.

Hedge Accounting

The criteria for applying hedge accounting and its accounting treatment are presented in chapter 4.r) of the notes to the separate financial statements on accounting policy and Note 9 to the separate financial statements.

The Company designates derivatives to hedge risks arising from its operation and open positions, in particular to interest rate risks. In the absence of hedge accounting the transactions involving derivatives may be presented in the separate statement of financial position and the separate Statement of Profit or Loss and Other Comprehensive Income differently from the transactions generating the risks. Therefore, for selected portfolios and transactions, the Company applies fair value hedge accounting to ensure matching of accounting applied to the hedging instruments and hedged transactions. Hedge accounting is applied both for individual instruments (micro-hedge) and for parts of the loan portfolio (macro-hedge).

Application of hedge accounting is subject to stringent accounting rules. It is necessary to prove, among other criteria, that the values of transactions underlying open positions and the transactions conducted to hedge them react to market changes, representing hedged risks in the opposite directions. This is called hedge effectiveness test. Measuring hedge effectiveness requires complex calculations, depending on the methodology applied to this assessment.

We focused on this matter because it materially affects the separate financial statements and measurement of the effectiveness of hedging relationships is complex and subject to estimation uncertainty.

We have assessed key internal controls operated by the Company with the aim of appropriately determining the fair values of derivatives and measuring hedge effectiveness.

We checked the valuation of derivatives and the adequacy of market prices applied on a sample basis, we have examined the documentation of hedge accounting, including the risk management strategy and objectives of the Company as well as the hedged transactions designation. With the support of our experts, we checked whether the effectiveness of the hedging relationship was measured and accounted for in accordance with *IAS 39 Financial Instruments: Recognition and Measurement* (as adopted by the EU with carve-out) and *IFRS 9 Financial instruments* standards.

We assessed whether disclosures of hedge accounting in the separate financial statements are in line with *IFRS 7 Financial instruments: Disclosures* standards.

Other information: the separate business report that is referred to as separate management report in the annual report

Other information comprises the separate business report (that is referred to as separate management report in the annual report) of the Company for the financial year ended on 31 December 2023. Management is responsible for the preparation of the separate business report in accordance with the provisions of the Accounting Act and other relevant regulations, and for the preparation of the annual report in accordance with Act CXX. of 2001 on Capital Market. Our opinion on the separate financial statements does not cover the separate business report or the annual report.

In connection with our audit of the separate financial statements, our responsibility is to read the separate business report and the annual report and, in doing so, consider whether the separate business report and the annual report is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the separate business report and the annual report is materially misstated we are required to report this fact, and based on the Accounting Act, also the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the separate business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the separate business report is consistent with the separate financial statements.

Because the Company's transferable securities are admitted to trading on a regulated market of a Member State of the European Economic Area, our opinion on the separate business report shall cover the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and state whether the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided.

As the Company is a public interest entity and the conditions in Paragraph a) and b) of Subsection (1) of Section 95/C of the Accounting Act are met at the balance sheet date, the Company shall publish a non-financial statement required by 95/C in its separate business report. In this respect, we shall state whether the separate business report includes the non-financial statement required by Section 95/C.

In the course of fulfilling our obligation, in respect of forming our opinion on the separate business report we have considered the requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation") as the regulations prescribing further requirements for the separate business report.

In our opinion, regarding the financial year ended on 31 December 2023, the separate business report also including the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and the annual report of the Company, are consistent, in all material respects, with the separate financial statements for the financial year ended on 31 December 2023; and the separate business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulation referred to above.

We are not aware of any other material inconsistency or material misstatement in the separate business report and the annual report and therefore we have nothing to report in this respect.

We state that the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided. The separate business report includes the non-financial statement required by Section 95/C.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and to prepare the separate financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company on 26 April 2022. Our appointment has been renewed annually by shareholders' resolutions representing a total period of uninterrupted engagement appointment of 2 years.

The engagement partner on the audit resulting in this independent auditor's report is Árpád Balázs.

Report on the compliance of the presentation of the separate financial statements with the requirements of the regulation on the European single electronic format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the separate financial statements of the Company included in the digital file 3H0Q3U74FVFED2SHZT16-2023-12-31-hu.zip ("separate financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the separate financial statements in ESEF format

The management is responsible for the presentation of the separate financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the separate financial statements in the applicable XHTML format;
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Company's financial reporting process including compliance with the ESEF Regulation.

Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the presentation of the separate financial statements in ESEF format complies, in all material respect, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation, and verifying whether the XHTML format was applied properly.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the presentation of the separate financial statements in ESEF format of the Company for the financial year ended 31 December 2023 included in the digital file 3H0Q3U74FVFED2SHZT16-2023-12-31-hu.zip complies, in all material respects, with the requirements of the ESEF Regulation.

Budapest, 3 April 2024

Árpád Balázs
Partner
Statutory auditor
Licence number: 006931
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Licence Number: 001464

Translation note:

This English version of our report is a translation from the original version prepared in Hungarian on the separate financial statements prepared in Hungarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this

1.8. AGENDA ITEM

AUDITOR'S REPORT ON THE AUDIT OF THE COMPANY'S 2023 CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The independent auditor's report will be published in accordance with Act C of 2000 on accounting after the approval of the Consolidated Financial Statements by the General Assembly.

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INDEPENDENT AUDITOR'S REPORT
(Free translation)

To the shareholders of MBH Bank Nyrt.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of MBH Bank Nyrt. (the "Company") and its subsidiaries (together the "Group") included in the digital file 3HoQ3U74FVFED2SHZT16-2023-12-31-hu.zip (SHA 256 HASH algorithm value: 36D7AF4EAF3537CE88EC533BF642E4517AD3B9D0FC6C7079DC5E4B8B6D502171), for the financial year ended on 31 December 2023, which comprise the consolidated statement of financial position as at 31 December 2023 (in which total assets equal to total liabilities and equity are MHUF 11,107,048), the consolidated statement of profit or loss and other comprehensive income (in which the total comprehensive income for the year is MHUF 241,103 profit), the consolidated statement of changes in equity, the consolidated statement of cash-flows for the financial year then ended and the notes to the consolidated financial statements comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee dated 3 April 2024.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we also comply with further ethical requirements set out in these.

The non-audit services that we have provided to the Company and its controlled entities within the EU, in the period from 1 January 2023 to 31 December 2023, are disclosed in note 2.43 to the consolidated financial statements.

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To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its parent and its controlled entities within the EU are in accordance with the applicable laws and regulations in Hungary and that we have not provided non-audit services that are prohibited under Article 5 of Regulation of the European Parliament and Committee No 537/2014 and Subsection (1) and (2) of Section 67/A of Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall group materiality	Overall group materiality applied was MHUF 9,200
Group Scoping	We included for subsidiaries in our audit which amount up to 97.2% of the consolidated total assets, 88.7% of the consolidated net profit.
Key Audit Matters	• Expected credit loss allowance on loans and advances to customers • Financing and investing transactions with related parties • Hedge Accounting

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Materiality	MHUF 9,200
Determination	0.9% of the consolidated equity
Rationale for the materiality benchmark applied	We chose consolidated equity as the benchmark because, in our view, it is a balanced benchmark which reflects the interests of the shareholders and of the regulator and is a generally accepted benchmark. We chose 0.9% as quantitative materiality threshold.

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We have identified four subsidiaries, which, in our view, required an audit of their complete financial information, due to their financial significance or risk to the group. Those reporting components are the banking entities and one leasing entity.

In addition, we performed the audit of specific balances and transactions of eight subsidiaries.

For the remaining components we performed analytical review on Group level. This together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	*How our audit addressed the key audit matters*
Expected credit loss allowance on loans and advances to customers	
The net balance of loans and advances to customers at amortised cost was MHUF 4,390,428 as at 31 December 2023, representing 40% of total assets. Expected credit loss (ECL) allowance included in the carrying amount of loans and advances to customers is MHUF 269,161. Management disclosed related assumptions, balances and estimates in sections 2.13, 3.2.5. and 4.15.2. of the notes. ECL allowance is determined on the basis of subjective criteria and management is required to apply significant judgement when calculating individual and collective ECL allowances especially when considering the current uncertain economic environment. The first step in the ECL calculation is to identify whether there was a significant increase in credit risk. The selected indicators will determine whether a 12-month or a lifetime ECL is calculated. In the calculation of individual ECL, the most	We gained an understanding of the lending process from disbursement to monitoring and to the calculation of impairment, identified the main control points, and tested their operational effectiveness, including management's approval. Thereby our focus was on adaptations of methods and processes introduced to capture the increased uncertainties of the present and future environment in ECL. We performed credit review for individually significant loans on a sample basis. We checked the stage classification of the loans based on credit application and monitoring documents as well as customer-related financial and non-financial information. For a sample of individually impaired loans, we checked whether assumptions, estimations and scenario weightings applied in calculations of the recoverable amount are reasonable and whether the calculations are correct. For collective ECL we assessed whether the methodology applied was compliant with *IFRS 9*

significant uncertainty is involved in the estimation of expected future cash flows, and in probability weighting of cash-flow scenarios, where cash flows include recoveries both from collections of contractual cash flows and from collaterals.

The Group applies impairment models to calculate collective ECL. These models quantify the probability of default, exposure at default and the loss given default as the primary parameters in the estimation of the recoverable amount, taking into account forward looking information – in line with the requirements of *IFRS 9 Financial instruments* standard.

The modelling methodologies are developed using historical experience, which - in uncertain economic conditions that currently vary across customer segments and industry sectors - can result in limitations in their reliability to appropriately estimate ECL.

A further limitation is caused by the fact that, to reduce the economic consequences of the COVID-19 pandemic and the uncertain economic and geopolitical environment, the Hungarian government maintained various loan support programs, including interest stop measures. These programs complicated a timely reflection of a potential deterioration of the loan portfolio and resulted in low observed default rates.

To address these limitations, management applied quantitative and qualitative adjustments to ECL that include the following:

- Additional criteria to assess significant increase in credit risk
- Adjustment of macroeconomic assumptions and the weighting of the applied scenarios.
- Additional expert judgement based adjustment of the estimation method of ECL.

We paid considerable attention to this area during our audit due to the significance of the amounts involved and because of the subjective nature of the judgments and assumptions that management is required to make, particularly due the high level of uncertainty that can be experienced in the current economic environment.

Financial instruments with the support of our internal modelling experts. We read the validation documents, recalculated, on a sample basis, selected model parameters and the ECL.

We examined the input data for the ECL allowance calculation (both historical and measurement data), indicators used to determine whether there was significant increase in credit risk and analysed the development of credit losses.

To address increased estimation uncertainty, we evaluated the adequacy of credit risk parameters and models taking into consideration possible distortions of currently observed data due to state payment support programs. We also critically assessed the plausibility of expectations and estimates, that have been introduced due to aforementioned distortions.

We read sections 2.13., 3.2.5. and 4.15.2. of the notes to the consolidated financial statements to assess whether disclosures are in line with *IFRS 9 Financial instruments* and *IFRS 7 Financial instruments: Disclosures* standards.

Financing and investing transactions with related parties

The Group, in the course of its banking operations, has significant financing and investing transactions with related parties including entities belonging to the shareholders (other than state owned enterprises) that have significant influence over the parent entity and other related parties.

Related party transactions are disclosed in Note 4.29 to the consolidated financial statements.

We identified financing and investing transactions with related parties as a key audit matter because of risks with respect to completeness of identification of related parties, measurement of exposures in the consolidated statement of financial position and disclosures made in the consolidated financial statements.

We understood the process of identifying and disclosing related party transactions.

We obtained company registry records and other publicly available information and compared to the listing of related parties maintained by the Group to check completeness of related parties identified.

We agreed, on a sample basis, the amounts disclosed to underlying documentation and read relevant agreements.

We tested, on a sample basis, the financing arrangements between the related parties along with supporting documents to evaluate the management's assertions that the transactions were at arm's length and in the ordinary course of business.

We checked classification of direct and indirect investments in related parties and we tested, on a sample basis, whether the valuation of the investments are appropriate based on the respective classification method. Relating to the valuations, with the support of our internal experts, we checked whether assumptions and estimations are reasonable and whether the calculations are correct.

In terms of financing transactions, we tested, on a sample basis, whether assessment of significant increase in credit risk and calculation of expected credit loss is in line with the accounting policies and general practice applied by the Group.

We inspected relevant ledgers, agreements and other information that may indicate the existence of related party financing relationships or transactions.

We checked the relevant disclosures in the notes and assessed whether they are in line with IAS 24 *Related Party Disclosures* standard.

Hedge Accounting

The criteria for applying hedge accounting and its accounting treatment are presented in chapter 2.22. of the notes to the consolidated financial statements on accounting policy and Note 4.13.2. to the consolidated financial statements.

We have assessed key internal controls operated by the Group with the aim of appropriately determining the fair values of derivatives and measuring hedge effectiveness.

The Group designates derivatives to hedge risks arising from its operation and open positions, in particular to interest rate risks. In the absence of hedge accounting the transactions involving derivatives may be presented in the statement of financial position and the income statement differently from the transactions generating the risks. Therefore, for selected portfolios and transactions, the Group applies fair value hedge accounting to ensure matching of accounting applied to the hedging instruments and hedged transactions. Hedge accounting is applied both for individual instruments (micro-hedge) and for parts of the loan portfolio (macro-hedge). Application of hedge accounting is subject to stringent accounting rules. It is necessary to prove, among other criteria, that the values of transactions underlying open positions and the transactions conducted to hedge them react to market changes, representing hedged risks in the opposite directions. This is called hedge effectiveness test. Measuring hedge effectiveness requires complex calculations, depending on the methodology applied to this assessment. We focused on this matter because it materially affects the consolidated financial statements and measurement of the effectiveness of hedging relationships is complex and subject to estimation uncertainty.	We checked the valuation of derivatives and the adequacy of market prices applied on a sample basis, we have examined the documentation of hedge accounting, including the risk management strategy and objectives of the Group as well as the hedged transactions designation. With the support of our experts, we checked whether the effectiveness of the hedging relationship was measured and accounted for in accordance with *IAS 39 Financial Instruments: Recognition and Measurement* (as adopted by the EU with carve-out) and *IFRS 9 Financial instruments* standards. We assessed whether disclosures of hedge accounting in the consolidated financial statements are in line with *IFRS 7 Financial instruments: Disclosures* standards.

Other information: the consolidated business report that is referred to as consolidated management report in the annual report

Other information comprises the consolidated business report (that is referred to as consolidated management report in the annual report) of the Group for the financial year ended on 31 December 2023. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations, and for the preparation of the annual report in accordance with Act CXX. of 2001 on Capital Market. Our opinion on the consolidated financial statements does not cover the consolidated business report or the annual report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and the annual report and, in doing so, consider whether the consolidated business report and the annual report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the consolidated business report and the annual report is materially misstated we are required to report this fact, and based on the Accounting Act, also the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility to consider whether the consolidated business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the consolidated business report is consistent with the consolidated financial statements.

Because the Company's transferable securities are admitted to trading on a regulated market of a Member State of the European Economic Area, our opinion on the consolidated business report shall cover the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and state whether the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided.

As the Company is a public interest entity preparing consolidated financial statements and the conditions in Paragraph a) and b) of Subsection (5) of Section 134 of the Accounting Act are met at the balance sheet date, the Company shall publish a non-financial statement required by Section 95/C and Section 134 in its consolidated business report relating to the companies included in the consolidation. In this respect, we shall state whether the consolidated business report includes the non-financial statement required by Section 95/C, and Section 134.

In the course of fulfilling our obligation, in respect of forming our opinion on the consolidated business report we have considered the requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation") as the regulations prescribing further requirements for the consolidated business report.

In our opinion, regarding the financial year ended on 31 December 2023, the consolidated business report also including the information prepared under Paragraphs e) and f) of Subsection (2) of Section 95/B, and the annual report of the Group are consistent, in all material respects, with the consolidated financial statements for the financial year ended on 31 December 2023; and the consolidated business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulation referred to above.

We are not aware of any other material inconsistency or material misstatement in the consolidated business report and the annual report and therefore we have nothing to report in this respect.

We state that the information referred to in Paragraphs a)-d), g) and h) of Subsection (2) of Section 95/B of the Accounting Act has been provided. The consolidated business report includes the non-financial statement required by Section 95/C, and Section 134.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and to prepare the consolidated financial statements in accordance with the supplementary requirements of the Accounting Act relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group on 26 April 2022. Our appointment has been renewed annually by shareholders' resolutions representing a total period of uninterrupted engagement appointment of 2 years.

The engagement partner on the audit resulting in this independent auditor's report is Árpád Balázs.

Report on the compliance of the presentation of the consolidated financial statements with the requirements of the regulation on the European single electronic format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the consolidated financial statements of the Group included in the digital file 3H0Q3U74FVFED2SHZT16-2023-12-31-hu.zip ("consolidated financial statements in ESEF format") with the requirements set out in the ESEF Regulation.

Responsibilities of the management and those charged with governance for the consolidated financial statements in ESEF format

The management is responsible for the presentation of the consolidated financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary, including the full application of relevant tags and the proper creation and linking of extension elements; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

Those charged with governance are responsible for overseeing the Group's financial reporting process including compliance with the ESEF Regulation.

Our responsibility and summary of the work performed

Our responsibility is to express an opinion on whether the presentation of the consolidated financial statements in ESEF format complies, in all material respect, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the tagging, obtaining an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation, and verifying whether the XHTML format was applied properly, evaluating the completeness of the Group's tagging of the consolidated financial statements using the XBRL markup language, evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the

ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the presentation of the consolidated financial statements in ESEF format of the Group for the financial year ended 31 December 2023 included in the digital file 3H0Q3U74FVFED2SHZT16-2023-12-31-hu.zip complies, in all material respects, with the requirements of the ESEF Regulation.

Budapest, 3 April 2024

Árpád Balázs
Partner
Statutory auditor
Licence number: 006931
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Licence Number: 001464

Translation note:

This English version of our report is a translation from the original version prepared in Hungarian on the consolidated financial statements prepared in Hungarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this English translation.

1.9. AGENDA ITEM

DECISIONS ON PERFORMANCE REMUNERATION FOR 2023

CORPORATE ASSESSMENT TARGET INDEX EVALUATION

The Corporate Assessment Index is an economic indicator used to measure the Bank group's economic performance or risk management based on a scoring system.

The remuneration policy defines the process and objectives of the calculation of the Corporate Assessment Index.

The target value of the Corporate Assessment Index for the Current Year is based on the current annual Business Plan approved by MBH Bank's Board of Directors. The target value of the Corporate Assessment Index for the Current Year is decided by the Chairman-CEO of MBH Bank Nyt.

Based on a proposal from the Remuneration Working Group of Bank Experts as defined in the Remuneration Policy under the Credit Institutions Act, the Chairman-CEO of MBH Bank Nyrt. may adjust the target value of the Corporate Assessment Index for the current year following any regulatory change and/or change in any market condition that has a significant impact on the consolidated profit of the MBHBank Group and the achievement of the target or the underlying business plan.

The Chairman - CEO of MBH Bank Nyrt. decides on the realization of the target of the Corporate Assessment Index for the Current Year. The decision is confirmed by the Board of Directors of MBH Bank at a meeting prior to the Annual General Meeting of the following year and by the Annual General Meeting of the following year.

The performance-related performance assessment is based on the target value (expressed in points) of the Corporate Assessment Index for the Current Year. Performance Remuneration is not payable if the index does not reach the target level.
The target value for the Corporate Valuation Index is 100 points.

During the reporting year, the Company continuously monitors the development of the Group Corporate Assessment Index, and when if it discovers that the current value of the Corporate Assessment Index differs significantly from the target value, it may initiate an ex-ante risk assessment through the working group.

The payment of performance remuneration depends on the following three factors:

- Completion of the revenue plan
- Completion of the operating cost plan
- Completion of the risk cost plan

Pre-defined scores are determined based on the percentage of completion of each category.

Revenue (actual/budget)	Score
0-79%	0
80-84%	5
85-89%	15
90-94%	25
95-99%	30
100%	35

Operating expenses (actual/buget)	Score
100%	35
101-110%	30
111-120%	25
121-130%	15
131-140%	5
141%	0

Risk cost (actual/budget)	Score
100%	30
101-110%	25
111-120%	20
121-130%	15
131-140%	5
141%	0

In the case of over-performance of each plan, 10 points are added to the overall score for each 10% plan over-performance for revenue, and 5-5 points are added to the overall score for each 10% plan over-performance for operating cost and risk cost.

The MBH Group business plan for 2023 was approved by the Board of Directors of the Company on 22.06.2023, against which the back-testing was performed.

On the basis of the above, the company has calculated the individual components of the Business Valuation Index for the year 2023:

MBH group cumulated (HUF million)	**2023 annual target**	**2023 annual actual**	**Adjusted score***
Completion of the revenue plan	638,680	655,451	35
Completion of the operating cost plan	-268,479	-274,465	30
Completion of the risk cost plan	-120,416	-82,557	45
Total:	**249,786**	**298,429**	**110**

Based on the achievement of the three components, the Index is 110.

Based on the above, **the Chairman and CEO noted that the corporate assessment target index for the 2023 financial year has been achieved in the plan numbers that serve as the basis for the payment of the 2023 performance remunerations.** The decision of the Chairman and CEO was confirmed by the Remuneration Committee, the Board of Directors and the Supervisory Board.

Proposal to the General Meeting

It is a proposed to the General Meeting to confirm the relevant decision of the Chairman and CEO stating that the corporate assessment target index has been achieved for the 2023 financial year.

DECISION ON THE REMUNERATION OF THE CEO

In the performance evaluation process, the objectives are formed like a 'water cascade'. The total banking targets are broken down into each area's own targets, and then the employees' targets are determined based on them. Each set target must contribute to the achievement of the given higher-level target in order for the overall banking targets to be met.

Overall banking targets for 2023:

The Company's Board of Directors and Supervisory Board have approved the Group's business plan for 2024 based on the Group's strategy and its strategic priorities for the coming year. A clear vision has been set out for what the Group intends to achieve in the period ahead.

The goal of MBH Bank Nyrt. is to create Hungary's most modern, most innovative financial institution group serving the largest number of retail and corporate customers in the next five years.

The CEO's objectives for 2023 have been set along the main strategic objectives as follows:

Corporate target	Budget	Actual	Actual/Budget performance
RORAC	24.0%	38.0%	158.6%
Total other comprehensive income (TOCI)	HUF 161.3 bn	HUF 241.1 bn	149.4%
C/I	42.0%	41.9%	99.6%
NPL%	5.1%	3.4%	66.8%
FTE/PEREX	7.2%	6.2%	86.4%

The General Meeting shall decide whether the chairman and CEO is entitled to performance remuneration for the 2023 financial year. The Remuneration Committee prepares the General Meeting's decision on their performance remuneration.

The Remuneration Committee examined the 2023 targets set for dr. Zsolt Barna and concluded that they were met and recommends that the General Meeting establish the eligibility of chairman and CEO for performance remuneration. The decision of the Remuneration Committee was confirmed by the Board of Directors and the Supervisory Board. Dr. Zsolt Barna did not participate in the decision due to personal interest.

Proposal to the General Meeting

It is proposed to the General Meeting to decide, on the basis of the assessment by the Remuneration Committee, that chairman and CEO is entitled to performance remunerations for the year 2023.

It is further proposed that the General Meeting request the Supervisory Board, with respect to persons subject to the Remuneration Policy under the Credit Institutions Act, to decide, based on the provisions of MBH Bank Nyrt.'s Remuneration Policy under the Hpt., on the amount of the performance remuneration to be paid to chairman and CEO dr. Zsolt Barna for the year 2023.

The General Meeting should call on the Supervisory Board to set targets for the year 2024 for the chairman and CEO, along with the company's 2024 business policy and overall banking objectives.

Proposed general meeting resolutions:

1.
The General Meeting approves the Board of Directors' report on the 2023 business activities and, accepts - being aware of the reports of the Supervisory Board and the Auditor - its proposal for the separate (non-consolidated) and consolidated financial statements for 2023 prepared in accordance with the International Financial Reporting Standards as well as the proposal concerning the distribution of profit and the payment of dividends.

The General Meeting establishes the separate financial statements of MBH Bank Nyrt. for 2023 prepared according to the International Financial Reporting Standards with the following main figures:

Balance sheet total: HUF 11.008.621 million
Profit for the year: HUF 118.316 million
Total comprehensive income: HUF 169.599 million

The General Meeting establishes the consolidated financial statements of MBH Bank Nyrt. for 2023 prepared according to the International Financial Reporting Standards with the following main figures:

Balance sheet total: HUF 11.107.048 million
Profit for the year: HUF 183.190 million
Total comprehensive income: HUF 241.103 million

The General Meeting resolves to declare a dividend of HUF 24,512,251,500 from the profit for the year, based on which the dividend per share is HUF 76 for 322,529,625 ordinary shares of Series A. The remaining part of the distributable profit is transferred to the retained earnings.
The General Meeting establishes that pursuant to the resolution of Board of Directors 162/2023 (15 December), interim dividend of HUF 67 per share was paid on 322 529 625 ordinary shares of series A on 12 January 2024. An additional dividend of HUF 9 will be paid on the shares covered by the interim dividend payment.
The starting date for dividend payments is 24 May 2024. The Company pays the dividend to shareholders by transfer from the dividend payment date.
The Dividend Turnover Date as defined in Article 5.3.2 of the Articles of Association of the Company is 16 May 2024.

2.
The General Meeting confirms the relevant decision of the chairman and CEO, stating that the corporate assessment target index has been achieved for the 2023 financial year.

The General Meeting confirms and approves that, in connection with the approval of the annual reports for the year 2023, chairman and Chairman and Chief Executive, dr. Zsolt Barna is entitled to performance remunerations for the 2023 financial year.

The General Meeting requests the Supervisory Board of MBH Bank Nyrt., with respect to persons subject to the Remuneration Policy under the Credit Institutions Act, to decide, based on the provisions of MBH Bank Nyrt.'s Remuneration Policy under the Hpt., on the amount of the performance remuneration to be paid to chairman and CEO dr. Zsolt Barna for the year 2023.

The General Meeting calls on the Supervisory Board to set targets for the year 2024 for the chairman and Chairman and Chief Executive, along with the company's 2024 overall banking objectives.

2. AGENDA ITEM

APPROVAL OF THE REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS POLICY OF THE COMPANY FOR 2024

Report of the Board of Directors on the business policy of Company for 2024

It has been an eventful year for MBH Bank, with 2023 being the year of integration, a unique merger process in Europe and an unrivalled player in the domestic banking sector. All in record time, without any major disruptions. 2023 was an extremely important milestone for the Group, but in a sense only a chapter in its strategy.

From 2024 onwards, MBH Bank will focus on further exploiting synergies, thereby increasing efficiency and developing improvements to support strong business expansion, with a focus on making processes and service even more customer-centric.

At the heart of MBH Bank's vision is positioning itself as a national champion, serving all customer segments, while maintaining local community values.

To achieve this, the Bank's key strategic priorities are:

- To create the most modern bank in Hungary, offering a value proposition beneficial to all Hungarian citizens and businesses.
- To maintain the largest branch network in the country, which allows for quality, value-based customer service, with efficiency is a primary concern.
- To build an innovative organisation and a modern corporate culture, with a strong focus on staff.
- To actively contribute to the development of the Hungarian economy by supporting segments of national economic importance, such as SMEs, the agricultural sector and young people, while maintaining a commitment to local communities.
- Outstanding profitability, supported by the exploitation of synergies and capital position.
- Setting a growth-based financial path with significant earnings, an efficient capital course and major cost reductions.

Overall, MBH Bank's main objective is to be a national champion with strong positions in all market segments, to maintain its current market leadership in key segments such as corporate lending, agricultural finance and leasing, and to be able to go public and thus expand internationally, ensuring superior return on equity for its shareholders.

Proposed general meeting resolution:

The General Meeting approves the report of the Board of Directors on the Company's business policy for the year 2024.

3. AGENDA ITEM

OPINION VOTE REQUIRED UNDER ACT LXVII OF 2019 (HRSZTV.) ON THE REMUNERATION POLICY PREPARED PURSUANT TO THAT ACT

Reasoning:

The purpose of the Remuneration Police for Directors is to comply with Act LXVII of 2019 on the encouragement of long-term shareholder involvement and the amendment of certain laws for the purpose of legal harmonization (Hrsz.) and enable MBH Bank Nyrt. to establish a remuneration policy for all directors falling within the scope of Hrsz. Pursuant to Section 2 (2) of Hrsz, the following positions held in MBH Bank Nyrt. fall within the scope of the Remuneration Policy for Directors: Chairman, Chief Executive Officer, Deputy CEOs, members and chairman of the Board of Directors and members and chairman of the Supervisory Board (together: "Directors").

The Remuneration Policy for Directors has been prepared in accordance with Hrsz and the sectoral remuneration legislation governing MBH Bank Nyrt.

Pursuant to Section 16 (5), directors may only be remunerated on the basis of the Remuneration Policy for Directors submitted to the General Meeting for an opinion expressing vote.

If the General Meeting rejects the proposed Remuneration Policy for Directors in its opinion expressing vote, the Company shall submit the revised Remuneration Policy to the next General Meeting for a repeated opinion expressing vote.

The HRSZtv. Remuneration Policy must be put on the agenda of the General Meeting for an opinion vote when it changes significantly, but at least every four years.

Proposed general meeting resolution:

The General Meeting has approved the remuneration policy under Act LXVII of 2019 (Hrsztv.) in an opinion expressing vote.

4. AGENDA ITEM

ADOPTION OF THE 2023 CORPORATE GOVERNANCE REPORT

Reasoning:

Pursuant to the provisions of the Civil Code (Section 3:289): the management board of a public limited company shall present to the annual general meeting the company governance and management report prepared according to the rules applicable to the actors of the given stock exchange. The General Meeting shall decide on the adoption of the report. The resolution of the general meeting and the report itself shall be published.

Considering that the shares of the legal predecessor, MKB Bank Nyrt., were admitted in the Budapest Stock Exchange (BSE) standard category on 30 June 2019, in accordance with market practice and the BSE Corporate Governance Recommendations (Recommendations), the Bank prepared the Responsible Corporate Governance Report (Report) for the fifth time which is included in Annex 6.

The Report is based on the Corporate Governance Recommendations as amended by BÉT with effect from 1 January 2021.

MBH continues to attach great importance to the development and operation of a corporate governance system that complies with best market practice and ensures efficient and effective operation, and responsible corporate governance. The governing structures of MBH comply with legal, supervisory and stock exchange requirements along with its own business specialities. MBH intends to comply at the possible highest level with the Corporate Governance Recommendations published by the BSE.

The Corporate Governance Recommendations published by BÉT are designed to formulate guidelines facilitating compliance by public limited companies (issuers) with all internationally recognised rules and standards of responsible corporate governance in the course of their operation. Another purpose of the Recommendations is to make transparent the structure of responsible corporate governance and controllable also in Hungary by making information pertaining to the management and operation of issuers publicly available.

Issuers should make statements about their corporate governance practice mandatory presented to the annual general meeting in two different ways. On the one hand, companies should make a statement on the corporate governance practices they used in the given business year and secondly the issuers should give an account of their compliance with each point of the Recommendations.

Following the above structure, the Corporate Governance Report of MBH consists of the following two parts:

1. Declaration of the Corporate Governance practice
2. Introduction of compliance with the Corporate Governance Recommendations

The Recommendations contain partly recommendations binding for all issuers and partly non-binding recommendations. Issuers may differ from mandatory recommendations and non-binding recommendations. In case of deviation from the recommendations, issuers are obliged to disclose the deviation in the corporate governance report and justify it ("comply or explain"). This allows issuers to take into account industry-specific or company-specific needs.

Accordingly, an issuer deviating from the recommendation may, where appropriate, meet the requirements of corporate governance. In the case of proposals, issuers must indicate whether or not they are applying the directive and have the opportunity to justify deviations from the proposals.

If the practice followed by the issuer is the same as in the Recommendations, it should be marked YES in the report. If the issuer does not apply the recommendation or uses it in a different way, they must explain the actual deviation and explain why the deviation was made ("comply or explain" principle). This method allows the issuer to inform shareholders and market participants, in view of the unique and sectoral features prevailing for them, of the specificities of in what and why they depart from the general principles of corporate governance. Based on the same principle, it is also possible to justify deviations in the case of proposals.

The principle and purpose of the Corporate Governance Report is to report on the company's previous business year and to what extent the issuer has complied with the Recommendations. However, the Recommendations may include recommendations and suggestions that relate to an event or event that did not occur at the issuer during that period. According to the practice to date, such "event type" questions can be answered YES even if no event occurred during the business year (for example, no dividend was paid or no shareholder comments were received prior to the general meeting), but the company would have acted upon the occurrence of the event as stated in the Recommendation in accordance with its Articles of Association or practice. In such cases, the principle of transparent operation is most appropriate.

The Recommendations contain 72 points, including 60 recommendations and 12 proposals. Based on the attached draft report, MBH is 95.8% compliant with the Recommendations, improving its compliance rate compared to the previous year (2022: 94.4%). The BSE annually measures and publishes the compliance of listed companies with the Recommendations on an aggregate basis, which was 79.2% in 2022.

In the draft report referred to in the proposal MBH currently does not or only partially complies with the relevant recommendations in 3 cases out of the 60 recommendations and complies with all 12 proposals, so there is no negative response.

The "No" answers are detailed below.

Recommendation 1.6.10: Preserving the confidentiality of business and other confidential information protected by legal and regulatory provisions regarding confidentiality, the company discloses any relationship between a member of the Board of Directors, Supervisory Board and management and third parties that may affect the operation of the company.

Question to be answered: The Company published the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company.

Response: No

Reasoning: The Company manages conflicts of interest in accordance with applicable laws and recommendations of the MNB, EBA, ESMA, as well as the changes in the regulations referred to above.

* * *

<u>Recommendation: 2.4.2.1:</u> 'It shall be the responsibility of the Chair of the Board of Directors or the Supervisory Board to make the agenda and proposals available to members at least five working days before the meeting, in order to allow for accurate and effective decision-making.'

Question to be answered: Have board members accessed the proposals of the given meeting at least five working days in advance?

Response: No

Reasoning: The company partially complies. The general practice is in line with the recommendation, but it is possible, however, to grant a shorter deadline with the approval of the chair of the board, where justified.

* * *

<u>Recommendation 2.6.4:</u> "The company shall not appoint any person to the supervisory board of the company who has held a position on the board of directors/management board or in the management of the company in the five years preceding the date of their election, excluding cases where employee participation is granted."

Question to be answered: The Supervisory Board of the Company does not have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation.

Response: No

Reason: Dr. Géza Károly Láng was a member of the Board of Directors from 04.04.2022 to 31.08.2022, and has been a member of the Supervisory Board since 01.09.2022.

<u>Proposed general meeting resolution:</u>

The General Meeting approves the Corporate Governance Report for 2023.

5. AGENDA ITEM

GRANTING A HOLD-HARMLESS WARRANT TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD OF THE COMPANY AND THE LEGAL PREDECESSOR TAKARÉKBANK ZRT.

Reasoning:

In the present proposal, we propose that the General Meeting of Shareholders grants the hold-harmless warrant pursuant to Section 3:117 (1) of the Civil Code for the period of the preceding business year, i.e., pursuant to Section 5.1 of the Articles of Association of the Company, from 1 January 2023 to 31 December 2023 to all members of the Board of Directors and Supervisory Board of the legal predecessor MKB Bank Nyrt. and MBH Bank Nyrt., who were members in these boards in 2023. With a view to the merger on 30 April 2023 and applying a uniform procedure, it is further proposed that the members of the Board of Directors and the Supervisory Board of the predecessorTakarékbank Zrt. also receive the hold-harmless warrant from 1 January 2023 to 30 April 2023: It is further proposed that the General Meeting grants the hold-harmless warrant to Dr. Erzsébet Beáta Bánkuti, member of the Supervisory Board of MKB Bank Plc. for the period 1 January 2022 - 31 August 2022, due to a technical error in the proposal submitted to the Annual General Meeting of 2022, which did not include her among the persons proposed for the hold-harmless warrant.

Pursuant to Section 3:117 (1)[11] of the Civil Code the highest organ of the Company (i.e. the General Meeting) has the power to grant hold-harmless warrant to the members of the Board of Directors and the Supervisory Board recognising the adequacy of their activities if they acted in the best interests of the Company during the previous financial year.

If the company’s supreme body provides a hold-harmless warrant, the company may only bring action against the executive officers on the grounds of breaching management (control) obligations in a claim for damages if the facts and information underlying the hold-harmless warrant proved to be false or incomplete.

The year-end 2023 internal audit, compliance and anti-money laundering, safeguarding officer report and operational risk report did not identify any significant deficiencies for any of the Companies that would prevent the issuance of a hold-harmless warrant.

Granting the hold-harmless warrant falls within the exclusive competence of the General Meeting. With regard to the members of the Board of Directors and Supervisory Board of MKB Bank Nyrt. and Takarékbank Zrt., according to the Civil Code and the Articles of Association, the adoption of the proposal for granting the hold-harmless warrant falls within the competence of the General Meeting of the successor company, MBH Bank Nyrt.

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[11] **Section 3:117** *[Liability of executive officers to the business association for damages]*

(1) If the company's supreme body provides a hold-harmless warrant to an executive officer at the time of approval of the financial report, thus acknowledging the executive officer's management activities during the previous business year, the company may bring action against the executive officer on the grounds of breaching management obligations in a claim for damages if the facts and information underlying the hold-harmless warrant proved to be false or incomplete.

(2) If an executive officer is removed from office in between two meetings debating the financial report, the executive officer may request the supreme body's decision for the issue of a hold-harmless warrant in the next session.

Proposed general meeting resolution:

The General Meeting declares that the following members of the Board of Directors and the Supervisory Board have acted in the best interests of the Company and, therefore, certifying the adequacy of their activities, grants them a hold-harmless warrant pursuant to Section 3:117 of Act V of 2013 on the Civil Code, as follows:

MKB Bank Nyrt. - Members of the Board of Directors:
dr. Zsolt Barna: 1 January 2023 - 30 April 2023
Marcell Tamás Takács: 1 January 2023 - 30 April 2023
István Sárváry: 1 January 2023 - 30 April 2023
dr. Balázs Vinnai: 1 January 2023 - 30 April 2023
Levente László Szabó: 1 January 2023 - 30 April 2023
Ádám Egerszegi: 1 January 2023 - 30 April 2023
Andrea Mager: 1 January 2023 - 30 April 2023

MKB Bank Nyrt. – members of the Supervisory Board:
dr. Andor Nagy: 1 January 2023 - 30 April 2023
Rita Feodor: 1 January 2023 - 30 April 2023
dr. Géza Károly Láng: 1 January 2023 - 30 April 2023
Kitti Dobii: 1 January 2023 - 30 April 2023
Balázs Bechtold: 1 January 2023 - 30 April 2023
dr. Ilona Török: 1 January 2023 - 30 April 2023
dr. Péter Magyar 1 January 2023 - 30 April 2023
Miklós Vaszily: 1 January 2023 - 30 April 2023
Zsigmond Járai: 1 January 2023 - 30 April 2023
Dr. Erzsébet Beáta Bánkuti: 1 January 2022 - 31 August 2022

Takarékbank Zrt. - members of the Board of Directors
Levente László Szabó: 1 January 2023 - 30 April 2023
Ádám Egerszegi: 1 January 2023 - 30 April 2023
János Zoltán Bogdán 1 January 2023 - 30 April 2023
György Schamschula 1 January 2023 - 30 April 2023
Dr. Edina Tófeji 1 January 2023 - 30 April 2023
Zoltán Váradi 1 January 2023 - 30 April 2023

Takarékbank Zrt. - members of the Supervisory Board
Béla Hetzmann 1 January 2023 - 30 April 2023
Dr. András Csaba Bencze 1 January 2023 - 30 April 2023
Viktor Iván Katona 1 January 2023 - 30 April 2023
András József Tölgyes 1 January 2023 - 30 April 2023
Katalin Králik Vargáné 1 January 2023 - 30 April 2023

MBH Bank Nyrt. - members of the Board Of Directors
dr. Zsolt Barna: 1 May 2023 - 31 December 2023
Marcell Tamás Takács: 1 May 2023 - 31 December 2023

István Sárváry: 1 May 2023 - 31 December 2023
dr. Balázs Vinnai: 1 May 2023 - 31 December 2023
Levente László Szabó: 1 May 2023 - 31 December 2023
Ádám Egerszegi: 1 May 2023 - 31 December 2023
Andrea Mager: 1 May 2023 - 31 December 2023

MBH Bank Nyrt. - members of the Supervisory Board
dr. Andor Nagy: 1 May 2023 - 31 December 2023
Rita Feodor: 1 May 2023 - 31 December 2023
dr. Géza Károly Láng: 1 May 2023 - 31 December 2023
Kitti Dobii: 1 May 2023 - 31 December 2023
Balázs Bechtold: 1 May 2023 - 31 December 2023
dr. Ilona Török: 1 May 2023 - 31 December 2023
dr. Péter Magyar 1 May 2023 - 31 December 2023
Miklós Vaszily: 1 May 2023 - 31 December 2023
Zsigmond Járai: 1 May 2023 - 31 December 2023

6. AGENDA ITEM

ELECTION OF THE STATUTORY AUDITOR AND DETERMINATION OF THEIR REMUNERATION FOR THE YEAR 2024, APPROVAL OF THE APPOINTMENT OF THE PERSON RESPONSIBLE FOR THE AUDIT AND DETERMINATION OF THE MATERIAL TERMS OF THE CONTRACT TO BE CONCLUDED WITH THE AUDITOR

6.1. ELECTION OF THE AUDITOR AND ESTABLISHING ITS REMUNERATION FOR 2024

Pursuant to Section 155 (6) and (7) of the Accounting Act:
'(6) Where audit is mandatory, the supreme body of the company must - at the time of approval of the annual report or simplified annual report of the previous financial year or, in respect of companies established without legal predecessor, prior to the balance sheet date of the financial year - appoint a registered auditor or audit firm in accordance with Section (7) to review the company's annual report or simplified annual report on the financial year from the point of view of legitimacy and authenticity.
(7) A member of the Hungarian Chamber of Auditors or an audit firm registered with the Hungarian Chamber of Auditors may be selected for the audit referred to in Section (6).'

Hpt., in addition to the above, it also imposes additional requirements on the credit institution auditor (financial institution rating, multiple conflict of interest requirements, etc.).

The Bank's Articles of Association provides for the possibility of electing the Auditor for a term of 1 year.

In light of the above legal requirements and the resolution of the Audit Committee of MBH Bank (MBH Bank) No. 2/2024(02.14)-MBHB AB,we propose that PricewaterhouseCoopers Könyvvizsgáló Kft. (hereinafter PwC Könyvvizsgáló Kft.) be elected as the permanent auditor for the year 2024.

The audit fee shall include the following:
- auditing of the separate (non-consolidated) and consolidated financial statements of MBH Bank Nyrt. for 2024 prepared according to the international accounting standards (IFRS) and the preparation of the report on the separate and consolidated financial statements reflecting the position of the auditor,
- the review of the data and information to be disclosed as required under the Hpt., CRR, and MNB and publishing a report of limited assurance on it,
- Preparation of a supplementary audit report for Magyar Nemzeti Bank in accordance with the provisions of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises pertaining to the audit of credit institutions and with the Standard No. 6100 on the Preparation of Special Auditor's Report,
- Issuing of the Management Letter
- Auditing XBRL disclosures

The audit fees for any interim reports, interim financial statements, reviews are not included in the annual audit fee.

The annual audit fee for PwC Könyvvizsgáló Kft. for the business year 2024 (including the above items) is maximized at HUF 381.0 million + VAT.

6.2. APPROVAL OF THE APPOINTMENT OF THE PERSON RESPONSIBLE FOR AUDITING

The audit firm has nominated Árpád Balázs registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 007272, registration number: 006931) and, in the event he is impeded in his duties, Balázs Árpád Mészáros registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 005614, registration number: 005589) as the natural persons performing and responsible for the auditing of MBH Bank Nyrt. in 2024.

We recommend the approval of the person responsible for auditing and his deputy to the General Meeting based on the nomination of the audit firm.

6.3. APPROVAL OF THE TERMS AND CONDITIONS OF THE CONTRACT TO BE CONCLUDED WITH THE AUDITOR

Pursuant to the applicable provisions of the Civil Code, the General Meeting shall determine the terms and conditions of the contract to be concluded with the auditor simultaneously with the appointment of the Company's auditor. The contract with the appointed auditor shall be concluded within ninety days of their appointment. The contract of engagement with the permanent auditor for the performance of the audit shall be concluded with the approval of the Board of Directors, subject to the conditions determined by the General Meeting:
The General Meeting also authorises the Deputy Chief Financial Officer for Strategy and Finance and the Procurement, Finance and Reporting area to negotiate the conclusion of the assignment contract with the auditor.
The conclusion and final amount of the contract of engagement will be decided by the Board of Directors within the limits set by the General Meeting.

Main terms and conditions of the contract to be concluded with the auditor, defined by the General Meeting:

The audit firm and the natural person auditor:
Pursuant to Sections 6.1 and 6.2

Remuneration of the audit firm:
Pursuant to Section 6.1

Subject matter of the Contract:
- auditing of the separate (non-consolidated) and consolidated financial statements of MBH Bank Nyrt. for 2024 prepared according to the international accounting standards (IFRS) and the preparation of the report on the separate and consolidated financial statements reflecting the position of the auditor,
- The review of the data and information to be disclosed as required under the Hpt., CRR, and MNB and publishing a report of limited assurance on it,
- Preparation of a supplementary audit report for Magyar Nemzeti Bank in accordance with the provisions of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises pertaining to the audit of credit institutions and with the Standard No. 6100 on the Preparation of Special Auditor's Report,
- Issuing of the Management Letter,

- Auditing XBRL disclosures.

Term of the contract:
Fixed term, 1 year.

Effective date of the contract:
The date on which the Board of Directors approves the assignment contract to be concluded within 90 days of the auditor's appointment.

Date of termination of contract:
The date of approval by the General Meeting of the Annual Report and accounts under the Accounting Act for the business year ending 31 December 2024 and, if the auditor is reappointed, the day prior to the effective date of the new contract to be concluded with the auditor.

Miscellaneous provisions:
The Company may also commission the auditor to perform other, non-audit tasks within the framework of separate contracts, including but not limited to:

- Business consultancy and participation in due diligence procedures;
- Project management, execution of tasks and quality assurance of strategic projects;
- Other consultancy in the fields of business, risk, bank security, accounting, reporting and taxation;
- Trainings.

The auditor will perform the audit of any interim financial statements, interim balance sheets, reviews that may be required based on separate engagements as those will not form part of the annual audit contract.

Proposed general meeting resolution:

For the 2024 business year the General Meeting appoints PricewaterhouseCoopers Könyvvizsgáló Kft. (Cg 01-09-063022, Hungarian Chamber of Auditors Registration Number: 001464, hereinafter: 'PwC Könyvvizsgáló Kft.') as the Company's permanent auditor, and sets the annual audit fee for PwC Könyvvizsgáló Kft. for the 2024 business year at a maximum of HUF 381 million + VAT.
The General Meeting also authorises the Deputy Chief Financial Officer for Strategy and Finance and the Procurement, Finance and Reporting area to negotiate the conclusion of the contract of engagement with the auditor. The final amount of the assignment contract is decided by the Board of Directors within the limits set by the General Meeting, as well as the conclusion of the contract.

In accordance with the proposal of the audit firm, the General Meeting approves the appointment of Árpád Balázs registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 007272, registration number: 006931) as the person responsible for the auditing of MBH Bank Nyrt. in 2024.

In accordance with the proposal of the audit firm, the General Meeting approves the appointment of Balázs Árpád Mészáros registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 005614, registration number: 005589) as the person responsible for the auditing of MBH Bank Nyrt. for 2024 in the event Árpád Balázs registered auditor (membership certificate number of the Chamber of Hungarian Auditors: 007272, registration number: 006931) is impeded in his duties.

According to the submission, the General Meeting approves the terms and conditions of the Company contract to be concluded with the auditor, and at the same time invites the Board of Directors to conclude the corresponding assignment contract with the appointed auditor within 90 days of their appointment, on behalf of MBH Bank Nyrt.

7. AGENDA ITEM

ESTABLISHMENT OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND AUDIT COMMITTEE

Reasoning:

The General Meeting has the exclusive competence to elect and establish the remuneration of the Chairman and members of the Board of Directors, the Chairman and members of the Supervisory Board and the members of the Audit Committee.

The remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee was reviewed in 2022 and with its General Meeting Resolution 30/2022 (26 April), the General Meeting decided to amend the remuneration to reflect the increased responsibilities of the members of the Board, their expanding responsibilities, the related risks.

In 2023, the Company's General Meeting decided, by General Meeting Resolution 8/2023 (27 April), to maintain the remuneration of the Board of Directors at the same amount and payment practice until the date of approval of the annual financial statements for 2023 prepared in accordance with the Accounting Act.

It is proposed that the General Meeting set the remuneration for the members of the Supervisory Board and Board of Directors for the subsequent one year period at the same amount as approved at the Annual General Meeting held on 26 April 2022, then also maintained at the General Meeting of 27 April 2022.

The members of the Audit Committee do not receive any separate remuneration for that office.

Proposed general meeting resolution:

The General Meeting decides to keep the remuneration of the members of the Supervisory Board and the Board of Directors at the same amount as specified in General Meeting resolution 30/2022 (26 April) and with the payment practice for the period up to the date of approval of the annual report for 2024 prepared in accordance with the provisions of the Accounting Act.
The members of the Audit Committee do not receive any separate remuneration for that office.

8. AGENDA ITEM

AUTHORISATION OF THE BOARD OF DIRECTORS TO ACQUIRE TREASURY SHARES

Reasoning:

Pursuant to Section 3:222 (1) of Act V of 2013 on the Civil Code (hereinafter: "Civil Code"), a public limited company may acquire shares issued by it in an amount not exceeding twenty-five percent of its share capital. Pursuant to the provisions of the Civil Code and in accordance with the provisions of Section 3.1.16 (g) of the Articles of Association of **MBH Bank Nyrt.**, the General Meeting is entitled to authorise the Board of Directors of the Company to acquire treasury shares for a maximum period of 18 months, subject to the determination of the type, class, number, nominal value and, in the case of acquisition for consideration, the minimum and maximum amount of the consideration.

In order to implement the Company's business strategy as planned, to maintain the stability of the share price and to carry out transactions related to capital optimisation, it is proposed to authorise the Board of Directors to acquire own shares under the above conditions.

In view of the above, we propose that the General Meeting, in addition to determining the type, class, number, nominal value, minimum and maximum amount of the consideration to be paid for the shares to be acquired, as set out in the proposed resolution, authorise the Board of Directors to acquire treasury shares by resolution for a period of 18 months, pursuant to Section 3:223 (1) of Act V of 2013 on the Civil Code and Section 3.1.16 (g) of the Articles of Association of the Company.

An important rule for the security of the Company's operations is that, under the relevant Hungarian and European Union legislation, the Company may only purchase shares issued by it with the prior approval of the Magyar Nemzeti Bank.

The Supervisory Board agrees with the proposal of the Board of Directors.

Proposed general meeting resolution:

Pursuant to Section 3:223 (1) of Act V of 2013 on the Civil Code (Civil Code) and Section 3.1.16 (g) of the Articles of Association of the Company, the General Meeting authorises the Board of Directors to acquire the Company's own shares, in particular, but not exclusively in order to implement the Company's business strategy as planned and to maintain the stability of the share price, as well as to perform capital optimisation transactions, subject to the following conditions.

1. The type, nominal value and number of own shares that may be acquired:

- *"A" series ordinary share of HUF 1,000 par value,*
- *Up to a maximum of 15% of the total nominal value of the share capital at any one time, i.e. a maximum of 48,379,443 ordinary shares of series A with a nominal value of HUF 1,000 each.*

2. The method of acquisition of treasury shares and the determination of the minimum and maximum amounts of the consideration:

- *in the case of an over-the-counter (OTC) transaction, the maximum purchase price is up to ten times the nominal value of the ordinary share, i.e. HUF 10,000, or*
- *in the case of a transaction on a trading venue (regulated market, MTF or OTF), the maximum purchase price is up to 120% of the turnover-weighted average stock exchange price of the ordinary share in the month preceding the date of the transaction.*

3. This authorisation shall be valid for 18 months from the date of adoption of this decision.

4. Other conditions for the acquisition of own shares are governed by the relevant provisions of the Civil Code.

9. AGENDA ITEM

AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Reasoning:

For the reasons set out below, it has become necessary to amend the current Articles of Association (**Articles of Association**) of MBH Bank Nyilvánosan Műköködő Részvénytársaság (the Company):

1. The merger of BUDAPEST Hitel- és Fejlesztési Bank Zártkörűen Működő Részvénytársaság and Magyar Takarék Bankholding Zártkörűen Működő Részvénytársaság into the Company took place, so the amendment is technical by nature and is aimed at making sure that the Articles of Association clearly reflect the current situation, i.e., that the Company is the legal successor of the above mentioned companies from 31 March 2022.

   In view of the above, Article 1.6 of the Articles of Association shall be amended as follows:

   "1.6. As a result of a merger (merger by acquisition), the Company shall be the general legal successor of the following companies as of 31 March 2022".

2. The merger of Takarékbank Zártkörűen Működő Részvénytársaság into the Company took place, so the amendment is technical by nature and is aimed at making sure that the Articles of Association clearly reflect the current situation, i.e., that the Company is the legal successor of the above mentioned company from 30 April 2023.

   In view of the above, Article 1.8 of the Articles of Association shall be amended as follows:

   "1.8 *As a result of a merger (merger by acquisition), the Company shall be the general legal successor of the following company as of 30 April 2023:"*

3. The amendment of the Articles of Association is of a technical nature, with the purpose of including the full title of the Act V of 2013 on the Civil Code (Civil Code) in addition to its abbreviated name, and to clarify the reference to the legal provisions indicated in the provision.

   In view of the above, Article 2.2.1 of the Articles of Association shall be amended as follows:

   "2.2.1 *The Board of Directors keeps a Share Register in line with Section 3:245 of Act V of 2013 on the Civil Code (Civil Code) and Section 136 of the Hpt.. The Board of Directors may be authorised to give an assignment for keeping the Register of Shares. The fact of the commission and the personal details of the commissioned person shall be published. Shareholders may exercise their shareholder rights after their registration in the Register of Shares. Data deleted from the Register of Shares must remain verifiable."*

4. The amendment of the Articles of Association is of a technical nature, the purpose of which is to include the full name of the KELER Központi Értéktár Zártkörűen Működő Részvénytársaság from which the Company requests the shareholder identity verification for the General Meeting and for corporate events involving payment.

In view of the above, Article 2.2.2 of the Articles of Association shall be amended as follows:

"2.2.2 *The Company shall request shareholders registration for the General Meeting and company events accompanied by payment from KELER Központi Értéktár Zártkörűen Működő Részvénytársaság* ***(„KELER Zrt.")***. *In case of shareholders registration the keeper of the Register of Shares shall delete all data in effect at the time of the shareholders registration from the Register of Shares and shall record the data according to the result of the shareholders registration in the Register of Shares.* To the rules of shareholders' registration the prevailing General Business Rules of KELER Zrt. shall be applicable.

5. Following the merger of the three banks (**Merger**), the Company has new shareholders. Based on the Company's experience after the Merger and as a result of the Company's operation as a public limited company, the shareholder composition of the Company is constantly changing, and the purpose of the amendment of the Articles of Association is to increase the efficiency of the preparation of the General Meeting by ensuring that, in accordance with the relevant Section 3:272 (4) of the Civil Code, shareholders who expressly request the Company to publish the General Meeting materials prior to the next General Meeting will receive them directly by electronic means.

In view of the above, Article 3.1.5 of the Articles of Association shall be amended as follows:

"3.1.5 *Simultaneously with the publication of the materials of the General Meeting, the Company shall send the invitation to the General Meeting and the related proposals and proposed resolutions electronically to the shareholders who have previously notified the Company of this request in writing. Notifying such a request is for an indefinite time during the term of the shareholder status, until the next General Meeting is closed. Company notices sent by e-mail shall be deemed received by the shareholder on the day of their sending.*

6. Taking into account that Section 3.1.6 of the Articles of Association is already regulated by Section 3:17 (5) of the Civil Code, its inclusion in the Articles of Association is therefore both unnecessary, as it is applicable by virtue of the law, and inappropriate, as the possibility of the situation covered by the provision occurring in the case of publicly traded companies is extremely low. In view of the above, the purpose of the repeal of the provision is, on the one hand, to reduce the duplication of rules in the Articles of Association which are otherwise regulated by law, in particular if the provision in question regulates a number of cases which, from the Company's point of view, has a minimal or negligible probability of being relevant, so that only specific provisions relevant to the Company's operation are set out in the Articles of Association.

In view of the above, Article 3.1.6 of the Articles of Association shall be amended as follows:

“3.1.6 Revoked.”

7. Taking into account that Section 3.1.7 of the Articles of Association is already regulated by Section 3:17 (6) of the Civil Code, its inclusion in the Articles of Association is therefore both unnecessary, as it is applicable by virtue of the law, and inappropriate, as the possibility of the situation covered by the provision occurring in the case of publicly traded companies is extremely low. In view of the above, the purpose of the repeal of the provision is, on the one hand, to reduce the duplication of rules in the Articles of Association which are otherwise regulated by law, in particular if the provision in question regulates a number of cases which, from the Company's point of view, has a minimal or negligible probability of being relevant, so that only specific provisions relevant to the Company's operation are set out in the Articles of Association.

In view of the above, Article 3.1.7 of the Articles of Association shall be amended as follows:

“3.1.7 Revoked.”

8. The amendment of the Articles of Association is purely technical and aims to clarify the references in the provision.

In view of the above, Article 3.1.16 (a) of the Articles of Association shall be amended as follows:

“(a) *approval and amendment of the Articles of Association, with the exception of the cases described in Sub-sections3.2.2(e) and3.2.2(f);”*

9. .The Civil Code regulates the conditions for the acquisition of shares issued by the Company (treasury shares), which falls within the powers of the Board of Directors, subject to the prior authorisation of the General Meeting of Shareholders, which determines the type, class, number, nominal value and, in the case of acquisition for consideration, the minimum and maximum amount of the consideration. In view of the above, the purpose of the amendment of the Articles of Association is to establish a more flexible and faster procedure, in line with the legal provisions, for the disposal of shares acquired with the authorisation of the General Meeting, thus allowing for more efficient measures to be taken in cases where the interests of the Company so require. The transparency and regularity of transactions in treasury shares will continue to be ensured in the future in accordance with the legal provisions, and are not affected by this amendment to the Articles of Association.

In view of the above, Article 3.1.16 (a) of the Articles of Association shall be amended as follows:

"*(g) decision on the acquisition or sale of treasury shares, and authorisation of the Board of Directors for the acquisition of the treasury shares;"*

10. The amendment of the Articles of Association is purely technical and aims to clarify the references in the provision.

In view of the above, Article 3.1.16 (q) of the Articles of Association shall be amended as follows:

"(q) decision on the payment of any interim dividend with the exception of the case defined in Sub-section 3.2.2(m);"

11. The amendment of the Articles of Association is purely technical and aims to clarify the references in the provision.

In view of the above, Article 3.1.16 (t) of the Articles of Association shall be amended as follows:

*"(t) opinion vote on the remuneration policy (**'HRSZtv. Remuneration Policy**y') as stipulated in Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonisation (**HRSZtv**.) and, if the legal regulation is not applicable, the remuneration report. The HRSZtv. Remuneration Policy must be put on the agenda of the General Meeting when it changes significantly, but at least every four years;*

12. On 30 September 2023 MBH DUNA BANK Zártkörűen Működő Részvénytársaság became a direct subsidiary under the majority control of the Company, and with the change of the name of the Company with effect from 1 May 2023, the name of the former credit institution subsidiaries has also been changed, and the purpose of the amendment to the Articles of Association is to incorporate the amendments relating to the subsidiaries in the Articles of Association of the Company.

In view of the above, Article 3.1.16 (v) of the Articles of Association shall be amended as follows:

*"(v) decision on the entry into or exit from the ISZ by the Company or the Company's direct or indirect subsidiary (MBH DUNA BANK Zártkörűen Működő Részvénytársaság (registered office: 9022 Győr, Árpád út 93.; company registration number: Cg.08-10-001869), MBH Befektetési Bank Zártkörűen Működő Részvénytársaság (registered office: 1117 Budapest, Magyar Tudósok körútja building 9. G.; company reg.no.: Cg.01-10-041206; hereinafter: „**MBH Befektetési Bank**"), and **MBH** Jelzálogbank Nyilvánosan Működő Részvénytársaság (registered office: 1117 Budapest, Magyar Tudósok körútja building 9. G..; company reg. no.: Cg.01-10-043638; hereinafter: „**MBH Jelzálogbank**");*

13. The purpose of the amendment to the Articles of Association is to specify in the Articles of Association, for the sake of clarity for shareholders, the rules applicable in the event that a General Meeting with a quorum is unable to pass a resolution on all items on the agenda The proposed new provision provides for the suspension of the General Meeting and the continuation of the General Meeting in accordance with Section 3:275 (2)-(4) of the Civil Code.

In view of the above, Article 3.1.20 of the Articles of Association shall be amended as follows:

"3.1.20 In the event that the General Meeting with a quorum is unable to take a decision on all the items on the agenda, it may decide to suspend the General Meeting and hold a continuous General Meeting, specifying a new date and venue. A General Meeting may be suspended only once and a further General Meeting must be held within 30 days of the suspension. The quorum of a previously suspended and subsequently resumed continued General Meeting shall be governed by the general rules. The continuous General Meeting may only decide on the agendas items announced for the original General Meeting on which the original General Meting did not decide."

14. The Articles of Asociation and the legislation governing the operation of the Company contain detailed rules on the acquisition of shares in the Company, the breach of which will result in the non-exercise of shareholder rights under the applicable legislation and the Articles of Association. With regard to shareholder matching, the Articles of Association contain provisions in accordance with the law and the regulations of the KELER Központi Értéktár Zártkörűen Működő Részvénytársaság, but the conduct of shareholder matching is independent of the Company. In view of this, the purpose of the amendment to the Articles of Association is to create a clear liability situation for the Company in objectively defined cases where the failure to register a shareholder in the share register is caused by an event outside the Company's control and outside the Company's liability.

In view of the above, Article 3.1.21.1 (a) of the Articles of Association shall be amended as follows:

"*(a) The shareholder is entitled to attend the General Meeting. The Company's General Meeting may be attended by the shareholder or the shareholder's proxy specified in Sections 151-155 of the Capital Markets Act, who was registered in the Register of Shares at the Closing of the Register of Shares by the General Meeting in accordance with the result of the shareholder matching. The Company shall not be liable for the failure of shareholders to participate or to exercise the voting rights attached to their shares if the shareholder was not entered into the share register because*
(i) the result of the shareholder identity verification was received by the Company after the Closing of the Share Register at the General Meeting, or
(ii) the shareholder's shareholding or voting rights violate the provisions of the law or the Articles of Association."

15. The Articles of Association allow for the Chairman of the General Meeting to withdraw the floor from the shareholder in the event of a deviation from the subject of the General Meeting, but do not specify the other practical means of doing so. The purpose of the amendment to the Articles of Association is also to provide clarity with regard to the other means available to the Chairman in this context, in addition to the right to speak, i.e. the possibility for the Chairman of the General Meeting to stop the recording of what has been said after the speaker has been cut off and to remove the technical conditions (sound system) for the intervention.

In view of the above, Article 3.1.21.1 (d) of the Articles of Association shall be amended as follows:

"(d) The Company ensures that the rights to be informed, to comment and to suggest at the General Meeting are granted to every shareholder attending the General Meeting, on the condition that the exercising of these rights shall not hinder the lawful and proper operation of the General Meeting. In the interest of exercising the shareholder's rights specified in this present point the Chairman of the General Meeting shall grant the right of speech to the shareholder at the General Meeting, on the condition that the Chairman of the General Meeting may specify the duration of the speech, may withdraw the right to speak, especially in case the shareholder is off the point, furthermore he/she can specify the sequence of the speeches, if there are several speeches at the same time, in order to ensure the lawful and proper operation of the General Meeting. The Chairman of the General Meeting may stop the recording of what has been said after the speaker has been cut off and may remove the technical conditions (sound system) for the intervention."

16. Based on the practical experience of the Company, the possibility provided for in the provision has not been used by shareholders, has not been exercised and, in view of the large and growing number of shareholders, the identification of the shareholder beyond reasonable doubt in the context of postal voting, due to its non-personal nature, may be an obstacle, thus it is appropriate to introduce regulation that is in line with the market practice of listed companies, pursuant to which shareholders have the right, after identification, to participate and vote in the General Meeting, either in person or by electronic means.

In view of the above, Article 3.1.23 (d) of the Articles of Association shall be amended as follows:

"3.1.23 Revoked."

17. The amendment of the Articles of Association is purely technical and aims to clarify the references in the provision.

In view of the above, Article 3.2.1 of the Articles of Association shall be amended as follows:

" 3.2.1 The Board of Directors is the executive body of the Company. The members of the Board of Directors represent the Company in front of third parties, courts and other authorities, unless the Company is represented by a Supervisory Board Member appointed by the Supervisory Board or a trustee appointed by the court, because judicial review of the general meeting decision was initiated by one or more senior executives of the Company, therefore, the Company has no such senior executive officer who could represent the Company. The Board of Directors establishes and manages the organisational structure of the Company, pursuant to Section 150 of the Hpt., with a view to the provisions of Section 3.1.16(j), exercises the employer's rights over the executive officers (chairman and CEO and deputy CEOs) as stipulated in the Hpt."

18. The purpose of the amendment to the Articles of Association is to transfer the legal name in the context of point 3.1.16 (t) of the Articles of Association.

In view of the above, Article 3.2.2 (o) of the Articles of Association shall be amended as follows:

"(o) decision on the approval of significant transactions with related parties in accordance with HRSZtv, with the exception of transactions pursuant to Section 24 of the HRSZtv;"

19. With the change of the name of the Company with effect from 1 May 2023, the name of the former credit institution subsidiaries has also been changed, and the purpose of the amendment to the Articles of Association is to incorporate the amendments relating to the subsidiaries in the Articles of Association of the Company.

In view of the above, Article 3.2.2 (t) of the Articles of Association shall be amended as follows:

"(t) establishment and approval of the business policy, strategy, (including, but not limited to, decisions on geographical expansion or entry into new business areas, exit from existing business areas, joint ventures with third parties, syndicate or consortium agreements), business plan and related product portfolio of the Company, MBH Befektetési Bank and MBH Jelzálogbank, following a preliminary review of the Supervisory Board;"

20. The rules governing the operation of the Board of Directors are set out in the rules of procedure of the Board of Directors, in addition to the Articles of Association, and the purpose of the amendment of the Articles of Association is to include a reference to the rules of procedure in the Articles of Association.

In view of the above, Article 3.2.5 of the Articles of Association shall be amended as follows:

"3.2.5 Unless otherwise provided by law, the Board of Directors has a quorum if a majority of its members are present. It shall take its decisions by a simple majority,

unless otherwise provided by law. The detailed rules for the operation of the Board of Directors are laid down in its rules of procedure.

21. Section 151 (4) of the Hpt. allows the Board of Directors to take decisions by telephone, electronic means and other similar means, which was previously provided for in the Articles of Association, but the purpose of this amendment to the Articles of Association is to introduce the use of the terms defined in the Hpt.

In view of the above, Article 3.2.9 of the Articles of Association shall be amended as follows:

"3.2.9 *The members of the Board of Directors may provide their opinions and adopt resolutions in writing, in a manner as defined in the by-laws of the Board of Directors, without holding a meeting, based on proposals received through the telephone, electronic devices or through some other similar delivery method, pursuant to Section 151 (4) of the Hpt. In that case members of the Board of Directors shall send their votes in writing (including email) to the registered office of the Company within five (5) working days after receipt of the proposal sent by the Chairman and CEO. The chairman of the Board pf Directors has the right, in justified cases, to stipulate a shorter reasonable deadline than five (5) working days, and to extend the deadline by up to three (3) working days. A failure of meeting the deadline shall be regarded as if the member of the Board of Directors did not participate in the meeting.*

22. The amendment of the Articles of Association is purely technical and aims to clarify the reference in the provision.

In view of the above, Article 3.3.5.1 (l) of the Articles of Association shall be amended as follows:

exercises its competence in relation to the remuneration policy pursuant to Section 117 (5) of the Hpt.;

23. With the change of the name of the Company with effect from 1 May 2023, the name of the former credit institution subsidiaries has also been changed, and the purpose of the amendment to the Articles of Association is to incorporate the amendments relating to the subsidiaries in the Articles of Association of the Company.

In view of the above, Article 3.3.5.1 (p) of the Articles of Association shall be amended as follows:

"(p) establishes and approves the business policy, strategy, (including, but not limited to, decisions on geographical expansion or entry into new business areas, exit from existing business areas, joint ventures with third parties, syndicate or consortium agreements), business plan of the Company, MBH Befektetési Bank and MBH Jelzálogbank, and reviews the related product portfolio before submitting it to the Management Board, as a prerequisite;"

24. The amendment of the Articles of Association is purely technical and aims to clarify the references in the provision.

In view of the above, Article 3.3.8.1 of the Articles of Association shall be amended as follows:
"The Supervisory Board has meetings as often as required for the effective performance of its duties. The Supervisory Board has quorum only if at least two thirds of its members are present at the meeting. The Supervisory Board shall take its decisions by a simple majority of votes, except as provided for in Sub-section , in which case the Supervisory Board shall take its decisions by a 2/3 majority of votes.

25. Section 151 (4) of the Hpt. allows the Supervisory Board to take decisions by telephone, electronic means and other similar means, so the purpose of this amendment to the Articles of Association is to introduce the use of the terms defined in the Hpt.

In view of the above, Article 3.3.8.3 of the Articles of Association shall be amended as follows:

"3.3.8.3 Members of the Supervisory Board may, without holding a meeting, establish opinions and adopt resolutions in writing in the manner and in the cases determined in the By-laws of the Supervisory Board, on the basis of proposals sent to them by telephone, post, e-mail, electronic devices or by other means of delivery. In that case members of the Supervisory Board shall send their votes in writing (including email) to the registered office of the Company within five (5) working days after receipt of the proposal sent by the Chairman of the Supervisory Board. The chair of the Supervisory Board may stipulate a shorter reasonable deadline than five (5) working days, and may also extend the deadline by up to three (3) working days. If a member's vote does not arrive by the deadline, the member shall be deemed not to have attended the Supervisory Board meeting.

26. Based on the Articles of Association, the Company has a three-member Audit Committee, however, the amendment to the Civil Code that entered into force on 1 January 2022 changed the rule on the number of members of the Audit Committee to define the three members as a minimum number, thus creating the possibility to determine its number flexibly, similar to other bodies such as the Board of Directors or the Supervisory Board, while further strengthening the continuous operation of the Company and respecting the legal requirements. In view of this, it is proposed to amend the Articles of Association on the basis of the new possibility provided by law and within the legal and statutory framework, according to which the members of the Audit Committee will be selected from among the independent members of the Supervisory Board, therefore, in line with the provisions on the number of members of the Supervisory Board, it is proposed to allow for the operation of an audit committee of at least three and no more than six members at the Company.

In view of the above, Article 3.4.1 of the Articles of Association shall be amended as follows:

"3.4.1 The Company operates an Audit Committee of at least three (3) and not more than six (6) members. The members of the Audit Committee shall be elected by the General Meeting from among the independent members of the Supervisory Board. At least one member of the Audit Committee shall have accounting or auditor qualification."

27. The Articles of Association allow that in the case of an increase in the share capital of the Company in return for a cash contribution by issuing new shares, the shareholders of the Company, and subsequently the holders of convertible bonds or bonds with subscription rights, have a pre-emptive right. The purpose of the amendment to the Articles of Association is to clarify the current rules in view of the fact that in the case of a public limited company, the right of pre-emption is only available in the case of a private placement.

In view of the above, Article 3.4.1 of the Articles of Association shall be amended as follows:

"6.1 In the case of an increase in the share capital of the Company in return for a cash contribution by issuing new shares privately, the shareholders of the Company, and subsequently the holders of convertible bonds or bonds with subscription rights, have a pre-emptive right to receive the shares."

28. The amendment to this provision of the Articles of Association is of a technical nature, to clarify that the Company has changed the address of its website (https://www.mbhbank.hu), as a result of its name change, and to indicate the new electronic contact details where the Company publishes its information.

In view of the above, Article 3.4.1 of the Articles of Association shall be amended as follows:

"8.1 The Company shall publish information mandatory pursuant to these present Articles of Association and clause 8.2 at the website of the Company (https://www.mbhbank.hu)"

29. The amendment to this provision of the Articles of Association is of a technical nature, to clarify that the address of the website (https://kozzetetelek.mnb.hu/) operated by the MNB, where the information published on the Company's website is available, if required by law or the rules of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság.

In view of the above, Article 3.4.1 of the Articles of Association shall be amended as follows:

"The information published on the Company's website, if required by law or the regulations of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság will also be published on the website operated by the MNB (https://kozzetetelek.mnb.hu/)

or on the website of the Budapesti Értéktőzsde Nyilvánosan Működő Részvénytársaság (https://www.bet.hu), if necessary in the Company Gazette (https://https://www.cegkozlony.hu

30. The purpose of the amendment is to highlight Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities among the rules governing the operation of the Company, as the licensed activities of the Company also include investment and ancillary investment services.

In view of the above, Article 3.4.1 of the Articles of Association shall be amended as follows:

"*9.2 All issues not regulated in the Articles of Association shall be governed by the Civil Code, the Hpt., the Bszt., and the Tpt."*

31. In order to take advantage of the synergies created by the Merger and to ensure efficient operations, the Company's branches have been optimised, and the addresses of the Company's branches and domestic branches have been updated and revised. As a result of the branch closures, openings and the revision of the data registered in the companies register, it has become necessary to amend Appendix 2 to the Articles of Association, and it is therefore proposed to register and delete the branches and subsidiaries concerned in accordance with Appendix 2, clauses 1 and 2 of the Articles of Association.

With a view to the above, a list of the current branches of the Company is set out in Appendix 2, clause 1, and a list of the current branches is set out in Appendix 2, clause 2.

The above decisions necessitate the amendment of Sections 1.6, 1.8, 2.2.1, 2.2.2, 3.1.5, 3.1.6, 3.1.7 of the Articles of Association, Sections 3.1.16 (a), (g), (q), (t) and (v), the insertion of a new Section 3.1.20, the number of subsequent Sections being changed accordingly, the new Section 3.1.21. 1 (a) and (d), new 3.1.23, new 3.2.1, 3.2.2 (o) and (t), 3.2.5 and 3.2.9, 3.3.5. 1(l) and (p), 3.3.8.1, 3.3.8.2, 3.3.8.3, 3.4.1, 6.1, 8.1, 8.2 and 9.2 and Appendix 2, clauses 1 and 2.

The Articles of Association, as consolidated with the amendments, are attached to this proposal as Annex 7.

It is proposed that the amended, consolidated Articles of Association enter into force on 29 April 2024.

It is proposed that the General Assembly amend the Articles of Association and decide on the points to be amended in one resolution, in view of the nature of the amendments, their interdependence and the fact that they are not subject to supervisory approval.

The Supervisory Board agrees with the proposal of the Board of Directors.

Proposed general meeting resolutions:

The General Meeting agrees to adopt a resolution to amend the Articles of Association of the Company as proposed by the Board of Directors.

The General Meeting adopts the amendment of Sections 1.6, 1.8, 2.2.1, 2.2.2, 3.1.5, 3.1.6, 3.1.7 of the Articles of Association, Sections 3.1.16 (a), (g), (q), (t) and (v), the insertion of a new Section 3.1.20, the number of subsequent Sections being changed accordingly, the new Section 3.1.21. 1 (a) and (d), new 3.1.23, new 3.2.1, 3.2.2 (o) and (t), 3.2.5 and 3.2.9, 3.3.5. 1(l) and (p), 3.3.8.1, 3.3.8.2, 3.3.8.3, 3.4.1, 6.1, 8.1, 8.2 and 9.2 and Appendix 2, clauses 1 and 2. of the Company's Articles of Association. The Articles of Association, as consolidated with the amendments, are attached to this resolution as Annex 1. The amended Articles of Association of the Company shall enter into force on 29 April 2024.

10. AGENDA ITEM

ELECTION OF A MEMBER OF THE BOARD OF DIRECTORS

Reasoning:

The General Meeting has the exclusive competence to elect the members of the Board of Directors in accordance with Section 3.1.16. h) of the Articles of Association. Pursuant to Section 3.2.7.3 of the Articles of Association, the members of the Board of Directors shall be elected by the General Meeting for a fixed term of office, but not exceeding five (5) years.

The mandate of **Andrea Mager**, current member of the Board of Directors, expires on 31 August 2024.

The Company received a shareholder proposal that Ms Andrea Mager (mother's name: Izabella Nagy; date and place of birth: 24.05.1966, Szombathely; address: 1121 Budapest, Árnyas út 18.) be elected by the General Meeting as a member of the Board of Directors for a fixed term of office from 1 September 2024 to 31 August 2026.

Pursuant to Section 14 (1) (e) and Section 137 of the Hpt., the approval of the Magyar Nemzeti Bank is required for the election of a member of the Board of Directors who qualifies as an executive officer. If the MNB approval is not yet available on 1 September 2024, the date on which Andrea Mager takes up office is the date of receipt of the authorisation decision issued by the Magyar Nemzeti Bank or, if the acceptance is made after that date, the date of acceptance.

The remuneration of the member of the Board of Directors shall be governed by the provisions of General Meeting Resolution 8/2023 (27 April).

CV of the candidate:

She holds a degree in economics and international relations from the Budapest University of Economics She started her professional career as a risk assessor in the risk management division of Postabank and Savings Bank Zrt., where she worked from 1998 to 2001. Between 2001 and 2007 she held the position of Senior Manager and then Deputy Director of the Financial Stability Department of the Magyar Nemzeti Bank. Between 2002 and 2004 she chaired the Board of Directors of the MNB's Private and Voluntary Pension Fund, between 2005 and 2006 she was country coordinator for the IMF's Financial Soundness Indicator programme, and between 2004 and 2007 she was a member of the working groups of the European Centre for Banking Supervision Committee representing the MNB. Between 2007 and 2010 she was a member of the Competition Council of the Hungarian Competition Authority, between 2010 and 2011 she was Executive Director of Magyar Közlöny Lap és Könyvkiadó Kft., and between 2011 and 2016 she was a member of the Monetary Council of the Magyar Nemzeti Bank. Between 2016 and 2018 she was the Government Commissioner for Postal Affairs and National Financial Services of the Prime Minister's Office, and from 2018 she exercised the ownership rights and obligations of certain state-owned companies, including Szerencsejáték Zrt., as Minister without Portfolio responsible for the management of national assets. Chair and Chief Executive of Szerencsejáték Zrt. from 15 June 2022. Since September 2022 she has been a member of the Board of Directors of MKB Bank and since May 2023 a member of the Board of the Directors of the Company.She is a member of the Risk Assumption and Management Committee of the Bank. He is a member of the Board of Directors of Magyar Bankholding Zrt.

Proposed general meeting resolution:

The General Meeting appointed Ms Andrea Mager (mother's name: Nagy Izabella; date and place of birth: 24.05.1966, Szombathely; address: 1121 Budapest, Árnyas út 18.) on 01 September 2024. or, if the authorising decision issued by the Magyar Nemzeti Bank concerning the member of the Board of Directors has not been issued by 01 September 2024, from the date on which the authorising decision issued by the Magyar Nemzeti Bank concerning the member of the Board of Directors is issued and the member of the Board of Directors accepts his election in writing, for a fixed term of office until 31 August 2026.

11. AGENDA ITEM

ELECTION OF A MEMBER OF THE AUDIT COMMITTEE

Reasoning:

The General Meeting has the exclusive competence to elect the members of the Audit Committee in accordance with Section 3.1.16. m) of the Articles of Association. Pursuant to Article 3.4.1 of Chapter 3.4 Audit Committee of the Articles of Association, the members of the Audit Committee shall be elected by the General Meeting from among the independent members of the Supervisory Board.

Pursuant to Section 3:291 (4) of the Civil Code, the Audit Committee shall consist of at least three members.

In order to ensure the Company's continued operation at a higher level, it is necessary to expand the Audit Committee, which currently consists of three members, to four members, which is also provided for in Section 3.4.1 of the Articles of Association, as amended by the amendment of the Articles of Association under agenda item 9. We propose to the General Meeting that Mr. Zsigmond Járai, independent member of the Supervisory Board (mother's name: Róza Molnár; date and place of birth: 29.12.1951, Biharkeresztes; address: 1068 Budapest, Városligeti fasor 40. floor 1, 1/A) be elected as a member of the Audit Committee for a fixed term of office until 31 December 2025, in line with the expiry date of his mandate on the Supervisory Board.

The members of the Audit Committee do not receive any separate remuneration for that office.

CV of the candidate:

Zsigmond Járai is a qualified economist with decades of experience in finance. He started his career in 1976 at the State Development Bank. He has been a lecturer on investment in the electricity industry, a financial auditor, a senior lecturer in the Economics Department and head of the Economics and Securities Department. During his professional career he has worked in London and Budapest for several investment and commercial banks. He is a former founder of the Budapest Stock Exchange and has held senior positions in a number of key areas in the public sector and in the money, insurance and capital markets, including, without limitation, Deputy CEO of Budapest Bank, Deputy Minister of Finance and Chairman of the Banking Supervisory Authority. He has worked as an investment banker in London, as CEO of Magyar Hitelbank, and as Chairman of the Budapest Stock Exchange from 1996 to 1998. From 1998 to 2000 he was Finance Minister of Hungary, from 2001 to 2007 President of the National Bank of Hungary, and from 2007 to 2013 Chairman of the Supervisory Board of CIG Pannónia Életbiztosító Zrt. State awards: Grand Cross of the Order of Merit of Hungary (2016), Honorary Knight Grand Cross of the Order of the British Empire He has been a member of the Supervisory Board of MKB Bank since April 2022. He is the chairman of the Nomination Committee of the Bank. He is a member of the Supervisory Board of Magyar Bankholding Zrt. Since May 2023 he has been a member of the Supervisory Board of MBH Bank.

Proposed general meeting resolution:

The General Meeting elects Zsigmond Járai as a member of the Audit Committee for a definite term from 29 April 2024 to 31 December 2025 (mother's name: Róza Molnár; place and date of birth: Biharkeresztes, 29.12.1951.; address: 1068 Budapest, Városligeti fasor 40. 1st fl. 1/A).

ANNEXES:

1. Independent Audit Report on the audit of the separate financial statements of MBH Bank Nyrt. (31 December 2023), (Free translation) (pdf)

2. Independent Audit Report on the audit of the consolidated financial statements of MBH Bank Nyrt. (31 December 2023), (Free translation) (pdf)

3. MBH Bank Nyrt. - Separate financial statements and Separate management report (31 December 2023) (pdf)

4. MBH Bank Nyrt. - Consolidated financial statements and Consolidated management report (31 December 2023) (pdf)

5. MBH Bank Nyrt. Remuneration Policy according to the Hrsztv.

6. Corporate Governance Reportf or 2023

7. Articles of Association in a consolidated structure with the amendments